

NEW ISSUE

S&P Global Rating (underlying): Applied for See "RATINGS," "BOND INSURANCE" and "BOND INSURANCE RISK FACTORS."

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



\$24,589,829.80*

CITY OF AUBREY, TEXAS,

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

SPECIAL ASSESSMENT REVENUE REFUNDING BONDS, SERIES 2024

(JACKSON RIDGE PUBLIC IMPROVEMENT DISTRICT PHASE #1 AND PHASE #2 ASSESSMENTS)

Dated Date: January 15, 2024

Due: September 1, as shown on the inside cover

Interest to Accrue/Accrete from Closing Date

The City of Aubrey, Texas, Special Assessment Revenue Refunding Bonds, Series 2024 (Jackson Ridge Public Improvement District Phase #1 and Phase #2 Assessments) (the "Bonds"), are being issued by the City of Aubrey, Texas (the "City") in part as Current Interest Bonds ("CIBs") and in part as Capital Appreciation Bonds ("CABs"). The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. Purchases of beneficial interests in the Bonds will be made in book-entry only form and purchasers of beneficial interests in the Bonds will not receive physical bond certificates. For so long as the book-entry only system is maintained, the principal of, premium, if any, Accreted Value (as defined herein) and interest on the Bonds will be paid from the sources described herein by Wilmington Trust, National Association, Dallas, Texas, as trustee (the "Trustee"), to DTC as the registered owner thereof. See "BOOK-ENTRY ONLY SYSTEM" herein. The CIBs will be initially delivered in fully registered form, without coupons, in authorized denominations of \$1,000 or any integral multiple of \$1,000 in excess thereof. The CIBs will bear interest at the rates set forth on page i hereof, payable semi-annually on each March 1 and September 1, commencing September 1, 2024, until maturity or earlier redemption. The CABs will be issued in as fully registered obligations in "Maturity Amount" of \$1,000 or any integral multiple of \$1,000 in excess thereof, and will be payable at stated maturity or upon prior redemption. The "Maturity Amount" for the CABs means the original principal amount, plus the initial premium, if any, paid therefor, and the interest accreted and compounded thereon and payable at maturity. Interest accruing on the CIBs and interest accreted and compounded on the CABs will be calculated on the basis of a 360-day year of twelve 30-day months.

The City has submitted applications to municipal bond insurance companies to have the payment of the principal of, Maturity Amount and interest on the Bonds insured by a municipal bond insurance policy. See "BOND INSURANCE" and "BOND INSURANCE RISK FACTORS" herein.

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "PID Act"), an ordinance (the "Ordinance") expected to be adopted by the City Council of the City (the "City Council") on January 25, 2024, a pricing certificate to be executed by the "Pricing Officer" designated in the Ordinance to approve the final terms of the sale of the Bonds (the "Pricing Certificate," and together with the Ordinance, the "Bond Ordinance") and an Indenture of Trust, dated as of January 15, 2024 (the "Indenture"), entered into by and between the City and the Trustee.

Proceeds of the Bonds will be used to provide funds for (i) refunding the Refunded Bonds (as defined herein), (ii) funding a debt service reserve fund for the payment of principal and interest on the Bonds, (iii) funding the Delinquency and Prepayment Reserve Account of the Reserve Fund (as defined herein) and (iv) paying the costs of issuance of the Bonds. See "THE PHASES #1-2 IMPROVEMENTS" and "APPENDIX B — Form of Indenture." Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

The Bonds, when issued and delivered, will constitute valid and binding special, limited obligations of the City payable solely from and secured by the Pledged Revenues, consisting primarily of the Assessments (as defined herein) levied against assessable property in Phases #1 and #2 of the District in accordance with the Assessment Ordinances (as defined herein) and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein. The Bonds are not payable from funds raised or to be raised from taxation. See "SECURITY FOR THE BONDS." The Bonds are subject to redemption at the times, in the amounts, and at the redemption price more fully described herein under the subcaption "DESCRIPTION OF THE BONDS — Redemption Provisions."

THE BONDS 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, ACCRETED VALUE, MATURITY AMOUNT OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, ON THE BONDS. 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 Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered for delivery when, as, and if issued by the City and accepted by the Underwriter, subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of Bracewell LLP, Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See "APPENDIX D — Form of Opinion of Bond Counsel." Certain legal matters will be passed upon for the Underwriter by its counsel, Locke Lord LLP, and for the City by its counsel, Messer Fort, PLLC. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about February 29, 2024 ("Closing Date").

FMSbonds, Inc.

* Preliminary; subject to change.

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

CUSIP Prefix: _____^(a)

\$24,589,829.80*
CITY OF AUBREY, TEXAS,
(a municipal corporation of the State of Texas located in Denton County)
SPECIAL ASSESSMENT REVENUE REFUNDING BONDS, SERIES 2024
(JACKSON RIDGE PUBLIC IMPROVEMENT DISTRICT PHASE #1 AND PHASE #2 ASSESSMENTS)

\$ _____ Capital Appreciation Bonds (“CABs”)^(b)

Year (September 1)	Original Principal <u>Amount</u>	Initial Yield to <u>Maturity</u>	Maturity <u>Amount</u>	Initial Offering Price per \$5,000 in <u>Maturity Amount</u>	<u>CUSIP Suffix</u> ^(a)
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\$ _____ Current Interest Bonds (“CIBs”)^{(a)(c)(d)(e)}

\$ _____ % Term Bonds, Due September 1, 20 __, Priced to Yield _____ %; CUSIP Suffix _____

* *Preliminary; subject to change.*

- (a) CUSIP numbers are included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the City, the Financial Advisor or the Underwriter takes any responsibility for the accuracy of such numbers.
- (b) The CABs are not subject to redemption prior to maturity at the option of the City, but are subject to extraordinary optional redemption as described herein at the redemption price equal to the “Accreted Value” as of the date of redemption (such “Accreted Value” as defined herein under the caption “DESCRIPTION OF THE BONDS — General Description” and to be calculated as of any redemption date in accordance with such definition). See “DESCRIPTION OF THE BONDS — Redemption Provisions.”
- (c) The CIBs are subject to extraordinary optional redemption at the redemption price of 100% of the principal amount plus accrued interest to the date of redemption as described herein under “DESCRIPTION OF THE BONDS — Redemption Provisions.”
- (d) The Term CIBs are subject to mandatory sinking fund redemption as described herein under “DESCRIPTION OF THE BONDS — Redemption Provisions.”
- (e) The CIBs 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 interest to the date of redemption as set forth herein under “DESCRIPTION OF THE BONDS — Redemption Provisions.”

CITY OF AUBREY, TEXAS CITY COUNCIL

<u>Name</u>	<u>Place</u>	Term Expires <u>(May)</u>
Chris Rich	Mayor	2025
Jeff Perry	Place 1	2024
Matt Jones	Place 2	2024
Erin Allen	Place 3	2025
Randy Jones	Place 4	2026
Chuck Fikes	Place 5	2024

FINANCE DIRECTOR
Mike English

CITY MANAGER
Charles Kreidler

CITY SECRETARY
Jenny Hicks

ADMINISTRATOR
MuniCap, Inc.

FINANCIAL ADVISOR TO THE CITY
Hilltop Securities Inc.

BOND COUNSEL
Bracewell LLP

UNDERWRITER'S COUNSEL
Locke Lord LLP

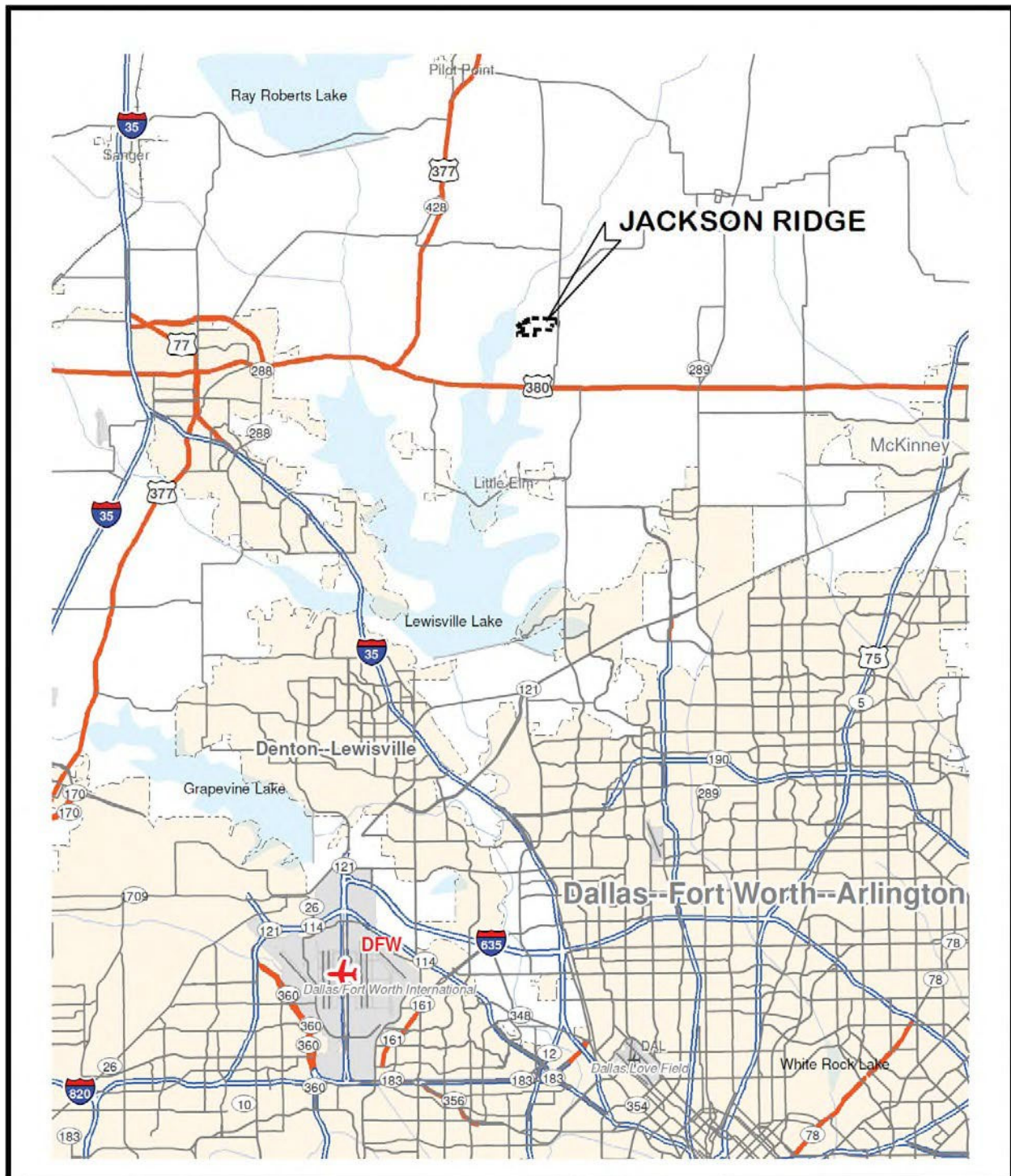
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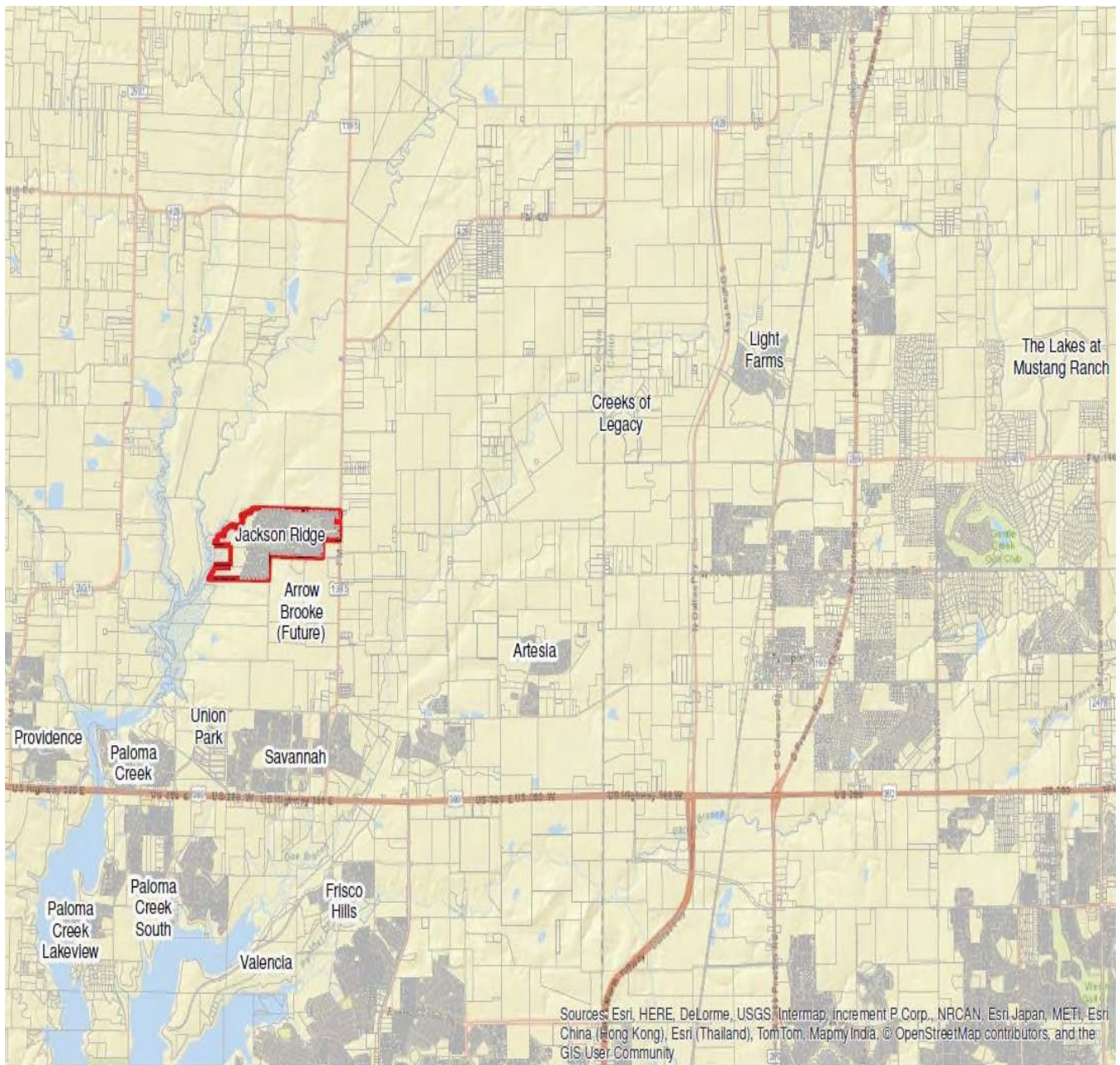
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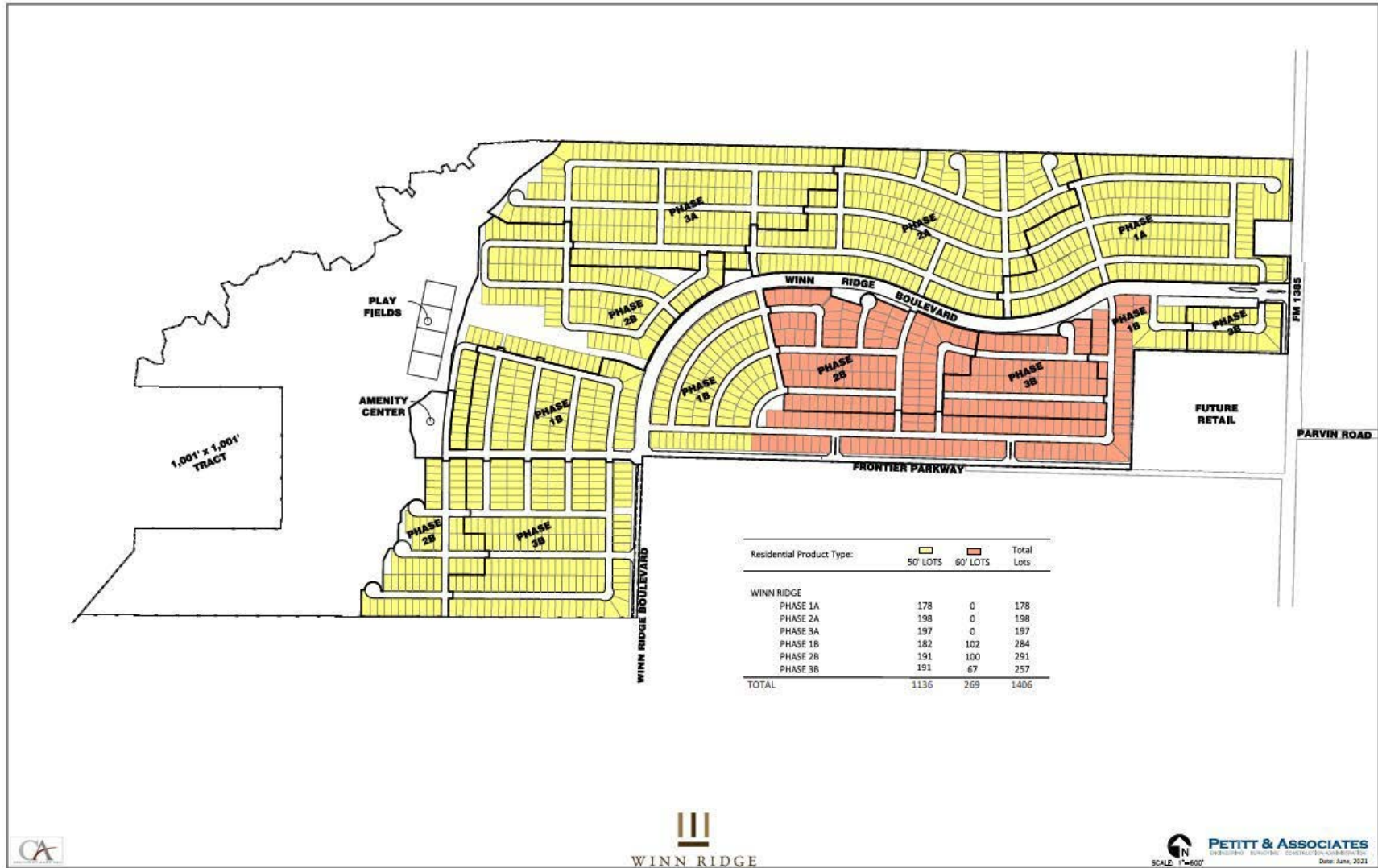
REGIONAL LOCATION MAP OF THE DISTRICT



AREA LOCATION MAP OF THE DISTRICT



MAP SHOWING MASTER DEVELOPMENT PLAN FOR THE DISTRICT¹



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

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

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE CITY OR THE UNDERWRITER TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, 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 OFFICIAL STATEMENT 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 OFFICIAL STATEMENT 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, 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 OFFICIAL STATEMENT, NOR ANY SALE MADE HEREUNDER, SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE DATE HEREOF.

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

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

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT 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 OFFICIAL STATEMENT AND ASSUMES NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT 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 OFFICIAL STATEMENT FOR PURPOSES OF, AND AS THAT TERM IS DEFINED IN, RULE 15C2-12.

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PRELIMINARY OFFICIAL STATEMENT

\$24,589,829.80*

CITY OF AUBREY, TEXAS,

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

SPECIAL ASSESSMENT REVENUE REFUNDING BONDS, SERIES 2024

(JACKSON RIDGE PUBLIC IMPROVEMENT DISTRICT PHASE #1 AND PHASE #2 ASSESSMENTS)

INTRODUCTION

The purpose of this Official Statement, including the cover page, the inside cover, schedules and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Aubrey, Texas (the “City”), of its \$24,589,829.80* aggregate principal amount of Special Assessment Revenue Refunding Bonds, Series 2024 (Jackson Ridge Public Improvement District Phase #1 and Phase #2 Assessments) (the “Bonds”).

PROSPECTIVE INVESTORS SHOULD BE AWARE OF CERTAIN RISK FACTORS, ANY OF WHICH, IF MATERIALIZED TO A SUFFICIENT DEGREE, COULD DELAY OR PREVENT PAYMENT OF PRINCIPAL OF, ACCRETED VALUE, MATURITY AMOUNT, AND/OR INTEREST ON THE BONDS. THE BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL INVESTORS. See “SUITABILITY FOR INVESTMENT” and “BONDHOLDERS’ RISKS.”

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), Chapter 1207, Texas Government Code, as amended (“Chapter 1207”), the ordinance authorizing the issuance of the Bonds expected to be adopted by the City Council of the City (the “City Council”) on January 25, 2024 (the “Ordinance”), a pricing certificate to be executed by the “Pricing Officer” designated in the Ordinance approving the final terms of the sale of the Bonds (the “Pricing Certificate,” and together with the Ordinance, the “Bond Ordinance”) and an Indenture of Trust, dated as of January 15, 2024 (the “Indenture”), entered into by and between the City and Wilmington Trust, National Association, as trustee (the “Trustee”). The Bonds will be secured by a pledge and lien upon the Trust Estate (as defined in the Indenture) consisting primarily of revenues from the Assessments (as defined herein) levied against the Assessed Property (as defined herein) located in the Jackson Ridge Public Improvement District (the “District”) for the purpose of financing the Phases #1-2 Improvements (as defined herein) pursuant to the Assessment Ordinances (as defined herein). See “SECURITY FOR THE BONDS” and “ASSESSMENT PROCEDURES.”

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

Set forth herein are brief descriptions of the City, the District, the Phases #1-2 Improvements (as defined herein), the Assessment Ordinances, the Bond Ordinance, the Service and Assessment Plan (as defined herein), and MuniCap, Inc. (the “Administrator”), together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the Underwriter, FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas 75034, telephone number (214) 302-2246. The Form of Indenture appears in APPENDIX B and the 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.

* Preliminary; subject to change.

PLAN OF FINANCE

Prior Bonds and The Bonds

To finance the costs of the “Phase #1 Improvements,” which consist of (i) the pro rata portion of certain roadway, water and wastewater improvements that benefit the entire District (the “Major Improvements”) allocable to Phase #1 and (ii) the internal improvements which only benefit Phase #1, the City previously issued its City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2015 (Jackson Ridge Public Improvement District Phase #1 Project) (the “Phase #1 Bonds”). “Phase #1” refers, collectively, to the phases identified as Phase 1A and Phase 1B on the MAP SHOWING MASTER DEVELOPMENT PLAN FOR THE DISTRICT on page v hereof. The Phase #1 Bonds were secured by special assessments (the “Phase #1 Assessments”) levied against assessable property (the “Phase #1 Assessed Property”) located within Phase #1 of the District pursuant to an ordinance adopted by the City Council on November 17, 2015 (the “Phase #1 Assessment Ordinance”). To finance the costs of the Phase #1 Improvements not financed with the proceeds of the Phase #1 Bonds, the City entered into a reimbursement agreement (the “Phase #1 Reimbursement Agreement”) with CADG Comanche 246, LLC, a Texas limited liability company (“CADG Comanche”), the developer of Phase #1. Contemporaneously with the issuance of the Bonds, the City expects to pay off or reduce its obligations under the Phase #1 Reimbursement Agreement with funds from Phase #1 Assessments collected in January and February 2024 not necessary for deposits to be made in connection with the issuance of the Bonds. To the extent the funds collected from Phase #1 Assessments in January and February 2024 are not sufficient to fully pay off the Phase #1 Reimbursement Agreement, the City’s reimbursement obligations under the Phase #1 Reimbursement Agreement will remain outstanding after issuance of the Bonds and will be payable from the Phase #1 Assessments available after payment of debt service on the Bonds. See “SECURITY FOR THE BONDS – Pledged Revenue Fund” and “– Phase #1 Reimbursement Fund.”

To finance the costs of the “Phases #2-3 Major Improvements,” which consist of the pro rata portion of the Major Improvements allocable to Phases #2-3, the City previously issued its City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2015 (Jackson Ridge Public Improvement District Phases #2-3 Major Improvement Project) (the “Phases #2-3 Major Improvement Bonds”). “Phases #2-3” refers, collectively, to the phases identified as Phase 2A, Phase 2B, Phase 3A and Phase 3B on the MAP SHOWING MASTER DEVELOPMENT PLAN FOR THE DISTRICT on page v hereof. The Phases #2-3 Major Improvement Bonds were secured by special assessments (the “Phases #2-3 MI Assessments”) levied against assessable property (the “Phases #2-3 MI Assessed Property”) located within Phases #2-3 of the District pursuant to an ordinance adopted by the City Council on November 17, 2015 (the “Phases #2-3 MI Assessment Ordinance”). Security for the Bonds will include, inter alia, the portion of the Phases #2-3 MI Assessments allocable only to Phase #2. **The portion of the Phases #2-3 MI Assessments allocable to Phase #3 of the District is not security for the Bonds.**

To finance the costs of the “Phase #2 Improvements,” which consist of the internal improvements which only benefit Phase #2, the City previously issued its City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2018 (Jackson Ridge Public Improvement District Phase #2 Project) (the “Phase #2 Bonds”). “Phase #2” refers, collectively, to the phases identified as Phase 2A and Phase 2B on the MAP SHOWING MASTER DEVELOPMENT PLAN FOR THE DISTRICT on page v hereof. The Phase #2 Bonds are secured by assessments levied against assessable property (the “Phase #2 Assessed Property”) in Phase #2 of the District (“Phase #2 Assessments”) pursuant to an ordinance adopted by the City Council on October 23, 2018 (the “Phase #2 Assessment Ordinance” and, together with the Phase #1 Assessment Ordinance and the Phases #2-3 MI Assessment Ordinance, the “Assessment Ordinances”).

The Phase #1 Assessments, the Phase #2 Assessments, and the portion of the Phases #2-3 MI Assessments allocable to Phase #2 are collectively referred to herein as the “Assessments.” **The portion of the Phases #2-3 MI Assessments allocable to Phase #3 of the District is not security for the Bonds.**

The Phase #1 Assessed Property, the Phase #2 Assessed Property, and the portion of the Phases #2-3 MI Assessed Property allocable to Phase #2 are collectively referred to herein as the “Assessed Property.”

The Phase #1 Improvements, the Phase #2 Improvements, and the portion of the Phases #2-3 Major Improvements allocable to Phase #2 are collectively referred to herein as the “Phases #1-2 Improvements.”

Phase #1 and Phase #2 are collectively referred to herein as “Phases #1-2.”

Proceeds of the Bonds will be used primarily to provide funds for (i) refunding the Phase #1 Bonds, the Phase #2 Bonds and the portion of the Phases #2-3 Major Improvement Bonds allocable to Phase #2 (collectively, the “Refunded Bonds”), (ii) funding a debt service reserve fund for the payment of principal and interest on the Bonds, (iii) funding the Delinquency and Prepayment Reserve Account of the Reserve Fund (as defined herein), and (iv) paying the costs of issuance of the Bonds. See “Schedule I - Schedule of Refunded Bonds,” “APPENDIX B — Form of Indenture,” “THE PHASES #1-2 IMPROVEMENTS,” and “SOURCES AND USES OF FUNDS.” The Bonds are being issued to refund the Refunded Bonds for savings.

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

Concurrently with the issuance of the Bonds, the City will issue its \$4,032,978.40* City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2024 (Jackson Ridge Public Improvement District Phase #3 Major Improvement Assessments) (the “Phase #3 MI Refunding Bonds”) to refund the portion of the Phases #2-3 Major Improvement Bonds allocable to Phase #3. The Phase #3 MI Refunding Bonds will be secured by the portion of the Phases #2-3 MI Assessments allocable to Phase #3. “Phase #3” refers, collectively, to the phases identified as Phase 3A and Phase 3B on the MAP SHOWING MASTER DEVELOPMENT PLAN FOR THE DISTRICT on page v hereof.

The Refunded Bonds

A description and identification of the Refunded Bonds appears in Schedule I attached hereto. The Refunded Bonds and the interest due thereon are to be paid on their redemption date from funds to be deposited pursuant to a Deposit Agreement (the “Deposit Agreement”) between the City and Wilmington Trust, National Association, the trustee and paying agent for the Refunded Bonds (the “Refunded Bonds Paying Agent”).

The Indenture provides that from the proceeds of the sale of the Bonds to the Underwriter, the City will deposit with the Refunded Bonds Paying Agent an amount, together with other lawfully available funds of the City applicable to each series of the Refunded Bonds (the “Deposited Cash”) which will be sufficient to accomplish the discharge and final payment of the Refunded Bonds on their redemption date. Such funds will be held by the Refunded Bonds Paying Agent in a deposit account for the Refunded Bonds (the “Deposit Account”). Under the Deposit Agreement, the Deposit Account is irrevocably pledged to the payment of the principal of, premium, if any, and interest on the respective series of Refunded Bonds to which it applies.

By the deposit of the Deposited Cash with the Refunded Bonds Paying Agent pursuant to the Deposit Agreement, the City will have effected the defeasance of all of the Refunded Bonds pursuant to the terms of Chapter 1207, the ordinances authorizing the issuance of the Refunded Bonds and the trust indentures related to the Refunded Bonds (the “Refunded Bond Indentures”). As a result of such defeasance, the Refunded Bonds will be outstanding only for the purpose of receiving payments from the Deposited Cash held in the Deposit Account for such purpose by the Refunded Bonds Paying Agent, and the Refunded Bonds will not be deemed as being outstanding obligations of the City, payable from the sources and secured in the manner provided in the ordinances authorizing their issuance, the Refunded Bond Indentures or for any other purpose, and the City will have no further responsibility with respect to amounts available in the Deposit Account for the payment of the Refunded Bonds.

The City's financial advisor or the Refunded Bonds Paying Agent will execute a certificate verifying that the funds on deposit pursuant to the Deposit Agreement will be sufficient to pay, when due, the amount necessary to

accomplish the discharge and final payment of the Refunded Bonds on the respective interest payment date and redemption date (the “Sufficiency Certificate”).

By the deposit of cash with the Refunded Bonds Paying Agent pursuant to the Deposit Agreement, the City will have effected the defeasance of all of the Refunded Bonds in accordance with the law. It is the opinion of Bond Counsel that as a result of such defeasance and in reliance upon the Sufficiency Certificate, the Refunded Bonds will be outstanding only for the purpose of receiving payments from the cash held for such purpose by the Refunded Bonds Paying Agent and such Refunded Bonds will not be deemed as being outstanding obligations of the City payable from the sources and secured in the manner provided in the ordinances authorizing their issuance or for any other purpose nor for the purpose of applying any limitation on the issuance of debt.

DESCRIPTION OF THE BONDS

General Description

The Bonds will mature on the dates and in the amounts set forth in the inside cover page of this Official Statement and will be issued (i) in part as Current Interest Bonds (“CIBs”) and (ii) in part as Capital Appreciation Bonds (“CABs”). Wilmington Trust, National Association is the initial Trustee, Paying Agent and Registrar for the Bonds.

The principal of the CIBs at maturity or on a prior redemption date, the Maturity Amount (as defined below) of the CABs at maturity, and the Accreted Value (as defined below) for CABs redeemed prior to maturity will be payable only upon presentation of such Bonds at the principal office of the Trustee upon maturity or prior redemption, as applicable; provided, however, that so long as Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”) (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under “BOOK-ENTRY-ONLY SYSTEM” herein.

CIBs. The CIBs are to mature on the dates and in the principal amounts shown on page i hereof. The CIBs will each be issued as fully registered obligations in principal denominations of \$1,000 or any integral multiple of \$1,000 in excess thereof (an “Authorized Denomination” of a CIB) within a maturity. Interest on the CIBs will accrue from the date they are initially delivered, at the interest rates shown on page i hereof, and such interest shall be payable to the registered owners thereof commencing on September 1, 2024 and semiannually thereafter on each succeeding March 1 and September 1 (the “Interest Payment Date”) until stated maturity or prior redemption.

Interest on the CIBs will be payable to the registered owner whose name appears on the bond registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined) and such accrued interest will be paid by (i) check sent by United States mail, first class, postage prepaid, to the address of the registered owner appearing on such registration books of the Paying Agent/Registrar or (ii) such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. The record date (the “Record Date”) for determining the party to whom the interest on a CIB is payable on any Interest Payment Date for the CIBs is the 15th day of the month next preceding such Interest Payment Date.

CABs. The CABs will mature on the dates and in the Maturity Amounts set forth on page i hereof. The CABs will be issued as fully registered obligations in Maturity Amounts of \$1,000 or any integral multiple of \$1,000 in excess thereof (an “Authorized Denomination” of a CAB) within a maturity. The Maturity Amount for the CABs means the original principal amount thereof plus the initial premium, if any, paid therefor, plus interest accreted and compounded thereon, and payable at Stated Maturity. The Maturity Amount of the CABs will be payable only at maturity and the Accreted Value of the CABs will be payable on a date of early redemption. A table of Accreted Values of the CABs based on (i) the initial offering prices and (ii) the approximate yields set forth on page i of this Official Statement is presented in Schedule II attached hereto, and such table of Accreted Values is provided for informational purposes only and may not reflect the prices for the CABs in the secondary market.

The term “Accreted Value” as used in this Official Statement and in the Indenture means, as of the date of calculation, the initial principal amount of a CAB plus the interest accrued thereon to such date of calculation, from the date of initial delivery at the approximate interest rate thereof compounded semiannually, as determined in accordance with the Accreted Value table, attached hereto as Schedule II, assuming in any year that such Accreted Value increases in equal daily amounts on the basis of a year of three hundred sixty (360) days composed of twelve (12) months of thirty (30) days each.

Yield on Capital Appreciation Bonds

The approximate yields of the CABs as set forth on page i of this Official Statement are based upon the initial offering prices therefor set forth on page i of this Official Statement. Such offering prices include the original principal amounts of such CABs plus premium, if any, equal to the amount by which such offering prices exceed the original principal amounts of such CABs. The yield on the CABs to a particular purchaser may differ depending upon the price paid by the purchaser.

Redemption Provisions

Optional Redemption. The CABs shall not be subject to optional redemption (except extraordinary optional redemption as described below). The City reserves the right and option to redeem the CIBs before their scheduled maturity dates, in whole or in part, on any date on or after September 1, 20__ at the redemption price of 100% of the principal amount plus accrued interest to the date of redemption (the “Redemption Price”).

Extraordinary Optional Redemption. The City reserves the right and option to redeem (i) CIBs before their respective scheduled maturity dates, in whole or in part, on any date, at 100% of the principal amount of such CIBs, or portions thereof, to be redeemed plus accrued and unpaid interest to the date of redemption and (ii) CABs before their respective scheduled maturity dates, in whole or in part, on any date, at a price equal to the Accreted Value of the CABs, or portions thereof, in each case to be redeemed from amounts on deposit in the Redemption Fund as a result of Prepayments transferred to the Redemption Fund or other transfers to the Redemption Fund pursuant to the Indenture. No redemption shall be made which results in a Bond remaining outstanding in a principal amount less than an Authorized Denomination. See “ASSESSMENT PROCEDURES — Prepayment of Assessments” for the definition and description of Prepayments.

The City direction for such redemption shall include details with regard to a corresponding reduction in the Bond Reserve Account Requirement, as contemplated by the definition thereof. Notwithstanding the foregoing, the Trustee will not be required to make an extraordinary optional redemption unless it has at least \$1,000 available in the Redemption Fund with which to redeem the Bonds.

Mandatory Sinking Fund Redemption. The CIBs maturing on September 1, 20__ and September 1, 20__ (the “Term Bonds”) are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a price of 100% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to the Indenture, on the dates and in the respective sinking fund installments as set forth in the following schedule:

\$ Term Bond, Maturing on September 1, 20__

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

\$ Term Bond, Maturing on September 1, 20__

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

† Stated maturity.

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

call such Term Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in the Indenture.

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

Notice of Redemption. The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register.

The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, and subject the provisions 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 notice given as provided in the Indenture shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

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

Notice of redemption having been given as provided in, and not otherwise rescinded as provided by the Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the Redemption Price of such Bonds or the principal amount and premium, if any, plus accrued unpaid interest on such CIBs or the Accreted Value of such CABs, as applicable, to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

Additional Provisions with Respect to Redemption. If less than all of the Bonds are to be redeemed, Bonds shall be redeemed in minimum principal and Maturity 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 to be redeemed pursuant to optional or extraordinary optional redemption, such redemption shall be effected by redeeming Bonds in such manner as may be specified by the City in a City

Certificate; provided, however that in the absence of such instruction from the City by the date required for the sending of notice of redemption pursuant to the Indenture, the Bonds shall be redeemed by any method selected by the Trustee that results in a pro rata reduction of the Outstanding maturities, treating each date on which a Sinking Fund Installment is due as a separate maturity for such purpose.

Upon surrender of any Bond for redemption in part, the Trustee shall authenticate and deliver an exchange Bond or Bonds and 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 DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. 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 Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership

interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all Bonds of the same maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant of such maturity to be redeemed.

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

Principal, interest, Maturity Amount, 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 OFFICIAL STATEMENT. THE CURRENT RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

SECURITY FOR THE BONDS

General

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE. AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY'S TAXING POWER TO PAY THE PRINCIPAL OR MATURITY AMOUNT OF THE BONDS OR THE INTEREST, ACCRETED VALUE, 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 principal of, premium, if any, and interest on the Bonds are secured by a pledge of and a lien upon the pledged revenues (the "Pledged Revenues"), consisting primarily of Assessments levied against the Assessed Property and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. In accordance with the PID Act, the City previously caused the preparation and update of a Service and Assessment Plan in connection with the levy of the Assessments and, in connection with the issuance of the Bonds, expects to update the Service and Assessment Plan (as updated and further amended and supplemented, the "Service and Assessment Plan"). The Service and Assessment Plan describes the special benefit received by the property within the District, including Phases #1-2 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 (including the Assessments) and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, interest, and Maturity Amount 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

Pursuant to the Indenture, Pledged Revenues means the sum of (i) Annual Installments (excluding the portion of the Annual Installments collected for the payment of Administrative Expenses and Delinquent Collection Costs), (ii) the moneys held in any of the Pledged Funds and Accounts, and (iii) any additional revenues that the City may pledge to the payment of Bonds. "Annual Installment" means, collectively, with respect to each Assessed Property, each annual payment of the Assessments as shown on the Assessment Rolls (as defined herein) and related to the

Bonds and Phase #1 Improvements or Phase #2 Improvements, as applicable, including (i) principal; (ii) interest (iii) Administrative Expenses and (iv) Additional Interest collected pursuant to Section V.H of the Service and Assessment Plan and deposited to the Delinquency and Prepayment Reserve Account. The City will covenant in the Indenture that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof to be enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and to cause no reduction, abatement or exemption in the Assessments. See “— Pledged Revenue Fund,” “— Delinquency and Prepayment Reserve Account of the Reserve Fund,” “APPENDIX B — Form of Indenture” and “APPENDIX C — Form of Service and Assessment Plan.”

The PID Act provides that the Assessments (including any reassessment, with interest, the expense of collection and reasonable attorney’s fees, if incurred) are a first and prior lien (the “Assessment Lien”) against the property assessed, superior to all other liens or claims, except liens and claims by the State, counties, school districts, or municipalities for ad valorem taxes and are a personal liability of and charge against the owners of property, regardless of whether the owners are named. Pursuant to the PID Act, the Assessment Lien was effective from the respective date of each of the Assessment Ordinances until the Assessments are paid (or otherwise discharged), and is enforceable by the City in the same manner that an ad valorem property tax levied against real property may be enforced by the City. See “ASSESSMENT PROCEDURES” herein. If homestead rights are properly claimed by a property owner prior to the attachment of the Assessment Lien, the Assessment Lien may not be foreclosed upon; however, any unpaid Assessment or Annual Installment will be an unsecured personal liability of such property owner. As of the date of adoption of the Phase #1 Assessment Ordinance, no such homestead rights had been claimed on property within Phase #1 of the District. As of the date of adoption of the Phase #2 Assessment Ordinance and the Phases #2-3 MI Assessment Ordinance, no such homestead rights had been claimed on property within Phase #2 of the District.

Collection and Deposit of Assessments

The Assessments shown on the Assessment Rolls, together with the interest thereon, shall first be applied to the payment of the principal of, Accreted Value and interest on the Bonds as and to the extent provided in the Service and Assessment Plan and the Indenture.

The Assessments levied to pay debt service on the Bonds are payable in Annual Installments established by the Assessment Ordinances and the Service and Assessment Plan to correspond, as nearly as practicable, to the debt service requirements for the Bonds (except for the portion of the interest rate component that are allocated for deposit to the Delinquency and Prepayment Reserve Account of the Reserve Fund, as further described herein). An Annual Installment to pay debt service on the Bonds has been made payable in each fiscal year preceding the date of final maturity of the Bonds which, if collected, will be sufficient to pay the principal of and interest on the Bonds. Each Annual Installment is payable as provided in the Service and Assessment Plan and the Assessment Ordinances.

A record of the Assessments on each parcel, tract or lot which are to be collected in each year during the term of the Bonds is shown on the Assessment Rolls. Assessment Revenues (excluding the portion of the Assessments and Annual Installments collected for the payment of Administrative Expenses and Delinquent Collection Costs, as set forth in the Service and Assessment Plan) shall be deposited into the Pledged Revenue Fund, except that as soon as practical (i) amounts received as Prepayments shall be deposited into the Redemption Fund and (ii) amounts received as Foreclosure Proceeds shall first be deposited to the Bond Reserve Account of the Reserve Fund to restore any transfers from the Reserve Fund made with respect to the Assessed Property to which the Foreclosure Proceeds relate and second to the Redemption Fund.

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

Amount of Phase #1 Assessments and Phases #2-3 MI Assessments May be Reduced by TIRZ Credit and MSUD Contract Revenue Credit

As described under “ASSESSMENT PROCEDURES – Credits Applied Against Phase #1 Assessments and Phases #2-3 MI Assessments,” the Phase #1 Assessments and the Phases #2-3 MI Assessments may be credited with the TIRZ Credit (as defined herein) and the MSUD Contract Revenue Credit (as defined herein). The City has agreed

to use the TIRZ Revenues and the MSUD Contract Revenue Credit generated from each Parcel (as such term is defined in the Service and Assessment Plan) in Phase #1 and Phase #2 to offset a portion of such Parcel's Phase #1 Assessment and Phases #2-3 MI Assessment, respectively. The Annual Installment for each Parcel will be calculated by taking into consideration any TIRZ Credit and/or MSUD Contract Revenue Credit applicable to the Parcel. See "ASSESSMENT PROCEDURES – Credits Applied Against Phase #1 Assessments and Phases #2-3 MI Assessments." The TIRZ Credit and MSUD Contract Revenue Credit are not applicable to the Phase #2 Assessments.

The Annual Installments of the Assessments will be collected in an amount sufficient to pay principal and interest on the Bonds, to fund the Delinquency and Prepayment Reserve Account (if Additional Interest is being collected pursuant to the Indenture) and to cover Administrative Expenses. The Annual Installments of the Phase #1 Assessment and the Phases #2-3 MI Assessment for each Parcel will be calculated by taking into consideration any TIRZ Credit and MSUD Contract Revenue Credit applicable to the Parcel.

The TIRZ Revenues collected in any given year shall be used to calculate the TIRZ Credit in the following year (i.e., TIRZ Revenues collected in 2024 shall be used to calculate the TIRZ Credit applicable to Annual Installments to be collected in 2025). TIRZ Credits shall be calculated for those Parcels that are subject to Phase #1 Assessments or Phases #2-3 MI Assessments.

THE TIRZ REVENUES AND THE MSUD CONTRACT REVENUE CREDIT WILL NOT BE PLEDGED TO THE PAYMENT OF THE BONDS. THE TIRZ CREDIT AND THE MSUD CONTRACT REVENUE CREDIT WILL NOT BE APPLIED IN ANY MANNER THAT WOULD AFFECT THE COLLECTION AND CONTINUOUS ENFORCEMENT OF THE PHASE #1 ASSESSMENTS AND THE PHASES #2-3 MI ASSESSMENTS COLLECTED FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS AND ADMINISTRATIVE EXPENSES AND THE FUNDING OF THE MINIMUM DELINQUENCY AND PREPAYMENT RESERVE REQUIREMENT, IN THE MANNER AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAWS.

See "ASSESSMENT PROCEDURES – Credits Applied Against Phase #1 Assessments and Phases #2-3 MI Assessments" for information on the application of the TIRZ Credit and the MSUD Contract Revenue Credit.

Unconditional Levy of Assessments

The City has imposed Assessments on the property within Phases #1-2 of the District to pay the principal of, Maturity Amount 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 were effective on the date of, and strictly in accordance with the terms of, the Assessment Ordinances. 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 Ordinances, interest on the Assessments will be calculated at the rate of interest on the Bonds plus 0.50% if Additional Interest is being collected pursuant to the terms of the Indenture, calculated on the basis of a 360-day year of twelve 30-day months. Such rate may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be due on October 1 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. See "ASSESSMENT COLLECTION DATA AND TAXABLE VALUE IN PHASES #1-2 OF THE DISTRICT."

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 the City in the administration and operation of Phases #1-2 of the District. The portion of each Annual Installment used to pay such annual costs shall remain in effect from year to year until all Bonds are finally paid or until the City adjusts the amount of the levy after an annual review in any year pursuant to Section 372.013 of the PID Act. The assessments to pay annual Administrative Expenses shall be due in the manner set forth in the Assessment Ordinances on October 1 of each year and shall be delinquent if not paid by February 1 of the following year. Such assessments to pay expenses do not secure repayment of the Bonds.

There will be no split payment of Assessments or discount for the early payment of Assessments; provided, however, that in the event a property owner elects to prepay such property owner's assessments in full, such property

owner will only be required to pay interest accrued on the Assessments to the date of such prepayment, in essence providing such property owner a discount on the interest portion of the Assessments (See “SECURITY FOR THE BONDS – Bond Reserve Account of the Reserve Fund” and “SECURITY FOR THE BONDS – Delinquency and Prepayment Reserve Account of the Reserve Fund”).

Assessments, together with interest, penalties, and expense of collection and reasonable attorneys’ fees, as permitted by the Texas Tax Code, shall be a first and prior lien against the property assessed, superior to all other liens and claims, except liens or claims for State, county, school district or municipality ad valorem taxes and shall be a personal liability of and charge against the owner of the property regardless of whether the owners are named. The lien for each of the Assessments and penalties and interest began on the respective effective dates of the Assessment Ordinances and continues until the Assessments are paid.

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

Perfected Security Interest

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Trust Estate and such pledge is valid, effective, and perfected. The City will covenant in the Indenture that should Texas law be amended at any time while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the Trust Estate is subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, in order to preserve to the registered Owners of the Bonds a security interest in such pledge, the City will take such measures as it determines are reasonable and necessary to enable a filing of a security interest in said pledge to occur. See “APPENDIX B — Form of Indenture.”

Pledged Revenue Fund

The City has created under the Indenture a Pledged Revenue Fund to be held by the Trustee. On or before February 1 (provided that Pledged Revenues have been received by the City, or if not, then as soon available) while the Bonds are Outstanding, beginning February 1, 2025, the City shall deposit or cause to be deposited the Pledged Revenues (which excludes, for the avoidance of doubt that portion of the Annual Installments collected for the payment Administrative Expenses and Delinquent Collection Costs) into the Pledged Revenue Fund which deposit shall be directed by the City to the Trustee pursuant to a City Certificate. Specifically, except as set forth below with respect to Additional Interest, Prepayments or Foreclosure Proceeds, the Pledged Revenues shall be deposited to the Pledged Revenue Fund to be used in the following order of priority:

- (1) first, to the Bond Fund amounts sufficient to pay debt service on the Bonds coming due in the next Bond Year;
- (2) second, to the Bond Reserve Account in an amount to cause the amount in the Bond Reserve Account to equal the Bond Reserve Account Requirement as described in the Indenture;
- (3) third, if collected, amounts representing Additional Interest to the Delinquency and Prepayment Reserve Account of the Reserve Fund in an amount sufficient to make the amount equal on deposit in the Delinquency and Prepayment Reserve Account equal to the Delinquency and Prepayment Reserve Requirement; and
- (4) fourth, solely with respect to amounts representing the Phase #1 Assessments as directed in a City Certificate, to the Reimbursement Fund to reimburse costs of the Phase #1 Improvements that have been paid by the Developer (including any accrued interest as set forth in the Service and Assessment Plan) pursuant to the terms of the Phase #1 Reimbursement Agreement; and
- (5) fifth, in accordance with the written direction of the City, to pay other costs permitted by the PID Act.

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

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 Pledged Revenue Fund and transfer to the Principal and Interest Account, an amount, taking into account any amounts then on deposit in such Principal and Interest Account, such that the amount on deposit in the Principal and Interest Account equals the principal (including any Sinking Fund Installments) and interest due on the Bonds on the next Interest Payment Date. No later than the tenth day prior to the Maturity Date on the Bonds, the Trustee shall withdraw from the Bond Pledged Revenue Account and transfer into the Bond Fund an amount that, together with sums on deposit in the Bond Fund, shall be equal to 100% of the amount required to fully pay the principal of, Maturity Amount, premium, if any and interest on the Bonds payable at such Maturity Date. No later than the tenth day prior to any Redemption Date the Trustee shall withdraw from the Bond Pledged Revenue Account and transfer into the Bond Fund (i) relating to any Current Interest Bonds being redeemed on such Redemption Date, an amount equal to the principal of and accrued interest on such Current Interest Bonds to the Redemption Date and (ii) relating to any Capital Appreciation Bonds being redeemed pursuant to extraordinary mandatory redemption on such Redemption Date, an amount equal to the Accreted Value on such Capital Appreciation Bonds to the Redemption Date.

If, after the foregoing transfers and any transfer from the Reserve Fund as provided in the Indenture, there are insufficient funds to make the payments provided in the preceding paragraph above, the Trustee shall apply the available funds in the Principal and Interest Account first to the payment of interest, or Accreted Interest, as applicable, then to the payment of principal (including any Sinking Fund Installments) on the Bonds.

The City or the Administrator on behalf of the City shall direct the Trustee in writing with respect to the portions of the Pledged Revenues to be deposited pursuant to this paragraph as Additional Interest, Prepayments or Foreclosure Proceeds. For the avoidance of doubt, all portions of the Annual Installment collected as Additional Interest shall be deposited pursuant only to item (3) in the first paragraph above.

Notwithstanding the first paragraph above:

- (1) Pursuant to the Service and Assessment Plan so long as there are Outstanding Bonds, the Trustee shall deposit Additional Interest to the Pledged Revenue Fund and shall transfer all or a portion of such Additional Interest to the Delinquency and Prepayment Reserve Account as set forth in the first paragraph above and as otherwise directed by in the Indenture; and
- (2) the Trustee shall deposit Prepayments to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer such Prepayments to the Redemption Fund;
- (3) the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds first to the Reserve Fund, to restore any transfers from the applicable account of the Reserve Fund made with respect to the Assessed Property to which the Foreclosure Proceeds relate, and second, to the Redemption Fund. Notwithstanding the foregoing, any portion of Foreclosure Proceeds that are attributable to Administrative Expenses shall be deposited to the Administrative Fund, and any portion of Foreclosure Proceeds attributable to Delinquent Penalties and Interest shall be deposited to the Delinquency and Prepayment Reserve Account of the Reserve Fund until the Delinquency and Prepayment Reserve Requirement is met and then to the Administrative Fund.

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

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

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

Bond Fund

No later than on each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and 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 preceding paragraph above, the Trustee shall withdraw first from the Delinquency and Prepayment Reserve Account of the Reserve Fund and second from the Bond Reserve Account of the Reserve Fund amounts to cover the amount of such insufficiency. Amounts so withdrawn from the Bond Reserve Account of the Reserve Fund shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

Bond Reserve Account of the Reserve Fund

Pursuant to the Indenture, a Bond Reserve Account will be created within the Reserve Fund for the benefit of the Bonds and held by the Trustee and will be funded with proceeds of the Bonds in the amount of the Bond Reserve Account Requirement. Pursuant to the Indenture, the "Bond Reserve Account Requirement" means forty percent (40%) of the Average Annual Debt Service; provided that such Bond Reserve Account Requirement shall be recalculated for compliance with the above upon (a) any transfers made pursuant to Section 6.7(c) of the Indenture, (b) an optional redemption pursuant to the terms of the Indenture or (c) an extraordinary optional redemption pursuant to the terms of the Indenture and the Bond Reserve Account Requirement shall be reduced by a percentage equal to the pro rata amount and Accreted Value of Bonds redeemed by such optional redemption divided by the total principal amount and Accreted Value of the Outstanding Bonds prior to such redemption. As of the date of delivery of the Bonds, the Bond Reserve Account Requirement is \$_____.

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

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

Whenever, on any principal payment date or 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 Delinquency and Prepayment Reserve Account of the Reserve Fund, and second from the Bond Reserve Account of the Reserve Fund to the Bond Fund the amounts necessary to cure such deficiency.

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

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

If the amount held in the Bond Reserve Account, together with the amounts held in the Delinquency and Prepayment Reserve Account of the Reserve Fund, the Pledged Revenue Fund, and the Principal and Interest Account and Redemption Fund, is sufficient to pay the principal amount of all Outstanding Bonds on the next Interest Payment Date, together with the unpaid interest accrued on such Bonds as of such Interest Payment Date, the City may, pursuant to a City Certificate transfer such moneys to the Redemption Fund and thereafter used to redeem all Bonds as of such Interest Payment Date.

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

Delinquency and Prepayment Reserve Account of the Reserve Fund

The Delinquency and Prepayment Account shall be initially funded from proceeds of the Bonds. “Delinquency and Prepayment Reserve Requirement” means initially, an amount equal to 10% of the Average Annual Debt Service, which may be funded from Bond proceeds and revenues received from the payment of Additional Interest, deposited to the Pledged Revenue Fund. Once funded by bond proceeds to the Delinquency and Prepayment Reserve Requirement, Additional Interest shall not be collected unless and until the amount on deposit in the Delinquency and Prepayment Reserve Account is, at any time, less than 50% of the Delinquency and Prepayment Reserve Requirement. If, at any time, the amount on deposit in the Delinquency and Prepayment Account is less than 50% of the Delinquency and Prepayment Reserve Requirement, the Trustee shall notify the City, in writing, of the amount of such shortfall, and the City shall begin collecting the Additional Interest and shall file a City Certificate with the Trustee instructing the Trustee to begin depositing the Additional Interest from the Pledged Revenue Fund into the Delinquency and Prepayment Reserve Account until an amount equal to the Delinquency and Prepayment Reserve Requirement has been accumulated in the Delinquency and Prepayment. If, after such deposits, there is surplus Additional Interest remaining, the Trustee shall transfer such surplus Additional Interest first to the Bond Reserve Account to restore any deficiency in the Bond Reserve Account up to the Bond Reserve Account Requirement, and then to the Redemption Fund to be used to redeem Bonds pursuant to the Indenture. The Trustee shall incur no liability for the accuracy or validity of the transfer if compliant with the Indenture.

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

Phase #1 Reimbursement Fund

Money on deposit in the Phase #1 Reimbursement Fund shall be disbursed as directed in a City Certificate to reimburse the Actual Costs of the Phase #1 Improvements pursuant to the Indenture and the Phase #1 Reimbursement Agreement. When all amounts due under the Phase #1 Reimbursement Agreement have been paid, whether through Phase #1 Assessments received and applied in accordance with the Indenture and the Service and Assessment Plan or an Annual Service Plan Update, no further deposits shall be made to the Phase #1 Reimbursement Fund and the Phase #1 Reimbursement Fund shall be closed. In the event that the Phase #1 Reimbursement Fund is closed pursuant to the terms of the Indenture, any remaining balance in the Phase #1 Reimbursement Fund shall be transferred to the Pledged Revenue Fund and applied in accordance with the priorities set forth in “— Pledged Revenue Fund” above.

Administrative Fund

The City has created under the Indenture an Administrative Fund held by the Trustee. Upon receipt, the City shall transfer to the Trustee, for deposit to the Administrative Fund the amounts collected each year to pay the Administrative Expenses and the Delinquent Collection Costs as set forth in the Service and Assessment Plan. See “APPENDIX C — Form of Service and Assessment Plan.”

THE ADMINISTRATIVE FUND SHALL NOT BE PART OF THE TRUST ESTATE AND SHALL NOT BE 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 herein, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee at the same time, shall be sufficient to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant selected by the City verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if the Bonds are then rated, the Trustee shall have received written confirmation from each rating agency that such deposit will not result in the reduction or withdrawal of the rating on the Bonds. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be, only upon receipt by the Trustee of (i) a report by an independent certified public accountant selected by the City, after giving effect to such request, verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be and (ii) an opinion of Bond Counsel stating that that no adverse federal tax consequences will result from reinvesting such cash. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

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

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Indenture does not contractually limit such investments, Owners may be deemed to have consented to defeasance with such other

investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or that for any other Defeasance Security will be maintained at any particular rating category.

Events of Default

Each of the following occurrences or events shall be and is hereby declared to be an “Event of Default,” under the Indenture:

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

Notwithstanding the foregoing, nothing in the Indenture will be viewed to be an Event of Default if it is in violation of any applicable state law or court order.

Remedies in Event of Default

Upon the happening and continuance of any of the Events of Default described above, the Trustee, upon the direction of Owners of at least 25% of the aggregate outstanding principal amount of the Bonds, may proceed against the City for the purpose of protecting and enforcing the rights of the Owners under the Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained in the Indenture, or injunction; provided, however, that no action for money damages against the City may be sought or will be permitted.

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

If the assets of the Trust Estate are sufficient to pay all amounts due with respect to all Outstanding Bonds, in the selection of Trust Estate assets to be used in the payment of Bonds due under 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.

Whenever moneys are to be applied pursuant to the Indenture, irrespective of and whether other remedies authorized under the Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or places, and at such time or times and upon such notice and terms, as the Trustee may deem appropriate, and as may be required by Applicable Laws and apply the proceeds thereof in accordance with the provisions of this Section. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good

and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or proper for the purpose which may be designated in such request.

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 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 ninety (90) 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 direction inconsistent with such written request has been given to the Trustee during such 90-day period by the registered owners of a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the Indenture by its, his or their action or to enforce any right under the Indenture except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided 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, be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy under the Indenture.

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

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

Application of Revenues and Other Moneys After Event of Default

All moneys, securities, funds and Pledged Revenues and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture with respect to Events of Default shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including Trustee's counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out the Indenture, be applied by the Trustee, on behalf of the City, to the payment of interest and principal, Maturity Amount, or Redemption Price then due on Bonds, as follows:

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

SECOND: To the payment to the registered owners entitled thereto of the unpaid principal of or Maturity Amount 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 and Maturity Amount due and to the registered owners entitled thereto, without any discrimination or preference.

Within 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 provisions of the Indenture.

In the event that funds are not adequate to cure an Event of Default, 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 Events of Default have been cured, as provided above, shall not extend to or affect any subsequent default or Event of Default under the Indenture or impair any right consequent thereon.

Investment or Deposit of Funds

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

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

Additional Obligations or Other Liens

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

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

Other than Refunding Bonds issued to refund all or a portion of the Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will not do or omit to do or suffer to be or omitted to be done any matter or things whatsoever whereby the lien of the Indenture or the priority hereof might

or could be lost or impaired; and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with the Indenture as a lien or charge upon the Pledged Revenues or Pledged Funds and Accounts; provided, however, that nothing in the Indenture shall require the City to apply, discharge, or make provision for any such lien, charge, claim, or demand so long as the validity thereof shall be contested by it in good faith, unless thereby, in the opinion of Bond Counsel or counsel to the Trustee, the same would adversely affect the ability of the City to timely pay the debt service due and owing on the Bonds.

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SOURCES AND USES OF FUNDS

The table that follows summarizes the expected sources and uses of proceeds of the Bonds, transfers from funds established in the Refunded Bond Indentures, and other funds available to the City:

Sources of Funds:

Principal Amount	\$
Tax Year 2023 Assessment Payments ⁽²⁾	
Transfers from funds established pursuant to the Refunded Bond Indentures	
Total Sources:	\$

Use of Funds:

Deposit to Deposit Account for the Refunded Bonds	\$
Deposit to Bond Reserve Account of the Reserve Fund	
Deposit to Delinquency and Prepayment Reserve Account of the Reserve Fund	
Costs of Issuance Account of the Project Fund	
Deposit to Administrative Fund	
Underwriter's Discount ⁽¹⁾	
Total Uses:	\$

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

⁽²⁾ Includes a portion of the Assessments billed and collected for tax year 2023.

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DEBT SERVICE REQUIREMENTS

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

Year Ending (September 1)	Principal	Interest	Total
2024	\$	\$	\$
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
Total	\$	\$	\$

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OVERLAPPING TAXES AND DEBT

The land within Phases #1-2 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.

Overlapping Taxes Within Phases #1-2

In addition to the Assessments, each lot owner in Phases #1-2 of the District pays a maintenance and operation fee and a property owner's association fee to the Winn Ridge Homeowner's Association (the "HOA"), which was formed on March 27, 2017. In addition to the City, Denton County and the Denton Independent School District may each levy ad valorem taxes upon land in the District for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes or special assessments levied by such other taxing authorities. The District is located within the corporate boundaries of the City and entirely within Denton County.

The following tables reflect the overlapping ad valorem tax rates currently levied on property located in Phase #1 and Phase #2 of the District.

OVERLAPPING TAXES WITHIN PHASE #1⁽¹⁾

<u>Taxing Entity</u>	<u>Tax Year 2023 Ad Valorem Tax Rate</u>
The City	\$0.464000
Denton County	\$0.189485
Denton Independent School District	<u>\$1.159200</u>
Total Current Tax Rate	\$1.812685
Estimated Average Annual Installment of Phase #1 Assessment as a Tax Rate Equivalent ^{(2),(3)}	\$0.517962
Estimated Total Gross Tax Rate and Average Annual Installment in Phase #1 of the District as a Tax Rate Equivalent^{(2),(3)}	<u>\$2.330647</u>
Projected TIRZ Credit applicable to Phase #1 Assessment as a Tax Rate Equivalent (2024-2045) ^{(2),(4)}	(\$0.209728)
Estimated Total Tax Rate and Average Annual Installment in Phase #1 of the District after Projected TIRZ Credit as a Tax Rate Equivalent^{(2),(3)}	<u>\$2.120919</u>
Projected MSUD Contract Revenue Credit applicable to Phase #1 Assessment as a Tax Rate Equivalent (2024-2045) ⁽²⁾	(\$0.039905)
Estimated Net Average Annual Installments in Phase #1 of the District after Projected TIRZ Credit and MSUD Contract Revenue Credit as a Tax Rate Equivalent^{(2),(4),(5)}	<u>\$0.268328</u>
Estimated Total Net Tax Rate and Average Annual Installment in Phase #1 of the District after Projected TIRZ Credit and MSUD Contract Revenue Credit as a Tax Rate Equivalent^{(2),(4),(5)}	<u>\$2.081013</u>

⁽¹⁾ Illustrative.

⁽²⁾ Derived from information provided in the Service and Assessment Plan. Value of home at build out assumed to be \$477,635 per Equivalent Unit according to the calculated average home value of Phase #1 60 ft residential lots from 2023 Denton Central Appraisal District records.

⁽³⁾ Amounts reflective of gross annual installments before any credits, if applicable.

⁽⁴⁾ Derived from information in the Service and Assessment Plan. As per the TIRZ Plan (as defined herein), the TIRZ Credit shall be calculated at the City's total tax rate times 45.20% per \$100 in value.

⁽⁵⁾ Derived from information in the Service and Assessment Plan. The annual installment of the Phase #1 Assessments is calculated by taking into consideration any MSUD Contract Revenue Credit (as defined herein). The average annual MSUD Contract Revenue Credit attributable to Phase #1 is approximately \$190.60 from fiscal year 2024 through fiscal year 2045. See "ASSESSMENT PROCEDURES – Credits Applied Against Phase #1 Assessments and Phases #2-3 MI Assessments" herein. The Annual Installments of Phase #1 Assessments applicable to the Phase #1 Assessed Property will not be reduced by the MSUD Contract Revenue Credit.

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

OVERLAPPING TAXES WITHIN PHASE #2⁽¹⁾

<u>Taxing Entity</u>	<u>Tax Year 2023 Ad Valorem Tax Rate</u>
The City	\$0.464000
Denton County	\$0.189485
Denton Independent School District	<u>\$1.159200</u>
Total Current Tax Rate	\$1.812685
Estimated Average Annual Installment of Phase #2 Assessment in Phase #2 of the District as a Tax Rate Equivalent ^{(2),(3),(4)}	\$0.382197
Estimated Gross Average Annual Installment of Phases #2-3 MI Assessment in Phase #2 of the District as a Tax Rate Equivalent ^{(2),(3)}	\$0.163955
Estimated Total Gross Tax Rate and Average Annual Installment in Phase #2 of the District as a Tax Rate Equivalent^{(2),(3),(4)}	<u>\$2.358837</u>
Projected TIRZ Credit applicable to Phases #2-3 MI Assessment in Phase #2 of the District as a Tax Rate Equivalent (2024-2040) ^{(2),(5)}	(\$0.163955)
Estimated Total Tax Rate and Average Annual Installment in Phase #2 of the District after Projected TIRZ Credit as a Tax Rate Equivalent^{(2),(4),(5)}	<u>\$2.194882</u>
Projected MSUD Contract Revenue Credit applicable to Phases #2-3 MI Assessment in Phase #2 of the District as a Tax Rate Equivalent (2024-2040) ^{(2),(6)}	(\$0.057528)
Estimated Net Average Annual Installments in Phase #2 of the District after Projected TIRZ Credit and MSUD Contract Revenue Credit as a Tax Rate Equivalent^{(2),(4),(5),(6),(7)}	<u>\$0.324669</u>
Estimated Total Net Tax Rate and Average Annual Installment in Phase #2 of the District after Projected TIRZ Credit and MSUD Contract Revenue Credit as a Tax Rate Equivalent^{(2),(4),(5),(6),(7)}	<u>\$2.137354</u>

⁽¹⁾ Illustrative.

⁽²⁾ Derived from information provided in the Service and Assessment Plan. Value of home at build out assumed to be \$425,989 per Equivalent Unit according to the calculated average home value of Phase #2 60 ft residential lots from 2023 Denton Central Appraisal District records.

⁽³⁾ Amounts reflective of gross annual installments before any credits, if applicable.

⁽⁴⁾ The Annual Installments of Phase #2 Assessments applicable to the Phase #2 Assessments will not be reduced by the TIRZ Credit.

⁽⁵⁾ Derived from information in the Service and Assessment Plan. The annual installment of the Phases #2-3 MI Assessments is calculated by taking into consideration any applicable TIRZ Credit (as defined herein). As per the TIRZ Plan (as defined herein), the TIRZ Credit shall be calculated at the City's total tax rate times 45.20% per \$100 in value for the payment of Major Improvements only (2024-2040). Based on the 2023 City tax rate, the maximum available TIRZ Credit as a tax rate equivalent is \$0.2097. The average Phases #2-3 MI Annual Installment allocated to Phase #2 parcels after applying the MSUD Credit is \$0.163955. As a result, the City's obligation in applying the TIRZ Credit to a specific parcel may be limited to \$0.163955 when shown as a tax rate equivalent.

⁽⁶⁾ Derived from information in the Service and Assessment Plan. The annual installment of the Phases #2-3 MI Assessments is calculated by taking into consideration any MSUD Contract Revenue Credit (as defined herein). The average annual MSUD Contract Revenue Credit attributable to Phase #2 is approximately \$245.06 from fiscal year 2024 through fiscal year 2040. See "ASSESSMENT PROCEDURES – Credits Applied Against Phase #1 Assessments and Phases #2-3 MI Assessments" herein.

⁽⁷⁾ The Annual Installments of Phase #2 Assessments applicable to the Phase #2 Assessed Property will not be reduced by the MSUD Contract Revenue Credit.

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

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Overlapping Debt of Phases #1-2

As noted above, Phases #1-2 of the District includes territory located in other governmental entities that may issue or incur debt secured by the levy and collection of ad valorem taxes or assessments. Set forth below is an overlapping debt table showing the outstanding indebtedness payable from ad valorem taxes with respect to property within Phases #1-2 of the District and City debt to be secured by the Assessments:

Overlapping Debt within Phases #1-2

Taxing or Assessing Entity	Total Outstanding Debt as of 1/1/2024	Estimated % Applicable ⁽¹⁾	Estimated Overlapping Debt ⁽¹⁾
The City (The Bonds)	\$ 24,589,830 ⁽³⁾	100.000%	\$ 24,589,830 ⁽³⁾
The City (Assessments—Phase #1 Reimbursement Agreement)	\$ 507,080	100.000%	\$ 507,080
The City (Ad Valorem Taxes)	\$ 31,878,000 ⁽²⁾	37.25%	\$ 11,874,160
Denton County	\$ 624,655,000	0.22%	\$ 1,352,166
Denton Independent School District	\$ 2,150,181,665	1.21%	\$ 25,943,914
Total	\$ 2,831,811,575⁽⁴⁾		\$ 64,267,150⁽⁴⁾

⁽¹⁾ Based on \$383,595,126 taxable assessed value for Phase #1 and Phase #2 of the District and the taxable assessed valuation for the overlapping taxing entities as certified by Denton Central Appraisal District for Tax Year 2023.

⁽²⁾ Includes the \$5,525,000 Combination Tax and Revenue Certificates of Obligation, Series 2024 issued by the City on January 25, 2024 expected to be delivered on February 21, 2024.

⁽³⁾ Preliminary; subject to change.

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

ASSESSMENT PROCEDURES

General

Capitalized terms used under this caption and not otherwise defined in this Official Statement shall have the meanings given in the Service and Assessment Plan. As required by the PID Act, when the City determines to defray a portion of the costs of public improvements through assessments, it must adopt a resolution generally describing such improvements and the land within public improvement district to be subject to assessments to pay the costs therefor. The City caused an assessment roll to be prepared (the “Phase #1 Assessment Roll”), which Phase #1 Assessment Roll shows the land within Phase #1 assessed, the amount of the benefit to and the Phase #1 Assessment against each lot or parcel of land and the number of Annual Installments in which the Phase #1 Assessment is divided. Statutory notice was given to the owners of the property to be assessed and a public hearing was conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Phase #1 Improvements and funding the same with Phase #1 Assessments. The City levied the Phase #1 Assessments and adopted the Phase #1 Assessment Ordinance on November 17, 2015. Accordingly, the Phase #1 Assessments became legal, valid and binding liens upon the property against which the Phase #1 Assessments were made as of November 17, 2015.

The City caused an original assessment roll to be prepared (the “Phases #2-3 MI Assessment Roll”), which Phases #2-3 MI Assessment Roll shows the land within Phases #2-3 assessed, the amount of the benefit to and the Phases #2-3 MI Assessment against each lot or parcel of land and the number of Annual Installments in which the Phases #2-3 MI Assessment is divided. Statutory notice was given to the owners of the property to be assessed and a public hearing was conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Phases #2-3 Major Improvements and funding the same with Phases #2-3 MI Assessments. The City levied the Phases #2-3 MI Assessments and adopted the Phases #2-3 MI Assessment Ordinance on November 17, 2015. Accordingly, the Phases #2-3 MI Assessments became legal, valid and binding liens upon the property against which the Phases #2-3 MI Assessments were made as of November 17, 2015. **The portion of the Phases #2-3 MI Assessments allocable to Phase #3 of the District is not security for the Bonds.**

The City caused an assessment roll to be prepared (the “Phase #2 Direct Improvements Assessment Roll”), which Phase #2 Direct Assessment Roll shows the land within Phase #2 assessed, the amount of the benefit to and the

Phase #2 Assessment against each lot or parcel of land and the number of Annual Installments in which the Phase #2 Assessment is divided. Statutory notice was given to the owners of the property to be assessed and a public hearing was conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Phase #2 Improvements and funding the same with Phase #2 Assessments. The City levied the Phase #2 Assessments and adopted the Phase #2 Assessment Ordinance on October 23, 2018. Accordingly, the Phase #2 Assessments became legal, valid and binding liens upon the property against which the Phase #2 Assessments were made as of October 23, 2018.

