

NEW ISSUE

NOT RATED

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

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



JUSTIN
1887

\$5,501,000*

CITY OF JUSTIN, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024

(TIMBERBROOK PUBLIC IMPROVEMENT DISTRICT NO. 2 IMPROVEMENT AREA #1 PROJECT)

Interest to Accrue from Delivery Date (defined below)

Due: September 1, as shown on the inside cover

The City of Justin, Texas, Special Assessment Revenue Bonds, Series 2024 (Timberbrook Public Improvement District No. 2 Improvement Area #1 Project) (the “Bonds”), are being issued by the City of Justin, Texas (the “City”). The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$100,000 of principal amount and any integral multiple of \$1,000 in excess thereof. The Bonds will bear interest at the rates set forth on the inside cover, calculated on the basis of a 360-day year of twelve 30-day months, payable on each March 1 and September 1, commencing September 1, 2024, until maturity or earlier redemption. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. No physical delivery of the Bonds will be made to the beneficial owners thereof. For so long as the book-entry only system is maintained, the principal of and interest on the Bonds will be paid from the sources described herein by Wilmington Trust, National Association, as trustee (the “Trustee”), to DTC as the registered owner thereof. See “BOOK-ENTRY ONLY SYSTEM.”

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), an ordinance expected to be adopted by the City Council of the City (the “City Council”) on March 28, 2024, and an Indenture of Trust, dated as of April 1, 2024 (the “Indenture”), entered into by and between the City and the Trustee. **Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.**

Proceeds of the Bonds will be used for the purposes of (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) paying a portion of the costs incidental to the organization and administration of the District, and (iii) paying the Bond Issuance Costs, including funding a reserve fund and paying a portion of the interest on the Bonds during the period of acquisition and construction of the Improvement Area #1 Projects, and other costs related to the issuance of the Bonds. See “THE IMPROVEMENT AREA #1 PROJECTS” and “APPENDIX B – Form of Indenture.”

The Bonds, when issued and delivered, will constitute valid and binding special, limited obligations of the City payable solely from and secured by a first and prior lien on the Trust Estate, consisting primarily of Assessments levied against assessable properties in Improvement Area #1 of the District in accordance with a Service and Assessment Plan, and other assets comprising the Trust Estate, all to the extent and upon the conditions described in the Indenture. 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 involve a significant degree of risk and are not suitable for all investors. See “BONDHOLDERS’ RISKS” and “SUITABILITY FOR INVESTMENT.” Prospective purchasers should carefully evaluate the risks and merits of an investment in the Bonds, should consult with their legal and financial advisors before considering a purchase of the Bonds, and should be willing to bear the risks of loss of their investment in the Bonds. The Bonds are not credit enhanced or rated and no application has been made for a rating on the Bonds.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM A FIRST AND PRIOR LIEN ON THE PLEDGED REVENUES AND OTHER ASSETS 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 ASSETS OF THE CITY OTHER THAN THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY’S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS OUT OF ANY ASSETS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER ASSETS COMPRISING THE TRUST ESTATE. SEE “SECURITY FOR THE BONDS.”

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

The Bonds are offered for delivery when, as, and if issued by the City and accepted by FMSbonds, Inc. (the “Underwriter”), subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of Norton Rose Fulbright US LLP, Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See “APPENDIX D – Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the City by its counsel, Boyle & Lowry, LLP, for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, and for the Developer by its special counsel, Locke Lord LLP. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about April 18, 2024 (the “Delivery Date”).



* Preliminary, subject to change.

This Preliminary Limited Offering Memorandum and the information contained herein are subject to completion and amendment without notice. Under no circumstances shall this Preliminary Limited Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws hereunder.

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

CUSIP Prefix: ^(a)

\$5,501,000*
CITY OF JUSTIN, TEXAS,
(a municipal corporation of the State of Texas located in Denton County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(TIMBERBROOK PUBLIC IMPROVEMENT DISTRICT NO. 2 IMPROVEMENT AREA #1 PROJECT)

\$ _____ % Term Bonds, Due September 1, 20 __, Priced to Yield _____ %; CUSIP Suffix No. _____ ^{(a) (b) (c)}

\$ _____ % Term Bonds, Due September 1, 20 __, Priced to Yield _____ %; CUSIP Suffix No. _____ ^{(a) (b) (c)}

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

CITY OF JUSTIN, TEXAS,

CITY COUNCIL

<u>Name</u>	<u>Place</u>	<u>Term Expires (May)</u>
James Clark	Mayor	2026
John Mounce	Place 3, Mayor Pro Tem	2025
Ricky Jones	Place 1	2025
Tomas Mendoza	Place 2	2025
Alyssa Linenkugel	Place 4	2024
Dylan James	Place 5	2024
Chrissa Hartle	Place 6	2024

CITY MANAGER
Jarrod Greenwood

FINANCE DIRECTOR
Josh Armstrong

CITY SECRETARY
Brittany Andrews

PID ADMINISTRATOR
P3Works, LLC

FINANCIAL ADVISOR TO THE CITY
Hilltop Securities, Inc.

BOND COUNSEL
Norton Rose Fulbright US LLP

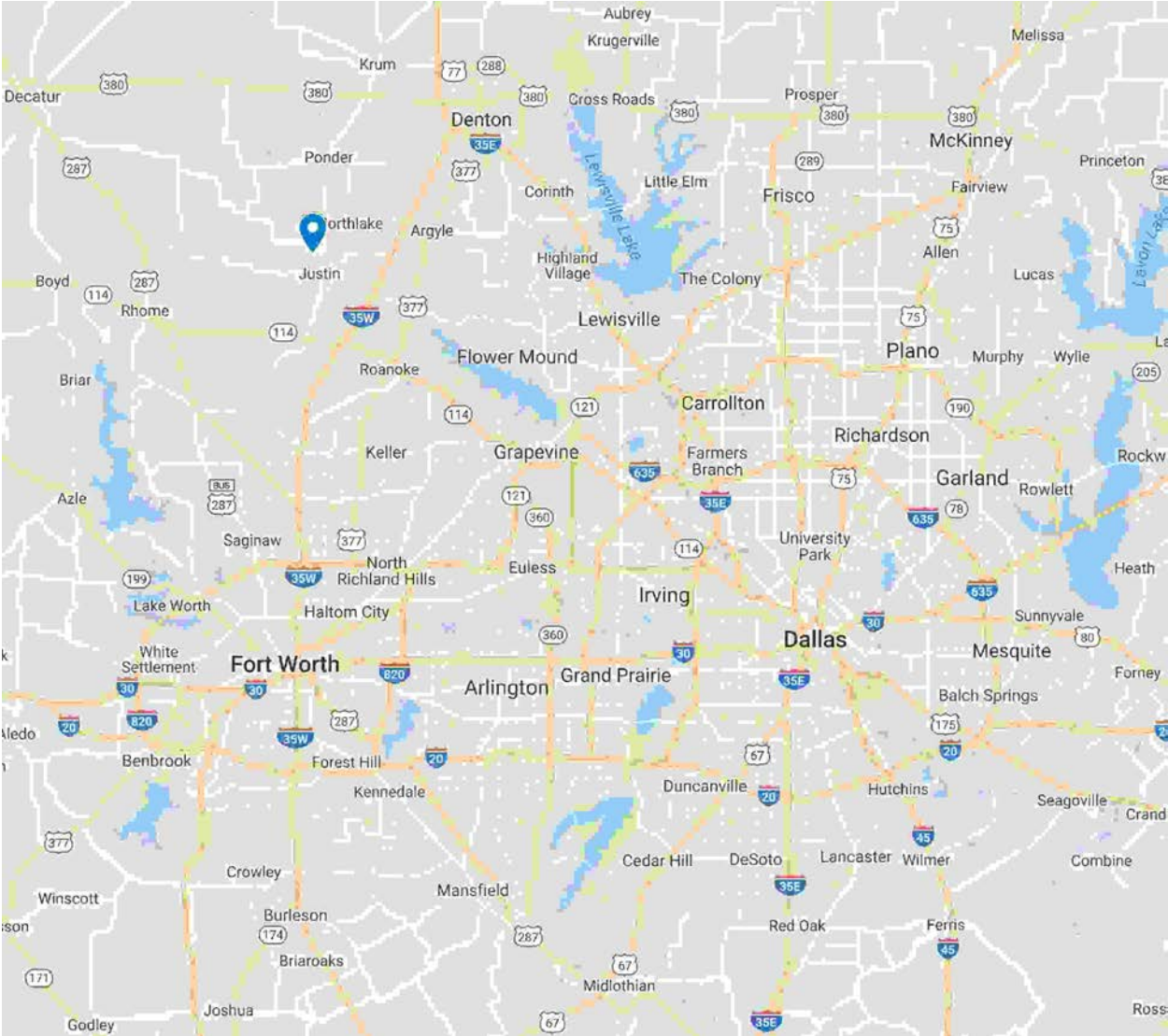
UNDERWRITER'S COUNSEL
Orrick, Herrington & Sutcliffe LLP

For additional information regarding the City, please contact:

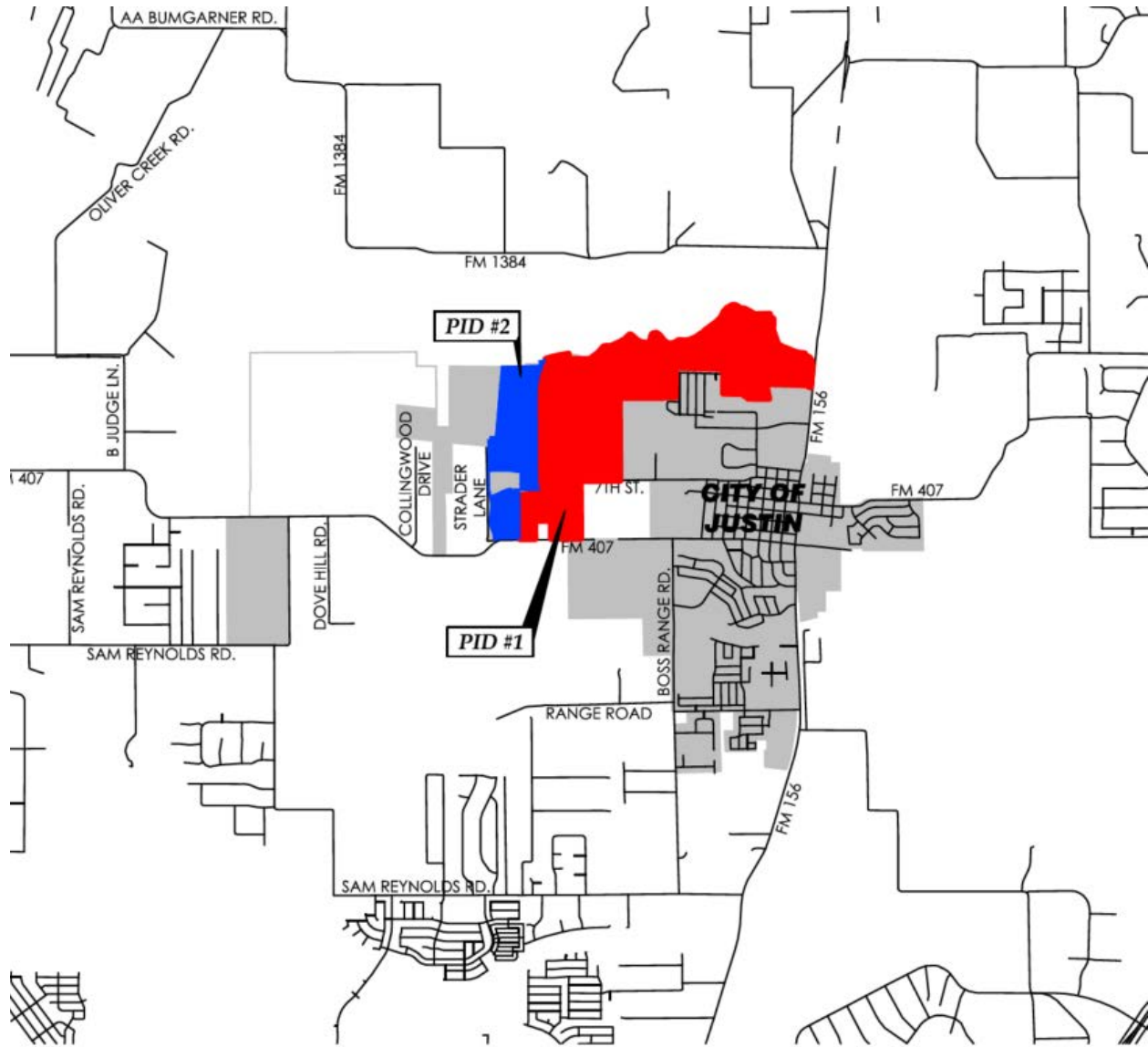
Jarrod Greenwood
City Manager
415 N. College Street
Justin, TX 76247
Phone: 940-648-2541
jgreenwood@cityofjustin.com

Nick Bulaich
Hilltop Securities, Inc.
777 Main Street, Suite 1525
Fort Worth, TX 76102
(817) 332-9710
nick.bulaich@hilltopsecurities.com

REGIONAL LOCATION MAP OF THE DISTRICT

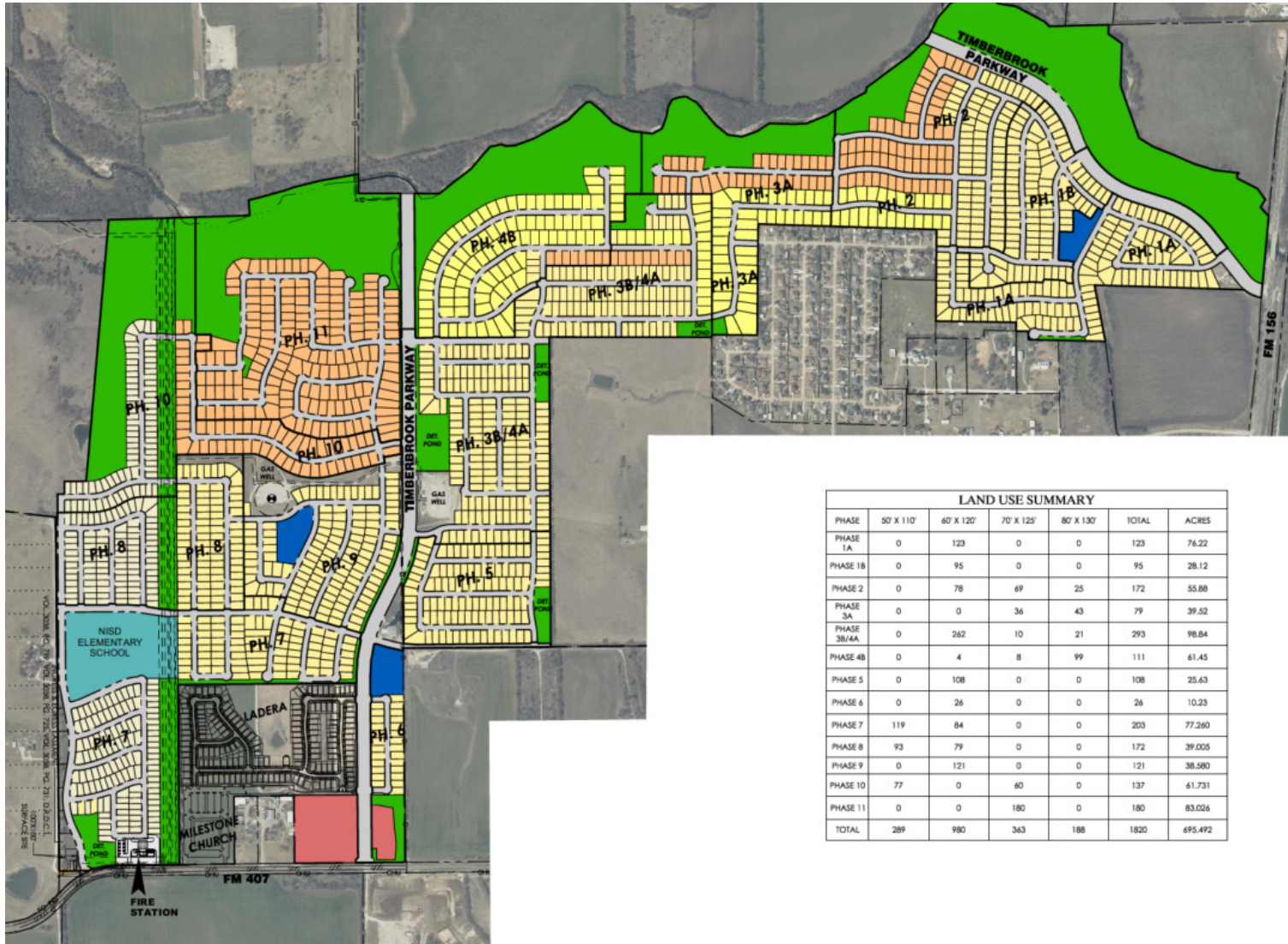


**AREA LOCATION MAP OF THE ENTIRE TIMBERBROOK DEVELOPMENT
(INCLUDING THE DISTRICT AND PID #1) ***



* See "PLAN OF FINANCE – Overview" and "– Development Plan" for a description of the Timberbrook Development, the District, and PID #1.

**SITE PLAN OF ENTIRE TIMBERBROOK DEVELOPMENT
(INCLUDING THE DISTRICT AND PID #1) ***



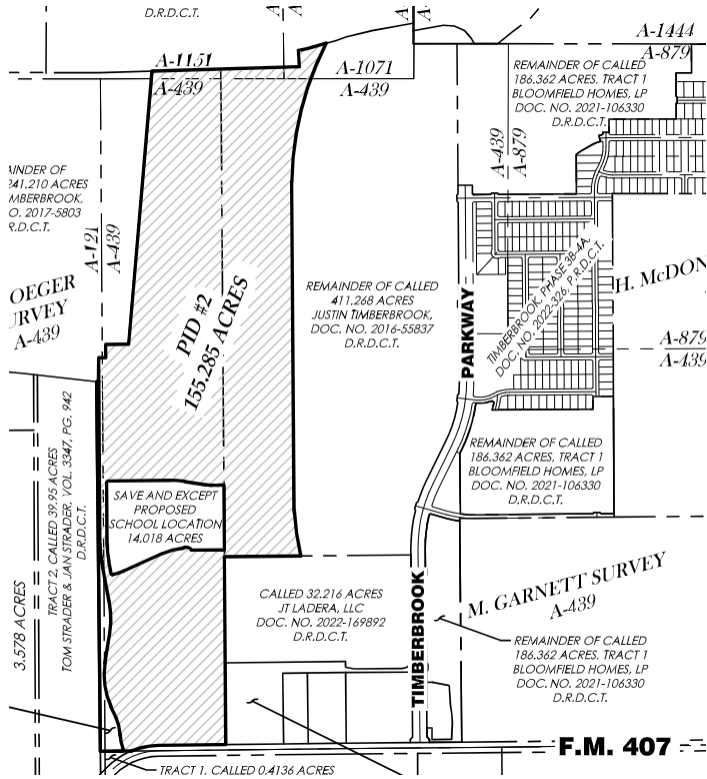
* See the map on page vi for the location of the boundary between the District and PID #1. See “PLAN OF FINANCE – Overview” and “– Development Plan” for a description of the Timberbrook Development, the District, and PID #1.

**SITE PLAN OF WESTERN SIDE OF TIMBERBROOK DEVELOPMENT
(INCLUDING THE DISTRICT AND A PORTION OF PID #1) ***

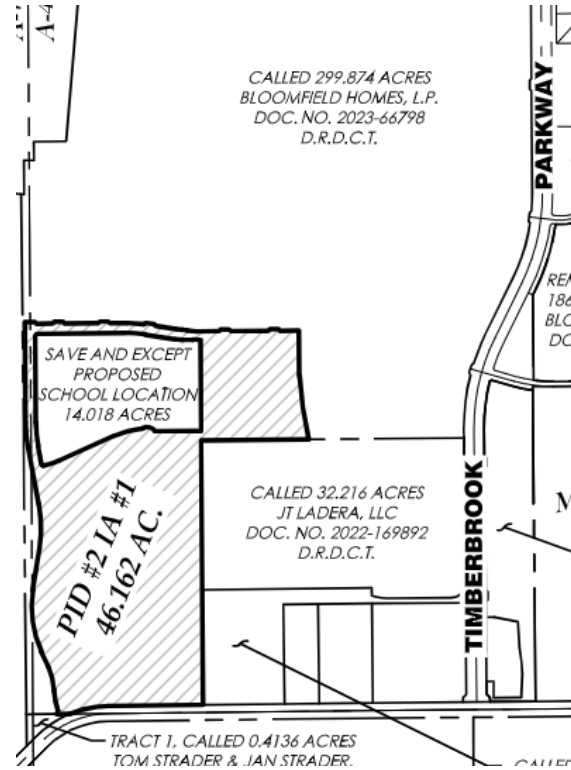


* See “PLAN OF FINANCE – Overview” and “– Development Plan” for a description of the Timberbrook Development, the District, and PID #1.

MAPS SHOWING BOUNDARIES OF THE DISTRICT AND IMPROVEMENT AREA #1



THE DISTRICT



IMPROVEMENT AREA #1

USE OF LIMITED OFFERING MEMORANDUM

FOR PURPOSES OF COMPLIANCE WITH RULE 15C2-12 OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, AS AMENDED AND IN EFFECT ON THE DATE OF THIS PRELIMINARY LIMITED OFFERING MEMORANDUM (“RULE 15C2-12”), THIS DOCUMENT CONSTITUTES AN “OFFICIAL STATEMENT” OF THE 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 LIMITED OFFERING MEMORANDUM, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY EITHER OF THE FOREGOING. THIS LIMITED OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY AND THERE SHALL BE NO OFFER, SOLICITATION OR SALE OF THE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

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

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

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

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

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

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

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

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

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

THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.