In connection with the issuance of the Bonds, the City is expected to update the Service and Assessment Plan to provide for a combined assessment roll for the property within Phase #2 which assessment roll includes the Phase #2 Assessments and the portion of the Phases #2-3 MI Assessments allocable to Phase #2 (the “Phase #2 Projects Assessment Roll”) and to update the Phase #1 Assessment Roll. The Phase #2 Projects Assessment Roll and the Phase #1 Assessment Roll (as updated) are collectively referred to herein as the “Assessment Rolls.” See “APPENDIX C — Form of Service and Assessment Plan.”

Under the PID Act, the costs of Phase #1 Improvements may be assessed by the City against the assessable property in Phase #1 of the District so long as the special benefit conferred upon the Phase #1 Assessed Property by the Phase #1 Improvements equals or exceeds the Phase #1 Assessments. The costs of the Phase #1 Improvements may be assessed using any methodology that results in the imposition of equal shares of cost on the Phase #1 Assessed Property similarly benefited. Under the PID Act, the costs of Phase #2 Improvements may be assessed by the City against the assessable property in Phase #2 of the District so long as the special benefit conferred upon the Phase #2 Assessed Property by the Phase #2 Improvements equals or exceeds the Phase #2 Assessments. The costs of the Phase #2 Improvements may be assessed using any methodology that results in the imposition of equal shares of cost on Phase #2 Assessed Property similarly benefited. Under the PID Act, the costs of Phases #2-3 Major Improvements may be assessed by the City against the assessable property in Phases #2-3 of the District so long as the special benefit conferred upon the Phases #2-3 MI Assessed Property by the Phases #2-3 Major Improvements equals or exceeds the Phase #2-3 MI Assessments. The costs of the Phases #2-3 Major Improvements may be assessed using any methodology that results in the imposition of equal shares of cost on Phases #2-3 MI Assessed Property similarly benefited. The allocation of benefits and assessments to the benefitted land within Phase #1, Phase #2 and Phases #2-3 of the District from the Phase #1 Improvements, the Phase #2 Improvements, and the Phases #2-3 Major Improvements, respectively, 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 (i) describes the special benefit to be received by each parcel of Phase #1 Assessed Property as a result of the Phase #1 Improvements, Phase #2 Assessed Property as a result of the Phase #2 Improvements, and Phase #2-3 MI Assessed Property as a result of the Phase #2-3 Major Improvements, (ii) provides the basis and justification for the determination that such special benefit exceeds the Phase #1 Assessments levied, the Phase #2 Assessments levied, and the Phase #2-3 MI Assessments levied, and (iii) establishes the methodology by which the City allocated the special benefit of the Phase #1 Improvements, Phase #2 Improvements, and the Phase #2-3 Major Improvements to parcels in a manner that resulted in equal shares of costs being apportioned to parcels similarly benefited.

As further set forth in the Service and Assessment Plan, the benefits received by the Phase #1 Improvements were spread among the Phase #1 Assessed Property, the Phase #2 Improvements were spread among the Phase #2 Assessed Property, and the Phase #2-3 Major Improvements were spread among the Phases #2-3 MI Assessed Property, respectively, based on the ratio (or Equivalent Unit Factor) of the Equivalent Units built on each Phase #1 Assessed Property to the estimated number of Equivalent Units for all Parcels or Lots within Phase #1 of the District, the ratio (or Equivalent Unit Factor) of the Equivalent Units built on each Phase #2 Assessed Property to the estimated number of Equivalent Units for all Parcels or Lots within Phase #2 of the District, and the ratio (or Equivalent Unit Factor) of the Equivalent Units built on each Phase #2-3 MI Assessed Property to the estimated number of Equivalent Units for all Parcels or Lots within Phases #2-3 of the District.

The City determined that such method of allocation resulted in the imposition of equal shares of the Assessments on parcels similarly situated within the District. The Assessments and interest thereon are expected to be

paid in Annual Installments as described above. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan was 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 owners of property within the District and all future owners and within the District. See “APPENDIX C — Form of Service and Assessment Plan.”

Collection and Enforcement of Assessment Amounts

Under the PID Act, the Annual Installments may be collected in the same manner and at the same time as regular ad valorem taxes of the City. The 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 municipal ad valorem taxes. See “BONDHOLDERS’ RISKS — Assessment Limitations” herein.

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

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

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

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

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

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

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

After July, the penalty remains at 12%, and interest accrues at the rate of 1% each month. In addition, if an account is delinquent in July, a 20% attorney's collection fee may be added to the total penalty and interest charge. In general, property subject to lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. An automatic stay by creditors or other entities, including governmental units, could prevent governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In most cases, post-petition 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 Phase #1 Assessments, Phase #2 Assessments, and Phases #2-3 MI Assessments have been established by the methodology described in the Service and Assessment Plan. The Phase #1 Assessment Roll as updated to reflect the issuance of the Bonds, shall set forth for each year the Annual Installment for each Parcel consisting of (i) the Phase #1 Assessments for each Parcel (including amounts allocable to the Bonds and the Phase #1 Reimbursement Agreement), (ii) interest on the Phase #1 Assessments (including the 0.5% additional interest amount to be collected for the prepayment and delinquency reserve, if such additional interest is being collected pursuant to the provisions of the Indenture) and (iii) the component of the Annual Installment allocable to Administrative Expenses. The Annual Installments for Phase #1 may not exceed the amounts shown on the Phase #1 Assessment Roll. See "APPENDIX C — Form of Service and Assessment Plan."

The Phase #2 Projects Assessment Roll as updated to reflect the issuance of the Bonds, shall set forth for each year the Annual Installment for each Parcel consisting of (i) the Phase #2 Assessments for each Parcel, (ii) interest on the Phase #2 Assessments (including the 0.5% additional interest amount to be collected for the prepayment and delinquency reserve, if such additional interest is being collected pursuant to the provisions of the Indenture) (iii) the portion of the Phase #2-3 MI Assessments allocable to Phase #2 for each Parcel (the "Phase #2 MI Portion"), (iv) interest on the Phase #2 MI Portion (including the 0.5% additional interest amount to be collected for the prepayment and delinquency reserve, if such additional interest is being collected pursuant to the provisions of the Indenture) and (v) the component of the Annual Installment allocable to Administrative Expenses. The Annual Installments for Phase #2 may not exceed the amounts shown on the Phase #2 Projects Assessment Roll. See "APPENDIX C — Form of Service and Assessment Plan."

The Annual Installments shown on the Assessment Rolls will be reduced to equal the actual costs of repaying the Bonds and actual Administrative Expenses (as provided for in the definition of such term), taking into consideration any other available funds for these costs, such as interest income on account balances. If the total annual installments collected from a Phase #2 Assessed Property and Phases #2-3 MI Assessed Property in a given year are less than the combined Annual Installments of Phase #2 Assessments and annual installments of Phases #2-3 MI Assessments due from such Phase #2 Assessed Property and Phases #2-3 MI Assessed Property for that year, then the annual installments collected will be allocated between the Annual Installments of Phase #2 Assessments and the annual installments of Phases #2-3 MI Assessments based on the ratio of the total Annual Installments of Phase #2 Assessments and the total annual installments of Phases #2-3 MI Assessments due from such Phase #2 Assessed Property and Phases #2-3 MI Assessed Property for that year.

The Service and Assessment Plan will be updated to reflect the issuance of the Bonds and the Annual Installments shown on the Assessment Rolls will be adjusted to equal the actual costs of repaying the Bonds, taking into consideration any other available funds for these costs.

The original Phase #1 Assessments, the current outstanding Phase #1 Assessments, and the expected outstanding Phase #1 Assessments for the respective Lot Types is as follows:

Phase #1 Assessments			
Land Use Class	Original Assessment per Unit¹	Outstanding Assessment per Unit²	Estimated Assessment per Unit after Bond Issuance²
Lot Type 1 (60' Lot)	\$34,930.14	\$30,957.89	\$30,956.71
Lot Type 2 (50' Lot)	\$28,992.02	\$25,695.05	\$25,694.07

1 – As shown in the Service and Assessment Plan approved at Phase #1 Bond issuance.

2 – Derived from information provided in the Service and Assessment Plan.

The original Phase #2 Assessments, the current outstanding Phase #2 Assessments, and the expected outstanding Phase #2 Assessments for the respective Lot Types is as follows:

Phase #2 Assessments			
Land Use Class	Original Assessment per Unit¹	Outstanding Assessment per Unit²	Estimated Assessment per Unit after Bond Issuance²
Lot Type 1 (60' Lot)	\$34,918.88	\$31,111.81	\$30,530.78
Lot Type 2 (50' Lot)	\$28,982.67	\$25,822.80	\$25,340.55

1 – As shown in the Service and Assessment Plan approved at Phase #2 Bond issuance. Includes both the Phase #2 Assessment and Phases #2-3 MI Assessment.

2 – Derived from information provided in the Service and Assessment Plan. Includes both the Phase #2 Assessment and Phases #2-3 MI Assessment.

Method of Apportionment of Assessments. For purposes of the Service and Assessment Plan, the City Council has determined that the Assessments shall be allocated to the Assessed Property as described under “ASSESSMENT PROCEDURES — Assessment Methodology.” See “APPENDIX C — Form of Service and Assessment Plan.”

The Bonds are secured by a first lien on and pledge of Pledged Revenues, including the Assessments. See “SECURITY FOR THE BONDS” and “APPENDIX C — Form of Service and Assessment Plan.” The following tables provide information about the Annual Installments of the Phase #1 Assessments, the Annual Installments of Phase #2 Assessments and the Annual Installments of the Phases #2-3 MI Assessments allocable to Phase #2, each as an equivalent tax rate per Unit.

Average Annual Installments and Estimated Equivalent Tax Rate – Phase #1⁽¹⁾

Lot Type	Number of Outstanding Lots⁽²⁾	Phase #1 Outstanding Assessment per Lot	Average Annual Installment per Lot	Equivalent Tax Rate per \$100 Assessed Value⁽³⁾
50'	356	\$25,694.07	\$1,063.75	\$0.2685
60'	102	\$30,957	\$1,281.63	\$0.2683

⁽¹⁾ Preliminary; subject to change. Includes only the Annual Installments of the Phase #1 Assessments and net of projected TIRZ Credit and MSUD Contract Revenue Credit.

⁽²⁾ Includes prepaid Assessments received by the Trustee.

⁽³⁾ The average Unit Value is \$396,225 for 50's and \$477,636 for 60's per the Denton Central Appraisal District's 2023 values for Phase #1 residential lots.

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Average Annual Installments and Estimated Equivalent Tax Rate – Phase #2 and Phases #2-3 MI Assessments allocable to Phase #2⁽¹⁾

Lot Type	Number of Outstanding Lots ⁽²⁾	Phase #2 Outstanding Assessment per Lot	Phases #2-3 MI Assessment per Lot (allocable to Phase #2)	Average Annual Installment per Lot	Equivalent Tax Rate per \$100 Assessed Value ⁽³⁾
50'	386	\$16,907.55	\$8,433.00	\$1,147.93	\$0.3032
60'	99	\$20,370.55	\$10,160.24	\$1,383.05	\$0.3247

⁽¹⁾ Preliminary; subject to change. Includes only the Annual Installments of the Phase #2 Assessments and Phases #2-3 MI Assessments allocable to Phase #2 and net of projected TIRZ Credit and MSUD Contract Revenue Credit.

⁽²⁾ Includes prepaid Assessments received by the Trustee.

⁽³⁾ The average Unit Value is \$378,581 for 50's and \$425,989 for 60's per the Denton Central Appraisal District's 2023 values for Phase #2 residential lots.

Prepayment of Assessments

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

Mandatory Prepayment

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

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

Priority of Lien

The Assessments or any reassessment, the expense of collection, and reasonable attorney's fees, if incurred, constitute a first and prior lien against the property assessed, superior to all other liens and claims except liens or claims for the State, county, school district or municipality ad valorem taxes, and are a personal liability of and charge against the owners of the property regardless of whether the owners are named. The lien for each of the Assessments is effective from the date of each of the Assessment Ordinances and will continue until the respective 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 or make payment for the purchase of the delinquent Assessment on the corresponding Assessed Property.

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

In the Indenture, the City creates the Bond Reserve Account of the Reserve Fund and the Delinquency and Prepayment Account of the Reserve Fund, and the City will fund such account as provided in the Indenture. The City will not be obligated to fund foreclosure proceedings out of any funds other than in the Administrative Fund. If amounts on deposit in the Administrative Fund are insufficient to pay foreclosure costs, the owners of the Bonds may be required to pay amounts necessary to continue foreclosure proceedings. See “SECURITY FOR THE BONDS — Bond Reserve Account of the Reserve Fund,” “— Delinquency and Prepayment Account of the Reserve Fund,” “APPENDIX B — Form of Indenture” and “APPENDIX C — Form of Service and Assessment Plan.”

Credits Applied Against Phase #1 Assessments and Phases #2-3 MI Assessments

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

In the TIRZ Ordinance, the City agreed to use TIRZ Revenues generated from each parcel within Phase #1 and Phases #2-3 that is subject to the Phase #1 Assessments or the Phases #2-3 MI Assessments, as applicable, to offset a portion of such parcel’s PID assessments related to the Major Improvements (the “TIRZ Credit”) and to reimburse CADG Comanche or Pulte Homes (“Pulte”), respectively, for any accrued liability for assessments or annual installments for Major Improvements paid by CADG Comanche or Pulte, respectively, on non-completed lots within the District. The annual installment of the Phase #1 Assessments and the Phases #2-3 MI Assessments for each applicable parcel will be calculated by taking into consideration any TIRZ Credit applicable to such parcel. See

“APPENDIX C — Form of Service and Assessment Plan.” The Annual Installments of Phase #2 Assessments applicable to the Assessed Property will not be reduced by such TIRZ Credit.

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

COLLECTION OF TIRZ CREDIT AND MSUD CONTRACT REVENUE CREDIT APPLICABLE TO PHASE #1 ASSESSMENTS

Fiscal Year Ending 9/30	Tax Year Billed	Annual Installments Prior to Credits ⁽²⁾	TIRZ Credit ⁽²⁾	MSUD Credit ⁽²⁾	Annual Installment Assessed ⁽²⁾	Annual Installments Collected ⁽¹⁾
2017	2016	\$123,502	\$0	\$0	\$123,502	\$123,502
2018	2017	\$1,259,760	\$3,554	\$77,558	\$1,178,647	\$1,178,647
2019	2018	\$1,225,298	\$6,033	\$77,404	\$1,141,861	\$1,141,861
2020	2019	\$1,175,666	\$68,244	\$77,521	\$1,029,900	\$1,029,900
2021	2020	\$1,227,381	\$183,049	\$77,564	\$966,768	\$966,768
2022	2021	\$1,225,948	\$233,418	\$77,209	\$915,320	\$915,320
2023	2022	\$1,225,152	\$279,416	\$77,449	\$868,287	\$868,287
2024	2023	\$1,212,762	\$290,896	\$77,267	\$844,598	\$735,855

⁽¹⁾ Represents collection data as of January 9, 2024 according to the Denton County Tax Office online records. Note – collection data for tax year 2023 represents non-collected assessment amounts. No accounts are delinquent for tax year 2023 until after the January 31, 2024 collection deadline.

⁽²⁾ Amounts derived from information in the annual Service and Assessment Plan updates and include other applicable credits such as, but not limited to, excess reserve fund income, capitalized interest funds, or available administrative funds, if any.

COLLECTION OF TIRZ CREDIT AND MSUD CONTRACT REVENUE CREDIT APPLICABLE TO PHASES #2-3 MI ASSESSMENTS

Fiscal Year Ending 9/30	Tax Year Billed	Annual Installments Prior to Credits ⁽²⁾	TIRZ Credit ⁽²⁾	MSUD Credit ⁽²⁾	Annual Installment Assessed ⁽²⁾	Annual Installments Collected ⁽¹⁾
2017	2016	\$71,675	\$0	\$0	\$71,675	\$71,675
2018	2017	\$918,121	\$4,094	\$168,626	\$745,401	\$745,401
2019	2018	\$1,029,070	\$8,123	\$202,452	\$818,495	\$818,495
2020	2019	\$989,816	\$17,505	\$202,311	\$770,000	\$770,000
2021	2020	\$1,017,901	\$37,218	\$201,924	\$778,760	\$778,760
2022	2021	\$1,016,056	\$109,281	\$202,229	\$704,546	\$704,546
2023	2022	\$1,011,094	\$195,490	\$201,266	\$614,338	\$614,338
2024	2023	\$1,001,406	\$335,047	\$200,996	\$465,363	\$293,970

⁽¹⁾ Represents collection data as of January 9, 2024 according to the Denton County Tax Office online records. Note – collection data for tax year 2023 represents non-collected assessment amounts. No accounts are delinquent for tax year 2023 until after the January 31, 2024 collection deadline.

⁽²⁾ Amounts derived from information in the annual Service and Assessment Plan updates and include other applicable credits such as, but not limited to, excess reserve fund income, capitalized interest funds, or available administrative funds, if any.

ASSESSMENT COLLECTION DATA AND TAXABLE VALUE IN PHASES #1-2 OF THE DISTRICT

Collection and Delinquency History in Phases #1-2 of the District

Phase #1. On November 17, 2015, the City levied the Phase #1 Assessments in Phase #1 of the District through the City Council's adoption of the Phase #1 Assessment Ordinance. The initial annual installment of Phase #1 Assessments was due and payable on or before January 31, 2017. The following table shows the collection and delinquency history of the Phases #1 Assessments.

COLLECTION AND DELINQUENCY OF PHASE #1 ASSESSMENTS

Fiscal Year Ending 9/30	Tax Year Billed	Annual Installments Levied	Parcels Levied	Delinquent Amount as of 3/1	Delinquent Percentage as of 3/1	Delinquent Amount as of 9/1	Delinquent Percentage as of 9/1	Annual Installments Collected ⁽¹⁾
2017	2016	\$ 123,502	4	\$ 0	0.00%	\$ 0	0.00%	\$ 123,502
2018	2017	\$ 1,178,648	4	\$ 0	0.00%	\$ 0	0.00%	\$ 1,178,648
2019	2018	\$ 1,141,861	461 ⁽²⁾	\$ 9,504	0.83%	\$ 2,374	0.21%	\$ 1,141,861
2020	2019	\$ 1,029,900	459 ⁽²⁾	\$ 4,493	0.44%	\$ 2,288	0.22%	\$ 1,029,900
2021	2020	\$ 966,768	458 ⁽²⁾	\$ 3,460	0.36%	\$ 0 ⁽³⁾	0.00%	\$ 966,768
2022	2021	\$ 915,320	458 ⁽²⁾	\$ 15,087	1.65%	\$ 2,012	0.22%	\$ 913,308 ⁽⁴⁾
2023	2022	\$ 868,287	458 ⁽²⁾	\$ 9,602	1.11%	\$ 0 ⁽³⁾	0.00%	\$ 868,287
2024	2023	\$ 844,598	458 ⁽²⁾	\$108,743 ⁽⁵⁾	12.88% ⁽⁵⁾	N/A	N/A	\$735,855 ⁽⁵⁾

⁽¹⁾ Excluding prepayments, penalties and interest.

⁽²⁾ Parcels levied is net of prepayments, if any.

⁽³⁾ All prior year delinquencies were collected in a timely fashion.

⁽⁴⁾ Collected in full as of February 21, 2023.

⁽⁵⁾ Represents collection data as of January 9, 2024 according to the Denton County Tax Office online records. Note – collection data represents non-collected assessment amounts for tax year 2023. No accounts are delinquent for tax year 2023 until after the January 31, 2024 collection deadline.

There have been prepayments totaling \$123,182.93 of the Phase #1 Assessments as of January 18, 2024.

Phase #2. On October 23, 2018, the City levied the Phase #2 Assessments in Phase #2 of the District through the City Council's adoption of the Phase #2 Assessment Ordinance. The initial annual installment of Phase #2 Assessments was due and payable beginning on or before January 31, 2020. The following table shows the collection and delinquency history of the Phase #2 Assessments.

COLLECTION AND DELINQUENCY OF PHASE #2 ASSESSMENTS

Fiscal Year Ending 9/30	Tax Year Billed	Annual Installments Levied	Parcels Levied	Delinquent Amount as of 3/1	Delinquent Percentage as of 3/1	Delinquent Amount as of 9/1	Delinquent Percentage as of 9/1	Annual Installments Collected ⁽¹⁾
2020	2019	\$786,000	202 ⁽²⁾	\$1,543	0.20%	\$ 0	0.00%	\$786,000
2021 ⁽²⁾	2020	\$775,131	488 ⁽²⁾	\$6,086	0.79%	\$ 0	0.00%	\$775,131
2022	2021	\$775,639	488 ⁽²⁾	\$8,369	1.08%	\$ 0	0.00%	\$775,639
2023	2022	\$774,143	486 ⁽²⁾	\$8,209	1.06%	\$ 0	0.00%	\$774,143
2024	2023	\$769,366	485 ⁽²⁾	\$85,213 ⁽³⁾	11.08% ⁽³⁾	N/A	N/A	\$684,153 ⁽³⁾

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

⁽²⁾ Parcels levied is net of prepayments, if any.

⁽³⁾ Represents collection data as of January 9, 2024 according to the Denton County Tax Office online records. Note – collection data represents non-collected assessment amounts for tax year 2023. No accounts are delinquent for tax year 2023 until after the January 31, 2024 collection deadline.

There have been prepayments totaling \$75,506 of the Phase #2 Assessments as of January 18, 2024.

Phases #2-3 MI Assessments. On November 17, 2015, the City levied the Phases #2-3 MI Assessments in Phases #2-3 through the City Council's adoption of the Phases #2-3 MI Assessment Ordinance. The initial annual installment of Phases #2-3 MI Assessments was due and payable beginning on or before January 31, 2017. The following table shows the collection and delinquency history of the Phases #2-3 MI Assessments.

COLLECTION AND DELINQUENCY OF PHASES #2-3 MI ASSESSMENTS

Fiscal Year Ending 9/30	Tax Year Billed	Annual Installments Levied	Parcels Levied	Delinquent Amount as of 3/1	Delinquent Percentage as of 3/1	Delinquent Amount as of 9/1	Delinquent Percentage as of 9/1	Annual Installments Collected ⁽¹⁾
2017	2016	\$ 71,675	6	\$ 0	0.00%	\$ 0	0.00%	\$ 71,675
2018	2017	\$ 745,401	6	\$ 0	0.00%	\$ 0	0.00%	\$ 745,401
2019	2018	\$ 818,495	6	\$ 0	0.00%	\$ 0	0.00%	\$ 818,495
2020	2019	\$ 770,000	204	\$ 786	0.10%	\$ 0	0.00%	\$ 770,000
2021	2020	\$ 778,760	493	\$ 3,154	0.40%	\$ 0	0.00%	\$ 778,760
2022	2021	\$ 704,546	690	\$ 4,915	0.70%	\$ 0	0.00%	\$ 704,546
2023	2022	\$ 615,112	689	\$ 4,449	0.72%	\$ 0	0.00%	\$ 615,112
2024	2023	\$ 465,363	942	\$171,393 ⁽³⁾	36.83% ⁽³⁾	N/A	N/A	\$293,970 ⁽³⁾

⁽¹⁾ Excluding prepayments, penalties and interest.

⁽²⁾ Parcels levied is net of prepayments, if any.

⁽³⁾ Represents collection data as of January 9, 2024 according to the Denton County Tax Office online records. Note – collection data represents non-collected assessment amounts for tax year 2023. No accounts are delinquent for tax year 2023 until after the January 31, 2024 collection deadline.

There have been prepayments totaling \$38,214 of the Phase #2-3 Major Improvement Assessments as of January 18, 2024

THE COLLECTION AND DELINQUENCY HISTORY OF THE PHASE #1 ASSESSMENTS, PHASE #2 ASSESSMENTS, AND PHASES #2-3 MI ASSESSMENTS IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY. NO ASSURANCE CAN BE GIVEN THAT THE FUTURE COLLECTION OF THE ASSESSMENTS WILL MIRROR THE COLLECTION HISTORY OF THE PHASE #1 ASSESSMENTS, PHASE #2 ASSESSMENTS, AND PHASES #2-3 MI ASSESSMENTS AS SHOWN HEREIN.

Top Assessment Payers in Phase #1 and Phase #2 of the District

The following tables shows the top assessment payers in Phase #1 and Phase #2, by Phase.

TOP PHASE #1 ASSESSMENT PAYERS

Owner Name ⁽¹⁾	Number of Parcels/Lots ⁽²⁾	Assessments Levied ⁽³⁾	% of Total Assessments
Pulte Homes of Texas LP	5	\$144,229	1.17%
Homeowners ⁽⁴⁾	457	\$12,157,913	98.83%
TOTAL	462	\$12,302,142	100.00%

⁽¹⁾ According to Denton Central Appraisal District online records as of November 20, 2023.

⁽²⁾ Net of prepaid Assessments, if any.

⁽³⁾ Represents the current Outstanding Assessments of each property owner per Denton Central Appraisal District records as of November 20 2023.

⁽⁴⁾ Homeowners represents entities individually responsible for less than 1% of outstanding Phase #1 Assessments.

TOP PHASE #2 ASSESSMENT PAYERS

<u>Owner Name⁽¹⁾</u>	<u>Number of Parcels/Lots⁽²⁾</u>	<u>Assessments Levied⁽³⁾</u>	<u>% of Total Assessments</u>
Homeowners ⁽⁴⁾	485	\$8,699,494	100.00%
TOTAL	485	\$8,699,494	100.00%

⁽¹⁾ According to Denton Central Appraisal District online records of as of November 20, 2023.

⁽²⁾ Net of prepaid Assessments, if any.

⁽³⁾ Represents the current Outstanding Assessments of each property owner per Denton Central Appraisal District records as of December 27, 2023.

⁽⁴⁾ Homeowners represents entities individually responsible for less than 1% of outstanding Phase #2 Assessments.

Taxable Assessed Valuation History in Phase #1 of the District

Set forth below is the taxable Assessed Valuation History for Phase #1 of the District.

<u>Year</u>	<u>Taxable Assessed Valuation</u>
2016	\$2,845,108
2017	\$5,498,502
2018	\$29,043,701
2019	\$76,805,854
2020	\$97,795,512
2021	\$123,041,438
2022	\$156,444,233
2023	\$190,348,181

Taxable Assessed Valuation History in Phase #2 of the District

Set forth below is the taxable Assessed Valuation History for Phase #2 of the District.

<u>Year</u>	<u>Taxable Assessed Valuation</u>
2018	\$4,064,372
2019	\$11,422,171
2020	\$41,694,227
2021	\$70,445,241
2022	\$130,832,101
2023	\$193,246,945

THE CITY

Background

The City is located at the intersection of FM 428 and US Hwy 377, in northeast Denton County. The City contains a total land area of approximately 3.01 square miles. The City is approximately 10 miles north of U.S. Highway 380 and 20 miles west of IH 35 on the outskirts of the Dallas-Fort Worth Metroplex. The City is located approximately 21 miles northwest of Frisco, Texas, the nearest major employment center, and approximately 49 miles north of Dallas. The City is approximately 39 miles north of Dallas-Fort Worth International Airport and approximately 43 miles north of Dallas Love Field. The City's population for 2020 was 5,380. The City's estimated current population is 8,500.

City Government

The City is a political subdivision and municipal corporation of the State located in Denton County, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City operates under the Council/City Manager form of government with a City Council comprised of the Mayor and five Councilmembers.

The term of office is three years with the terms of Mayor and the Councilmembers expiring annually in staggered succession. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police, EMS and fire protection), streets, water and sanitary sewer utilities, library, public improvements, planning and zoning, and general administrative services. The City held its home rule charter election in November 2022 to establish the City as a home rule city pursuant to Chapter 9 of the Texas Local Government Code, as amended. At the election, residents of the City voted to approve a home rule charter. Home rule charters are authorized by Article XI, Section 5, of the Texas Constitution. Under Texas law, cities operating pursuant to a home rule charter have additional authority pursuant to their adopted home rule charters.

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

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

THE DISTRICT

General

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for certain improvements. The District was created by Resolution No. 709-15 of the City adopted on June 25, 2015 in accordance with the PID Act (the “Creation Resolution”) for the purpose of undertaking and financing, in phases, the cost of certain public improvements within the District, including the Phases #1-2 Improvements, authorized by the PID Act and approved by the City Council that confer a special benefit on the portion of the District property being developed in a phase. The District is not a separate political subdivision of the State and is governed by the City Council. Maps of the property within the District are included on pages iv and v hereof.

Powers and Authority of the City

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

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake, or reimburse a developer for the costs of, the financing, acquisition, construction or improvement of the Phases #1-2 Improvements. See “THE PHASES #1-2 IMPROVEMENTS.” Pursuant to the authority granted by the PID Act and the Creation Resolution, the City determined to undertake the construction or acquisition or purchase of the Phases #1-2 Improvements to finance a portion of the costs thereof through the issuance of the Refunded Bonds and has now determined to refinance the Refunded Bonds for debt service savings 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 PHASES #1-2 IMPROVEMENTS

General

The Phases #1-2 Improvements consist of costs of the internal infrastructure benefitting only Phase #1 and Phase #2 of the District, as well as the portion of the Major Improvements benefitting Phases #1-2. The Phases #1-2 Improvements have been completed and dedicated to the City. Descriptions of the Phases #1-2 Improvements and the actual costs of the Phases #1-2 Improvements are reflected in the Service and Assessment Plan. See “APPENDIX C — Form of Service and Assessment Plan” for more information about the Phases #1-2 Improvements.

Ownership and Maintenance of Phases #1-2 Improvements

A portion of the Phases #1-2 Improvements, including the road improvements and the storm and drainage improvements, were dedicated to the City, and the City will provide for the ongoing operation, maintenance and repair of such improvements constructed and conveyed, as outlined in the Service and Assessment Plan. The remaining Phases #1-2 Improvements, including the water distribution improvements and sewer system improvements, have been dedicated to MSUD, and MSUD will provide for the ongoing operation, maintenance and repair of such improvements.

THE DEVELOPMENT

Overview

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

Status of Development in the District

Development of the District began in 2015 with the construction of the Phase #1 Improvements and the Phases #2-3 Major Improvements, followed by the Phase #2 Improvements. Lot development in the District has concluded with the development of Phase #3 of the District (consisting of Phase #3A and Phase #3B), which was completed in 2022.

Phase #1. Phase #1 includes 462 lots. The homebuilders in Phase #1 were KB Homes and Pulte Homes (under the Pulte and Centex brands), who constructed homes on 459 of the lots in Phase #1. As of December 10, 2023, according to publicly available data from the Denton Central Appraisal District, 453 homes are owned by homeowners in Phase #1. The remaining homes are model homes for KB Homes and Pulte.

Phase #2. There are 489 lots in Phase #2. The homebuilders in Phase #2 were KB Homes Pulte Homes (under the Pulte and Centex brands). As of December 10, 2023, according to publicly available data from the Denton Central Appraisal District, 488 homes have been sold to homeowners in Phase #2.

Phase #3A. There are 197 lots in Phase #3A. Pulte will construct the homes within Phase #3A; however, the homes are marketed under Pulte’s affiliate brand Centex Homes. As of December 10, 2023, according to publicly available data from the Denton Central Appraisal District, 194 homes have been sold to homeowners in Phase #3A.

Phase #3B. There are 258 lots in Phase #3B. KB Homes and Pulte Homes are constructing homes in Phase #3B. As of December 10, 2023, according to publicly available data from the Denton Central Appraisal District, Pulte owns 23 lots, KB Homes owns 156 lots, and 79 homes have been sold to homeowners in Phase #3B.

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Photographs of Development in the District

Set forth below are aerial photographs of development in the District taken in 2022.

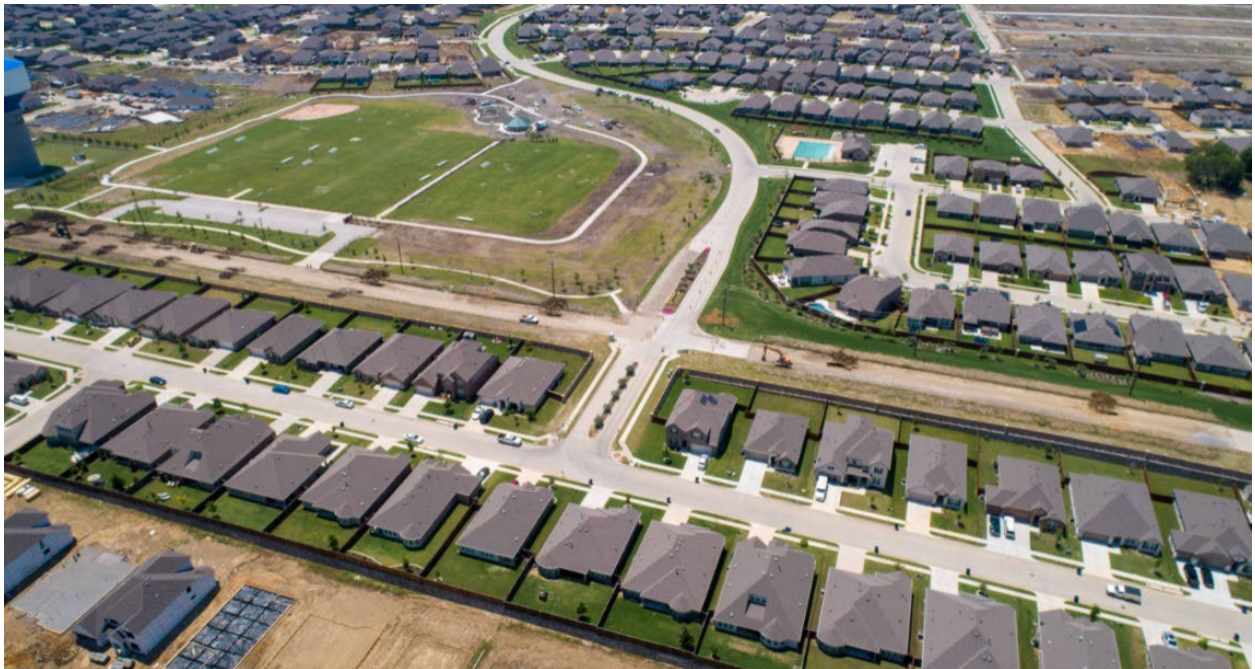


Aerial view of the District facing west from the front entry of the District at FM 1835.

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



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



Aerial view of the District including the amenity center.

Amenities

Amenities in the District include four soccer fields, a playground, swimming pool with splash area, covered pavilions and restrooms, and walking trails (collectively, the “Amenities”). The Amenities were completed in May of 2019 and were dedicated to and accepted by the HOA. The HOA has been and will continue to provide for the ongoing operation, maintenance and repair of the Amenities through the administration of a maintenance and operation fee and/or a property owner’s association fee to be paid by each lot owner within the District. Photographs of certain Amenities are below.

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Zoning/Permitting

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

Education

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

GreatSchools.org rated Union Park Elementary a 5 out of 10, Navo Middle School as a 4 out of 10 and Braswell High School as a 3 out of 10. According to the Texas Education Agency (“TEA”), for the 2021-2022 school year (the latest date for which ratings are available), DISD received an accountability rating of “B” from the TEA, Braswell High School received an accountability rating of “B” from the TEA, and Navo Middle School received an accountability rating of “C” from the TEA, and Union Park Elementary School received an accountability rating of “C” from the TEA. The categories for public school districts and public schools are A, B, C, D or F.

Flood Plain Designation

Approximately 115 acres of the District, which are within Phases #2A, #2B and #3A of the District, are located within an official FEMA 100-year flood plain as shown on the current Federal Emergency Management Agency’s Flood Insurance Rate Map No. 48121C0410G, dated April 18, 2011, Panel 410 of 750 and Map No. 48121C0270G, dated April 18, 2011, Panel 270 of 750. Approximately 11.7 acres of the lands identified to be within the flood plain which is located in Phase #3A is expected to be reclaimed with a CLOMR/LOMR. The remaining approximately 104 acres of undeveloped floodplain is dedicated as open space, park or drainage easements.

Utilities

Water and Wastewater. Until such time as the City can efficiently provide retail water and wastewater service to the District, MSUD has agreed to be the provider of retail water and wastewater services to the users within the District and has agreed to provide sufficient water and wastewater capacity to all lots within the District. Wastewater treatment services will be provided by MSUD through a contract with the Upper Trinity River Water District (“UTRWD”) to treat MSUD wastewater at the UTRWD wastewater treatment plant. Certain wastewater Major Improvements have been designed and constructed in accordance with City standards and dedicated to, and owned and operated by UTRWD.

Other Utilities. Additional utilities in the District are provided by: (1) Phone/Data - AT&T; (2) Electric - CoServ; (3) Cable - AT&T and Suddenlink; and (4) Natural Gas - Atmos.

THE ADMINISTRATOR

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

The City has entered into an agreement for administration of the District (the “MuniCap Agreement”) with MuniCap to provide specialized services related to the administration of the District needed to support the issuance of the Bonds. The MuniCap Agreement includes seven general types of services provided by MuniCap: (i) administrative support services related to the Assessments, (ii) delinquency management, (iii) prepayment of Assessments, (iv) arbitrage rebate services, (v) continuing disclosure services, (vi) accounting and audit coordination and (vii) IRS compliance monitoring.

MuniCap is a public finance consulting firm with a specialized consulting practice providing services related to the formation and administration of special tax and special assessment districts. MuniCap currently acts as the administrator for over 300 special assessment and taxing districts in 30 states, including Texas. MuniCap periodically donates to certain charitable or public events hosted by the City.

BONDHOLDERS’ RISKS

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

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

The ability of the City to pay debt service on the Bonds as due is subject to various factors that are beyond the City's control. These factors include, among others, (a) the ability or willingness of property owners within the District to pay Assessments levied by the City, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against property within Phases #1-2 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 homes within Phases #1-2 of the District, it being understood that poor economic conditions within the City, State and region may slow the pace of sales of such homes.

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.

Assessment Limitations

Annual Installments of Assessments are billed to property owners in Phases #1-2 the District. Annual Installments are due and payable, and bear the same penalties and interest for non-payment, as for ad valorem taxes as set forth under "ASSESSMENT PROCEDURES" herein. Additionally, Annual Installments established by the Service and Assessment Plan correspond in number and proportionate amount to the number of installments and principal amounts of the Bonds maturing in each year, Administrative Expenses, and the Additional Interest. See "ASSESSMENT PROCEDURES" herein. The unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and payments of the Annual Installments of the Assessments in the future.

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

Upon an ad valorem tax lien foreclosure event of a property within Phases #1-2 of the District, any Assessment that is also delinquent will be foreclosed upon in the same manner as the ad valorem tax lien (assuming all necessary conditions and procedures for foreclosure are duly satisfied). To the extent that a foreclosure sale results in insufficient funds to pay in full both the delinquent ad valorem taxes and the delinquent Assessments, the liens securing such delinquent ad valorem taxes and delinquent Assessments would likely be extinguished. Any remaining unpaid balance of the delinquent Assessments would then be an unsecured personal liability of the original property owner.

Based upon the language of Texas Local Government Code, § 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 respective 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 respective 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 respective Assessment Ordinances, no such homestead rights had been claimed on the Assessed Property related to the respective Assessment Ordinance. Consequently, there are and can be no homestead rights on the Assessed Property superior to the Assessment Lien and, therefore, the Assessment Liens may be foreclosed upon by the City.

Failure by owners of the parcels to pay Annual Installments when due, depletion of the Reserve Fund, delay in foreclosure proceedings, or the inability of the City to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of 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 CONSTITUTE A FIRST AND PRIOR LIEN AGAINST THE PROPERTY ASSESSED, SUPERIOR TO ALL OTHER LIENS AND CLAIMS EXCEPT LIENS AND CLAIMS FOR STATE, COUNTY, SCHOOL DISTRICT OR MUNICIPALITY AD VALOREM TAXES AND IS A PERSONAL OBLIGATION OF AND CHARGE AGAINST THE OWNERS OF PROPERTY LOCATED WITHIN PHASES #1-2 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 Phases #1-2 of the District to pay the Assessments could be affected by the existence of other taxes and assessments imposed upon the property. Public entities whose boundaries overlap those of the District currently impose ad valorem taxes on the property within Phases #1-2 of the District and will likely do so in the future. Such entities could also impose assessment liens on the property within Phases #1-2 of the District. The imposition of additional liens, or for private financing, may reduce the ability or willingness of a landowner in Phases #1-2 of the District to pay the Assessments. See "OVERLAPPING TAXES AND DEBT."

Depletion of Reserve Fund

Failure of the owners of property within the District to pay the Assessments when due could result in the rapid, total depletion of Bond Reserve Account of the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default

in payments of the principal of and interest on the Bonds if sufficient amounts are not available in the Bond Reserve Account of the Reserve Fund. The Indenture provides that if, after a withdrawal from the Bond Reserve Account of the Reserve Fund, the amount in the Bond Reserve Account of the Reserve Fund is less than the Bond Reserve Account Requirement, the Trustee shall transfer an amount from the Pledged Revenue Fund to the Bond Reserve Account of the Reserve Fund sufficient to cure such deficiency, as described under “SECURITY FOR THE BONDS — Bond Reserve Account of the Reserve Fund.”

The Delinquency and Prepayment Reserve Account of the Reserve Fund will be funded to the Initial Delinquency and Prepayment Reserve Requirement from the proceeds of the Bonds. See “SECURITY FOR THE BONDS – Delinquency and Prepayment Reserve Account of the Reserve Fund.” The Indenture provides that Additional Interest on the Annual Installments will only be collected when the amounts on deposit in the Delinquency and Prepayment Reserve Account is less than the Minimum Delinquency and Prepayment Reserve Requirement. The Trustee shall replenish amounts withdrawn from the Delinquency and Prepayment Reserve Account only in the event that the District is collecting Additional Interest after the balance of the Delinquency and Prepayment Reserve Account is less than the Minimum Delinquency and Prepayment Reserve Requirement. See “SECURITY FOR THE BONDS — Delinquency and Prepayment Reserve Account of the Reserve Fund.”

Hazardous Substances

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

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

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

Risk from Weather Events

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

Recent Changes in State Law Regarding Public Improvement Districts; Failure of Seller to Deliver Required Notice Pursuant to Texas Property Code May 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. 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. The form of notice to be provided to homebuyers is attached to the Service and Assessment Plan and will be attached to each Annual Service Plan Update. See "APPENDIX C — Form of Service and Assessment Plan."

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, a second special legislative session, which convened on June 27, 2023 and adjourned on July 13, 2023, a third special legislative session, which convened on October 9, 2023 and adjourned on November 7, 2023, and a fourth special legislative session, which convened on November 7, 2023 and adjourned on December 5, 2023, all of which ended without any legislation being passed by either chamber of the Texas legislature 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.

100-Year Flood Plain

Approximately 115 acres of the District, which are within Phases #2A, #2B and #3A, are located within an official FEMA 100-year flood plain as shown on the current Federal Emergency Management Agency's Flood Insurance Rate Map No. 48121C0410G, dated April 18, 2011, Panel 410 of 750 and Map No. 48121C0270G, dated April 18, 2011, Panel 270 of 750. Approximately 11.7 acres of the lands identified to be within the flood plain which is located in Phase #3A were expected to be reclaimed with a CLOMR/LOMR. The remaining approximately 104 acres of undeveloped floodplain is dedicated as open space, park or drainage easements.

Bondholders' Remedies and Bankruptcy

Upon the happening and continuance of any one or more of the Events of Default under the Indenture, the Trustee may, and upon the written direction of the Owners of at least 25% of the outstanding principal amount of the Bonds the Outstanding shall, proceed against the City for the purpose of protecting and enforcing the rights of the Owners under the Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by the Indenture or by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that any action for money damages against the City shall be limited in recovery to the assets of the Trust Estate, including the Pledged Revenues. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City's obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The owners of the Bonds cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the

owners of the Bonds further may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See “BONDHOLDERS’ RISKS — Bankruptcy Limitation to Bondholders’ Rights” herein.

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

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

In *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) (“*Wasson*”), the Texas Supreme Court addressed whether the distinction, as found in tort-based causes of action, between governmental and proprietary acts (the “Proprietary-Governmental Dichotomy”) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that “a city’s proprietary functions are not done pursuant to the ‘will of the people’” and protecting such municipalities “via the [S]tate’s immunity is not an efficient way to ensure efficient allocation of [S]tate resources.” While the Court recognized that the distinction between governmental and proprietary functions is not clear, the *Wasson* opinion held that the Proprietary-Governmental Dichotomy applies in a contract-claims context. The Court reviewed *Wasson* again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance at the time of inception of the contractual relationship. Notwithstanding the foregoing new case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgment, is justiciable against a municipality.

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

Judicial Foreclosures

Judicial foreclosure proceedings are not mandatory; however, the City has covenanted to order and cause such actions to be commenced. In the event a foreclosure is necessary, there could be a delay in payments to owners of the Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and, in such event, there could be an additional delay in payment of the principal of and interest on the Bonds or such payment may not be made in full. Moreover, in filing a suit to foreclose, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property; the proceeds of any sale of property within Phases #1-2 of the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property. (See “OVERLAPPING TAXES AND DEBT” herein.) Collection of delinquent taxes, assessments and the Assessments may be adversely affected by the effects of market conditions on the foreclosure sale price, and by other factors, including taxpayers’ right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property, and by a time-consuming and expensive collection procedure.

No Acceleration

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

Bankruptcy Limitation to Bondholders’ Rights

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

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

Tax-Exempt Status of the Bonds

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

course or result of such audit, or an audit of obligations presenting similar tax issues, may affect the market price for, or the marketability of, the Bonds. Finally, if the IRS ultimately determines that the interest on the Bonds is not excluded from the gross income of Bondholders for federal income tax purposes, the City may not have the resources to settle with the IRS, the Bonds are not required to be redeemed, and the interest rate on the Bonds will not increase.

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 existing real estate and financial market conditions and other factors.

TAX MATTERS

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

Tax Exemption

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

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

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

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

Bond Counsel’s opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel’s knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel’s attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel’s opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel’s legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Bonds. If an

audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds regardless of the ultimate outcome of the audit.

Additional Federal Income Tax Considerations

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

An “applicable corporation” (as defined in section 59(k) of the Code) may be subject to a 15% alternative minimum tax imposed under section 55 of the Code on its “adjusted financial statement income” (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation’s “adjusted financial statement income,” ownership of the Bonds could subject certain corporations to alternative minimum tax consequences.

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

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

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

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

Tax Accounting Treatment of Original Issue Discount. The issue price of all or a portion of the Bonds may be less than the stated redemption price payable at maturity of such Bonds (the “OID Bonds”). In such case, the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such OID

Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions “TAX MATTERS – Tax Exemption” and “TAX MATTERS – Additional Federal Income Tax Considerations – Collateral Tax Consequences” and “—Tax Legislative Changes” generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

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

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

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

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

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

LEGAL MATTERS

Legal Proceedings

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

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

Legal Opinions

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

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

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

Litigation — The City

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

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 Official Statement, 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

City, as such prospective investor deems necessary in order to make an informed decision with respect to the purchase of the Bonds.

ENFORCEABILITY OF REMEDIES

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

RATINGS

The City has applied for a rating on the Bonds. There is no assurance that a rating will be obtained, or, if a rating is obtained, such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if in its judgment, circumstances so warrant. Any such revisions or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

BOND INSURANCE

The City has submitted applications to municipal bond insurance companies to have the payment of the principal of, Maturity Amount, and interest on the Bonds insured by a municipal bond insurance policy.

In the event the Bonds are qualified for municipal bond insurance, and the City desires to purchase such insurance, the cost will be paid by the City. The final Official Statement shall disclose information provided by the insurer relating to any such municipal bond insurance policy. If a municipal bond insurance policy is purchased it will be subject to certain risk factors as outlined under “BOND INSURANCE RISK FACTORS” below.

BOND INSURANCE RISK FACTORS

If bond insurance is purchased, in the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim against the bond insurer under the applicable bond insurance policy (the “Policy”) for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the City which is recovered by the City from the Bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy, however, such payments will be made by the insurer at such time and in such amounts as would have been due absent such prepayment by the City unless the bond insurer chooses to pay such amounts at an earlier date.

Under no circumstances does default of payment of principal and interest obligate acceleration of the obligations of the bond insurer without their consent, so long as the bond insurer performs its obligations under the Policy. In the event the bond insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from Trust Estate pledged in the Indenture. In the event the bond insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

In the event bond insurance is purchased, the long-term rating on the Bonds, if any, will be dependent in part on the financial strength of the bond insurer and its claims paying ability. The bond insurer’s financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the bond insurer or of the Bonds, if any, insured by the bond insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The obligations of the bond insurer are general obligations of the bond insurer and in an event of default by the bond insurer the remedies may be limited by applicable bankruptcy law. None of the City, the Underwriter or the Financial Advisor have made an independent investigation into the claims paying ability of any potential bond insurer and no assurance or representation regarding the financial strength or projected financial strength of any potential bond insurer is given.

CONTINUING DISCLOSURE

The City

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

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

The City’s Compliance with Prior Undertakings

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

UNDERWRITING

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

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

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

not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

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

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

INVESTMENTS

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

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

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

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

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

Under State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality

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

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

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

INFORMATION RELATING TO THE TRUSTEE

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

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the City of any of the Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the

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

Additional information about the Trustee may be found at its website at www.wilmingtontrust.com. Neither the information on the Trustee's website, nor any links from that website, is a part of this Official Statement, nor should any such information be relied upon to make investment decisions regarding the Bonds.

SOURCES OF INFORMATION

General

The information contained in this Official Statement has been obtained primarily from the City's records 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 Official Statement 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 Official Statement or any sale hereunder will create any implication that there has been no change in the financial condition or operations of the City described herein since the date hereof. This Official Statement 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.

Experts

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

Updating of Official Statement

If, subsequent to the date of the Official Statement, 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 Official Statement 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 Official Statement satisfactory to the Underwriter; provided, however, that the obligation of the City to so amend or supplement the Official Statement 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 Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21e of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "anticipate," "budget" or other similar words.

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

AUTHORIZATION AND APPROVAL

The City Council will approve the form and content of this Preliminary Official Statement and the use thereof by the Underwriter in connection with the marketing and sale of the Bonds. In the Bond Ordinance, the City Council will approve the form and content of the final Official Statement.

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SCHEDULE OF REFUNDED BONDS*

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Special Assessment Revenue Bonds, Series 2015, S15_PH1, TERM45:					
	09/01/2024	7.250%	235,000	03/01/2024	103.000
	09/01/2025	7.250%	250,000	03/01/2024	103.000
	09/01/2026	7.250%	270,000	03/01/2024	103.000
	09/01/2027	7.250%	290,000	03/01/2024	103.000
	09/01/2028	7.250%	315,000	03/01/2024	103.000
	09/01/2029	7.250%	335,000	03/01/2024	103.000
	09/01/2030	7.250%	360,000	03/01/2024	103.000
	09/01/2031	7.250%	385,000	03/01/2024	103.000
	09/01/2032	7.250%	410,000	03/01/2024	103.000
	09/01/2033	7.250%	440,000	03/01/2024	103.000
	09/01/2034	7.250%	475,000	03/01/2024	103.000
	09/01/2035	7.250%	510,000	03/01/2024	103.000
	09/01/2036	7.250%	545,000	03/01/2024	103.000
	09/01/2037	7.250%	585,000	03/01/2024	103.000
	09/01/2038	7.250%	630,000	03/01/2024	103.000
	09/01/2039	7.250%	675,000	03/01/2024	103.000
	09/01/2040	7.250%	720,000	03/01/2024	103.000
	09/01/2041	7.250%	775,000	03/01/2024	103.000
	09/01/2042	7.250%	835,000	03/01/2024	103.000
	09/01/2043	7.250%	890,000	03/01/2024	103.000
	09/01/2044	7.250%	955,000	03/01/2024	103.000
	09/01/2045	7.250%	<u>1,020,000</u>	03/01/2024	103.000
			11,905,000		
Special Assessment Revenue Bonds, Series 2015, S15_PH23, TERM40:					
	09/01/2024	8.250%	125,000	03/01/2024	103.000
	09/01/2025	8.250%	135,000	03/01/2024	103.000
	09/01/2026	8.250%	150,000	03/01/2024	103.000
	09/01/2027	8.250%	160,000	03/01/2024	103.000
	09/01/2028	8.250%	175,000	03/01/2024	103.000
	09/01/2029	8.250%	185,000	03/01/2024	103.000
	09/01/2030	8.250%	205,000	03/01/2024	103.000
	09/01/2031	8.250%	220,000	03/01/2024	103.000
	09/01/2032	8.250%	240,000	03/01/2024	103.000
	09/01/2033	8.250%	260,000	03/01/2024	103.000
	09/01/2034	8.250%	280,000	03/01/2024	103.000
	09/01/2035	8.250%	300,000	03/01/2024	103.000
	09/01/2036	8.250%	325,000	03/01/2024	103.000
	09/01/2037	8.250%	355,000	03/01/2024	103.000
	09/01/2038	8.250%	385,000	03/01/2024	103.000
	09/01/2039	8.250%	415,000	03/01/2024	103.000
	09/01/2040	8.250%	<u>450,000</u>	03/01/2024	103.000
			4,365,000		
Special Assessment Revenue Bonds, Series 2018, S18_PH2, TERM28:					
	09/01/2024	5.500%	185,000	03/01/2024	103.000
	09/01/2025	5.500%	195,000	03/01/2024	103.000
	09/01/2026	5.500%	205,000	03/01/2024	103.000
	09/01/2027	5.500%	215,000	03/01/2024	103.000

Special Assessment Revenue Bonds, Series 2018, S18_PH2, TERM28:					
09/01/2028	5.500%	<u>230,000</u>	03/01/2024	103.000	
		1,030,000			
Special Assessment Revenue Bonds, Series 2018, S18_PH2, TERM33:					
09/01/2029	5.750%	245,000	03/01/2024	103.000	
09/01/2030	5.750%	255,000	03/01/2024	103.000	
09/01/2031	5.750%	275,000	03/01/2024	103.000	
09/01/2032	5.750%	290,000	03/01/2024	103.000	
09/01/2033	5.750%	<u>305,000</u>	03/01/2024	103.000	
		1,370,000			
Special Assessment Revenue Bonds, Series 2018, S18_PH2, TERM45:					
09/01/2034	6.125%	325,000	03/01/2024	103.000	
09/01/2035	6.125%	350,000	03/01/2024	103.000	
09/01/2036	6.125%	370,000	03/01/2024	103.000	
09/01/2037	6.125%	400,000	03/01/2024	103.000	
09/01/2038	6.125%	425,000	03/01/2024	103.000	
09/01/2039	6.125%	450,000	03/01/2024	103.000	
09/01/2040	6.125%	480,000	03/01/2024	103.000	
09/01/2041	6.125%	630,000	03/01/2024	103.000	
09/01/2042	6.125%	670,000	03/01/2024	103.000	
09/01/2043	6.125%	710,000	03/01/2024	103.000	
09/01/2044	6.125%	760,000	03/01/2024	103.000	
09/01/2045	6.125%	<u>805,000</u>	03/01/2024	103.000	
		6,375,000			

* The City will refund a portion of the Special Assessment Revenue Bonds, Series 2015 S15_PH23 TERM 40 bonds listed above allocable to Phase #2 with the Bonds. The remainder of the Special Assessment Revenue Bonds, Series 2015 S15_PH23 TERM 40 bonds listed above are expected to be refunded with the Phase #3 MI Refunding Bonds.

SCHEDULE II

SCHEDULE OF ACCRETED VALUES OF CAPITAL APPRECIATION BONDS

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY AND THE SURROUNDING AREA

The following information has been provided for informational purposes only.

The City is a political subdivision and municipal corporation of the State located in Denton County, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City operates under the Council/City Manager form of government with a City Council comprised of the Mayor and five Councilmembers. The term of office is three years with the terms of Mayor and the Councilmembers expiring annually in staggered succession. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police, EMS and fire protection), streets, water and sanitary sewer utilities, library, public improvements, planning and zoning, and general administrative services. The City held its home rule charter election in November 2022 to establish the City as a home rule city pursuant to Chapter 9 of the Texas Local Government Code, as amended. At the election, residents of the City voted to approve a home rule charter. Home rule charters are authorized by Article XI, Section 5, of the Texas Constitution. Under Texas law, cities operating pursuant to a home rule charter have additional authority pursuant to their adopted home rule charters.

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.

Historical Employment in Denton County (Average Annual)⁽¹⁾

	Average Annual				
	2023 ⁽²⁾	2022	2021	2020	2019
Civilian Labor Force	584,155	551,484	529,962	511,748	499,264
Total Employed	565,971	533,815	506,554	478,783	484,439
Total Unemployed	18,184	17,669	23,408	32,965	14,825
Unemployment Rate	3.1%	3.2%	4.4%	6.4%	3.0%

⁽¹⁾ Source: Texas Workforce Commission.

⁽²⁾ Data through November 2023.

Major Employers in Denton County

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

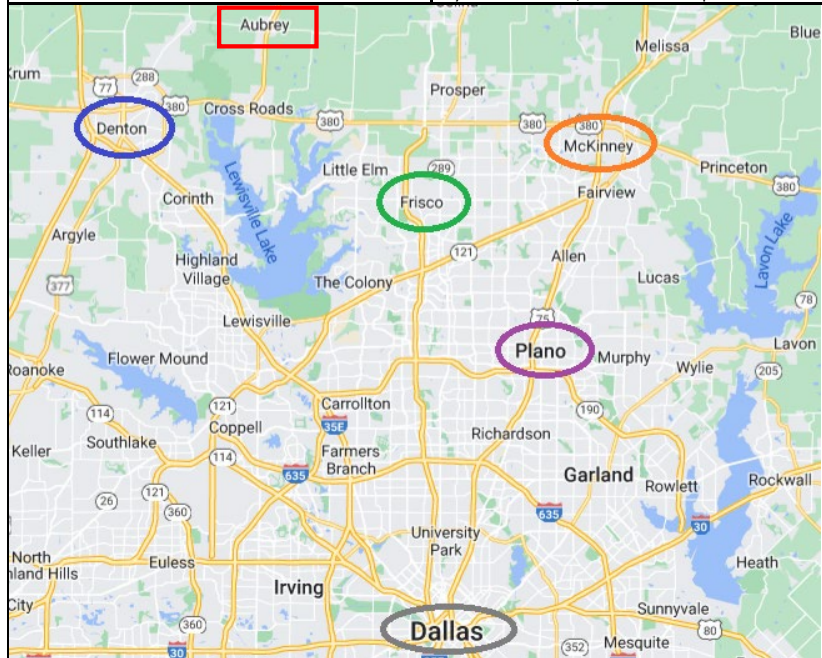
<u>Employer</u>	<u>Product or Service</u>	<u>Employees</u>
University of North Texas	Education	8,891
Lewisville ISD	Education	7,500
Schwab	Financial Services	7,000
Nebraska Furniture Mart	Retail	5,006
Denton ISD	Education	4,331
Andretti Indoor Carting & Games	Entertainment	3,000
Peterbilt Motors	Manufacturing	2,000
Denton County	County Government	1,823
Walmart	Retail Store	1,734
Advent Health	Healthcare	1,633

Source: Denton County, Texas FY 2022 Comprehensive Annual Financial Report

Surrounding Economic Activity

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

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



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

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

Source: Municipal Advisory Council of Texas

APPENDIX B
FORM OF INDENTURE

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INDENTURE OF TRUST

By and Between

CITY OF AUBREY, TEXAS

and

WILMINGTON TRUST, NATIONAL ASSOCIATION

as Trustee

DATED AS OF January 15, 2024

SECURING

CITY OF AUBREY, TEXAS

SPECIAL ASSESSMENT REVENUE REFUNDING BONDS, SERIES 2024 (JACKSON
RIDGE PUBLIC IMPROVEMENT DISTRICT PHASE #1 AND PHASE #2 ASSESSMENTS)

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EXHIBIT A - Form of Bonds

Schedule I – Schedule of Refunded Bond Candidates

INDENTURE OF TRUST

This Indenture of Trust, dated as of January 15, 2024, is by and between the City of Aubrey, Texas (the “City”), and Wilmington Trust, National Association a national banking association, as trustee (together with its successors, the “Trustee”). Capitalized terms used in the preambles, recitals and granting clauses and not otherwise defined shall have the meanings assigned thereto in Article 1.

WHEREAS, by resolution approved on June 25, 2015, the City established the Jackson Ridge Public Improvement District; and

WHEREAS, the City has previously issued its City of Aubrey, Texas Special Assessment Revenue Bonds, Series 2015 (Jackson Ridge Public Improvement District Phases #2-3 Major Improvement Project) (the “2015 MI Bonds”), its City of Aubrey, Texas Special Assessment Revenue Bonds, Series 2018 (Jackson Ridge Public Improvement District Phases #2 Project) (the “2018 Phase #2 Bonds”) and its City of Aubrey, Texas Special Assessment Revenue Bonds, Series 2015 (Jackson Ridge Public Improvement District Phase #1 Project)(the “2015 Phase #1 Bonds”); and

WHEREAS, the City now desires to issue refunding bonds to (i) refund the 2015 Phase #1 Bonds, the 2018 Phase #2 Bonds and a portion of the 2015 MI Bonds (the “Refunded Bonds”), in order to achieve debt service savings, (ii) fund a debt service reserve fund and delinquency and prepayment reserve account, and (iii) pay the costs of issuance of the Bonds; and

WHEREAS, the City desires to issue its refunding bonds in accordance with Chapter 1207, Texas Government Code, as amended, and Chapter 372, Texas Local Government Code, as amended, such bonds to be entitled “City of Aubrey, Texas Special Assessment Revenue Refunding Bonds, Series 2024 (Jackson Ridge Public Improvement District Phase #1 and Phase #2 Assessments); and

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

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

FIRST GRANTING CLAUSE

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

SECOND GRANTING CLAUSE

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

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

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the benefit of all present and future Owners of the Bonds from time to time issued under and secured by this Indenture, and for enforcement of the payment of the Bonds in accordance with their terms, and for the performance of and compliance with the obligations, covenants, and conditions of this Indenture;

PROVIDED, HOWEVER, that if and to the extent Assessments have been prepaid, the lien on real property associated with such Assessment prepayment shall be released and any Assessments due pursuant to such lien shall no longer constitute a part of the Trust Estate;

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

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

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

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated, and delivered and the Trust Estate hereby created, assigned, and pledged is to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes as

hereinafter expressed, and the City has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners from time to time of the Bonds as follows:

ARTICLE 1

DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.1 Definitions.

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

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

“Accreted Interest” means the Accreted Value of a Capital Appreciation Bond less the initial principal amount thereof.

“Accreted Value” means, with respect to the Capital Appreciation Bonds, the original principal amount of such Bond, plus the initial premium, if any, paid therefore, with interest thereon compounded semiannual, as set forth in the Pricing Certificate.

“Accreted Value Table” means the table attached to the Pricing Certificate.

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

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

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

“Administrative Fund” means that Fund established by Section 6.1 and administered pursuant to Section 6.10 herein.

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

“Administrative Expenses” means the administrative, organization, maintenance and operation costs associated with, or incidental to, the administration, organization, maintenance and operation of the PID, including, but not limited to, the costs of: (i) creating and organizing the PID, including conducting hearings, preparing notices and petitions, and all costs incident thereto, including engineering fees, legal fees and consultant fees, (ii) the annual administrative,

organization, maintenance, and operation costs and expenses associated with, or incident and allocable to, the administration, organization, maintenance, and operation of the PID and the Phase #1 Improvements and Phase #2 Improvements, (iii) computing, levying, billing and collecting Assessments or the Annual Installments thereof, (iv) maintaining the record of installments of the Assessments and the system of registration and transfer of the Bonds, (v) issuing, paying and redeeming the Bonds, (vi) investing or depositing of monies, (vii) complying with the PID Act and other laws applicable to the Bonds, (viii) the Trustee's reasonable fees and expenses relating to the Bonds, (ix) legal counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, and (x) administering the construction of the Phase #1 Improvements and Phase #2 Improvements. Administrative Expenses do not include payment of the actual principal of, redemption premium, if any, and interest on the Bonds or any costs of issuance associated with the Bonds.

"Annual Debt Service" means, (i) the interest due on the on the Outstanding Current Interest Bonds and the Maturity Amount of the Outstanding Capital Appreciation Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of Sinking Fund Installments), and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any Sinking Fund Installments due in such Bond Year).

"Annual Installment" means, collectively, with respect to each Assessed Property, each annual payment of the Assessments as shown on the Assessment Roll and related to the Bonds and the Phase #1 Improvements or Phase #2 Improvements, as applicable, including (i) principal; (ii) interest (iii) Administrative Expenses and (iv) Additional Interest collected pursuant to Section ___ of the Service and Assessment Plan and deposited to the Delinquency and Prepayment Reserve Account as described in Sections 6.3 and 6.8 herein.

"Annual Service Plan Update" means the annual review and update of the Service and Assessment Plan required by and in compliance with Section 372.013 of the PID Act and the Service and Assessment Plan.

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

"Assessments" means the Phase #1 Assessments levied against Phase #1 Assessed Property for the Phase #1 Improvements and the Phase #2 Assessments levied against Phase #2 Assessed Property for the Phase #2 Improvements, imposed pursuant to the Assessment Ordinances, as shown on the Assessment Rolls, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions in the Service and Assessment Plan and in the PID Act.

"Assessment Ordinances" means the ordinances adopted by the City Council November 17, 2015 and October 23, 2018 levying the Assessments on the Assessed Property.

"Assessed Property" means the Phase #1 Assessed Property and the Phase #2 Assessed Property.

“Assessment Rolls” means the Phase #1 Assessment Roll and the Phase #2 Assessment Roll, as attached to the Service and Assessment Plan, as updated, modified or amended from time to time in accordance with procedures set forth in the Service and Assessment Plan and in the PID Act (including updates prepared in connection with the issuance of the Bonds or in connection with any Annual Service Plan Update), showing the total amount of the Assessment against each Assessed Property.

“Authorized Denomination” means \$1,000 and any integral multiple of \$1,000 with respect to the Current Interest Bonds and \$1,000 Maturity Amount any integral multiple of \$1,000 in excess thereof, of the Capital Appreciation Bonds.

“Authorized Improvements” means those public improvements described in Section III of the Service and Assessment Plan and Section 372.003 of the PID Act, constructed and installed in accordance with the Service and Assessment Plan.

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

“Average Annual Debt Service” means the average of the Annual Debt Service due on the Bonds through the final maturity date of any Outstanding Bonds, calculated as: total principal and interest due on the Bonds divided by the number of Bond Years remaining.

“Bonds” means the City of Aubrey, Texas Special Assessment Revenue Refunding Bonds, Series 2024 (Jackson Ridge Public Improvement District Phase #1 and Phase #2 Assessments) issued by the City pursuant to this Indenture and payable from and secured in whole or in part by the Assessments including any Refunding Bonds issued pursuant to this Indenture and any Bonds in exchange or replacement thereof as permitted by this Indenture.

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

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

“Bond Ordinance” means that certain ordinance adopted by the City Council on January 25, 2024 authorizing the Indenture and the Bonds.

“Bond Reserve Account” means the Account within the Reserve Fund established pursuant to Section 6.1 and administered as provided in Section 6.7.

“Bond Reserve Account Requirement” means forty percent (40%) of the Average Annual Debt Service, provided that such Bond Reserve Account Requirement shall be recalculated for compliance with the above upon (a) any transfers made pursuant to Section 6.7(c), (b) an optional redemption pursuant to the terms of this Indenture or (c) an extraordinary optional redemption pursuant to the terms of a this Indenture and the Bond Reserve Account Requirement shall be reduced by a percentage equal to the pro rata amount and Accreted Value of Bonds redeemed by

such optional redemption divided by the total principal amount and Accreted Value of the Outstanding Bonds prior to such redemption.

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

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

“Capital Appreciation Bonds” means, collectively, the Bonds designated as Capital Appreciation Bonds in the Pricing Certificate and with respect to which interest is compounded semiannually and is payable only at Maturity.

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

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

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

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

“Costs of Issuance Account” means the Account within the Project Fund established pursuant to Section 6.1.

“Current Interest Bonds” means, collectively, the Bonds designated as Current Interest Bonds in the Pricing Certificate and with respect to which interest is payable on each Interest Payment Date.

“Debt Service” means, collectively, all amounts due and payable with respect to the Bonds representing the principal, premium, if any, and the interest due on the Current Interest Bonds and the Maturity Amount of the Capital Appreciation Bonds, in each case, payable at the times and in the manner provided herein and in the Pricing Certificate.

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

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

“Delinquency and Prepayment Reserve Requirement” means initially, an amount equal to 10% of the Average Annual Debt Service, which may be funded from Bond proceeds and revenues received from the payment of Additional Interest, deposited to the Pledged Revenue Fund.

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

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

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named in this Indenture, the transfer/payment office located in Dallas, Texas, or such other location designated by the Paying Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the City and such successor.

“Escrow Agent” means the escrow agent identified in the Pricing Certificate, if any.

“Escrow Agreement” means the escrow agreement by and between the City and the Escrow Agent relating to the Refunded Bonds.

“Escrow Securities” means (1) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States; (2) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date hereof, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; and (3) 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 hereof, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent. “DTC” shall mean The Depository Trust Company of New York, New York, or any successor securities depository.

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

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

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

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

“Initial Bonds” means the Initial Capital Appreciation Bond and the Initial Current Interest Bond as set forth in Exhibit A attached hereto.

“Initial Capital Appreciation Bond” means the Initial Capital Appreciate Bond authorized in this Indenture.

“Initial Current Interest Bond” means the Initial Current Interest Bond authorized by 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 as set forth in the Pricing Certificate.

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

“Major Improvements” means those public improvements that benefit all property within the District.

“Maturity” means the date on which the principal of the Current Interest Bonds and the Maturity Amount of the Capital Appreciation Bonds become due and payable according to the terms thereof, whether at Stated Maturity or prior redemption.

“Maturity Amount” means, with respect to the Capital Appreciation Bonds, the original principal amount thereof plus the initial premium, if any, paid therefor, plus interest accreted and compounded thereon, as set forth in herein and in the Pricing Certificate, and payable at Maturity.

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

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

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

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

“Phase #1 Assessments” means the aggregate assessments levied and imposed pursuant to the applicable Assessment Ordinance on the Phase #1 Assessed Property and the provisions of the Service and Assessment Plan, as shown on the Phase #1 Assessment Roll for the Phase #1 Improvements.

“Phase #1 Assessed Property” means all Parcels within Phase #1 shown in the Phase #1 Assessment Roll against which an Assessment relating to the Phase #1 Improvements is levied in accordance with the Service and Assessment Plan.