TABLE OF CONTENTS

INTRODUCTION	1	Foreclosure Proceedings.....	31
PLAN OF FINANCE	2	THE CITY	32
Overview	2	Background	32
Development Plan	2	City Government	32
Improvement Area #1 Completion		Water and Wastewater.....	32
Agreement.....	3	THE DISTRICT	32
Lot Purchase Contracts.....	3	General	32
The Bonds.....	3	Powers and Authority of the City	33
LIMITATIONS APPLICABLE TO INITIAL		Collection and Delinquency History of	
PURCHASERS	4	the Timberbrook Development.....	33
DESCRIPTION OF THE BONDS	5	THE IMPROVEMENT AREA #1 PROJECTS	35
General Description.....	5	General	35
Redemption Provisions.....	5	Improvement Area #1 Projects.....	35
BOOK-ENTRY ONLY SYSTEM	7	Ownership and Maintenance of	
SECURITY FOR THE BONDS.....	10	Improvement Area #1 Projects.....	36
General	10	THE DEVELOPMENT	37
Pledged Revenues.....	10	Overview	37
Collection and Enforcement of		Development within Timberbrook	38
Assessments	12	Lot Purchase Contracts.....	41
Unconditional Levy of Assessments	13	Private Improvements.....	42
Perfected Security Interest.....	14	Photographs of the Development	44
Pledged Revenue Fund.....	14	Development Agreement.....	46
Bond Fund.....	15	Zoning/Permitting	46
Project Fund	15	Education.....	46
Reserve Account of the Reserve Fund.....	16	Environmental	47
Additional Interest Reserve Account of		Existing Gas, Mineral, and Easement	
the Reserve Fund.....	17	Rights and Other Third-Party	
Administrative Fund.....	18	Property Rights.....	47
Bonds Deemed Paid	18	Geotechnical Exploration	47
Events of Default.....	19	Utilities	48
Remedies in Event of Default.....	19	THE DEVELOPER	48
Restriction on Owner’s Actions	20	General	48
Application of Revenues and Other		Description of Developer	48
Moneys After Event of Default	20	Executive Biography of Principals of	
Investment of Funds	21	Developer	49
Against Encumbrances	21	History and Financing of the District	49
Additional Obligations or Other Liens	22	THE PID ADMINISTRATOR	50
SOURCES AND USES OF FUNDS *	23	APPRAISAL OF PROPERTY WITHIN	
DEBT SERVICE REQUIREMENTS *	23	IMPROVEMENT AREA #1	51
OVERLAPPING TAXES AND DEBT.....	24	The Appraisal	51
Homeowners’ Association Dues	26	BONDHOLDERS’ RISKS	51
ASSESSMENT PROCEDURES.....	26	Deemed Representations and	
General	26	Acknowledgment by Purchasers	52
Assessment Methodology.....	27	Infectious Disease Outbreak.....	52
Collection and Enforcement of		Failure or Inability to Complete	
Assessment Amounts	28	Proposed Development.....	53
Assessment Amounts.....	29	Completion of Homes.....	53
Prepayment of Assessments	30	Absorption Rate.....	53
Priority of Lien	31	Assessment Limitations.....	53
		Bankruptcy	54

Direct and Overlapping Indebtedness, Assessments and Taxes	55	SUITABILITY FOR INVESTMENT	67
Depletion of Reserve Fund; No Prefunding of Additional Interest Reserve Account	55	ENFORCEABILITY OF REMEDIES	67
Hazardous Substances	55	NO RATING	67
Regulation	56	CONTINUING DISCLOSURE.....	67
Recent Changes in State Law Regarding Public Improvement Districts.....	56	The City.....	67
Potential Future Changes in State Law Regarding Public Improvement Districts	56	The City Compliance with Prior Undertakings	68
Flood Plain and Severe Weather Events.....	56	The Developer	68
Exercise of Third-Party Property Rights	57	The Developer’s Compliance With Prior Undertakings	68
Bondholders’ Remedies and Bankruptcy	57	UNDERWRITING	69
Judicial Foreclosures	58	REGISTRATION AND QUALIFICATION OF BONDS FOR SALE	69
No Acceleration.....	59	LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS.....	69
Limited Secondary Market for the Bonds.....	59	INVESTMENTS	70
No Credit Rating	59	INFORMATION RELATING TO THE TRUSTEE.....	72
Bankruptcy Limitation to Bondholders’ Rights	59	SOURCES OF INFORMATION	72
Management and Ownership.....	59	General	72
Tax-Exempt Status of the Bonds	59	Source of Certain Information.....	73
General Risks of Real Estate Investment and Development.....	60	Experts.....	73
Risks Related to the Current Residential Real Estate Market	61	Updating of Limited Offering Memorandum	73
Risks Related to Recent Increase in Costs of Building Materials.....	61	FORWARD-LOOKING STATEMENTS	73
Adverse Developments Affecting the Financial Services Industry	61	AUTHORIZATION AND APPROVAL.....	74
Competition	62	APPENDIX A	General Information Regarding the City and Surrounding Area
Availability of Utilities.....	62	APPENDIX B	Form of Indenture
Dependence Upon Developer.....	62	APPENDIX C	Form of Service and Assessment Plan
Use of Appraisal.....	63	APPENDIX D	Form of Opinion of Bond Counsel
TAX MATTERS	63	APPENDIX E-1	Form of Disclosure Agreement of Issuer
Tax Exemption	63	APPENDIX E-2	Form of Disclosure Agreement of the Developer
Tax Accounting Treatment of Discount and Premium on Certain Bonds.....	64	APPENDIX F	Development Agreement
State, Local and Foreign Taxes	65	APPENDIX G	Form of Improvement Area #1 Construction, Funding, and Acquisition Agreement
Changes in Federal and State Tax Law	65	APPENDIX H	Appraisal
LEGAL MATTERS	65		
Legal Proceedings	65		
Legal Opinions	66		
Litigation – The City	66		
Litigation – The Developer.....	67		

LIMITED OFFERING MEMORANDUM

\$5,501,000*

CITY OF JUSTIN, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024

(TIMBERBROOK PUBLIC IMPROVEMENT DISTRICT NO. 2 IMPROVEMENT AREA #1 PROJECT)

INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page, inside cover and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Justin, Texas (the “City”), of its \$5,501,000* aggregate principal amount of Special Assessment Revenue Bonds, Series 2024 (Timberbrook Public Improvement District No. 2 Improvement Area #1 Project) (the “Bonds”).

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

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), an ordinance expected to be adopted by the City Council of the City (the “City Council”) authorizing the issuance of the Bonds (the “Bond Ordinance”), and an Indenture of Trust, dated as of April 1, 2024 (the “Indenture”), expected to be entered into by and between the City and Wilmington Trust, National Association, as trustee (the “Trustee”). Reference is made to the Indenture for a full statement of the authority for, and the terms and provisions of, the Bonds. *All capitalized terms used in this Limited Offering Memorandum that are not otherwise defined herein shall have the meanings set forth in the Indenture. See “APPENDIX B – Form of Indenture.”*

The Bonds will be secured by a first and prior lien on and pledge of the Trust Estate, consisting primarily of revenue from Assessments expected to be levied pursuant to the Assessment Ordinance against the Assessed Property located within Improvement Area #1 of the District, all to the extent and upon the conditions described in the Indenture.

Set forth herein are brief descriptions of the City, the District, the Administrator, the Bond Ordinance, the Assessment Ordinance, the Service and Assessment Plan, the Development Agreement (defined herein), the Improvement Area #1 Construction, Funding, and Acquisition Agreement, the Improvement Area #1 Completion Agreement (defined herein), and the Developer, 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 – Form of Indenture” and the form of Service and Assessment Plan appears in “APPENDIX C – Form of Service and Assessment Plan.” 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 in this Limited Offering Memorandum.

* Preliminary, subject to change.

PLAN OF FINANCE

Overview

Bloomfield Homes L.P., a Texas limited partnership (the “Developer”) and Justin Timberbrook, LLC, a Texas limited liability company (“JT, LLC”), acquired approximately 571.869 acres comprising a portion of Timberbrook Public Improvement District No. 1 (“PID #1”) in May and June of 2016. The Developer acquired an additional approximately 299.874 acres from JT, LLC in June 2023, including approximately 144.589 acres within PID #1 and approximately 155.285 acres comprising the District. The District and PID #1 together constitute “Timberbrook” (also referred to herein as the “Development” or the “Timberbrook Development”).

Development Plan

Timberbrook is an approximately 727.154-acre master-planned community expected to include approximately 1,905 single-family detached residential lots, three amenity centers, two of which include swimming pools and cabana buildings, one of which includes an outdoor pavilion with a sand volleyball court, and one of which includes a playground, 6’ wide hike and bike trails throughout the Development, an elementary school site of approximately 14.018 acres, a fire station site of approximately 2.149 acres, and approximately 17.89 acres of commercial space in PID #1 that is expected to include commercial or retail development. PID #1 is expected to include approximately 1,449 single-family lots and the District is expected to include 456 single-family lots. See the site plans on pages v and vi.

The Developer began development of Timberbrook in 2016. As of December 31, 2023, the Developer had completed the public improvements benefitting 762 of a planned 1,449 lots in PID #1 (construction phases 1A, 1B, 2, 3A, and 3B/4A). Of such 762 completed lots, the Developer retained 420 lots for which it is the homebuilder and, as of December 31, 2023, had sold a total of 262 such lots to Impression Homes, LLC, and Sandlin Brothers Property Company, LLC. As of February 29, 2024, the Developer has completed and sold to homeowners 280 of its 420 lots, and Impression Homes, LLC, and Sandlin Brothers Property Company, LLC, together have completed and sold to homeowners 182 of their combined 262 lots.

The Developer expects all home construction in improvement area #2 of PID #1 to be complete in 2028. See site plan on page v.

The District was created in February 2024 and consists of approximately 155.285 acres comprised of all of construction phase 8 and portions of construction phases 7, 10, and 11 of Timberbrook. The District is expected to include 456 single-family residential lots. Improvement Area #1 of the District consists of approximately 46.162 acres, comprised of approximately 2.149 acres to be dedicated to the City for use as a fire station site, approximately 21.39 acres that include a detention pond, easements, and open space, and approximately 22.623 acres that will be developed as 155 single-family residential lots. See maps on pages vi and vii and “THE DEVELOPMENT.”

The Developer is beginning development of the District with the concurrent construction of public improvements that will benefit all of the residential lots in the District (the “Major Improvements”) and public improvements that will benefit only the residential lots within Improvement Area #1 of the District (the “Improvement Area #1 Improvements”). The Improvement Area #1 Improvements and Improvement Area #1’s allocable share of the Major Improvements are referred to collectively herein as the “Improvement Area #1 Projects.”

The total cost of the Improvement Area #1 Projects is expected to be approximately \$7,870,355. The City will pay the Developer for a portion of such costs in the approximate amount of \$4,392,573* from proceeds of the Bonds. The balance of such costs in the approximate amount of \$3,477,782* have been or will be funded by the Developer, without reimbursement by the City, from proceeds of the Revolving Credit Agreement (defined herein). In addition, the Developer is responsible for paying, without reimbursement by the City, for the costs of the Major Improvements allocable to Non-Assessed Property (consisting of the elementary school site) in the approximate amount of \$642,848*. As of February 29, 2024, the Developer has spent approximately \$741,554 on construction of the Improvement Area #1 Projects. See “THE IMPROVEMENT AREA #1 PROJECTS” and “THE DEVELOPER – History and Financing of the District.”

* Preliminary, subject to change.

The City expects to enter into the Improvement Area #1 Construction, Funding, and Acquisition Agreement, effective as of March 28, 2024 (the “Improvement Area #1 Construction, Funding, and Acquisition Agreement”), which provides, in part, for the deposit of proceeds from the issuance and sale of the Bonds and the payment of costs of the Improvement Area #1 Projects within the District, including payment to the Developer for funds expended by the Developer and used to pay costs of Improvement Area #1 Projects. See “APPENDIX G – Form of Improvement Area #1 Construction, Funding, and Acquisition Agreement.”