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

“Phase #1 Improvements” means (i) the pro rata portion of the Major Improvements allocable to Phase #1 and (ii) the Authorized Improvements which only benefit the Phase #1 Assessed Property and are described in Section III.C of the Service and Assessment Plan.

“Phase #1 Reimbursement Agreement” means the "Jackson Ridge Public Improvement District Phase #1 Reimbursement Agreement" between the City and CADG Comanche 248, LLC (the “Developer”), dated as of November 17, 2015, which provides for the reimbursement of costs to the Developer for funds advanced by the Developer and used to pay a portion of the costs of the Phase #1 Improvements and other matters related thereto.

"Phase #1 Reimbursement Fund” means the fund established pursuant to Section 6.1 and administered pursuant to Section 6.5 hereof.

“Phase #2 Assessments” means the aggregate assessments levied and imposed pursuant to the applicable Assessment Ordinance on the Phase #2 Assessed Property and the provisions of the Service and Assessment Plan, as shown on the Phase #2 Assessment Roll for the Phase #2 Improvements.

“Phase #2 Assessed Property” means all parcels within Phase #2 of the District and shown in the Phase #2 Assessment Roll against which a Phase #2 Assessment has been levied relating to the Phase #2 Improvements.

“Phase #2 Assessment Roll” means the assessment roll for the Phase #2 Assessed Property attached as Appendix__ to the Service and Assessment Plan as updated, modified or amended from time to time in accordance with procedures set forth in the Service and Assessment Plan and in the PID Act (including updates prepared in connection with the issuance of the Bonds or in connection with any Annual Service Plan Update), showing the total amount of the Phase #2 Assessments against each Phase #2 Assessed Property.

“Phase #2 Improvements” (i) the pro rata portion of the Major Improvements allocable to Phase #1 and (ii) the Authorized Improvements which only benefit the Phase #2 Assessed Property and are described in Section III.D of the Service and Assessment Plan.

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

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

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

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

“Pricing Certificate” means a certificate or certificates to be signed by the Authorized Officer.

“Principal and Interest Account” means the Account within the Bond Fund established pursuant to Section 6.1 and administered as provided in Section 6.4 herein.

“Purchaser” means the initial purchaser of the Bonds.

“Rebate Fund” means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.9 herein.

“Record Date” means the close of business on the fifteenth business day of the month next preceding an Interest Payment Date.

“Redemption Fund” means that Fund established in Section 6.1 and administered pursuant to Section 6.6 of this Indenture.

“Redemption Price” means, when used with respect to the Current Interest Bonds or portion thereof, the principal amount of such Bonds or such portion thereof plus the applicable premium, if any, plus accrued and unpaid interest on such Bonds to the date fixed for redemption payable upon redemption, as may be modified by the Pricing Certificate. With respect to Capital Appreciation Bonds Redemption Price means the Accreted Value as of the date of redemption, as may be modified by the Pricing Certificate.

“Refunded Bond Candidates” means the obligations of the City described in Schedule I attached hereto which are hereby authorized to be designated as Refunded Bonds in the Pricing Certificate.

“Refunded Bonds” means those obligations of the City designated as such in the Pricing Certificate from the list of Refunded Bond candidates described in Schedule I attached hereto.

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

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

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

“Reserve Fund” means that fund established pursuant to Section 6.1 comprised of the Bond Reserve Account and the Delinquency and Prepayment Reserve Account administered pursuant to Sections 6.7 and 6.8, respectively, herein.

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

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

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

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

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

“Trustee” means Wilmington Trust, National Association, a national banking association, and its successors, and any other corporation or association that may at any time be substituted in its place, as provided in this Indenture, such entity to serve as Trustee and Paying Agent/Registrar for the Bonds.

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

Section 1.2 Findings.

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

Section 1.3 Table of Contents, Titles and Headings.

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

Section 1.4 Interpretation.

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

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

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

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

ARTICLE 2

THE BONDS

Section 2.1 Security for the Bonds.

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

The lien on and pledge of the Trust Estate shall be valid and binding and fully perfected from and after the Closing Date, without physical delivery or transfer of control of the Pledged Revenues, the filing of this Indenture or any other act; all as provided in Texas Government Code, Chapter 1208, as amended, which applies to the issuance of the Bonds and the pledge of the Pledged Revenues granted by the City under this Indenture, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are Outstanding such that the pledge of the Pledged Revenues granted by the City under this Indenture is to be subject to the filing requirements of Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve to the registered Owners the perfection of the security interest in said

pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Texas Business and Commerce Code, Chapter 9, as amended, and enable a filing to perfect the security interest in said pledge to occur.

Section 2.2 Limited Obligations.

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

Section 2.3 Authorization for Indenture.

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

Section 2.4 Contract with Owners and Trustee.

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

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

ARTICLE 3

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.1 Authorization.

The Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly the PID Act. The Bonds shall be issued in the aggregate not to exceed principal amount of \$25,050,000 for the purpose of (i) refunding the Refunded Bonds; (ii) funding a debt service reserve fund for the payment of principal and interest on the Bonds, (iii) funding a delinquency and prepayment account, and (iv) paying the costs of issuance of the Bonds.

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

(a) The Bonds shall be dated the date set forth in the Pricing Certificate and shall be issued in Authorized Denominations in fully registered form, without coupons.

(b) The Current Interest Bonds shall be in the aggregate principal amount designated in the Pricing Certificate, shall be in the denomination of \$1,000 principal amount or any integral multiple thereof and shall be numbered separately from one upward, except the Initial Current Interest Bond, which shall be numbered ICI-1.

(c) The Current Interest Bonds shall mature on the dates and in the principal amounts and shall bear interest at the per annum rates set forth in the Pricing Certificate.

(d) Interest shall accrue and be paid on each Current Interest Bond from the later of the date of (i) the date of their delivery to the Underwriter, unless otherwise provided in the Pricing Certificate or (ii) the most recent Interest Payment Date to which interest has been paid or provided for, at the rate per annum set forth in the Pricing Certificate until the principal thereof has been paid on the maturity date or redemption. Such interest shall be payable on each Interest Payment Date and shall be computed on the basis of a 360-day year of twelve 30-day months.

(e) The Capital Appreciation Bonds shall be in the aggregate original principal amount and aggregate Maturity Amount designated in the Pricing Certificate, shall be in the Maturity Amounts of \$1,000 or any integral multiple thereof, and shall be numbered separately from one upward, except the Initial Capital Appreciation Bond, which shall be numbered ICA-1.

(f) The Capital Appreciation Bonds shall be issued in the original principal amounts and shall accrete interest at the per annum rates, calculated on the basis of a 360-day year composed of twelve 30-day months (subject to rounding to the Accreted Values thereof), and shall mature on the dates and in the Maturity Amounts set forth in the Pricing Certificate.

(g) Interest shall accrete on each Capital Appreciation bond from the Closing Date and shall be compounded semiannually as designated in the Pricing Certificate, until Maturity. The accreted interest on each Capital Appreciation Bond shall be payable at Maturity as a portion of the Maturity Amount.

(h) The Bonds shall be subject to mandatory sinking fund redemption, optional redemption, and extraordinary optional redemption prior to maturity as provided in Article 4 herein, and shall otherwise have the terms, tenor, denominations, details, and specifications as set forth in the form of Bond set forth in Exhibit A to this Indenture, and in the Pricing Certificate.

Section 3.3 Conditions Precedent to Delivery of Bonds.

The Bonds shall be executed by the City and delivered to the Trustee, whereupon the Trustee shall authenticate the Bonds and, upon payment of the purchase price of the Bonds, shall deliver the Bonds upon the order of the City, but only upon delivery to the Trustee of:

(a) a copy of the executed Bond Ordinance;

- (b) a copy of the executed Assessment Ordinances
- (c) a copy of this Indenture executed by the Trustee and the City;
- (d) an executed opinion of Bond Counsel; and
- (e) approving opinion of the Attorney General of the State and the State Comptroller's registration certificate.

Section 3.4 Medium, Method and Place of Payment.

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

(b) Interest on the Current Interest Bonds shall be payable to the Owners thereof as shown in the Register at the close of business on the relevant Record Date.

(c) Interest on Current Interest Bonds shall be paid by check, dates as of the Interest Payment Date and sent, first class United States mail, postage prepaid, by the Paying Agent/Registrar to each Owner at the address of each as such appear 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) In the event of nonpayment of interest on a scheduled Interest Payment Date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

(e) The principal of each Current Interest Bond and Maturity Amount of each Capital Appreciation 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.

(f) If the date for the payment of Debt Service 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.

(g) Unclaimed payments of amounts due hereunder shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner

of the Bonds to which such unclaimed payments pertain. Subject to any escheat, abandoned property, or similar law of the State of Texas, any such payments remaining unclaimed by the Owners entitled thereto for two (2) years after the applicable payment or redemption date shall be applied to the next payment or payments on such Bonds thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Bonds, shall be paid to the City to be used for any lawful purpose. Thereafter, none of the City, the Paying Agent/Registrar, or any other Person shall be liable or responsible to any holders of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to any applicable escheat law or similar law of the State of Texas, including the provisions of Title 6 of the Texas Property Code, as amended.

Section 3.5 Execution and Registration of Bonds.

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

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

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

(d) On the Closing Date, the Initial Bonds being (i) a single Initial Current Interest Bond representing the entire principal amount of the Current Interest Bonds designated in the Pricing Certificate and (ii) a single Initial Capital Appreciation Bond representing the aggregate Maturity Amount of the Capital Appreciation Bonds designated in the Pricing Certificate, each Initial Bond payable in stated installments to the Underwriter, or its designee, executed with the manual or facsimile signatures of the Mayor and the City Secretary, approved by the Attorney

General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Underwriter or its designee. Upon payment for the Initial Bonds, the Trustee shall cancel the Initial Bonds and deliver to DTC on behalf of the Underwriter one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all Bonds for such maturity, registered in the name of Cede & Co., as nominee of DTC.

Section 3.6 Ownership.

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

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

Section 3.7 Registration, Transfer and Exchange.

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

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

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

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

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

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

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

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

(h) Prior to any transfer of any Bond outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor of a Bond shall provide or cause to be provided to the Paying Agent/Registrar all information necessary to allow the Paying Agent/Registrar to comply with any applicable tax reporting obligations, including without limitation, any cost basis reporting obligations under Section 6045 of the Code, as amended. The Paying Agent/Registrar shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Section 3.8 Cancellation.

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

Section 3.9 Temporary Bonds.

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

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

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

Section 3.10 Replacement Bonds.

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

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

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

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

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

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

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

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

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

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

Section 3.11 Book-Entry Only System.

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

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any Person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other Person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other Person, other than an Owner, as shown in the Register of any amount with respect to principal of, Maturity Amount, 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, Maturity Amount, 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, Maturity Amount, 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, Maturity Amount, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Indenture. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Indenture with respect to interest checks or drafts being mailed to the registered owner at the close of business

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

Section 3.12 Successor Securities Depository: Transfer Outside Book-Entry-Only System.

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

Section 3.13 Payments to Cede & Co.

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

ARTICLE 4

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.1 Limitation on Redemption.

The Bonds shall be subject to redemption before their scheduled maturity only as provided in this Article 4.

Section 4.2 Mandatory Sinking Fund Redemption.

(a) The Current Interest Bonds designated as “Term Bonds” if any, in the Pricing Certificate are subject to mandatory sinking fund redemption prior to their respective maturities 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 6 of this Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the Pricing Certificate.

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

the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6.

(c) The principal amount of the Term Bonds required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced, at the option of the City, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional or extraordinary optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.3 Optional Redemption.

(a) The City reserves the option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, as set forth in the Pricing Certificate.

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

Section 4.4 Extraordinary Optional Redemption.

(a) Notwithstanding any provision in this Indenture to the contrary, but subject to the provisions of Section 4.6(d), the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, on any Business Day, at the Redemption Price from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund as provided in Section 6.7(h)) or any other transfers to the Redemption Fund under the terms of this Indenture, including from transfers of Foreclosure Proceeds and transfers pursuant to Sections 6.5(f), 6.5(h) and 6.3. The City direction for such redemption shall include details with regard to a corresponding reduction in the Bond Reserve Account Requirement, as contemplated by the definition thereof. The extraordinary mandatory redemption provisions herein may be modified by the Pricing Certificate.

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, Bonds shall be redeemed in minimum principal and Maturity Amounts of \$1,000 or any integral thereof. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by \$1,000. No redemption shall result in a Bond in a denomination of less than the Authorized Denomination in effect at that time; provided, however, if the amount of the Outstanding Bond is less than an Authorized Denomination after giving effect

to such partial redemption, a Bond in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued.

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

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

Section 4.6 Notice of Redemption to Owners.

(a) The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register.

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

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

(d) The City reserves the right, in the case of an optional or extraordinary optional redemption pursuant to Sections 4.3 or 4.4 herein, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional

redemption, the failure of the City to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

Section 4.7 Payment Upon Redemption.

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

(b) Upon presentation and surrender of any Bond called for redemption at the designated corporate trust office of the Trustee on or after the date fixed for redemption, the Trustee shall pay the Redemption Price on such Bond to the date of redemption from the moneys set aside for such purpose.

Section 4.8 Effect of Redemption.

Notice of redemption having been given as provided in, and not otherwise rescinded as provided by, Section 4.6 of this Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the Redemption Price of such Bonds or the principal amount and premium, if any, plus accrued unpaid interest on such Current Interest Bonds or the Accreted Value of such Capital Appreciation Bonds, as applicable, to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

ARTICLE 5

FORM OF THE BONDS

Section 5.1 Form Generally.

(a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas to appear on the Initial Bond, and the Certificate of the Trustee and the Assignment to appear on each of the Bonds, (i) shall be substantially in the form set forth in Exhibit A to this Indenture, as modified by the Pricing Certificate, 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 Bonds submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

Section 5.2 CUSIP Registration.

The City may secure identification numbers through the CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof; and, none of the City, the Trustee, or the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds. The City prohibits any Bond to be issued in a denomination of less than an Authorized Denomination and further prohibits the assignment of a CUSIP number to any Bond with a denomination of less than an Authorized Denomination and any attempt to accomplish either of the foregoing shall be void and of no effect. The Trustee may include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners of the Bonds and that neither the City nor the Trustee shall be liable for any inaccuracies of such numbers.

Section 5.3 Legal Opinion.

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

Section 5.4 Bond Insurance.

The Authorized Officer may acquire municipal bond insurance and information pertaining to bond insurance, if any, may be printed on each Certificate.

ARTICLE 6

FUNDS AND ACCOUNTS

Section 6.1 Establishment of Funds and Accounts.

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

- (1) Pledged Revenue Fund;
- (2) Bond Fund;

- (3) Reserve Fund;
- (4) Redemption Fund;
- (5) Rebate Fund;
- (6) Administrative Fund; and
- (7) Phase #1 Reimbursement Fund

(b) Creation of Accounts.

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

(A) Principal and Interest Account.

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

(A) Bond Reserve Account; and

(B) Delinquency and Prepayment Reserve Account.

(c) Each Fund and Account created within such Fund shall be only established as needed and maintained by the Trustee separate and apart from all other funds and accounts of the City. The Pledged Funds and Accounts shall constitute trust funds which shall be held in trust by the Trustee as part of the Trust Estate solely for the benefit of the Owners of the Bonds. Amounts on deposit in the Funds and Accounts shall be used solely for the purposes set forth herein.

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

Section 6.2 Initial Deposits to Funds and Accounts.

(a) The proceeds from the sale of the Bonds shall be paid to the Trustee and deposited or transferred by the Trustee to the funds and accounts and in the amounts as set forth in the Pricing Certificate.

Section 6.3 Pledged Revenue Fund.

(a) On or before February 1 (provided that Pledged Revenues have been received by the City, or if not, then as soon available) while the Bonds are Outstanding, beginning February 1, 2024, the City shall deposit or cause to be deposited the Pledged Revenues (which excludes, for the avoidance of doubt that portion of the Annual Installments collected for the payment Administrative Expenses and Delinquent Collection Costs, which shall be deposited pursuant to Section 6.10 hereof) into the Pledged Revenue Fund which deposit shall be directed by the City to

the Trustee pursuant to a City Certificate. Specifically, except as set forth in Section 6.3(f), the Pledged Revenues shall be deposited to the Pledged Revenue Fund to be used in the following order of priority:

(1) first, to the Bond Fund amounts sufficient to pay debt service on the Bonds coming due in the next Bond Year;

(2) second, to the Bond Reserve Account in an amount to cause the amount in the Bond Reserve Account to equal the Bond Reserve Account Requirement as described in Section 6.7(a) and Section 6.7(e);

(3) third, if collected, amounts representing Additional Interest to the Delinquency and Prepayment Reserve Account of the Reserve Fund in an amount sufficient to make the amount equal on deposit in the Delinquency and Prepayment Reserve Account equal to the Delinquency and Prepayment Reserve Requirement; and

(4) fourth, solely with respect to amounts representing the Phase #1 Assessments as directed in a City Certificate, to the Reimbursement Fund to reimburse costs of the Phase #1 Improvements that have been paid by the Developer (including any accrued interest as set forth in the Service and Assessment Plan) pursuant to the terms of the Phase #1 Reimbursement Agreement; and

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

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

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

(d) From time to time as needed to pay the obligations relating to the Bonds, but no later than five (5) Business Days before each Interest Payment Date, the Trustee shall withdraw from the Pledged Revenue Fund and transfer to the Principal and Interest Account, an amount, taking into account any amounts then on deposit in such Principal and Interest Account, such that the amount on deposit in the Principal and Interest Account equals the principal (including any Sinking Fund Installments) and interest due on the Bonds on the next Interest Payment Date. . No later than the tenth day prior to the Maturity Date on the Bonds, the Trustee shall withdraw from the Bond Pledged Revenue Account and transfer into the Bond Fund an amount that, together with sums on deposit in the Bond Fund, shall be equal to 100% of the amount required to fully pay the principal of, Maturity Amount, premium, if any and interest on the Bonds payable at such Maturity Date. No later than the tenth day prior to any Redemption Date the Trustee shall withdraw from

the Bond Pledged Revenue Account and transfer into the Bond Fund (i) relating to any Current Interest Bonds being redeemed on such Redemption Date, an amount equal to the principal of and accrued interest on such Current Interest Bonds to the Redemption Date and (ii) relating to any Capital Appreciation Bonds being redeemed pursuant to extraordinary mandatory redemption on such Redemption Date, an amount equal to the Accreted Value on such Capital Appreciation Bonds to the Redemption Date.

(e) If, after the foregoing transfers and any transfer from the Reserve Fund as provided in Section 6.7 herein, there are insufficient funds to make the payments provided in paragraph (d) above, the Trustee shall apply the available funds in the Principal and Interest Account first to the payment of interest, or Accreted Interest, as applicable, then to the payment of principal (including any Sinking Fund Installments) on the Bonds.

(f) Notwithstanding Section 6.3(a) above:

(1) Pursuant to the Service and Assessment Plan so long as there are Outstanding Bonds, the Trustee shall deposit Additional Interest to the Pledged Revenue Fund and shall transfer all or a portion of such Additional Interest to the Delinquency and Prepayment Reserve Account as set forth in 6.3(a) above and as otherwise directed by Section 6.8(a) hereof; and

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

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

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

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

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

Section 6.4 Bond Fund.

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

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

Section 6.5 Phase #1 Reimbursement Fund. Money on deposit in the Phase #1 Reimbursement Fund shall be disbursed as directed in a City Certificate to reimburse the Actual Costs of the Phase #1 Improvements pursuant to this section and the Phase #1 Reimbursement Agreement. When all amounts due under the Phase #1 Reimbursement Agreement have been paid, whether through Phase #1 Assessments received and applied in accordance with this Indenture and the Service and Assessment Plan or an Annual Service Plan Update, no further deposits shall be made to the Reimbursement Fund and the Reimbursement Fund shall be closed. In the event that the Reimbursement Fund is closed pursuant to the terms of this Section, any remaining balance in the Reimbursement Fund shall be transferred to the Pledged Revenue Fund and applied in accordance with the priorities set forth in Section 6.3(a) above.

Section 6.6 Redemption Fund.

(a) Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds as provided in Article 4.

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

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

Section 6.7 Bond Reserve Account.

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

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

(c) Whenever, on any Interest Payment Date, or on any other date at the request of a City Representative, the amount in the Bond Reserve Account exceeds the Bond Reserve Account Requirement, the Trustee shall provide written notice to the City Representative and the Administrator of the amount of the excess. Upon receipt of a City Certificate, the Trustee shall transfer such excess to (i) the Principal and Interest Account, (ii) the Redemption Fund or (iii) the Administrative Fund (in compliance with Section 6.7(j) herein), as set forth in the City Certificate. The excess amounts transferred from the Bond Reserve Account to the Administrative Fund will be presumed to have been transferred, first, from sources other than Bond proceeds (including investment earnings on such proceeds) and, second, from amounts that are Bond proceeds (including investment earnings on such proceeds).

(d) Whenever, on any principal payment date or 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 Delinquency and Prepayment Reserve Account of the Reserve Fund, and second from the Bond Reserve Account of the Reserve Fund to the Bond Fund the amounts necessary to cure such deficiency.

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

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

(g) If the amount held in the Bond Reserve Account, together with the amounts held in the Delinquency and Prepayment Account, the Pledged Revenue Fund and the Principal and Interest Account and Redemption Fund, is sufficient to pay the principal amount of all Outstanding Bonds on the next Interest Payment Date, together with the unpaid interest accrued on such Bonds as of such Interest Payment Date, the City may, pursuant to a City Certificate transfer such moneys to the Redemption Fund and thereafter used to redeem all Bonds as of such Interest Payment Date.

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

(i) [reserved]

(j) The cumulative amount of any Bond proceeds (including investment earnings on such proceeds) that are transferred to the Administrative Fund pursuant to the provisions of Section 6.7(c) and subsequently used for the payment of operating costs directly relating to the Phase #1 Improvements and Phase #2 Improvements will not exceed 5% of sale proceeds of the Bonds. The Trustee shall have no liability or responsibility for compliance with this section so long as it follows the written instructions from the City.

Section 6.8 Delinquency and Prepayment Reserve Account.

(a) The Delinquency and Prepayment Account shall be initially funded from proceeds of the Bonds. Once funded by bond proceeds to the Delinquency and Prepayment Reserve Requirements, Additional Interest shall not be collected unless and until the amount on deposit in the Delinquency and Prepayment Reserve Account is, at any time, less than 50% of the Delinquency and Prepayment Reserve Requirement. If, at any time, the amount on deposit in the Delinquency and Prepayment Account is less than 50% of the Delinquency and Prepayment Reserve Requirement, the Trustee shall notify the City, in writing, of the amount of such shortfall, and the City shall begin collecting the Additional Interest and shall file a City Certificate with the Trustee instructing the Trustee to begin depositing the Additional Interest from the Pledged Revenue Fund into the Delinquency and Prepayment Reserve Account until an amount equal to the Delinquency and Prepayment Reserve Requirement has been accumulated in the Delinquency and Prepayment. If, after such deposits, there is surplus Additional Interest remaining, the Trustee shall transfer such surplus Additional Interest first to the Bond Reserve Account to restore any deficiency in the Bond Reserve Account up to the Bond Reserve Account Requirement, and then to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.3. The Trustee shall incur no liability for the accuracy or validity of the transfer if compliant with this section.

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

and Prepayment Reserve Account to the Redemption Fund in the amount of the deficiency and such funds shall be used to redeem Bonds pursuant to Section 4.4.

Section 6.9 Rebate Fund.

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

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

(c) The Trustee conclusively shall be deemed to have complied with the provisions of this Section and Section 8.6 and shall not be liable or responsible if it follows the written instructions of the City and shall not be required to take any action under this Section and Section 8.6 in the absence of written instructions from the City.

(d) If, on the date of each calculation made Article 8 the amount on deposit in the Rebate Fund exceeds the amount required to be rebated to the federal government, the City may direct the Trustee, pursuant to a City Certificate, to transfer the amount in excess of the amount required to be rebated to the federal government to the Bond Fund.

Section 6.10 Administrative Fund.

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

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

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

Section 6.11 Investment of Funds.

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

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

(c) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment and may receive compensation in connection with any investment if authorized by the City Representative in writing. The Trustee shall not incur any liability for losses arising from any investments made pursuant to this Section. The Trustee shall not be required to determine the suitability or legality of any investments and may conclusively rely on the City's written instructions as to the directed investments. 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, the Trustee is not required to provide brokerage confirmations unless the Trustee receives a written request from the City. No monthly cash transaction statement need to be furnished if no activity occurred during such month.

(f) The Trustee may conclusively rely on City Certificates pursuant to Section 6.11(a) that such an investment will comply with the City's investment policy and with the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

Section 6.12 Investment Income.

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

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

(c) Interest and income derived from investment of the Administrative Expense Fund shall be credit to such Fund.

Section 6.13 Security of Funds.

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

ARTICLE 7

COVENANTS

Section 7.1 Confirmation of Assessments.

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

Section 7.2 Collection and Enforcement of Assessments.

(a) For so long as any Bonds 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 April 1 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Property.

Section 7.3 Against Encumbrances.

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

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

Section 7.4 Records, Accounts, Accounting Reports.

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

ARTICLE 8

FEDERAL INCOME TAX MATTERS

Section 8.1 General.

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

through 150 of the Code and the provisions set forth in the Federal Tax Certificate executed by the City in connection with each issue of Bonds.

Section 8.2 No Private Activity Bonds.

The City covenants that it will use the proceeds of each issue of the Bonds (including investment income) and the property financed, directly or indirectly, with such proceeds so that the Bonds will not be “private activity bonds” within the meaning of section 141 of the Code. Furthermore, the City will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes an issue of the Bonds to be “private activity bonds” unless it takes a remedial action permitted by section 1.141-12 of the Regulations. The City covenants and agrees that the levied Assessments will meet the requirements for the “tax assessment loan exception” within the meaning of Section 1.141-5(d) of the Regulations on the date the Bonds are delivered and will ensure that the Assessments continue to meet such requirements.

Section 8.3 No Federal Guaranty.

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

Section 8.4 No Hedge Bonds.

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

Section 8.5 No-Arbitrage.

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

Section 8.6 Arbitrage Rebate.

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

Section 8.7 Information Reporting.

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

Section 8.8 Record Retention.

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

Section 8.9 Registration.

If an issue of Bonds are “registration-required bonds” under section 149(a)(2) of the Code, such issue will be issued in registered form.

Section 8.10 Favorable Opinion of Bond Counsel.

Notwithstanding the foregoing, the City will not be required to comply with any of the federal tax covenants set forth above if the City has received a Favorable Opinion of Bond Counsel.

Section 8.11 Continuing Obligation.

Notwithstanding any other provision of this Indenture, the City’s obligations under the federal tax covenants set forth above will survive the defeasance and discharge of an issue of Bonds for as long as such matters are relevant to the excludability of interest on such issue Bonds from gross income for federal income tax purposes.

ARTICLE 9

LIABILITY OF CITY

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

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

No provision of this Indenture, the Bonds, the Assessment Ordinances, or any agreement, document, instrument, or certificate executed, delivered or approved by the City in connection with the issuance, sale, delivery, or administration of the Bonds (collectively, the “Bond Documents”), shall require the City to expend or risk its own general funds or revenues or other funds or otherwise incur any financial liability in the performance of any of its obligations

hereunder, the sole source of payment of obligations incurred by the City under the Bond Documents being limited to the Pledged Revenues.

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

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

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

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

ARTICLE 10

THE TRUSTEE

Section 10.1 Trustee as Registrar and Paying Agent.

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

Section 10.2 Trustee Entitled to Indemnity.

The Trustee shall be under no obligation to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified pursuant to a written instrument by the Owners of the Bonds to its satisfaction against any and all costs and expenses, outlays, and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own negligence or willful misconduct. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or exercise any such rights and powers as Trustee, without indemnity, and in such case the Trustee may make transfers from the Pledged Revenue Fund or the Administrative Fund to pay all costs and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall be entitled to a preference therefor over any Bonds Outstanding hereunder. To the extent permitted by law, the Owners agree to indemnify the Trustee for, and to hold it harmless against, any loss, liability, or expense incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of this Indenture or the Trust Estate, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its rights or duties hereunder.

Section 10.3 Responsibilities of the Trustee.

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

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

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

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

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

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

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

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

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

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

(5) This subparagraph shall not be construed to affect Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties provided in Section 10.2 (with respect to actions taken without negligence, bad faith or willful misconduct) or subparagraphs (d)-(s) of this Section, or otherwise provided for in this Indenture.

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

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

undertake any other action unless specifically authorized pursuant to a written direction provided by the City or pursuant to this Indenture.

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

(f) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct. In no event shall the Trustee be responsible or liable for incidental, punitive, indirect, special or consequential losses damages in connection with or arising from this Indenture for the existence, furnishing or use of the Phase #3 Major Improvements irrespective of whether Trustee has been advised of the likelihood of such losses or damages regardless of the form of action.

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

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

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

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

(3) the filing, execution, delivery, recording or authorization of any financing statements, amendments thereto or continuation statements,

(4) insurance of the Phase #1 Improvements and Phase #2 Improvements or collection of insurance money,

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

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

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

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

giving the authority or consent, shall be conclusive and binding upon all future Owners of the same Bond and of Bonds issued in exchange therefor or in place thereof.

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

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

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

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

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

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

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

(r) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and, with respect to such permissive rights, the Trustee shall not be answerable to any Owner or any other Person or entity arising from any failure to exercise any permissive right other than for its negligence or willful misconduct.

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

(t) Neither the Trustee nor any of its directors, officers, employees, agents or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the City, or any of its directors, members, officers, agents, affiliates or employee, nor shall it have any liability in connection with the malfeasance or nonfeasance by such party. The Trustee may assume performance by all other persons or entities of their respective obligations. The Trustee shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other party.

(u) In the event that any of the Trust Estate shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting such assets, the Trustee is hereby expressly authorized, in its sole discretion, to respond as it deems appropriate or to comply with all writs, orders or decrees so entered or issued, or which it is advised by legal counsel of its own choosing and at its own expense, is binding upon it, whether with or without jurisdiction. In the event that the Trustee obeys or complies with any such writ, order or decree it shall not be liable to any of the parties or to any other person, firm or corporation, should, by reason of such compliance notwithstanding, such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

(v) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority that prohibits the required actions of the Trustee pursuant to this Indenture; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage of computer systems by outside actors; new epidemics not in effect on the date of this Indenture; riots; loss or malfunctions of utilities, computer (hardware or software) or communications service that are not caused by the Trustee's actions or inactions, including failure to maintain or upgrade equipment or software; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility on the date a transfer of funds is required.

Section 10.4 Property Held in Trust.

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

Section 10.5 Trustee Protected in Relying on Certain Documents.

The Trustee may, at the expense of the Owner, request, conclusively rely on and shall be protected in acting or refraining from acting upon any resolution, instrument, report, direction, order, notice, opinion, request, consent, waiver, certificate, statement, affidavit, requisition, bond, debenture, note 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, not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant, or accountant to be qualified in relation to the subject matter or selected by the City in accordance with this Indenture, and the Trustee shall be under no duty to make any investigation or inquiry into any statements contained or matters referred to in any such instrument. The Trustee may consult with counsel, who may or may not be Bond Counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of, and the Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and in accordance therewith.

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

The Trustee shall not be under any obligation to see to the recording or filing of this Indenture, or otherwise to the giving to any Person of notice of the provisions hereof except as expressly required in Section 10.13 herein.

Section 10.6 Compensation.

From time to time, the Trustee shall determine and the Trustee shall provide the City Representative with an invoice setting forth the reasonable compensation for all services rendered by it hereunder, including its services as Paying Agent/Registrar, together with all its reasonable expenses, charges, and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by a specific agreement, if any, and the Trustee shall have a lien therefor on any and all funds at any time held by it hereunder prior to any Bonds Outstanding. Unless written objection is made invoice received by the City within ten (10) days of its delivery to the City, the Trustee shall transfer from the Administrative Fund the amount set forth thereon. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial

liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it. If the City shall fail to make any payment required by this Section, the Trustee may make such payment from lawfully available funds under this Indenture (other than funds designated by the City for arbitrage rebate purposes) in its possession under the provisions of this Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

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

Section 10.7 Permitted Acts.

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

Section 10.8 Resignation of Trustee.

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than thirty (30) days' written notice, specifying the date when such resignation shall take effect, to the City and each Owner of any Outstanding Bond. Such resignation shall take effect upon the earlier of the appointment of a successor as provided in Section 9.10 or the appointment of a successor trustee by a court of competent jurisdiction pursuant to Section 9.10 hereof and the acceptance of such appointment by such successor.

Section 10.9 Removal of Trustee.

The Trustee may be removed at any time upon at least thirty (30) days prior written notice by (i) the Owners of at least a majority of the aggregate outstanding principal of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or by their attorneys-in-fact, duly authorized and delivered to the City, or (ii) so long as the City is not in default under this Indenture, the City. Copies of each such instrument shall be delivered by the City to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the

Trustee by any court of competent jurisdiction upon the application of the City or the Owners of not less than 10% of the aggregate outstanding principal of the Bonds.

Section 10.10 Successor Trustee.

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

If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, a successor trustee may be appointed within one year after any such vacancy shall have occurred by the Owners of at least twenty-five percent (25%) of the aggregate outstanding principal of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or their attorneys-in-fact, duly authorized and delivered to such successor trustee, with notification thereof being given to the predecessor Trustee and the City.

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

If in a proper case no appointment of a successor trustee shall be made within thirty (30) days after the giving by any Trustee of any notice of resignation in accordance with Section 9.8 herein or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor and the City shall be responsible for the costs of such appointment process.

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

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

Section 10.11 Transfer of Rights and Property to Successor Trustee.

Any successor trustee appointed under the provisions of Section 10.10 shall execute, acknowledge, and deliver to its predecessor and the City an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance (without representation or warranty, express implied or statutory) and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers, and trusts of such Trustee and all the right, title, and interest of such Trustee in and to the Trust Estate, and, upon the receipt of payment of any outstanding charges, shall pay over, assign, and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance, or instrument in writing from the City be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties, or obligations, any and all such deeds, conveyances, and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged, and delivered by the City.

Section 10.12 Merger, Conversion or Consolidation of Trustee.

Any corporation or association into which the Trustee may be merged or with which it may be consolidated or any corporation or association resulting from any merger, conversion or consolidation to which it shall be a party or any corporation or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder, and will have and succeed to the rights, powers, duties, immunities, and privileges as its predecessor, without any further act, deed or conveyance, provided that such corporation or association shall be a commercial bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 10.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 10.13 Trustee to File Continuation Statements.

If necessary, the Trustee shall file or cause to be filed, such continuation statements as are delivered to the Trustee by the City, or on behalf of the City, and which may be required by the Texas Uniform Commercial Code, as from time to time in effect (the "UCC"), in order to continue perfection of the security interest of the Trustee in such items of tangible or intangible personal property and any fixtures as may have been granted to the Trustee pursuant to this Indenture in the time, place and manner required by the UCC. The Trustee shall only be responsible for making such filings upon written direction from the City.

Section 10.14 Accounts, Periodic Reports and Certificates.

The Trustee shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Funds and Accounts established by this Indenture and which shall at

all times be subject to inspection by the City, and the Owner or Owners of not less than 10% in aggregate outstanding principal amount of any Bonds then Outstanding or their representatives duly authorized in writing.

Section 10.15 Construction of Indenture.

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

ARTICLE 11

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 11.1 Amendments Permitted.

This Indenture and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture, except as provided below, pursuant to the affirmative vote at a meeting of Owners of the Bonds, or with the written consent without a meeting, of the Owners of at a majority of the aggregate principal amount of the Bonds then Outstanding. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the City of any pledge or lien upon the Pledged Revenues superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by Applicable Laws or this Indenture), or reduce the percentage of Bonds required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Trustee without its prior written consent.

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

- (1) to add to the covenants and agreements of the City in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;
- (2) to make modifications not adversely affecting any Outstanding Bonds in any material respect;
- (3) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to questions arising under this Indenture, as the City and the Trustee may deem necessary or desirable and not inconsistent with this Indenture, and that shall not adversely affect the rights of the Owners of the Bonds; and

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

Section 11.2 Owners' Meetings.

The City may at any time call a meeting of the Owners of the Bonds. In such event the City is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof, and to fix and adopt rules and regulations for the conduct of said meeting.

Section 11.3 Procedure for Amendment with Written Consent of Owners.

The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds or of this Indenture, to the extent that such amendment is permitted by Section 11.1 herein, to take effect when and as provided in this Section. The City shall provide written direction to the Trustee to provide a copy of such Supplemental Indenture, together with a request to Owners for their consent thereto, be mailed by the Trustee first class mail to each Owner of Bonds from whom consent is required under this Indenture, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.

Such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners as required by this Indenture and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 12.6 herein. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof), unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 11.3 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds at the expiration of ninety (90) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such ninety-day period.

Section 11.4 Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article 11, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, and obligations under this Indenture of the City, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 11.5 Endorsement or Replacement of Bonds Issued After Amendments.

The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article 11 shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Designated Payment/Transfer Office of the Trustee, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed, and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the designated office of the Trustee without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 11.6 Amendatory Endorsement of Bonds.

The provisions of this Article 11 shall not prevent any Owner from accepting any amendment as to the particular Bonds held by such Owner, provided that due notation thereof is made on such Bonds.

Section 11.7 Execution of Supplemental Indenture.

In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall receive, and shall be fully protected in relying upon, an opinion of counsel addressed and delivered to the Trustee and the City stating that the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture and any Applicable Laws. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties and immunities under this Indenture or otherwise.

ARTICLE 12

DEFAULT AND REMEDIES

Section 12.1 Events of Default.

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

(1) The failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;

(2) The failure of the City to enforce the collection of the Assessments including the prosecution of foreclosure proceedings;

(3) The failure to make payment of the principal of, Maturity Amount or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within thirty (30) days; and

(4) Default in the performance or observance of any covenant, agreement or obligation of the City under this Indenture and the continuation thereof for a period of ninety (90) days after written notice to the City by the Trustee, or by the Owners of at least 25% of the aggregate outstanding principal of the Bonds with a copy to the Trustee, specifying such default by the Owners of at least 25% of the aggregate outstanding principal amount of the Bonds at the time Outstanding requesting that the failure be remedied.

Section 12.2 Immediate Remedies for Default.

(a) Subject to Article 8, upon the happening and continuance of any of the Events of Default described in Section 12.1, the Owners of at least 25% aggregate outstanding principal amount of the Bonds then Outstanding, may proceed against the City for the purpose of protecting and enforcing the rights of the Owners under this Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

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

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

(d) Whenever moneys are to be applied pursuant to this Article 12, irrespective of and whether other remedies authorized under this Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or places, and at such time or times and upon such notice and terms, as the Trustee may

deem appropriate, and as may be required by Applicable Laws and apply the proceeds thereof in accordance with the provisions of this Section. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or proper for the purpose which may be designated in such request.

Section 12.3 Restriction on Owner's Action.

(a) No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of 25% of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee written evidence of indemnity as provided in Section 9.2 herein, (iv) the Trustee has for ninety (90) days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 90-day period by the registered owners of a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the registered owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

(b) Subject to Article 9, nothing in this Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond issued hereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed herein and in the Bonds.

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

Section 12.4 Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 12.2 hereof, be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

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

SECOND: To the payment to the registered owners entitled thereto of the unpaid principal of or Maturity Amount 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 and Maturity Amount due and to the registered owners entitled thereto, without any discrimination or preference.

Within ten (10) days of receipt of such good and available funds, the Trustee may fix a record and payment date for any payment to be made to Owners pursuant to this Section 12.4.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 12.1, the available funds shall be allocated to the Bonds that are Outstanding in proportion to the quantity of Bonds that are currently due and in default under the terms of this Indenture.

(c) The restoration of the City to its prior position after any and all defaults have been cured, as provided in Section 12.3, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

Section 12.5 Effect of Waiver.

No delay or omission of the Trustee, or any Owner, to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 12.6 Evidence of Ownership of Bonds.

(a) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners of Bonds may be in one

or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, or the holding by any Person of the Bonds shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

(1) The fact and date of the execution of such instruments by any Owner of Bonds or the duly appointed attorney authorized to act on behalf of such Owner may be provided by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority.

(2) The ownership of Bonds and the amount, numbers and other identification and date of holding the same shall be proved by the Register.

(b) Except as otherwise provided in this Indenture with respect to revocation of a consent, any request or consent by an Owner of Bonds shall bind all future Owners of the same Bonds in respect of anything done or suffered to be done by the City or the Trustee in accordance therewith.

Section 12.7 Waiver of Default.

With the written consent of at least a majority in aggregate principal amount of the Bonds then Outstanding, the Owners may waive compliance by the City with certain past defaults under this Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners.

Section 12.8 No Acceleration.

In the event of the occurrence of an Event of Default under Section 12.1 hereof, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Indenture is expressly denied.

Section 12.9 Mailing of Notice.

Any provision in this Article for the mailing of a notice or other document to Owners shall be fully complied with if it is mailed, first class postage prepaid, only to each Owner at the address appearing upon the Register.

Section 12.10 Exclusion of Bonds.

Bonds owned or held by or for the account of the City will not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this

Indenture, and the City shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Indenture.

ARTICLE 13

GENERAL COVENANTS AND REPRESENTATIONS

Section 13.1 Representations as to Pledged Revenues.

(a) The City represents and warrants that Applicable Laws authorize the City to issue the Bonds, to execute and deliver this Indenture and to pledge the Trust Estate in the manner and to the extent provided in this Indenture, and that the Pledged Revenues are and will be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

(b) The City shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Pledged Revenues and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) Subject to available funds, the City will take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the 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 and reasonably practical, notice of the Annual Installments shall be sent by, or on behalf of the City to the affected property owners on the same statement or such other mechanism that is used by the City, so that such Annual Installments are collected simultaneously with ad valorem taxes and shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies as are provided for ad valorem taxes of the City. Notwithstanding the foregoing, if the City is unable in every year to send notice of the Annual Installment on the same statement as ad valorem taxes, the City shall send or shall cause to be sent, a separate notice of the Annual Installment in a timely fashion such that the Annual Installment can be collected in the same time frame as ad valorem taxes.

Section 13.2 General.

The City shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the City under the provisions of this Indenture.

ARTICLE 14

SPECIAL COVENANTS

Section 14.1 Further Assurances; Due Performance.

(a) At any and all times the City will duly execute, acknowledge and deliver, or will cause to be done, executed and delivered, all and every such further acts, conveyances, transfers,

and assurances in a manner as the Trustee shall reasonably require for better conveying, transferring, pledging, and confirming unto the Trustee, all and singular, the revenues, Funds, Accounts and properties constituting the Pledged Revenues, and the Trust Estate hereby transferred and pledged, or intended so to be transferred and pledged.

(b) The City will duly and punctually keep, observe and perform each and every term, covenant and condition on its part to be kept, observed and performed, contained in this Indenture.

Section 14.2 Additional Obligations; Other Obligations or Other Liens.

(a) The City reserves the right, subject to the provisions contained in this Section 14.2, to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from Pledged Revenues.

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

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

Section 14.3 Books of Record.

(a) The City shall cause to be kept full and proper books of record and accounts, in which full, true and proper entries will be made of all dealing, business and affairs of the City, which relate to the Pledged Revenues, the Pledged Funds and Accounts, and the Bonds.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 14.3 except to receive and retain same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture. Specifically, but without limitation, the Trustee shall have no duty to review such information, is not considered to have notice of the contents of such information or a default based on such contents, and has no duty to verify the accuracy of such information.

ARTICLE 15

PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE

Section 15.1 Trust Irrevocable.

The trust created by the terms and provisions of this Indenture is irrevocable until the Bonds secured hereby are fully paid or provision is made for their payment as provided in this Article 14.

Section 15.2 Satisfaction of Indenture.

If the City shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the Bonds, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the City to the Owners of such Bonds, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have evidencing that principal of and interest on all of the Bonds has been paid so that the City may determine if this Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the in Funds and Accounts held hereunder to the Person entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the City.

Section 15.3 Bonds Deemed Paid.

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

the Bonds on and prior to such redemption date or maturity date thereof, as the case may be, only upon receipt by the Trustee of (i) a report by an independent certified public accountant selected by the City, after giving effect to such request, verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be and (ii) an opinion of Bond Counsel stating that that no adverse federal tax consequences will result from reinvesting such cash. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

ARTICLE 16
PAYMENT OF REFUNDED BONDS; APPROVAL OF ESCROW AND DEPOSIT
AGREEMENT; PURCHASE OF ESCROWED SECURITIES

Section 16.1 Payment of Refunded Bonds.

(a) The Refunded Bonds are to be paid on their maturity date or date(s) of early redemption, in the principal amount thereof plus interest accrued thereon as set forth in the Pricing Certificate.

(b) The City Secretary is hereby authorized and directed to cause a copy of this Ordinance to be delivered to the paying agent/registrar for the Refunded Bonds, the delivery of which shall constitute notice of payment to such paying agent/registrar.

Section 16.2 Approval of Deposit Agreement and Escrow Agreement.

(a) The discharge and defeasance of the Refunded Bonds as set forth in the Pricing Certificate, if any, may be effectuated pursuant to the terms and provisions of separate Deposit Agreements, if necessary, (the "Deposit Agreement"), to be entered into by and between the City and the Paying Agent for the Refunded Bonds, such Deposit Agreements shall contain terms and provisions to be approved by the Authorized Officer including terms and provisions for the purposes of (i) carrying out the program designed for the City, (ii) minimizing the City's costs of refunding, (iii) complying with all applicable laws and regulations relating to the refunding of the Refunded Bonds, (iv) carrying out the other intents and purposes of this Ordinance and (v) complying with the terms set forth in the Pricing Certificate. The execution and delivery by the City Manager or the Authorized Officer of the Deposit Agreements, is hereby authorized and approved.

(b) The Authorized Officer is also authorized to select and appoint an Escrow Agent for the Bonds, if any, and the Escrow Agent shall be designated in the Pricing Certificate. The Authorized Officer is hereby authorized to execute and deliver, or cause the execution and delivery by the Authorized Officer, one or more Escrow Agreements or Deposit Agreements, having such terms and provisions as are approved by the Authorized Officer as evidenced by his execution thereof or the execution thereof by other appropriate City officials. Such Escrow Agreement or Deposit Agreement, if any, shall contain terms and provisions to be approved by the Authorized

Officer including terms and provisions for the purposes of (i) carrying out the program designed for the City, (ii) minimizing the City's costs of refunding, (iii) complying with all applicable laws and regulations relating to the refunding of the Refunded Bonds, (iv) carrying out the other intents and purposes of this Ordinance and (v) complying with the terms set forth in the Pricing Certificate. The execution and delivery by the City Manager or the Authorized Officer of the Escrow Agreement, if necessary, is hereby authorized and approved.

Section 16.3 Subscription for Securities. The Authorized Officer is authorized to make necessary arrangements for and to execute such documents and agreements in connection with the purchase of the Escrow Securities required by and referenced in the Escrow Agreement, if any, as may be necessary for the Escrow Fund and the application for the acquisition of the Escrow Securities is hereby approved and ratified.

Section 16.4 Payment of Refunded Bonds; Redemption of Refunded Bonds. Following the deposit to the Escrow Fund or with the paying agent for the Refunded Bonds pursuant to the Deposit Agreement, the Refunded Bonds shall be payable solely from and secured by the cash and securities on deposit pursuant to such Deposit Agreement or Escrow Fund for the purpose of refunding the Refunded Bonds, and shall cease to be payable from ad valorem taxes, firm banking and financial arrangements having been made for the discharge and final payment or redemption of the Refunded Bonds pursuant to Chapter 1207. The Refunded Bonds are hereby called for redemption prior to maturity on the dates and at the redemption prices set forth in the Pricing Certificate. The City Secretary hereby authorized and directed to cause to be delivered to the paying agent/registrar for the Refunded Bonds a certified copy of this Ordinance calling the Refunded Bonds for redemption and a copy of the Pricing Certificate. The delivery of this Ordinance and the Pricing Certificate to the paying agent for the Refunded Bonds shall constitute the giving of notice of redemption to the paying agent for the Refunded Bonds and such paying agent is hereby authorized and directed to give notice of redemption to the owners of the Refunded Bonds in accordance with the requirements of the ordinance authorizing the issuance thereof.

ARTICLE 17

MISCELLANEOUS

Section 17.1 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 and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written.

Section 17.2 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 17.3 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 17.4 Waiver of Personal Liability.

No member of the City Council of the City, or any officer, agent, or employee of the City, shall be individually or personally liable for the payment of the principal of, Maturity Amount 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 17.5 Notices to and Demands on City and Trustee.

(a) Except as otherwise expressly provided in this Indenture, all notices or other instruments required or permitted under this Indenture, including any City Certificate or Certificate for payment shall be in writing and shall be delivered by hand, mailed by first class mail, postage prepaid, or transmitted by facsimile or e-mail and addressed as follows:

If to the City:

City of Aubrey, Texas
107 S. Main Street
Aubrey, Texas 76227
Attn: City Manager
Telephone: (940) 440-9343

With a copy to:

And:

Bracewell LLP
Attn: Julie Partain
1445 Ross Ave.
Suite 3800
Dallas, Texas 75202
Email: julie.partain@bracewell.com
(214) 758-1606

If to the Trustee, also acting in the capacity of
Paying Agent/Registrar:

Wilmington Trust, National Association
Attn: Parker Merritt
15950 Dallas Parkway, Suite 200
Dallas, Texas 75248
Email: pmerritt@wilmingtontrust.com
(714)384-4174

Any such notice, demand, or request may also be transmitted to the appropriate party by telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change. Notices and consents given by mail in accordance with this Section shall be deemed to have been given five (5) Business Days after the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

(b) The Trustee shall mail to each Owner notice of (i) any substitution of the Trustee; or (ii) the redemption or defeasance of all Bonds Outstanding.

(c) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means ("Electronic Means" means the following communications methods: email, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization

codes, passwords and/or authentication keys upon receipt by the City. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 17.6 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 17.7 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 17.8 Payment on Business Day.

In any case where the date of the maturity of interest or of principal (and premium, if any) or Maturity Amount 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 Maturity Amount, 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 17.9 Counterparts.

This Indenture may be executed in counterparts, each of which shall be deemed an original.

Section 17.10 Anti-boycott Verification.

The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Indenture is a contract for goods or services, will not boycott Israel during the term of this Indenture. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code.

As used in the foregoing verification, ‘boycott Israel’ means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Trustee understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

Section 17.11 Iran, Sudan and Foreign Terrorist Organizations.

The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Trustee understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

Section 17.12 Anti-Boycott Verification: Energy. 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. As used in the foregoing verification, “boycott energy companies” shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above. The Trustee understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 133(f), 17 C.F.R. §230.133(f), and exists to make a profit.

Section 17.13 Firearms. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate during the term of this Indenture against a firearm entity or firearm trade association. The foregoing verification is made solely to enable the City to comply with such Section. As used in the foregoing verification, ‘discriminate against a firearm entity or firearm trade association’ (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain

from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association. As used in the foregoing verification, (b) 'firearm entity' means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (i.e., weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (i.e., devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (i.e., a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (as defined by Section 250.001, Texas Local Government Code), and (c) 'firearm trade association' means a person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code. The Trustee understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with Trustee within the meaning of SEC Rule 133(f), 17 C.F.R. §230.133(f), and exists to make a profit.

Section 17.14 Form 1295 Exemption. The Trustee represents that it is a wholly owned subsidiary of M&T Bank Corporation, a publicly traded business entity, and therefore this Indenture is exempt from Section 2252.908, Texas Government Code, as amended.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the City and the Trustee have caused this Indenture of Trust to be executed all as of the date hereof.

CITY OF AUBREY, TEXAS

By: _____
Mayor

ATTEST:

City Secretary

[CITY SEAL]

WILMINGTON TRUST, NATIONAL
ASSOCIATION, AS TRUSTEE

By: _____
Authorized Officer

EXHIBIT A

(a) Form of Bond – Current Interest Bond.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE CITY, DENTON COUNTY OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION OR AGENCY THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

REGISTERED
No. _____

REGISTERED
\$ _____

United States of America
State of Texas

CURRENT INTEREST BOND

CITY OF AUBREY, TEXAS
SPECIAL ASSESSMENT REVENUE REFUNDING BONDS, SERIES 2024
(JACKSON RIDGE PUBLIC IMPROVEMENT DISTRICT PHASE #1 AND PHASE #2
ASSESSMENTS)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
_____ %	September 1, _____	_____, 2024	_____

The City of Aubrey, Texas (the “City”), for value received, hereby promises to pay, solely from the Trust Estate, to

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

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid

semiannually commencing on _____¹, and on each _____² and _____³ thereafter until maturity or prior redemption.

Capitalized terms appearing herein that are defined terms in the Indenture defined below, have the meanings assigned to them in the Indenture. Reference is made to the Indenture for such definitions and for all other purposes.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas (the “Designated Payment/Transfer Office”), of Wilmington Trust, National Association, a national banking association, as trustee and paying agent/registrar (the “Trustee,” which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall be the Person in whose name this Bond is registered at the close of business on the “Record Date,” which shall be the fifteenth 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 for thirty (30) days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the “Special Payment Date,” which shall be 15 days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner 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 _____⁴ and issued in the aggregate principal amount of \$ _____⁵, in part as (i) \$ _____⁶ original principal amount of Current Interest Bonds and (ii) \$ _____⁷ Capital

¹ To be inserted from Pricing Certificate.

² To be inserted from Pricing Certificate.

³ To be inserted from Pricing Certificate.

⁴ To be inserted from Pricing Certificate.

⁵ To be inserted from Pricing Certificate.

⁶ To be inserted from Pricing Certificate.

⁷ To be inserted from Pricing Certificate.

Appreciation Bonds pursuant to an Indenture of Trust, dated as of _____⁸ (the “Indenture”), by and between the City and the Trustee, to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) refunding the Refunded Bonds, (ii) funding a debt service reserve fund for the payment of principal and interest on the Bonds, (iii) funding a delinquency and prepayment account, and (iv) paying the costs of issuance of the Bonds.

This is a Current Interest Bond.

The Bonds are limited obligations of the City payable solely from the Trust Estate as defined in the Indenture. Reference is hereby made to the Indenture, copies of which are on file with and available upon request from the Trustee, for the provisions, among others, with respect to the nature and extent of the duties and obligations of the City, the Trustee and the Owners. The Owner of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms, conditions and provisions of the Indenture.

Notwithstanding any provision hereof, the Indenture may be released and the obligation of the City to make money available to pay this Bond may be defeased by the deposit of money and/or certain direct or indirect Defeasance Securities sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in denominations of \$1,000, or any integral multiple of \$1,000 in excess thereof (“Authorized Denominations”), subject to the partial redemption provisions of the Indenture.

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

⁸ To be inserted from Pricing Certificate.

\$ _____ Term Bonds maturing September 1, 20__

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

\$ _____ Term Bonds maturing September 1, 20__

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

\$ _____ Term Bonds maturing September 1, 20__

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

At least forty-five (45) days prior to each sinking fund redemption date, the Trustee shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Bonds of such maturity equal to the Sinking Fund Installments of such Bonds

to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in the Indenture.

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

The City reserves the right and option to redeem Bonds maturing on or after _____ before their scheduled maturity dates, in whole or in part, on any date, on or after _____, such redemption date or dates to be fixed by the City, at a price of par plus accrued and unpaid interest to the date of redemption.]⁹

Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on any Business Day, at a Redemption Price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption from amounts on deposit in the Redemption Fund as a result of Prepayments, other transfers to the Redemption Fund pursuant to the Indenture, or any other transfers to the Redemption Fund permitted in the Indenture.

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

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

⁹ Redemption provisions to be inserted from Pricing Certificate.

securities available in part or in whole on or before the redemption date shall not constitute an event of default.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the City and the rights of the holders of the Bonds under the Indenture at any time Outstanding affected by such modification. The Indenture also contains provisions permitting the holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the holders of all the Bonds, to waive compliance by the City with certain past defaults under the Bond Ordinance or the Indenture and their consequences. Any such consent or waiver by the holder of this Bond or any predecessor Bond evidencing the same debt shall be conclusive and binding upon such holder and upon all future holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

As provided in the Indenture, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer, and upon delivery to the Trustee of such certifications and/or opinion of counsel as may be required under the Indenture for the transfer of this Bond. Upon satisfaction of such requirements, one or more new fully registered Bonds of the same Stated Maturity, of Authorized Denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the City nor the Trustee shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within forty-five (45) calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

The City, the Trustee, and any other Person may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the Person in whose name this Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the City nor the Trustee shall be affected by notice to the contrary.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF AUBREY, TEXAS; DENTON COUNTY, TEXAS; THE STATE OF TEXAS; OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the City, including the Bonds, does not exceed any Constitutional or statutory limitation.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be executed under the official seal of the City.

City Secretary, City of Aubrey, Texas

Mayor, City of Aubrey, Texas

[City Seal]

(b) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on each Initial Bond:

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER	§	
OF PUBLIC ACCOUNTS	§	REGISTER NO. _____
THE STATE OF TEXAS	§	

I HEREBY CERTIFY THAT there is on file and of record in my office an opinion to the effect that the Attorney General of the State of Texas has approved this Bond, and that this Bond has been registered this day by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____.

Comptroller of Public Accounts of the
State of Texas

[SEAL]

(c) Form of Certificate of Trustee.

CERTIFICATE OF TRUSTEE

It is hereby certified that this is one of the Bonds of the series of Bonds referred to in the within mentioned Indenture.

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Signatory

DATED: _____

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and Zip Code of transferee): _____

(Social Security or other identifying number: _____) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed By:

Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Trustee.

(e) The Initial Bond shall be in the form set forth in paragraphs (a), (b) and (d) of this section, except for the following alterations:

(i) immediately under the name of the Bond the heading “INTEREST RATE” and “MATURITY DATE” shall both be completed with the expression “As Shown Below,” and the reference to the “CUSIP NUMBER” shall be deleted;

(ii) in the first paragraph of the Bond, the words “on the Maturity Date specified above” shall be deleted and the following will be inserted: “on September 1 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rates”</u>
--------------	-------------------------------	------------------------

(Information to be inserted from Section 3.2(c) hereof); and

(iii) the Initial Bond shall be numbered T-1.

(f) Form of Bond – Capital Appreciation Bond.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE CITY, DENTON COUNTY OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION OR AGENCY THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL, MATURITY AMOUNT, ACCRETED VALUE OF OR INTEREST ON THIS BOND.

REGISTERED
No. _____

REGISTERED
\$ _____

United States of America
State of Texas

CAPITAL APPRECIATION BOND

CITY OF AUBREY, TEXAS
SPECIAL ASSESSMENT REVENUE REFUNDING BONDS, SERIES 2024
(JACKSON RIDGE PUBLIC IMPROVEMENT DISTRICT PHASE #1 AND PHASE #2
ASSESSMENTS)

CAPITAL APPRECIATION BOND

<u>YIELD TO</u> <u>MATURITY</u>	<u>ORIGINAL</u> <u>PRINCIPAL</u> <u>AMOUNT</u>	<u>MATURITY</u> <u>DATE</u>	<u>DELIVERY</u> <u>DATE</u>	<u>CUSIP</u> <u>NUMBER</u>
_____				_____

The City of Aubrey, Texas (the “City”), for value received, hereby promises to pay, solely from the Trust Estate, to

or its registered assigns, on the Maturity Date, as specified above, the Maturity Amount of this Bond, being the sum

The Maturity Amount represents the total of the Original Principal Amount hereof, plus the initial premium paid hereon, together with interest thereon to the Maturity Date. Interest accretes from the Closing Date specified above, and will compound semiannually on _____¹⁰ and _____¹¹ in each year, commencing on _____.¹² A table of the “Accreted Values” per \$1,000 Maturity Amount is printed on or attached to this

¹⁰ To be inserted from Pricing Certificate.

¹¹ To be inserted from Pricing Certificate.

¹² To be inserted from Pricing Certificate.

Bond. The term "Accreted Value" as used herein, means the original principal amount of this Bond plus the initial premium, if any, paid therefor with interest thereon accreted and compounded semiannually to the _____¹³ or _____ next preceding the date of such calculation (or, the date of calculation, if such calculation is made on _____¹⁴ or _____¹⁵) at a compounding rate which produces the approximate yield to maturity set forth above. For any date other than a _____¹⁶ or _____¹⁷, the Accreted Value of this Bond shall be determined by a straight line interpolation between the values for the applicable semiannual compounding dates, based on 30 day months.

The Maturity Amount of this Bond shall be payable on the Maturity Date shown above, without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas, or at such other location designated by the Paying Agent/Registrar (the "Designated Payment/Transfer Office"), of Wilmington Trust, National Association, the initial Paying Agent/Registrar, or, with respect to a successor paying agent/registrar, at the Designated Payment/Transfer Office of such successor.

If the date for the payment of the Maturity Amount on this Bond shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where 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 which 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 Maturity Date.

This Bond is dated _____¹⁸ and is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the "Bonds"), dated as of the date of delivery and issued in the aggregate principal amount of \$ _____¹⁹, in part as (i) \$ _____²⁰ original principal amount of Current Interest Bonds and (ii) \$ _____²¹ Capital Appreciation Bonds and issued in one series, with the limitations described herein, pursuant to an Indenture of Trust, dated as of _____²² (the "Indenture"), from the City to Wilmington Trust, National Association, as trustee, to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents, All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) refunding the Refunded Bonds, (ii) funding a debt service reserve fund

¹³ To be inserted from Pricing Certificate.

¹⁴ To be inserted from Pricing Certificate.

¹⁵ To be inserted from Pricing Certificate.

¹⁶ To be inserted from Pricing Certificate.

¹⁷ To be inserted from Pricing Certificate.

¹⁸ To be inserted from Pricing Certificate.

¹⁹ To be inserted from Pricing Certificate.

²⁰ To be inserted from Pricing Certificate.

²¹ To be inserted from Pricing Certificate.

²² To be inserted from Pricing Certificate.

for the payment of principal and interest on the Bonds, (iii) funding a delinquency and prepayment account, and (iii) paying the costs of issuance of the Bonds.

This Bond is a Capital Appreciation Bond.

The Bonds are limited obligations of the City payable solely from the Pledged Revenues and Pledged Funds and Accounts as defined in the Indenture. Reference is hereby made to the Indenture, copies of which are on file with and available upon request from the Trustee, for the provisions, among others, with respect to the nature and extent of the duties and obligations of the City, the Trustee and the Owners. The Owner of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms, conditions and provisions of the Indenture.

Notwithstanding any provision hereof, the Indenture may be released and the obligation of the City to make money available to pay this Bond may be defeased by the deposit of money and/or certain direct or indirect Defeasance Securities sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in denominations and Maturity Amounts of \$1,000 and any \$1,000 multiple in excess thereof, subject to the provisions of the Indenture authorizing redemption.

[The City reserves the right and option to redeem Bonds maturing on or after _____ before their scheduled maturity dates, in whole or in part, on any date, on or after _____, such redemption date or dates to be fixed by the City, at a price of par plus accrued and unpaid interest to the date of redemption.]²³

Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on any Business Day, at a Redemption Price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption from amounts on deposit in the Redemption Fund as a result of Prepayments, other transfers to the Redemption Fund pursuant to the Indenture, or any other transfers to the Redemption Fund permitted in the Indenture.

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

The City reserves the right, in the case of an optional or extraordinary optional redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the

²³ Optional redemption provisions to be inserted from Pricing Certificate.

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

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the City and the rights of the holders of the Bonds under the Indenture at any time Outstanding affected by such modification. The Indenture also contains provisions permitting the holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the holders of all the Bonds, to waive compliance by the City with certain past defaults under the Bond Ordinance or the Indenture and their consequences. Any such consent or waiver by the holder of this Bond or any predecessor Bond evidencing the same debt shall be conclusive and binding upon such holder and upon all future holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

As provided in the Indenture, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer, and upon delivery to the Trustee of such certifications and/or opinion of counsel as may be required under the Indenture for the transfer of this Bond. Upon satisfaction of such requirements, one or more new fully registered Bonds of the same Stated Maturity, of Authorized Denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the City nor the Trustee shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within forty-five (45) calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

The City, the Trustee, and any other Person may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the Person in whose name this Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the City nor the Trustee shall be affected by notice to the contrary.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF AUBREY, TEXAS; DENTON COUNTY, TEXAS; THE STATE OF TEXAS; OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the City, including the Bonds, does not exceed any Constitutional or statutory limitation.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be executed under the official seal of the City.

City Secretary, City of Aubrey, Texas

Mayor, City of Aubrey, Texas

[City Seal]

(g) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on each Initial Bond:

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER	§	
OF PUBLIC ACCOUNTS	§	REGISTER NO. _____
THE STATE OF TEXAS	§	

I HEREBY CERTIFY THAT there is on file and of record in my office an opinion to the effect that the Attorney General of the State of Texas has approved this Bond, and that this Bond has been registered this day by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____.

Comptroller of Public Accounts of the
State of Texas

[SEAL]

(h) 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.

WILMINGTON TRUST, NATIONAL
ASSOCIATION

By: _____
Authorized Signatory

DATED: _____

(i) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and Zip Code of transferee): _____

(Social Security or other identifying number: _____) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed By:

Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Trustee.

(j) The Initial Bond shall be in the form set forth in paragraphs (a), (b) and (d) of this section, except for the following alterations:

(i) immediately under the name of the Bond the heading "YIELD TO MATURITY" "ORIGINAL PRINCIPAL AMOUNT" and "MATURITY DATE" shall both be completed with the expression "As Shown Below," and the reference to the "CUSIP NUMBER" shall be deleted;

(ii) in the first paragraph of the Bond, the words "on the Maturity Date specified above, the Maturity Amount of this Bond, being the sum of \$ _____ DOLLARS" shall be deleted and the following will be inserted: "on _____²⁴ in each of the years, in the Original Principal Amounts and Maturity Amounts principal and with interest at the compounding rates which produce the respective approximate Yield to Maturity set forth in the following schedule:

Years	<u>Original Principal Amount</u>	<u>Yield to Maturity</u>	<u>Maturity Amount</u>
(Information to be inserted from the Pricing Certificate); and			

(iii) the Initial Capital Appreciation Bond shall be numbered ICA-1.

(iv) Table of Accreted Values shall be attached thereto.

²⁴ To be inserted from Pricing Certificate.

SCHEDULE I

SCHEDULE OF REFUNDED BOND CANDIDATES

All outstanding maturities of the following series:

City of Aubrey, Texas Special Assessment Revenue Bonds, Series 2015 (Jackson Ridge Public Improvement District Phases #2-3 Major Improvement Bonds)

City of Aubrey, Texas Special Assessment Revenue Bonds, Series 2018 (Jackson Ridge Public Improvement District Phase #2 Project)

City of Aubrey, Texas Special Assessment Revenue Bonds, Series 2018 (Jackson Ridge Public Improvement District Phase #1 Project)

APPENDIX C

FORM OF SERVICE AND ASSESSMENT PLAN

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JACKSON RIDGE PUBLIC IMPROVEMENT DISTRICT

CITY OF AUBREY, TEXAS

AMENDED AND RESTATED SERVICE AND ASSESSMENT PLAN

November 17, 2015

As Amended and Restated on March 21, 2017, Amended and Restated and for Phase #2 Restated on October 23, 2018, Amended and Restated for Phase #3A on July 28 2020, and Amended and Restated for Phase #3B on August 11, 2022, updated for Phase #3B Bonds on September 22, 2022, and updated for Phase #1 and Phase #2 Refunding Bonds and for Phase #3 Major Improvements Refunding Bonds on February 22, 2024.

PREPARED BY:

MUNICAP, INC.
— PUBLIC FINANCE —

JACKSON RIDGE
PUBLIC IMPROVEMENT DISTRICT
AMENDED AND RESTATED SERVICE AND ASSESSMENT PLAN

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RECITALS

WHEREAS, this Service and Assessment Plan amends and restates that particular Jackson Ridge Public Improvement District Service and Assessment Plan originally approved by the City Council on November 17, 2015, which service and assessment plan was amended on March 21, 2017, October 23, 2018, and on July 28, 2020 (as so amended, the “Original Service and Assessment Plan”); and

WHEREAS, certain terms used herein are defined in Section I; and

WHEREAS, on November 17, 2015, after notice and a public hearing conducted in the manner required by the PID Act (as defined herein), the City Council adopted Ordinance No. 2015-54 approving the “Jackson Ridge Public Improvement District Service and Assessment Plan and Assessment Roll” (the “Original Service and Assessment Plan”) and levied assessments on property in the PID; and

WHEREAS, the original plan of development for the PID contemplated that the City would provide retail water and sewer service to the PID, and Mustang Special Utility District (“MSUD”) held the certificates of convenience and necessity (the “CCNs”) to provide retail water and sewer service to the property within the PID; and

WHEREAS, the Developers agreed to secure the CCNs from MSUD; and

WHEREAS, the City has determined that until such time as the City can efficiently provide retail water and sewer service to the PID, it shall be advisable to MSUD to provide retail water and sewer service to the PID and, as such, the Developers and the City have agreed that the Assessed Property will receive water and sewer service from MSUD; and

WHEREAS, the City and the MSUD entered into that certain Transfer and Service Agreement (the “Transfer and Service Agreement”) on March 27, 2017, wherein MSUD has agreed to provide retail water and sewer service to the Assessed Property and, therefore, certain major improvements included in the Original Service and Assessment Plan intended to serve all property in the PID are no longer required to be constructed; and

WHEREAS, the City Council amended and restated the Original Service and Assessment Plan on March 21, 2017, to, among other things, allow MSUD to provide retail water and sewer service to the PID (the “2017 Amendment”); and

WHEREAS, in connection with the issuance of bonds and the reimbursement of costs, the City has determined to amend and restate the Amended Service and Assessment Plan on October 23, 2018, to provide for issuance of the Phase #2 Bonds and the reimbursement of costs and the and to update the Authorized Improvements relating to Phase #2 of the PID (the “2018 Amendment”); as described herein;

WHEREAS the Phase #2 Bonds were issued on October 23, 2018; and

WHEREAS, the City Council approved the levy of assessments on property within Phase #3A of the PID, entered into the Phase #3A Reimbursement Agreement and again amended and restated the Original Service and Assessment Plan on July 28, 2020 (the “2020 Amendment”); and

WHEREAS, the City issued Phase #3A Bonds on July 27, 2021, to reimburse the costs of the Authorized Improvements in Phase #3A; and

WHEREAS, in connection with the issuance of the Phase #3A Bonds and the reimbursement of costs, the City updated the Amended Service and Assessment Plan to provide for issuance of the Phase #3A Bonds and the reimbursement of costs and to update the Authorized Improvements relating to Phase #3A of the PID as described herein on July 27, 2021; and

WHEREAS, the City Council approved the levy of assessments on property within Phase #3B of the PID, entered into the Phase #3B Reimbursement Agreement and again amended and restated the Original Service and Assessment Plan on August 11, 2022 (the “2022 Amendment” and together with the Original Service and Assessment Plan, the 2017 Amendment, the 2018 Amendment, and the 2020 Amendment, the “Amended Service and Assessment Plan”); and

WHEREAS, the City issued Phase #3B Bonds on September 22, 2022, to reimburse the costs of the Authorized Improvements in Phase #3B; and

WHEREAS, the City issued Phase #3 Major Improvements Refunding Bonds to refund Phase #3’s share of the Phases #2-3 Major Improvement Bonds, and the Phase #1 and Phase #2 Refunding Bonds to refund Phase #2’s share of the Phases #2-3 Major Improvement Bonds, the Phase #1 Bonds, and the Phase #2 Bonds on January 25th, 2024; and

NOW THEREFORE, the Amended Service and Assessment Plan is hereby updated as follows

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I. PLAN DESCRIPTION AND DEFINED TERMS

A. INTRODUCTION

On June 25, 2015 (the “Creation Date”) the City Council of the City of Aubrey, Texas (the “City”) passed and approved Resolution No. 709-15 approving and authorizing the creation of the Jackson Ridge Public Improvement District (the “PID”) to finance the costs of certain public improvements for the benefit of property in the PID (the “Authorized Improvements”), all of which is located within the City of Aubrey. As described above, the City previously adopted a service and assessment plan for the PID on November 17, 2015, (the “Original Service and Assessment Plan”), which service and assessment plan was amended and restated on March 21, 2017 (the “2017 Amendment”), October 23, 2018 (the “2018 Amendment”), July 28, 2020 (the “2020 Amendment”), and August 11, 2022 (the “2022 Amendment” and together with the Original Service and Assessment Plan, the 2017 Amendment, the 2018 Amendment, and the 2020 Amendment, the “Amended Service and Assessment Plan”). This Service and Assessment Plan amends, restates and replaces the Original Service and Assessment Plan as amended by the 2017 Amendment, the 2018 Amendment, and the 2020 Amendment.