The City expects to issue one or more series of phased bonds (each such series of bonds an “Additional Obligation”) to finance the cost of future improvements within each of the phases of the District outside of Improvement Area #1 (each a “Future Improvement Area”) as the development proceeds. The estimated costs of such improvements benefiting Future Improvement Areas of the District (the “Future Improvement Area Improvements”) will be determined as Future Improvement Areas of the District are developed, and the Service and Assessment Plan will be updated to identify the improvements authorized by the PID Act, including those improvements listed in the Service and Assessment Plan to be constructed within Future Improvement Areas of the District to be financed by each new series of Additional Obligations. Such Additional Obligations will be secured by separate assessments levied pursuant to the PID Act on assessable property within the applicable Future Improvement Areas of the District that benefit from the future improvements being financed.

Improvement Area #1 Completion Agreement

In accordance with the Improvement Area #1 Construction, Funding, and Acquisition Agreement and the Development Agreement, and in order to provide additional assurance that the Developer will complete the Improvement Area #1 Projects, the Developer and the Trustee expect to enter into the Improvement Area #1 Completion Agreement to be effective as of March 28, 2024 (the “Improvement Area #1 Completion Agreement”). In the Improvement Area #1 Completion Agreement, the Developer agrees to provide, no later than 3 business days prior to the Closing Date, evidence of sufficient funds to complete the Improvement Area #1 Projects not funded with proceeds of the Bonds, less any amounts spent on completed Improvement Area #1 Projects that will not be reimbursed at closing of the Bonds. Such amount is expected to equal approximately \$3,477,782*. See “THE DEVELOPER – History and Financing of the District – Sufficiency of Developer’s Financing.”

Lot Purchase Contracts

The Developer has entered into separate contracts for purchase and sale of lots (the “Lot Purchase Contracts”) with Pacesetter Homes, LLC, a Texas limited liability company (“Pacesetter”), and K. Hovnanian Homes – DFW, L.L.C., a Texas limited liability company (“K. Hovnanian” and, together with Pacesetter, the “Homebuilders”) for the purchase of all 155 lots within Improvement Area #1 of the District. The Lot Purchase Contracts also include the purchase of 172 lots within the Future Improvement Areas and lots in the portions of construction phases 7 and 8 located in PID #1. The Developer does not have a lot purchase contract with respect to the remaining 129 lots within the District and may decide to build homes on some or all of such lots. See “THE DEVELOPMENT – Lot Purchase Contracts.”

The Bonds

Proceeds of the Bonds will be used to provide funds for (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) paying a portion of the costs incidental to the organization and administration of the District, and (iii) paying the Bond Issuance Costs, including funding a reserve fund and paying a portion of the interest on the Bonds during the period of acquisition and construction of the Improvement Area #1 Projects, and other costs related to the issuance of the Bonds. See “SOURCES AND USES OF FUNDS,” “THE IMPROVEMENT AREA #1 PROJECTS,” and “APPENDIX B – Form of Indenture.”

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

The Bonds, any Refunding Bonds, and any Additional Obligations 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 full faith and credit nor the taxing power of the City, the State, or any other political subdivision of the State is pledged to the payment of the Bonds.

The Bonds, any Refunding Bonds, and any Additional Obligations issued by the City are separate and distinct issues of securities secured by separate assessments. Neither any Refunding Bonds nor any Additional Obligations to be issued by the City are offered pursuant to this Limited Offering Memorandum.

LIMITATIONS APPLICABLE TO INITIAL PURCHASERS

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

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

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

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

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

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

6. The Investor acknowledges that the obligations of the City under the Indenture are special, limited obligations payable solely from amounts paid by the City pursuant to the terms of the Indenture and the City shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of the City for amounts

due under the Indenture. The Investor understands that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the City, the State or any political subdivision or taxing district thereof; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the City, the State or any political subdivision thereof; that no right will exist to have taxes levied by the State or any political subdivision thereof for the payment of principal and interest on the Bonds; and that the liability of the City and the State with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Indenture.

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

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

DESCRIPTION OF THE BONDS

General Description

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

The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$100,000 of principal and any integral multiple of \$1,000 in excess thereof; provided, however, that if the total principal amount of any Outstanding Bond is less than \$100,000 then the authorized denomination of such Outstanding Bond shall be the amount of such Outstanding Bond (“Authorized Denominations”). Upon initial issuance, the ownership of the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), and purchases of beneficial interests in the Bonds will be made in book-entry-only form. See “BOOK-ENTRY ONLY SYSTEM” and “SUITABILITY FOR INVESTMENT.”

Redemption Provisions

Optional Redemption. The City reserves the right and option to redeem the Bonds maturing on or after September 1, 20__, before their scheduled maturity dates in whole or in part, on any date on or after September 1, 20__, such redemption date or dates to be fixed by the City, at the price equal to the principal amount to be redeemed plus the applicable premium, if any, plus accrued and unpaid interest to the date fixed for redemption (the “Redemption Price”).

Extraordinary Optional Redemption. Notwithstanding any provision in the Indenture to the contrary, the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part and in an amount and on any date specified in a City Certificate, at the Redemption Price of such Bonds, or portions thereof, to be redeemed plus accrued interest to the date of redemption from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund made pursuant to various provisions of the Indenture), or other transfers to the Redemption Fund under the terms of the Indenture, or as a result of unexpended amounts transferred from the Project Fund pursuant to the terms of the Indenture. The City will provide the Trustee a City Certificate directing the Bonds to be redeemed pursuant to the Indenture. See “ASSESSMENT PROCEDURES – Prepayment of Assessments” for the definition and description of Prepayments. See also “APPENDIX B – Form of Indenture.”

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

\$ Bonds Maturing September 1, 20

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

\$ Bonds Maturing September 1, 20

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

[†] Stated Maturity

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

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

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

Notice of Redemption. Upon written notification by the City to the Trustee of the exercise of any redemption, the Trustee shall give notice of any redemption of Bonds by sending notice by United States mail, first class, postage prepaid, not less than 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. Any such notice shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. Notice of redemption having been given as provided in the Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the Redemption Price of such Bonds to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

With respect to any optional redemption of Bonds, unless the Trustee has received funds sufficient to pay the Redemption Price of the Bonds to be redeemed before giving of a notice of redemption, the notice may state the City may condition redemption on the receipt of such funds by the Trustee on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of

redemption is given and such prerequisites to the redemption are not satisfied and sufficient funds are not received, the notice shall be of no force and effect, the City shall not redeem the Bonds, and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

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

Additional Provisions with Respect to Redemption. The following defined terms apply to this subsection:

“Substantial Amount Redemption” means an extraordinary optional redemption of a principal amount of the Bonds that is greater than or equal to 10% of the Outstanding principal amount of the Bonds.

“Minor Amount Redemption” means an extraordinary optional redemption of a principal amount of the Bonds that is less than 10% of the Outstanding principal amount of the Bonds.

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

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

In selecting Bonds to be redeemed pursuant to an optional redemption, the Trustee may rely on the directions provided in a City Certificate.

If less than all of the Bonds are called for extraordinary optional redemption, the Bonds or portion of a Bond, as applicable, to be redeemed shall be selected in the following manner:

- (i) with respect to a Substantial Amount Redemption, the principal amount called for redemption shall be allocated on a pro rata basis among all Outstanding Bonds; and
- (ii) with respect to a Minor Amount Redemption, the Outstanding Bonds shall be redeemed in inverse order of maturity.

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 Limited Offering Memorandum. The City and the Underwriter believe the source of such information to be reliable, but neither the City nor the Underwriter takes responsibility for the accuracy or completeness thereof.

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

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

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the

Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

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

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

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

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

SECURITY FOR THE BONDS

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

General

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM 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 ASSETS OF THE CITY OTHER THAN THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY’S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE 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 first lien upon the Pledged Revenues, consisting primarily of Assessments levied against Assessed Property within Improvement Area #1 of the District and other assets comprising the Trust Estate, all to the extent and upon the conditions described in the Indenture. In accordance with the PID Act, the City has caused the preparation of a preliminary Service and Assessment Plan in connection with the levy of assessments in the District (including the Assessments), and expects to adopt a final Service and Assessment Plan in connection with the authorization of the issuance of the Bonds. The Service and Assessment Plan describes the special benefit received by the property within the District, including Improvement Area #1 of the District, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of Assessments, and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds. The Service and Assessment Plan is reviewed and updated annually for the purpose of determining the annual budget for improvements and the Annual Installments 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.”

In connection with the pricing of the Bonds expected to occur on March 28, 2024, and as provided in the Assessment Ordinance, the City expects to approve the final Service and Assessment Plan, which will reflect the actual interest rate on the Bonds, as well as the additional interest collected pursuant to Section 372.018(a) of the PID Act. See “APPENDIX C – Form of Service and Assessment Plan.”

Pledged Revenues

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

The Bonds are secured by a pledge of and first lien upon the Pledged Revenues, consisting primarily of Assessment Revenue, and other assets comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. Pursuant to the Indenture, the following terms are assigned the following meanings:

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

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

“Annual Collection Costs” mean the actual or budgeted costs and expenses related to the operation of the District, including, but not limited to, costs and expenses for: (1) the Administrator; (2) City staff; (3) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (4) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (5) preparing and maintaining records with respect to the Improvement Area #1 Assessment Roll and Annual Service Plan Updates; (6) paying and redeeming Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with the Service and Assessment Plan, the PID Act, and the Indenture, with respect to the Bonds, including the City’s continuing disclosure requirements; and (9) the paying agent/registrar and Trustee in connection with the Bonds, including their respective legal counsel. Annual Collection Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

“Annual Installment” means, with respect to each Assessed Parcel, each annual payment of the Assessments (including both principal and interest) shown in the table of Improvement Area #1 Annual Installments attached to the Service and Assessment Plan as Exhibit F-2 and related to the Improvement Area #1 Projects, which annual payment includes Annual Collection Costs and the Additional Interest collected on each annual payment of the Assessments as described in the Indenture and as defined and calculated in the Service and Assessment Plan or in any Annual Service Plan Update.

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

“Assessed Parcel” means each Parcel of land located within Improvement Area #1 of the District against which an Assessment is levied by the Assessment Ordinance in accordance with the Service and Assessment Plan.

“Assessed Property” means, collectively, all Assessed Parcels.

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

“Assessments” means the aggregate assessments shown on the Improvement Area #1 Assessment Roll. The singular of such term means the assessment levied against an Assessed Parcel, as shown on the Improvement Area #1 Assessment Roll or in the Service and Assessment Plan, subject to reallocation upon the subdivision of an Assessed Parcel or reduction according to the provisions of the Service and Assessment Plan and the PID Act.

“Delinquent Collection Costs” mean the costs related to the foreclosure on an Assessed Parcel and the costs of collection of delinquent Assessments or delinquent Annual Installments due under the Service and Assessment Plan and in accordance with the PID Act, including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing the Assessment, interest, and penalty interest.

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

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

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

“Pledged Revenues” means the sum of (i) Assessment Revenue less the Annual Collection Costs, and (ii) 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. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Annual Installment.

“Trust Estate” means (i) all Pledged Revenues and all moneys and investments held in the Pledged Funds, including any and all proceeds thereof and any contract or any evidence of indebtedness related thereto or other rights of the City to receive any of such moneys or investments, whether now existing or hereafter coming into existence, and whether now or hereafter acquired; and (ii) any and all other property or money of every name and nature which is, from time to time hereafter by delivery or by writing of any kind, conveyed, pledged, assigned, or transferred to the Trustee as additional security under the Indenture by the City or by anyone on its behalf or with its written consent.

The City will covenant, agree, and warrant in the Indenture that, for so long as any Bonds are Outstanding, and/or amounts are due to the Developer to pay it for funds it has contributed to pay Actual Costs of the Improvement Area #1 Projects in accordance with the Improvement Area #1 Construction, Funding, and Acquisition Agreement, 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 the extent permitted by Applicable Laws, to cause no reduction, abatement, or exemption in the Assessments. See “– Pledged Revenue 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 for State, county, school district, or municipality ad valorem taxes and are a personal liability of and charge against the owners of property, regardless of whether the owners are named, and runs with the land. Pursuant to the PID Act, the Assessment Lien is effective from the date of the Assessment Ordinance until the Assessments are paid (or otherwise discharged), and is enforceable by the City Council in the same manner that an ad valorem property tax levied against real property may be enforced by the City Council. See “ASSESSMENT PROCEDURES.”

The Assessment Lien is superior to any homestead rights of a property owner that were properly claimed after the adoption of the Assessment Ordinance. However, an Assessment Lien may not be foreclosed upon if any homestead rights of a property owner were properly claimed prior to the adoption of the Assessment Ordinance (“Pre-existing Homestead Rights”) for as long as such rights are maintained on the property. See “BONDHOLDERS’ RISKS – Assessment Limitations.”

Collection and Enforcement of Assessments

For so long as any Bonds are Outstanding and/or amounts are due to the Developer to pay it for funds it has contributed to pay Actual Costs of the Improvement Area #1 Projects pursuant to the Improvement Area #1 Construction, Funding, and Acquisition Agreement, 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 not reduction, abatement, or exemption in the Assessments.

The Assessments assessed to pay debt service on the Bonds, together with interest thereon, are payable in Annual Installments established by the Assessment Ordinance and the Service and Assessment Plan to correspond, as nearly as practicable, to the debt service requirements for the Bonds. An Annual Installment of an Assessment will be made payable in the Assessment Ordinance in each fiscal year of the City preceding the date of final maturity of the

Bonds which, if collected, will be sufficient to first pay debt service requirements attributable to the Bonds in the Service and Assessment Plan. Each Annual Installment is payable as provided in the Service and Assessment Plan and the Assessment Ordinance.

A record of the Assessments on each parcel, tract, or lot which are to be collected in each year during the term of the Bonds is shown on the Improvement Area #1 Assessment Roll. Sums received from the collection of the Assessments to pay the debt service requirements (including delinquent installments, Foreclosure Proceeds, and penalties) and of the interest thereon shall be deposited into the Bond Pledged Revenue Account of the Pledged Revenue Fund. Notwithstanding the foregoing, the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds first, to the Reserve Account to restore any transfers from the Reserve Account made with respect to the Assessed Parcel(s) to which the Foreclosure Proceeds relate, second, to the Additional Interest Reserve Account to restore any transfers from the Additional Interest Reserve Account made with respect to the Assessed Parcel(s) to which the Foreclosure Proceeds relate, and third, to the Redemption Fund. 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. See “SECURITY FOR THE BONDS – Pledged Revenue Fund” and “APPENDIX B – Form of Indenture.”

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

Unconditional Levy of Assessments

The City will impose Assessments on Assessed Property in Improvement Area #1 of the District to pay the principal of and interest on the Bonds scheduled for payment from Pledged Revenues as described in the Indenture and in the Service and Assessment Plan and coming due during each fiscal year. The Assessments shall be effective on the date, and strictly in accordance with the terms, of the Assessment Ordinance. Each Assessment may be paid immediately in full or in periodic Annual Installments over a period of time equal to the term of the Bonds, which installments shall include interest on the Assessments. Pursuant to the Assessment Ordinance, interest on the Assessments assessed to pay debt service on the Bonds will be calculated at the rate of interest on the Bonds plus 0.50%, calculated on the basis of a 360-day year of twelve 30-day months. Such rates may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be calculated annually and shall be due on or about 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. The initial Annual Installments will be due when billed on or about October 1, 2024, and will be delinquent if not paid prior to February 1, 2025. The interest due on the Bonds in 2024 will be paid from amounts deposited into the Capitalized Interest Account of the Bond Fund. See “– Bond Fund.”

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

There is no discount for the early payment of Assessments.

The PID Act provides that the Assessment Lien is superior to all other liens and claims, except liens and claims for the State, county, school district, or municipality for ad valorem taxes, and are a personal liability of and charge against the owners of property, regardless of whether the owners are named. Pursuant to the PID Act, the Assessment Lien is effective from the date of the Assessment Ordinance until the Assessments are paid (or otherwise discharged).

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

Perfected Security Interest

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 Trust Estate, the filing of the 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 Trust Estate granted by the City under the Indenture, and such pledge is therefore valid, effective, and perfected from and after the Closing Date. If Texas law is amended at any time while the Bonds are Outstanding such that the pledge of the Trust Estate granted by the City under the Indenture is to be subject to the filing requirements of Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in such 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 such 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 15 of each year while the Bonds are Outstanding, and beginning February 15, 2025, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. From amounts deposited into the Pledged Revenue Fund, the City shall deposit or cause to be deposited Pledged Revenues as follows: (i) *first*, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds coming due in such calendar year, (ii) *second*, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, (iii) *third*, to the Additional Interest Reserve Account of the Reserve Fund in an amount to equal to the Additional Interest collected, if any, in accordance with the Indenture, (iv) *fourth*, to pay Actual Costs of the Improvement Area #1 Projects, and (v) *fifth*, to pay other costs permitted by the PID Act.

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

Notwithstanding the deposits described in (i) *first* through (v) *fifth* above, the Trustee shall transfer Prepayments to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer such Prepayments to the Redemption Fund.

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

After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds and to fund any deficiency that may exist in an account of the Reserve Fund, and the other deposits described above, the City may direct the Trustee, by City Certificate, to apply Assessments for any lawful purpose permitted by the PID Act for which Assessments may be paid.

Any additional Pledged Revenues remaining after the satisfaction of the foregoing shall be applied by the Trustee, as instructed by the City pursuant to a City Certificate, for any lawful purpose permitted by the PID Act for which such additional Pledged Revenues may be used, including transfers to other Funds and Accounts created pursuant to the Indenture.

Bond Fund

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

If amounts in the Principal and Interest Account are insufficient for the purposes set forth above, the Trustee shall withdraw from the Reserve Fund amounts to cover the amount of such insufficiency in accordance with the provisions of the Indenture. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

Moneys in the Capitalized Interest Account shall be used for the payment of interest on the Bonds on the following date and in the following amount:

<u>Date</u>	<u>Amount</u>
September 1, 2024	\$

Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to the Improvement Area #1 Projects Account of the Project Fund, as directed by City Certificate, or if the Improvement Area #1 Projects Account of the Project Fund has been closed, such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds and the Capitalized Interest Account shall be closed.

Project Fund

Money on deposit in the Project Fund shall be used for the purposes described in “PLAN OF FINANCE – The Bonds.”

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

Disbursements from the Improvement Area #1 Projects Account of the Project Fund to pay Actual Costs of the Improvement Area #1 Projects shall be made by the Trustee upon receipt by the Trustee of either a properly executed and completed Certification for Payment or written direction from the City or its designee approving the disbursement to the Developer or the Developer’s designee. The disbursement of funds from the Improvement Area #1 Projects Account of the Project Fund pursuant to a Certification for Payment shall be pursuant to and in accordance with the disbursement procedures described in the Improvement Area #1 Construction, Funding, and Acquisition Agreement. Such provisions and procedures related to such disbursements contained in the Improvement Area #1 Construction, Funding, and Acquisition Agreement are incorporated by reference into the Indenture and deemed set forth therein in full.

If the City Representative determines in his or her sole discretion that amounts then on deposit in the Improvement Area #1 Projects Account of the Project Fund are not expected to be expended for purposes of such

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

In making any determination pursuant to the Indenture, the City Representative may conclusively rely upon a certificate of an Independent Financial Consultant.

Upon the filing of a City Certificate stating that all Improvement Area #1 Projects have been completed and that all Actual Costs of the Improvement Area #1 Projects have been paid, or that any such Actual Costs of the Improvement Area #1 Projects are not required to be paid from the Improvement Area #1 Projects Account of the Project Fund pursuant to a Certification for Payment or written direction from the City or its designee, the Trustee shall transfer the amount, if any, remaining within the Improvement Area #1 Projects Account of the Project Fund to the Principal and Interest Account of the Bond Fund or to the Redemption Fund to be used to redeem Bonds pursuant to the Indenture as directed by the City Representative in a City Certificate filed with the Trustee. Upon such transfer, the Improvement Area #1 Projects Account of the Project Fund shall be closed.

Not later than six months following the Closing Date for the Bonds, or upon an earlier determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to another Account of the Project Fund and used to pay Actual Costs, and to the Principal and Interest Account of the Bond Fund and used to pay interest on the Bonds, as directed by the City in a City Certificate filed with the Trustee, and the Costs of Issuance Account shall be closed. See “APPENDIX B – Form of Indenture” and “APPENDIX G – Form of Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement.”

Reserve Account of the Reserve Fund

Pursuant to the Indenture, a Reserve Account will be created within the Reserve Fund for the benefit of the Bonds. The Reserve Account will be funded initially with proceeds of the Bonds in the amount of the initial Reserve Account Requirement. Pursuant to the Indenture, the “Reserve Account Requirement” means the least of (i) Maximum Annual Debt Service on the Bonds as of the Closing Date of the Bonds, (ii) 125% of average Annual Debt Service on the Bonds as of the Closing Date of the Bonds, or (iii) 10% of the lesser of the principal amount of the Outstanding Bonds or the original issue price of the Bonds. As of the Closing Date for the Bonds, the Reserve Account Requirement is \$ _____* which is an amount equal to the [Maximum Annual Debt Service] on the Bonds as of the Closing Date.

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

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

* To be completed upon pricing of the Bonds.

transfer from the Reserve Account under the Indenture, the Trustee shall transfer an amount equal to the shortfall, and/or any additional amounts necessary to permit the Bonds to be redeemed in minimum principal amounts of \$1,000, from the Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds

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

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

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

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

Additional Interest Reserve Account of the Reserve Fund

Pursuant to the Indenture, an Additional Interest Reserve Account will be created within the Reserve Fund and held by the Trustee for the benefit of the Bonds. The Trustee, if needed, will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Additional Interest Reserve Account on March 1 and September 1 of each year, commencing March 1, 2025, an amount equal to the Additional Interest collected, if any, as shown in the Improvement Area #1 Assessment Roll attached to the Service and Assessment Plan or an Annual Service Plan Update, until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account. If the amount on deposit in the Additional Interest Reserve Account shall at any time be less than the Additional Interest Reserve Requirement, the Trustee shall notify the City, in writing, of the amount of such shortfall, and the City shall resume collecting the Additional Interest and shall file a City Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Bond Pledged Revenue Account of the Pledged Revenue Fund into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that the City shall not be required to replenish the Additional Interest Reserve Account in the event funds are transferred from the Additional Interest Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment pursuant to the Indenture. In the event the amount on deposit in the Additional Interest Reserve Account is less than the Additional Interest Reserve Requirement then the deposits described in the immediately preceding sentence shall continue until the Additional Interest Reserve Account has been fully replenished to the Additional Interest Reserve Requirement. If, after such deposits, there is surplus Additional Interest remaining, the Trustee shall transfer such surplus Additional Interest to the Redemption Fund, and shall notify the City of such transfer in writing. In calculating the amounts to be transferred pursuant to the Indenture, the Trustee may conclusively rely on the Annual Installments as shown on the Improvement Area #1 Assessment Roll in the Service and Assessment Plan or an Annual Service Plan Update unless and until it receives a City Certificate directing that a different amount be used.