The property in the PID is proposed to be developed in approximately three phases, and the PID will finance public improvements for each phase as each phase is developed. Assessments will be imposed on all property in the PID for the public improvements that benefit the entire PID and on the property in each phase for the public improvements to be provided for that phase.

Chapter 372 of the Texas Local Government Code, the “Public Improvement District Assessment Act” (as amended, the “PID Act”), governs the creation and operation of public improvement districts within the State of Texas. This Jackson Ridge Public Improvement District Amended and Restated Service and Assessment Plan (the “Service and Assessment Plan”) has been prepared in accordance with the PID Act and specifically Sections 372.013, 372.014, 372.015 and 372.016, which address the requirements of a service and assessment plan and the assessment roll. According to Section 372.013 of the PID Act, a service plan “must (1) cover a period of at least five years; (2) define the annual indebtedness and the projected costs for improvements; and (3) include a copy of the notice form required by Section 5.014, Property Code.” Additionally, the PID Act requires that “the governing body of the municipality or county shall review and update the service plan annually for the purpose of determining the annual budget for improvements.” The service plan is described in Section IV of this Service and Assessment Plan. The copy of the notice form required by Section 5.014 of the Texas Property Code, as amended (the “Property Code”), is attached hereto as Appendix D; provided, however, in the event of a conflict, the Property Code controls.

Section 372.014 of the PID Act requires that “an assessment plan must be included in the annual service plan.” The assessment plan is described in Section V of this Service and Assessment Plan.

Section 372.015 of the PID Act requires that “the governing body of the municipality or county shall apportion the cost of an improvement to be assessed against property in an improvement district.” The method of assessing the Authorized Improvement Costs and apportionment of such costs to the property in the PID is included in Section V of this Service and Assessment Plan.

Section 372.016 of the PID Act requires that “after the total cost of an improvement is determined, the governing body of the municipality or county shall prepare a proposed assessment roll. The roll must state the assessment against each parcel of land in the district, as determined by the method of assessment chosen by the municipality or county under this subchapter.”

The Assessment Rolls for the PID are included as Appendix G, Appendix H, Appendix I, Appendix J, and Appendix K of this Service and Assessment Plan. The Assessments as shown on each Assessment Roll are based on the method of assessment and apportionment of costs described in Section V of this Service and Assessment Plan

B. DEFINITIONS

Capitalized terms used herein shall have the meanings ascribed to them as follows:

“Actual Cost(s)” means, with respect to an Authorized Improvement, the demonstrated, reasonable, allocable, and allowable costs of constructing such Authorized Improvement, as specified in a Certification for Payment or payments that has been reviewed and approved by the City. Actual Cost may include (a) the costs for the design, planning, financing, administration, management, acquisition, installation, construction and/or implementation of such Authorized Improvement, including general contractor construction management fees, if any, (b) the costs of preparing the construction plans for such Authorized Improvement, (c) the fees paid for obtaining permits, licenses or other governmental approvals for such Authorized Improvement, (d) the costs for external professional costs associated with such Authorized Improvement, such as engineering, geotechnical, surveying, land planning, architectural landscapers, advertising, marketing and research studies, appraisals, legal, accounting and similar professional services, and property taxes (e) the costs of all labor, bonds and materials, including equipment and fixtures, incurred by contractors, builders and material men in connection with the acquisition, construction or implementation of the Authorized Improvements, (f) all related permitting, zoning and public approval expenses, architectural, engineering, legal, and consulting fees, financing charges, taxes, governmental fees and charges (including inspection fees, County permit fees, development fees), insurance premiums, miscellaneous expenses, and all advances and payments for Administrative Expenses.

Actual Costs include general contractor’s fees in an amount up to a percentage equal to the percentage of work completed and accepted by the City or construction management fees in an amount up to five percent of the eligible Actual Costs described in a Certification for Payment. The amounts expended on legal costs, taxes, governmental fees, insurance premiums, permits, financing costs, and appraisals shall be excluded from the base upon which the general contractor and construction management fees are calculated.

“Additional Interest” has the meaning set forth in Section V.G of this Service and Assessment Plan, as amended and/or updated from time to time.

“Additional Interest Rate” has the meaning set forth in Section V.G of this Service and Assessment Plan, as amended and/or updated from time to time.

“Administrator” means the City or designee of the City identified in any agreement approved by the City Council to perform the duties of the Administrator, who shall have the responsibilities of the Administrator provided for herein.

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

“Annual Installment” means, with respect to each Parcel, each annual payment of: (i) the Assessments (including applicable interest), as shown on the Assessment Rolls attached hereto as Appendix G, Appendix H, Appendix I, Appendix J, and Appendix K, as applicable, or in an Annual Service Plan Update, and calculated as provided in Section VI of this Service and Assessment Plan, (ii) Administrative Expenses, (iii) the applicable delinquency and prepayment reserve described in Section V of this Service and Assessment Plan for Phase #3A Bonds and Phase #3A Bonds, and (iv) the applicable delinquency and prepayment reserve described in Section V of this Service and Assessment Plan for Phase #3 Major Improvements Refunding Bonds and Phase #1 and Phase #2 Refunding Bonds.

“Annual Service Plan Update” has the meaning set forth in the second paragraph of Section IV of this Service and Assessment Plan.

“Assessed Property” means any property that benefits from the Authorized Improvements within the PID on which Assessments have been imposed as shown in the Assessment Rolls, as each Assessment Roll is updated each year by the Annual Service Plan Update. Assessed Property includes Parcels within the PID other than Non-Benefited Property.

“Assessment” means an assessment levied against a Parcel imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on any Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and the PID Act. An Assessment for a Parcel consists of the Annual Installments to be collected in all years and includes the Assessments including those collected to pay Administrative Expenses and interest on all Assessments.

“Assessment Ordinance” means an ordinance adopted by the City Council approving the Service and Assessment Plan (including amendments or supplements to the Service and Assessment Plan) and levying the Assessments on the applicable Assessed Property.

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

“Assessment Roll(s)” means, as applicable, the Phase #3 Major Improvements Assessment Roll, the Phase #1 Assessment Roll, the Phase #2 Projects Assessment Roll, the Phase #3A Assessment Roll, the Phase #3B Assessment Roll, or any other Assessment Roll in an amendment or supplement to this Service and Assessment Plan or in an Annual Service Plan Update.

“Authorized Improvements” means those public improvements described in Appendix B of this Service and Assessment Plan and Section 372.003 of the PID Act, acquired, constructed, and installed in accordance with this Service and Assessment Plan, and any future updates and/or amendments.

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

“Bonds” means any bonds issued by the City in one or more series and secured in whole or in part by the Assessment Revenues.

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

“CADG Comanche” means CADG Comanche 248, LLC, a Texas limited liability company.

“Certification for Payment” means the certificate to be provided by the applicable Developer, or his designee, to substantiate the Actual Cost of one or more Authorized Improvements, which may be in segments or sections.

“City” means the City of Aubrey, Texas.

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

“County” means Denton County, Texas.

“Delinquent Collection Costs” means interest, penalties and expenses incurred or imposed with respect to any delinquent installment of an Assessment in accordance with the PID Act and the costs related to pursuing collection of a delinquent Assessment and foreclosing the lien against the Assessed Property, including attorney’s fees.

“Developer” means, as applicable, CADG Comanche and/or Pulte, and their respective successors and assigns.

“Development Agreement” means that certain "Jackson Ridge Development Agreement," executed by and between CADG Comanche , Comanche Ridge 52 Partners, Ltd. and the City effective May 27,

2015 and recorded on July 15, 2015 in the Official Records of Denton County, Texas under assigned Instrument No. 2015-79355, as partially assigned to Pulte Homes of Texas, L.P. (“Pulte”) and as amended by (i) that First Amendment to the Development Agreement executed by and between CADG Comanche, Pulte and the City effective March 21, 2017 and (ii) that Second Amendment to the Development Agreement executed by and between CADG Comanche, Pulte and the City effective October 23, 2018, and as may be further amended.

“Equivalent Units” means, as to any Parcel the number of dwelling units by lot type expected to be built on the Parcel multiplied by the factors calculated and shown in Appendix E attached hereto.

“Homeowner Association Property” means property within the boundaries of the PID that is owned by or irrevocably offered for dedication to, whether in fee simple or through an exclusive use easement, a homeowners’ association established for the benefit of property owners within the PID.

“Lot” means a tract of land described as a “lot” in a subdivision plat recorded in the official public records of Denton County, Texas.

“Lot Type” means a classification of final building lots with similar characteristics (e.g. commercial, light industrial, multifamily residential, single-family residential, etc.), as determined by the Administrator and confirmed by the City Council. In the case of single-family residential lots, the Lot Type shall be further defined by classifying the residential lots by the estimated final average home value for each lot as of the date of the recorded subdivision plat, considering factors such as density, lot size, proximity to amenities, view premiums, location, and any other factors that may impact the average home value on the lot, as determined by the Administrator and confirmed by the City Council.

“Lot type 1” means lots identified as such on the Assessment Rolls, being lots with approximately 7,200 square feet size and a lot width of 60 feet, which may be referred to as such in the development standards included as Exhibit F to the Development Agreement.

“Lot type 2” means lots identified as such on the Assessment Rolls, being lots with approximately 6,000 square feet size and a lot width of 50 feet, which may be referred to as such in development standards included as Exhibit F to the Development Agreement.

“Major Improvements” or “MI” mean the Authorized Improvements which benefit all Assessed Property within the PID and are described in Section III.B.

“Non-Benefited Property” means Parcels that accrue no special benefit from the Authorized Improvements, including Homeowner Association Property, Public Property and easements that create an exclusive use for a public utility provider. Property may be identified as Non-Benefited Property at the time the Assessments (i) are imposed or (ii) are reallocated pursuant to a subdivision of a Parcel, is not assessed. Assessed Property converted to Non-Benefited Property, if the Assessments may not be reallocated pursuant to the provisions herein, remains subject to the Assessments and requires the Assessments to be prepaid as provided for in Section VI.G.1.

“Parcel” or “Parcels” means a parcel or parcels within the PID identified by either a tax map identification number assigned by the Denton Central Appraisal District for real property tax purposes

or by lot and block number in a final subdivision plat recorded in the official public records for real property in Denton County.

“Phase” means one or more Parcels within the PID that will be developed in the same general time period. The Parcels within a Phase will be assessed in connection with the issuance of Phased PID Bonds for Authorized Improvements (or the portion thereof) designated in an update to this Service and Assessment Plan that specifically benefit the Parcels within the Phase.

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

“Phase #1 and Phase #2 Refunding Bonds” means those certain "City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2024 (Jackson Ridge Public Improvement District Refunding Phase #1 and Phase #2 Assessments) issued by the City to refund the Phase #1 Bonds relating to the Phase #1 Projects, the Phase #2 Bonds relating to the Phase #2 Improvements, and the portion of the Phases #2-3 Major Improvement Bonds relating to the Phase #2 Major Improvements. Following the issuance of the Phase #1 and Phase #2 Refunding Bonds and the defeasance and refunding of the Phase #1 Bonds, Phase #2 Bonds, and Phase #2's portion of the Phases #2-3 Major Improvement Bonds, the Phase #1 Assessment Revenues, Phase #2 Assessment Revenues, and Phases #2-3 Major Improvement Assessment Revenues relating to the Phase #2 Major Improvements will only secure the Phase #1 and Phase #2 Refunding Bonds; except to the extent the Phase #1 Reimbursement Agreement remains outstanding and is secured by the Phase #1 Assessment Revenues on a subordinate basis.

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

“Phase #1 Assessment Revenues” means the actual revenues received by or on behalf of the City from the collection of Assessments levied against Phase #1 Assessed Property, or the Annual Installments thereof, for the Phase #1 Projects.

“Phase #1 Assessment Roll” means the document included in this Service and Assessment Plan as Appendix H, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of Bonds or in connection with any Annual Service Plan Update.

“Phase #1 Bonds” means those certain "City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2015 (Jackson Ridge Public Improvement District Phase #1 Project)" previously issued by the City to finance a portion of the Phase #1 Projects and refunded by the Phase #1 and Phase #2 Refunding Bonds.

“Phase #1 Improvements” mean the Authorized Improvements which only benefit Phase #1 Assessed Property, which are described in Section III.C.

“Phase #1 Projects” means (i) the pro-rata portion of the Major Improvements allocable to Phase #1, and (ii) the Phase #1 Improvements.

“Phase #1 Reimbursement Agreement” means that Phase #1 Improvements Reimbursement Agreement between the City and CADG Comanche 248, LLC dated as of November 17, 2015.

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

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

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

“Phase #2 Bonds” means those certain "City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2018 (Jackson Ridge Public Improvement District Phase #2 Project)" that are secured primarily by Phase #2 Assessment Revenues and were issued by the City to finance the Phase #2 Improvements.

“Phase #2 Improvements” means the Authorized Improvements which only benefit Phase #2 Assessed Property and are described in Section III.D.

“Phase #2 Major Improvements” means the pro-rata portion of the Phases #2-3 Major Improvements allocable to Phase #2.

“Phase #2 Projects” means (i) the Phase #2 Major Improvements, and (ii) the Phase #2 Improvements.

“Phase #2 Projects Assessment Roll” means the document included in this Service and Assessment Plan as Appendix I, showing the Phase #2 Assessment Revenues and the portion of the Phases #2-3 Major Improvement Assessment Revenues relating to Phase #2, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of Bonds or in connection with any Annual Service Plan Update.

“Phase #3” means the third Phase to be developed as Phase #3A and Phase #3B.

“Phase #3A” means a portion of Phase #3 to be developed as Phase #3A generally shown in Appendix A, as specifically described as the sum of all Parcels shown in Appendix J.

“Phase #3A Assessed Property” means all Parcels within Phase #3A other than Non-Benefited Property and shown in the Phase #3A Assessment Roll in Appendix J against which an Assessment relating to the Phase #3A Improvements is levied.

“Phase #3A Assessment Revenues” means the actual revenues received by or on behalf of the City from the collection of Assessments levied against Phase #3A Assessed Property, or the Annual Installments thereof, for the Phase #3A Improvements.

“Phase #3A Assessment Roll” means the document included in this Service and Assessment Plan as Appendix J, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of Bonds or in connection with any Annual Service Plan Update.

“Phase #3A Bonds” means those certain "City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2021 (Jackson Ridge Public Improvement District Phase #3A Project)" that are secured primarily by Phase #3A Assessment Revenues and were issued by the City to finance the Phase #3A Improvements and/or reimburse Pulte under the Phase #3A Reimbursement Agreement.

“Phase #3A Improvements” means the Authorized Improvements which only benefit Phase #3A Assessed Property and are described in Section III.E.

“Phase #3A Reimbursement Agreement” means the Phase #3A Improvements Reimbursement Agreement between the City and Pulte Homes of Texas L.P. dated as of June 23, 2020.

“Phase #3B” means a portion of Phase #3 to be developed as Phase #3B generally shown in Appendix A, as specifically described as the sum of all Parcels to be shown in Appendix K.

“Phase #3B Assessed Property” means all Parcels within Phase #3B other than Non-Benefited Property to be shown in the Phase #3B Assessment Roll against which an Assessment relating to the Phase #3B Improvements may be levied.

“Phase #3B Assessment Revenues” means the actual revenues received by or on behalf of the City from the collection of Assessments levied against Phase #3B Assessed Property, or the Annual Installments thereof, for the Phase #3B Improvements.

“Phase #3B Assessment Roll” means the document included in this Service and Assessment Plan as Appendix K, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of Bonds or in connection with any Annual Service Plan Update.

“Phase #3B Bonds” means those certain "City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2022 (Jackson Ridge Public Improvement District Phase #3B Project)" that are secured primarily by Phase #3B Assessment Revenues and were issued by the City to finance the Phase #3B Improvements and/or reimburse CADG Comanche 248 under the Phase #3B Reimbursement Agreement.

“Phase #3B Improvements” means the Authorized Improvements which only benefit Phase #3B Assessed Property described in Section III.F.

“Phase #3B Reimbursement Agreement” means the Jackson Ridge Public Improvement District Phase #3B Improvements Reimbursement Agreement between the City and CADG Comanche 248, LLC dated as of August 11, 2022.

“Phase #3 Major Improvements” means the pro-rata portion of the Phases #2-3 Major Improvements allocable to Phase #3.

“Phase #3 Major Improvements Assessment Roll” means the document included in this Service and Assessment Plan as Appendix G, showing the portion of the Phases #2-3 Major Improvement Assessment Revenues relating to Phase #3, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of Bonds or in connection with any Annual Service Plan Update.

“Phase #3 Major Improvements Refunding Bonds” means those certain “City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2024 (Jackson Ridge Public Improvement District Refunding Phase #3 Major Improvement Assessments) issued by the District to refund Phase #3’s portion of the Phases #2-3 Major Improvement Bonds relating to the Phase #3 Major Improvements. Following the issuance of the Phase #3 Major Improvements Refunding Bonds and the defeasance and refunding of Phase #3’s share of the Phases #2-3 Major Improvement Bonds, the Phases #2-3 Major Improvement Assessment Revenues relating to the Phase #3 Major Improvements will only secure the Phase #3 Major Improvements Refunding Bonds.

“Phases #2-3 Major Improvement Bonds” means those certain “City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2015 (Jackson Ridge Public Improvement District Phases #2-3 Major Improvement Project)” previously issued by the City to finance the Phases #2-3 Major Improvements and refunded by the Phase #1 and Phase #2 Refunding Bonds and the Phase #3 Major Improvements Refunding Bonds.

“Phases #2-3 Major Improvement Area” means the property within the PID, excluding Phase #1, which is to be developed subsequent to Phase #1 and generally depicted in Appendix A of this Service and Assessment Plan or any Annual Service Plan Update.

“Phases #2-3 Major Improvement Assessed Property” means, for any year, all Parcels within the PID other than (a) Non-Benefited Property, and (b) Parcels within Phase #1 for which an Assessment has been levied.

“Phases #2-3 Major Improvements” means the pro-rata portion of the Major Improvements allocable to Phases #2-3 Major Improvement Area and are described in Section III.B.

“Phases #2-3 Major Improvement Assessment Revenues” means the revenues actually received by or on behalf of the City from the collection of Assessments levied against Phases #2-3 Major Improvement Assessed Property, or the Annual Installments thereof, for the Phases #2-3 Major Improvements.

“PID” has the meaning set forth in Section I A of this Service and Assessment Plan.

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

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

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

“Pulte” means Pulte Homes of Texas, L.P., a Texas limited partnership.

“Reimbursement Agreement” means each Reimbursement Agreement by and between the City and each Developer in which the applicable Developer agrees to fund the Actual Costs of certain Authorized Improvements and the City agrees to reimburse the applicable Developer for the Actual Costs of those Authorized Improvements funded by the applicable Developer with interest as permitted by the PID Act, including the Phase #1 Reimbursement Agreement, the Phase #3A Reimbursement Agreement, and the Phase #3B Reimbursement Agreement.

“Service and Assessment Plan” means this amended and restated Service and Assessment Plan prepared for the PID pursuant to the PID Act, as the same may be amended or updated from time to time.

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

“TIRZ Credit” means, for each Parcel constituting Phase #1 Assessed Property and Phases #2-3 Major Improvement Assessed Property, the prorated amount of TIRZ Revenues calculated pursuant to Section VI.A and Section VI.B of this Service and Assessment Plan.

“TIRZ Ordinance” means an ordinance adopted by the City Council authorizing the use of TIRZ Revenues for project costs under the Tax Increment Financing Act, Texas Tax Code, Chapter 311, as amended, relating to the Authorized Improvements as provided for in the Tax Increment Reinvestment Zone No. 1 Project Plan and Financing Plan (including amendments or supplements thereto).

“TIRZ Revenues” means, for each year, the amounts paid by the City from the TIRZ No. 1 tax increment fund pursuant to the TIRZ Ordinance to reduce an Annual Installment relating to the Phase #1 Assessed Property and the Phases #2-3 Major Improvement Assessed Property, as calculated each year by the Administrator in collaboration with the City, in accordance with Section VI.A and Section VI.B of this Service and Assessment Plan.

“Trust Indenture” means an indenture of trust, ordinance or similar document setting forth the terms and other provisions relating to the Bonds, as modified, amended, and/or supplemented from time to time.

“Trustee” means the fiscal agent or trustee as specified in the Trust Indenture, including a substitute fiscal agent or trustee.

II. PROPERTY INCLUDED IN THE PID

A. PROPERTY INCLUDED IN THE PID

The PID is presently located within the City and contains approximately 421.097 gross acres of land, of which 318.6 acres represent developable acres. A map of the property within the PID is shown on Appendix A to this Service and Assessment Plan.

At completion, the PID is expected to consist of approximately 1,406 single-family residential units, landscaping, and infrastructure necessary to provide roadways, drainage, and utilities to the PID. The estimated number of lots (1,406) and the classification of each lot are based upon the proposed development plan. A map of the property within Phase #1, Phase #2, and Phase #3 and depicting the boundaries of each proposed Phase is shown in Appendix A.

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

Table II-A
Proposed Development – PID

Proposed Development Type	Quantity	Measurement
Single Family Residential – 60 Feet	269	units
Single Family Residential – 50 Feet	1,137	units
Total	1,406	units

B. PROPERTY INCLUDED IN PHASES #2-3 MAJOR IMPROVEMENT AREA

Phases #2-3 Major Improvement Area consists of approximately 298 gross acres (194.9 developable acres) and are projected to consist of approximately 944 residential units, as further described in Section III. A map of the property within Phases #2-3 Major Improvement Area and depicting the boundaries of each proposed Phase is shown in Appendix A.

The property within Phases #2-3 Major Improvement Area is proposed to be developed as shown in Table II-B.

Table II-B
Proposed Development – Phases #2-3

Proposed Development Type	Quantity	Measurement
Single Family Residential – 60 Feet	167	units
Single Family Residential – 50 Feet	777	units
Total	944	units

C. PROPERTY INCLUDED IN PHASE #1

Phase #1 consists of approximately 123.7 developable acres and consists of 462 single-family residential units developed as Phase #1, as further described in Section III. A map of the property within Phase #1 and depicting the boundaries of Phase #1 is shown in Appendix A.

The property within Phase #1 is developed as shown in Table II-C.

Table II-C
Phase #1 Development

Development	Quantity	Measurement
60 Ft Lot	102	Units
50 Ft Lot	360	Units
Total	462	Units

D. PROPERTY INCLUDED IN PHASE #2

Phase #2 consists of approximately 108.3 acres and consists of 489 single-family residential units, developed by Pulte as Phase #2A (198 residential units) and by CADG Comanche as Phase #2B (291 residential units), as further described in Section III. A map of the property within Phase #2 and depicting the boundaries of Phase #2 is shown in Appendix A.

The property within Phase #2 is developed as shown in Table II-D.

Table II-D
Phase #2 Development

Development	Quantity (Phase #2A)	Quantity (Phase #2B)	Total	Measurement
60 Ft Lot	0	100	100	Units
50 Ft Lot	198	191	389	Units
Total	198	291	489	Units

E. PROPERTY INCLUDED IN PHASE #3

Phase #3 consists of approximately 86.8 acres and is projected to consist of 455 single-family residential units, to be developed by Pulte as Phase #3A (197 residential units) and by CADG Comanche as Phase #3B (258 residential units), as further described in Section III. A map of the property within Phase #3 and depicting the boundaries of Phase #3 is shown in Appendix A.

The property within Phase #3 is developed as shown in Table II-E.

Table II-E
Development – Phase #3

Proposed Development	Quantity (Phase #3A)	Quantity (Phase #3B)	Total	Measurement
60 Ft Lot	0	67	67	Units
50 Ft Lot	197	191	388	Units
Total	197	258	455	Units

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III. DESCRIPTION OF THE AUTHORIZED IMPROVEMENTS

A. AUTHORIZED IMPROVEMENT OVERVIEW

Section 372.003 of the PID Act identifies the authorized improvements that a City may choose to undertake with the establishment of a PID. The Authorized Improvements identified in the PID Act include:

- (i) landscaping;
- (ii) erection of fountains, distinctive lighting, and signs;
- (iii) acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of-way;
- (iv) construction or improvement of pedestrian mall;
- (v) acquisition and installment of pieces of art;
- (vi) acquisition, construction or improvement of libraries;
- (vii) acquisition, construction or improvement of off-street parking facilities;
- (viii) acquisition, construction or improvement of rerouting of mass transportation facilities;
- (ix) acquisition, construction or improvement of water, wastewater, or drainage facilities or improvements;
- (x) the establishment or improvement of parks;
- (xi) projects similar to those listed in Subdivisions (i)-(x)
- (xii) acquisition, by purchase or otherwise, of real property in connection with an authorized improvement;
- (xiii) special supplemental services for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development recreation and cultural enhancement;
- (xiv) payment of expenses incurred in the establishment, administration and operation of the district; and
- (xv) development, rehabilitation, or expansion of affordable housing.

The City has determined that of the improvements authorized under the PID Act, it will undertake at this time only those Public Improvements more particularly described in Section III.B, Section III.C and Section III.D. Any change to the list of Authorized Improvements will require the approval of the City.

B. DESCRIPTIONS OF COSTS OF MAJOR IMPROVEMENTS

The Major Improvements benefit the entire PID. The costs of the Major Improvements have been allocated proportionally throughout the entire PID, excluding Non-Benefited Property, in a manner that anticipates planned development of the PID based on the Equivalent Units as calculated and shown in Appendix E using the planned lot types and anticipated number of lots.

The Original Service and Assessment Plan included certain water distribution system improvements and sanitary sewer collection system improvements to be designed, owned and operated by the City

as the City expected to serve the property in the PID. The City and the MSUD entered into the Transfer and Service Agreement, wherein the City agreed that MSUD will be the retail water and wastewater service provider to the development in which the PID lies, which is commonly known as Winn Ridge (the “Development”). As a result, the water distribution system portion of the Major Improvements for the Development has been replaced with connections to the existing MSUD water supply system to provide service to the Development, including wastewater treatment. Accordingly, a portion of the original contemplated Major Improvements consisting of certain water distribution system improvements and sanitary sewer improvements to be owned by the City have been eliminated from the Authorized Improvements due to such changes. The cost savings from these changes have been reallocated to other Major Improvements, which were included in the Original Service and Assessment Plan as Authorized Improvements of the PID in Appendix B.

The updated descriptions of the Major Improvements are presented below as provided by the project engineer. The final Actual Costs of the Major Improvements are shown in Table III-A.

Water Distribution System Improvements:

Water Distribution System – The Development is a customer of the MSUD and receives treated water through two points of delivery, one located near the MSUD elevated storage tank along Byran Road, and the other one located near the project entrance along FM 1385. There are existing 24-inch water transmission lines located along the southern and eastern boundaries of the project. A portion of the water distribution system portion of the Major Improvements consists of constructing approximately 11,371 linear feet of various-sized water lines located within the Development.

Additional waterline improvements include connection to the existing water mains, installation of associated valves, fire hydrants, ductile iron fittings, erosion control, trench safety and testing. All water improvements were constructed to City standards and specifications and all improvements are owned and operated by the MSUD.

According to the project engineer, the system is a more efficient way to serve the Development by providing direct connections to the MSUD water system and eliminating the need to construct the water treatment facility consisting of a metering station, elevated and ground storage tanks and pump station. In addition, the new system provides a “loop system” that allows the Development to receive water supply from two different locations. The “loop system” greatly enhances water distribution in case of emergencies and also provides ways to increase circulation within the system, eliminating the potential of having stagnant water within the system.

Wastewater Treatment System – Wastewater treatment services are provided by MSUD through a contract with the Upper Trinity Regional Water District (“UTRWD”) to treat MSUD wastewater at their wastewater treatment plant (“WWTP”). UTRWD operates the Riverbend WWTP which has a permit from the Texas Commission on Environmental Quality (“TCEQ”) to treat up to 5 million gallons per day (MGD). The UTRWD WWTP permit with the TCEQ has excess capacity to serve the development. UTRWD is in the process of expanding the Riverbend WWTP capacity to up to 4 MGD.

The updated wastewater treatment system improvements consist of approximately 8,072 linear feet of 15 and 18-inch sanitary sewer gravity line generally flowing southwesterly along the Little Elm Creek,

connecting to a 3.5 MGD lift station connected to 3,238 linear feet of 14-inch force main, and then connecting to an 18-inch gravity line connecting to the Riverbend WWTP.

Cutoff valves and air release valves were constructed in accordance with MSUD and TCEQ regulations. The interceptor lines were designed to maintain the 3.0 fps minimum velocity. The lines were designed and constructed in accordance with City standards and specifications and are owned and operated by the UTRWD through a contractual relationship with MSUD.

Sanitary Sewer Improvements:

The revised plan for the sanitary sewer collection system portion of the Major Improvements consists of constructing approximately 18,795 linear feet of 8-inch gravity sewer trunk line, approximately 1,371 linear feet of 12-inch gravity sewer trunk line and approximately 1,860 linear feet of 15-inch gravity sewer trunk line flowing to proposed collection point located at the southwest corner of the development. Additional portions of the sanitary sewer collection system portion of the Major Improvements consist of constructing manholes, associated erosion control, trench safety and sewer line testing.

Road Improvements:

The City has financed additional roadway Major Improvements as a result of the cost savings from the changes to the Major Improvements as outlined above. Such improvements were included in the Original Service and Assessment Plan as Authorized Improvements of the PID in Appendix B.

The roadway portion of the Major Improvements consists of approximately 5,545 linear feet of a 3-lane collector road from connecting FM 1385 to Byran Road (referred to as Road A) and approximately 4,610 linear feet of Byran Road (referred to as Road B and C). This provides access off of FM 1385 into the Development. The revised Road A projects include storm drainage facilities, hardscape and landscape, road right of way excavation and street lights. Road A includes approximately 10,200 linear feet of underground reinforced concrete pipe, headwalls, inlets, safety end treatments, manholes and storm sewer energy dissipaters, approximately 58,589 cubic yards of right of way excavation, approximately 2,428 linear feet of brick screen wall, stone columns, trail markers and approximately 391,937 SF of Bermuda sod and irrigation. Byran Road was also improved for the section adjacent to the Development. These improvements were constructed to TxDOT, Denton County and City standards. These improvements benefit the entire project and are referred to as Road B and C projects including approximately 3,460 and 1,150 linear feet, respectively, of road improvements, including drainage facilities, road right of way excavation, hardscape and landscape improvements. In addition, left and right turn lanes were constructed within FM 1385 to enhance traffic turning movement in and out of the development and include drainage facilities, road right of way excavation, hardscape and landscape.

Table III-A shows the final Actual Costs of the Major Improvements.

Table III-A
Actual Costs – Major Improvements

Authorized Improvements	Total Major Improvement Costs¹
Road improvements	\$5,652,155
Water distribution system improvements	\$873,343
Sanitary sewer collection system improvements	\$4,817,162
Other soft and miscellaneous costs	\$2,949,909
Total Actual Costs - Major Improvements	\$14,292,569
Less: Phase #1 Proportional Share of Major Improvements (33.05%)	(\$4,723,686)
Total Actual Costs - Phases #2-3 Major Improvements	\$9,568,883

⁽¹⁾The amounts shown herein represent final Actual Costs as reported by the CADG Comanche and shown in the Annual Service and Assessment Plan Update.

C. DESCRIPTIONS OF COSTS OF PHASE #1 IMPROVEMENTS

The descriptions of the Phase #1 Improvements are presented below as provided by the project engineer. The final Actual Costs of the Phase #1 Projects are shown in Table III-B.

Phase #1 - Road Improvements:

Residential Streets - The roadway improvements within Phase #1 include construction of approximately 1,220 linear feet of 8” thick, 37-foot wide, concrete pavement with bar ditches (bio-swales) and 18,557 linear feet of 6” thick, 31-foot wide, concrete pavement with curb and gutter. The concrete is 3,600 pounds per square inch (psi) strength. Unclassified excavation for the project consists of 204,255 cubic yards of cut and fill. 74,304 square yards (sy) of pavement sub-grade is lime stabilized and compacted lime. Intersections, signage, lighting and re-vegetation of all disturbed areas within the right of way are included. These roadway improvements include streets that provide street access to each lot within Phase #1. All roadway projects were designed and constructed in accordance with City standards and specifications and are owned and operated by the City. These projects provide access to community roadways and state highways.

ROADWAY IMPROVEMENTS - PHASE #1

Phase	Unclassified Excavation (cy)	6” Concrete Pavement 31’ B-B (lf)	8” Concrete Pavement 37’ (lf)	Lime Stabilization (sy)
1	204,255	18,557	1,220	74,304

Phase #1 - Water Distribution System Improvements:

8” Water Lines – The Phase #1 waterline improvements consist of constructing approximately 17,882 linear feet of 8” water line, including associated 8” gate valves. One-inch diameter water services are provided to each of the 462 lots within Phase #1. All associated waterline testing, trench safety and

erosion protection during construction are included. These lines were designed and constructed in accordance with City standards and specifications and are owned and operated by MSUD. These lines include the necessary appurtenances to be fully operational transmission lines extending water service to the limits of Phase #1 and all lots within Phase #1.

WATER DISTRIBUTION SYSTEM IMPROVEMENTS - PHASE #1

Phase	8" water (lf)	Fire Hydrants	Services (ea)
1	17,882	60	462

Phase #1 - Sanitary Sewer Improvements:

8" Wastewater Lines - The Phase #1 wastewater collection system improvements also include construction of 17,140 linear feet of 8" gravity sanitary sewer line that connects to the 12" gravity sewer trunk line flowing to proposed collection point located at the southwest corner of the development. Construction includes connection at multiple points through 57 concrete manholes. Services to individual lots are by 4" gravity sewer services. All lines were designed and constructed in accordance with City standards and specifications and are owned and operated by MSUD. These lines include the necessary appurtenances to be fully operational extending wastewater service to the limits of Phase #1 and each of the 462 lots within Phase #1.

SANITARY SEWER IMPROVEMENTS - PHASE #1

Phase	8" SS line (lf)	Manholes	Services (ea)
1	17,140	57	462

Phase #1 - Storm Drainage Improvements:

The drainage portion of the Phase #1 Improvements consists of underground reinforced concrete storm sewer pipes, inlets and rock riprap protection at outfalls. The main means of conveyance of storm drainage within Phase #1 is within roadways bio-swales and underground storm drain pipes. The roadway pavement section incorporates the use of curbs with integrated drainage inlets to control runoff and conveyance of storm-water throughout the drainage basins associated with Phase #1. The system includes underground reinforced concrete pipe (RCP) with associated headwalls, safety end treatments, manholes and storm sewer energy dissipaters at the points of discharge. All of the drainage areas within Phase #1 flow to the Little Elm Creek which is a tributary of Lake Lewisville. These improvements were constructed to City standards and specifications and are owned and operated by the City.

Table III-B shows the final Actual Costs of the Phase #1 Projects.

Table III-B
Actual Costs - Phase #1 Projects

Authorized Improvements	Phase #1 Share of Major Improvements Costs	Actual Phase #1 Project Costs	Total Actual Phase #1 Improvement Costs
Road improvements	\$1,868,034	\$3,859,604	\$5,727,638
Water distribution system improvements	\$288,639	\$980,992	\$1,269,631
Sanitary sewer collection system improvements	\$1,592,069	\$945,942	\$2,538,011
Storm sewer collection system improvements	\$0	\$688,500	\$688,500
Other soft and miscellaneous costs	\$974,943	\$1,594,967	\$2,569,910
Total	\$4,723,686	\$8,070,005	\$12,793,691

Note: See Section V.C for initial allocation of Major Improvement costs to Phase #1. The Phase #1 share of the Major Improvements were calculated using the 33.05% allocation share shown in Section V.C. The amounts shown herein represent the final Actual Costs as reported by the CADG Comanche and shown in the Annual Service and Assessment Plan Update.

Table III-B above has been updated to reflect the final proportional share of the final Actual Costs of the Major Improvements shown in Table III-A.

Additional details of the Phase #1 Improvements are shown in Appendix B attached to this Service and Assessment Plan. The method of cost allocation is explained in Section V.C.

The detailed costs of the Authorized Improvements are shown in Appendix B to this Service and Assessment Plan. Savings from one line item may be applied to a cost increase in another line item. These savings may be applied only to increases in costs of the Authorized Improvements (i.e., the improvements for the benefit of property within the PID).

D. DESCRIPTIONS OF COSTS OF PHASE #2 IMPROVEMENTS

The Phase #2 Improvements descriptions are presented below as provided by the project engineer. The final Actual Costs of the Phase #2 Improvements are shown in Table III-C.

Phase #2 Road Improvements:

Residential Streets - The roadway improvements within Phase #2 include construction of approximately 74,518 square yards of 6" thick, 31-foot wide, concrete pavement with curb and gutter. The concrete is 3,600 pounds per square inch (psi) strength. Unclassified excavation for the project consists of 375,696 cubic yards of cut and fill. Pavement sub-grade is approximately 79,100 square yards (sy) of lime stabilized and compacted lime. Intersections, signage, lighting and re-vegetation of all disturbed areas within the right of way are included. These roadway improvements include streets that provide street access to each lot within Phase #2. All roadway projects were designed and constructed in accordance with City standards and specifications and are owned and operated by the City. These projects provide access to community roadways and state highways.

ROADWAY IMPROVEMENTS - PHASE #2

Phase	Unclassified	6" Concrete	Lime Stabilization
	Excavation (cy)	Pavement 31' B-B (sy)	
2A	142,696	29,137	30,890
2B	233,000	45,381	48,210

Phase #2 Water Distribution System Improvements:

8" Water Lines – The Phase #2 waterline improvements consists of constructing approximately 19,595 linear feet of 8" water line, including associated 8" gate valves. One-inch diameter water services are provided to each of the 489 lots within Phase #2. All associated waterline testing, trench safety and erosion protection during construction are included. These water distribution system improvements were designed and constructed in accordance with City standards and specifications and are owned and operated by MSUD. These lines include the necessary appurtenances to be fully operational transmission lines extending water service to the limits of Phase #2 and all lots within Phase #2.

WATER DISTRIBUTION SYSTEM IMPROVEMENTS - PHASE #2

Phase	8" water (lf)	Fire Hydrants	Services (ea)
2A	7,655	19	198
2B	11,940	25	291

Phase #2 Sanitary Sewer Improvements:

8" Wastewater Lines - The Phase #2 wastewater collection system improvements also include construction of approximately 21,114 linear feet of 8" gravity sanitary sewer line and approximately 1,840 linear feet of 15" gravity sanitary sewer line that connects to the gravity sewer trunk line flowing to proposed collection point located at the southwest corner of the development. Construction includes connection at multiple points through 69 concrete manholes. Services to individual lots are by 4" gravity sewer services. The sanitary sewer collection system improvements were designed and constructed in accordance with City standards and specifications and are owned and operated by MSUD. These lines include the necessary appurtenances to be fully operational extending wastewater service to the limits of Phase #2 and each of the 489 lots within Phase #2.

SANITARY SEWER IMPROVEMENTS - PHASE #2

Phase	8" SS line (lf)	15" SS line (lf)	Manholes	Services (ea)
2A	9,190	1,840	33	198
2B	11,924	0	36	291

Phase #2 Storm Drainage Improvements:

The drainage portion of the Phase #2 Improvements consists of underground reinforced concrete storm sewer pipes, inlets and rock riprap protection at outfalls. The main means of conveyance of storm drainage within Phase #2 is within roadways bio-swales and underground storm drain pipes. The roadway pavement section incorporates the use of curbs with integrated drainage inlets to control runoff and conveyance of storm-water throughout the drainage basins associated with Phase #2. The system includes underground reinforced concrete pipe (RCP) with associated headwalls, safety end treatments, manholes and storm sewer energy dissipaters at the points of discharge. All of the drainage areas within Phase #2 flow to the Little Elm Creek which is a tributary of Lake Lewisville. These improvements were constructed to City standards and specifications and are owned and operated by the City.

Table III-C shows the final Actual Costs of the Phase #2 Improvements.

Table III-C
Actual Costs – Phase #2 Improvements

Authorized Improvements	Total Phase #2 Improvement Costs¹
Road improvements	\$4,371,527
Water distribution system improvements	\$1,046,348
Sanitary sewer collection system improvements	\$1,354,667
Storm sewer collection system improvements	\$2,473,280
Other soft and miscellaneous costs	\$1,699,507
Total	\$10,945,329

⁽¹⁾The amounts shown herein represent the final Actual Costs as reported by the applicable Developer. As shown in Table IV-C, the Developer contribution has been updated to reflect the final Actual Costs.

E. DESCRIPTIONS OF COSTS PHASE #3A IMPROVEMENTS

The Phase #3A Improvement descriptions are presented below as provided by the project engineer. The final Actual Costs of the Phase #3A Improvements are shown in Table III-D.

Phase #3A Road Improvements:

Residential Streets - The roadway improvements within Phase #3A include construction of approximately 23,550 square yards of 6" thick, 31-foot wide, concrete pavement with curb and gutter. The concrete is 3,600 pounds per square inch (psi) strength. Unclassified excavation for the project consists of 118,668 cubic yards of cut and fill. Pavement sub-grade is approximately 25,125 square yards (sy) of lime stabilized and compacted. Intersections, signage, lighting and re-vegetation of all disturbed areas within the right of way are included. These roadway improvements include streets that provide street access to each lot within Phase #3A. All roadway projects were designed and

constructed in accordance with City standards and specifications and are owned and operated by the City. These projects provide access to community roadways and state highways.

ROADWAY IMPROVEMENTS - PHASE #3A

Phase	Unclassified Excavation (cy)	6" Concrete Pavement 31' B-B (sy)	Lime Stabilization (sy)
3A	118,668	23,550	25,125

Phase #3A Water Distribution System Improvements:

8" Water Lines – The Phase #3A waterline improvements consists of constructing approximately 5,970 linear feet of 8" water line, including associated 8" gate valves. One-inch diameter water services are provided to each of the 197 lots within Phase #3A. All associated waterline testing, trench safety and erosion protection during construction are included. These water distribution system improvements were designed and constructed in accordance with MSUD standards and specifications and are owned and operated by MSUD. These lines include the necessary appurtenances to be fully operational transmission lines extending water service to the limits of Phase #3A and all lots within Phase #3A.

WATER DISTRIBUTION SYSTEM IMPROVEMENTS - PHASE #3A

Phase	8" water (lf)	Fire Hydrants	Services (ea)
3A	5,970	15	197

Phase #3A Sanitary Sewer Improvements:

8" Wastewater Lines - The Phase #3A wastewater collection system improvements also include construction of approximately 1,815 linear feet of 8" gravity sanitary sewer line. Construction includes connection at multiple points through existing concrete manholes along Winn Ridge Boulevard, Frontier Parkway, and a trunk line operated and maintained by MSUD. Services to individual lots are by 4" gravity sewer services. The sanitary sewer collection system improvements were designed and constructed in accordance with MSUD standards and specifications and are owned and operated by MSUD. These lines include the necessary appurtenances to be fully operational extending wastewater service to the limits of Phase #3A and each of the 197 lots within Phase #3A.

SANITARY SEWER IMPROVEMENTS - PHASE #3A

Phase	8" SS line (lf)	Manholes	Services (ea)
3A	1,815	5	197

Phase #3A Storm Drainage Improvements:

The drainage portion of the Phase #3A Improvements consists of underground reinforced concrete storm sewer pipes, inlets and rock riprap protection at outfalls. The main means of conveyance of storm drainage within Phase #3A is within roadways, drainage swales, and underground storm drainpipes. The roadway pavement section incorporates the use of curbs with integrated drainage inlets to control runoff and conveyance of storm water throughout the drainage basins associated with Phase #3A. The system includes underground reinforced concrete pipe (RCP) with associated headwalls, safety end treatments, manholes and storm sewer energy dissipaters at the points of discharge. All of the drainage areas within Phase #3A flow to the Little Elm creek which is a tributary of Lake Lewisville. This project was constructed to City standards and specifications and is owned and operated by the City.

Table III-D shows the final Actual Costs of the Phase #3A Improvements.

Table III-D
Actual Costs – Phase #3A Improvements

Authorized Improvements	Total Phase #3A Improvement Costs ¹
Road improvements	\$1,654,087
Water distribution system improvements	\$310,412
Sanitary sewer collection system improvements	\$210,170
Storm sewer collection system improvements	\$923,783
Other soft and miscellaneous costs	\$823,150
Total	\$3,921,602

⁽¹⁾The amounts shown herein represent the Actual Costs as reported by Pulte.

F. DESCRIPTIONS OF COSTS PHASE #3B IMPROVEMENTS

The Phase #3B Improvement descriptions are presented below as provided by the project engineer. The Actual Costs of the Phase #3B Improvements are shown in Table III-E.

Phase #3B Road Improvements:

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

Phase #3B Water Distribution System Improvements:

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

Phase #3B Sanitary Sewer Improvements:

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

Phase #3B Storm Drainage Improvements:

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

Phase #3B Soft and Miscellaneous Costs:

Soft and miscellaneous costs consist of legal and consulting fees, engineering fees, contingency and other soft and miscellaneous costs.

Table III-E shows the Actual Costs of the Phase #3B Improvements.

Table III-E
Actual Costs – Phase #3B Improvements

Authorized Improvements	Total Phase #3B Improvement Costs¹
Road improvements	\$2,917,472
Water distribution system improvements	\$439,278
Sanitary sewer collection system improvements	\$523,135
Storm sewer collection system improvements	\$587,670
Soft and miscellaneous costs	\$743,883
Total	\$5,211,438

⁽¹⁾The amounts shown herein represent the Actual Costs as reported by CADG Comanche.

IV. SERVICE PLAN

A. SOURCES AND USES OF FUNDS

The PID Act requires the service plan to cover a period of at least five years. The service plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the PID during the five-year period. Construction of the Phases #2-3 Major Improvements, the Phase #1 Projects, the Phase #2 Improvements, the Phase #3A Improvements, and the Phase #3B Improvements have been completed.

The Actual Costs for the Phases #2-3 Major Improvements plus costs related to the issuance of the Phases #2-3 Major Improvement Bonds for the Phases #2-3 Major Improvements and payment of expenses incurred in the establishment, administration, and operation of the PID was \$13,245,679 as shown in Table IV-A.1. The Phases #2-3 Major Improvement Bonds are being refunded by the Phase #1 and Phase #2 Refunding Bonds related to the Phase #2 Major Improvements originally funded by the Phases #2-3 Major Improvement Bonds as shown in Table IV-C.2, and the Phase #3 Major Improvements Refunding Bonds related to the Phase #3 Major Improvements originally funded by the Phases #2-3 Major Improvement Bonds as shown in Table IV-A.2.

The Actual Costs for Phase #1 Projects plus costs related to the issuance of the Phase #1 Bonds for the Phase #1 Projects and payment of expenses incurred in the establishment, administration, and operation of the PID was \$16,768,375 as shown in Table IV-B.1. The Phase #1 Bonds are being refunded by the portion of the Phase #1 and Phase #2 Refunding Bonds related to the Phase #1 Projects originally funded by the Phase #1 Bonds as shown in Table IV-B.2.

The Actual Costs for Phase #2 Improvements plus costs related to the issuance of the Phase #2 Bonds for the Phase #2 Improvements was \$13,070,329 as shown in Table IV-C.1. The Phase #2 Bonds are being refunded by the portion of the Phase #1 and Phase #2 Refunding Bonds related to the Phase #2 Improvements originally funded by the Phase #2 Bonds as shown in Table IV-B.2.

The Actual Costs for Phase #3A Improvements plus costs related to the issuance of the Phase #3A Bonds for the Phase #3A Improvements is \$4,553,061 as shown in Table IV-D.2.

The Actual Costs for Phase #3B Improvements plus costs related to the issuance of the Phase #3B Bonds for the Phase #3B Improvements is \$6,767,697 as shown in Table IV-E.2.

The service plan shall be reviewed and updated at least annually for the purpose of determining the annual budget for Administrative Expenses, updating the estimated Authorized Improvement costs, and updating the Assessment Rolls. Any update to this Service and Assessment Plan is herein referred to as an “Annual Service Plan Update.”

Table IV-A.1 summarizes the original sources and uses of funds that were required to (i) construct the Major Improvements financed with the Phases #2-3 Major Improvement Bonds, (ii) establish the PID, and (iii) issue the Phases #2-3 Major Improvement Bonds. Table IV-A.2 and Table IV-C.2 summarize the updated sources and uses of funds to refund the Phases #2-3 Major Improvement Bonds.

Table IV-B.1 summarizes the original sources and uses of funds that were required to (ii) construct the Phase #1 Projects financed with the Phase #1 Bonds and the Phase #1 Reimbursement Agreement, (iii) establish the PID, and (iii) issue the Phase #1 Bonds. Table IV-B.2 summarizes the updated sources and uses of funds to refund the Phase #2 Bonds.

Table IV-C.1 summarizes the original sources and uses of funds that were required to construct the Phase #2 Improvements and issue the Phase #2 Bonds. Table IV-C.2 summarizes the updated sources and uses of funds to (i) refund the Phase #2 Bonds, and (ii) refund Phase #2's portion of the Phases #2-3 Major Improvement Bonds for the Phase #2 Major Improvements.

Table IV-D.1 summarizes the original sources and uses of funds that were required to construct the Phase #3A Improvements originally financed by Pulte pursuant to the Phase #3A Reimbursement Agreement. Table IV-D.2 summarizes the actual sources and uses of funds to (i) finance and/or reimburse the Pulte for the Phase #3A Improvements, and (ii) issue the Phase #3A Bonds.

Table IV-E.1 summarizes the original sources and uses of funds required to construct the Phase #3B Improvements originally financed by CADG Comanche pursuant to the Phase #3B Reimbursement Agreement. Table IV-E.2 summarizes the actual sources and uses of funds to (i) finance and/or reimburse the CADG Comanche for the Phase #3B Improvements, and (ii) issue the Phase #3B Bonds.

The Phases #2-3 Major Improvement Bonds were issued in 2015 to finance a portion of the Major Improvements. The revised Sources and Uses for the Phases #2-3 Major Improvement Bonds, which reflects the updates to the Major Improvements described in Section III hereof is as shown in Table IV-A.1.

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Table IV-A.1
Sources and Uses – Phases #2-3 Major Improvements – Original

Sources of Funds	Phases #2-3 Major Improvement Bonds
Phases #2-3 Major Improvement Bonds par amount	\$10,255,000
Developer Contributions ¹	\$2,990,679
Total Sources	\$13,245,679
Uses of Funds	
<i>Phases #2-3 Major Improvements²</i>	
Road improvements	\$3,784,121
Water distribution system improvements	\$584,704
Sanitary sewer improvements	\$3,225,093
Storm drainage improvements	\$0
Other soft and miscellaneous costs	\$1,974,966
Subtotal	\$9,568,883
<i>Bond issuance costs</i>	
Capitalized interest	\$1,464,115
Reserve fund	\$936,766
Administrative expense fund	\$37,908
Other costs of issuance	\$1,238,008
Subtotal	\$3,676,797
Total Uses	\$13,245,679

⁽¹⁾The Phases #2-3 Major Improvements have been completed and CADG Comanche has expended the Developer contribution from its private financing sources.

⁽²⁾See Table III-A for details.

The Phase #3 Major Improvements Refunding Bonds are being issued to refund the portion of the Phases #2-3 Major Improvement Bonds related to the Phase #3 Major Improvements. Table IV-A.2 shows the updated sources and uses for Phase #3 Major Improvements. The remaining share of the Phases #2-3 Major Improvement Bonds related to the Phase #2 Major Improvements are being refunded by the Phase #2 Major Improvement's portion of the Phase #1 and Phase #2 Refunding Bonds and are described further in Table IV-C.2.

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Table IV-A.2
Sources and Uses – Phase #3 Major Improvements – Updated¹

Sources of Funds	Phase #3 Major Improvements Refunding Bonds
Phase #3 Major Improvements Refunding Bonds par amount	\$4,032,978
Bond Premium	\$85,945
Available Trust Fund Balances	\$777,875
Total Sources	\$4,896,798
Uses of Funds	
Deposit to Escrow Fund for Phase #3's share of the Phases #2-3 Major Improvement Bonds	\$4,343,919
<i>Subtotal</i>	\$4,343,919
<i>Bond issuance costs</i>	
Reserve Fund	\$55,396
Delinquency and Prepayment Reserve Account	\$36,931
Administrative Fund	\$20,209
Underwriter's Discount	\$120,990
Other costs of issuance	\$319,353
<i>Subtotal</i>	\$552,879
Total Uses	\$4,896,798

⁽¹⁾Updated to reflect the issuance of the Phase #3 Major Improvements Refunding Bonds.

Prior to the issuance of the Phase #3 Major Improvements Refunding Bonds, the outstanding principal due, interest due, and Additional Interest for the Prepayment Reserve and the Delinquency Reserve from 2024 to 2040 was \$4,033,609, \$3,605,073, and \$218,397 respectively, for Phase #3's portion of the Phases #2-3 Major Improvement Bonds which was anticipated to be collected from 445 Lots less 0 prepaid Lots (455 Lots) within Phase #3.

Following the issuance of the Phase #3 Major Improvements Refunding Bonds, the total principal due, interest due, and Additional Interest for the Delinquency and Prepayment Reserve Account from 2024 to 2040 is currently expected to be \$4,032,978, \$2,245,280, and \$0, respectively, for the Phase #3 Major Improvements Refunding Bonds which is anticipated to be collected from 445 Lots less 0 prepaid Lots (445 Lots) within Phase #3. As a result, the principal, interest, and Delinquency and Prepayment Reserve refunding savings from the Phase #3 Major Improvements Refunding Bonds are \$630, \$1,359,793, and \$218,397, respectively, totaling \$1,505,048 (net of adjustments to estimated Administrative Expenses). Table IV-A.3 shows a summary of net savings from the refunding.

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Table IV-A.3
Summary of Savings – Phase #3 Major Improvements Refunding Bonds

	Lots	Period	Principal	Interest	Administrative Expenses	Additional Interest¹	Total Annual Installments
Phase #3's share of Phases #2-3 Major Improvement Bonds – Original	455	2014-2040	\$4,499,373	\$6,408,404	\$434,345	\$394,450	\$11,736,572
Phase #3's share of Phases #2-3 Major Improvement Bonds – Outstanding ²	455	2024-2040	\$4,033,609	\$3,605,073	\$330,646	\$218,397	\$8,187,726
Phase #3 Major Improvements Refunding Bonds	455	2024-2040	\$4,032,978	\$2,245,280	\$404,419	\$0	\$6,682,678
Net Refunding related savings			\$630	\$1,359,793	(\$73,773)	\$218,397	\$1,505,048

⁽¹⁾Additional Interest was used for funding the Prepayment Reserve and the Delinquency Reserve for the Phases #2-3 Major Improvement Bonds. Additional Interest will be used to fund the Delinquency and Prepayment Reserve Account (as defined herein) for the Phase #3 Major Improvements Refunding Bonds.

⁽²⁾Outstanding as of January 25, 2024.

The Phase #1 Bonds were issued in 2015 to finance a portion of the Phase #1 Projects and the costs to issue the Phase #1 Bonds. The remaining costs of Phase #1 Projects were financed by the CADG Comanche through the Phase #1 Reimbursement Agreement. The original Sources and Uses for the Phase #1 Bonds and the Phase #1 Reimbursement Agreement, which reflects the updates to the Major Improvements described in Section III hereof are shown in Table IV-B.1.

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Table IV-B.1
Sources and Uses – Phase #1 Projects – Original

Sources of Funds	Phase #1 Bonds		Phase #1	Total
	Phase #1 Share of Major Improvements	Phase #1 Improvements	Reimbursement Agreement For Phase #1 Improvements	
Phase #1 Bonds par amount/Phase #1				
Reimbursement Agreement Assessment amount	\$6,595,207	\$6,864,793	\$540,000	\$14,000,000
Developer Contribution ¹	\$0	\$0	\$2,768,375	\$2,768,375
Total Sources	\$6,595,207	\$6,864,793	\$3,308,375	\$16,768,375
Uses of Funds				
<i>Major Improvements²</i>				
Road improvements	\$1,868,034	\$0	\$0	\$1,868,034
Water distribution system improvements	\$288,639	\$0	\$0	\$288,639
Sanitary sewer improvements	\$1,592,069	\$0	\$0	\$1,592,069
Storm drainage improvements	\$0	\$0	\$0	\$0
Other soft and miscellaneous costs	\$974,943	\$0	\$0	\$974,943
<i>Subtotal</i>	<i>\$4,723,686</i>	<i>\$0</i>	<i>\$0</i>	<i>\$4,723,686</i>
<i>Phase #1 Improvements³</i>				
Road improvements	\$0	\$2,277,323	\$1,582,281	\$3,859,604
Water distribution system improvements	\$0	\$578,825	\$402,167	\$980,992
Sanitary sewer improvements	\$0	\$558,144	\$387,798	\$945,942
Storm drainage improvements	\$0	\$406,243	\$282,257	\$688,500
Other soft and miscellaneous costs	\$0	\$941,095	\$653,872	\$1,594,967
<i>Subtotal</i>	<i>\$0</i>	<i>\$4,761,630</i>	<i>\$3,308,375</i>	<i>\$8,070,004</i>
<i>Bond issuance costs</i>				
Capitalized interest	\$795,134	\$893,629	\$0	\$1,688,763
Reserve fund	\$481,348	\$540,974	\$0	\$1,022,322
Administrative expenses fund	\$24,693	\$27,565	\$0	\$52,258
Other costs of issuance	\$570,346	\$640,996	\$0	\$1,211,342
<i>Subtotal</i>	<i>\$1,871,521</i>	<i>\$2,103,164</i>	<i>\$0</i>	<i>\$3,974,685</i>
Total Uses	\$6,595,207	\$6,864,793	\$3,308,375	\$16,768,375

⁽¹⁾ The Phase #1 Projects have been completed and CADG Comanche has expended the Developer contribution from its private financing sources.

⁽²⁾ See Table III-A for details.

⁽³⁾ See Table III-B for details.

The Phase #1 and Phase #2 Refunding Bonds are being issued to refund the Phase #1 Bonds related to the Phase #1 Projects. Table IV-B.2 shows the updated sources and uses for Phase #1 Projects.

Table IV-B.2
Sources and Uses – Phase #1 Projects – Updated¹

Sources of Funds	Share of Phase #1 and Phase #2 Refunding Bonds	Phase #1 Reimbursement Agreement For Phase #1 Improvements	Total
Phase #1 and Phase #2 Refunding Bonds par amount allocable to Phase #1 Projects ²	\$11,785,830	\$0	\$11,785,830
Outstanding Phase #1 Reimbursement Agreement Assessment amount	\$603,183	\$0	\$603,183
Bond Premium	\$0	\$507,080	\$507,080
Available Trust Fund Balances	\$2,034,710	\$0	\$2,034,710
Total Sources	\$14,423,723	\$507,080	\$14,930,803
Uses of Funds			
Deposit to Escrow Fund for Phase #1 Bonds	\$12,693,706	\$0	\$12,693,706
Phase #1 Reimbursement Agreement obligation	\$0	\$507,080	\$507,080
<i>Subtotal</i>	\$12,693,706	\$507,080	\$13,200,786
<i>Bond issuance costs</i>		\$0	\$0
Reserve Fund	\$345,362	\$0	\$345,362
Delinquency and Prepayment Reserve Account	\$86,340	\$0	\$86,340
Administrative Fund	\$41,464	\$0	\$41,464
Underwriter's Discount	\$353,580	\$0	\$353,580
Other costs of issuance	\$903,270	\$0	\$903,270
<i>Subtotal</i>	\$1,730,016	\$0	\$1,730,016
Total Uses	\$14,423,723	\$507,080	\$14,930,803

⁽¹⁾Updated to reflect the issuance of the Phase #1 and Phase #2 Refunding Bonds.

⁽²⁾Represents Phase #1's portion of the Phase #1 and Phase #2 Refunding Bonds related to the Phase #1 Projects originally funded with the Phase #1 Bonds.

Prior to the issuance of the Phase #1 and Phase #2 Refunding Bonds, the outstanding principal due, interest due, and Additional Interest for the Prepayment Reserve and Delinquency Reserve from 2024 to 2045 was \$11,786,297, \$12,160,691, and \$838,130, respectively, for the Phase #1 Bonds, which was anticipated to be collected from 462 Lots less 4 prepaid Lots (458 Lots) within Phase #1.

Following the issuance of the Phase #1 and Phase #2 Refunding Bonds, the total principal due, interest due, and Additional Interest for the Delinquency and Prepayment Reserve Account from 2024 to 2045 is currently expected to be \$11,785,830, \$7,209,074, and \$0, respectively, for the Phase #1 Projects' share of the Phase #1 and Phase #2 Refunding Bonds which is anticipated to be collected from 462 Lots less 4 fully prepaid Lots, and 1 partially prepaid Lot, (458 Lots) within Phase #1. As a result, the

principal, interest, and Delinquency and Prepayment Reserve refunding savings applicable to the Phase #1 Projects from the Phase #1 and Phase #2 Refunding Bonds are \$467, \$4,951,617, and \$838,130, respectively, totaling \$5,672,872 (net of adjustments to estimated Administrative Expenses). Table IV-B.3 shows a summary of net savings from the refunding.

Table IV-B.3
Summary of Savings – Phase #1 Projects’ share of Phase #1 and Phase #2 Refunding Bonds

	Lots	Period	Principal	Interest	Administrative Expenses	Additional Interest¹	Total Annual Installments
Phase #1 Bonds – Original	462	2016-2045	\$13,035,000	\$19,384,527	\$1,110,713	\$1,354,425	\$34,884,665
Phase #1 Bonds – Outstanding ²	458	2024-2045	\$11,786,297	\$12,160,691	\$897,357	\$838,130	\$25,682,475
Phase #1’s share of Phase #1 and Phase #2 Refunding Bonds	458	2024-2045	\$11,785,830	\$7,209,074	\$1,014,700	\$0	\$20,009,603
Net Refunding related savings			\$467	\$4,951,617	(\$117,342)	\$838,130	\$5,672,872

⁽¹⁾Additional Interest was used for funding Prepayment Reserve and Delinquency Reserve Account for the Phase #1 Bonds. Additional Interest will be used to fund the Delinquency and Prepayment Reserve Account (as defined herein) for the Phase #1 and Phase #2 Refunding Bonds.

⁽²⁾Outstanding as of January 25, 2024.

The Phase #2 Bonds were issued in 2018 to finance the Actual Costs of the Phase #2 Improvements and costs to issue the Phase #2 Bonds. Table IV-C.1 shows the original sources and uses for Phase #2 Improvements.

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Table IV-C.1
Sources and Uses – Phase #2 Improvements – Original

Sources of Funds	Phase #2 Bonds
Phase #2 Bonds par amount	\$9,425,000
Developer Contribution ¹	\$3,645,329
Total Sources	\$13,070,329
Uses of Funds	
<i>Phase #2 Improvements²</i>	
Road improvements	\$4,371,527
Water distribution system improvements	\$1,046,348
Sanitary sewer improvements	\$1,354,667
Storm drainage improvements	\$2,473,280
Other soft and miscellaneous costs	\$1,699,507
<i>Subtotal</i>	<i>\$10,945,329</i>
<i>Bond issuance costs:</i>	
Capitalized interest	\$452,919
Debt service reserve	\$855,856
Administrative expenses	\$35,000
Other costs of issuance including Underwriter's discount	\$781,225
<i>Subtotal</i>	<i>\$2,125,000</i>
Total Uses	\$13,070,329

⁽¹⁾The Phase #2 Improvements have been completed the Developer has expended the Developer contribution from its private financing sources.

⁽²⁾See Table III-C for details.

The Phase #1 and Phase #2 Refunding Bonds are being issued to refund the Phase #2 Bonds related to the Phase #2 Improvements, and the portion of the Phases #2-3 Major Improvement Bonds related to the Phase #2 Major Improvements. Table IV-C.2 shows the updated sources and uses for Phase #2 Projects.

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Table IV-C.2
Sources and Uses – Phase #2 Projects – Updated¹

Sources of Funds	Phase #2 Improvements share of Phase #1 and Phase #2 Refunding Bonds	Phase #2 Major Improvements share of Phase #1 and Phase #2 Refunding Bonds	Total
Phase #1 and Phase #2 Refunding Bonds par amount allocable to Phase #2 Improvements ²	\$8,543,000	\$0	\$8,543,000
Phase #1 and Phase #2 Refunding Bonds par amount allocable to Phase #2 Major Improvements ³	\$0	\$4,261,000	\$4,261,000
Bond Premium	\$264,145	\$188,232	\$452,378
Available Trust Fund Balances	\$1,745,236	\$838,539	\$2,583,775
Total Sources	\$10,552,382	\$5,287,771	\$15,840,153
Uses of Funds			
Deposit to Escrow Fund for Phase #2 Bonds	\$9,301,197	\$0	\$9,301,197
Deposit to Escrow Fund for Phase #2's share of Phases #2-3 Major Improvement Bonds	\$0	\$4,676,006	\$4,676,006
<i>Subtotal</i>	\$9,301,197	\$4,676,006	\$13,977,203
<i>Bond issuance costs</i>			
Reserve Fund	\$237,413	\$118,415	\$355,828
Delinquency and Prepayment Reserve Account	\$59,353	\$29,604	\$88,957
Administrative Fund	\$46,234	\$21,650	\$67,884
Underwriter's Discount	\$256,290	\$127,830	\$384,120
Other costs of issuance	\$651,894	\$314,266	\$966,160
<i>Subtotal</i>	\$1,251,185	\$611,765	\$1,862,950
Total Uses	\$10,552,382	\$5,287,771	\$15,840,153

⁽¹⁾Updated to reflect the issuance of the Phase #1 and Phase #2 Refunding Bonds.

⁽²⁾Represents Phase #2's portion of the Phase #1 and Phase #2 Refunding Bonds related to the Phase #2 Improvements originally funded with the Phase #2 Bonds.

⁽³⁾Represents Phase #2's portion of the Phase #1 and Phase #2 Refunding Bonds related to the Phase #2 Major Improvements originally funded with the Phases #2-3 Major Improvement Bonds.

Prior to the issuance of the Phase #1 and Phase #2 Refunding Bonds, the outstanding principal due, interest due, and Additional Interest for the Additional Interest Reserve from 2024 to 2045 was \$8,699,494, \$7,593,474, and \$624,519, respectively, for the Phase #2 Bonds, and the outstanding principal due, interest due, and Additional Interest for the Prepayment Reserve and the Delinquency Reserve from 2024 to 2040 was \$4,348,177, \$3,886,222, and \$235,429, respectively, for Phase #2's portion of the Phases #2-3 Major Improvement Bonds, each of which was anticipated to be collected from 489 Lots less 4 prepaid Lots (485 Lots) within Phase #2.

Following the issuance of the Phase #1 and Phase #2 Refunding Bonds, the total principal due, interest due, and Additional Interest for the Delinquency and Prepayment Reserve Account from 2024 to 2045 is currently expected to be \$12,804,000, \$6,766,543 and \$0, respectively, for the Phase #2 Projects' share of the Phase #1 and Phase #2 Refunding Bonds which is anticipated to be collected from 489 Lots less 4 prepaid Lots (485 Lots) within Phase #2. As a result, the principal, interest, and Delinquency and Prepayment Reserve refunding savings applicable to the Phase #2 Projects from the Phase #1 and Phase #2 Refunding Bonds are \$243,671, \$4,713,153, and \$859,949 respectively, totaling \$5,321,424 (net of adjustments to estimated Administrative Expenses). Table IV-C.3 shows a summary of net savings from the refunding.

Table IV-C.3
Summary of Savings – Phase #2 Projects' share of Phase #1 and Phase #2 Refunding Bonds

	Lots	Period	Principal	Interest	Administrative Expenses	Additional Interest¹	Total Annual Installments
Phase #2 Bonds – Original	489	2019-2045	\$9,425,000	\$10,306,282	\$925,434	\$861,825	\$21,518,542
Phase #2's share of Phases #2-3 Major Improvement Bonds – Original	489	2016-2040	\$4,890,627	\$6,965,664	\$472,115	\$428,750	\$12,757,156
<i>Subtotal – Original</i>	489		\$14,315,627	\$17,271,946	\$1,397,549	\$1,290,575	\$34,275,698
Phase #2 Bonds – Outstanding ²	485	2024-2045	\$8,699,494	\$7,593,474	\$809,453	\$624,519	\$17,726,941
Phase #2 share of Phases #2-3 Major Improvement Bonds – Outstanding	485	2024-2040	\$4,348,177	\$3,886,222	\$356,432	\$235,429	\$8,826,260
<i>Subtotal – Outstanding</i>	485		\$13,047,671	\$11,479,696	\$1,165,885	\$859,949	\$26,553,201
Phase #2's share of Phase #2 and Phase #2 Refunding Bonds	485	2024-2045	\$12,804,000	\$6,766,543	\$1,661,234	\$0	\$21,231,777
Net Refunding related savings			\$243,671	\$4,713,153	(\$495,348)	\$859,949	\$5,321,424

⁽¹⁾Additional Interest was used for funding Prepayment Reserve and Delinquency Reserve for the Phases #2-3 Major Improvement Bonds, and the Additional Interest Reserve for the Phase #2 Bonds. Additional Interest will be used to fund Phase #1 and Phase #2 Refunding Delinquency and Prepayment Reserve Account for the Phase #1 and Phase #2 Refunding Bonds.

⁽²⁾Outstanding as of January 25, 2024.

The Phase #3A Improvements were initially financed through the Phase #3A Reimbursement Agreement. Table IV-D.1 shows the original estimated sources and uses for Phase #3A Improvements.

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Table IV-D.1
Sources and Uses – Phase #3A Improvements - Original

Sources of Funds	Amounts
Assessments financed with Phase #3A Reimbursement Agreement	\$3,644,000
Developer Contribution	\$277,602
Total Sources	\$3,921,602
Uses of Funds	
<i>Phase#3A Improvements¹</i>	
Road improvements	\$1,654,087
Water distribution system improvements	\$310,412
Sanitary sewer improvements	\$210,170
Storm drainage improvements	\$923,783
Other soft and miscellaneous costs	\$823,150
<i>Subtotal</i>	<i>\$3,921,602</i>
Total Uses	\$3,921,602

⁽¹⁾ See Table III-D for details.

The Phase #3A Bonds were issued in 2021 to reimburse Pulte for the Actual Costs of the Phase #3A Improvements. Table IV-D.2 shows the final sources and uses for Phase #3A Improvements.

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Table IV-D.2
Sources and Uses – Phase #3A Improvements – Updated¹

Sources of Funds	Amounts
Phase #3A Bonds par amount	\$3,644,000
Bond Premium	\$87,459
Developer Contribution ²	\$821,602
Total Sources	\$4,553,061
Uses of Funds	
<u>Phase#3A Improvements³</u>	
Road improvements	\$1,654,087
Water distribution system improvements	\$310,412
Sanitary sewer improvements	\$210,170
Storm drainage improvements	\$923,783
Other soft and miscellaneous costs	\$823,150
<i>Subtotal</i>	<i>\$3,921,602</i>
<u>Bond issuance costs:</u>	
Cost of issuance	\$256,189
Debt service reserve	\$235,950
Administrative expenses	\$30,000
Underwriter's discount	\$109,320
<i>Subtotal</i>	<i>\$631,459</i>
Total Uses	\$4,553,061

⁽¹⁾ Updated to reflect the issuance of the Phase #3A Bonds.

⁽²⁾ The Phase #3A Improvements have been completed and Pulte has expended the Developer contribution from its private financing sources.

⁽³⁾ See Table III-D for details.

The Phase #3B Improvements were initially financed by CADG Comanche and reimbursed through the Phase #3B Reimbursement Agreement. Table IV-E.1 shows the original estimated sources and uses for Phase #3B Improvements.

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Table IV-E.1
Estimated Sources and Uses – Phase #3B Improvements – Original

Sources of Funds	Amounts
Assessments financed with Phase #3B Reimbursement Agreement	\$6,310,038
Developer Contribution	\$0
Total Sources	\$6,310,038
Uses of Funds	
<i>Phase #3B Improvements¹</i>	
Road improvements (including right of way)	\$3,116,072
Water distribution system improvements	\$439,278
Sanitary sewer collection system improvements	\$523,135
Storm sewer collection system improvements	\$587,670
Soft and miscellaneous costs	\$1,643,883
Total Uses	\$6,310,038

⁽¹⁾ See Table III-E for details.

The Phase #3B Bonds were issued in 2022 to reimburse CADG Comanche for the Actual Costs of the Phase #3B Improvements and/ or fulfill obligations under the Phase #3B Reimbursement Agreement. Table IV-E.2 shows the projected sources and uses for Phase #3B Improvements.

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Table IV-E.2
Projected Sources and Uses – Phase #3B Improvements – Updated¹

Sources of Funds	Amounts
Phase #3B Bonds par amount	\$6,310,000
Original Issue Discount	(\$28,741)
Developer Contribution ²	\$486,438
Total Sources	\$6,767,697
Uses of Funds	
<u>Phase #3A Improvements³</u>	
Road improvements	\$2,917,472
Water distribution system improvements	\$439,278
Sanitary sewer improvements	\$523,135
Storm drainage improvements	\$587,670
Other soft and miscellaneous costs	\$743,883
<i>Subtotal</i>	<i>\$5,211,438</i>
<u>Bond issuance costs:</u>	
Cost of issuance	\$436,231
Debt service reserve	\$524,700
Capitalized interest	\$316,028
Administrative expenses	\$90,000
Underwriter's discount	\$189,300
<i>Subtotal</i>	<i>\$1,556,259</i>
Total Uses	\$6,767,697

⁽¹⁾ Updated to reflect the issuance of the Phase #3B Bonds.

⁽²⁾ The Developer contribution represents excess right of way acquisition or other Authorized Improvement costs that will not be reimbursed to the Developer.

⁽³⁾ See Table III-E for details.

The Phase #1 Bonds were issued in 2015 and used to pay and/or reimburse CADG Comanche for a portion of the costs of Phase #1 Projects, the balance of which were funded by the CADG Comanche pursuant to the Phase #1 Reimbursement Agreement. The Phases #2-3 Major Improvement Bonds were issued in 2015 and used to pay and/or reimburse CADG Comanche for a portion of the costs of Phases #2-3 Major Improvements. In connection with the changes to the Authorized Improvements described in the Recitals and Section III herein, the City completed an extraordinary optional redemption of a portion of the Phase #1 Bonds and the Phases #2-3 Major Improvement Bonds on November 1, 2018. The Phase #1 Assessment Roll, the Phase #2 Projects Assessment Roll, and the Phase #3 Major Improvements Assessment Roll attached hereto reflects the updated Annual Installments of Assessments relating to the Phase #1 Bonds and the Phases #2-3 Major Improvement Bonds for years 2016 through 2023.

The Phase #2 Bonds were issued in 2018 and used to pay and/or reimburse CADG Comanche for a portion of the costs of Phase #2 Improvements, the balance of which were funded by CADG Comanche pursuant to the Phase #2 Reimbursement Agreement.

The Phase #3A Bonds were issued in 2021 and were used to reimburse Pulte for a portion of the costs of Phase #3A Improvements, the balance of which were funded by Pulte pursuant to the Phase #3A Reimbursement Agreement.

The Phase #3B Bonds were issued in 2022 pay and/or reimburse CADG Comanche for a portion of the costs of the Phase #3B Improvements which were funded by CADG Comanche pursuant to the Phase #3B Reimbursement Agreement.

The Phase #1 and Phase #2 Refunding Bonds are being issued to refund the Phase #1 Bonds, Phase #2 Bonds, and Phase #2's portion of the Phases #2-3 Major Improvement Bonds related to the Phase #2 Major Improvements.

The Phase #3 Major Improvements Refunding Bonds are being issued to refund Phase #3's portion of the Phases #2-3 Major Improvement Bonds related to the Phase #3 Major Improvements.

The historical and projected chronology of Bonds is presented below.

2015 - Phase #1 Bonds were issued to finance a portion of the Phase #1 Projects.

2015 - Phases #2-3 Major Improvement Bonds were issued to finance the costs of the Phases #2-3 Major Improvements.

2018 - Phase #2 Bonds were issued to finance a portion of the Phase #2 Improvements.

2021 - Phase #3A Bonds were issued to reimburse Pulte for the costs of a portion of the Phase #3A Improvements.

2022 – Phase #3B Bonds were issued to reimburse CADG Comanche for a portion of the Phase #3B Improvements pursuant to the Phase #3B Reimbursement Agreement.

2024 – Phase #1 and Phase #2 Refunding Bonds are being issued to refund the Phase #1 Bonds, Phase #2 Bonds, and Phase #2's portion of the Phases #2-3 Major Improvement Bonds related to the Phase #2 Major Improvements.

2024 – Phase #3 Major Improvements Refunding Bonds are being issued to refund Phase #3's portion of the Phases #2-3 Major Improvement Bonds related to the Phase #3 Major Improvements.

B. PROJECTED FIVE YEAR SERVICE PLAN

Phase #3 Major Improvements

The annual projected costs of Phase #3 Major Improvements and annual projected indebtedness for Phase #3 relating to the Phase #3 Major Improvements is shown in Table IV-F. The annual projected costs and indebtedness is subject to revision and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

Table IV-F
Five Year Service Plan – Phase #3 Major Improvements

Year	Annual Projected Cost¹	Total Projected Indebtedness	Annual Projected Amortization of Assessment (Principal)²	Sources other than PID Bonds³	Phase #3 Major Improvements Projected Annual Installments²
2023 & Prior	\$6,346,885	\$4,913,852	\$464,791	\$1,433,033	\$2,174,019
2024	\$0	\$0	\$111,978	\$0	\$505,656
2025	\$0	\$0	\$168,000	\$0	\$397,732
2026	\$0	\$0	\$176,000	\$0	\$397,744
2027	\$0	\$0	\$184,000	\$0	\$397,364
2028	\$0	\$0	\$193,000	\$0	\$397,593
2029	\$0	\$0	\$202,000	\$0	\$397,381
2030	\$0	\$0	\$211,000	\$0	\$396,727
Total	\$6,346,885	\$4,913,852	\$1,710,770	\$1,433,033	\$5,064,216

⁽¹⁾The Phase #3 Major Improvements have been constructed.

⁽²⁾For years 2023-prior, represents Phase #3's portion of the Phases #2-3 Major Improvement Bonds. For years 2024 through 2030, represents Phase #3 Major Improvements Refunding Bonds.

⁽³⁾Sources other than PID Bonds represent the Developer contribution as shown in Table IV-A.

The annual projected costs shown in Table IV-F are the annual expenditures relating to the Phase #3A Major Improvements and Phase #3B Major Improvements shown in Table V-A and Phase #3's portion of the costs associated with setting up the PID and costs of issuance including reserves shown in Table IV-A.1. The difference between the total projected cost and the total projected indebtedness is the amount funded by CADG Comanche.

Phase #1 Projects

The annual projected costs of the Phase #1 Projects and annual projected indebtedness for Phase #1 is shown in Table IV-G. The annual projected costs and indebtedness are subject to revision and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

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Table IV-G
Five Year Service Plan – Phase #1 Projects

Year	Annual Projected Cost¹	Total Projected Indebtedness	Annual Projected Amortization of Assessment (Principal)²	Sources other than PID Bonds³	Phase #1 Projects Projected Annual Installments²
2023 & Prior	\$16,768,375	\$14,000,000	\$1,281,623	\$2,768,375	\$6,493,869
2024	\$0	\$0	\$7,000	\$0	\$784,532
2025	\$0	\$0	\$118,830	\$0	\$980,576
2026	\$0	\$0	\$378,000	\$0	\$980,505
2027	\$0	\$0	\$397,000	\$0	\$980,926
2028	\$0	\$0	\$417,000	\$0	\$981,390
2029	\$0	\$0	\$437,000	\$0	\$980,848
2030	\$0	\$0	\$458,000	\$0	\$980,298
Total	\$16,768,375	\$14,000,000	\$3,494,453	\$2,768,375	\$13,162,944

⁽¹⁾The Phase #1 Projects have been constructed.

⁽²⁾For years 2023-prior, represents the Phase #1 Bonds and Phase #1 Reimbursement Agreement. For years 2024 through 2030, represents Phase #1's portion of the Phase #1 and Phase #2 Refunding Bonds and the Phase #1 Reimbursement Agreement, to the extent the Phase #1 Reimbursement Agreement is outstanding.

⁽³⁾Sources other than PID Bonds represent the Developer contribution as shown in Table IV-B.

The annual projected costs shown in Table IV-G are the annual expenditures relating to the Phase #1 Projects shown in Table III-B and the costs associated with setting up the PID and costs of issuance including reserves shown in Table IV-B.1. The difference between the total projected cost and the total projected indebtedness is the amount funded by CADG Comanche.

Phase #2 Projects

The annual projected costs of the Authorized Improvements and annual projected indebtedness for Phase #2 are shown in Table IV-G. The annual projected costs and indebtedness is subject to revision and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

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Table IV-H
Five Year Service Plan – Phase #2 Projects

Year	Annual Projected Cost ¹	Total Projected Indebtedness	Annual Projected Amortization of Assessment (Principal) ²	Sources other than PID Bonds ³	Phase #2 Projects Projected Annual Installments ²
2023 & Prior	\$19,969,123	\$14,766,148	\$1,268,929	\$5,202,975	\$5,728,228
2024	\$0	\$0	\$271,000	\$0	\$1,302,701
2025	\$0	\$0	\$417,000	\$0	\$1,059,397
2026	\$0	\$0	\$437,000	\$0	\$1,059,232
2027	\$0	\$0	\$459,000	\$0	\$1,060,075
2028	\$0	\$0	\$482,000	\$0	\$1,060,824
2029	\$0	\$0	\$506,000	\$0	\$1,061,431
2030	\$0	\$0	\$531,000	\$0	\$1,061,844
Total	\$19,969,123	\$14,766,148	\$4,371,929	\$5,202,975	\$13,393,732

⁽¹⁾The Phase #2 Projects have been constructed.

⁽²⁾For years 2023-prior, represents the Phase #2 Bonds. For years 2024 through 2030, represents Phase #2's portion of the Phase #1 and Phase #2 Refunding Bonds.

⁽³⁾Sources other than PID Bonds represent the Developer contribution as shown in Table IV-C.

The annual projected costs shown in Table IV-H are the annual expenditures relating to the Phase #2 Improvements shown in Table III-C and Phase #2 Major Improvements shown in Table V-A and the costs of issuance including reserves shown in Table IV-C.1 and Table IV-C.2. The difference between the total projected cost and the total projected indebtedness is the amount funded by the applicable Developer.

Phase #3A Improvements

The annual projected costs of the Authorized Improvements and annual projected indebtedness for Phase #3A Improvements is shown in Table IV-I. The annual projected costs and indebtedness are subject to revision and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

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Table IV-I
Five Year Service Plan Indebtedness – Phase #3A Improvements

Year	Annual Projected Cost¹	Total Projected Indebtedness	Annual Projected Amortization of Assessment (Principal)	Sources other than PID Bonds²	Phase #3A Improvements Projected Annual Installments³
2023 & Prior	\$4,553,061	\$3,644,000	\$208,000	\$909,061	\$531,726
2024	\$0	\$0	\$109,000	\$0	\$283,587
2025	\$0	\$0	\$112,000	\$0	\$283,941
2026	\$0	\$0	\$114,000	\$0	\$283,218
2027	\$0	\$0	\$117,000	\$0	\$283,447
2028	\$0	\$0	\$121,000	\$0	\$284,015
2029	\$0	\$0	\$124,000	\$0	\$283,456
2030	\$0	\$0	\$128,000	\$0	\$283,805
Total	\$4,553,061	\$3,644,000	\$1,033,000	\$909,061	\$2,517,195

⁽¹⁾The Phase #3A Improvements have been constructed.

⁽²⁾Sources other than PID Bonds represent the Developer contribution and bond premium as shown in Table IV-D.2.

⁽³⁾Includes the issuance of the Phase #3A Bonds.

The annual projected costs shown in Table IV-I are the annual expenditures relating to the Phase #3A Improvements shown in Table III-D and the costs of issuance including reserves shown in Table IV-D.2. The difference between the total projected cost and the total projected indebtedness is the amount funded by Pulte.

Phase #3B Improvements

The annual projected costs of the Authorized Improvements and annual projected indebtedness for Phase #3B Improvements is shown in Table IV-J. The annual projected costs and indebtedness are subject to revision and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

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Table IV-J
Five Year Service Plan – Phase #3B Improvements

Year	Annual Projected Cost¹	Total Projected Indebtedness	Annual Projected Amortization of Assessment (Principal)	Sources other than PID Bonds²	Phase #3B Improvements Projected Annual Installments³
2022	\$6,796,438	\$6,310,000	\$0	\$486,438	\$0
2023	\$0	\$0	\$153,000	\$0	\$596,270
2024	\$0	\$0	\$161,000	\$0	\$596,391
2025	\$0	\$0	\$170,000	\$0	\$597,069
2026	\$0	\$0	\$178,000	\$0	\$596,249
2027	\$0	\$0	\$188,000	\$0	\$596,989
2028	\$0	\$0	\$197,000	\$0	\$596,172
2029	\$0	\$0	\$208,000	\$0	\$596,858
Total	\$6,796,438	\$6,310,000	\$1,255,000	\$486,438	\$4,175,999

⁽¹⁾The Phase #3B Improvements have been constructed. Annual projected costs include original issue discount.

⁽²⁾Sources other than PID Bonds represent the Developer contribution as shown in Table IV-E.2.

⁽³⁾Includes the issuance of the Phase #3B Bonds. Administrative Expenses were funded with bond proceeds through the end of 2023 and interest was funded with capitalized interest through the end of 2023.

The annual projected costs shown in Table IV-J are the annual expenditures relating to the Phase #3B Improvements shown in Table III-E and the costs of issuance including reserves shown in Table IV-E.2. The difference between the total projected cost and the total projected indebtedness, if any, is the amount funded by the CADG Comanche.

C. PID ASSESSMENT NOTICE

The PID Act requires that this Service and Assessment Plan and each Annual Service Plan update include a copy of the notice form required by Section 5.014 of the Texas Property Code (the “PID Assessment Notice”). The PID Assessment Notice is attached hereto as Appendix D and may be updated in an Annual Service Plan Update

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V. ASSESSMENT PLAN

A. INTRODUCTION

The PID Act requires the City Council to apportion the costs of the Authorized Improvements on the basis of special benefits conferred upon the property because of the Authorized Improvements. The PID Act provides that the costs of the Authorized Improvements may be assessed: (i) equally per front foot or square foot; (ii) according to the value of the property as determined by the governing body, with or without regard to improvements on the property; or (iii) in any other manner that results in imposing equal shares of the cost on property similarly benefited. The PID Act further provides that the governing body may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the municipality and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

The bond issuance program entails a series of bond financings that have and are intended to finance the public infrastructure required for the development. The financings pursuant to this Assessment Plan have been and will be undertaken in phases to coincide with the private investment and development of the Authorized Improvements. Following the Phase #1 Bonds that were issued in 2015, the Phases #2-3 Major Improvement Bonds that were issued in 2015, the Phase #2 Bonds that were issued in 2018, the Phase #3A Bonds that were issued in 2021, and the Phase #3B Bonds that were issued in 2022, this Service and Assessment Plan is being updated to provide for the Phase #1 and Phase #2 Refunding Bonds and the Phase #3 Major Improvements Refunding Bonds being issued in 2024.

The purpose of this gradual issuance of bonds in phases is to mirror the actual private development of the Authorized Improvements. The Bonds to be issued are most prudently and efficiently utilized when directly coinciding with construction of public infrastructure needed for private development that is to occur once the infrastructure is completed; it is most effective to issue the Bonds when the infrastructure is needed, not before. Furthermore, there is no economic advantage, and several disadvantages, to issuing debt and encumbering property within the PID prior to the need for the Authorized Improvements.

Additionally, phased issuance of debt has and will maintain a prudent value to lien (“VtL”) within the financing program. In order to maintain a prudent VtL, the initial issuance of Bonds for a specific set of Authorized Improvements may not fund the entire desired level of public infrastructure because the property value is not high enough to support the entire debt load at the VtL chosen for the PID. In that case, the applicable Developer will need to fund the additional infrastructure costs with cash at closing if such Authorized Improvements are not already constructed. This cash investment or amount already spent on constructing the Authorized Improvements by the applicable Developer for certain Authorized Improvements can be reimbursed by a subsequent parity lien bond financing, secured by the same special assessments, once the assessed property is partially or fully developed and the value has increased sufficiently to permit the issuance of the additional bonds in a prudent fashion.

For purposes of this Service and Assessment Plan, the City Council has determined that the Actual Costs of Phases #2-3 Major Improvements, Phase #1 Projects, Phase #2 Improvements, Phase #3A Improvements, and the Phase #3B Improvements shall be allocated as described below:

1. The Actual Costs of the Phases #2-3 Major Improvements, Phase #1 Projects, Phase #2 Improvements, Phase #3A Improvements, and Phase #3B Improvements have been or shall be allocated on the basis of the relative value of Parcels once such property is developed, and that such method of allocation will result in the imposition of equal shares of the costs of the Authorized Improvements to Parcels similarly benefited.
2. The City Council has concluded that larger more expensive homes are likely to be built on the larger lots, and that larger more expensive homes are likely to make greater use of and receive greater benefit from the Authorized Improvements. In determining the relative values of Parcels, the City Council has taken into consideration (i) the type of development (i.e., residential, commercial, etc.), (ii) single-family lot sizes and the size of homes likely to be built on lots of different sizes, (iii) current and projected home process provided by the CADG Comanche and Pulte, (iv) the Authorized Improvements to be provided and the Budgeted Costs, and (v) the ability of different property types to utilize and benefit from the Authorized Improvements.
3. The Assessed Property is classified into different Lot Types as described in Appendix E based on the type and size of proposed development on each Parcel.
4. Equivalent Units are calculated for each Lot Type based on the relative value of each Lot Type.
5. The Major Improvement costs are proportionally allocated to the Phases #2-3 Major Improvement Assessed Property and the Phase #1 Assessed Property based on the ratio of total Equivalent Units estimated for the Phases #2-3 Major Improvement Assessed Property and the Phase #1 Assessed Property.
6. The Phases #2-3 Major Improvement Assessed Property's proportional share of the costs for the Major Improvements is allocated to each Parcel within the Phases #2-3 Major Improvement Assessed Property based on the total Equivalent Units estimated for each Parcel.
7. The Actual Costs of the Phase #1 Improvements, the Phase #2 Improvements, the Phase #3A Improvements, and the Phase #3B Improvements are allocated to each Parcel within the Phase #1 Assessed Property, Phase #2 Assessed Property, Phase #3A Assessed Property, and Phase #3B Assessed Property, respectively, based on the total Equivalent Units estimated for each Parcel.

Table V-A provides the allocation of costs of the Major Improvements to Phase #1, Phase #2, Phase #3A, and Phase #3B.

In connection with the issuance of Phased PID Bonds and/or execution of related reimbursement agreements, this Service and Assessment Plan has been and will be updated to reflect the special benefit each Parcel of Assessed Property within a Phase receives from the specific Authorized Improvements funded with those Phased PID Bonds issued with respect to that Phase. Prior to assessing Parcels located within Phases in connection with issuance of Phased PID Bonds, each owner

of the Parcels to be assessed must acknowledge that the Authorized Improvements to be financed confer a special benefit on their Parcel and must consent to the imposition of the Assessments to pay for the Actual Costs of such Authorized Improvements.

This section of this Service and Assessment Plan currently (i) describes the special benefit received by each Parcel within the PID as a result of the Phases #2-3 Major Improvements, the Phase #1 Projects, the Phase #2 Improvements, the Phase #3A Improvements, and the Phase #3B Improvements (ii) provides the basis and justification for the determination that this special benefit exceeds the amount of the Assessments levied or to be levied on the Phase #1 Assessed Property, the Phase #2 Assessed Property, the Phase #3A Assessed Property, the Phase #3B Assessed Property, and the Phases #2-3 Major Improvement Assessed Property for such improvements, and (iii) establishes the methodologies by which the City Council allocates and reallocates the special benefit of the Phases #2-3 Major Improvements, the Phase #1 Projects, the Phase #2 Improvements, the Phase #3A Improvements, and the Phase #3B Improvements to Parcels in a manner that results in equal shares of the Actual Costs of such improvements being apportioned to Parcels similarly benefited. The determination by the City Council of the assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the applicable Developer and all future owners and developers of the Assessed Property.

B. SPECIAL BENEFIT

Assessed Property must receive a direct and special benefit from the Authorized Improvements, and this benefit must be equal to or greater than the amount of the Assessments. The Authorized Improvements are provided specifically for the benefit of the Assessed Property. The Authorized Improvements (more particularly described in line-item format in Appendix B to this Service and Assessment Plan) and the costs of issuance of the Bonds and payment of costs incurred in the establishment of the PID shown in Table IV-A.1, Table IV-A.2, Table IV-B.1, Table IV-B.2, Table IV-C.1, Table IV-C.2, Table IV-D.2, and Table IV-E.2 are authorized by the PID Act. These improvements are provided specifically for the benefit of the Assessed Property.

Each owner of the Assessed Property has acknowledged that the Authorized Improvements confer a special benefit on the Assessed Property and has consented to the imposition of the Assessments to pay for the Actual Costs associated therewith. Each of the owners is acting in its interest in consenting to this apportionment and levying of the Assessments because the special benefit conferred upon the Assessed Property by the Authorized Improvements exceeds the amount of the Assessments.

The Authorized Improvements provide a special benefit to the Assessed Property as a result of these improvements being constructed on the Assessed Property or in close proximity to the Assessed Property and the specific purpose of these improvements of providing infrastructure for the Assessed Property. In other words, the Assessed Property could not be used in the manner proposed without the construction of the Authorized Improvements. The Authorized Improvements are being provided specifically to meet the needs of the Assessed Property as required for the proposed use of the property.

The Assessments are being levied to provide the Authorized Improvements that are required for the highest and best use of the Assessed Property (i.e., the use of the property that is most valuable, including any costs associated with that use). Highest and best use can be defined as “the reasonably probable and legal use of property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.” (*Dictionary of Real Estate Appraisal, Third Edition.*) The Authorized Improvements are expected to be required for the proposed use of the Assessed Property to be physically possible, appropriately supported, financially feasible, and maximally productive.

Pulte and CADG Comanche have evaluated the potential use of the property and have determined that the highest and best use of the property is the use intended and the legal use for the property as described in Section II of this Service and Assessment Plan. The use of the Assessed Property as described herein will require the construction of the Authorized Improvements.

The Assessments will repay financing that is on advantageous terms, as the Bonds ultimately issued to finance the Authorized Improvements will pay interest that is exempt from federal income tax. As a result, all other terms being equal (e.g., maturity, fixed vs. variable rate, credit quality), the tax-exempt Bonds will have a lower interest rate than debt that is not tax-exempt. The Bonds also have a longer term than other available financings and may either be repaid or assumed by a buyer at the buyer’s option. As a result of these advantageous terms, the financing provided by the PID is the most beneficial means of financing the Authorized Improvements.

Each owner of the Assessed Property at the time of the relevant Assessment Ordinance will ratify, confirm, accept, agree to and approve; (i) the determinations and finding by the City Council as to the special benefits described in this Service and Assessment Plan and the Assessment Ordinance; (ii) the Service and Assessment Plan and the Assessment Ordinance; and (iii) the levying of Assessments on the Assessed Property. Use of the Assessed Property as described in this Service and Assessment Plan and as authorized by the PID Act requires that Authorized Improvements be acquired, constructed, installed, and/or improved. Funding the Actual Costs of the Authorized Improvements through the PID has been determined by the City Council to be the most beneficial means of doing so. As a result, the Assessments result in a special benefit to the Assessed Property, and this special benefit exceeds the amount of the Assessment. This conclusion is based on and supported by the evidence, information, and testimony provided to the City Council.

In summary, the Assessments result in a special benefit to the Assessed Property for the following reasons:

1. The Authorized Improvements are being provided specifically for the use of the Assessed Property, are necessary for the proposed best use of the property and provide a special benefit to the Assessed Property as a result;
2. CADG Comanche and Pulte, as applicable, have consented to the imposition of the Assessments for the purpose of providing the Authorized Improvements and the applicable Developer is acting in its interest by consenting to this imposition;
3. The Authorized Improvements are required for the highest and best use of the property;

4. The highest and best use of the Assessed Property is the use of the Assessed Property that is most valuable (including any costs associated with the use of the Assessed Property);
5. Financing of the costs of the Authorized Improvement through the PID is determined to be the most beneficial means of providing for the Authorized Improvements; and,
6. As a result, the special benefits to the Assessed Property from the Authorized Improvements will be equal to or greater than the Assessments.

C. ALLOCATION OF COSTS TO ASSESSED PROPERTY

The Major Improvements will provide a special benefit to all property in the PID. Accordingly, the Actual Costs of the Major Improvements have been allocated throughout all Assessed Property in the PID. Table V-A summarizes the allocation of Actual Costs for each Major Improvement.

As shown in Appendix E, Phase #1 contains 462 residential units resulting in a total of 400.80 original Equivalent Units for Phase #1, Phase #2 contains 489 residential units resulting in a total 422.87 original Equivalent Units for Phase #2, Phase #3A contains 197 residential units resulting in a total of 163.51 Equivalent Units for Phase #3A, and Phase #3B contains 258 residential units resulting in a total of 225.53 Equivalent Units for Phase #3B. Therefore, the total original projected Equivalent Units in the PID were, therefore, calculated to be 1,212.71 (i.e., $400.80 + 422.87 + 163.51 + 225.53 = 1,212.71$). As a result, 33.05 percent of the Actual Costs of the Major Improvements (i.e. $400.80 \div 1,212.71 = 33.05\%$) were allocated to the Phase #1 Assessed Property, 34.87 percent of the Actual Costs of the Major Improvements (i.e. $422.87 \div 1,212.71 = 34.87\%$) were allocated to the Phase #2 Assessed Property, 13.48 percent of the Actual Costs of the Major Improvements (i.e. $163.51 \div 1,212.71 = 13.48\%$) were allocated to the Phase #3A Assessed Property, and 18.60 percent of the Actual Costs of the Major Improvements (i.e. $225.53 \div 1,212.71 = 18.60\%$) were allocated to the Phase #3B Assessed Property. The Phases #2-3 Major Improvement Bonds were issued to fund the Phases #2-3 Major Improvements, the Phase #1 Bonds were issued to fund a portion of Phase #1's pro rata share of the Actual Costs of the Major Improvements and a portion of the Phase #1 Projects, the Phase #2 Bonds were issued to fund the Phase #2 Improvements, the Phase #3A Bonds were issued to fund the Phase #3A Improvements, and the Phase #3B Bonds were issued to fund the Phase #3B Improvements.

Table IV-A shows the allocation of the Actual Costs of the Major Improvements to each respective Phase.

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Table V-A
Final Allocation of Major Improvement Costs

Authorized Improvement	Total Costs
Road Improvements	\$5,652,155
Water Improvements	\$873,343
Sanitary Sewer Improvements	\$4,817,162
Storm Drainage Improvements	\$0
Other soft and miscellaneous costs	\$2,949,909
<i>Total Major Improvements¹</i>	<i>\$14,292,569</i>
Phase #1	
Projected total Equivalent units ²	400.80
% of Total Equivalent Units	33.05%
Proportionate Share of Costs	\$4,723,686
Phase #2	
Projected total Equivalent units ²	422.87
% of Total Equivalent Units	34.87%
Proportionate Share of Costs	\$4,983,796
Phase #3A	
Projected total Equivalent units ²	163.51
% of Total Equivalent Units	13.48%
Proportionate Share of Costs	\$1,927,071
Phase #3B	
Projected total Equivalent units ²	225.53
% of Total Equivalent Units	18.60%
Proportionate Share of Costs	\$2,658,016

⁽¹⁾See Tables III-A and III-B for the final Actual Costs as provided by CADG Comanche.

⁽²⁾See Appendix E for the detailed calculation of Equivalent Units.

The Actual Costs of the Phase #1 Improvements, the Phase #2 Improvements, the Phase #3A Improvements, and the Phase #3B Improvements are allocated fully (100% each) to the Phase #1 Assessed Property, the Phase #2 Assessed Property, the Phase #3A Assessed Property, and the Phase #3B Assessed Property, respectively.

D. ASSESSMENT METHODOLOGY

The Actual Costs may be assessed by the City Council against the Assessed Property so long as the special benefit conferred upon the Assessed Property by the Authorized Improvements equals or exceeds the Assessments. The Actual Costs may be assessed using any methodology that results in the imposition of equal shares of the Actual Costs on Assessed Property similarly benefited.

1. Assessment Methodology for Phases #2-3 Major Improvements

For purpose of this Service and Assessment Plan, the City Council determined that the portion of Actual Costs of the Phases #2-3 Major Improvements shall be allocated to the Phases #2-3 Major Improvement Assessed Property by spreading the corresponding Assessment across the Parcels based on the estimated Equivalent Units as calculated and shown in Appendix E using the types, number and average home value of Lots anticipated to be developed on each Parcel. Having taken into consideration the matters described under Sections V.A and V.B above, the City Council has determined that allocating the Assessments among Parcels based on average home value is best accomplished by creating classifications of benefited Parcels based on the Lot Types. These classifications range from Lot Type 1 (60 Ft Lots) representing the highest residential value to Lot Type 2 (50 Ft Lot) representing the lowest value. Assessments are allocated to each land use class on the basis of the average value for each Lot Type. This is accomplished by giving each Lot Type an Equivalent Unit factor. Equivalent Units are the ratio of the average value of lots within each Lot Type, setting the Equivalent Unit factor for Lot Type 1 (60 Ft Lots) to 1.0.

Based on the Actual Costs of the Phases #2-3 Major Improvements provided by CADG Comanche, as set forth in Table III-A, the City Council determined that the benefit to Phases #2-3 Major Improvement Assessed Property of the Phase #2-3 Major Improvements is at least equal to the Assessments levied on the Phases #2-3 Major Improvement Assessed Property.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the Equivalent Units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Lot Type based on the ratio of the Equivalent Unit applicable to each Lot Type at the time residential Lots are platted to the total Equivalent Units of all Lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council. As part of the determination as to the ability of different Lot Types to utilize and benefit from the Authorized Improvements, the City Council has taken into consideration that larger, more expensive homes, on average, will create more vehicle trips and greater demands for water and wastewater consumption, and larger, more expensive homes are likely to be built on larger, more valuable lots placing greater demand on the Authorized Improvements.

The Assessment and Annual Installments relating to the Phases #2-3 Major Improvements for each Parcel or Lot located within Phases #2-3 Major Improvement Area is shown on the Phase #3 Major Improvements Assessment Roll for the Phase #3 Major Improvements, and the Phase #2 Projects Assessment Roll for the Phase #2 Major Improvements, attached as Appendix G and Appendix I, respectively, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

Appendix F shows the detailed calculation of the Assessment per Equivalent Unit and the Assessment for each Lot type.

2. Assessment Methodology for Phase #1

For purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the Phase #1 Projects were allocated to the Phase #1 Assessed Property by spreading the corresponding Assessment across the Parcels based on the estimated Equivalent Units as calculated and shown in Appendix E using the types and number of lots developed on each Parcel within Phase #1. As part of the determination as to the ability of different Lot Types to utilize and benefit from the Authorized Improvements, the City Council has taken into consideration that larger, more expensive homes, on average, will create more vehicle trips and greater demands for water and wastewater consumption, and larger, more expensive homes are likely to be built on larger, more valuable lots placing greater demand on the Authorized Improvements.

Based on the Actual Costs of the Phase #1 Projects provided by Petitt Barraza, as set forth in Table III-B, the City Council determined that the benefit to Phase #1 Assessed Property of the Phase #1 Projects is at least equal to the Assessments levied on the Phase #1 Assessed Property.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro-rata based on the Equivalent Units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Lot Type based on the ratio of the Equivalent Unit applicable to each Lot Type at the time residential Lots are platted to the total Equivalent Units of all Lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council. The result of this approach is that each final residential Lot within a recorded subdivision plat with similar values will have the same Assessment, with larger, more valuable Lots having a proportionately larger share of the Assessments than smaller, less valuable Lots. As part of the determination as to the ability of different Lot Types to utilize and benefit from the Authorized Improvements, the City Council has taken into consideration that larger, more expensive homes, on average, will create more vehicle trips and greater demands for water and wastewater consumption, and larger, more expensive homes are likely to be built on larger, more valuable lots placing greater demand on the Authorized Improvements.

The Assessment and Annual Installments related to the Phase #1 Projects for each Parcel or Lot located within Phase #1 is shown on the Phase #1 Assessment Roll, attached as Appendix H, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

Appendix F shows the detailed calculation of the Assessment per Equivalent Unit and the Assessment for each Lot type.

3. Assessment Methodology for Phase #2

For purpose of this Service and Assessment Plan, the City Council determined that the Actual Costs of the Phase #2 Improvements, were allocated to the Phase #2 Assessed Property by spreading the corresponding Assessment across the Parcels based on the estimated Equivalent Units as calculated and shown in Appendix E using the types and number of lots developed on each Parcel within Phase #2. As part of the determination as to the ability of different Lot Types to utilize and benefit from the Authorized Improvements, the City Council has taken into consideration that larger, more expensive

homes, on average, will create more vehicle trips and greater demands for water and wastewater consumption, and larger, more expensive homes are likely to be built on larger, more valuable lots placing greater demand on the Authorized Improvements.

Based on the Actual Costs of the Phase #2 Improvements provided by Petitt Barraza, as set forth in Table III-C, the City Council determined that the benefit to Phase #2 Assessed Property of the Phase #2 Improvements is at least equal to the Assessments levied on the Phase #2 Assessed Property for the Phase #2 Improvements.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the Equivalent Units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Lot Type based on the ratio of the Equivalent Unit applicable to each Lot Type at the time residential Lots are platted to the total Equivalent Units of all Lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council. The result of this approach is that each final residential Lot within a recorded subdivision plat with similar values will have the same Assessment, with larger, more valuable Lots having a proportionately larger share of the Assessments than smaller, less valuable Lots. As part of the determination as to the ability of different Lot Types to utilize and benefit from the Authorized Improvements, the City Council has taken into consideration that larger, more expensive homes, on average, will create more vehicle trips and greater demands for water and wastewater consumption, and larger, more expensive homes are likely to be built on larger, more valuable lots placing greater demand on the Authorized Improvements.

The Assessment and Annual Installments related to the Phase #2 Improvements for each Parcel or Lot located within Phase #2 is shown on the Phase #2 Projects Assessment Roll, attached as Appendix I, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

Appendix F shows the detailed calculation of the Assessment per Equivalent Unit and the Assessment for each Lot type.

4. Assessment Methodology for Phase #3A

For purpose of this Service and Assessment Plan, the City Council determined that the Actual Costs of the Phase #3A Improvements, were allocated to the Phase #3A Assessed Property by spreading the corresponding Assessment across the Parcels based on the estimated Equivalent Units as calculated and shown in Appendix E using the types and number of lots developed on each Parcel within Phase #3A. As part of the determination as to the ability of different Lot Types to utilize and benefit from the Authorized Improvements, the City Council has taken into consideration that larger, more expensive homes, on average, will create more vehicle trips and greater demands for water and wastewater consumption, and larger, more expensive homes are likely to be built on larger, more valuable lots placing greater demand on the Authorized Improvements.

Based on the Actual Costs of the Phase #3A Improvements provided by Petitt and Associates, as set forth in Table III-D, the City Council determined that the benefit to Phase #3A Assessed Property

from the Phase #3A Improvements is at least equal to the Assessments levied on the Phase #3A Assessed Property for the Phase #3A Improvements.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the Equivalent Units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Lot Type based on the ratio of the Equivalent Unit applicable to each Lot Type at the time residential Lots are platted to the total Equivalent Units of all Lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council. The result of this approach is that each final residential Lot within a recorded subdivision plat with similar values will have the same Assessment, with larger, more valuable Lots having a proportionately larger share of the Assessments than smaller, less valuable Lots. As part of the determination as to the ability of different Lot Types to utilize and benefit from the Authorized Improvements, the City Council has taken into consideration that larger, more expensive homes, on average, will create more vehicle trips and greater demands for water and wastewater consumption, and larger, more expensive homes are likely to be built on larger, more valuable lots placing greater demand on the Authorized Improvements.

The Assessment and Annual Installments related to the Phase #3A Improvements for each Parcel or Lot located within Phase #3A is shown on the Phase #3A Assessment Roll, attached as Appendix J, which has been updated to reflect the issuance of the Phase #3A Bonds, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

5. Assessment Methodology for Phase #3B

For purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the Phase #3B Improvements, were allocated to the Phase #3B Assessed Property by spreading the corresponding Assessment across the Parcels based on the estimated Equivalent Units as calculated and shown in Appendix E using the types and number of lots anticipated to be developed on each Parcel within Phase #3B. As part of the determination as to the ability of different Lot Types to utilize and benefit from the Authorized Improvements, the City Council has taken into consideration that larger, more expensive homes, on average, will create more vehicle trips and greater demands for water and wastewater consumption, and larger, more expensive homes are likely to be built on larger, more valuable lots placing greater demand on the Authorized Improvements.

Based on the Actual Costs of the Phase #3B Improvements provided by CADG Comanche as set forth in Table III-E, the City Council has determined that the benefit to Phase #3B Assessed Property from the Phase #3B Improvements is at least equal to the Assessments levied on the Phase #3B Assessed Property for the Phase #3B Improvements.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro-rata based on the Equivalent Units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Lot Type based on the ratio of the Equivalent Unit applicable to each Lot Type at the time residential Lots are platted to the total Equivalent Units of all Lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council. The result of this approach is that each final residential Lot within a recorded subdivision plat with similar values will have the same Assessment,

with larger, more valuable Lots having a proportionately larger share of the Assessments than smaller, less valuable Lots. As part of the determination as to the ability of different Lot Types to utilize and benefit from the Authorized Improvements, the City Council has taken into consideration that larger, more expensive homes, on average, will create more vehicle trips and greater demands for water and wastewater consumption, and larger, more expensive homes are likely to be built on larger, more valuable lots placing greater demand on the Authorized Improvements.

The Assessment and Annual Installments related to the Phase #3B Improvements for each Parcel or Lot located within Phase #3B is shown on the Phase #3B Assessment Roll, attached as Appendix K, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

Appendix F shows the detailed calculation of the Assessment per Equivalent Unit and the Assessment for each Lot type.

E. ASSESSMENTS

The Assessments for the Phase #3 Major Improvements Refunding Bonds, the Phase #1 and Phase #2 Refunding Bonds, the Phase #1 Reimbursement Agreement, the Phase #2 Bonds, the Phase #3A Bonds, and the Phase #3B Bonds have been levied on each Parcel according to the applicable Phase #3 Major Improvements Assessment Roll, the Phase #1 Assessment Roll, the Phase #2 Projects Assessment Roll, the Phase #3A Assessment Roll, and the Phase #3B Assessment Roll attached hereto as Appendix G, Appendix H, Appendix I, Appendix J, and Appendix K, respectively. The Annual Installments for the Phase #3 Major Improvements Refunding Bonds, the Phase #1 and Phase #2 Refunding Bonds, the Phase #1 Reimbursement Agreement to the extent the Phase #1 Reimbursement Agreement is outstanding, the Phase #2 Bonds, the Phase #3A Bonds, and the Phase #3B Bonds will be collected at the time and in the amounts shown on the applicable Phase #3 Major Improvements Assessment Roll, the Phase #1 Assessment Roll, the Phase #2 Projects Assessment Roll, the Phase #3A Assessment Roll, and the Phase #3B Assessment Roll, subject to any revisions made during an Annual Service Plan Update.

F. ADMINISTRATIVE EXPENSES

The cost of administering the PID and collecting the Annual Installments shall be paid for on a pro rata basis by each Parcel based on the amount of Assessment levied against the Parcel. The Administrative Expenses shall be collected as part of and in the same manner as Annual Installments in the amounts shown on the Assessment Rolls, which may be revised based on actual costs incurred in Annual Service Plan Updates.

G. DELINQUENCY AND PREPAYMENT RESERVE ACCOUNT – PHASE #3 MAJOR IMPROVEMENTS REFUNDING BONDS

Pursuant to the PID Act, the interest rate for Assessments may exceed the actual interest rate per annum paid on the related Bonds (the “Additional Interest”) by one half of one percent (0.50%), (the “Additional Interest Rate”). Funds generated by the Additional Interest Rate, if any, related to the Phase #3 Major Improvements Refunding Bonds are held in a reserve held under the Trust Indenture

for the Phase #3 Major Improvements Refunding Bonds (the “Phase #3 Major Improvements Refunding Delinquency and Prepayment Reserve Account”), which may be used to fund the associated interest charged between the date of prepayment of an Assessment and the date on which Phase #3 Major Improvements Refunding Bonds and are prepaid, to offset any possible delinquent payments and pay Administrative Expenses of provided for in the applicable Trust Indenture.

H. DELINQUENCY AND PREPAYMENT RESERVE ACCOUNT – PHASE #1 AND PHASE #2 REFUNDING BONDS

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

I. RESERVE FOR PREPAYMENT AND DELINQUENCY – PHASE #3A

Upon the issuance of the Phase #3A Bonds in July, 2021, the Additional Interest Rate has been collected. Funds generated by the Additional Interest Rate related to the Phase #3A Bonds are held in a reserve account held under the Trust Indenture for the Phase #3A Bonds (the “Phase #3A Delinquency and Prepayment Reserve Account”), which may be used for the purposes as set forth in the Trust Indenture applicable to the Phase #3A Bonds.

J. RESERVE FOR PREPAYMENT AND DELINQUENCY – PHASE #3B

Upon the issuance of Phase #3B Bonds in September, 2022, the Additional Interest Rate will be collected and dedicated to a reserve account set forth in the Trust Indenture for the Phase #3B Bonds (the “Phase #3B Delinquency and Prepayment Reserve Account”), which may be used for the purposes as set forth in the Trust Indenture applicable to Phase #3B Bonds.

K. TIRZ CREDIT

Pursuant to the TIRZ Ordinance, the City has agreed to use TIRZ Revenues generated from each Parcel to offset a portion of such Parcel’s Assessments related to the Major Improvements (the “TIRZ Credit”). The Annual Installments for the Phases #2-3 Major Improvement Assessed Property and Phase #1 Assessed Property for each Parcel related to the Major Improvements shall be calculated by taking into consideration any TIRZ Credit applicable to the Parcel. The TIRZ Credit applicable to each Parcel shall be calculated as described under Section VI.A and Section VI.B of this Service and Assessment Plan. The TIRZ Credit is not allocable or available for the Phase #2 Assessed Property, the Phase #3A Assessed Property, or the Phase #3B Assessed Property.

L. MSUD CONTRACT REVENUE CREDIT

Pursuant to the transfer and service agreement between MSUD and the City dated as of March 27, 2017 (the "Transfer and Service Agreement"), MSUD has agreed to pay the principal and interest on a portion of the Assessments levied for the Phases #2-3 Major Improvements and Phase #1 Projects in the total par amount of \$2,794,820 as shown in the prorated debt service schedule included as part of Appendix G and Appendix H to this Service and Assessment Plan. These proportional bond debt service payments to be paid by MSUD (the "MSUD Contract Revenues") will be used to offset a portion of the Annual Installments to be collected from the Phase #1 Assessed Property and Phases #2-3 Major Improvement Assessed Property (the "MSUD Contract Revenue Credit"). Such Annual Installments for each Parcel shall be calculated by taking into consideration any MSUD Contract Revenue Credit applicable to each Parcel. The MSUD Contract Revenue Credit applicable to each Parcel shall be calculated as described under Section VI.A and Section VI.B of this Service and Assessment Plan. The MSUD Contract Revenue Credit is not available for the Phase #2 Assessed Property, the Phase #3A Assessed Property, or the Phase #3B Assessed Property.

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VI. TERMS OF THE ASSESSMENTS

A. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN PHASES #2-3 MAJOR IMPROVEMENT AREA FOR MAJOR IMPROVEMENTS

The Assessment and Annual Installments for each Assessed Property located within Phases #2-3 Major Improvement Area are shown on the Phase #3 Major Improvements Assessment Roll and the Phase #2 Projects Assessment Roll attached as Appendix G and Appendix I, respectively, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act, which includes any annual updates to this Service and Assessment Plan.

The Annual Installments shall be collected in an amount sufficient to pay (i) principal and interest on the Phase #3 Major Improvements Refunding Bonds related to the Phase #3 Major Improvements (ii) principal and interest on the Phase #1 and Phase #2 Refunding Bonds for the Phases #2-3 Major Improvement Area's portion of the Phase #1 and Phase #2 Refunding Bonds related to the Phase #2 Major Improvements, (iii) to fund the Phase #3 Major Improvements Delinquency and Prepayment Reserve Account described in Section V.G, as applicable, (iv) to fund the Phase #1 and Phase #2 Delinquency and Prepayment Reserve Account described in Section V.H for the Phases #2-3 Major Improvement Area's portion of the Phase #1 and Phase #2 Refunding Bonds related to the Phase #2 Major Improvements, as applicable, and (v) and to cover Administrative Expenses of the Phases #2-3 Major Improvement Area.

The Annual Installment for each Parcel shall be calculated by taking into consideration any TIRZ Credit and MSUD Contract Revenue Credit applicable to the Parcel. The TIRZ Revenues attributable to each Parcel of Assessed Property collected in any given year shall be used to calculate the Parcel's TIRZ Credit for such Parcel (and/or new Parcels subdivided from such Parcel) in the following year (i.e., TIRZ Revenues collected in 2016 shall be used to calculate the TIRZ Credit applicable to Annual Installments to be collected in 2017) on a Parcel-by-Parcel basis. The TIRZ Credit shall be calculated for those Parcels that are subject to Assessments in the PID and have generated TIRZ Revenues. The Administrator shall calculate the TIRZ Credit, if applicable, based on the information available to the Administrator at the time of such calculations.

The MSUD Contract Revenue Credit for each Parcel shall be calculated using the following formula:

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

Where the terms have the following meanings:

- A = the MSUD Contract Revenue Credit amount for a Parcel
- B = the total MSUD Contract Revenues due for the year
- C = the total Equivalent Unit of the Parcel
- D = the total Equivalent Units of all Parcels

B. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN PHASE #1 FOR PHASE #1 PROJECTS

The Assessment and Annual Installments for each Assessed Property located within Phase #1 is shown on the Phase #1 Assessment Roll, attached as Appendix H, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

The Annual Installments shall be collected in an amount sufficient to pay (i) principal and interest on the Phase #1 and Phase #2 Refunding Bonds for Phase #1's share of the Phase #1 and Phase #2 Refunding Bonds related to the Phase #1 Projects (ii) principal and interest on the Phase #1 Reimbursement Agreement to the extent the Phase #1 Reimbursement Agreement is outstanding, (iii) to fund the Phase #1 and Phase #2 Delinquency and Prepayment Reserve Account described in Section V.H for Phase #1's portion of the Phase #1 and Phase #2 Refunding Bonds related to the Phase #1 Projects, as applicable, and (iv) to cover Administrative Expenses of Phase #1. The Annual Installment for each Parcel shall be calculated by taking into consideration any TIRZ Credit and MSUD Contract Revenue Credit applicable to the Parcel. The TIRZ Revenues attributable to each Parcel of Assessed Property collected in any given year shall be used to calculate the Parcel's TIRZ Credit for such Parcel (and/or new Parcels subdivided from such Parcel) in the following year (i.e., TIRZ Revenues collected in 2016 shall be used to calculate the TIRZ Credit applicable to Annual Installments to be collected in 2017) on a Parcel-by-Parcel basis. The TIRZ Credit shall be calculated for those Parcels that are subject to Assessments in the PID and have generated TIRZ Revenues. The Administrator shall calculate the TIRZ Credit, if applicable, based on the information available to the Administrator at the time of such calculations.

The MSUD Contract Revenue Credit for each Parcel shall be calculated using the following formula:

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

Where the terms have the following meanings:

- A = the MSUD Contract Revenue Credit amount for a Parcel
- B = the total MSUD Contract Revenues due for the year
- C = the total Equivalent Unit of the Parcel
- D = the total Equivalent Units of all Parcels

C. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN PHASE #2 FOR PHASE #2 IMPROVEMENTS

The Assessment and Annual Installments for each Assessed Property located within Phase #2 is shown on the Phase #2 Projects Assessment Roll, attached as Appendix I, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

The Annual Installments shall be collected in an amount sufficient to pay (i) principal and interest on the Phase #1 and Phase #2 Refunding Bonds for Phase #2's portion of the Phase #1 and Phase #2 Refunding Bonds related to the Phase #2 Improvements, (ii) to fund the Phase #1 and Phase #2

Refunding Delinquency and Prepayment Reserve Account described in Section V.H for Phase #2's share of the Phase #1 and Phase #2 Refunding Bonds related to the Phase #2 Improvements, as applicable, and (iii) and to cover Administrative Expenses of Phase #2 Improvements. No TIRZ Credit or MSUD Contract Revenue Credit shall be applied to Assessments levied for the Phase #2 Improvements.

D. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN PHASE #3A FOR PHASE #3A IMPROVEMENTS

The Assessment and Annual Installments for each Assessed Property located within Phase #3A is shown on the Phase #3A Assessment Roll, attached as Appendix J, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

The Annual Installments shall be collected in an amount sufficient to pay principal and interest on the Phase #3A Bonds, to collect Additional Interest, and to cover Administrative Expenses of Phase #3A. No TIRZ Credit or MSUD Contract Revenue Credit shall be applied to Assessments levied for the Phase #3A Improvements.

E. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN PHASE #3B FOR PHASE #3B IMPROVEMENTS

The Assessment and Annual Installments for each Assessed Property located within Phase #3B is shown on the Phase #3B Assessment Roll, attached as Appendix K, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

The Annual Installments shall be collected in an amount sufficient to pay principal and interest on the Phase #3B Bonds, to collect Additional Interest, and to cover Administrative Expenses of Phase #3B. No TIRZ Credit or MSUD Contract Revenue Credit shall be applied to Assessments levied for the Phase #3B Improvements.

F. REALLOCATION OF ASSESSMENTS

1. Subdivision

Upon the subdivision of any Parcel, the Assessment for the Parcel prior to the subdivision shall be reallocated among the new subdivided Parcels according to the following formula:

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

Where the terms have the following meanings:

- A = the Assessment for each new subdivided Parcel
- B = the Assessment for the Parcel prior to subdivision
- C = the estimated Equivalent Units to be built on each new subdivided Parcel

D = the sum of the estimated Equivalent Units to be built on all of the new subdivided Parcels

The calculation of the estimated number of units to be built on a Parcel shall be performed by the Administrator and confirmed by the City Council based on the information available regarding the use of the Parcel. The estimate as confirmed shall be conclusive. The number of units to be built on a Parcel may be estimated by net land area and reasonable density ratios.

The sum of the Assessments for all newly subdivided Parcels shall equal the Assessment for the Parcel prior to subdivision. The calculation shall be made separately for each newly subdivided Parcel. The reallocation of an Assessment for a Parcel that is a homestead under Texas law may not exceed the Assessment prior to the reallocation and to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the subdivision of the Parcels. Any reallocation pursuant to this section shall be reflected in an Annual Service Plan Update approved by the City Council.

2. Consolidation

Upon the consolidation of two or more Parcels, the Assessment for the consolidated Parcel shall be the sum of the Assessments for the Parcels prior to consolidation. The reallocation of an Assessment for a Parcel that is a homestead under Texas law may not exceed the Assessment prior to the reallocation and to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the consolidation of the Parcels. Any reallocation pursuant to this section shall be reflected in an Annual Service Plan Update approved by the City Council.

G. MANDATORY PREPAYMENT OF ASSESSMENTS

1. If a Parcel subject to Assessments is transferred to a party that is exempt from the payment of the Assessment under applicable law, or if an owner causes a Parcel subject to Assessments to become Non-Benefited Property, the owner of such Parcel shall pay to the City the full amount of the principal portion of the Assessment on such Parcel, plus all Prepayment Costs, prior to any such transfer or act.
2. The payments required above shall be treated the same as any Assessment that is due and owing under the Act, the relevant Assessment Ordinance, and this Service and Assessment Plan, including the same lien priority, penalties, procedures, and foreclosure specified by the PID Act.

H. REDUCTION OF ASSESSMENTS

1. If after all Authorized Improvements to be funded with a series of Bonds have been completed and Actual Costs incurred for such Authorized Improvements are less than the Actual Costs of the Authorized Improvement Costs used to calculate the Assessments securing such series of Bonds, resulting in excess Bond proceeds being available to redeem Bonds of such series, then the Assessment securing such series of Bonds for each Parcel of Assessed Property shall be reduced by the City Council pro rata such that the sum of the resulting reduced Assessments for all Assessed Properties equals the actual reduced Actual Costs and such excess Bond proceeds

shall applied to redeem Bonds of such series. The Assessments shall not be reduced to an amount less than the related outstanding series of Bonds. If all of the Authorized Improvements are not completed, the City may reduce the Assessments in another method if it determines such method would better reflect the benefit received by the Parcels from the Authorized Improvements completed.

2. If after all Authorized Improvements to be funded with a series of Bonds have been completed and a portion of the Bonds have been redeemed using the TIRZ Revenues (with respect to bonds issued to finance the Major Improvements) or other funds available to the City, then the Assessment securing such series of Bonds for each Parcel of Assessed Property shall be reduced by the City Council pro rata such that the sum of the resulting reduced Assessments for all Assessed Properties equals the remaining outstanding amount(s) of the Bonds after such redemptions. The Assessments shall not be reduced to an amount less than the related outstanding series of Bonds.
3. If all the Authorized Improvements are not undertaken, resulting in excess Bond proceeds being available to redeem Bonds from the applicable series, then the Assessments and Annual Installments for each Parcel shall be appropriately reduced by the City Council to reflect only the amounts required to repay the applicable Bonds, including interest on the Bonds and Administrative Expenses, and such excess Bond proceeds shall be applied to redeem the applicable series of Bonds. The City Council may reduce the Assessments and the Annual Installments for each Parcel (i) in an amount that represents the Authorized Improvements provided for each Parcel or (ii) by an equal percentage calculated based on Equivalent Units, if determined by the City Council to be the most fair and practical means of reducing the Assessments for each Parcel, such that the sum of the resulting reduced Assessments equals the amount required to repay the applicable series of Bonds, including interest on the Bonds and Collection Costs. The principal portion of the Assessment for each Parcel shall be reduced pro rata to the reduction in the Assessments for each Parcel such that the sum of the resulting reduced principal portion of the Bonds is equal to the outstanding principal amount of the applicable series of Bonds.

I. PAYMENT OF ASSESSMENTS

1. Payment in Full

- (a) The Assessment for any Parcel may be paid in full at any time. Such payment shall include all Prepayment Costs. If prepayment in full will result in redemption of each applicable series Bonds, the payment amount shall be reduced by the amount, if any, of interest through the date of redemption of the applicable series of Bonds and reserve funds applied to the redemption under the applicable Trust Indenture, net of any other costs applicable to the redemption of the applicable series of Bonds.
- (b) If an Annual Installment has been billed prior to payment in full of an Assessment, the Annual Installment shall be due and payable and shall be credited against the payment-in-full amount.

- (c) Upon payment in full of the Assessment and all Prepayment Costs, the City shall deposit the payment in accordance with the applicable Trust Indenture; whereupon, the Assessment shall be reduced to zero, and the owner's obligation to pay the Assessment and Annual Installments thereof shall automatically terminate.
- (d) At the option of the owner, the Assessment on any Parcel plus Prepayment Costs may be paid in part in an amount sufficient to allow for a redemption of Bonds as set forth in the applicable Indenture. Unless otherwise directed to a specific Assessment by the Parcel owner, any such partial payment from a Phase #2 Assessed Property, Phase #3A Assessed Property, and Phase #3B Assessed Property will be allocated between the Assessments for the Phases #2-3 Major Improvement Area and the Assessments for Phase #2, Phase #3A, and Phase #3B based on the ratio of the outstanding Assessments for the Phases #2-3 Major Improvement Area and the Assessments for Phase #2, Phase #3A, and Phase #3B due from the Phase #2 Assessed Property, Phase #3A Assessed Property, and Phase #3B Assessed Property, respectively, at the time of such partial payment. Upon the payment of such amounts for a Parcel, the Assessment for the Parcel shall be reduced, the applicable Assessment Roll shall be updated to reflect such partial payment, and the obligation to pay the Annual Installment for such Parcel shall be reduced to the extent the partial payment is made.

2. Payment in Annual Installments

The PID Act provides that an Assessment for a Parcel may be paid in full at any time. If not paid in full, the PID Act authorizes the Assessment to be paid in installments and additionally allows the City to collect interest, administrative expenses and other authorized charges in installments. An Assessment for a Parcel that is not paid in full will be collected in Annual Installments each year in the amounts shown on the Assessment Rolls, as updated as provided for herein, which include interest, Administrative Expenses, and payments required for the applicable Delinquency and Prepayment Reserve (upon the issuance of Bonds) described in Section V. The commencement of the Annual Installments for the Phases #2-3 Major Improvement Area, Phase #1, Phase #2, Phase #3A, and Phase #3B are set forth in Section VI.J.

Phases #2-3 Major Improvement Area

Original: Phases #2-3 Major Improvement Bonds

For years 2016 through 2023, each Assessment for the Phases #2-3 Major Improvement Assessed Property was paid with interest of no more than the actual interest rate paid on the Phases #2-3 Major Improvement Bonds (plus Additional Interest, as applicable). The Phase #3 Major Improvements Assessment Roll sets forth for each year the Annual Installment for each Parcel based on an interest rate of 8.25% for the Phases #2-3 Major Improvement Bonds, Administrative Expenses and Additional Interest at the rate of 0.5% for Prepayment Reserve and Delinquency Reserve through year 2023.

Updated: Phase #3 Major Improvements Refunding Bonds and Phase #1 and Phase #2 Refunding Bonds

The Phases #2-3 Major Improvement Bonds are being refunded by the Phase #3 Major Improvements Refunding Bonds and the portion of the Phase #1 and Phase #2 Refunding Bond related to the Phase #3 Major Improvements.

Each Assessment for the Phases #2-3 Major Improvement Assessed Property related to the Phase #3 Major Improvements shall be paid with interest of no more than the actual interest rate paid on the Phase #3 Major Improvements Refunding Bonds (plus Additional Interest, as applicable). The Phase #3 Major Improvements Assessment Roll sets forth for each year the Annual Installment for each Parcel based on an interest rate of 5.000% for years 2024 through 2033 and 5.625% for years 2034 through 2040 for the Phase #3 Major Improvements Refunding Bonds, Administrative Expenses and Additional Interest at the rate of 0.5% for the Delinquency and Prepayment Reserve Account, as applicable.

Each Assessment for the Phases #2-3 Major Improvement Assessed Property related to the Phase #2 Major Improvements shall be paid with interest of no more than the actual interest rate paid on the Phase #1 and Phase #2 Refunding Bonds (plus Additional Interest, as applicable). The Phase #2 Projects Assessment Roll sets forth for each year the Annual Installment for each Parcel based on an interest rate of 5.000% for years 2024 through 2034, 4.125% for years 2035 through 2038, and 4.375% for years 2039 through 2040 for the Phase #1 and Phase #2 Refunding Bonds, Administrative Expenses and Additional Interest at the rate of 0.5% for the Delinquency and Prepayment Reserve Account, as applicable.

Furthermore, the Annual Installments of the Assessments levied against Phases #2-3 Major Improvement Assessed Property for the Phases #2-3 Major Improvements may not exceed the amounts shown on the Phase #3 Major Improvements Assessment Roll and the Phase #2 Projects Assessment Roll for the respective parcels. The Phase #3 Major Improvements Assessment Roll is shown as Appendix G and the Phase #2 Projects Assessment Roll is shown as Appendix I.

Phase #1

Original: Phase #1 Bonds

For years 2016 through 2023, each Assessment for the Phase #1 Assessed Property was paid with interest related to the actual interest rate paid on the Phase #1 Bonds (plus Additional Interest, as applicable) and the Phase #1 Reimbursement Agreement. The Phase #1 Assessment Roll sets forth for each year the Annual Installment for each Parcel based on an interest rate of 7.25% for the Phase #1 Bonds, an interest rate of 6.13% for the Phase #1 Reimbursement Agreement, Administrative Expenses and Additional Interest at the rate of 0.5% for Prepayment Reserve and Delinquency Reserve through year 2023.

Updated 2024: Phase #1 and Phase #2 Refunding Bonds

The Phase #1 Bonds are being refunded by the portion of the Phase #1 and Phase #2 Refunding Bonds related to the Phase #1 Projects.

Each Assessment for the Phase #1 Assessed Property related to the Phase #1 Projects shall be paid with interest of no more than the actual interest rate paid on the Phase #1 and Phase #2 Refunding Bonds (plus Additional Interest, as applicable) and the Phase #1 Reimbursement Agreement, to the extent the Phase #1 Reimbursement Agreement is outstanding. The Phase #1 Assessment Roll sets forth for each year the Annual Installment for each Parcel based on an interest rate of 5.000% for years 2024 through 2034, 4.125% for years 2035 through 2038, and 4.375% for years 2039 through 2045 for the Phase #1 and Phase #2 Refunding Bonds, an interest rate of 6.13% for the Phase #1 Reimbursement Agreement, Administrative Expenses and Additional Interest at the rate of 0.5% for the Delinquency and Prepayment Reserve Account, as applicable. Furthermore, the Annual Installments of the Assessments levied against Phase #1 Assessed Property may not exceed the amounts shown on the Phase #1 Assessment Roll. The Phase #1 Assessment Roll is shown as Appendix H.

Phase #2

Original: Phase #2 Bonds

For years 2019 through 2023, each Assessment for the Phase #2 Assessed Property related to the Phase #2 Improvements was paid with interest related to the actual interest rate paid on the Phase #2 Bonds (plus Additional Interest). The Phase #2 Projects Assessment Roll sets forth for each year the Annual Installment for each Parcel based on an interest rate of 5.00% in 2019 through 2023 applicable to the Phase #2 Bonds, Administrative Expenses and Additional Interest at the rate of 0.5% for Additional Interest Reserve through year 2023.

Updated 2024: Phase #1 and Phase #2 Refunding Bonds

The Phase #2 Bonds and Phase #2's portion of the Phases #2-3 Major Improvement Bonds related to the Phase #2 Major Improvements are being refunded by the portion of the Phase #1 and Phase #2 Refunding Bonds related to the Phase #2 Projects.

Each Assessment for the Phase #2 Assessed Property related to the Phase #2 Projects shall be paid with interest of no more than the actual interest rate paid on the Phase #1 and Phase #2 Refunding Bonds (plus Additional Interest, as applicable). The Phase #2 Projects Assessment Roll sets forth for each year the Annual Installment for each Parcel based on an interest rate of 5.000% for years 2024 through 2034, 4.125% for years 2035 through 2038, and 4.375% for years 2039 through 2045 for the Phase #1 and Phase #2 Refunding Bonds, Administrative Expenses and Additional Interest at the rate of 0.5% for the Delinquency and Prepayment Reserve Account, as applicable. Furthermore, the Annual Installments of the Assessments levied against Phase #2 Assessed Property may not exceed the amounts shown on the Phase #2 Projects Assessment Roll. The Phase #2 Projects Assessment Roll is shown as Appendix I.

Phase #3A

Each Assessment for the Phase #3A Assessed Property shall be paid with interest related to the actual interest rate paid on the Phase #3A Bonds (plus Additional Interest, as applicable). The Phase #3A Assessment Roll sets forth for each year the Annual Installment for each Parcel based on an interest

rate of 2.50% in years 1 through 5 (2022-2026), 3.00% in years 6 through 10 (2027-2031), and 4.00% in years 11 through 24 (2032-2045) applicable to the Phase #3A Bonds, Administrative Expenses and Additional Interest at the rate of 0.5%. Furthermore, the Annual Installments of the Assessments levied against Phase #3A Assessed Property may not exceed the amounts shown on the Phase #3A Assessment Roll. The Phase #3A Assessment Roll is shown as Appendix J.

Phase #3B

Each Assessment for the Phase #3B Assessed Property shall be paid with interest related to the actual interest rate paid on the Phase #3B Bonds (plus Additional Interest, as applicable). The Phase #3B Assessment Roll sets forth for each year the Annual Installment for each Parcel based on an interest rate of 5.25% in years 1 through 10 (2023-2032), and 6.00% in years 11 through 24 (2033-2045) applicable to the Phase #3B Bonds, Administrative Expenses and Additional Interest at the rate of 0.5%. Furthermore, the Annual Installments of the Assessments levied against Phase #3B Assessed Property may not exceed the amounts shown on the Phase #3B Assessment Roll. The Phase #3B Assessment Roll is shown as Appendix K.

Reduction of Assessments

The Annual Installments shall be reduced to equal the actual costs of repaying all of the related Bonds and actual Administrative Expenses (as provided for in the definition of such term), taking into consideration any other available funds for these costs, such as interest income on account balances, as and to the extent set forth in the applicable Indenture. If the total Annual Installments collected from a Phase #2 Assessed Property in a given year are less than the combined Annual Installments for the Phases #2-3 Major Improvement Area and Annual Installments for Phase #2 due from such Phase #2 Assessed Property for the year, then the Annual Installments collected will be allocated between the Annual Installments for Phases #2-3 Major Improvement Area and the Annual Installments for Phase #2 based on the ratio of the total Annual Installments for Phases #2-3 Major Improvement Area and the total Annual Installments for Phase #2 due from the Phase #2 Assessed Property for that year.

The Annual Installments shall be reduced to equal the actual costs of repaying such Bonds and actual Administrative Expenses (as provided for in the definition of such term), taking into consideration any other available funds for these costs, such as interest income on account balances, as and to the extent set forth in the applicable Indenture. If the total Annual Installments collected from a Phase #3A Assessed Property in a given year are less than the combined Annual Installments for the Phases #2-3 Major Improvement Area allocable to Phase #3A and Annual Installments for Phase #3A due from such Phase #3A Assessed Property for the year, then the Annual Installments collected will be allocated between the Annual Installments for the Phases #2-3 Major Improvement Area allocable to Phase #3A and the Annual Installments for Phase #3A based on the ratio of the total Annual Installments for the Phases #2-3 Major Improvement Area allocable to Phase #3A and the total Annual Installments for Phase #3A due from the Phase #3A Assessed Property for that year.

The Annual Installments shall be reduced to equal the actual costs of repaying the obligation of the Phase #3B Bonds and the actual Administrative Expenses (as provided for in the definition of such

term), taking into consideration any other available funds for these costs, such as interest income on account balances. If the total Annual Installments collected from a Phase #3B Assessed Property in a given year are less than the combined Annual Installments for the Phases #2-3 Major Improvement Area allocable to Phase #3B and Annual Installments for Phase #3B due from such Phase #3B Assessed Property for the year, then the Annual Installments collected will be allocated between the Annual Installments for the Phases #2-3 Major Improvement Area allocable to Phase #3B and the Annual Installments for Phase #3B based on the ratio of the total Annual Installments for the Phases #2-3 Major Improvement Area allocable to Phase #3B and the total Annual Installments for Phase #3B due from the Phase #3B Assessed Property for that year.

J. COLLECTION OF ANNUAL INSTALLMENTS

No less frequently than annually, the Administrator shall prepare, and the City Council shall approve, an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include updated Assessment Rolls and a calculation of the Annual Installment for each Parcel. Administrative Expenses shall be allocated among Parcels in proportion to the amount of the Annual Installments for the Parcels. Each Annual Installment shall be reduced by any credits applied under the applicable Trust Indenture, such as capitalized interest, interest earnings on any account balances, and any other funds available to the Trustee for such purpose, including any existing deposits for a prepayment reserve. Annual Installments shall be collected by the City in the same manner and at the same time as ad valorem taxes and shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies as are provided for ad valorem taxes of the City. The City Council may provide for other means of collecting the Annual Installments to the extent permitted under the PID Act. The Assessments shall have lien priority as specified in the PID Act.

Any sale of Assessed Property for nonpayment of the Annual Installments shall be subject to the lien established for the remaining unpaid Annual Installments against such Assessed Property and such Assessed Property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent Annual Installments against such Assessed Property as they become due and payable.

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Table VI-A shows the initial collection dates applicable for Phase #1 Assessed Property, Phases #2-3 Major Improvement Assessed Property, Phase #2 Assessed Property, Phase #3A Assessed Property, and Phase #3B Assessed Property.

Table VI-A
Collection Commencement Dates

Phase	Trigger Event	Collection Commencement Date
Phase #1	Issuance of Phase #1 Bonds	December, 2015
Phases #2-3	Issuance of Phases #2-3 Major Improvement Bonds	December 2015
Phase #2	Issuance of Phase #2 Bonds	November 2018
Phase #3A	Issuance of Phase #3A Bonds	August 2021
Phase #3B	Issuance of Phase #3B Bonds	September 2023

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VII. THE ASSESSMENT ROLLS

A. PHASE #3 MAJOR IMPROVEMENTS ASSESSMENT ROLL

The City Council evaluated each Parcel within Phase #3 (based on numerous factors such as the concept plan, developable area, proposed Homeowner Association Property and Public Property, the Phase #3 Major Improvements, best and highest use of land, and other development factors deemed relevant by the City Council) to determine the Assessed Property within each Parcel.