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

The Additional Interest Reserve Requirement is an amount equal to 5.5% of the principal amount of the Outstanding Bonds to be funded from Assessment Revenues to be deposited to the Pledged Revenue Fund and transferred to the Additional Interest Reserve Account. See “APPENDIX B – Form of Indenture” and “APPENDIX C – Form of Service and Assessment Plan.”

Administrative Fund

The City has created under the Indenture an Administrative Fund, and a District Administration Account within such Fund, held by the Trustee. The City shall deposit or cause to be deposited to the District Administration Account of the Administrative Fund the amounts collected each year to pay the Annual Collection Costs and Delinquent Collection Costs. Moneys in the District Administration Account of the Administrative Fund shall be held by the Trustee separate and apart from the other Funds and Accounts created and administered under the Indenture and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan. See “APPENDIX C – Form of Service and Assessment Plan.”

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

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 in the Indenture, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee for such purpose, shall be sufficient to pay when due the principal of and interest on 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 or other qualified third-party selected by the City verifying the sufficiency of the moneys and/or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if the Bonds are then rated, the Trustee shall have received written confirmation from each rating agency then publishing a rating on the Bonds 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 the Indenture nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

“Defeasance Securities” means Investment Securities then authorized by applicable law for the investment of funds to defease public securities. “Investment Securities” means those authorized investments described in the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (the “PFIA”); and provided further such investments are, at the time made, included in and authorized by the City’s official investment policy as approved by the City Council from time to time. Under current State law, Investment Securities that are authorized for the investment of funds to defease public securities are (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America; (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality, and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized

investment rating firm not less than “AAA” or its equivalent; and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent.

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

Events of Default

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

1. The failure of the City to deposit the Pledged Revenues to the Bond Pledged Revenue Account of the Pledged Revenue Fund;
2. The failure of the City to enforce the collection of the Assessments including the prosecution of foreclosure proceedings;
3. The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within 30 days; provided, however, that the payments are to be made only from Pledged Revenues or other funds currently available in the Pledged Funds and available to the City to make the payments; 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 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 and 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

Subject to provisions of the Indenture with respect to limits on liability of the City, upon the happening and continuance of any Event of Default, the Trustee may, and at the written direction of the Owners of at least 25% of the Bonds then Outstanding and its receipt of indemnity satisfactory to it, shall proceed against the City for the purpose of protecting and enforcing the rights of the Owners under the Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by the Indenture or by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained in the Indenture, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies of default.

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

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

and liquidate or sell Trust Estate assets as provided in the following paragraph, and shall not be liable to any Owner, or other Person, or the City by reason of such selection, liquidation, or sale.

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

Restriction on Owner's Actions

No Owner shall have any right to institute any action, suit, or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy thereunder unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of not less than 25% of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit, or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in the Indenture, (iv) the Trustee has for 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 written direction inconsistent with such written request has been given to the Trustee during such 90-day period by the Owners of at least a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; 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 therein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided therein and for the equal benefit of the Owners of all Bonds then Outstanding. The notification, request, and furnishing of indemnity set forth above shall, at the option of the Trustee, as advised by counsel, be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy thereunder.

Subject to provisions of the Indenture with respect to limits on liability 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 under the Indenture to the respective Owners thereof at the time and place, from the source and in the manner expressed therein and in the Bonds.

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

Application of Revenues and Other Moneys After Event of Default

All moneys, securities, funds, and Pledged Revenues and other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture with respect to Events of Default shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including Trustee's counsel), liabilities, and advances incurred or made by

the Trustee, and the fees of the Trustee in carrying out the Indenture during the continuance of an Event of Default, shall be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

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

SECOND: To the payment to the Owners entitled thereto of the unpaid principal of Outstanding Bonds, or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the direct order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal due and to the 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.

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

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

Investment of Funds

Except as otherwise described in the Indenture, money in any Fund or Account established pursuant to the Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two days in advance of the making of such investment. The money in any Fund or Account shall be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the PFIA, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times.

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

Against Encumbrances

Other than Refunding Bonds, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance, or charge upon the Trust Estate, other than that specified in the Indenture, or upon any other property pledged under the 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.

So long as Bonds are Outstanding under the Indenture, and except as described below in “– Additional Obligations or Other Liens,” the City shall not issue any bonds, notes, or other evidences of indebtedness other than the Bonds and Refunding Bonds, if any, secured by any pledge of or other lien or charge on the Trust Estate, except for other indebtedness incurred in compliance with the Indenture.

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, 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 the Pledged Revenues.

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 omit to be done any matter or things whatsoever whereby the lien of the Indenture or the priority thereof might or could be lost or impaired.

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

Notwithstanding any contrary provision of the Indenture, the City shall not issue Refunding Bonds, Additional Obligations, or subordinate obligations unless: (1) the principal (including sinking fund installments) of such Refunding Bonds, Additional Obligations, or subordinate obligations are scheduled to mature on September 1 of the years in which principal is scheduled to mature, and (2) the interest on such Refunding Bonds, Additional Obligations or subordinate obligations must be scheduled to be paid on March 1 and September 1 of the years in which interest is scheduled to be paid.

THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.

SOURCES AND USES OF FUNDS *

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

Sources of Funds:	
Principal Amount	\$
TOTAL SOURCES	\$
Use of Funds:	
Deposit to Improvement Area #1 Projects Account of the Project Fund	\$
Deposit to Costs of Issuance Account of the Project Fund	
Deposit to Capitalized Interest Account of the Bond Fund	
Deposit to Reserve Account of the Reserve Fund	
Deposit to District Administration Account of the Administrative Fund	
Underwriter's Discount ⁽¹⁾	
TOTAL USES	\$

⁽¹⁾ Includes Underwriter's Counsel's fee.

THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.

DEBT SERVICE REQUIREMENTS *

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

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

THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.

* To be completed upon pricing of the Bonds.

OVERLAPPING TAXES AND DEBT

The land within Improvement Area #1 of the District has been, and is expected to continue to be, subject to taxes and assessments imposed by taxing entities other than the City. Such taxes are payable in addition to the Assessments.

The City, Denton County, Texas (the “County”), and Northwest Independent School District (“Northwest ISD”) may each levy ad valorem taxes upon land in Improvement Area #1 of the District for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes or assessments levied by such other taxing authorities.

The following table reflects the overlapping ad valorem tax rates currently levied on property located in Improvement Area #1 of the District.

Overlapping Taxes in Improvement Area #1

<u>Taxing Entity</u>	<u>Tax Year 2023 Ad Valorem Tax Rate</u> ⁽¹⁾
The City	\$0.628363
Denton County	0.189485
Northwest ISD	<u>1.090200</u>
Total Current Tax Rate	\$1.908048
 Estimated Average Annual Installment of Assessment as an Equivalent Tax Rate ⁽²⁾	 <u>\$0.599399</u>
 Estimated Total Tax Rate and Average Annual Installment in Improvement Area #1 of the District as an Equivalent Tax Rate ⁽²⁾	 <u>\$2.507447</u>

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

⁽²⁾ *Preliminary; subject to change.* Derived from information in the Service and Assessment Plan and from lot counts and estimated buildout values provided by the Developer. Shown as an equivalent tax rate for illustration purposes only. See “ASSESSMENT PROCEDURES – Assessment Amounts – Method of Apportionment of Assessments” and “APPENDIX C – Form of Service and Assessment Plan.”

Source: Denton Central Appraisal District and the Service and Assessment Plan.

THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.

As noted above, Improvement Area #1 of the District includes territory located in other governmental entities that may issue or incur debt secured by the levy and collection of ad valorem taxes or assessments. Set forth below is an overlapping debt table showing the outstanding indebtedness payable from ad valorem taxes with respect to property within Improvement Area #1 of the District, as of January 31, 2024, and City debt to be secured by the Assessments:

<u>Taxing or Assessing Entity</u>	<u>Gross Outstanding Debt as of January 31, 2024</u>	<u>Estimated Percentage Applicable ⁽¹⁾</u>	<u>Direct and Estimated Overlapping Debt ⁽¹⁾</u>
The City (Assessments – Bonds)	\$ 5,501,000 *	100.000%	\$ 5,501,000 *
The City (Ad Valorem Taxes)	18,105,000	1.650	298,355
Denton County	624,655,000	0.010	53,227
Northwest Independent School District	<u>1,979,300,334</u>	0.040	<u>828,396</u>
Total	<u>\$2,627,561,334</u>		<u>\$6,680,978</u>

* Preliminary, subject to change.

⁽¹⁾ Based on the Appraisal “As Complete” value for Improvement Area #1 and on the 2023 Net Taxable Assessed Valuations for the taxing entities. See “APPRAISAL OF PROPERTY WITHIN IMPROVEMENT AREA #1.”

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

If land is devoted principally to agricultural use, the landowner can apply for an agricultural valuation on the property and pay ad valorem taxes based on the land’s productive capacity. Agricultural use includes production of crop or livestock. It also can include leaving the land idle for a government program or for normal crop or livestock rotation.

If land qualified for an agricultural valuation but the land use changes to a non-agricultural use, “rollback taxes” are assessed for each of the previous three (3) years in which the land received the lower agricultural valuation. The rollback tax is the difference between taxes paid on land’s agricultural value and the taxes that the landowner would have paid if the land had been taxed on a higher market value plus interest charged for each year from the date on which taxes would have been due.

The majority of the property within Improvement Area #1 is currently subject to an agricultural valuation with respect to its ad valorem taxes. If all land within Improvement Area #1 were to have a change in use in 2024, the Developer expects that the associated rollback taxes would equal approximately \$235,000.

Homeowners’ Association Dues

In addition to the Assessments described above, the Developer anticipates that each single-family residential lot owner in Improvement Area #1 of the District will pay a property owner’s association fee to Timberbrook Homeowners’ Association, Inc. (the “HOA”), in the approximate amount of \$800 annually.

ASSESSMENT PROCEDURES

General

As required by the PID Act, when the City determines to defray a portion of the costs of the Improvement Area #1 Projects through Assessments, it must adopt a resolution generally describing the Improvement Area #1 Projects and the land within Improvement Area #1 of the District to be subject to Assessments to pay the cost therefor. The City has caused the Improvement Area #1 Assessment Roll to be prepared, which shows the land within Improvement Area #1 of the District to be assessed, the amount of the benefit to and the Assessment against each lot or parcel of land, and the number of Annual Installments into which the Assessment is divided. The Improvement Area #1 Assessment Roll will be filed with the City Secretary and made available for public inspection. Statutory notice will be given to the owners of the property to be assessed and a public hearing will be conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Improvement Area #1 Projects and funding a portion of the same with Assessments. The City Council intends to consider a levy of the Assessments and adoption of the Assessment Ordinance on March 28, 2024. After adoption of the Assessment

Ordinance, the Assessments will become legal, valid, and binding liens upon the property against which the Assessments were made.

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

Assessment Methodology

The Service and Assessment Plan describes the special benefit to be received by each Parcel of Assessed Property as a result of the Improvement Area #1 Projects, provides the basis and justification for the determination that such special benefit exceeds the Assessments being levied, and establishes the methodology by which the City allocates the special benefit of the Improvement Area #1 Projects to Parcels in a manner that results in equal shares of costs being apportioned to Parcels similarly benefited. As set forth in the Service and Assessment Plan, a portion of the costs of the Improvement Area #1 Projects is being funded with proceeds of the Bonds, which are payable from and secured by Pledged Revenues, including the Assessment Revenues, and other assets comprising the Trust Estate. As set forth in the Service and Assessment Plan, the City Council has determined that the Actual Costs associated with the Improvement Area #1 Projects, less those allocated to the Non-Assessed Property, will be allocated to the Assessed Property by spreading the entire Assessment across all Assessed Property within Improvement Area #1 of the District based on the ratio of Estimated Buildout Value of each Lot Type in Improvement Area #1 to the Estimated Buildout Value of all Assessed Property within Improvement Area #1.

The following table provides additional analysis with respect to assessment methodology, including the value to Assessment burden ratio per Lot Type, equivalent tax rate per Lot Type, and leverage per Lot Type related to the Assessments applicable to Improvement Area #1. The information in the table was obtained from and calculated using information provided in the Service and Assessment Plan. See “APPENDIX C – Form of Service and Assessment Plan.”

Lien to Value Analysis, Assessment Allocation, Equivalent Tax Rate, and Leverage per Lot Type in Improvement Area #1 *

Lot Type	Planned No. of Lots	Estimated Finished Value per Lot Type ⁽¹⁾	Estimated Buildout Value per Lot Type ⁽¹⁾	Estimated Maximum Assessment per Lot Type ⁽²⁾	Estimated Average Annual Installment of Assessment per Lot Type ⁽²⁾	Tax Rate Equivalent of Average Annual Installment of Assessment per Lot Type ⁽²⁾	Estimated Ratio of Estimated Finished Value per Lot Type to Assessment ^{(1), (2)}	Estimated Ratio of Projected Average Home Value per Lot Type to Assessment ^{(1), (2)}
50'	119	\$100,000	\$500,000	\$33,914.92	\$2,996.99	\$0.599399	2.95: 1	14.74 : 1
60'	36	\$120,000	\$600,000	\$40,697.90	\$3,596.39	\$0.599399	2.95 : 1	14.74 : 1

* Preliminary, subject to change.

⁽¹⁾ Provided by Developer based on Lot Purchase Contracts. See “THE DEVELOPMENT – Lot Purchase Contracts.”

⁽²⁾ Per \$100 of home value.

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

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

The City has determined that the foregoing method of allocation will result in the imposition of equal shares of the Assessments on Parcels similarly benefitted within Improvement Area #1. The Assessments and interest thereon are expected to be paid in Annual Installments as described above. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Developer and all future owners and developers within Improvement Area #1 of 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 ad valorem taxes of the City. The Assessments may be enforced by the City in the same manner that an ad valorem tax lien against real property is enforced. Delinquent installments of the Assessments incur interest, penalties, and attorney’s fees in the same manner as delinquent ad valorem taxes. Under the PID Act, the Assessment Lien is a first and prior lien against the property assessed, superior to all other liens and claims except liens or claims for State, county, school district or municipality ad valorem taxes. See “BONDHOLDERS’ RISKS – Assessment Limitations.”

In the Indenture, the City will covenant to collect, or cause to be collected, Assessments as provided in the Assessment Ordinance. No less frequently than annually, City staff or a designee of the City shall prepare, and the City Council shall approve, an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include an updated Improvement Area #1 Assessment Roll and a calculation of the Annual Installment for each Parcel. Annual Collection Costs shall be allocated among all Parcels in proportion to the amount of the Annual Installments for the Parcels.

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

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

The City will determine or cause to be determined, no later than February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City will not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Property. See “SECURITY FOR THE BONDS – Collection and Enforcement of Assessments.”

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

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

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

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

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

Assessment Amounts

Assessment Amounts. The amounts of the Assessments have been established by the methodology described in the Service and Assessment Plan. The Improvement Area #1 Assessment Roll sets forth for each year the Annual Installment for each Parcel within Improvement Area #1. The Annual Installments of the Assessments may not exceed the amounts shown on the Improvement Area #1 Assessment Roll. The Assessments will be levied against the Parcels comprising the Assessed Property as indicated on the Improvement Area #1 Assessment Roll. See “APPENDIX C – Form of Service and Assessment Plan.”

The Annual Installments shown on the Improvement Area #1 Assessment Roll will be reduced to equal the actual costs of repaying the Bonds, the Additional Interest, and actual Annual Collection Costs (as provided for in the definition of such term), taking into consideration any other available funds for these costs, such as interest income on account balances.

If the debt service on issued and Outstanding Bonds is reduced as the result of an economic refunding of the Bonds, Prepayment of Assessments, or redemption of Bonds, then there would be a corresponding reduction in the Assessments and the Annual Installments. See “APPENDIX C – Form of Service and Assessment Plan.” In such case, the reduced Assessment and Annual Installment, as shown on the Improvement Area #1 Assessment Roll, shall be reflected in the next Annual Service Plan Update and approved by City Council.

Method of Apportionment of Assessments. For purposes of the Service and Assessment Plan, the City Council has determined that the Assessments shall be initially allocated to the Parcels consisting of the Assessed Property based on the ratio of the Estimated Buildout Value of each Parcel in Improvement Area #1 to the Estimated Buildout Value of all Parcels in Improvement Area #1.

Division Prior to Recording of Subdivision Plat. Upon the division of any Assessed Property prior to the recording of a subdivision plat, the Administrator shall reallocate the Assessment for the Assessed Property prior to the division among the newly divided Assessed Properties according to the following formula:

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

Where the terms have the following meaning:

- A = the Assessment for the newly divided Assessed Property
- B = the Assessment for the Assessed Property prior to division
- C = the Estimated Buildout Value of the newly divided Assessed Property
- D = the sum of the Estimated Buildout Value for all the newly divided Assessed Properties

The calculation of the Assessment of an Assessed Property shall be performed by the Administrator and shall be based on the Estimated Buildout Value of that Assessed Property, as relying on information from homebuilders, market studies, appraisals, official public records of the County, and any other relevant information regarding the Assessed Property. The calculation as confirmed by the City Council shall be conclusive and binding.

The sum of the Assessments for all newly divided Assessed Properties shall equal the Assessment for the Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation shall be reflected in the next Annual Service Plan Update and approved by the City Council.

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

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

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

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

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

Prior to the recording of a subdivision plat, the Developer shall provide the City an Estimated Buildout Value for each Lot to be created after recording the subdivision plat as of the date the subdivision plat is anticipated to be recorded. The calculation of the Assessment for a Lot shall be performed by the Administrator and confirmed by the City Council based on Estimated Buildout Value information provided by the Developer, homebuilders, third party consultants, and/or the official public records of the County regarding the Lot. The calculation as confirmed by the City Council shall be conclusive and binding.

The sum of the Assessments for all newly subdivided Lots shall not exceed the Assessment for the portion of the Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in the next Annual Service Plan Update and approved by the City Council.

Upon Consolidation. If two or more Lots or Parcels are consolidated into a single Parcel or Lot, the Administrator shall allocate the Assessments against the Lots or Parcels before the consolidation to the consolidated Lot or Parcel, which allocation shall be reflected in the next Annual Service Plan Update and approved by the City Council. The Assessment for any resulting Lot may not exceed the Maximum Assessment for the applicable Lot Type and compliance may require a mandatory Prepayment of Assessments.

Prepayment of Assessments

Pursuant to the PID Act and the Indenture, the owner of any Assessed Property may voluntarily prepay (a "Prepayment"), at any time, all or part of an Assessment levied against such owner's Assessed Property, together with accrued interest to the date of payment. Upon receipt of such Prepayment, such amounts will be applied towards the redemption or payment of the Bonds. Amounts received at the time of a Prepayment which represent a payment of

principal, interest, or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as payment of regularly scheduled Assessments.

Priority of Lien

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

In the Indenture, the City will covenant to take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and to cause no reduction, abatement, or exemption in the Assessments, provided that the City is not required to expend any funds for collection and enforcement of Assessments other than funds on deposit in the Administrative Fund. Pursuant to the Indenture, Foreclosure Proceeds (excluding Delinquent Collection Costs) constitute Pledged Revenues to be deposited into the Pledged Revenue Fund upon receipt by the City and distributed in accordance with the Indenture. See "APPENDIX B – Form of Indenture." See also "APPENDIX E-1 – Form of Disclosure Agreement of Issuer" 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 Additional Interest Reserve Account under the Reserve Fund and will fund such account as provided in the Indenture. The City will not be obligated to fund foreclosure proceedings out of any funds other than in the Administrative Fund. If funds in the Administrative Fund are insufficient to pay foreclosure costs, the owners of the Bonds may be required to pay amounts necessary to continue foreclosure proceedings. See "SECURITY FOR THE BONDS – Additional Interest Reserve Account of the Reserve Fund," "APPENDIX B – Form of Indenture," and "APPENDIX C – Form of Service and Assessment Plan."

THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.

THE CITY

Background

The City of Justin is located in southwest Denton County, 23 miles north of Fort Worth. Access to the City is provided by FM 407 and FM 156. The City is approximately 6 miles west of I-35W, and 5 miles north of the Texas Motor Speedway. The City's location as part of the growing Dallas-Fort Worth-Arlington Metroplex has resulted in rapid growth over the last several years. The City's 2020 census population was 4,409. The City estimates that its population as of January 1, 2024, was 6,828.

City Government

The City is a political subdivision and a home-rule municipality of the State, duly organized and existing under the laws of the State. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Councilmembers. The Mayor is elected for a three-year term and Councilmembers are elected for staggered two-year terms. The City Manager is the Chief Administration Officer for the City.

The current members of the City Council and 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."

Water and Wastewater

The City will provide both water and wastewater services to the District. The City's existing water and wastewater systems are sufficient to serve the Development, including Improvement Area #1 of the District.

The City acquires its water through a contract with the Upper Trinity Regional Water District ("UTRWD"). The City's agreement with UTRWD allows for 1.75 million gallons per day ("mdg") of water per year. The City has a total elevated storage capacity of 2.6 million gallons and 1 million gallons of ground storage capacity, with another 0.5 million gallons of ground storage under construction. The Water Tower Facilities (defined herein) constructed by the Developer pursuant to the Development Agreement provide 1,000,000 gallons of such elevated storage capacity and 1,000,000 of such ground storage capacity. See "THE DEVELOPMENT – Development Agreement."

The City's sanitary sewer system consists of 4 lift stations and 1 wastewater treatment facility at its wastewater treatment plant. The City's current wastewater treatment facility is located off of 1st Street and FM 156 on the southeast side of the City. Currently, the total treatment capacity of the City's facility is approximately 0.8 mgd. The City's wastewater treatment plant is currently nearing 75% capacity. The City is working on capital projects which will increase the maximum wastewater treatment capacity.

In February 2023, the City issued \$4.4 million of debt for the purpose constructing the new 0.5-million-gallon ground storage tank. The City expects the ground storage tank to be completed by September 2024.

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. 651-24 of the City adopted on February 8, 2024, in accordance with the PID Act (the "Creation Resolution") for the purpose of undertaking and financing, in phases, the costs of certain public improvements within the District, including the Improvement Area #1 Projects, authorized by the PID Act and approved by the City Council that confer a special benefit on the portion of the District property being developed. The District is not a separate political subdivision of the State and is governed by the City Council. Site plans of the property within the District (and PID #1) are included on pages vi and vii.

Powers and Authority of the City

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

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake, pay, or reimburse the Developer for the costs of financing, acquisition, construction, or improvement of the Improvement Area #1 Projects. See “THE IMPROVEMENT AREA #1 PROJECTS.” Pursuant to the authority granted by the PID Act and the Creation Resolution, the City has determined to undertake the construction, acquisition, or purchase of certain paving, water, sanitary sewer, and storm drainage improvements comprising the Improvement Area #1 Projects and certain related soft costs, and to finance a portion of the costs thereof through the issuance of the Bonds. The City has further determined to provide for the payment of debt service on the Bonds through Pledged Revenues and other assets comprising the Trust Estate. See “ASSESSMENT PROCEDURES” and “APPENDIX C – Form of Service and Assessment Plan.”