The Phases #2-3 Major Improvement Assessed Property has been assessed for the special benefits conferred upon the property as a result of the Phase #3 Major Improvements and the Phase #2 Major Improvements as further described in Section VII.C. Table VII-A summarizes the \$6,899,764 in special benefit received by Phases #2-3 Major Improvement Assessed Property from the Phase #3 Major Improvements that benefit Phase #3, the pro rata costs of the PID formation allocable to Phase #3, issuance costs for the Phases #2-3 Major Improvement Bonds allocable to Phase #3, and issuance costs for the Phase #3 Major Improvements Refunding Bonds. The total principal amount allocable to Phase #3 paid from the Phases #2-3 Major Improvement Bonds as of September 1, 2023, and the total principal amount of the Phase #3 Major Improvements Refunding Bonds, collectively, is \$4,497,770 as shown in Table VII-A, which is less than the benefit received by Phases #2-3 Major Improvement Assessed Property related to the Phase #3 Major Improvements, and as such the total Assessment for all Assessed Property within Phases #2-3 Major Improvement Area related to the Phase #3 Major Improvements is \$4,497,770 plus annual Administrative Expenses. The Assessment for each Parcel of Assessed Property within the Phases #2-3 Major Improvement Area related to the Phase #3 Major Improvements is calculated based on the allocation methodologies described in Section V.D of this Service and Assessment Plan. The Phase #3 Major Improvements Assessment Roll is attached hereto as Appendix G.

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Table VII-A
Special Benefit Summary – Phase #3 Major Improvements

Special Benefit	Total Cost
Phase #3's share of Phases #2-3 Major Improvement Bonds Net Proceeds	\$3,152,054
Developer Contribution	\$1,433,033
<i>Total Authorized Improvements⁽¹⁾</i>	<i>\$4,585,087</i>
PID Formation/ Phase #3's share of Phases #2-3 Major Improvement Bonds issuance costs	
Reserve Fund	\$448,867
Capitalized Interest	\$701,555
Administrative Expense	\$18,164
Other Cost of Issuance	\$593,212
<i>Subtotal</i>	<i>\$1,761,797</i>
Phase #3 Major Improvements Refunding Bonds issuance costs	
Reserve Fund	\$55,396
Delinquency and Prepayment Reserve Account	\$36,931
Administrative Fund	\$20,209
Underwriter's Discount	\$120,990
Other costs of issuance	\$319,353
<i>Subtotal</i>	<i>\$552,879</i>
Total Special Benefit	\$6,899,764
Special Benefit:	
Total Special Benefit	\$6,899,764
Assessment	\$4,497,770
Excess Benefit	\$2,401,994

⁽¹⁾See Table V-A for details.

B. PHASE #1 ASSESSMENT ROLL

The City Council evaluated each Parcel within Phase #1 (based on numerous factors such as the concept plan, developable area, proposed Homeowner Association Property and Public Property, the Phase #1 Projects, best and highest use of land, and other development factors deemed relevant by the City Council) to determine the Assessed Property within each Parcel.

The Phase #1 Assessed Property has been assessed for the special benefits conferred upon the property as a result of the Phase #1 Projects that benefit Phase #1. Table VII-B summarizes the \$18,498,226 in special benefit received by Phase #1 Assessed Property from the Phase #1 Projects that benefit Phase #1, the pro rata costs of the PID formation, issuance costs for Phase #1 Bonds, and issuance costs for the Phase #1 and Phase #2 Refunding Bonds allocable to Phase #1. The total principal amount paid from the Phase #1 Bonds as of September 1, 2023, the total principal amount of the Phase #1 Reimbursement Agreement, and the total principal amount of the Phase #1 and Phase #2 Refunding Bonds allocable to Phase #1, collectively, is \$13,574,533, which is less than the benefit received by Phase #1 Assessed Property, and as such the total Assessment for all Assessed Property within Phase

#1 is \$13,574,533 plus annual Administrative Expenses and other authorized charges. The Assessment for each Parcel of Assessed Property within Phase #1 is calculated based on the allocation methodologies described in Section V.D of this Service and Assessment Plan. The Phase #1 Assessment Roll is attached hereto as Appendix H.

Table VII-B
Special Benefit Summary – Phase #1 Projects

Special Benefit	Total Cost
Phase #1 Bonds Net Proceeds	\$9,485,315
Phase #1 Reimbursement Agreement	\$540,000
Developer Contribution	\$2,768,375
<i>Total Authorized Improvements¹</i>	<i>\$12,793,690</i>
PID Formation/Phase #1 Bonds issuance costs	
Reserve Fund	\$1,022,322
Capitalized Interest	\$1,688,763
Administrative Expense	\$52,092
Other Cost of Issuance	\$1,211,342
<i>Subtotal</i>	<i>\$3,974,519</i>
Phase #1's share of Phase #1 and Phase #2 Refunding Bonds issuance costs	
Reserve Fund	\$345,362
Delinquency and Prepayment Reserve Account	\$86,340
Administrative Fund	\$41,464
Underwriter's Discount	\$353,580
Other costs of issuance	\$903,270
<i>Subtotal</i>	<i>\$1,730,016</i>
Total Special Benefit	\$18,498,226
Special Benefit:	
Total Special Benefit	\$18,498,226
Assessment	\$13,574,533
Excess Benefit	\$4,923,692

⁽¹⁾See Table III-B for details.

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C. PHASE #2 PROJECTS ASSESSMENT ROLL

The City Council evaluated each Parcel within Phase #2 (based on numerous factors such as the concept plan, developable area, proposed Homeowner Association Property and Public Property, the Phase #2 Projects, best and highest use of land, and other development factors deemed relevant by the City Council) to determine the Assessed Property within each Parcel.

The Phase #2 Assessed Property has been assessed for the special benefits conferred upon the property as a result of the Phase #2 Improvements. The Phases #2-3 Major Improvement Assessed Property have been assessed for the special benefits conferred upon the property as a result of the Phase #2 Major Improvements (and the Phase #3 Major Improvements as further described in Section VII.A). Table VII-C summarizes the \$21,832,073 in special benefit received by Phase #2 Assessed Property and the Phases #2-3 Assessed Property from the Phase #2 Improvements that benefit Phase #2 and the Phase #2 Major Improvements that benefit Phase #2, respectively, the pro rata costs of the PID formation allocable to Phase #2, issuance costs for the Phases #2-3 Major Improvement Bonds allocable to Phase #2, and issuance costs for the Phase #1 and Phase #2 Refunding Bonds allocable to Phase #2. The total principal amount paid from the Phase #2 Bonds as of September 1, 2023, the total principal amount allocable to Phase #2 paid from the Phases #2-3 Major Improvement Bonds as of September 1, 2023, and the total principal amount of the Phase #1 and Phase #2 Refunding Bonds allocable to Phase #2, collectively, is \$14,072,929, which is less than the benefit received by Phase #2 Assessed Property and the Phases #2-3 Major Improvements Assessed Property related to the Phase #2 Projects, and as such the total Assessment for all Assessed Property within Phase #2 is \$14,072,929 plus annual Administrative Expenses and other authorized charges. The Assessment for each Parcel of Phase #2 Assessed Property related to the Phase #2 Improvements and Phases #2-3 Assessed Property related to the Phase #2 Major Improvements is calculated based on the allocation methodologies described in Section V.D of this Service and Assessment Plan. The Phase #2 Projects Assessment Roll is attached hereto as Appendix I.

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Table VII-C
Special Benefit Summary – Phase #2 Projects

Special Benefit	Total Cost
Phase #2 Bonds Net Proceeds	\$7,300,000
Phase #2's share of Phases #2-3 Major Improvement Bonds Net Proceeds	\$3,426,149
Developer Contribution	\$5,202,975
<i>Total Authorized Improvements⁽¹⁾</i>	<i>\$15,929,124</i>
Phase #2 Bonds Costs of Issuance	
Reserve Fund	\$855,856
Capitalized Interest	\$452,919
Administrative Expense	\$35,000
Other Cost of Issuance	\$781,225
<i>Subtotal</i>	<i>\$2,125,000</i>
PID Formation/ Phase #2's share of Phases #2-3 Major Improvement Bonds issuance costs	
Reserve Fund	\$487,899
Capitalized Interest	\$762,560
Administrative Expense	\$19,744
Other Cost of Issuance	\$644,796
<i>Subtotal</i>	<i>\$1,914,999</i>
Phase #2's share of Phase #1 and Phase #2 Refunding Bonds issuance costs	
Reserve Fund	\$355,828
Delinquency and Prepayment Reserve Account	\$88,957
Administrative Fund	\$67,884
Underwriter's Discount	\$384,120
Other costs of issuance	\$966,160
<i>Subtotal</i>	<i>\$1,862,950</i>
Total Special Benefit	\$21,832,073
Special Benefit:	
Total Special Benefit	\$21,832,073
Assessment	\$14,072,929
Excess Benefit	\$7,759,144

⁽¹⁾See Table III-C and Table V-A for details.

D. PHASE #3A ASSESSMENT ROLL

The City Council evaluated each Parcel within Phase #3A (based on numerous factors such as the concept plan, developable area, proposed Homeowner Association Property and Public Property, the Phase #3A Improvements best and highest use of land, and other development factors deemed relevant by the City Council) to determine the Assessed Property within each Parcel.

The Phase #3A Assessed Property has been assessed for the special benefits conferred upon the property as a result of the Phase #3A Improvements that benefit Phase #3A. Table VII-D summarizes

the \$4,553,061 in special benefit received by Phase #3A Assessed Property from the Phase #3A Improvements that benefit Phase #3A. The amount of Phase #3A Bonds is \$3,644,000 which is less than the benefit received by Phase #3A Assessed Property annual Administrative Expenses and other authorized charges as set forth herein. The Assessment for each Parcel of Phase #3A Assessed Property is calculated based on the allocation methodologies described in Section V.D of this Service and Assessment Plan. The Phase #3A Assessment Roll is attached hereto as Appendix J.

Table VII-D
Special Benefit Summary - Phase #3A

Special Benefit	Total Cost
Phase #3A Bonds Net Proceeds	\$3,012,541
Bond Premium	\$87,459
Developer Contribution ¹	\$821,602
<i>Total Authorized Improvements²</i>	<i>\$3,921,602</i>
PID Formation/Bond Costs of Issuance	
Cost of issuance	\$256,189
Debt service reserve	\$235,950
Administrative expenses	\$30,000
Underwriter's discount	\$109,320
<i>PID Formation/Bond Cost of Issuance</i>	<i>\$631,459</i>
Total Special Benefit	\$4,553,061
Special Benefit:	
Total Special Benefit	\$4,553,061
Assessment	\$3,644,000
Excess Benefit	\$909,061

⁽¹⁾The Phase #3A Improvements have been completed and the Developer contribution was paid by Pulte from private financing.

⁽²⁾See Table III-D for details.

E. PHASE #3B ASSESSMENT ROLL

The City Council has evaluated each Parcel within Phase #3B (based on numerous factors such as the concept plan, developable area, proposed Homeowner Association Property and Public Property, the Phase #3B Improvements best and highest use of land, and other development factors deemed relevant by the City Council) to determine the Assessed Property within each Parcel.

The Phase #3B Assessed Property has been assessed for the special benefits conferred upon the property as a result of the Phase #3B Improvements that benefit Phase #3B. Table VII-E summarizes the \$7,889,906 in special benefit received by Phase #3B Assessed Property from the Phase #3B Improvements that benefit Phase #3B. The amount of Phase #3B Bonds is \$6,310,000 which is less than the benefit received by Phase #3B Assessed Property annual Administrative Expenses and other authorized charges as set forth herein. The Assessment for each Parcel of Phase #3B Assessed Property

is calculated based on the allocation methodologies described in Section V.D of this Service and Assessment Plan. The Phase #3B Assessment Roll is attached hereto as Appendix K.

Table VII-E
Special Benefit Summary – Phase #3B

Special Benefit	Total Cost
Phase #3B Bonds Net Proceeds	\$4,753,741
Original Issue Discount	(\$28,741)
Developer Contribution ¹	\$486,438
<i>Total Authorized Improvements²</i>	<i>\$5,211,438</i>
PID Formation/Bond Costs of Issuance	
Cost of issuance	\$436,231
Debt service reserve	\$524,700
Capitalized interest	\$316,028
Administrative expenses	\$90,000
Underwriter's discount	\$189,300
<i>PID Formation/Bond Cost of Issuance</i>	<i>\$1,556,259</i>
Total Special Benefit	\$6,767,697
Special Benefit:	
Total Special Benefit	\$6,767,697
Assessment	\$6,310,000
Excess Benefit	\$457,697

⁽¹⁾ The Developer contribution represents excess right of way acquisition or other Authorized Improvement costs that will not be reimbursed to the Developer.

⁽²⁾See Table III-E for details.

F. ANNUAL ASSESSMENT ROLL UPDATES

The Administrator shall prepare, and shall submit to the City Council for approval, annual updates to the Phase #3 Major Improvements Assessment Roll, the Phase #1 Assessment Roll, the Phase #2 Projects Assessment Roll, the Phase #3A Assessment Roll, and the Phase #3B Assessment Roll in conjunction with the Annual Service Plan Update to reflect the following matters, together with any other changes helpful to the Administrator or the City and permitted by the PID Act: (i) the identification of each Parcel (ii) the Assessment for each Parcel of Assessed Property, including any adjustments authorized by this Service and Assessment Plan or in the PID Act; (iii) the Annual Installment for the Assessed Property for the year (if the Assessment is payable in installments); and (iv) payments of the Assessment, if any, as provided by Section VI.I of this Service and Assessment Plan.

VIII. MISCELLANEOUS PROVISIONS

A. ADMINISTRATIVE REVIEW

The City may elect to designate a third party to serve as Administrator. The City shall notify the Developers in writing at least thirty (30) days in advance before appointing a third party Administrator. The City has designated MuniCap, Inc as the initial Administrator.

To the extent consistent with the PID Act, an owner of an Assessed Parcel claiming that a calculation error has been made in the Assessment Roll(s), including the calculation of the Annual Installment, shall send a written notice describing the error to the City not later than thirty (30) days after the date any amount which is alleged to be incorrect is due prior to seeking any other remedy. The Administrator shall promptly review the notice, and if necessary, meet with the Assessed Parcel owner, consider written and oral evidence regarding the alleged error and decide whether, in fact, such a calculation error occurred.

If the Administrator determines that a calculation error has been made and an Assessment Roll should be modified or changed in favor of the Assessed Parcel owner, such change or modification shall be presented to the City Council for approval to the extent permitted by the PID Act. A cash refund may not be made for any amount previously paid by the Assessed Parcel owner (except for the final year during which the Annual Installment shall be collected or if it is determined there are sufficient funds to meet the expenses of the PID for the current year), but an adjustment may be made in the amount of the Annual Installment to be paid in the following year. The decision of the Administrator regarding a calculation error relating to such Assessment Roll may be appealed to the City Council. Any amendments made to the Assessment Roll(s) pursuant to calculation errors shall be made pursuant to the PID Act.

The decision of the Administrator, or if such decision is appealed to the City Council, the decision of the City Council shall be conclusive as long as there is a reasonable basis for such determination. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any other appeal or legal action by such owner.

B. TERMINATION OF ASSESSMENTS

Each Assessment shall be extinguished on the date the Assessment is paid in full, including unpaid Annual Installments and Delinquent Collection Costs, if any. After the extinguishment of an Assessment and the collection of any delinquent Annual Installments and Delinquent Collection Costs, the City shall provide the owner of the affected Parcel a recordable “Notice of the PID Assessment Termination”.

C. AMENDMENTS

Amendments to the Service and Assessment Plan may be made as permitted or required by the PID Act and Texas law.

The City Council reserves the right to the extent permitted by the PID Act to amend this Service and Assessment Plan without notice under the PID Act and without notice to property owners of Parcels (i) to correct mistakes and clerical errors; (ii) to clarify ambiguities; and (iii) to provide procedures for the collection and enforcement of Assessments, Prepayment Costs, Delinquent Collection Costs, and other charges imposed by the Service and Assessment Plan.

D. ADMINISTRATION AND INTERPRETATION OF PROVISIONS

The City Council shall administer the PID, this Service and Assessment Plan, and all Annual Service Plan Updates consistent with the PID Act and shall make all interpretations and determinations related to the application of this Service and Assessment Plan unless stated otherwise herein or in the applicable Trust Indenture, such determination shall be conclusive.

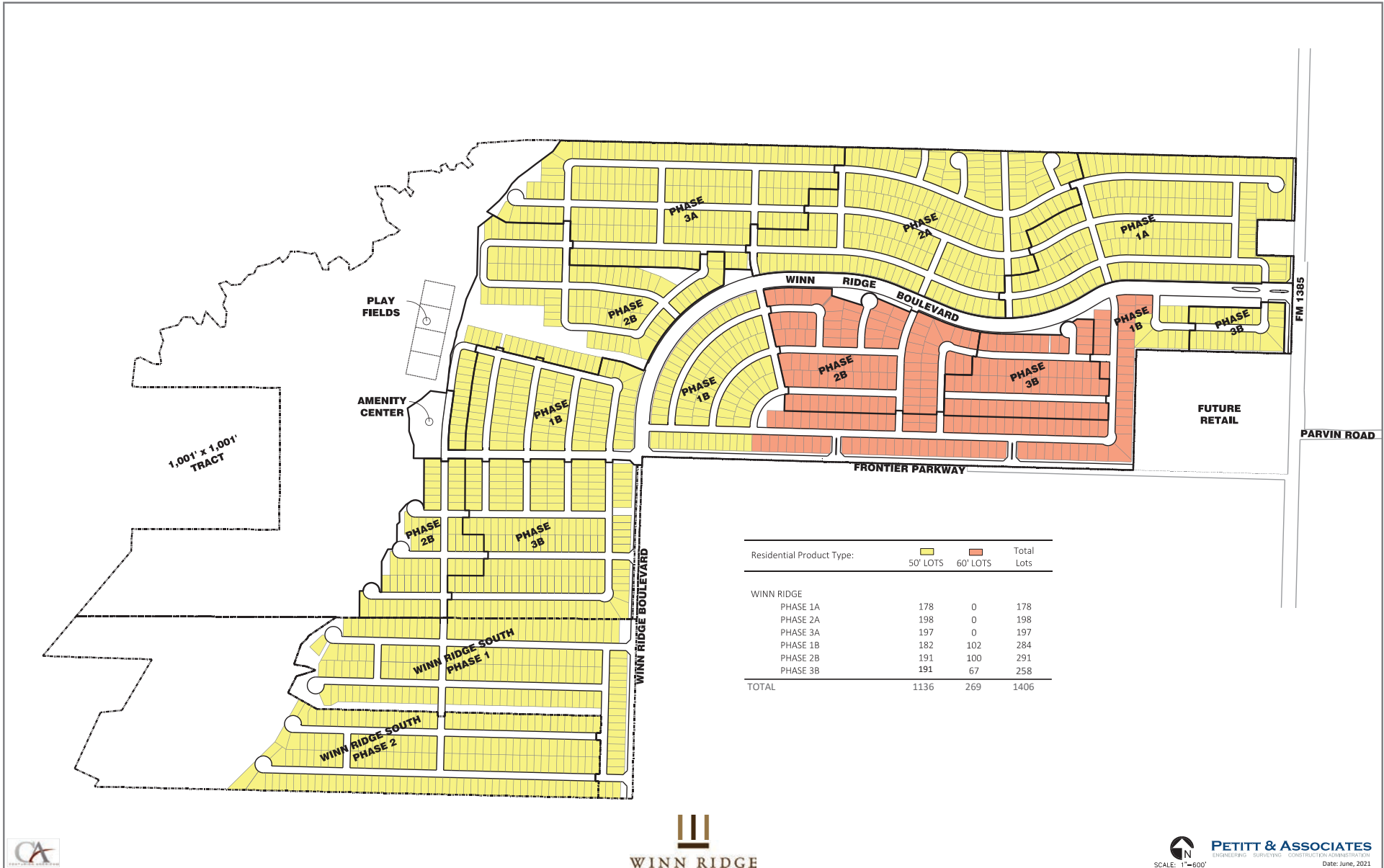
E. SEVERABILITY

If any provision, section, subsection, sentence, clause or phrase of this Service and Assessment Plan or the application of same to an Assessed Parcel or any person or set of circumstances is for any reason held to be unconstitutional, void or invalid, the validity of the remaining portions of this Service and Assessment Plan or the application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the City Council in adopting this Service and Assessment Plan that no part hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any other part hereof, and all provisions of this Service and Assessment Plan are declared to be severable for that purpose.

If any provision of this Service and Assessment Plan is determined by a court to be unenforceable, the unenforceable provision shall be deleted from this Service and Assessment Plan and the unenforceable provision shall, to the extent possible, be rewritten to be enforceable and to give effect to the intent of the City.

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APPENDIX A
PID MAP



APPENDIX B
BUDGETED COSTS OF THE AUTHORIZED IMPROVEMENTS

**THIS ESTIMATE HAS BEEN COMPLETED ON LIMITED INFORMATION AND SHOULD BE USED
FOR PROJECT EVALUATION. PRIOR TO MAKING FINANCIAL COMMITMENTS BASED ON THIS
ESTIMATE, THESE NUMBERS SHOULD BE VERIFIED BY PETITT BARRAZA LLC.**

PROJECT NAME:	JACKSON RIDGE	ACREAGE:	320.9	NO. OF LOTS:	1395
MAJOR IMPROVEMENTS:	CITY	CREATED:	6/15/2015	BY	CDH
	CITY: AUBREY	REVISED:	8/18/2015	CHECKED:	AB
JOB NUMBER:	12031-00	REVISED:	9/8/2015	ROADWAY LF:	NA
UTIL. PROVIDER:	AUBREY	REVISED:	10/16/2015	FILE NAME:	Concept 33

<i>DESCRIPTION</i>	<i>UNIT</i>	<i>APPROXIMATE QUANTITY</i>	<i>UNIT PRICE</i>	<i>TOTAL AMOUNT</i>
A. PHASE 1 CITY WATER SYSTEM IMPROVEMENTS				
UTRWD DELIVER POINT (12-INCH WATER & METER	LS	1	\$ 431,525.00	\$ 431,525
0.25 MG GROUND STORAGE RESIVOR	LS	1	\$ 402,500.00	\$ 402,500
1.0 MGD PUMP STATION	LS	1	\$ 765,000.00	\$ 765,000
0.50 MG ELEVATED STORAGE TANK	LS	1	\$ 1,487,500.00	\$ 1,487,500
EQUITY FEE	MGD	1	\$ 200,000.00	\$ 200,000
DEMAND CHARGE (\$388K/1MGD FOR 5 YEARS)	MGD	0.30	\$ 388,000.00	\$ 116,400
CITY SEWER & WATER CCN ACQUISITION	EA	1	\$ 579,400.00	\$ 289,700

SUB - TOTAL **\$ 3,692,625**

B. PROFESSIONAL & MISCELLANEOUS FEES				
ENGINEERING, DESIGN & SURVEYING FEES	%	18%	\$ 3,086,525	\$ 569,250
GEOTECHNICAL AND MATERIALS TESTING	%	1%	\$ 3,086,525	\$ 30,865
INSPECTION FEES	%	2%	\$ 3,086,525	\$ 64,010

SUB - TOTAL **\$ 664,125**

**THIS ESTIMATE HAS BEEN COMPLETED ON LIMITED INFORMATION AND SHOULD BE USED
FOR PROJECT EVALUATION. PRIOR TO MAKING FINANCIAL COMMITMENTS BASED ON THIS
ESTIMATE, THESE NUMBERS SHOULD BE VERIFIED BY PETITT BARRAZA LLC.**

PROJECT NAME:	JACKSON RIDGE	ACREAGE:	320.9	NO. OF LOTS:	1395
MAJOR IMPROVEMENTS:	CITY	CREATED:	6/15/2015	BY	CDH
	CITY: AUBREY	REVISED:	8/18/2015	CHECKED:	AB
	JOB NUMBER: 12031-00	REVISED:	9/8/2015	ROADWAY LF:	NA
	UTIL. PROVIDER: AUBREY	REVISED:	10/16/2015	FILE NAME:	Concept 33

<i>DESCRIPTION</i>	<i>UNIT</i>	<i>APPROXIMATE QUANTITY</i>	<i>UNIT PRICE</i>	<i>TOTAL AMOUNT</i>
C. PHASE 1 CITY SEWER SYSTEM IMPROVEMENTS				
12INCH OFFSITE SANITARY SEWER	LF	10,570	\$ 95.83	\$ 1,012,966
LAND RIGHTS	LS	1	\$ 182,500.00	\$ 182,500
15INCH OFFSITE SANITARY SEWER OVERSIZE COST	LS	1	\$ 489,956.00	\$ 489,956
UTRWD RIVERBEND EXPANSION COST SHARE	MGD	0.320	\$ 6,500,000.00	\$ 2,080,000
CITY SEWER & WATER CCN ACQUISITION	EA	1	\$ 579,400.00	\$ 289,700

SUB - TOTAL **\$ 4,055,122**

D. PROFESSIONAL & MISCELLANEOUS FEES

ENGINEERING, DESIGN & SURVEYING FEES	%	25%	\$ 1,012,966	\$ 253,242
GEOTECHNICAL AND MATERIALS TESTING	%	2%	\$ 1,012,966	\$ 20,259
INSPECTION FEES	%	3%	\$ 1,012,966	\$ 30,389

SUB - TOTAL **\$ 303,890**

**THIS ESTIMATE HAS BEEN COMPLETED ON LIMITED INFORMATION AND SHOULD BE USED
FOR PROJECT EVALUATION. PRIOR TO MAKING FINANCIAL COMMITMENTS BASED ON THIS
ESTIMATE, THESE NUMBERS SHOULD BE VERIFIED BY PETITT BARRAZA LLC.**

PROJECT NAME:	JACKSON RIDGE	ACREAGE:	324.1	NO. OF LOTS:	1395
MAJOR IMPROVEMENTS:	OTHER	CREATED:	6/15/2015	BY	CDH
CITY:	AUBREY	REVISED:	8/18/2015	CHECKED:	AB
JOB NUMBER:	12031-00	REVISED:	9/8/2015	ROADWAY LF:	9,005
UTIL. PROVIDER:	AUBREY	REVISED:	10/16/2015	FILE NAME:	Concept 33

DESCRIPTION	UNIT	APPROXIMATE QUANTITY	UNIT PRICE	TOTAL AMOUNT
A. PAVING - ROAD 'A' - 5,545 LF				
CONNECT TO EX. PAVEMENT	EA	2	\$ 350.00	\$ 700
6" LIME STABILIZED SUBGRADE PREPARATION	SY	25,877	\$ 3.50	\$ 90,568
LIME FOR SUBGRADE PREPARATION (36LBS/SY)	TON	470	\$ 150.00	\$ 70,500
100' ROW, 3 LANE UNDIVIDED (8-INCH, 3,600 PSI)	SY	24,645	\$ 40.00	\$ 985,780
BARRIER FREE RAMPS	EA	22	\$ 2,100.00	\$ 46,200
5" - 4' REINFORCED CONCRETE SIDEWALK	SY	4,929	\$ 55.00	\$ 271,089
4' WIDE CURLEX EROSION CONTROL MATTING	LF	11,090	\$ 0.75	\$ 8,318
COMBO STREET NAME & STOP SIGN	EA	2	\$ 1,300.00	\$ 2,600
STORM SEWER SYSTEM	LF	5,545	\$ 50.00	\$ 277,250

SUB - TOTAL **\$ 1,753,005**

B. PAVING - 1/2 ROAD 'B' - 3,460 LF				
CONNECT TO EX. PAVEMENT	EA	2	\$ 350.00	\$ 700
6" LIME STABILIZED SUBGRADE PREPARATION	SY	10,188	\$ 3.50	\$ 35,657
LIME FOR SUBGRADE PREPARATION (36LBS/SY)	TON	190	\$ 150.00	\$ 28,500
1/2 OF 80' ROW, 4 LANE UNDIVIDED (8-INCH, 3,600 PSI)	SY	9,611	\$ 40.00	\$ 384,448
BARRIER FREE RAMPS	EA	5	\$ 2,100.00	\$ 10,500
5" - 4' REINFORCED CONCRETE SIDEWALK	SY	1,538	\$ 55.00	\$ 84,578
4' WIDE CURLEX EROSION CONTROL MATTING	LF	3,460	\$ 0.75	\$ 2,595
COMBO STREET NAME & STOP SIGN	EA	3	\$ 1,300.00	\$ 3,900
STORM SEWER SYSTEM	LF	3,460	\$ 25.00	\$ 86,500

SUB - TOTAL **\$ 637,378**

C. PAVING - 1/2 ROAD 'C' - 1,150 LF				
CONNECT TO EX. PAVEMENT	EA	2	\$ 350.00	\$ 700
6" LIME STABILIZED SUBGRADE PREPARATION	SY	2,811	\$ 3.50	\$ 9,839
LIME FOR SUBGRADE PREPARATION (36LBS/SY)	TON	60	\$ 150.00	\$ 9,000
1/2 OF 100' ROW, 3 LANE UNDIVIDED (8-INCH, 3,600 PSI)	SY	2,556	\$ 40.00	\$ 102,224
BARRIER FREE RAMPS	EA	3	\$ 2,100.00	\$ 6,300
5" - 4' REINFORCED CONCRETE SIDEWALK	SY	511	\$ 55.00	\$ 28,111
4' WIDE CURLEX EROSION CONTROL MATTING	LF	1,150	\$ 0.75	\$ 863
COMBO STREET NAME & STOP SIGN	EA	2	\$ 1,300.00	\$ 2,600
STORM SEWER SYSTEM	LF	1,150	\$ 25.00	\$ 28,750

SUB - TOTAL **\$ 188,387**

**THIS ESTIMATE HAS BEEN COMPLETED ON LIMITED INFORMATION AND SHOULD BE USED
FOR PROJECT EVALUATION. PRIOR TO MAKING FINANCIAL COMMITMENTS BASED ON THIS
ESTIMATE, THESE NUMBERS SHOULD BE VERIFIED BY PETITT BARRAZA LLC.**

PROJECT NAME:	JACKSON RIDGE	ACREAGE:	324.1	NO. OF LOTS:	1395
MAJOR IMPROVEMENTS:	OTHER	CREATED:	6/15/2015	BY	CDH
CITY:	AUBREY	REVISED:	8/18/2015	CHECKED:	AB
JOB NUMBER:	12031-00	REVISED:	9/8/2015	ROADWAY LF:	9,005
UTIL. PROVIDER:	AUBREY	REVISED:	10/16/2015	FILE NAME:	Concept 33

DESCRIPTION	UNIT	APPROXIMATE QUANTITY	UNIT PRICE	TOTAL AMOUNT
D. PAVING - FM 1385 TURN LANES				
FM 1385 LEFT TURN LANES	EA	1	\$ 385,000.00	\$ 385,000
SUB - TOTAL				\$ 385,000

E. WATER SYSTEM				
CONNECT TO EXIST. WATER LINE (Remove Plug & Connect)	EA	1	\$ 900.00	\$ 900
12" P.V.C. WATERLINE	LF	4,920	\$ 40.00	\$ 196,800
12" GATE VALVE & BOX	EA	14	\$ 2,200.00	\$ 30,800
TRENCH SAFETY	LF	4,920	\$ 0.80	\$ 3,936
TESTING (EXCLUDING GEOTECH)	LF	4,920	\$ 1.00	\$ 4,920
SUB - TOTAL				\$ 237,356

F. SANITARY SEWER SYSTEM				
CONNECT TO EXIST. SEWER LINE	EA	1	\$ 500.00	\$ 500
12" P.V.C. PIPE (SDR 35: 0' to 11.5' Depth)	EA	6,250	\$ 40.00	\$ 250,000
5' DIAMETER DROP MANHOLE W/RAIN PANS	EA	22	\$ 4,700.00	\$ 103,400
TESTING (EXCLUDING GEOTECH)	LF	6,250	\$ 1.50	\$ 9,375
TRENCH SAFETY	LF	6,250	\$ 0.80	\$ 5,000
SUB - TOTAL				\$ 368,275

G. PROFESSIONAL & MISCELLANEOUS FEES				
ENGINEERING, SURVEYING & TESTING	%	12%	\$ 3,381,014	\$ 405,722
BIDDING and LETTING	EA	1	\$ 10,000	\$ 10,000
SWPPP ADMINISTRATION	LS	1	\$ 7,000	\$ 7,000
CONSTRUCTION INSPECTION	%	3%	\$ 3,381,014	\$ 101,430
MATERIAL TESTING	%	2%	\$ 3,381,014	\$ 67,620
SUB - TOTAL				\$ 591,772

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PROJECT NAME: JACKSON RIDGE	ACREAGE: 110.3	NO. OF LOTS: 459
ON-SITE FACILITIES: PHASE 1	CREATED: 6/15/2015	BY: CDH
CITY: AUBREY	REVISED: 8/18/2015	CHECKED: AB
JOB NUMBER: 12031-00	REVISED: 9/8/2015	ROADWAY LF: 19,777
UTIL. PROVIDER: AUBREY	REVISED: 10/16/2015	FILE NAME: Concept 33

<i>DESCRIPTION</i>	<i>UNIT</i>	<i>APPROXIMATE QUANTITY</i>	<i>UNIT PRICE</i>	<i>TOTAL AMOUNT</i>
A. ROADWAY IMPROVEMENTS				
R.O.W. CLEARING & GRUBBING (1/4 Area Heavily Treed)	ACRE	110	\$ 2,000.00	\$ 220,600
CONSTRUCTION ENTRANCE	EA	1	\$ 2,000.00	\$ 2,000
SILT FENCE	LF	22,316	\$ 1.50	\$ 33,474
UNCLASSIFIED EXCAVATION OF STREET R.O.W.	CY	204,255	\$ 2.20	\$ 449,361
OVER SEEDING DISTURBED AREAS	ACRE	66	\$ 500.00	\$ 33,000
STREET PREPARATION (3' MOISTURE CONDITIONING)	CY	92,120	\$ 2.75	\$ 253,330
6" LIME STABILIZED SUBGRADE PREPARATION	SY	74,304	\$ 3.50	\$ 260,064
LIME FOR SUBGRADE PREPARATION (36LBS/SY)	TON	1,350	\$ 150.00	\$ 202,500
31' B-B CONC. PAVEMENT (6-INCH, 3,600 PSI)	SY	64,835	\$ 30.00	\$ 1,945,050
37' B-B CONC. PAVEMENT (6-INCH, 3,600 PSI)	SY	5,016	\$ 40.00	\$ 200,640
BARRIER FREE RAMPS	EA	53	\$ 1,200.00	\$ 63,600
4' REINFORCED CONCRETE SIDEWALK (5-INCH)	SY	444	\$ 55.00	\$ 24,420
4' WIDE CURLEX EROSION CONTROL MATTING	LF	40,086	\$ 0.75	\$ 30,065
COMBO STREET NAME & STOP SIGN	EA	30	\$ 1,300.00	\$ 39,000
STREET LIGHTS (Standard Lights)	EA	41	\$ 2,500.00	\$ 102,500

SUB - TOTAL **\$ 3,859,604**

B. WATER SYSTEM

CONNECT TO EXIST. WATER LINE (Remove Plug & Connect)	EA	1	\$ 900.00	\$ 900
8" P.V.C. WATERLINE	LF	17,882	\$ 22.00	\$ 393,404
8" GATE VALVE & BOX	EA	53	\$ 1,400.00	\$ 74,200
FIRE HYDRANT ASSEMBLY (INCLUDING 6" GATE VALVE)	EA	60	\$ 4,000.00	\$ 240,000
1" SINGLE WATER SERVICE	EA	459	\$ 500.00	\$ 229,500
TRENCH SAFETY	LF	17,882	\$ 0.80	\$ 14,306
TESTING (EXCLUDING GEOTECH)	LF	17,882	\$ 1.00	\$ 17,882
1" IRRIGATION WATER SERVICE (To Green Space)	EA	12	\$ 900.00	\$ 10,800

SUB - TOTAL **\$ 980,992**

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PROJECT NAME:	JACKSON RIDGE	ACREAGE:	110.3	NO. OF LOTS:	459
ON-SITE FACILITIES:	PHASE 1	CREATED:	6/15/2015	BY:	CDH
CITY:	AUBREY	REVISED:	8/18/2015	CHECKED:	AB
JOB NUMBER:	12031-00	REVISED:	9/8/2015	ROADWAY LF:	19,777
UTIL. PROVIDER:	AUBREY	REVISED:	10/16/2015	FILE NAME:	Concept 33

<i>DESCRIPTION</i>	<i>UNIT</i>	<i>APPROXIMATE QUANTITY</i>	<i>UNIT PRICE</i>	<i>TOTAL AMOUNT</i>
C. SANITARY SEWER SYSTEM				
CONNECT TO EXIST. SEWER LINE	EA	1	\$ 500.00	\$ 500
8" P.V.C. PIPE (SDR 35: 0' to 11.5' Depth)	LF	17,140	\$ 25.00	\$ 428,500
4' DIAMETER MANHOLE W/RAIN PANS	EA	48	\$ 2,700.00	\$ 129,600
5' DIAMETER MANHOLE W/RAIN PANS	EA	9	\$ 3,800.00	\$ 34,200
STANDARD CLEANOUTS	EA	1	\$ 875.00	\$ 875
4" SINGLE SEWER SERVICE	EA	459	\$ 600.00	\$ 275,400
WATER CROSSING PER TCEQ REQUIREMENTS	EA	30	\$ 750.00	\$ 22,500
TESTING (EXCLUDING GEOTECH)	LF	17,140	\$ 1.50	\$ 25,710
ADDITIONAL TESTING AFTER DRY UTIL INSTALL	LF	17,140	\$ 1.00	\$ 17,140
TRENCH SAFETY	LF	17,140	\$ 0.80	\$ 13,712

SUB - TOTAL **\$ 948,137**

D. STORM DRAINAGE SYSTEM

BASED ON AVERAGE COST PER LOT	EA	459	\$ 1,500.00	\$ 688,500
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SUB - TOTAL **\$ 688,500**

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PROJECT NAME: JACKSON RIDGE	ACREAGE: 110.3	NO. OF LOTS: 459
ON-SITE FACILITIES: PHASE 1	CREATED: 6/15/2015	BY: CDH
CITY: AUBREY	REVISED: 8/18/2015	CHECKED: AB
JOB NUMBER: 12031-00	REVISED: 9/8/2015	ROADWAY LF: 19,777
UTIL. PROVIDER: AUBREY	REVISED: 10/16/2015	FILE NAME: Concept 33

DESCRIPTION	UNIT	APPROXIMATE QUANTITY	UNIT PRICE	TOTAL AMOUNT
E. LOT PREPARATION				
LOT GRADING (ROUGH)	LOT	459	\$ 200.00	\$ 91,800
LOT GRADING (FINAL)	LOT	459	\$ 100.00	\$ 45,900
MOISTURE CONDITIONING LOTS 8' BELOW FINAL GRADE	LOT	459	\$ 2,500.00	\$ 1,147,500
WRAP LOTS w/ 6 MIL PLASTIC SHEETING	LOT	459	\$ 460.00	\$ 211,140

SUB - TOTAL, DEVELOPER COST	\$ 1,496,340
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F. RETAINING WALLS				
RETAINING WALL (4' Top of Wall to Bottom of Wall)	LOT	459	\$ 1,000.00	\$ 459,000

SUB - TOTAL, DEVELOPER COST	\$ 459,000
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G. FRANCHISE UTILITIES				
ELECTRIC SERVICE	LOT	459	\$ 1,000.00	\$ 459,000
GAS SERVICE	LOT	459	\$ 1,000.00	\$ 459,000

SUB - TOTAL, DEVELOPER COST	\$ 918,000
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NOTES FUNDED DEVELOPER ITEMS

H. PROFESSIONAL & MISCELLANEOUS FEES				
ENGINEERING & SURVEYING	LOT	459	\$ 1,500	\$ 688,500
BIDDING and LETTING	EA	3	\$ 10,000	\$ 30,000
SWPPP ADMINISTRATION	LS	1	\$ 6,000	\$ 6,000
CONSTRUCTION INSPECTION	%	3%	\$ 8,432,572	\$ 252,977
MATERIAL TESTING	%	2%	\$ 8,432,572	\$ 168,651

SUB - TOTAL	\$ 1,146,129
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I. PID DIRECT PROFESSIONAL & MISC. FEES				
ENGINEERING & SURVEYING	LOT	459	\$ 1,200	\$ 550,800
BIDDING and LETTING	EA	2	\$ 10,000	\$ 20,000
SWPPP ADMINISTRATION	LS	1	\$ 2,000	\$ 2,000
CONSTRUCTION INSPECTION	%	3%	\$ 6,477,232	\$ 194,317
MATERIAL TESTING	%	2%	\$ 6,477,232	\$ 129,545

SUB - TOTAL	\$ 896,662
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PROJECT NAME: JACKSON RIDGE	ACREAGE: 324.1	NO. OF LOTS: 1395
ON-SITE FACILITIES: FUTURE PHASES	CREATED: 6/15/2015	BY: CDH
CITY: AUBREY	REVISED: 8/18/2015	CHECKED: AB
JOB NUMBER: 12031-00	REVISED: 8/26/2015	ROADWAY LF: 57,133
UTIL. PROVIDER: AUBREY	REVISED: 10/16/2015	FILE NAME: Concept 33

DESCRIPTION	UNIT	APPROXIMATE QUANTITY	UNIT PRICE	TOTAL AMOUNT
A. ROADWAY IMPROVEMENTS				
R.O.W. CLEARING & GRUBBING (1/4 Area Heavily Treed)	ACRE	213.8	\$ 2,000.00	\$ 427,600
CONSTRUCTION ENTRANCE	EA	2	\$ 2,000.00	\$ 4,000
SILT FENCE	LF	41,209	\$ 1.50	\$ 61,814
UNCLASSIFIED EXCAVATION OF STREET R.O.W.	CY	416,520	\$ 2.20	\$ 916,344
OVER SEEDING DISTURBED AREAS	ACRE	134	\$ 500.00	\$ 67,000
STREET PREPARATION (3' MOISTURE CONDITIONING)	CY	169,229	\$ 2.75	\$ 465,380
6" LIME STABILIZED SUBGRADE PREPARATION	SY	136,260	\$ 3.50	\$ 476,910
LIME FOR SUBGRADE PREPARATION (36LBS/SY)	TON	2,470	\$ 150.00	\$ 370,500
31' B-B CONC. PAVEMENT (6-INCH, 3,600 PSI)	SY	126,394	\$ 30.00	\$ 3,791,820
37' B-B CONC. PAVEMENT (6-INCH, 3,600 PSI)	SY	1,624	\$ 40.00	\$ 64,960
BARRIER FREE RAMPS	EA	121	\$ 1,200.00	\$ 145,200
4' REINFORCED CONCRETE SIDEWALK (5-INCH)	SY	1,785	\$ 55.00	\$ 98,175
4' WIDE CURLEX EROSION CONTROL MATTING	LF	74,180	\$ 0.75	\$ 55,635
COMBO STREET NAME & STOP SIGN	EA	64	\$ 1,300.00	\$ 83,200
STREET LIGHTS (Standard Lights)	EA	75	\$ 2,500.00	\$ 187,500

SUB - TOTAL **\$ 7,216,037**

B. WATER SYSTEM

CONNECT TO EXIST. WATER LINE (Remove Plug & Connect)	EA	2	\$ 900.00	\$ 1,800
8" P.V.C. WATERLINE	LF	34,862	\$ 22.00	\$ 766,964
8" GATE VALVE & BOX	EA	121	\$ 1,400.00	\$ 169,400
FIRE HYDRANT ASSEMBLY (INCLUDING 6" GATE VALVE)	EA	116	\$ 4,000.00	\$ 464,000
1" SINGLE WATER SERVICE	EA	936	\$ 500.00	\$ 468,000
TRENCH SAFETY	LF	34,862	\$ 0.80	\$ 27,890
TESTING (EXCLUDING GEOTECH)	LF	34,862	\$ 1.00	\$ 34,862
1" IRRIGATION WATER SERVICE (To Green Space)	EA	18	\$ 900.00	\$ 16,200

SUB - TOTAL **\$ 1,949,116**

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PROJECT NAME:	JACKSON RIDGE	ACREAGE:	324.1	NO. OF LOTS:	1395
ON-SITE FACILITIES:	FUTURE PHASES	CREATED:	6/15/2015	BY:	CDH
CITY:	AUBREY	REVISED:	8/18/2015	CHECKED:	AB
JOB NUMBER:	12031-00	REVISED:	8/26/2015	ROADWAY LF:	57,133
UTIL. PROVIDER:	AUBREY	REVISED:	10/16/2015	FILE NAME:	Concept 33

<i>DESCRIPTION</i>	<i>UNIT</i>	<i>APPROXIMATE QUANTITY</i>	<i>UNIT PRICE</i>	<i>TOTAL AMOUNT</i>
C. SANITARY SEWER SYSTEM				
CONNECT TO EXIST. SEWER LINE	EA	2	\$ 500.00	\$ 1,000
8" P.V.C. PIPE (SDR 35: 0' to 11.5' Depth)	LF	33,135	\$ 25.00	\$ 828,375
4' DIAMETER MANHOLE W/RAIN PANS	EA	77	\$ 2,700.00	\$ 207,900
5' DIAMETER MANHOLE W/RAIN PANS	EA	34	\$ 3,800.00	\$ 129,200
STANDARD CLEANOUTS	EA	12	\$ 875.00	\$ 10,500
4" SINGLE SEWER SERVICE	EA	936	\$ 600.00	\$ 561,600
WATER CROSSING PER TCEQ REQUIREMENTS	EA	35	\$ 750.00	\$ 26,250
TESTING (EXCLUDING GEOTECH)	LF	33,135	\$ 1.50	\$ 49,703
ADDITIONAL TESTING AFTER DRY UTIL INSTALL	LF	33,135	\$ 1.00	\$ 33,135
TRENCH SAFETY	LF	33,135	\$ 0.80	\$ 26,508

SUB - TOTAL **\$ 1,874,171**

D. STORM DRAINAGE SYSTEM

BASED ON AVERAGE COST PER LOT	EA	936	\$ 1,500.00	\$ 1,404,000
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SUB - TOTAL **\$ 1,404,000**

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PROJECT NAME: JACKSON RIDGE	ACREAGE: 324.1	NO. OF LOTS: 1395
ON-SITE FACILITIES: FUTURE PHASES	CREATED: 6/15/2015	BY: CDH
CITY: AUBREY	REVISED: 8/18/2015	CHECKED: AB
JOB NUMBER: 12031-00	REVISED: 8/26/2015	ROADWAY LF: 57,133
UTIL. PROVIDER: AUBREY	REVISED: 10/16/2015	FILE NAME: Concept 33

DESCRIPTION	UNIT	APPROXIMATE QUANTITY	UNIT PRICE	TOTAL AMOUNT
E. LOT PREPARATION				
LOT GRADING (ROUGH)	LOT	936	\$ 200.00	\$ 187,200
LOT GRADING (FINAL)	LOT	936	\$ 100.00	\$ 93,600
MOISTURE CONDITIONING LOTS 8' BELOW FINAL GRADE	LOT	936	\$ 2,500.00	\$ 2,340,000
WRAP LOTS w/ 6 MIL PLASTIC SHEETING	LOT	936	\$ 460.00	\$ 430,560

SUB - TOTAL, DEVELOPER COST	\$ 3,051,360
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F. RETAINING WALLS				
RETAINING WALL (4' Top of Wall to Bottom of Wall)	LOT	936	\$ 1,000.00	\$ 936,000

SUB - TOTAL, DEVELOPER COST	\$ 936,000
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G. FRANCHISE UTILITIES				
ELECTRIC SERVICE	LOT	936	\$ 1,000.00	\$ 936,000
GAS SERVICE	LOT	936	\$ 1,000.00	\$ 936,000

SUB - TOTAL, DEVELOPER COST	\$ 1,872,000
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NOTES FUNDED DEVELOPER ITEMS

H. PROFESSIONAL & MISCELLANEOUS FEES				
ENGINEERING & SURVEYING	LOT	936	\$ 1,500	\$ 1,404,000
BIDDING and LETTING	EA	6	\$ 10,000	\$ 60,000
SWPPP ADMINISTRATION	LS	2	\$ 6,000	\$ 12,000
CONSTRUCTION INSPECTION	%	3%	\$ 16,430,683	\$ 492,921
MATERIAL TESTING	%	2%	\$ 16,430,683	\$ 328,614

SUB - TOTAL **\$ 2,297,534**

I. PID DIRECT PROFESSIONAL & MISC. FEES				
ENGINEERING & SURVEYING	LOT	936	\$ 1,200	\$ 1,123,200
BIDDING and LETTING	EA	4	\$ 10,000	\$ 40,000
SWPPP ADMINISTRATION	LS	2	\$ 2,000	\$ 4,000
CONSTRUCTION INSPECTION	%	3%	\$ 12,443,323	\$ 373,300
MATERIAL TESTING	%	2%	\$ 12,443,323	\$ 248,866

SUB - TOTAL **\$ 1,789,366**

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FOR PROJECT EVALUATION. PRIOR TO MAKING FINANCIAL COMMITMENTS BASED ON THIS
ESTIMATE, THESE NUMBERS SHOULD BE VERIFIED BY PETITT BARRAZA LLC.**

PROJECT NAME:	JACKSON RIDGE	ACREAGE:	324.1	NO. OF LOTS:	1395
IMPROVEMENTS:	COMMON AREA AMENITIES	CREATED:	6/15/2015	BY	CDH
CITY:	AUBREY	REVISED:	8/18/2015	CHECKED:	AB
JOB NUMBER:	12031-00	REVISED:	8/26/2015		
UTIL. PROVIDER:	AUBREY	REVISED:	10/16/2015	FILE NAME:	Concept 33

<i>DESCRIPTION</i>	<i>UNIT</i>	<i>APPROXIMATE QUANTITY</i>	<i>UNIT PRICE</i>	<i>TOTAL AMOUNT</i>
A. COMMON AREA AMENITIES				
AMENITY CENTER	EA	1	\$ 850,000.00	\$ 850,000
SOCCER FIELDS	EA	4	\$ 35,000.00	\$ 140,000
ENTRY	EA	1	\$ 150,000.00	\$ 150,000
TRAIL SYSTEM	LF	8,520	\$ 39.00	\$ 332,280
PERIMETER SCREENING WALL	LF	7,090	\$ 100.00	\$ 709,000
BOULEVARD ORNAMENTAL FENCE	LF	8,280	\$ 100.00	\$ 828,000
TUBULAR STEEL FENCE	LF	2,915	\$ 50.00	\$ 145,750
SUB - TOTAL				\$ 3,155,030

Revised Estimated Costs – Major Improvements

EXHIBIT "D"

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PROJECT NAME:	JACKSON RIDGE	ACREAGE:	307.6	NO. OF LOTS:	1400
SUMMARY:	TOTAL DEVELOPMENT				
LOCATION:	AUBREY EJT/PROSPER ETJ				
JOB NUMBER:	12031-00				
UTIL. PROVIDER:	MSUD			FILE NAME:	LAND PLAN 16

ON-SITE IMPROVEMENTS SUMMARY	BY CATEGORY	BY LOT
A. LOT GRADING	\$ 7,784,822	\$ 5,561
B. RETAINING WALLS	\$ 1,950,000	\$ 1,393
C. WATER DISTRIBUTION SYSTEM	\$ 3,063,691	\$ 2,188
D. SANITARY SEWER SYSTEM	\$ 3,020,717	\$ 2,158
E. STORM SEWER SYSTEM	\$ 2,100,000	\$ 1,500
F. PAVING	\$ 8,255,745	\$ 5,897
G. DRY UTILITIES & STREET LIGHTING	\$ 3,057,960	\$ 2,184
H. PROFESSIONAL & MISCELLANEOUS FEES	\$ 3,630,749	\$ 2,593
SUB-TOTAL ON-SITE CONSTRUCTION COSTS	\$ 32,863,683	\$ 23,474
CONTINGENCIES 20%	\$ 6,572,737	\$ 4,695
SUB-TOTAL ON SITE CONSTRUCTION COSTS W/CONTINGENCIES	\$ 39,436,420	\$ 28,169

MAJOR IMPROVEMENTS SUMMARY	BY CATEGORY	BY LOT
A. WATER DISTRIBUTION SYSTEM	\$ 1,540,401	\$ 1,100
B. SANITARY SEWER SYSTEM	\$ 677,199	\$ 484
C. OFF-SITE SEWER	\$ 3,572,139	
D. PAVING - ROAD 'A'	\$ 3,762,273	\$ 2,687
E. PAVING - ROAD 'B' - 5,585 LF	\$ 1,248,998	\$ 892
F. PAVING - 1/2 ROAD 'C' - 3,460 LF	\$ 202,897	\$ 145
G. PAVING - FM 1385 TURN LANES	\$ 563,509	\$ 403
H. PROFESSIONAL & MISCELLANEOUS FEES	\$ 1,965,176	\$ 1,404
SUB-TOTAL MAJOR IMPROVEMENTS CONSTRUCTION COSTS	\$ 13,532,592	\$ 7,115
CONTINGENCIES 20%		\$ -
SUB-TOTAL OFF SITE CONSTRUCTION COSTS W/CONTINGENCIES	\$ 13,532,592	\$ 7,115
TOTAL CONSTRUCTION COSTS	\$ 46,396,275	\$ 30,589
CONTINGENCIES	\$ 6,572,737	\$ 4,695
TOTAL CONSTRUCTION COSTS W/CONTINGENCIES	\$ 52,969,012	\$ 35,283

**THIS ESTIMATE HAS BEEN COMPLETED ON LIMITED INFORMATION AND SHOULD BE USED
FOR PROJECT EVALUATION. PRIOR TO MAKING FINANCIAL COMMITMENTS BASED ON THIS
ESTIMATE, THESE NUMBERS SHOULD BE VERIFIED BY PETITT BARRAZA LLC.**

PROJECT NAME:	JACKSON RIDGE	ACREAGE:	307.6	NO. OF LOTS:	1400
ON-SITE FACILITIES	TOTAL DEVELOPMENT	CREATED:	1/1/1904	BY:	1/1/1904
DISTRICT:	AUBREY EJT/PROSPER ETJ	REVISED:	5/7/2015	CHECKED:	1/1/1904
JOB NUMBER:	12031-00		5/15/2015	ROADWAY LF:	51,592
UTIL. PROVIDER:	MSUD			FILE NAME:	LAND PLAN 16

SUMMARY	BY CATEGORY	BY LOT	BY ACRE
A. LOT GRADING	\$ 7,784,822	\$ 5,561	\$ 25,308
B. RETAINING WALLS	\$ 1,950,000	\$ 1,393	\$ 6,339
C. WATER DISTRIBUTION SYSTEM	\$ 3,063,691	\$ 2,188	\$ 9,960
D. SANITARY SEWER SYSTEM	\$ 3,020,717	\$ 2,158	\$ 9,820
E. STORM SEWER SYSTEM	\$ 2,100,000	\$ 1,500	\$ 6,827
F. PAVING	\$ 8,255,745	\$ 5,897	\$ 26,839
G. DRY UTILITIES & STREET LIGHTING	\$ 3,057,960	\$ 2,184	\$ 9,941
H. PROFESSIONAL & MISCELLANEOUS FEES	\$ 3,630,749	\$ 2,593	\$ 11,803
TOTAL CONSTRUCTION COSTS	\$ 32,863,683	\$ 23,474	\$ 106,839
CONTINGENCIES 20%	\$ 6,572,737	\$ 4,695	\$ 21,368
TOTAL CONSTRUCTION COSTS WITH CONTINGENCIES	\$ 39,436,420	\$ 28,169	\$ 128,207

NOTES:

1. COSTS DO NOT INCLUDE THE FOLLOWING:

- A. TRAIL SYSTEMS
- B. ROCK EXCAVATION
- C. DISTRICT & COUNTY FEES (I.E. PLATTING, PLAN REVIEW, APPLICATION, ETC.)
- D. LANDSCAPING, IRRIGATION, SCREENING WALLS & MONUMENTS
- E. COMMON AREA AMENITIES

DESCRIPTION	UNIT	APPROXIMATE QUANTITY	UNIT PRICE	TOTAL AMOUNT
A. LOT GRADING				
CLEARING & GRUBBING (1/4 Area Heavily Treed)	ACRE	308	\$ 1,900.00	\$ 584,440
CONSTRUCTION ENTRANCE	EA	1	\$ 4,175.00	\$ 4,175
SILT FENCE	LF	10,846	\$ 1.55	\$ 16,811
UNCLASSIFIED EXCAVATION OF STREET R.O.W. & LOTS	CY	624,000	\$ 3.01	\$ 1,878,240
LOT GRADING (ROUGH)	LOT	1,400	\$ 200.00	\$ 280,000
MOISTURE CONDITIONING LOTS 6' BELOW FINAL GRADE	LOT	1,700	\$ 2,300.00	\$ 3,910,000
WRAP LOTS w/ 6 MIL PLASTIC SHEETING	LOT	700	\$ 475.00	\$ 332,500
LOT GRADING (FINAL)	LOT	1,400	\$ 100.00	\$ 140,000
OVER SEEDING LOTS	ACRE	187	\$ 900.00	\$ 168,595
STREET PREPARATION (3' MOISTURE CONDITIONING)	CY	235,030	\$ 2.00	\$ 470,060
SUB - TOTAL				\$ 7,784,822

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PROJECT NAME:	JACKSON RIDGE	ACREAGE:	307.6	NO. OF LOTS:	1400
ON-SITE FACILITIES	TOTAL DEVELOPMENT	CREATED:	1/1/1904	BY:	1/1/1904
DISTRICT:	AUBREY EJT/PROSPER ETJ	REVISED:	5/7/2015	CHECKED:	1/1/1904
JOB NUMBER:	12031-00		5/15/2015	ROADWAY LF:	51,592
UTIL. PROVIDER:	MSUD			FILE NAME:	LAND PLAN 16

DESCRIPTION	UNIT	APPROXIMATE QUANTITY	UNIT PRICE	TOTAL AMOUNT
B. RETAINING WALLS				

RETAINING WALL (4' Top of Wall to Bottom of Wall)	LOT	1,300	\$	1,500.00	\$	1,950,000
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SUB - TOTAL **\$ 1,950,000**

C. WATER DISTRIBUTION SYSTEM

8" P.V.C. WATERLINE	LF	49,012	\$	25.00	\$	1,225,310
8" GATE VALVE & BOX	EA	211	\$	1,200.00	\$	253,200
FIRE HYDRANT ASSEMBLY (INCLUDING 6" GATE VALVE)	EA	163	\$	3,750.00	\$	612,750
1" SINGLE WATER SERVICE	EA	1,400	\$	600.00	\$	840,000
TRENCH SAFETY	LF	49,012	\$	1.00	\$	49,012
TESTING (EXCLUDING GEOTECH)	LF	49,012	\$	1.50	\$	73,519
1" IRRIGATION WATER SERVICE (To Green Space)	EA	9	\$	1,100.00	\$	9,900

SUB - TOTAL **\$ 3,063,691**

D. SANITARY SEWER SYSTEM

8" P.V.C. PIPE (SDR 35: 0' to 11.5' Depth)	LF	50,960	\$	25.00	\$	1,274,004
4' DIAMETER MANHOLE	EA	170	\$	2,700.00	\$	458,730
5' DIAMETER MANHOLE	EA	34	\$	5,125.00	\$	174,148
STANDARD CLEANOUTS	EA	13	\$	575.00	\$	7,475
4" SINGLE SEWER SERVICE	EA	1,400	\$	600.00	\$	840,000
WATER CROSSING PER TCEQ REQUIREMENTS	EA	88	\$	1,000.00	\$	88,000
TESTING (EXCLUDING GEOTECH)	LF	50,960	\$	1.50	\$	76,440
ADDITIONAL TESTING AFTER DRY UTIL INSTALL	LF	50,960	\$	1.00	\$	50,960
TRENCH SAFETY	LF	50,960	\$	1.00	\$	50,960

SUB - TOTAL **\$ 3,020,717**

E. STORM SEWER SYSTEM

BASED ON AVERAGE COST PER LOT	EA	1,400	\$	1,500.00	\$	2,100,000
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SUB - TOTAL **\$ 2,100,000**

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PROJECT NAME:	JACKSON RIDGE	ACREAGE:	307.6	NO. OF LOTS:	1400
ON-SITE FACILITIES	TOTAL DEVELOPMENT	CREATED:	1/1/1904	BY:	1/1/1904
DISTRICT:	AUBREY EJT/PROSPER ETJ	REVISED:	5/7/2015	CHECKED:	1/1/1904
JOB NUMBER:	12031-00		5/15/2015	ROADWAY LF:	51,592
UTIL. PROVIDER:	MSUD			FILE NAME:	LAND PLAN 16

DESCRIPTION	UNIT	APPROXIMATE QUANTITY	UNIT PRICE	TOTAL AMOUNT
F. PAVING				
CONNECT TO EX. PAVEMENT	EA	3	\$ 540.00	\$ 1,620
6" LIME STABILIZED SUBGRADE PREPARATION	SY	189,171	\$ 3.00	\$ 567,512
LIME FOR SUBGRADE PREPARATION (36LBS/SY)	TON	3,410	\$ 25.00	\$ 85,250
31' B-B CONC. PAVEMENT (6-INCH, 3,600 PSI)	SY	177,706	\$ 40.00	\$ 7,108,232
BARRIER FREE RAMPS	EA	211	\$ 1,100.00	\$ 232,100
4' REINFORCED CONCRETE SIDEWALK (5-INCH)	SY	2,228	\$ 40.00	\$ 89,120
4' WIDE CURLEX EROSION CONTROL MATTING	LF	103,184	\$ 0.60	\$ 61,910
COMBO STREET NAME & STOP SIGN	EA	88	\$ 1,250.00	\$ 110,000

SUB - TOTAL **\$ 8,255,745**

G. DRY UTILITIES & STREET LIGHTING

ELECTRIC and GAS SERVICES	LOT	1,400	\$ 2,000.00	\$ 2,800,000
STREET LIGHTS (Standard Lights)	EA	103	\$ 2,500.00	\$ 257,960

SUB - TOTAL **\$ 3,057,960**

H. PROFESSIONAL & MISCELLANEOUS FEES

ENGINEERING & SURVEYING	LOT	1,500	\$ 1,500	\$ 2,250,000
BIDDING and LETTING	EA	6	\$ 10,000	\$ 60,000
CONSTRUCTION INSPECTION	%	3%	\$ 26,174,974	\$ 785,249
MATERIAL TESTING	%	2%	\$ 26,174,974	\$ 523,499
SWPPP ADMINISTRATION	LS	1	\$ 12,000	\$ 12,000

SUB - TOTAL **\$ 3,630,749**

**Winn Ridge
MI Water**

Phase	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	MI Blvd.
Water					
	12" P.V.C. Waterline	LF	1,467	\$ 33.86	\$ 49,672.62
	12" Gate Valve & Box	EA	8	\$ 2,253.08	\$ 18,024.64
	8" P.V.C. Waterline	LF	4,426	\$ 20.78	\$ 91,972.28
	8" Gate Valve & Box	EA	21	\$ 1,183.07	\$ 24,844.47
	Fire Hydrant Assembly with Gate Valves	EA	14	\$ 3,672.20	\$ 51,410.80
	Combination Air Release Valve	EA	1	\$ 2,563.10	\$ 2,563.10
	12" Plug	EA	3	\$ 254.96	\$ 764.88
	8" Plug w/ 2" Tap & 2" Galvanized Riser	EA	7	\$ 579.00	\$ 4,053.00
	1" Single Water Service (All Lengths)	EA	36	\$ 723.40	\$ 26,042.40
	4" Conduit (Schedule 40) at Intersections	LF	446	\$ 7.04	\$ 3,139.84
	Fittings Not Incl. in Factored 12" PVC Price	LS	1	\$ 19,190.00	\$ 19,190.00
	16" P.V.C. Waterline	LF	134	\$ 115.52	\$ 15,479.68
	16" Gate Valve & Box	EA	1	\$ 10,132.43	\$ 10,132.43
	36" x 16" Tapping Sleeve & Valve	EA	1	\$ 19,599.85	\$ 19,599.85
	Testing (Excluding Geotech)	LF	6,027	\$ 0.56	\$ 3,375.12
	Trench Safety	LF	6,027	\$ 0.06	\$ 361.62
					<u>\$ 340,626.73</u>
	8" P.V.C. Waterline	LF	1,160	\$ 20.95	\$ 24,302.00
	8" Gate Valve & Box	EA	8	\$ 1,183.07	\$ 9,464.56
	12" P.V.C. Waterline	LF	4,318	\$ 34.88	\$ 150,611.84
	12" Gate Valve & Box	EA	23	\$ 2,280.12	\$ 52,442.76
	Fire Hydrant Assembly with Gate Valves	EA	17	\$ 3,672.20	\$ 62,427.40
	1.5" Irrigation Service	EA	1	\$ 1,246.57	\$ 1,246.57
	2" Irrigation Service	EA	1	\$ 1,538.67	\$ 1,538.67
	Combination Air Release Valve	EA	1	\$ 2,563.10	\$ 2,563.10
					<u>\$ 304,596.90</u>
	Bonds/Grading Misc work				\$ 119,514.00
	CCN				\$ 579,400.00
	Mustang Connection water lines				\$ 75,000.00
	Water line changes to modify system				<u>\$ 121,263.00</u>
					\$ 895,177.00
Total					<u><u>\$ 1,540,400.63</u></u>

Winn Ridge
MI Sewer

Phase	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	MI Winn Ridge Blvd.
SANITARY SEWER					
	8" PVC Pipe (ALL DEPTHS) (SDR 26)	LF	4,564	\$ 38.29	\$ 174,755.56
	8" PVC Pipe (ALL DEPTHS) (SDR 35)	LF	880	\$ 20.08	\$ 17,670.40
	12" PVC Pipe (ALL DEPTHS) (SDR 26)	LF	1,371	\$ 40.87	\$ 56,032.77
	15" PVC Pipe (ALL DEPTHS) (SDR 26)	LF	175	\$ 41.74	\$ 7,304.50
	15" PVC Pipe (ALL DEPTHS) (SDR 35)	LF	1,415	\$ 41.74	\$ 59,062.10
	4" Service Lines	EA	25	\$ 477.92	\$ 11,948.00
	4' Diameter Manhole (ALL DEPTHS)	EA	11	\$ 2,910.08	\$ 32,010.88
	5' Diameter Manhole (ALL DEPTHS)	EA	19	\$ 6,637.33	\$ 126,109.27
	5' Diameter Manhole INSIDE DROP (ALL DEPTHS)	EA	8	\$ 6,879.63	\$ 55,037.04
	Water Crossing per TCEQ requirements	EA	11	\$ 942.83	\$ 10,371.13
	Testing (Excluding Geotech)	LF	8,405	\$ 0.91	\$ 7,648.55
	Trench Safety	LF	8,405	\$ 0.43	\$ 3,614.15
					<u>\$ 561,564.35</u>
	8" PVC Pipe (ALL DEPTHS) (SDR 35)	LF	561	\$ 20.75	\$ 11,640.75
	8" PVC Pipe (ALL DEPTHS) (SDR 26)	LF	814	\$ 28.20	\$ 22,954.80
	5' Diameter Manhole INSIDE DROP (ALL DEPTHS)	EA	3	\$ 6,212.24	\$ 18,636.72
					<u>\$ 53,232.27</u>
	8" PVC Pipe (ALL DEPTHS) (SDR 35)	LF	1,369	\$ 21.08	\$ 28,858.52
	8" PVC Pipe (ALL DEPTHS) (SDR 26)	LF	222	\$ 23.41	\$ 5,197.02
	10" PVC Pipe (ALL DEPTHS) (SDR 35)	LF	240	\$ 24.49	\$ 5,877.60
	15" PVC Pipe (ALL DEPTHS) (SDR 26)	LF	270	\$ 51.47	\$ 13,896.90
	4' Diameter Manhole (ALL DEPTHS)	EA	3	\$ 2,857.57	\$ 8,572.71
					<u>\$ 62,402.75</u>
					<u><u>\$ 677,199.37</u></u>

Winn Ridge
Offsite Sewer Analysis

FM/GM Contract	1,743,334.06
Lift Station	1,426,337.00
Total Costs	<u>3,169,671.06</u>
Hillwood Participation	(780,032.00)
Sewer WWTP Capacity	1,182,500.00
Total Winn Ridge Cost	<u><u>3,572,139.06</u></u>

**Winn Ridge
Paving Road A**

DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	BID AMOUNT
				\$ 1,791,454.61

Winn Ridge Blvd.

Paving

8" 3,600 psi Reinforced Concrete Street Pavement	SY	23,427	\$ 34.12	\$ 799,329.24
8" Lime Subgrade Preparation	SY	24,765	\$ 2.03	\$ 50,272.95
Lime for Subgrade Preparation (36LB/SY)	TONS	446	\$ 135.35	\$ 60,366.10
Asphalt Pavement	SY	703	\$ 36.25	\$ 25,483.75
Pavement Header	LF	427	\$ 8.81	\$ 3,761.87
Pavement Barricade	EA	5	\$ 1,719.73	\$ 8,598.65
Rock Rip-Rap at End of Streets	SY	55	\$ 50.06	\$ 2,753.30
Barrier Free Ramps	EA	13	\$ 1,237.66	\$ 16,089.58
8' Curlex	LF	10,990	\$ 1.05	\$ 11,539.50
Stop Sign with Street Name Sign	EA	5	\$ 406.88	\$ 2,034.40
8' Reinforced Concrete Sidewalk	SF	43,807	\$ 6.09	\$ 266,784.63
6' Reinforced Concrete Sidewalk	SF	16,051	\$ 5.44	\$ 87,317.44
8" Yellow Strip	LF	8,802	\$ 2.50	\$ 22,005.00
8" Yellow 10' Dashed Strip	LF	2,100	\$ 2.50	\$ 5,250.00
8" White Strip	LF	482	\$ 2.50	\$ 1,205.00
Turn Arrows	EA	43	\$ 233.28	\$ 10,031.04
Yield Triangle	EA	39	\$ 37.98	\$ 1,481.22
8" White 1' Dash Strip	LF	61	\$ 2.50	\$ 152.50
"ONLY" White	EA	4	\$ 271.25	\$ 1,085.00
Traffic Control	LS	1	\$ 3,797.50	\$ 3,797.50
Maintenance Bond	LS	1	\$ -	\$ -
Payment & Performance Bonds	LS	1	\$ 16,500.00	\$ 16,500.00
ADD ALTERNATE - Additional Move-in (Only if needed)	EA	1	\$ 16,500.00	\$ 16,500.00
				\$ 1,412,338.67

DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	BID AMOUNT
WINN RIDGE BLVD.				
CLEARING & GRUBBING	ACRE	12.6	\$ 933.00	\$ 11,755.80
CONSTRUCTION ENTRANCE	EA	1	\$ 1,540.15	\$ 1,540.15
SILT FENCE	LF	1,000	\$ 1.33	\$ 1,331.00
UNCLASSIFIED EXCAVATION OF ROW'S & LOTS	CY	58,589	\$ 1.73	\$ 101,358.97
				\$ 115,985.92

Hardscape/Landscape

6'-0" Ht. Brick Thinwall Panels on top of or adjacent to retaining walls w/ 6'-6" Ht. Brick Thinwall Columns every 12'-0" as shown on plans and details 1,2&3/S4 and 2&3/S5, and all related appurtenances complete and in place for the sum of	LF	2428.00	\$	100.00		\$	242,800.00
7'-0" Ht. Stone columns on grade as shown on plans and details 1&6/S3, and all related appurtenances complete and in place for the sum of	EA	26.00	\$	2,500.00		\$	65,000.00
Steel and Stone Trail Markers as shown on plans and detail 5/S2, and all related appurtenances complete and in place for the sum of	EA	12.00	\$	7,000.00		\$	84,000.00
7'-6" Ht. Enhanced Stone Columns with recessed metal accent as shown on plans and details 4&6/S2 and all related appurtenances complete and in place for the sum of	EA	18.00	\$	3,000.00		\$	54,000.00
Provide and plant Common Bermuda Solid Sod, complete in place for the sum of	SF	391937.00	\$	0.41		\$	160,694.17
Irrigation	LS	1.00	\$	198,000.00		\$	198,000.00
						\$	804,494.17
						MI	

has	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	BID AMOUNT	Winn Ridge Blvd.
STORM SEWER						
	18" R.C.P. (ALL DEPTHS)	LF	685	\$ 43.71		\$ 29,941.35
	18" R.C.P.Class IV (ALL DEPTHS)	LF	274	\$ 46.48		\$ 12,735.52
	21" R.C.P. (ALL DEPTHS)	LF	297	\$ 62.85		\$ 18,666.45
	24" R.C.P. (ALL DEPTHS)	LF	121	\$ 64.38		\$ 7,789.98
	27" R.C.P. (ALL DEPTHS)	LF	167	\$ 65.96		\$ 11,015.32
	30" R.C.P. (ALL DEPTHS)	LF	300	\$ 86.76		\$ 26,028.00
	36" R.C.P. (ALL DEPTHS)	LF	231	\$ 101.17		\$ 23,370.27
	39" R.C.P. (ALL DEPTHS)	LF	-	\$ 131.63		\$ -
	42" R.C.P. (ALL DEPTHS)	LF	154	\$ 135.93		\$ 20,933.22
	48" R.C.P. (ALL DEPTHS)	LF	267	\$ 162.82		\$ 43,472.94
	60" R.C.P. (ALL DEPTHS)	LF	-	\$ 244.60		\$ -
	66" R.C.P. (ALL DEPTHS)	LF	-	\$ 303.66		\$ -
	18" Sloped Headwall	EA	4	\$ 1,394.90		\$ 5,579.60
	21" Sloped Headwall	EA	1	\$ 1,448.55		\$ 1,448.55
	42" Sloped Headwall	EA	1	\$ 2,575.20		\$ 2,575.20
	60" Sloped Headwall	EA	-	\$ 3,487.25		\$ -
	66" Sloped Headwall	EA	-	\$ 3,755.50		\$ -
	10' Inlet	EA	5	\$ 3,621.38		\$ 18,106.90
	15' Inlet	EA	3	\$ 4,774.85		\$ 14,324.55
	20' Inlet	EA	1	\$ 6,008.80		\$ 6,008.80
	8' Square Storm Manhole	EA	-	\$ 8,852.25		\$ -
	7' Square Storm Manhole	EA	-	\$ 7,403.70		\$ -
	4' Square Storm Manhole	EA	3	\$ 3,755.50		\$ 11,266.50
	Grade to Drain	LF	893	\$ -		\$ -
	Inlet Protection	EA	9	\$ 74.90		\$ 674.10
	Rock Rip Rap at Headwall	SY	20	\$ 80.25		\$ 1,605.00
	Trench Safety	LF	2,496	\$ 0.28		\$ 698.88
						\$ 256,241.13

48" R.C.P. (ALL DEPTHS)	LF	531	\$ 160.86	\$ 85,416.66
54" R.C.P. (ALL DEPTHS)	LF	560	\$ 234.04	\$ 131,062.40
60" R.C.P. (ALL DEPTHS)	LF	64	\$ 244.60	\$ 15,654.40
66" R.C.P. (ALL DEPTHS)	LF	73	\$ 303.66	\$ 22,167.18
72" R.C.P. (ALL DEPTHS)	LF	57	\$ 385.02	\$ 21,946.14
48" Sloped Headwall	EA	1	\$ 2,682.50	\$ 2,682.50
5' Square Storm Manhole	EA	1	\$ 4,748.03	\$ 4,748.03
6' Square Storm Manhole	EA	1	\$ 5,955.15	\$ 5,955.15
7' Square Storm Manhole	EA	1	\$ 9,120.50	\$ 9,120.50
Rock Rip Rap at Headwall	SY	13	\$ 80.25	\$ 1,043.25
				<hr/>
				\$ 299,796.21

18" R.C.P. (ALL DEPTHS)	LF	771	\$ 42.75	\$ 32,960.25
24" R.C.P. (ALL DEPTHS)	LF	944	\$ 57.03	\$ 53,831.60
27" R.C.P. (ALL DEPTHS)	LF	302	\$ 64.21	\$ 19,391.42
30" R.C.P. (ALL DEPTHS)	LF	1,713	\$ 73.89	\$ 126,573.57
33" R.C.P. (ALL DEPTHS)	LF	558	\$ 87.65	\$ 48,908.70
36" R.C.P. (ALL DEPTHS)	LF	1,140	\$ 102.32	\$ 116,644.80
39" R.C.P. (ALL DEPTHS)	LF	179	\$ 121.85	\$ 21,811.15
42" R.C.P. (ALL DEPTHS)	LF	73	\$ 135.03	\$ 9,857.19
48" R.C.P. (ALL DEPTHS)	LF	515	\$ 162.79	\$ 83,836.85
39" Sloped Headwall	EA	1	\$ 2,146.00	\$ 2,146.00
10' Inlet	EA	9	\$ 3,514.08	\$ 31,626.72
15' Inlet	EA	8	\$ 4,667.55	\$ 37,340.40
20' Inlet	EA	4	\$ 5,847.85	\$ 23,391.40
6' Square Storm Manhole	EA	1	\$ 5,955.15	\$ 5,955.15
5' Square Storm Manhole	EA	3	\$ 4,506.60	\$ 13,519.80
4' Square Storm Manhole	EA	6	\$ 3,755.50	\$ 22,533.00
3' Square Storm Manhole	EA	1	\$ 3,219.00	\$ 3,219.00
4'x4' "Y" Inlet	EA	1	\$ 4,292.00	\$ 4,292.00
48" Plug	EA	1	\$ 577.96	\$ 577.96
				<hr/>
				\$ 658,416.96

				<hr/>
				MI
Storm Sewer				\$ 256,241.13
Storm Sewer				\$ 299,796.21
Storm Sewer				\$ 658,416.96
				<hr/>
				\$ 1,214,454.30

DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	BID AMOUNT
<hr/>				
lights (150 LF Spacing), including budget for post, trenching,	EA	36	\$ 5,000.00	\$ 180,000.00
<hr/>				
Subtotal				<hr/>
				\$ 180,000.00
Contingency	%	10%	\$ -	\$ 18,000.00
Engineering Design	LS			\$ 17,000.00
				<hr/>
				\$ 215,000.00

TOTAL		
Lacy Contrct		
Paving	\$	1,412,338.67
Storm	\$	1,214,454.30
RPMx	\$	115,985.92
Hardscape/Landscape	\$	804,494.17
Street Lights	\$	215,000.00
Total Paving Road A	\$	3,762,273.06

**Winn Ridge
Paving Road B**

<i>DESCRIPTION</i>	<i>UNIT</i>	<i>APPROXIMATE QUANTITY</i>	<i>UNIT PRICE</i>	<i>TOTAL AMOUNT</i>
B. PAVING - 1/2 ROAD 'B' - 3,460 LF				
CONNECT TO EX. PAVEMENT	EA	2	\$ 350.00	\$ 700
6" LIME STABILIZED SUBGRADE PREPARA	SY	10,188	\$ 3.50	\$ 35,657
LIME FOR SUBGRADE PREPARATION (36L	TON	190	\$ 150.00	\$ 28,500
1/2 OF 80' ROW, 4 LANE UNDIVIDED (8-I	SY	9,611	\$ 40.00	\$ 384,448
BARRIER FREE RAMPS	EA	4	\$ 2,100.00	\$ 8,400
5" - 4' REINFORCED CONCRETE SIDEWAL	SY	1,538	\$ 55.00	\$ 84,578
4' WIDE CURLEX EROSION CONTROL MA	LF	3,460	\$ 0.75	\$ 2,595
COMBO STREET NAME & STOP SIGN	EA	3	\$ 1,300.00	\$ 3,900
18" R.C.P.	LF	57	\$ 40.00	\$ 2,280
21" R.C.P.	LF	55	\$ 50.00	\$ 2,750
27" R.C.P.	LF	33	\$ 70.00	\$ 2,310
15' INLET	EA	2	\$ 4,200.00	\$ 8,400
INLET AND HEADWALL PROTECTION	EA	3	\$ 125.00	\$ 375
TRENCH SAFETY	LF	145	\$ 1.00	\$ 145
21" Type "B" HDWL	EA	1	1,900	1,900
SCREENWALL/TURF/IRRIGATION	EA	1	682,060	682,060

SUB - TOTAL

\$ 1,248,998

**Winn Ridge
Paving Road C**

<i>DESCRIPTION</i>	<i>UNIT</i>	<i>APPROXIMATE QUANTITY</i>	<i>UNIT PRICE</i>	<i>TOTAL AMOUNT</i>
C .PAVING - 1/2 ROAD 'C' - 1,150 LF				
CONNECT TO EX. PAVEMENT	EA	2	\$ 350.00	\$ 700
6" LIME STABILIZED SUBGRADE PREPARATION	SY	2,811	\$ 3.50	\$ 9,839
LIME FOR SUBGRADE PREPARATION (36LBS/SY)	TON	60	\$ 150.00	\$ 9,000
1/2 OF 100' ROW, 4 LANE DIVIDED (8-INCH, 3,600 PSI)	SY	2,556	\$ 40.00	\$ 102,224
BARRIER FREE RAMPS	EA	2	\$ 2,100.00	\$ 4,200
5" - 4' REINFORCED CONCRETE SIDEWALK	SY	511	\$ 55.00	\$ 28,111
4' WIDE CURLEX EROSION CONTROL MATTING	LF	1,150	\$ 0.75	\$ 863
COMBO STREET NAME & STOP SIGN	EA	2	\$ 1,300.00	\$ 2,600
18" R.C.P.	LF	192	\$ 40.00	\$ 7,680
27" R.C.P.	LF	33	\$ 70.00	\$ 2,310
48" R.C.P.	LF	145	\$ 150.00	\$ 21,750
10' INLET	EA	3	\$ 3,250.00	\$ 9,750
INLET AND HEADWALL PROTECTION	EA	4	\$ 125.00	\$ 500
TRENCH SAFETY	LF	370	\$ 1.00	\$ 370
48" Type "B" HDWL	EA	1	\$ 3,000.00	\$ 3,000
SUB - TOTAL				\$ 202,897

Winn Ridge
Left Turn Lane

D. PAVING - FM 1385 TURN LANES				
FM 1385 LEFT TURN LANES	EA	1	385,000	385,000
Screening/Erosion Control	EA	1	178,509	178,509
SUB - TOTAL				563,509

Winn Ridge
Professional Fees

		Eng/Surv/Testing	Inspection	Mat. Testing	Total
		9.50%	2.50%	1.35%	
Paving - Road "A" 5,5	3,762,273	357,416	94,057	50,784	502,257
Paving - 1/2 Road "B"	1,248,998	118,655	31,225	16,859	166,739
Paving - 1/2 Road "C"	202,897	19,275	5,072	2,739	27,086
Paving - FM 1385 Tur	563,509	53,533	14,088	7,606	75,227
Water System	1,540,401	146,338	38,510	20,793	205,641
Sanitary Sewer System	677,199	64,334	16,930	9,141	90,405
Total	7,995,277	759,551	199,882	107,922	1,067,355
Offsite Engineering/Testing/Inspection					897,820.00
Total					<u><u>1,965,175.08</u></u>

JACKSON RIDGE PID - PHASE 2
Phase 2A and 2B
ESTIMATED COSTS OF AUTHORIZED IMPROVEMENTS

	Phase 2A	Phase 2B	Total
Water	\$ 378,822	\$ 774,820	\$ 1,153,642
Sewer	\$ 615,212	\$ 675,178	\$ 1,290,389
Drainage	\$ 1,379,368	\$ 1,068,360	\$ 2,447,728
Paving	\$ 1,586,007	\$ 3,129,936	\$ 4,715,942
Soft Costs	\$ 655,662	\$ 1,112,634	\$ 1,768,296
Total	\$ 4,615,070	\$ 6,760,927	\$ 11,375,997

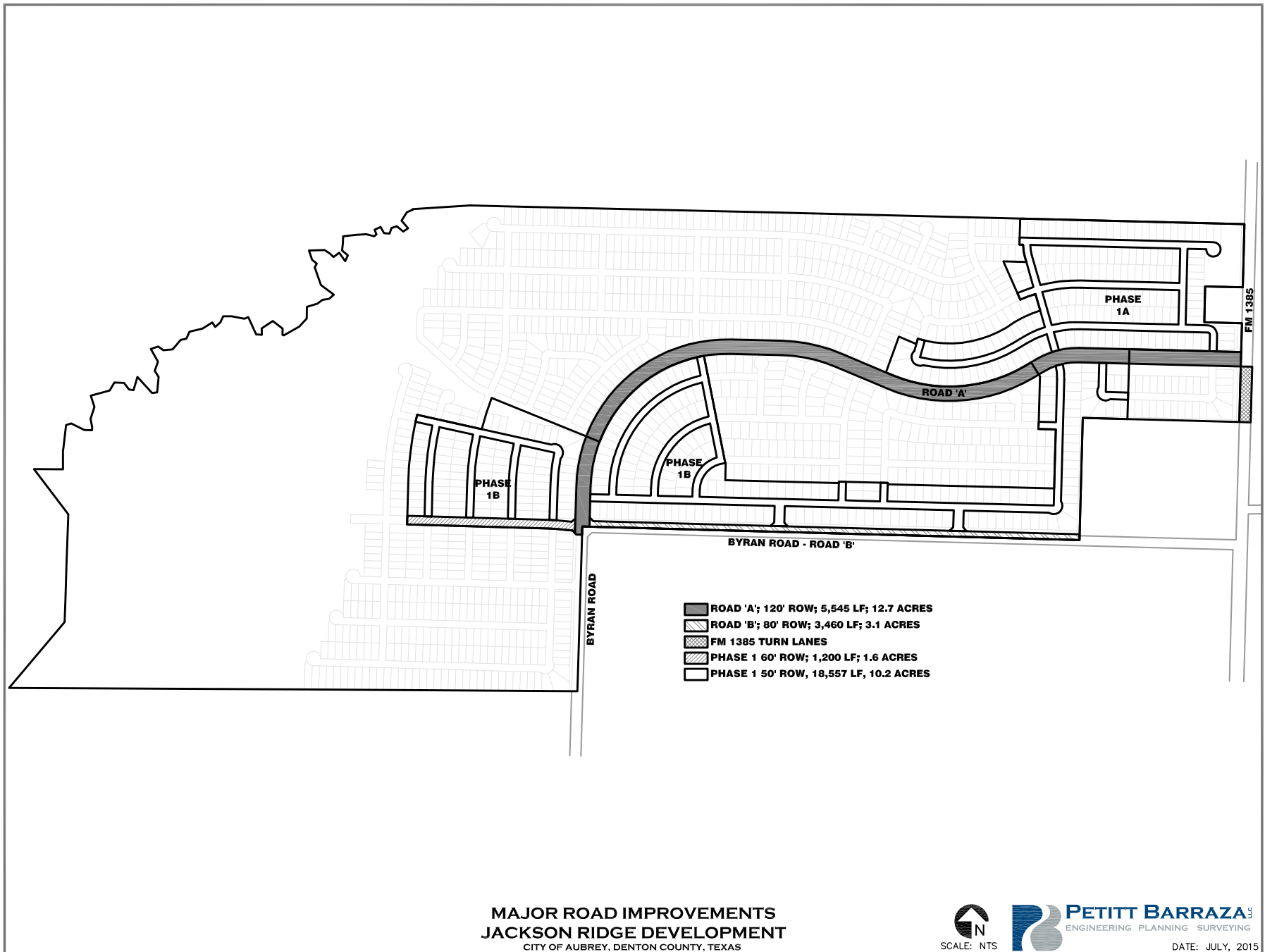
JACKSON RIDGE PID
ESTIMATED COSTS OF THE AUTHORIZED IMPROVEMENTS

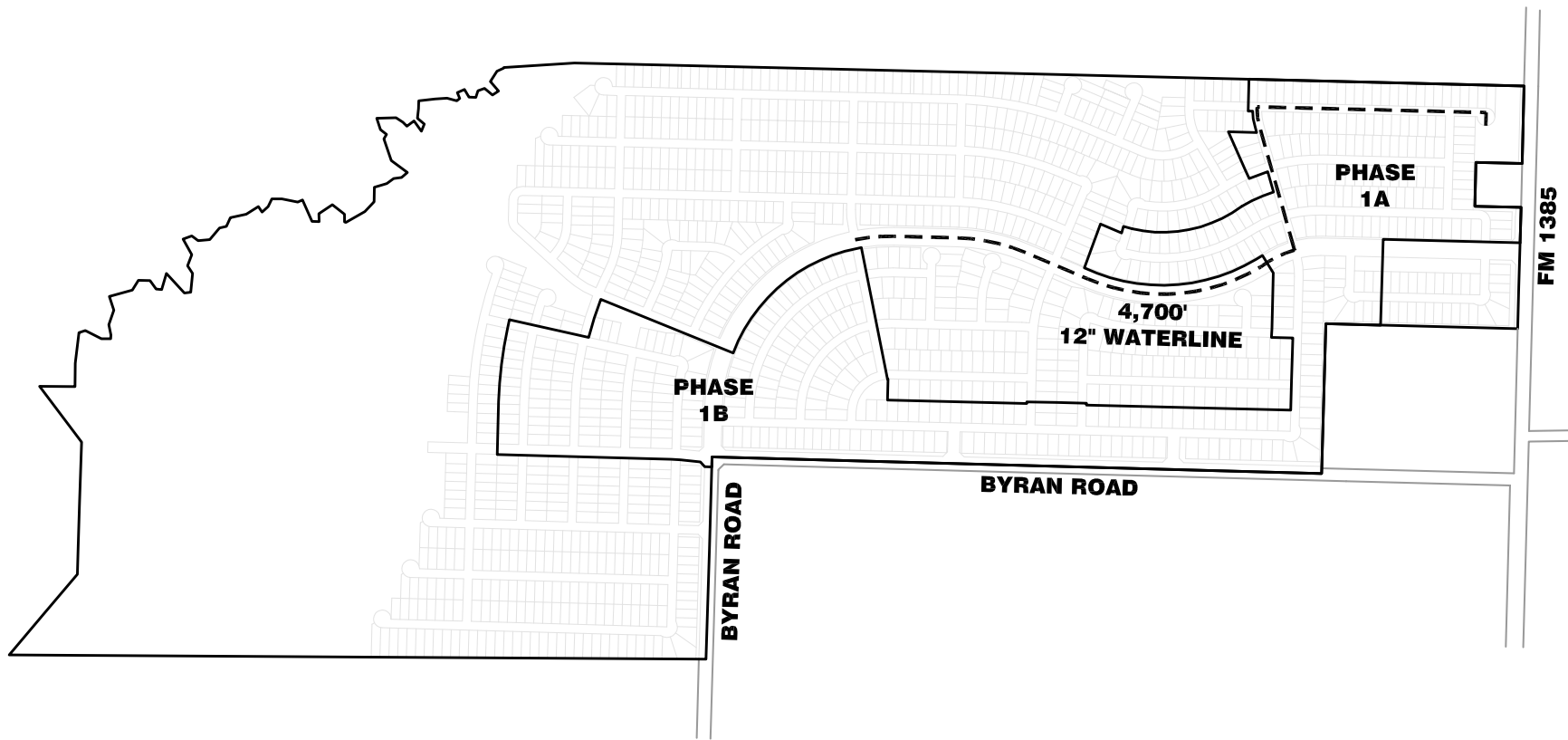
Authorized Improvements	Phase 3A
Water	310,412
Sewer	210,170
Drainage	923,783
Paving	1,654,087
Soft Costs	823,150
Total	3,921,602

PETITT & ASSOCIATES LLC
TOTAL DIRECT PUBLIC COSTS BASED ON CONTRACTED AMOUNTS

PROJECT NAME:	JACKSON RIDGE PID	ACREAGE:	50.67	NO. OF LOTS:	257
	PHASE #3B	UPDATED	6/9/2022	BY	RHD
CITY:		REVISED:	9/6/2022	CHECKED:	RHD
JOB NUMBER:	120310-03B				
UTIL. PROVIDER:	MSUD				
DIRECT PUBLIC COSTS		BY LOT		BY CATEGORY	
1. GRADING (ROW)		\$	962	\$	247,360
2. WATER		\$	1,709	\$	439,278
4. SANITARY SEWER		\$	2,036	\$	523,135
5. STORM DRAINAGE		\$	2,287	\$	587,670
5. PAVING		\$	5,214	\$	1,340,112
6. SCREENING/LANDSCAPE/IRRIGATION		\$	-	\$	-
7. RIGHT OF WAY		\$	5,175	\$	1,330,000
8. RETAINING WALLS		\$	-	\$	-
9. LEGAL/CONSULTING		\$	984	\$	252,863
HARD COST SUB-TOTAL		\$	18,367	\$	4,720,418
10. ENGINEERING/SOFT COSTS		\$	1,911	\$	491,020
SOFT COST SUB-TOTAL		\$	1,911	\$	491,020
TOTAL DIRECT PUBLIC COSTS		\$	20,278	\$	5,211,438

APPENDIX C
DIAGRAMS OF THE AUTHORIZED IMPROVEMENTS

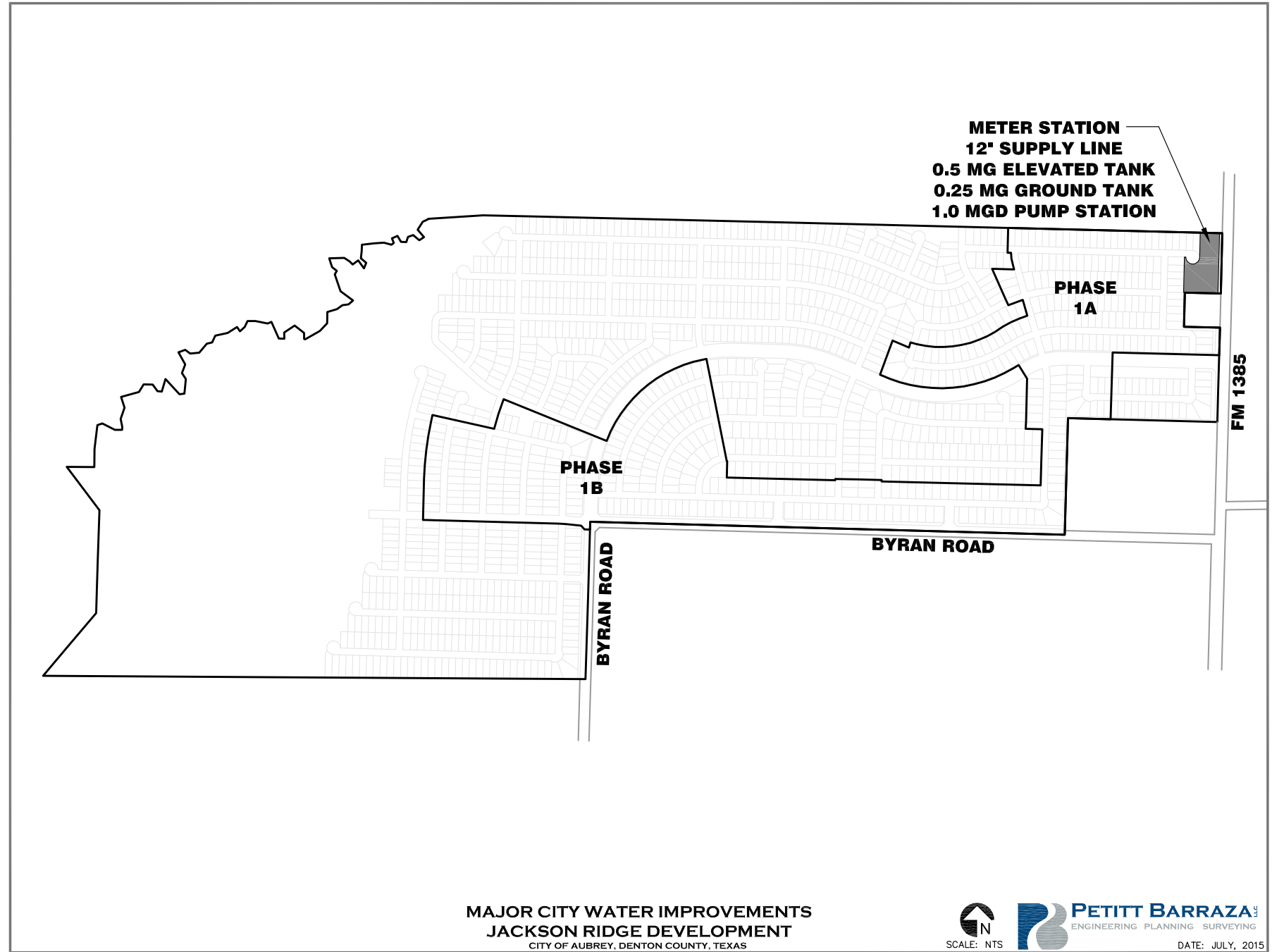


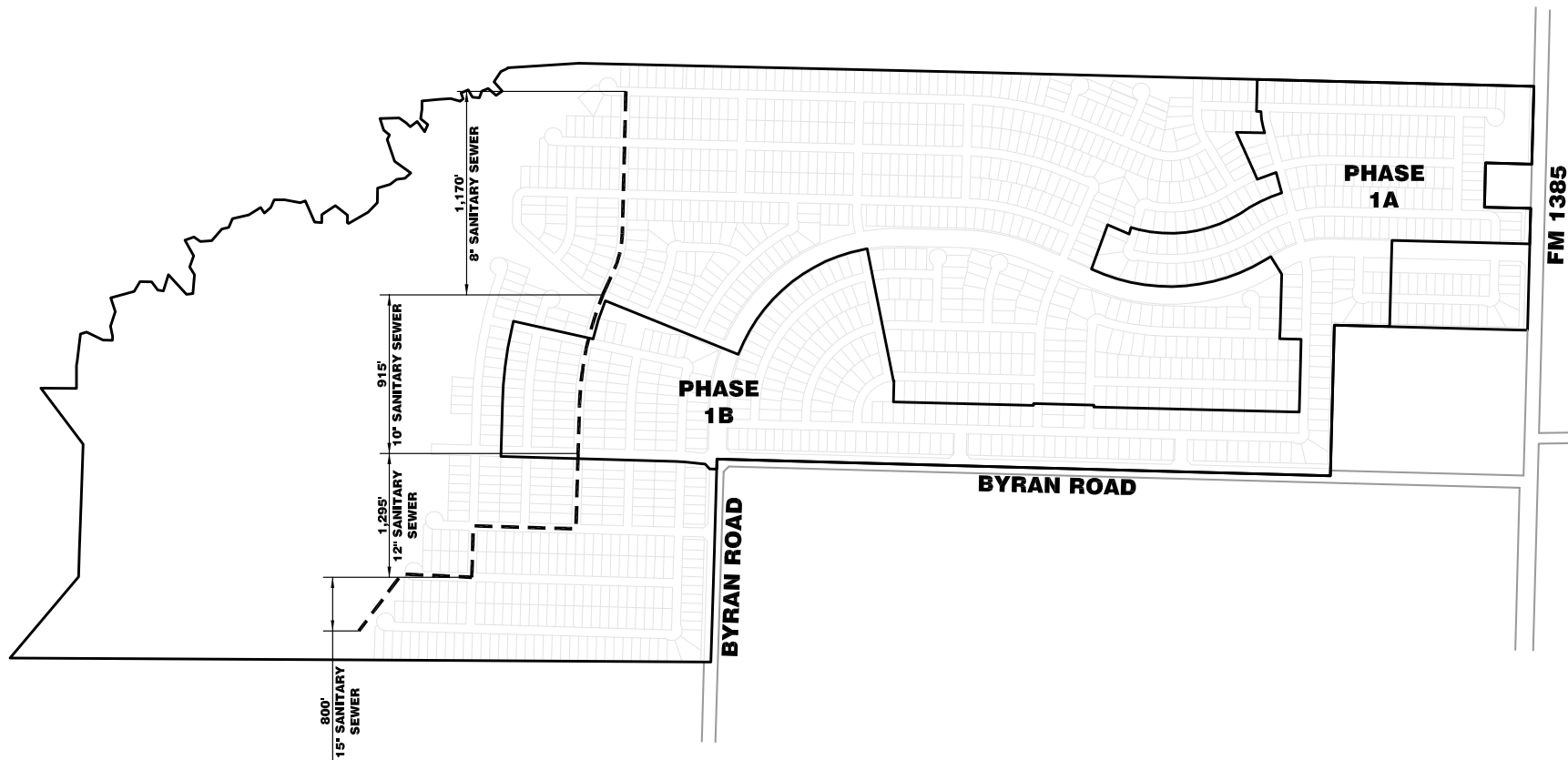


**MAJOR WATER IMPROVEMENTS
JACKSON RIDGE DEVELOPMENT**
CITY OF AUBREY, DENTON COUNTY, TEXAS


SCALE: NTS

 **PETITT BARRAZA**
ENGINEERING PLANNING SURVEYING
DATE: JULY, 2015

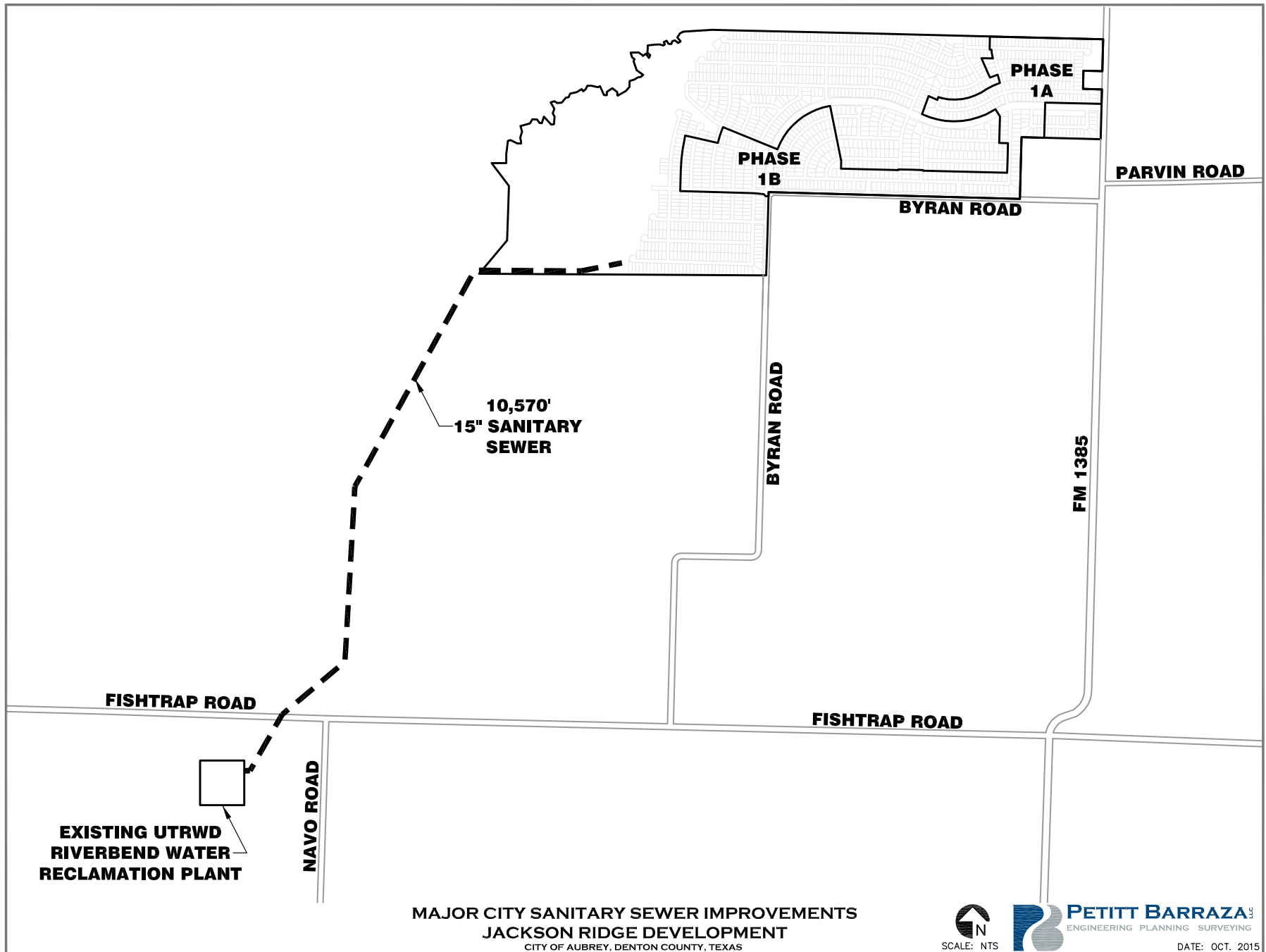


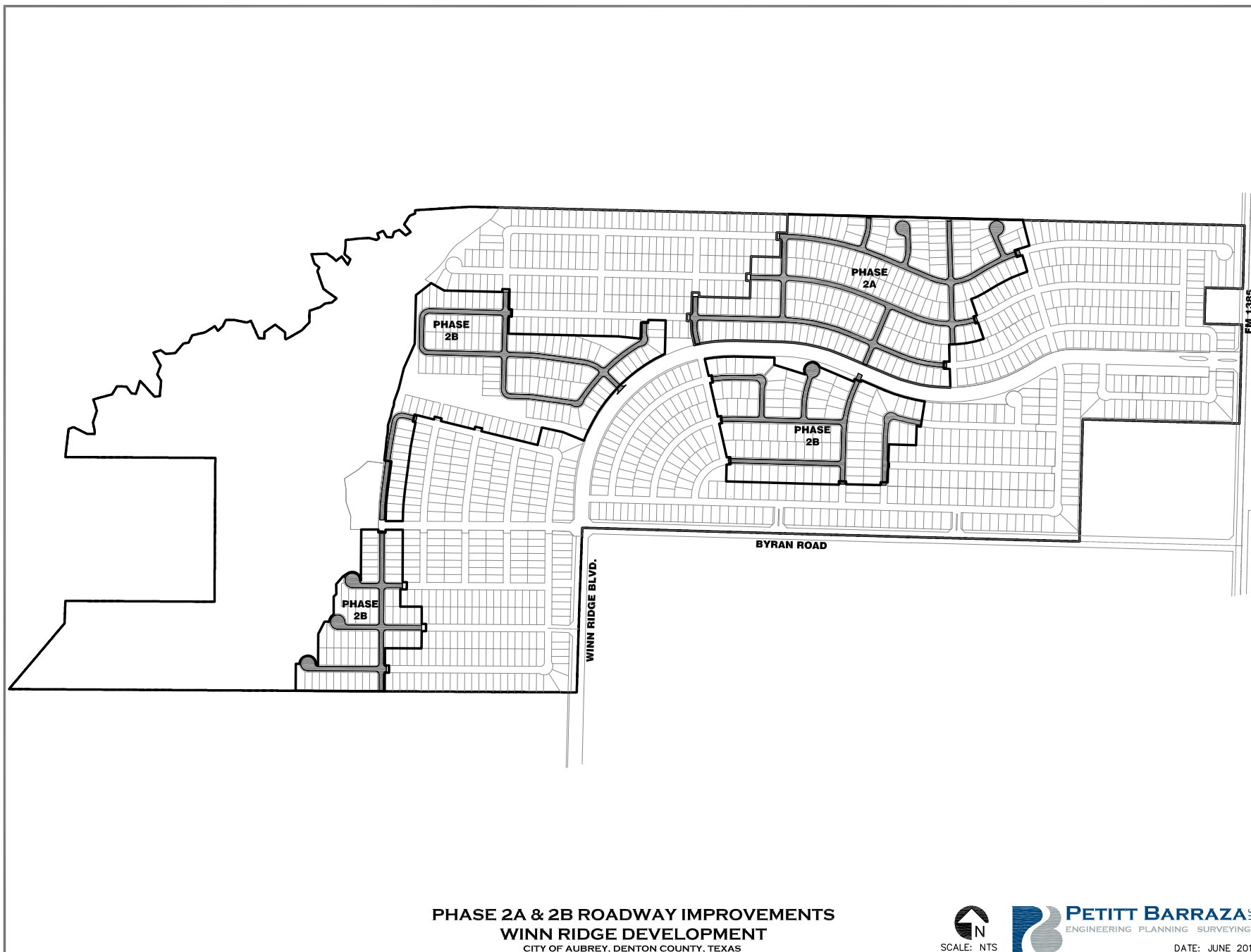


**MAJOR SANITARY SEWER IMPROVEMENTS
JACKSON RIDGE DEVELOPMENT**
CITY OF AUBREY, DENTON COUNTY, TEXAS


 SCALE: NTS


PETITT BARRAZA
 ENGINEERING PLANNING SURVEYING
 DATE: JULY, 2015

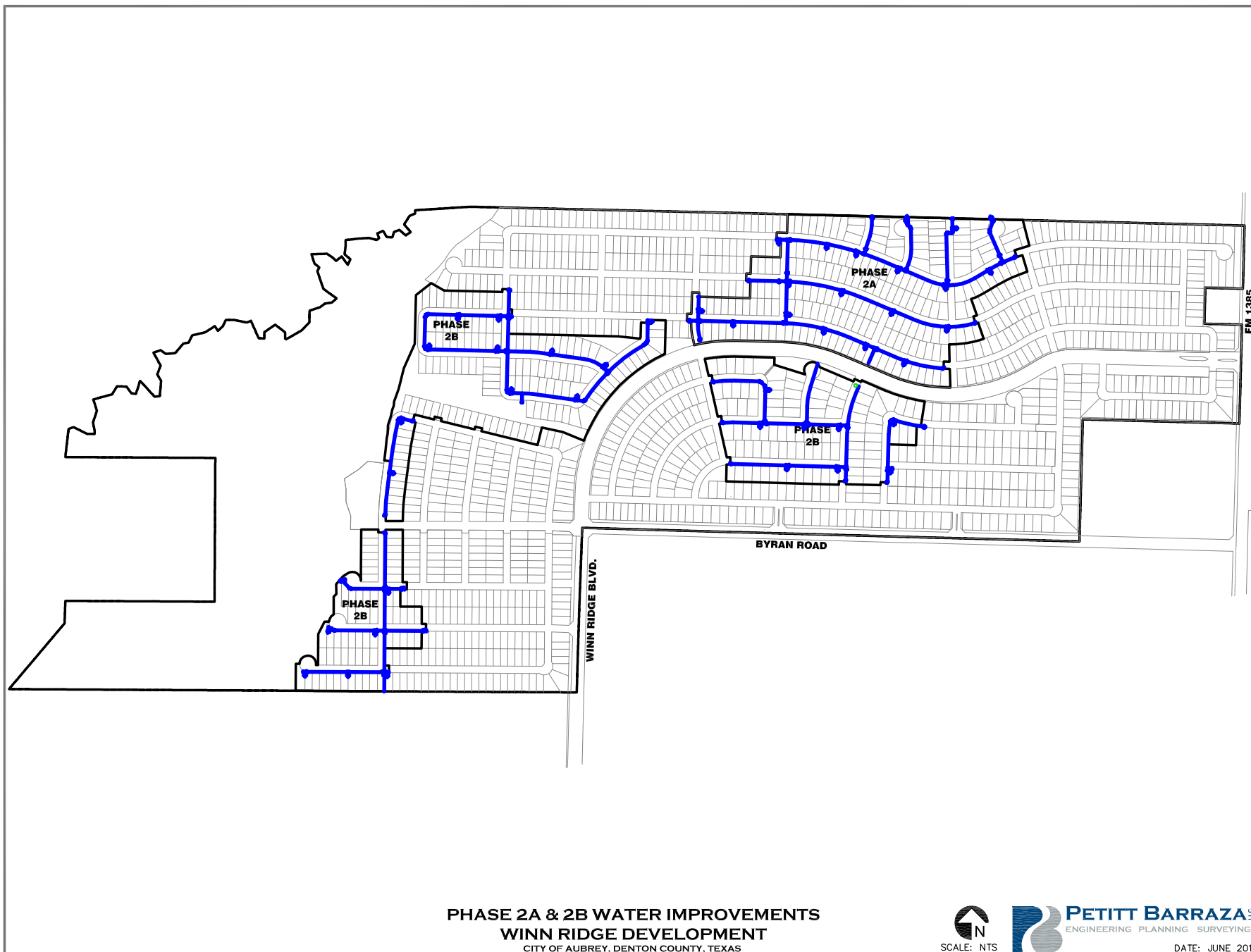


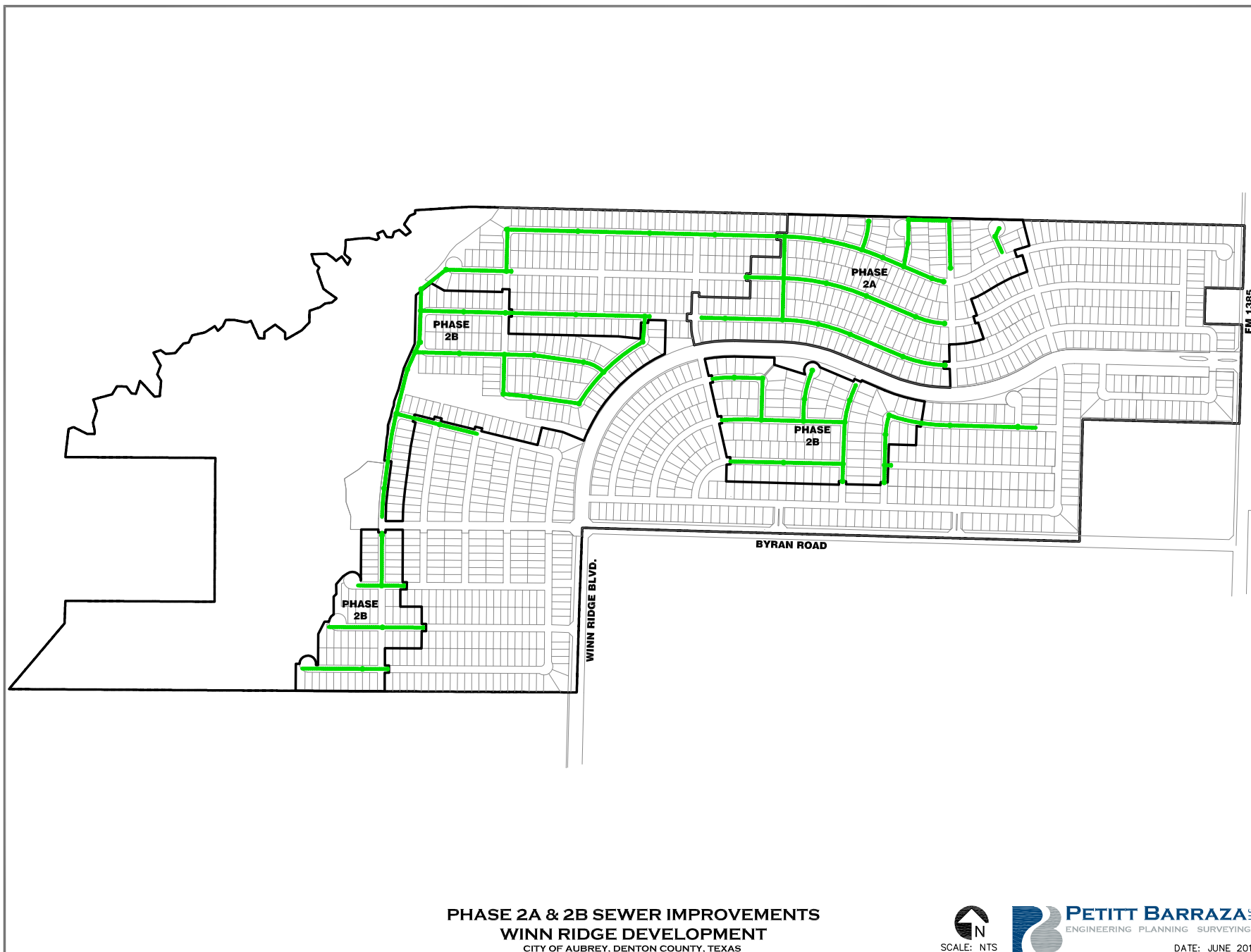


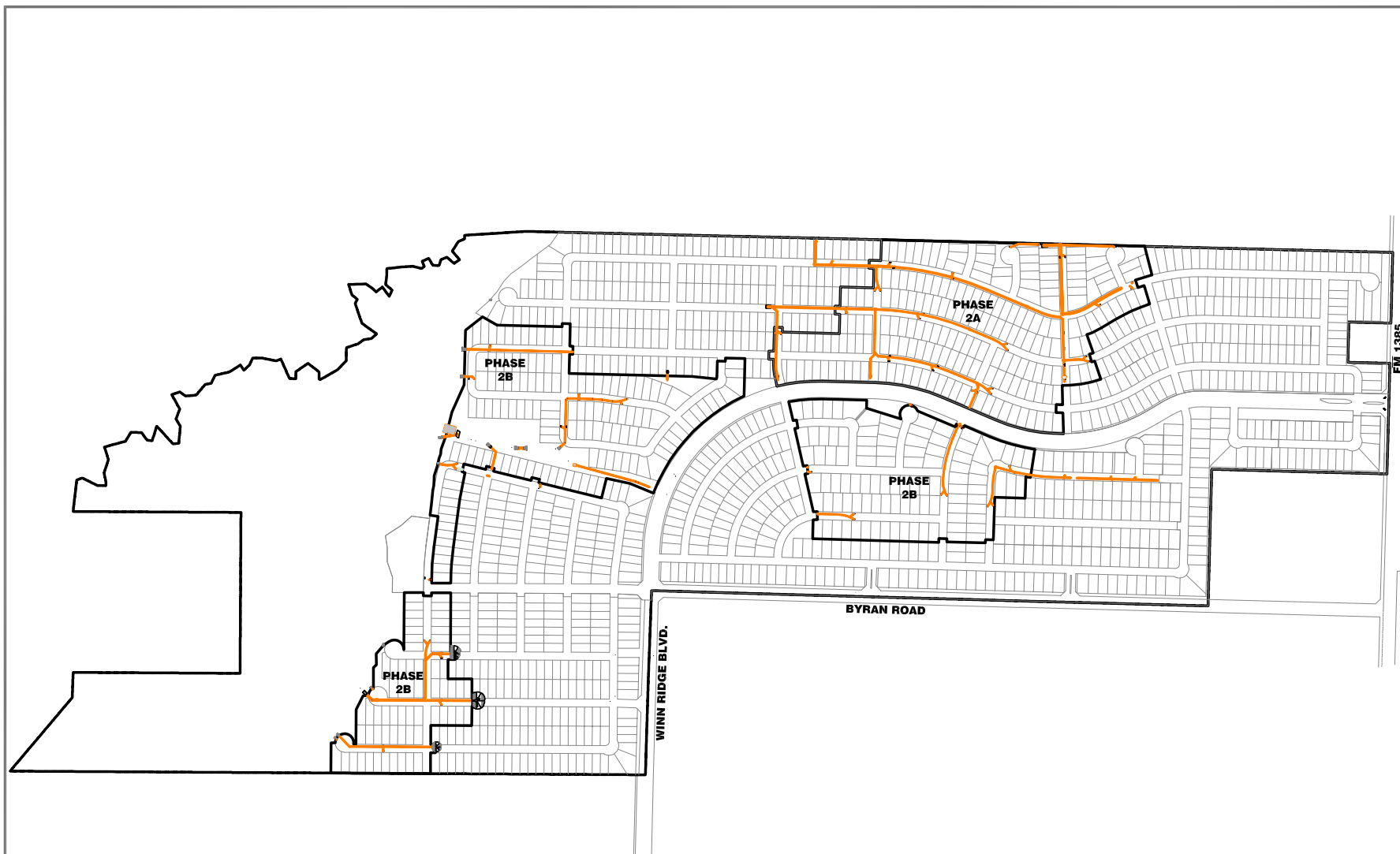
PHASE 2A & 2B ROADWAY IMPROVEMENTS
WINN RIDGE DEVELOPMENT
 CITY OF AUBREY, DENTON COUNTY, TEXAS


 SCALE: NTS

 **PETITT BARRAZA**
 ENGINEERING PLANNING SURVEYING
 DATE: JUNE 2018







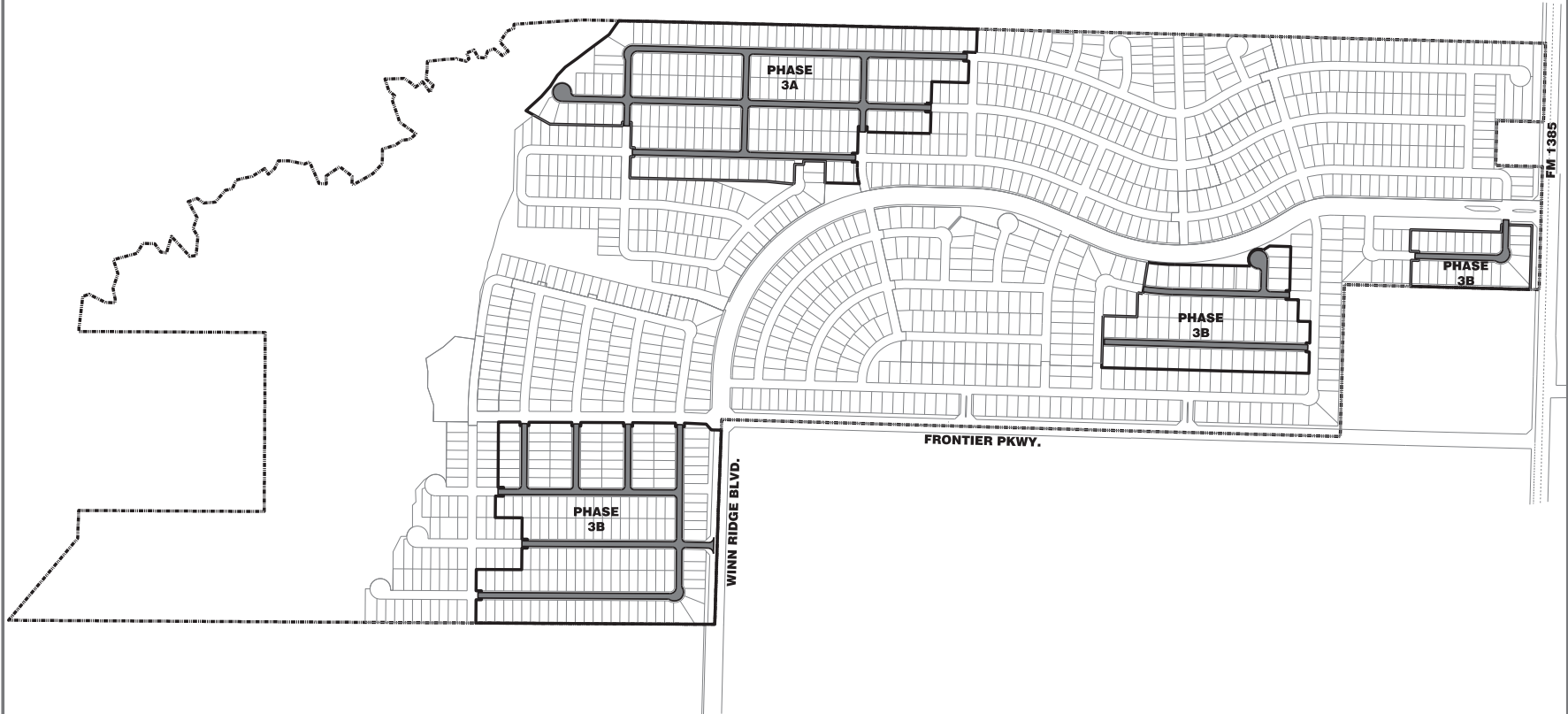
PHASE 2A & 2B STORM SEWER IMPROVEMENTS
WINN RIDGE DEVELOPMENT
 CITY OF AUBREY, DENTON COUNTY, TEXAS

SCALE: NTS

PETITT BARRAZA
 ENGINEERING PLANNING SURVEYING

DATE: JUNE 2018

APPENDIX C
DIAGRAMS OF THE AUTHORIZED IMPROVEMENTS

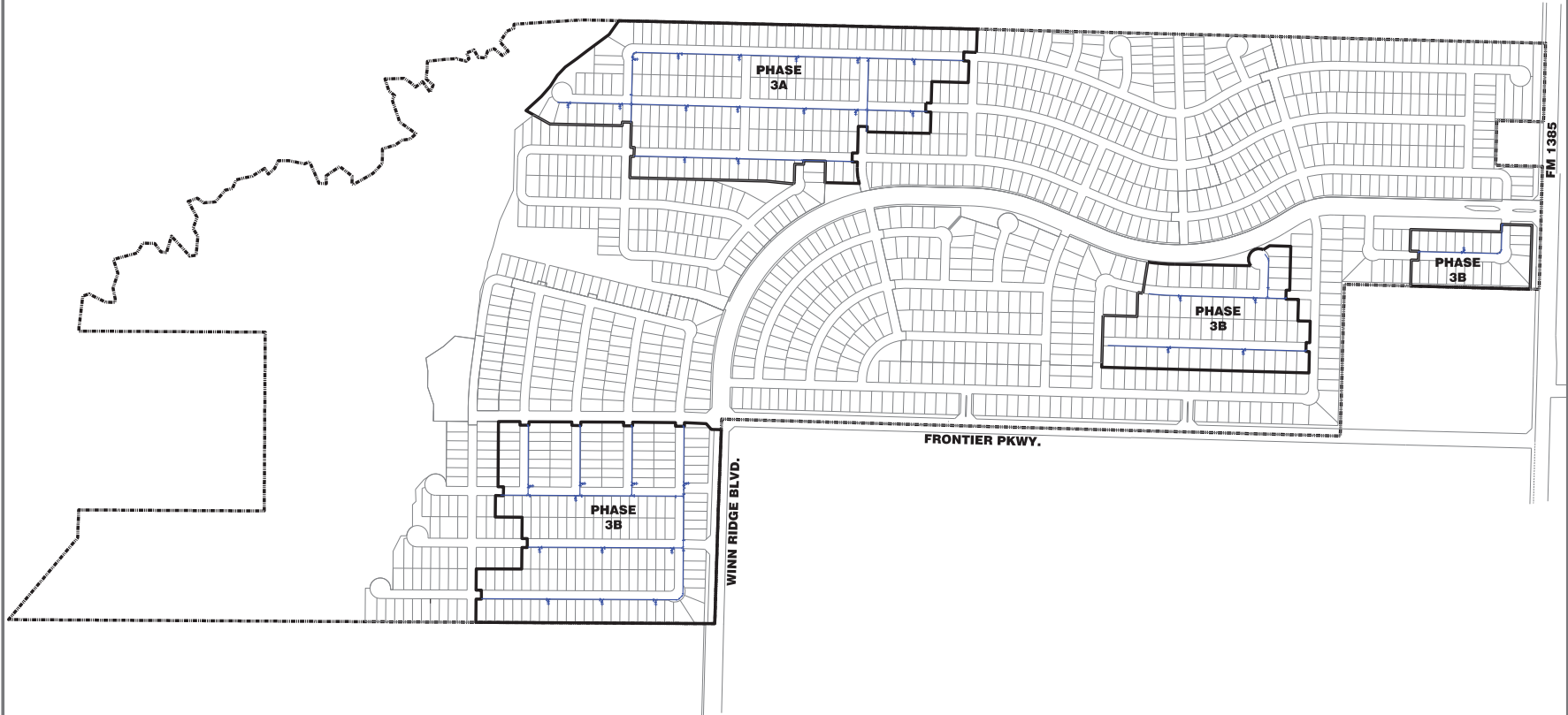


PHASE 3A & 3B ROADWAY IMPROVEMENTS
WINN RIDGE DEVELOPMENT
CITY OF AUBREY, DENTON COUNTY, TEXAS



PETITT & ASSOCIATES
ENGINEERING SURVEYING CONSTRUCTION ADMINISTRATION
DATE: MARCH 2020

APPENDIX C
DIAGRAMS OF THE AUTHORIZED IMPROVEMENTS

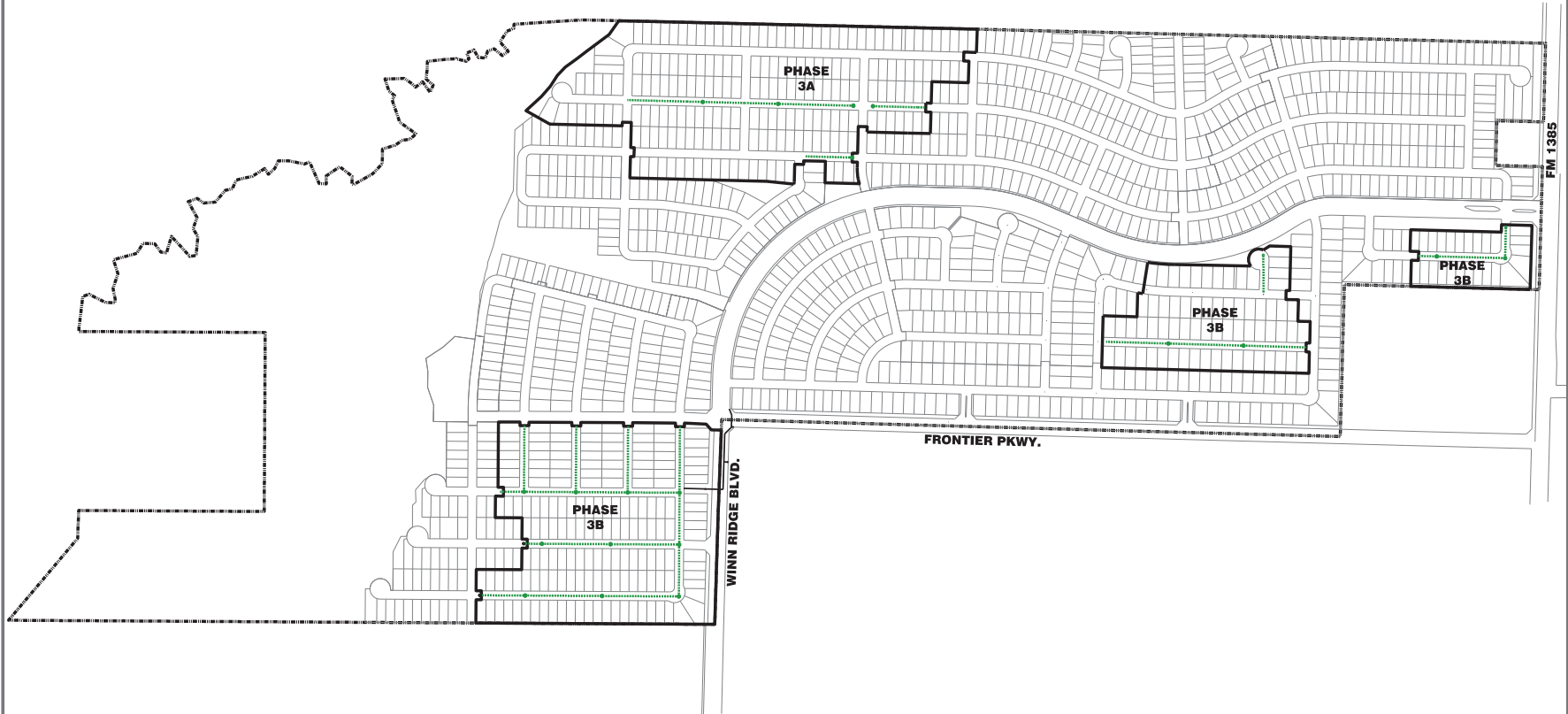


PHASE 3A & 3B WATER IMPROVEMENTS
WINN RIDGE DEVELOPMENT
CITY OF AUBREY, DENTON COUNTY, TEXAS



PETITT & ASSOCIATES
ENGINEERING SURVEYING CONSTRUCTION ADMINISTRATION
DATE: MARCH 2020

APPENDIX C
DIAGRAMS OF THE AUTHORIZED IMPROVEMENTS

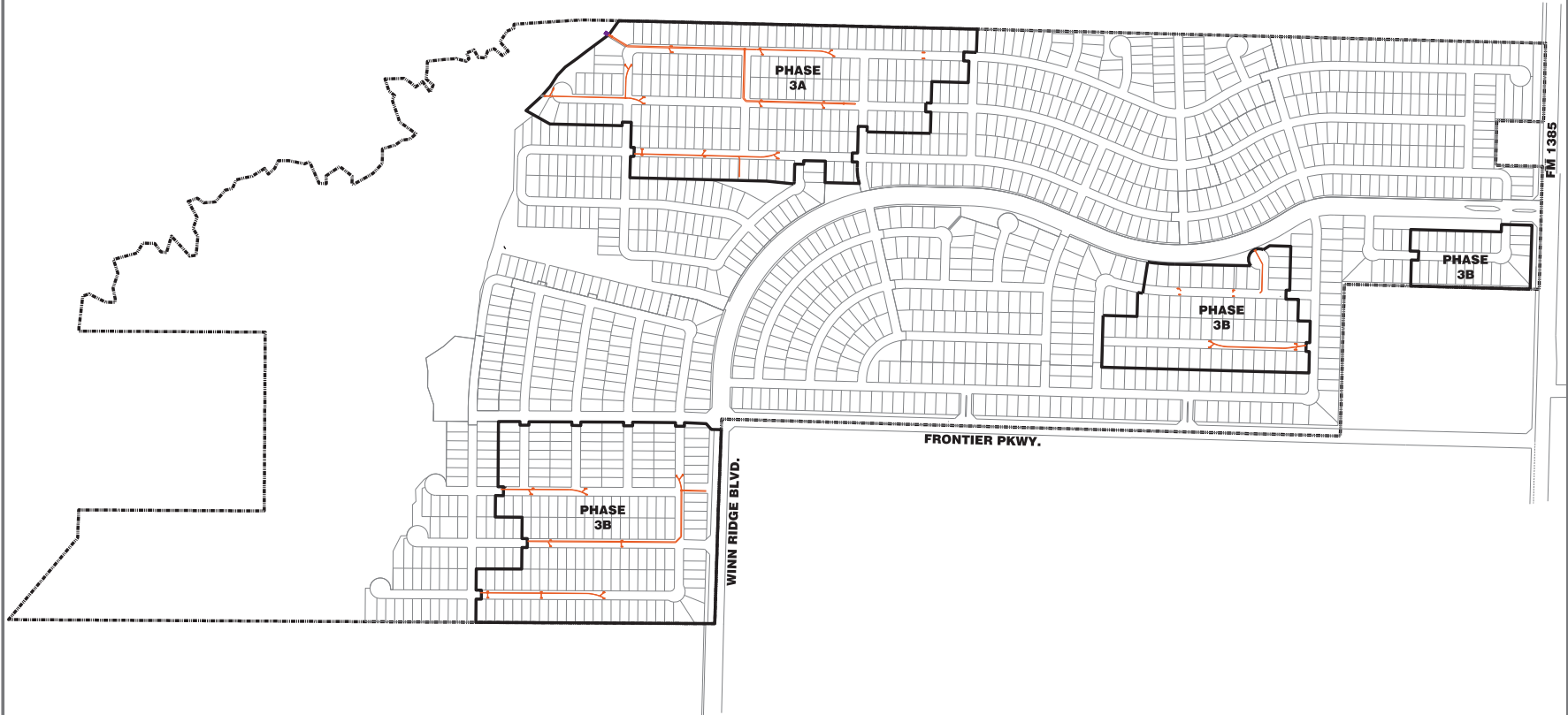


PHASE 3A & 3B SEWER IMPROVEMENTS
WINN RIDGE DEVELOPMENT
CITY OF AUBREY, DENTON COUNTY, TEXAS



PETITT & ASSOCIATES
ENGINEERING SURVEYING CONSTRUCTION ADMINISTRATION
DATE: MARCH 2020

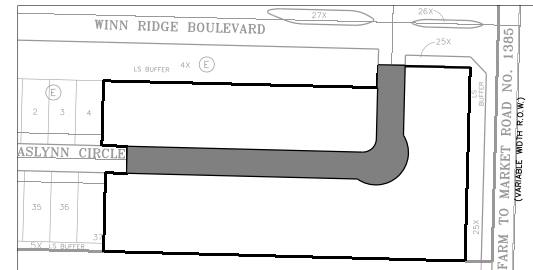
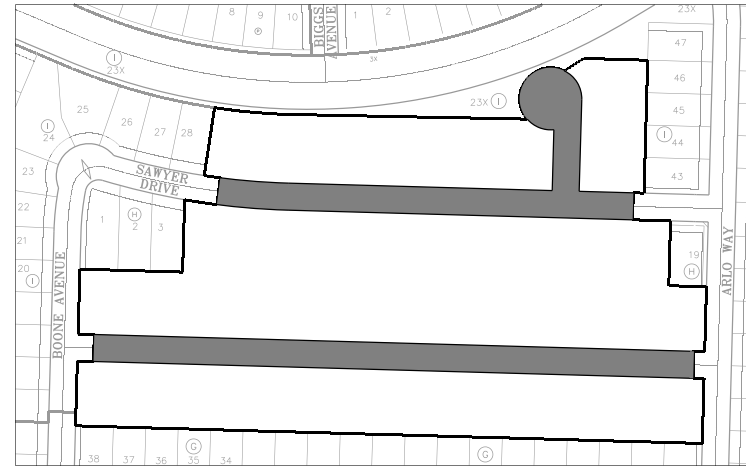
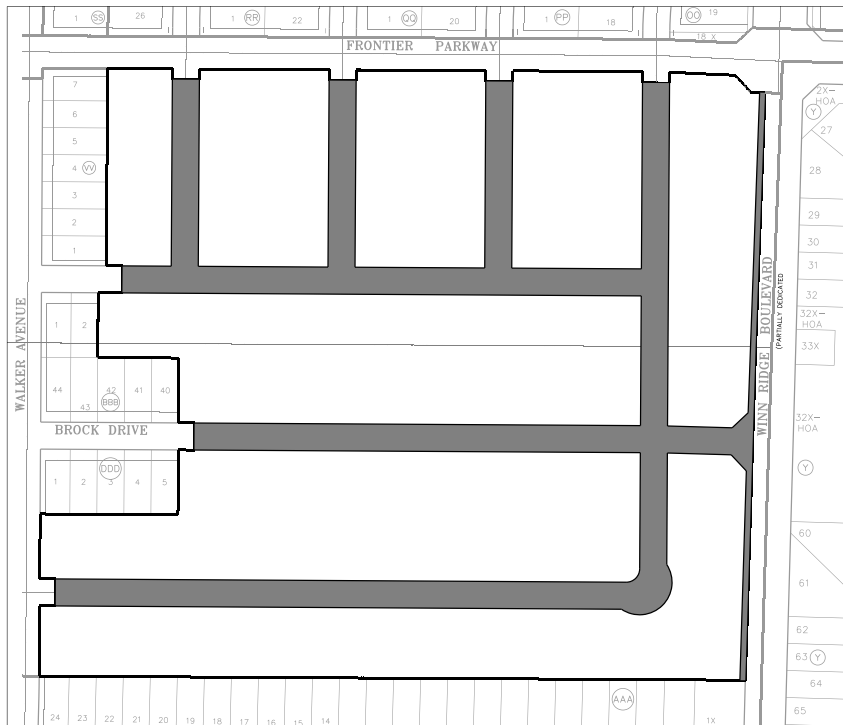
APPENDIX C
DIAGRAMS OF THE AUTHORIZED IMPROVEMENTS



PHASE 3A & 3B STORM SEWER IMPROVEMENTS
WINN RIDGE DEVELOPMENT
CITY OF AUBREY, DENTON COUNTY, TEXAS



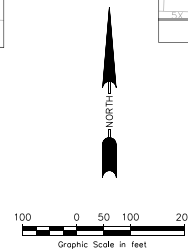
PETITT & ASSOCIATES
ENGINEERING SURVEYING CONSTRUCTION ADMINISTRATION
DATE: MARCH 2020



RIGHT OF WAY AREA	
PHASE	AREA
3B1A	6.05 AC
3B1B	0.79 AC
3B2	2.54 AC

TOTAL 3B1	6.84 AC
TOTAL 3B2	2.54 AC

TOTAL AREA	9.38 AC
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RIGHT OF WAY AREA EXHIBIT
WINN RIDGE - PHASE 3B1
CITY OF AUBREY, DENTON COUNTY, TEXAS

PETTIT & ASSOCIATES
ENGINEERING SURVEYING CONSTRUCTION ADMINISTRATION

TYPE FIRM REGISTRATION NO. 1488
TIPLS FIRM REGISTRATION NO. 151068-00
800 N. Williams Road, Suite 130 148 N. (214) 221-9955
Aubrey, Texas 75013 Fax No. (214) 340-3550

DATE: MAY, 2022

SCALE: 1"=100'

JOB NO. 12031-03B

APPENDIX D
PID ASSESSMENT NOTICE

AFTER RECORDING RETURN TO:

_____]

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF AUBREY, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

LOT TYPE _____ PRINCIPAL ASSESSMENT: \$ _____

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Aubrey, Texas (the "City"), for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Jackson Ridge Public Improvement District*** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City. The exact amount of each annual installment will be approved each year by the City Council in the annual service plan update for the District. More information about the assessments, including the amounts and due dates, may be obtained from the City.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

¹ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton County.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF
PURCHASER

SIGNATURE OF
PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER]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.

Purchaser Signature Page to Final Notice with Current Information
of Obligation to Pay Improvement District Assessment

The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER

STATE OF TEXAS

§

§

COUNTY OF DENTON

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]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 Denton County.

APPENDIX E
LOT TYPES AND EQUIVALENT UNITS

APPENDIX E
LOT TYPES AND EQUIVALENT UNITS

For purposes of allocating the Assessments, the Assessed Property has been classified in one of two Lot Types. Table E-1 shows the proposed residential Lot Types within the PID.

Table E-1
Proposed Development within the PID

Lot Type	Description	Proposed Development	
<i>Residential</i>			
Lot Type 1	60 Ft Lots	269	units
Lot Type 2	50 Ft Lots	1,137	units
Total		1,406	units

Table E-2 shows the residential Lot Types within Phase #1.

Table E-2
Phase #1 Development

Type	Description	Proposed Development	
<i>Residential</i>			
Lot Type 1	60 Ft Lots	102	units
Lot Type 2	50 Ft Lots	360	units
Total		462	units

Table E-3 shows the proposed residential Lot Types within Phases #2-3 Major Improvement Area.

Table E-3
Proposed Development - Phases #2-3 Major Improvement Area

Type	Description	Proposed Development	
<i>Residential</i>			
Lot Type 1	60 Ft Lots	167	units
Lot Type 2	50 Ft Lots	777	units
Total		944	units

Table E-4 shows the residential Lot Types within Phase #2.

Table E-4
Phase #2 Development

Type	Description	Development	
<i><u>Residential</u></i>			
Lot Type 1	60 Ft Lots	100	units
Lot Type 2	50 Ft Lots	389	units
<i>Total</i>		489	units

Table E-5 shows the residential Lot Types within Phase #3A.

Table E-5
Development – Phase #3A

Type	Description	Development	
<i>Residential</i>			
Lot Type 1	60 Ft Lots	0	units
Lot Type 2	50 Ft Lots	197	units
<i>Total</i>		197	units

Table E-6 shows the proposed residential Lot Types within Phase #3B.

Table E-6
Development – Phase #3B

Type	Description	Proposed Development	
<i>Residential</i>			
Lot Type 1	60 Ft Lots	67	units
Lot Type 2	50 Ft Lots	191	units
<i>Total</i>		258	units

As explained under Section V.C, For purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the portion of the Major Improvements originally financed with the Phases #2-3 Major Improvement Bonds shall be allocated to the Phases #2-3 Major Improvement Assessed Property by spreading the entire Assessment across the Parcels based on the estimated Equivalent Units.

For purposes of this Service and Assessment Plan, the City Council has determined that the Assessments shall be allocated to the Phases #2-3 Major Improvement Assessed Property on the basis of the average home value of each Lot Type, and that such method of allocation will result in the imposition of equal shares of the Assessments on Parcels similarly benefited. In

determining the average home value of each Lot Type, the City Council has taken into consideration (i) the type of lots (i.e., 60 Ft, 50 Ft, etc.); (ii) current and projected home prices; (iii) the costs of the Authorized Improvements, and (iv) the ability of different property types to utilize and benefit from the Authorized Improvements.

Having taken into consideration the matters described above, the City Council has determined that allocating the Assessments among Parcels based on average home value is best accomplished by creating classifications of benefited Parcels based on the “Lot Types” defined above. These classifications (from Lot Type 1 (60 Ft Lots) representing the highest value to Lot Type 2 (50 Ft Lot) representing the lowest value for residential lots are set forth in Table E-7. Assessments are allocated to each Lot Type on the basis of the average home value for each class of lots. This is accomplished by giving each Lot Type an Equivalent Unit factor. Equivalent Units are the ratio of the average value of lots within each assessment class, setting the Equivalent Unit factor for Lot Type 1 (60 Ft Lots) to 1.0.

Table E-7
Equivalent Unit Factors

Lot Type	Estimated Average Unit Value	Equivalent Unit Factor
Lot Type 1 (60 Ft Lot)	\$285,000	1.00 per dwelling unit
Lot Type 2 (50 Ft Lot)	\$237,500	0.83 per dwelling unit

The total Equivalent Units for Phase #1 are shown in Table E-8.1 as calculated based on the Equivalent Unit factors shown in Table E-7, estimated Lot Types and number of units estimated to be built within Phase #1.

Table E-8.1
Equivalent Unit Calculation - Phase #1

Lot Type	Planned No. of units	Equivalent Unit Factor	Total Equivalent Units
Lot Type 1 (60 Ft Lot)	102	1.00	102.00
Lot Type 2 (50 Ft Lot)	360	0.83	298.80
Total Equivalent Units	462		400.80

Four parcels representing 3.32 Equivalent Units have prepaid their Assessment related to the Phase #1 Projects in full, and one parcel representing 0.38 Equivalent Units has partially prepaid their Assessment related to the Phase #1 Projects. As a result, the outstanding total Equivalent Units for Phase #1 are shown in Table E-8.2 as calculated based on the Equivalent Unit factors shown above in Table E-7, Lot Types and number of units built within Phase #1 subject to the applicable Assessment.

Table E-8.2
Outstanding Equivalent Unit Calculation - Phase #1

Lot Type	Planned No. of units	Equivalent Unit Factor	Total Equivalent Units¹
Lot Type 1 (60 Ft Lot)	102	1.00	101.62
Lot Type 2 (50 Ft Lot)	356	0.83	295.48
Total Equivalent Units	458		397.10

¹ – Total equivalent units include a reduction of 0.38 to account for a 38% partial prepayment by Parcel 713879 (a Lot Type 1).

The total Equivalent Units for the Phases #2-3 Major Improvement Area are shown in Table E-9.1 as calculated based on the Equivalent Unit factors shown in Table E-7, estimated Lot Types and number of units estimated to be built within Phases #2-3 Major Improvement Area.

Table E-9.1
Equivalent Unit Calculation – Phases #2-3 Major Improvement Area

Lot Type	Planned No. of units	Equivalent Unit Factor	Total Equivalent Units
Lot Type 1 (60 Ft Lot)	167	1.00	167.00
Lot Type 2 (50 Ft Lot)	777	0.83	644.91
Total Equivalent Units	944		811.91

Four parcels representing 3.49 Equivalent Units have prepaid their Assessment related to the Phases #2-3 Major Improvements in full. As a result, the outstanding total Equivalent Units for the Phases #2-3 Major Improvement Area are shown in Table E-9.2 as calculated based on the Equivalent Unit factors shown above in Table E-7, Lot Types and number of units built within Phases #2-3 Major Improvement Area subject to the applicable Assessment.

Table E-9.2
Outstanding Equivalent Unit Calculation - Phases #2-3 Major Improvement Area

Lot Type	Planned No. of units	Equivalent Unit Factor	Total Equivalent Units
Lot Type 1 (60 Ft Lot)	166	1.00	166.00
Lot Type 2 (50 Ft Lot)	774	0.83	642.42
Total Equivalent Units	940		808.42

The total Equivalent Units for Phase #2 are shown in Table E-10.1 as calculated based on the Equivalent Unit factors shown in Table E-7, estimated Lot Types and number of units estimated to be built within Phase #2.

Table E-10.1
Equivalent Unit Calculation - Phase #2

Lot Type	Planned No. of units	Equivalent Unit Factor	Total Equivalent Units
Lot Type 1 (60 Ft Lot)	100	1.00	100.00
Lot Type 2 (50 Ft Lot)	389	0.83	322.87
Total Equivalent Units	489		422.87

Four parcels representing 3.49 Equivalent Units have prepaid their Assessment related to the Phase #2 Improvements in full. As a result, the outstanding total Equivalent Units for Phase #2 are shown in Table E-10.2 as calculated based on the Equivalent Unit factors shown above in Table E-7, Lot Types and number of units built within Phase #2 Area subject to the applicable Assessment.

Table E-9.2
Outstanding Equivalent Unit Calculation - Phase #2

Lot Type	Planned No. of units	Equivalent Unit Factor	Total Equivalent Units
Lot Type 1 (60 Ft Lot)	99	1.00	99.00
Lot Type 2 (50 Ft Lot)	386	0.83	320.38
Total Equivalent Units	485		419.38

The total Equivalent Units for Phase #3A are shown in Table E-11 as calculated based on the Equivalent Unit factors shown in Table E-7, the Lot Types and number of units within Phase #3A.

Table E-11
Equivalent Unit Calculation - Phase #3A

Lot Type	Planned No. of units	Equivalent Unit Factor	Total Equivalent Units
Lot Type 1 (60 Ft Lot)	0	1.00	0.00
Lot Type 2 (50 Ft Lot)	197	0.83	163.51
Total Equivalent Units	197		163.51

The total estimated Equivalent Units for Phase #3B are shown in Table E-12 as calculated based on the Equivalent Unit factors shown in Table E-7, the Lot Types and number of units within Phase #3B.

Table E-12
Equivalent Unit Calculation - Phase #3B

Lot Type	Planned No. of units	Equivalent Unit Factor	Total Equivalent Units
Lot Type 1 (60 Ft Lot)	67	1.00	67.00
Lot Type 2 (50 Ft Lot)	191	0.83	158.53
Total Equivalent Units	258		225.53

APPENDIX F
ALLOCATION OF ASSESSMENTS

APPENDIX F
ALLOCATION OF ASSESSMENTS

A) Allocation of Assessments to Lot Types in Phases #2-3 Major Improvement Area

Phases #2-3 Major Improvement Bonds

As shown in Section IV of this Service and Assessment Plan, the total amount of the Phases #2-3 Major Improvement Bonds, which represented the total Assessment allocated to all Parcels in the Phases #2-3 Major Improvement Assessed Property, was \$10,255,000. As shown in Appendix E, there were a total of 811.91 estimated Equivalent Units in Phases #2-3 Major Improvement Area, resulting in an Assessment per Equivalent Unit of \$12,630.71.

The Assessment per dwelling unit or acre was calculated as the product of (i) \$12,630.71 multiplied by (ii) the applicable Equivalent Unit value for each Lot Type. For example, the Assessment for a Lot Type 1 (60 Ft Lot) dwelling unit was \$12,630.71 (i.e. \$12,630.71 \times 1.00). The Assessment for a Lot Type 2 (50 Ft Lot) dwelling unit was \$10,483.49 (i.e. \$12,630.71 \times 0.83). Table F-A.1 sets forth the original Assessment per dwelling unit for each of the two Lot Types in Phases #2-3 Major Improvement Area.

Table F-A.1
Original Assessment per Unit - Phases #2-3 Major Improvements

Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit	Total Assessments
Residential					
Lot Type 1	167	\$12,630.71	1.00	\$12,630.71 per dwelling unit	\$2,109,329
Lot Type 2	777	\$12,630.71	0.83	\$10,483.49 per dwelling unit	\$8,145,671
Total	944				\$10,255,000

Phase #3 Major Improvements Refunding Bonds

The Phases #2-3 Major Improvement Bonds are being partially refunded by the Phase #3 Major Improvements Refunding Bonds for Phase #3's portion of the Phases #2-3 Major Improvement Bonds. The total amount of the Phase #3 Major Improvements Refunding Bonds, which represents the total outstanding Assessment allocated to all Parcels in the Phases #2-3 Major Improvement Assessed Property related to the Phase #3 Major Improvements, is \$4,032,978. Table F-A.2 sets forth the outstanding Assessment per dwelling unit for each of the two Lot Types in Phase #3 related to the Phase #3 Major Improvements.

Table F-A.2
Outstanding Assessment per Unit - Phase #3 Major Improvements

Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit	Total Assessments
Residential					
Lot Type 1	67	\$10,366.49	1.00	\$10,366.49 per dwelling unit	\$694,555
Lot Type 2	388	\$10,366.49	0.83	\$8,604.18 per dwelling unit	\$3,338,424
Total	455				\$4,032,978

Phase #1 and Phase #2 Refunding Bonds

The Phases #2-3 Major Improvement Bonds are being partially refunded by Phase #2's portion of the Phase #1 and Phase #2 Refunding Bonds for Phase #2's portion of the Phases #2-3 Major Improvement Bonds. The total amount of the Phase #1 and Phase #2 Refunding Bonds allocable to Phase #2, which represents the total outstanding Assessment allocated to all Parcels in the Phases #2-3 Major Improvement Assessed Property related to the Phase #2 Major Improvements, is \$4,261,000. Table F-A.3 sets forth the outstanding Assessment per dwelling unit for each of the two Lot Types in Phase #2 related to the Phase #2 Major Improvements.

Table F-A.3
Outstanding Assessment per Unit - Phase #2 Major Improvements

Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit	Total Assessments
Residential					
Lot Type 1	99	\$10,160.24	1.00	\$10,160.24 per dwelling unit	\$1,005,863
Lot Type 2	386	\$10,160.24	0.83	\$8,433.00 per dwelling unit	\$3,255,137
Total	485				\$4,261,000

B) Allocation of Assessments to Lot Types in Phase #1

Phase #1 Bonds and Phase #1 Reimbursement Agreement

As shown in Section IV of this Service and Assessment Plan, the total amount of the Phase #1 Bonds and Phase #1 Reimbursement Agreement, which represented the total Assessment allocated on all Parcels within Phase #1, was \$14,000,000. As shown in Appendix E, there were total of 400.80 estimated Equivalent Units in Phase #1, resulting in an Assessment per Equivalent Unit of \$34,930.14.

The Assessment per dwelling unit or acre was calculated as the product of (i) \$34,930.14 multiplied by (ii) the applicable Equivalent Unit value for each Lot Type. For example, the

Assessment for a Lot Type 1 (60 Ft Lot) dwelling unit was \$34,930.14 (i.e. $\$34,930.14 \times 1.00$). The Assessment for a Lot Type 2 (50 Ft Lot) dwelling unit was \$28,992.02 (i.e. $\$34,930.14 \times 0.83$). Table F-B.1 sets forth the original Assessment per dwelling unit for each of the two Lot Types in Phase #1.

Table F-B.1
Original Assessment per Unit - Phase #1

Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit	Total Assessments
Residential					
Lot Type 1	102	\$34,930.14	1.00	\$34,930.14 per dwelling unit	\$3,562,874
Lot Type 2	360	\$34,930.14	0.83	\$28,992.02 per dwelling unit	\$10,437,126
Total	462				\$14,000,000

Phase #1 and Phase #2 Refunding Bonds

The Phase #1 Bonds are being refunded by Phase #1's portion of the Phase #1 and Phase #2 Refunding Bonds. The total amount of the Phase #1 and Phase #2 Refunding Bonds allocable to Phase #1, and the total outstanding amount of the Phase #1 Reimbursement Agreement as of January 25, 2024, which represents the total outstanding Assessment allocated to all Parcels in Phase #1, is, collectively, \$12,304,673. Table F-B.2 sets forth the outstanding Assessment per dwelling unit for each of the two Lot Types in Phase #1 related to the Phase #1 Projects.

Table F-B.2
Outstanding Assessment per Unit - Phase #1 Projects

Type	Planned No. of Units ¹	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit	Total Assessments
Residential					
Lot Type 1	102	\$30,956.71	1.00	\$30,956.71 per dwelling unit	\$3,157,584
Lot Type 2	356	\$30,956.71	0.83	\$25,694.07 per dwelling unit	\$9,147,089
Total	458				\$12,304,673

¹ – Planned number of units include one partially prepaid parcel.

C) Allocation of Assessments to Lot Types in Phase #2

Phase #2 Bonds

As shown in Section IV of this Service and Assessment Plan, the total amount of the Phase #2 Bonds, which represented the total Assessment allocated on all Parcels within Phase #2 for the Phase #2 Improvements was \$9,425,000. As shown in Appendix E, there were a total of 422.87

estimated Equivalent Units in Phase #2, resulting in an Assessment per Equivalent Unit of \$22,288.17.

The Assessment per dwelling unit or acre was calculated as the product of (i) \$22,288.17 multiplied by (ii) the applicable Equivalent Unit value for each Lot Type. For example, the Assessment for a Lot Type 1 (60 Ft Lot) dwelling unit was \$22,288.17 (i.e. $\$22,288.17 \times 1.00$). The Assessment for a Lot Type 2 (50 Ft Lot) dwelling unit was \$18,499.18 (i.e. $\$22,288.17 \times 0.83$). Table F-C.1 sets forth the Assessment per dwelling unit for each of the two Lot Types in Phase #2 related to the Phase #2 Improvements.

Table F-C.1
Original Assessment per Unit - Phase #2 Improvements

Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit	Total Assessments
Residential					
Lot Type 1	100	\$22,288.17	1.00	\$22,288.17 per dwelling unit	\$2,228,817
Lot Type 2	389	\$22,288.17	0.83	\$18,499.18 per dwelling unit	\$7,196,183
Total	489				\$9,425,000

Phase #1 and Phase #2 Refunding Bonds

The Phase #2 Bonds are being refunded by Phase #2's portion of the Phase #1 and Phase #2 Refunding Bonds for the Phase #2 Improvements. The Phases #2-3 Major Improvement Bonds are being partially refunded by Phase #2's portion of the Phase #1 and Phase #2 Refunding Bonds for Phase #2's allocated share of the Phases #2-3 Major Improvement Bonds for the Phase #2 Major Improvements (as further described in Appendix F, Section A. The total amount of the Phase #1 and Phase #2 Refunding Bonds allocable to Phase #2, which represents the total outstanding Assessment allocated to all Parcels in Phase #2 related to the Phase #2 Projects, is \$12,804,000. Table F-C.2 sets forth the outstanding Assessment per dwelling unit for each of the two Lot Types in Phase #2 related to the Phase #2 Projects.

Table F-C.2
Outstanding Assessment per Unit - Phase #2 Projects

Type	Planned No. of Units	Phase #2 Improvements Assessment per Equivalent Unit	Phase #2 Major Improvements Assessment per Equivalent Unit ¹	Total Phase #2 Projects Assessment per Equivalent Unit	Equivalent Unit Factor	Phase #2 Projects Assessment per Unit	Total Assessments
Residential							
Lot Type 1	99	\$20,370.55	\$10,160.24	\$30,530.78	1.00	\$30,530.78 per dwelling unit	\$3,022,548
Lot Type 2	386	\$20,370.55	\$10,160.24	\$30,530.78	0.83	\$25,340.55 per dwelling unit	\$9,781,452
Total	485						\$12,804,000

¹ – See Table F- A.3.

D) Allocation of Assessments to Lot Types in Phase #3A

As shown in Section IV of this Service and Assessment Plan, the total amount of the Phase #3A Bonds, which represents the total Assessment allocated on all Parcels within Phase #3A is \$3,644,000. As shown in Appendix E, there are a total of 163.51 estimated Equivalent Units in Phase #3A, resulting in an Assessment per Equivalent Unit of \$22,286.10.

The Assessment per dwelling unit or acre is calculated as the product of (i) \$22,286.10 multiplied by (ii) the applicable Equivalent Unit value for each Lot Type. For example, the Assessment for a Lot Type 1 (60 Ft Lot) dwelling unit is \$22,286.10 (i.e. $\$22,286.10 \times 1.00$). The Assessment for a Lot Type 2 (50 Ft Lot) dwelling unit is \$18,497.46 (i.e. $\$22,286.10 \times 0.83$). Table F-D.1 sets forth the Assessment per dwelling unit for each of the two Lot Types in Phase #3A.

Table F-D.1
Assessment per Unit - Phase #3A

Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit	Total Assessments
Residential					
Lot Type 1	0	\$22,286.10	1.00	\$22,286.10 per dwelling unit	\$0
Lot Type 2	197	\$22,286.10	0.83	\$18,497.46 per dwelling unit	\$3,644,000
Total	197				\$3,644,000

E) Allocation of Assessments to Lot Types in Phase #3B

As shown in Section IV of this Service and Assessment Plan, the total amount of the Phase #3B Bonds, which represents the total Assessment to be allocated on all Parcels within Phase #3B is \$6,310,000. As shown in Appendix E, there are a total of 225.53 estimated Equivalent Units in Phase #3B, resulting in an Assessment per Equivalent Unit of \$27,978.54.

The Assessment per dwelling unit or acre is calculated as the product of (i) \$27,978.54 multiplied by (ii) the applicable Equivalent Unit value for each Lot Type. For example, the Assessment for a Lot Type 1 (60 Ft Lot) dwelling unit is \$27,978.54 (i.e. $\$27,978.54 \times 1.00$). The Assessment for a Lot Type 2 (50 Ft Lot) dwelling unit is \$23,222.19 (i.e. $\$27,978.54 \times 0.83$). Table F-E.1 sets forth the Assessment per dwelling unit for each of the two Lot Types in Phase #3B.

Table F-E.1
Assessment per Unit - Phase #3B

Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit	Total Assessments
Residential					
Lot Type 1	67	\$27,978.54	1.00	\$27,978.54 per dwelling unit	\$1,874,562
Lot Type 2	191	\$27,978.54	0.83	\$23,222.19 per dwelling unit	\$4,435,438
Total					\$6,310,000

APPENDIX G
PHASE #3 MAJOR IMPROVEMENTS ASSESSMENT ROLL

Appendix G
Phase #3 Major Improvements Assessment Roll

Parcel	All Parcels
Original Assessment	\$4,499,373
Outstanding Assessment	\$4,032,978
Original Equivalent Units	389.04
Outstanding Equivalent Units	389.04

Year¹	Principal²	Interest²	Principal³	Interest³	Admin Expenses⁴	Additional Interest⁵	Capitalized Interest/ Available Credits	Total Annual Installment⁶
2016	\$0	\$284,936	\$0	\$0	\$9,220	\$0	(\$284,936)	\$9,220
2017	\$0	\$390,027	\$0	\$0	\$9,404	\$23,638	(\$390,027)	\$33,042
2018	\$0	\$390,027	\$0	\$0	\$9,593	\$23,638	(\$1,887)	\$421,370
2019	\$79,062	\$359,833	\$0	\$0	\$9,784	\$21,808	(\$97,076)	\$373,412
2020	\$86,250	\$350,853	\$0	\$0	\$11,963	\$21,264	(\$112,087)	\$358,243
2021	\$91,042	\$344,008	\$0	\$0	\$20,745	\$20,849	(\$114,181)	\$362,463
2022	\$100,625	\$336,077	\$0	\$0	\$15,213	\$20,369	(\$143,671)	\$328,613
2023	\$107,812	\$327,677	\$0	\$0	\$15,213	\$19,859	(\$182,906)	\$287,656
2024	\$0	\$167,145	\$111,978	\$206,324	\$20,209		\$0	\$505,656
2025	\$0	\$0	\$168,000	\$209,119	\$20,613		\$0	\$397,732
2026	\$0	\$0	\$176,000	\$200,719	\$21,025		\$0	\$397,744
2027	\$0	\$0	\$184,000	\$191,919	\$21,446		\$0	\$397,364
2028	\$0	\$0	\$193,000	\$182,719	\$21,875		\$0	\$397,593
2029	\$0	\$0	\$202,000	\$173,069	\$22,312		\$0	\$397,381
2030	\$0	\$0	\$211,000	\$162,969	\$22,758		\$0	\$396,727
2031	\$0	\$0	\$221,000	\$152,419	\$23,214		\$0	\$396,632
2032	\$0	\$0	\$232,000	\$141,369	\$23,678		\$0	\$397,047
2033	\$0	\$0	\$243,000	\$129,769	\$24,151		\$0	\$396,920
2034	\$0	\$0	\$254,000	\$117,619	\$24,634		\$0	\$396,253
2035	\$0	\$0	\$268,000	\$103,331	\$25,127		\$0	\$396,458
2036	\$0	\$0	\$282,000	\$88,256	\$25,630		\$0	\$395,886
2037	\$0	\$0	\$297,000	\$72,394	\$26,142		\$0	\$395,536
2038	\$0	\$0	\$313,000	\$55,688	\$26,665		\$0	\$395,353
2039	\$0	\$0	\$330,000	\$38,081	\$27,198		\$0	\$395,280
2040	\$0	\$0	\$347,000	\$19,519	\$27,742	\$0	\$0	\$394,261
Total	\$464,791	\$2,950,584	\$4,032,978	\$2,245,280	\$505,555	\$151,425	(\$1,326,772)	\$9,023,841

1 – Represent the bond year for the Phase #2-3 Major Improvements Bonds for years 2016 – 2023, and the Phase #3 Major Improvements Refunding Bonds for years 2024 – 2045.

2 – The principal and interest amounts for years 2016-2024 are based on the Phase #3's portion of the Phases #2-3 Major Improvement Bonds related to the Phase #3 Major Improvements and are calculated using an 8.25% interest rate on the Phases #2-3 Major Improvement Bonds, which is equivalent to the interest rate on the Phases #2-3 Major Improvement Bonds, and have been revised to account for \$865,000 (of which \$414,479 is related to the Phase #3 Major Improvements) in MSUD Contract Revenue Credits that were redeemed on November 1, 2018.

3 – The principal and interest amounts for years 2024-2045 are based on the Phase #3 Major Improvements Refunding Bonds, and are calculated using an interest rate of 5.000% for years 2024 through 2033, and 5.625% for years 2034 through 2040, which is equivalent to the interest rates on the Phase #3 Major Improvements Refunding Bonds.

4 – The amounts shown include estimated district administration and assessment collection costs and will be updated each year in the Annual Service Plan Updates.

5 – Additional Interest for years 2016-2023 was used to fund prepayment and delinquency reserves for Phase #3's portion of the Phases #2-3 Major Improvement Bonds. The Delinquency and Prepayment Reserve Account for the Phase #3 Major Improvements Refunding Bonds is being funded with Bond proceeds.

6 – The Annual Installments shown do not include any TIRZ Credit.

APPENDIX H
PHASE #1 ASSESSMENT ROLL

Appendix H
Phase #1 Assessment Roll

Parcel	All Parcels
Original Assessment	\$13,575,000
Outstanding Assessment	\$12,292,910
Original Equivalent Units	400.80
Outstanding Equivalent Units	397.10

Year¹	Principal²	Interest²	Principal³	Interest³	Principal⁴	Interest⁴	Admin Expenses⁵	Additional Interest⁶	Capitalized Interest/ Available Credits	Total Annual Installment⁷
2016	\$0	\$712,913	\$0	\$35,802	\$0	\$0	\$20,000	\$0	(\$712,913)	\$55,802
2017	\$0	\$975,850	\$0	\$35,802	\$0	\$0	\$20,400	\$67,300	(\$975,850)	\$123,502
2018	\$241,367	\$977,950	\$3,825	\$35,802	\$0	\$0	\$20,808	\$65,200	(\$3,554)	\$1,341,398
2019	\$191,316	\$933,937	\$2,557	\$35,728	\$0	\$0	\$21,224	\$64,409	(\$83,437)	\$1,165,734
2020	\$180,000	\$915,576	\$6,400	\$35,579	\$0	\$0	\$29,094	\$63,143	(\$193,492)	\$1,036,300
2021	\$195,000	\$900,618	\$3,022	\$35,504	\$0	\$0	\$45,000	\$62,112	(\$271,466)	\$969,790
2022	\$205,000	\$886,479	\$8,372	\$35,505	\$0	\$0	\$33,000	\$61,137	(\$310,801)	\$918,692
2023	\$236,021	\$871,618	\$8,744	\$34,022	\$0	\$0	\$33,000	\$61,112	(\$361,865)	\$882,652
2024	\$0	\$431,556	\$7,000	\$35,073	\$0	\$269,438	\$41,464		\$0	\$784,532
2025	\$0	\$0	\$8,000	\$30,655	\$110,830	\$789,213	\$41,879		\$0	\$980,576
2026	\$0	\$0	\$9,000	\$30,165	\$369,000	\$530,043	\$42,298		\$0	\$980,505
2027	\$0	\$0	\$10,000	\$29,613	\$387,000	\$511,593	\$42,721		\$0	\$980,926
2028	\$0	\$0	\$11,000	\$29,000	\$406,000	\$492,243	\$43,148		\$0	\$981,390
2029	\$0	\$0	\$12,000	\$28,326	\$425,000	\$471,943	\$43,580		\$0	\$980,848
2030	\$0	\$0	\$13,000	\$27,590	\$445,000	\$450,693	\$44,015		\$0	\$980,298
2031	\$0	\$0	\$15,000	\$26,793	\$467,000	\$428,443	\$44,455		\$0	\$981,691
2032	\$0	\$0	\$16,000	\$25,874	\$489,000	\$405,093	\$44,900		\$0	\$980,866
2033	\$0	\$0	\$18,000	\$24,893	\$513,000	\$380,643	\$45,349		\$0	\$981,884
2034	\$0	\$0	\$19,000	\$23,789	\$538,000	\$354,993	\$45,802		\$0	\$981,584
2035	\$0	\$0	\$21,000	\$22,625	\$564,000	\$328,093	\$46,261		\$0	\$981,978
2036	\$0	\$0	\$23,000	\$21,337	\$586,000	\$304,828	\$46,723		\$0	\$981,888
2037	\$0	\$0	\$25,000	\$19,927	\$609,000	\$280,655	\$47,190		\$0	\$981,773
2038	\$0	\$0	\$28,000	\$18,395	\$634,000	\$255,534	\$47,662		\$0	\$983,591
2039	\$0	\$0	\$30,000	\$16,679	\$659,000	\$229,381	\$48,139		\$0	\$983,199
2040	\$0	\$0	\$33,000	\$14,840	\$687,000	\$200,550	\$48,620		\$0	\$984,010
2041	\$0	\$0	\$34,000	\$12,817	\$716,000	\$170,494	\$49,106		\$0	\$982,417
2042	\$0	\$0	\$37,000	\$10,732	\$746,000	\$139,169	\$49,598		\$0	\$982,499
2043	\$0	\$0	\$40,000	\$8,464	\$778,000	\$106,531	\$50,094		\$0	\$983,089
2044	\$0	\$0	\$43,000	\$6,012	\$811,000	\$72,494	\$50,594		\$0	\$983,101
2045	\$0	\$0	\$55,080	\$3,376	\$846,000	\$37,013	\$51,100		\$0	\$992,569
Total	\$1,248,703	\$7,606,496	\$540,000	\$750,717	\$11,785,830	\$7,209,074	\$1,237,226	\$444,414	(\$2,913,378)	\$27,909,081

1 – Represent the bond year for the Phase #1 Bonds for years 2016-2023, and the Phase #1 and Phase #2 Refunding Bonds for years 2024-2045.

2 – The principal and interest amounts for years 2016-2024 are based on the Phase #1 Bonds and are calculated using a 7.25% interest rate, which is equivalent to the interest rate on the Phase #1 Bonds, and have been revised to account for \$425,000 in MUSD Contract Revenue Credits that were redeemed on November 1, 2018.

3 – The principal and interest amounts for years 2016-2045 are based on the Phase #1 Reimbursement Agreement amount of \$540,000 and are calculated using an interest rate of 6.13%.

4 – The principal and interest amounts for years 2024-2045 are based on Phase #1's portion of the Phase #1 and Phase #2 Refunding Bonds related to the Phase #1 Projects, and are calculated using an interest rate of 5.000% for years 2024 through 2034, 4.125% for years 2035 through 2038, and 4.375% for years 2039 through 2045, which is equivalent to the interest rate on the Phase #1 and Phase #2 Refunding Bonds.

5 – The amounts shown include estimated district administration and assessment collection costs and will be updated each year in the Annual Service Plan Updates.

6 – Additional Interest for years 2016-2023 was used to fund prepayment and delinquency reserves for Phase #1 Bonds. The first two years of the Additional Interest Rate for the Phase #1 Bonds were used to fund Debt Service Reserve Fund. The Delinquency and Prepayment Reserve for the Phase #1 and Phase #2 Refunding Bonds is being funded with Bond proceeds.

7 – The Annual Installments shown do not include any TIRZ Credit.

APPENDIX I
PHASE #2 PROJECTS ASSESSMENT ROLL

Appendix I
Phase #2 Projects Assessment Roll

Parcel
Original Assessment
Outstanding Assessment
Original Equivalent Units
Outstanding Equivalent Units

All Parcels
\$14,315,627
\$12,804,000
422.87
419.38

Year ¹	Principal ²	Interest ²	Principal ³	Interest ³	Principal ⁴	Interest ⁴	Principal ⁵	Interest ⁵	Admin Expenses ⁶	Additional Interest ⁷	Capitalized Interest/ Available Credits	Total Annual Installment
2016	\$0	\$0	\$0	\$333,141	\$0	\$0	\$0	\$0	\$10,780	\$0	(\$333,141)	\$10,780
2017	\$0	\$0	\$0	\$456,010	\$0	\$0	\$0	\$0	\$10,996	\$27,637	(\$456,011)	\$38,632
2018	\$0	\$0	\$0	\$456,010	\$0	\$0	\$0	\$0	\$11,215	\$27,637	(\$2,207)	\$492,656
2019	\$18,499	\$452,919	\$95,378	\$420,708	\$0	\$0	\$0	\$0	\$11,440	\$25,497	(\$566,418)	\$458,023
2020	\$150,000	\$558,394	\$93,750	\$410,209	\$0	\$0	\$0	\$0	\$44,467	\$71,986	(\$131,049)	\$1,197,757
2021	\$199,443	\$550,894	\$118,896	\$402,205	\$0	\$0	\$0	\$0	\$52,755	\$70,751	(\$144,135)	\$1,250,809
2022	\$182,564	\$541,792	\$118,212	\$392,934	\$0	\$0	\$0	\$0	\$46,287	\$69,297	(\$173,113)	\$1,177,972
2023	\$175,000	\$531,182	\$117,188	\$383,112	\$0	\$0	\$0	\$0	\$46,287	\$67,679	(\$218,849)	\$1,101,599
2024	\$0	\$485,050	\$0	\$180,180	\$28,000	\$197,702	\$243,000	\$100,884	\$67,884		\$0	\$1,302,701
2025	\$0	\$0	\$0	\$0	\$245,000	\$387,523	\$172,000	\$186,311	\$68,563		\$0	\$1,059,397
2026	\$0	\$0	\$0	\$0	\$257,000	\$375,273	\$180,000	\$177,711	\$69,249		\$0	\$1,059,232
2027	\$0	\$0	\$0	\$0	\$270,000	\$362,423	\$189,000	\$168,711	\$69,941		\$0	\$1,060,075
2028	\$0	\$0	\$0	\$0	\$283,000	\$348,923	\$199,000	\$159,261	\$70,641		\$0	\$1,060,824
2029	\$0	\$0	\$0	\$0	\$297,000	\$334,773	\$209,000	\$149,311	\$71,347		\$0	\$1,061,431
2030	\$0	\$0	\$0	\$0	\$312,000	\$319,923	\$219,000	\$138,861	\$72,060		\$0	\$1,061,844
2031	\$0	\$0	\$0	\$0	\$328,000	\$304,323	\$230,000	\$127,911	\$72,781		\$0	\$1,063,015
2032	\$0	\$0	\$0	\$0	\$344,000	\$287,923	\$241,000	\$116,411	\$73,509		\$0	\$1,062,843
2033	\$0	\$0	\$0	\$0	\$361,000	\$270,723	\$254,000	\$104,361	\$74,244		\$0	\$1,064,328
2034	\$0	\$0	\$0	\$0	\$380,000	\$252,673	\$266,000	\$91,661	\$74,986		\$0	\$1,065,320
2035	\$0	\$0	\$0	\$0	\$399,000	\$233,673	\$279,000	\$78,361	\$75,736		\$0	\$1,065,770
2036	\$0	\$0	\$0	\$0	\$415,000	\$217,214	\$291,000	\$66,853	\$76,494		\$0	\$1,066,560
2037	\$0	\$0	\$0	\$0	\$432,000	\$200,095	\$303,000	\$54,849	\$77,259		\$0	\$1,067,202
2038	\$0	\$0	\$0	\$0	\$450,000	\$182,275	\$315,000	\$42,350	\$78,031		\$0	\$1,067,656
2039	\$0	\$0	\$0	\$0	\$468,000	\$163,713	\$328,000	\$29,356	\$78,811		\$0	\$1,067,880
2040	\$0	\$0	\$0	\$0	\$489,000	\$143,238	\$343,000	\$15,006	\$79,600		\$0	\$1,069,843
2041	\$0	\$0	\$0	\$0	\$510,000	\$121,844	\$0	\$0	\$80,396		\$0	\$712,239
2042	\$0	\$0	\$0	\$0	\$533,000	\$99,531	\$0	\$0	\$81,200		\$0	\$713,731
2043	\$0	\$0	\$0	\$0	\$556,000	\$76,213	\$0	\$0	\$82,011		\$0	\$714,224
2044	\$0	\$0	\$0	\$0	\$580,000	\$51,888	\$0	\$0	\$82,832		\$0	\$714,719
2045	\$0	\$0	\$0	\$0	\$606,000	\$26,513	\$0	\$0	\$83,660		\$0	\$716,172
Total	\$725,506	\$3,120,231	\$543,423	\$3,434,508	\$8,543,000	\$4,958,371	\$4,261,000	\$1,808,172	\$1,895,461	\$360,485	(\$2,024,922)	\$27,625,235

1 – Represent the bond year for the Phase #2 Bonds for years 2019-2023, and the Phase #1 and Phase #2 Refunding Bonds for years 2024-2045.

2 – The principal and interest amounts for years 2019-2024 are based on the Phase #2 Bonds related to the Phase #2 Improvements and are calculated using 5.00% interest rate, which is equivalent to the interest rate on the Phase #2 Bonds.

3 – The principal and interest amounts for years 2016-2024 are based on the Phase #2's portion of the Phases #2-3 Major Improvement Bonds related to the Phase #2 Major Improvements and are calculated using a 8.25% interest rate on the Phases #2-3 Major Improvement Bonds, which is equivalent to the interest rate on the Phases #2-3 Major Improvement Bonds, and have been revised to account for \$865,000 (of which \$450,521 is related to the Phase #2 Major Improvements) in MSUD Contract Revenue Credits that were redeemed on November 1, 2018.

4 – The principal and interest amounts for years 2024-2045 are based on Phase #2's portion of the Phase #1 and Phase #2 Refunding Bonds related to the Phase #2 Improvements, and are calculated using an interest rate of 5.000% for years 2024 through 2034, 4.125% for years 2035 through 2038, and 4.375% for years 2039 through 2045, which is equivalent to the interest rate on the Phase #1 and Phase #2 Refunding Bonds.

5 – The principal and interest amounts for years 2024-2045 are based on Phase #2's portion of the Phase #1 and Phase #2 Refunding Bonds related to the Phase #2 Major Improvements, and are calculated using an interest rate of 5.000% for years 2024 through 203, 4.125% for years 2035 through 2038, and 4.375% for years 2039 through 2040, which is equivalent to the interest rate on the Phase #1 and Phase #2 Refunding Bonds.

6 – The amounts shown include estimated Administrative Expenses for district administration costs and assessment collection costs and will be updated each year in the Annual Service Plan Updates.

7 – Additional Interest for years 2016-2023 was used to fund prepayment and delinquency reserves for Phase #2's share of the Phases #2-3 Major Improvement Bonds, and additional interest reserve for the Phase #2 Bonds. The Delinquency and Prepayment Reserve for the Phase #1 and Phase #2 Refunding Bonds is being funded with Bond proceeds.

APPENDIX J
PHASE #3A ASSESSMENT ROLL

Appendix J
Phase #3A Assessment Roll

**Parcel
Assessment
Total Equivalent Units**

**All Parcels
\$3,644,000
163.51**

Year¹	Principal	Interest²	Administrative Expenses³	Delinquency and Prepayment Reserve	Capitalized Interest/ Available Credits	Total Annual Installment
2022	\$102,000	\$133,950	\$30,000	\$18,220	(\$30,000)	\$254,170
2023	\$106,000	\$128,846	\$30,000	\$17,710	(\$5,000)	\$277,556
2024	\$109,000	\$126,195	\$31,212	\$17,180	\$0	\$283,587
2025	\$112,000	\$123,470	\$31,836	\$16,635	\$0	\$283,941
2026	\$114,000	\$120,670	\$32,473	\$16,075	\$0	\$283,218
2027	\$117,000	\$117,820	\$33,122	\$15,505	\$0	\$283,447
2028	\$121,000	\$114,310	\$33,785	\$14,920	\$0	\$284,015
2029	\$124,000	\$110,680	\$34,461	\$14,315	\$0	\$283,456
2030	\$128,000	\$106,960	\$35,150	\$13,695	\$0	\$283,805
2031	\$132,000	\$103,120	\$35,853	\$13,055	\$0	\$284,028
2032	\$136,000	\$99,160	\$36,570	\$12,395	\$0	\$284,125
2033	\$141,000	\$93,720	\$37,301	\$11,715	\$0	\$283,736
2034	\$147,000	\$88,080	\$38,047	\$11,010	\$0	\$284,137
2035	\$152,000	\$82,200	\$38,808	\$10,275	\$0	\$283,283
2036	\$158,000	\$76,120	\$39,584	\$9,515	\$0	\$283,219
2037	\$165,000	\$69,800	\$40,376	\$8,725	\$0	\$283,901
2038	\$171,000	\$63,200	\$41,184	\$7,900	\$0	\$283,284
2039	\$178,000	\$56,360	\$42,007	\$7,045	\$0	\$283,412
2040	\$185,000	\$49,240	\$42,847	\$6,155	\$0	\$283,242
2041	\$193,000	\$41,840	\$43,704	\$5,230	\$0	\$283,774
2042	\$201,000	\$34,120	\$44,578	\$4,265	\$0	\$283,963
2043	\$209,000	\$26,080	\$45,470	\$3,260	\$0	\$283,810
2044	\$217,000	\$17,720	\$46,379	\$2,215	\$0	\$283,314
2045	\$226,000	\$9,040	\$47,307	\$1,130	\$0	\$283,477
Total	\$3,644,000	\$1,992,701	\$912,056	\$258,145	(\$35,000)	\$6,771,902

1 – Represent the bond year for the Phase #3A Bonds.

2 – The interest amounts shown are calculated using an interest rate of 2.50% in years 1 through 5 (2022-2026), 3.00% in years 6 through 10 (2027-2031), and 4.00% in years 11 through 24 (2032-2045), which is equivalent to the interest rate on the Phase #3A Bonds.

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

APPENDIX K
PHASE #3B ASSESSMENT ROLL

Appendix K
Phase #3B Assessment Roll

**Parcel
Assessment
Total Equivalent Units**

**637957, 38571,
147923
\$6,310,000
225.53**

Year¹	Principal	Interest²	Administrative Expenses³	Delinquency and Prepayment Reserve	Capitalized Interest/ Available Credits	Total Annual Installment
2023	\$0	\$316,028	\$0	\$0	(\$316,028)	\$0
2024	\$153,000	\$365,820	\$45,900	\$31,550	\$0	\$596,270
2025	\$161,000	\$357,788	\$46,818	\$30,785	\$0	\$596,391
2026	\$170,000	\$349,335	\$47,754	\$29,980	\$0	\$597,069
2027	\$178,000	\$340,410	\$48,709	\$29,130	\$0	\$596,249
2028	\$188,000	\$331,065	\$49,684	\$28,240	\$0	\$596,989
2029	\$197,000	\$321,195	\$50,677	\$27,300	\$0	\$596,172
2030	\$208,000	\$310,853	\$51,691	\$26,315	\$0	\$596,858
2031	\$219,000	\$299,933	\$52,725	\$25,275	\$0	\$596,932
2032	\$230,000	\$288,435	\$53,779	\$24,180	\$0	\$596,394
2033	\$242,000	\$276,360	\$54,855	\$23,030	\$0	\$596,245
2034	\$257,000	\$261,840	\$55,952	\$21,820	\$0	\$596,612
2035	\$272,000	\$246,420	\$57,071	\$20,535	\$0	\$596,026
2036	\$289,000	\$230,100	\$58,212	\$19,175	\$0	\$596,487
2037	\$307,000	\$212,760	\$59,377	\$17,730	\$0	\$596,867
2038	\$325,000	\$194,340	\$60,564	\$16,195	\$0	\$596,099
2039	\$345,000	\$174,840	\$61,775	\$14,570	\$0	\$596,185
2040	\$367,000	\$154,140	\$63,011	\$12,845	\$0	\$596,996
2041	\$389,000	\$132,120	\$64,271	\$11,010	\$0	\$596,401
2042	\$413,000	\$108,780	\$65,557	\$9,065	\$0	\$596,402
2043	\$439,000	\$84,000	\$66,868	\$7,000	\$0	\$596,868
2044	\$466,000	\$57,660	\$68,205	\$4,805	\$0	\$596,670
2045	\$495,000	\$29,700	\$69,569	\$2,475	\$0	\$596,744
Total	\$6,310,000	\$5,443,920	\$1,253,023	\$433,010	(\$316,028)	\$13,123,926

1 – Represent the bond year for the Phase #3B Bonds.

2 – The interest amounts shown are calculated using an interest rate of 5.25% in years 1 through 10 (2023-2032), and 6.00% in years 11 through 24 (2023-2045), which is equivalent to the interest rate on the Phase #3B Bonds.

3 – The amounts shown include estimated Administrative Expenses for district administration costs and assessment collection costs and will be updated each year in the Annual Service Plan Updates. Administrative Expenses through the end of 2023 were funded with Bond proceeds.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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[FORM OF BOND COUNSEL OPINION]

[DATE]

\$ _____
CITY OF AUBREY, TEXAS,
SPECIAL ASSESSMENT REVENUE REFUNDING BONDS, SERIES 2024
(JACKSON RIDGE PUBLIC IMPROVEMENT DISTRICT PHASE #1 AND PHASE #2 ASSESSMENTS)

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

CITY OF AUBREY, TEXAS, SPECIAL ASSESSMENT REVENUE REFUNDING BONDS, SERIES 2024 (JACKSON RIDGE PUBLIC IMPROVEMENT DISTRICT PHASE #1 AND PHASE #2 ASSESSMENTS), dated January 15, 2024, issued in the principal amount of \$ _____.

IN SUCH capacity, we have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. The scope of our engagement as bond counsel extends solely to an examination of the facts and law incident to rendering the opinions specifically expressed herein.

THE BONDS have been authorized and issued pursuant to Texas Local Government Code, Chapter 372, as amended (the "Act") and an Ordinance adopted by the Issuer on January 25, 2024 (the "Ordinance"). The Bonds are issued pursuant to an Indenture of Trust Indenture, dated as of January 15, 2024 (the "Indenture"), by and between the Issuer and Wilmington Trust, National Association, as Trustee (the "Trustee").

Unless the context clearly indicates otherwise, each capitalized term used in this opinion shall have the same meaning as set forth in the Indenture.

WE HAVE represented the Issuer as bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the excludability of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described

therein. We express no opinion herein regarding the accuracy, adequacy or completeness of the Limited Offering Memorandum relating to the Bonds.

In our capacity as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer; a deposit agreement (the "Deposit Agreement") between the Issuer and the paying agent (the "Paying Agent") for the bonds being refunded (the "Refunded Bonds") verifying the sufficiency of the deposits made with the Paying Agent pursuant to the Deposit Agreement for the refunding of the Refunded Bonds; the customary certificates of officers, agents and representatives of the Issuer and other public officials, and other certified showings relating to the authorization and issuance of the Bonds. We also have analyzed such laws, regulations, guidance, documents and other materials as we have deemed necessary to render the opinions herein. We have also examined executed Bond No. 1 of this issue.

In providing the opinions set forth herein, we have relied on representations and certifications of the Issuer and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the Issuer and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Indenture, including, but not limited to, covenants relating to the tax-exempt status of the Bonds.

BASED ON SUCH EXAMINATION AND IN RELIANCE ON SUCH REPRESENTATIONS, CERTIFICATIONS AND ASSUMPTIONS, IT IS OUR OPINION THAT:

- (1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding obligations of the Issuer payable solely from the Pledged Revenues as and to the extent provided in the Indenture.
- (2) Firm banking and financial arrangements have been made for the discharge and final payment of the Refunded Bonds pursuant to the Deposit Agreement and therefore, the Refunded Bonds are deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided therefor pursuant to the Deposit Agreement.
- (3) Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Bonds is not an item of tax preference for purposes of the alternative minimum tax on individuals, but we observe that such interest is taken into account in computing the alternative minimum tax on certain corporations.

The rights of the owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

We express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Bonds. This opinion is specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America. Further, in the event that the representations of the Issuer and other parties upon which we have relied are determined to be inaccurate or incomplete or the Issuer fails to comply with the covenants of the Indenture, interest on the Bonds could become includable in gross income for federal income tax purposes from the date of the original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Our opinions are based on existing law and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.

Very truly yours,

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APPENDIX E

FORM OF CITY DISCLOSURE AGREEMENT

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**CITY OF AUBREY, TEXAS,
SPECIAL ASSESSMENT REVENUE REFUNDING BONDS, SERIES 2024
(JACKSON RIDGE PUBLIC IMPROVEMENT DISTRICT PHASE #1 AND PHASE
#2 ASSESSMENTS)**

CONTINUING DISCLOSURE AGREEMENT OF THE ISSUER

This Continuing Disclosure Agreement of the Issuer dated as of January 15, 2024 (this “Disclosure Agreement”) is executed and delivered by and between the City of Aubrey, Texas (the “Issuer”), MuniCap, Inc. (the “Administrator”), and HTS Continuing Disclosure Services, a Division of Hilltop Securities, Inc. (the “Dissemination Agent”), with respect to the Issuer’s “Special Assessment Revenue Refunding Bonds, Series 2024 (Jackson Ridge Public Improvement District Phase #1 and Phase #2 Assessments)” (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 January 15, 2024, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Administrative Expenses” shall have the meaning assigned to such term in the Indenture.

“Administrator” shall mean the Issuer or designee of Issuer who shall have the responsibilities provided in the Service and Assessment Plan and/or the Indenture, or any other agreement or document approved by the Issuer related to the duties and responsibilities of the administration of the District. The Issuer has selected MuniCap, Inc., as the current Administrator.

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

“Annual Financial Statements” shall mean audited or unaudited financial statements of the Issuer prepared in accordance with generally accepted accounting principles for governmental units as prescribed by the Government Accounting Standards Board from

time to time, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation.

“Annual Financials Filing Date” shall mean, for each Fiscal Year, the date on which the Annual Financial Statements must be filed with the MSRB, which date is twelve (12) months after the end of the Issuer’s Fiscal Year. The Annual Financials Filing Date is currently September 30.

“Annual Information Filing Date” shall mean, for each Fiscal Year, the date on which the Annual Financial Information must be filed with the MSRB, which date is six (6) months after the end of the Issuer’s Fiscal Year. The Annual Information Filing Date is currently March 31.

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

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

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

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

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

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

“District” shall mean Jackson Ridge Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System available on the internet at <http://emma.msrb.org>.

“Filing Date” means, collectively, an Annual Financials Filing Date and an Annual Information Filing Date, or, individually, as the context requires, an Annual Financials Filing Date or an Annual Information Filing Date.

“Financial Obligation” shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal

securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean the Issuer’s fiscal year, currently the twelve-month period from October 1 through September 30.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“Material” shall have the meaning ascribed in 17 C.F.R. § 270.8b-2: “when used to qualify a requirement for the furnishing of information as to any subject, limits the information required to those matters as to which an average prudent investor ought reasonably to be informed before buying or selling any security of the particular company.”

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports continuing disclosure reports pursuant to the Rule.

“Official Statement” shall mean that Official Statement dated [BPA DATE], 2024 prepared in connection with the issuance of the Bonds.

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

“Owner” shall mean the registered owner of any Bonds.

“Phase #1” shall have the meaning assigned to such term in the Service and Assessment Plan.

“Phase #2” shall have the meaning assigned to such term in the Service and Assessment Plan.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Trustee” shall mean Wilmington Trust, National Association, or any successor trustee pursuant to the Indenture.

SECTION 3. Provision of Annual Issuer Reports.

(a) For each Fiscal Year, commencing with the Fiscal Year ending September 30, 2023, the Issuer shall cause and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, the Annual Financial Information and the audited Annual Financial Statements.

(i) The Issuer shall provide or caused to be provided the Annual Financial Information to the MSRB not later than the Annual Information Filing Date; and

(ii) The Issuer shall provide or caused to be provided audited Annual Financial Statements to the MSRB when and if available, and, in any event, not later than the Annual Financials Filing Date. If audited Annual Financial Statements are not available by the Annual Financials Filing Date, the Issuer will provide unaudited Annual Financial Statements by the Annual Financials Filing Date, and audited Annual Financial Statements, when and if such audited Annual financial Statements become available.

In each case, the Annual Financial Information and the Annual Financial Statements may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the Issuer's Fiscal Year changes, it shall file notice of such change (and of the date of the new Fiscal Year) with the MSRB prior to the next date by which the Issuer otherwise would be required to provide the Annual Financial Information pursuant to this paragraph. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(b) Not later than ten (10) days prior to each Filing Date, the Issuer shall provide the Annual Financial Information or the Annual Financial Statements, as applicable, to the Dissemination Agent. The Dissemination Agent shall provide such Annual Financial Information and Annual Financial Statements to the MSRB not later than ten (10) days from receipt of such the Annual Financial Information or Annual Financial Statements, as applicable from the Issuer, but in no event later than the applicable Filing Dates for such Fiscal Year.

If by the fifth (5th) day before each Filing Date, the Dissemination Agent has not received a copy of the Annual Financial Information or the Annual Financial Statements, as applicable, the Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Financial Information or the Annual Financial Statements, as applicable, pursuant to this subsection (a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Financial Information or the Annual Financial Statements, as applicable, no later than two (2) Business Days prior to the applicable Filing Date; or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Financial Information by the Annual Information Filing Date or the Annual Financial Statements by the Annual Financials Filing Date, as applicable, state the date by which the Annual Financial Information or the Annual Financial Statements for such year will be provided and instruct the Dissemination Agent to immediately send a notice to

the MSRB in substantially the form attached as Exhibit A; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Financial Information, Annual Financial Statements, or the notice of failure to file, as applicable, to the MSRB, no later than the applicable Filing Date; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than on the last Business Day prior to the applicable Filing Date.

(c) The Issuer shall or shall cause the Dissemination Agent to:

(i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Financial Information or Annual Financial Statements; and

(ii) file the Annual Financial Information or Annual Financial Statements, as applicable, containing or incorporating by reference the information set forth in Section 4 hereof; and

(d) If the Issuer has provided the Dissemination Agent with the completed Annual Financial Information or Annual Financial Statements, as applicable, and the Dissemination Agent has filed such Annual Financial Information or Annual Financial Statements, as applicable, with the MSRB, then the Dissemination Agent shall file a notice with the Issuer certifying that the Annual Financial Information or the Annual Financial Statements has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB.

SECTION 4. Content and Timing of Annual Issuer Reports. The Annual Issuer Report for the Bonds shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file, the following:

(a) *Annual Financial Information*. The Issuer agrees to provide or cause to be provided to the Dissemination Agent to be filed by the Annual Information Filing Date, the following Annual Financial Information (any or all of which may be unaudited):

(i) Tables setting forth the following information, as of the end of such Fiscal Year:

(A) For the Bonds, the maturity date or dates, the interest rate or rates, the original aggregate principal amount and the principal amount remaining Outstanding;

(B) The amounts in the funds and accounts securing the Bonds; and

(C) The assets and liabilities of the Trust Estate.

(ii) Updates to the information in the Service and Assessment Plan as most recently amended or supplemented (a “SAP Update”), including any changes to the methodology for levying the Assessments.

(iii) The individual and aggregate taxable assessed valuation for parcels or lots within Phase #1 and Phase #2 of the District based on the most recent certified tax roll available to the Issuer.

(iv) Listing of any property or property owners in Phase #1 and Phase #2 of the District representing more than five percent (5%) of the levy of Assessments, the amount of the levy of Assessments against such landowners, and the percentage of such Assessments relative to the entire levy of Assessments within Phase #1 and Phase #2 of the District, all as of the October 1 billing date for the succeeding Fiscal Year.

(v) Financial information with respect to the Issuer included in the final Official Statement, under the heading “ASSESSMENT COLLECTION DATA AND TAXABLE VALUE IN PHASES #1-2 OF THE DISTRICT,” with information relating to the collection and delinquency history within Phase #1 and Phase #2 of the District.

(vi) The current or delinquent status of the payment of the Assessment for each parcel or lot in Phase #1 and Phase #2 of the District as of February 15 of the calendar year immediately succeeding such Fiscal Year.

(vii) The total amount of:

(1) Annual Installments invoiced;

(2) Annual Installments collected (as reported by the County Tax Assessor Collector or the Administrator);

(3) delinquent Annual Installments;

(4) Foreclosure Proceeds collected; and

(5) prepaid Assessments collected, as of the February 15 of the calendar year immediately succeeding such Fiscal Year, in each case with respect to the most recent billing period (generally, October 1 of the preceding calendar year through January 31 of the current calendar year).

(x) If the total amount of delinquencies greater than 150 days equals or exceeds ten percent (10%) of the amount of Assessments due in any fiscal year, a list of parcel numbers for which the Assessments are delinquent.

(xi) The amount of delinquent Assessments by Fiscal Year, to the extent available and provided by the tax collector and/or delinquent tax attorneys:

(1) which are subject to institution of foreclosure proceedings (but as to which such proceedings have not been instituted);

(2) which are currently subject to foreclosure proceedings which have not been concluded;

(3) which have been reduced to judgment but not collected;

(4) which have been reduced to judgment and collected; and

(5) the result of any foreclosure sales of assessed property within the District if the assessed property represents more than one percent (1%) of the total amount of Assessments.

(xii) The principal and interest paid on the Bonds during the most recent Fiscal Year and the minimum scheduled principal and interest required to be paid on the Bonds in the next Fiscal Year.

(xiii) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer's audited financial statements during such Fiscal Year.

(b) *Annual Financial Statements.* The Issuer agrees to provide or cause to be provided to the Dissemination Agent to be file by the Annual Financials Filing Date, the audited Annual Financial Statements of the Issuer for the most recently ended Fiscal Year. If audited Annual Financial Statements are not available by the Annual Financials Filing Date, the Issuer shall provide unaudited Annual Financial Statements, no later than the Annual Financials Filing Date, and audited Annual Financial Statements when and if available.

(c) A form for submitting the information set forth in Section 4(a) above is attached as Exhibit B hereto. The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Financial Information.

Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to and are publicly accessible from the MSRB. If the document included by reference is a final offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, each of the following is a Listed Event with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
- (7) Modifications to rights of Owners, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of bonds, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the Issuer.
- (13) The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

For these purposes, any event described in the immediately preceding number (12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

The Issuer intends the words used in paragraphs (15) and (16) above and the definition of “Financial Obligation” to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018 (the “2018 Release”) and any further written guidance provided by the SEC of its staff with respect to the amendment to the Rule effected by the 2018 Release.

Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB. The Dissemination Agent shall file such notice within ten (10) Business Days of the occurrence of such Listed Event; provided that the Dissemination Agent shall not be liable for the filing of notice of any Listed Event more than ten (10) Business Days after the occurrence of such Listed Event if notice of such Listed Event is received from the Issuer more than ten (10) Business Days after the occurrence of such Listed Event.

Additionally, the Issuer shall notify the MSRB, in a timely manner, of any failure by the Issuer to provide annual audited financial statements or Annual Financial Information as required under this Disclosure Agreement. The form for submitting such notice is attached hereto as Exhibit B. Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Dissemination Agent to disseminate such information as provided herein, and the date the Issuer desires for the Dissemination Agent to disseminate the information (which date shall not be more than ten (10) Business Days after the occurrence of the Listed Event or failure to file).

In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures made pursuant to Sections 4 and 5 of this Disclosure Agreement. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 5 is filed within ten (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative in writing of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and

until it receives written instructions from the Disclosure Representative to do so. If the Dissemination Agent has been instructed by the Disclosure Representative on behalf of the Issuer to report the occurrence of a Listed Event under this subsection (b), the Dissemination Agent shall file a notice of such occurrence with the MSRB no later than the Business Day immediately following the day on which it receives written instructions from the Issuer. The Issuer acknowledges the duty to make or cause to be made the disclosures herein is that of the Issuer and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under number (2), (7), (8), (10), (13), (14), or (15) of subsection (a) above is not material under applicable federal securities laws, the Issuer shall promptly, but in no case more than five (5) Business Days after occurrence of the event, notify the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (b).

(d) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall immediately file a notice of such occurrence with the MSRB (which date shall not be more than ten (10) Business Days after the occurrence of the Listed Event or failure to file).

SECTION 6. Termination of Reporting Obligations. The obligations of the Issuer, the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent and the Administrator of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. So long as any of the Bonds remain Outstanding, the Administrator and the Dissemination Agent may assume that the Issuer is an obligated person with respect to the Bonds until it receives written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Bonds, and the Dissemination Agent and the Administrator may conclusively rely upon such written notice with no duty to make investigation or inquiry into any statements contained or matters referred to in such written notice. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to such series of Bonds under Section 5(a).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent. If the Issuer discharges the Dissemination Agent, the Issuer shall use best efforts to appoint a successor Dissemination Agent within sixty (60) days of such discharge. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be HTS Continuing Disclosure Services, a Division of Hilltop Securities, Inc.

SECTION 8. 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, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the delivery of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Financial Information, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Financial Information for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Financial Information, Annual Financial Statements or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Financial Information, Annual Financial Statements or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Financial Information, Annual Financial Statements or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall, upon being indemnified to its satisfaction as provided in the Indenture), or any Owner or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate to cause the Issuer, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. To the extent permitted by law, the Issuer agrees to hold harmless the Dissemination Agent, its officers, directors, employees and agents, but only with funds to be provided from the Assessments collected from the property owners in Phase #1 and Phase #2 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. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The fact that the Dissemination Agent may have a banking or other business relationship with the Issuer or any person with whom the Issuer contracts in connection with the transaction described in the Indenture, apart from the relationship created by the Indenture or this Disclosure Agreement, shall not be construed to mean that the Dissemination Agent has actual knowledge of any event

described in Section 5 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement.

The Dissemination Agent may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(b) The Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. To the extent permitted by law, the Issuer agrees to hold harmless the Administrator, its officers, directors, employees and agents, but only from Administrative Expenses collected from the property owners in Phase #1 and Phase #2 of the District, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's negligence or willful misconduct; 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 its duties hereunder, and the Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, THE ADMINISTRATOR, OR THE DISSEMINATION AGENT, RESPECTIVELY,

WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR IS IT REQUIRED TO BRING SUCH AN ACTION.

SECTION 12. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit C which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments. Failure to adhere to such expected timeline shall not constitute a default by the Issuer under this Disclosure Agreement, the Indenture, the Bonds or any other document related to the Bonds.

SECTION 13. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, the Administrator or Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council members, officer, agent or employee of the Issuer, the Administrator or Dissemination Agent in other than that person's official capacity.

SECTION 14. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 15. Sovereign Immunity. The Dissemination Agent and the Administrator agree that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Administrator, the Dissemination Agent, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 17. Dissemination Agent and Administrator Compensation. The fees and expenses incurred by the Dissemination Agent and the Administrator for their respective services

rendered in accordance with this Disclosure Agreement constitute Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Dissemination Agent and Administrator have entered into separate agreements with the Issuer, which agreements provide for the payment of the fees and expenses of the Dissemination Agent and Administrator for services rendered in accordance with this Disclosure Agreement.

SECTION 18. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of the District, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

SECTION 19. Statutory Verifications. The Dissemination Agent and Administrator each respectively makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the “Government Code”), in entering into this Disclosure Agreement. As used in such verifications, “affiliate” means an entity that controls, is controlled by, or is under common control with the Dissemination Agent or Administrator, as applicable, within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Disclosure Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Disclosure Agreement, notwithstanding anything in this Disclosure Agreement to the contrary.

a. Not a Sanctioned Company. The Dissemination Agent and Administrator each respectively 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, Government Code. The foregoing representation excludes the Dissemination Agent, Administrator and each of their respective 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.

b. No Boycott of Israel. The Dissemination Agent and Administrator each respectively 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 Disclosure Agreement. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.

c. No Discrimination Against Firearm Entities. The Dissemination Agent and Administrator each respectively 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 Disclosure Agreement. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

d. No Boycott of Energy Companies. The Dissemination Agent and Administrator each respectively hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Disclosure Agreement. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

SECTION 20. Disclosure of Interested Parties. Pursuant to Section 2252.908(c)(4), Texas Government Code, as amended, the Dissemination Agent hereby certifies it is a publicly traded business entity and is not required to file a Certificate of Interested Parties Form 1295 related to this Disclosure Agreement.

SECTION 21. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 22. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature pages follow]

CITY OF AUBREY, TEXAS

By: _____
Authorized Officer

HTS CONTINUING DISCLOSURE SERVICES, a
division of Hilltop Securities, Inc.
(as Dissemination Agent)

By: _____
Authorized Officer

MUNICAP, INC.,
(as Administrator)

By: _____
Authorized Officer

EXHIBIT A
NOTICE TO MSRB OF FAILURE TO FILE
ANNUAL ISSUER REPORT

Name of Issuer: City of Aubrey, Texas
Name of Bond Issue: Special Assessment Revenue Refunding Bonds, Series 2024
(Jackson Ridge Public Improvement District Phase #1 and Phase
#2 Assessments)
CUSIP Nos. [insert CUSIP Nos.]
Date of Delivery: _____, 20__

NOTICE IS HEREBY GIVEN that the City of Aubrey, Texas, has not provided [an Annual Financial Information][audited/unaudited] Annual Financial Statements] for the fiscal year ended 20__ with respect to the above-named bonds as required by the Continuing Disclosure Agreement of Issuer dated January 15, 2024, between the Issuer, MuniCap, Inc., as “Administrator,” and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., as “Dissemination Agent.” The Issuer anticipates that [the Annual Financial Information][audited Annual Financial Statements] will be filed by _____.

Dated: _____

HTS Continuing Disclosure Services, a division
of Hilltop Securities Inc.,
on behalf of the City of Aubrey, Texas
(as Dissemination Agent)

By: _____

Title: _____

cc: City of Aubrey, Texas

EXHIBIT B
CITY OF AUBREY, TEXAS,
SPECIAL ASSESSMENT REVENUE REFUNDING BONDS, SERIES 2024
(JACKSON RIDGE PUBLIC IMPROVEMENT DISTRICT PHASE #1 AND PHASE #2
ASSESSMENTS)
ANNUAL ISSUER REPORT¹

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

¹ Excluding Audited Financial Statements of the Issuer

SECTION 4(a)(i)(B)**INVESTMENTS**

Fund/ Account Name	Investment Description	Par Value	Book Value	Market Value

SECTION 4(a)(i)(C)**ASSETS AND LIABILITIES OF PLEDGED TRUST ESTATE****ASSETS**

Bonds (Principal Balance)	_____
Funds and Accounts [list]	_____
TOTAL ASSETS	_____

LIABILITIES

Outstanding Bond Principal	_____
Outstanding Program Expenses (if any)	_____
TOTAL LIABILITIES	_____

EQUITY

Assets Less Liabilities	_____
Debt to Value Ratio	_____

Form of Accounting ~	Cash ~	Accrual ~	Modified Accrual
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ITEMS REQUIRED BY SECTION 4(a)(ii) - (iv)

[Insert a line item for each applicable listing]

SECTION 4(a)(v)

FINANCIAL INFORMATION WITH RESPECT TO THE ISSUER INCLUDED IN THE FINAL OFFICIAL STATEMENT, UNDER THE HEADING “ASSESSMENT COLLECTION DATA AND TAXABLE VALUE IN PHASES #1-2 OF THE DISTRICT,” WITH INFORMATION RELATING TO THE COLLECTION AND DELINQUENCY HISTORY WITHIN PHASE #1 AND PHASE #2 OF THE DISTRICT.

Collection and Delinquent History of Phase #1 Assessments

Collected in	Assessment	Parcels	Parcels Subject	Delinquent	Outstanding	Outstanding	Delinquent	
Fiscal Year	Billed	Levied	to Quarterly	Amount	Quarterly Payments	Quarterly Payments	Amount	Assessments
Ending 9/30			Payments ⁽¹⁾	as of 3/1	Amount as of 4/1 ⁽²⁾	Amount as of 6/1 ⁽²⁾	as of 9/1 ⁽³⁾	Collected ⁽³⁾

- ⁽¹⁾ Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons ages 65 or older or the disabled, who qualified for an exemption under either Section 11.13(c), 11.132 or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments (“Quarterly Payments”).
- ⁽²⁾ Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the first Quarterly Payment is due before February 1, the second Quarterly Payment is due before April 1, the third Quarterly Payment is due before June 1, and the fourth Quarterly Payment is due before August 1. Each unpaid Quarterly Payment is delinquent and incurs penalties and interest if not paid by the applicable date.
- ⁽³⁾ Collected as of ____, 20__.

Collection and Delinquent History of Phase #2 Assessments

Collected in	Assessment	Parcels	Parcels Subject	Delinquent	Outstanding	Outstanding	Delinquent	
Fiscal Year	Billed	Levied	to Quarterly	Amount	Quarterly Payments	Quarterly Payments	Amount	Assessments
Ending 9/30			Payments ⁽¹⁾	as of 3/1	Amount as of 4/1 ⁽²⁾	Amount as of 6/1 ⁽²⁾	as of 9/1 ⁽³⁾	Collected ⁽³⁾

- ⁽¹⁾ Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons ages 65 or older or the disabled, who qualified for an exemption under either Section 11.13(c), 11.132 or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments (“Quarterly Payments”).
- ⁽²⁾ Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the first Quarterly Payment is due before February 1, the second Quarterly Payment is due before April 1, the third Quarterly Payment is due before June 1, and the fourth Quarterly Payment is due before August 1. Each unpaid Quarterly Payment is delinquent and incurs penalties and interest if not paid by the applicable date.
- ⁽³⁾ Collected as of ____, 20__.

Collection and Delinquent History of Phases #2-3 MI Assessments (within Phase #2)

Collected in	Assessment	Parcels	Parcels Subject	Delinquent	Outstanding	Outstanding	Delinquent	
Fiscal Year	Billed	Levied	to Quarterly	Amount	Quarterly Payments	Quarterly Payments	Amount	Assessments
Ending 9/30			Payments ⁽¹⁾	as of 3/1	Amount as of 4/1 ⁽²⁾	Amount as of 6/1 ⁽²⁾	as of 9/1 ⁽³⁾	Collected ⁽³⁾

- ⁽¹⁾ Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons ages 65 or older or the disabled, who qualified for an exemption under either Section 11.13(c), 11.132 or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments (“Quarterly Payments”).
- ⁽²⁾ Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the first Quarterly Payment is due before February 1, the second Quarterly Payment is due before April 1, the third Quarterly Payment is due before June 1, and the fourth Quarterly Payment is due before August 1. Each unpaid Quarterly Payment is delinquent and incurs penalties and interest if not paid by the applicable date.
- ⁽³⁾ Collected as of ____, 20__.

ITEMS REQUIRED BY SECTION 4(a)(vi) - (xiii)

[Insert a line item for each applicable listing]

EXHIBIT C
BASIC EXPECTED TIMELINE FOR ASSESSMENT COLLECTIONS
AND PURSUIT OF DELINQUENCIES¹

<u>Date</u>	<u>Delinquency Clock (Days)</u>	<u>Activity</u>
January 31		Assessments are due.
February 1	1	Assessments delinquent if not received.
February 15	15	<p>Upon receipt, but no later than February 15, Issuer forwards payment to Trustee for all collections received as of February 15, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter.</p> <p>Issuer and/or Administrator should be aware of actual and specific delinquencies</p> <p>Administrator should be aware if Reserve Fund needs to be utilized for debt service payments during the corresponding Fiscal Year.</p> <p>Issuer and/or Administrator should determine if previously collected surplus funds, if any, plus actual Annual Installment collections will be fully adequate for debt service in the corresponding March and September.</p>
March 1	29/30	Trustee pays bond interest payments to Owners.
April 1	59/60	At this point, if total delinquencies are under 5% and if there is adequate funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account for full September payments, no further action is anticipated for collection of Assessments except that the Issuer or Administrator, working with the City Attorney or an

¹ The Assessments, which dates and procedures are subject to adjustment by the Issuer.

appropriate designee, will begin process to cure deficiency.

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.

July 1

152/153

If there are over 5% delinquencies or if there is insufficient funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account of such amounts as shall be required for the full September payment, Issuer and/or Administrator to notify Dissemination Agent in writing for inclusion in the next Annual Report.

Preliminary foreclosure activity commences in accordance with the County Tax Assessor's procedures.

If Dissemination Agent has not received a foreclosure schedule and plan of collections, Dissemination Agent to request same from the Issuer.

If the Issuer has not provided the Dissemination Agent with the foreclosure schedule and plan of collections, 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 and the Trustee. 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 as soon as practicable, in accordance with the County Tax Assessor's procedures.

Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status in writing for inclusion in next Annual Report.

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