Collection and Delinquency History of the Timberbrook Development

The District is a continuation of the overall Timberbrook Development, which began with PID #1. Following is collection and delinquency history of PID #1. See “THE DEVELOPMENT – Overview.”

On March 26, 2018, the City levied assessments in the major improvement area of PID #1. The initial annual installments of such assessments were due and payable on or before January 31, 2019.

The following table shows the collection and delinquency history of the assessments in the major improvement area of PID #1.

Collection and Delinquency of Major Improvement Area of PID #1 Assessments

Assessments <u>Due 1/31</u> ⁽¹⁾	Annual <u>Installments</u>	Parcels <u>Levied</u>	Delinquent Amount <u>as of 3/1</u>	Delinquent Percentage <u>as of 3/1</u>	Delinquent Amount <u>as of 9/1</u>	Delinquent Percentage <u>as of 9/1</u>	Annual Installments <u>Collected</u> ⁽²⁾
2019	\$ 55,899.70	14	\$0.00	0.00%	\$0.00	0.00%	\$ 55,899.70
2020	565,647.52	14	0.00	0.00%	0.00	0.00%	565,647.52
2021	566,726.56	14	0.00	0.00%	0.00	0.00%	566,726.56
2022	555,870.79	14	0.00	0.00%	0.00	0.00%	555,870.79
2023	555,248.27	94	\$516.27	0.09%	\$466.30	0.08%	554,781.97
2024	536,967.83	388	–	–	–	–	–

⁽¹⁾ Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons aged 65 or older, and the disabled, who qualify for an exemption under either Section 11.13(c), 11.32, or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments (“Installment Payments”). Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the Installment Payments are each due before February 1, April 1, June 1, and August 1. Each unpaid Installment Payment is delinquent and incurs penalties and interest if not paid by the applicable date.

⁽²⁾ Excludes penalties and interest and any prepayments of such assessments.

THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.

On March 26, 2018, the City levied assessments in improvement area #1 of PID #1. The initial annual installments of such assessments were due and payable on or before January 31, 2019.

The following table shows the collection and delinquency history of the assessments in improvement area #1 of PID #1.

Collection and Delinquency of Improvement Area #1 of PID #1 Assessments

Assessments <u>Due 1/31</u> ⁽¹⁾	Annual <u>Installments</u>	Parcels <u>Levied</u>	Delinquent Amount <u>as of 3/1</u>	Delinquent Percentage <u>as of 3/1</u>	Delinquent Amount <u>as of 9/1</u>	Delinquent Percentage <u>as of 9/1</u>	Annual Installments <u>Collected</u> ⁽²⁾
2019	\$477,629.09	5	\$ 6,960.76	1.46%	\$6,960.76	1.46%	\$477,629.09
2020	605,778.50	210	1,133.48	0.19%	0.00	0.00%	605,778.50
2021	606,590.80	220	35,522.16	5.86%	0.00	0.00%	605,506.76
2022	592,731.00	389	1,504.29	0.74%	0.00	0.00%	592,731.00
2023	596,050.59	389	3,401.84	1.12%	0.00	0.00%	596,050.59
2024	593,941.02	389	—	—	—	—	—

- (1) Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons aged 65 or older, and the disabled, who qualify for an exemption under either Section 11.13(c), 11.32, or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments (“Installment Payments”). Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the Installment Payments are each due before February 1, April 1, June 1, and August 1. Each unpaid Installment Payment is delinquent and incurs penalties and interest if not paid by the applicable date.
- (2) Excludes penalties and interest and any prepayments of such assessments.

On June 28, 2021, the City levied assessments in improvement area #2 of PID #1. The initial annual installments of such assessments were due and payable on or before January 31, 2022.

The following table shows the collection and delinquency history of the assessments in improvement area #2 of PID #1.

Collection and Delinquency of Improvement Area #2 of PID #1 Assessments

Assessments <u>Due 1/31</u> ⁽¹⁾	Annual <u>Installments</u>	Parcels <u>Levied</u>	Delinquent Amount <u>as of 3/1</u>	Delinquent Percentage <u>as of 3/1</u>	Delinquent Amount <u>as of 9/1</u>	Delinquent Percentage <u>as of 9/1</u>	Annual Installments <u>Collected</u> ⁽²⁾
2022	\$ 295,186.92	11	\$0.00	0.000%	\$0.00	0.000%	\$ 295,186.92
2023	1,261,195.56	89	\$1,870.70	0.001	\$1,689.63	0.001	1,259,505.94
2024	1,215,996.40	377	—	—	—	—	—

- (1) Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons aged 65 or older, and the disabled, who qualify for an exemption under either Section 11.13(c), 11.32, or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments (“Installment Payments”). Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the Installment Payments are each due before February 1, April 1, June 1, and August 1. Each unpaid Installment Payment is delinquent and incurs penalties and interest if not paid by the applicable date.
- (2) Excludes penalties and interest and any prepayments of such assessments.

THE COLLECTION AND DELINQUENCY HISTORY OF ASSESSMENTS IN PID #1 IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY. NO ASSURANCE CAN BE GIVEN THAT THE COLLECTION OF THE ASSESSMENTS IN IMPROVEMENT AREA #1 OF THE DISTRICT WILL MIRROR THE COLLECTION HISTORY OF ASSESSMENTS IN PID #1. THE ASSESSMENTS IN PID #1 ARE NOT SECURITY FOR THE PAYMENT OF THE BONDS.

THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.

THE IMPROVEMENT AREA #1 PROJECTS

General

The Developer is responsible for the completion of the construction, acquisition, or purchase of the Improvement Area #1 Projects, and the Developer or its designee will act as construction manager. A portion of the Improvement Area #1 Projects will be funded with the proceeds of the Bonds. From the proceeds of the Bonds, the City will either pay directly or will reimburse the Developer for a portion of the costs actually incurred in developing and constructing the Improvement Area #1 Projects. The balance of the costs of the Improvement Area #1 Projects will be paid by the Developer without reimbursement by the City.

Improvement Area #1 Projects

The Improvement Area #1 Projects consist of the Improvement Area #1 Improvements and Improvement Area #1's proportionate share of the Major Improvements, as described below.

Improvement Area #1 Improvements. The Improvement Area #1 Improvements, a portion of which are being financed with proceeds of the Bonds, include paving, water, sanitary sewer, and storm drainage improvements and soft costs benefitting only Assessed Property in Improvement Area #1 of the District, as described below.

Paving Improvements. Improvements including subgrade stabilization (including lime treatment and compaction), concrete and reinforcing steel for roadways, handicapped ramps, and sidewalks. All related earthwork, clearing and grubbing, excavation, erosion control, intersections, signage, lighting, and re-vegetation of all disturbed areas within the right-of-way are included. The paving improvements will provide street access to each Lot within Improvement Area #1.

Water Improvements. Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, valves, fire hydrants, testing, related earthwork, excavation, erosion control, and all necessary appurtenances required to provide water service to all Lots within Improvement Area #1.

Sanitary Sewer Improvements. Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, related earthwork, excavation, erosion control, and all necessary appurtenances required to provide wastewater service to all Lots within Improvement Area #1.

Storm Drainage Improvements. Improvements including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, and erosion control necessary to provide storm drainage for all Lots within Improvement Area #1.

Soft Costs. Costs relating to designing, constructing, and installing the Improvement Area #1 Improvements, including engineering and design, construction inspection fees, geotechnical testing, and governmental submittal fees for the costs associated with the street, water, sanitary sewer, and storm drainage improvements as described above.

Major Improvements. The Major Improvements, a portion of which are being financed with proceeds of the Bonds, include paving, water, sanitary sewer, and storm drainage improvements, and soft costs benefitting all Assessed Property within the District, as described below.

Paving Improvements. Improvements including subgrade stabilization (including lime treatment and compaction), concrete and reinforcing steel for roadways, handicapped ramps, and sidewalks. All related earthwork, clearing and grubbing, excavation, erosion control, intersections, signage, lighting, and re-vegetation of all disturbed areas within the right-of-way are included. The paving improvements will provide street access to each Lot within the District.

Water Improvements. Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, valves, fire hydrants, testing, related earthwork, excavation, erosion control, and all necessary appurtenances required to provide water service to all Lots within the District.

Sanitary Sewer Improvements. Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, related earthwork, excavation, erosion control, and all necessary appurtenances required to provide sanitary sewer service to all Lots within the District.

Storm Drainage Improvements. Improvements including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, and erosion control necessary to provide storm drainage for all Lots in the District.

Soft Costs. Costs related to designing, constructing, and installing the Major Improvements, including engineering and design, construction inspection fees, geotechnical testing, and governmental submittal fees associated with the street, water, sanitary sewer, and storm drainage improvements as described above, and District Formation Costs.

The total costs of the Improvement Area #1 Projects are expected to be approximately \$7,870,355. A portion of such costs in the approximate amount of \$4,392,573* will be reimbursed to the Developer from proceeds of the Bonds. The remainder of such costs in the approximate amount of \$3,477,782* have been or will be paid by the Developer, without reimbursement by the City. In addition, the Developer is responsible for paying, without reimbursement by the City, for the costs of the Major Improvements allocable to Non-Assessed Property (consisting of the elementary school site) in the approximate amount of \$642,848*. As of February 29, 2024, the Developer has spent approximately \$741,554 on costs of the Improvement Area #1 Projects using cash available to the Developer and proceeds of the Revolving Credit Agreement. See “SOURCES AND USES OF FUNDS” and “APPENDIX C – Form of Service and Assessment Plan.”

The following table reflects the estimated total costs of the Improvement Area #1 Projects.

<u>Type of Improvement Area #1 Improvement</u>	<u>Costs</u>
Paving	\$1,757,148
Water	704,541
Sanitary Sewer	492,430
Storm Drainage	1,188,748
Soft Costs	<u>1,416,456</u>
Total	\$5,559,322

<u>Type of Major Improvement</u>	<u>Improvement Area #1's Pro-Rata Costs</u>
Paving	\$ 610,062
Water	239,485
Sanitary Sewer	279,632
Storm Drainage	583,568
Soft Costs	<u>598,287</u>
Total	\$2,311,033

Total – Improvement Area #1 Projects **\$7,870,355**

Ownership and Maintenance of Improvement Area #1 Projects

The Improvement Area #1 Projects will be dedicated to and accepted by the City and will constitute a portion of the City’s infrastructure improvements. The City will provide for the ongoing operation, maintenance, and repair

of Improvement Area #1 Projects constructed and conveyed, as outlined in the Service and Assessment Plan. See “APPENDIX C – Form of Service and Assessment Plan.”

THE DEVELOPMENT

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

Overview

Timberbrook is an approximately 727.154-acre master-planned single family residential community. The Developer and JT, LLC acquired approximately 571.869 acres comprising a portion of PID #1 in May and June of 2016. The Developer acquired an additional approximately 299.874 acres from JT, LLC in June 2023, including approximately 144.589 acres within PID #1 and approximately 155.285 acres comprising the District. The District and PID #1 together constitute the Development (also referred to herein as the “Timberbrook” or the “Timberbrook Development”).

Timberbrook is expected to include approximately 1,905 single-family detached residential lots, three amenity centers, two of which include swimming pools and cabana buildings, one of which includes an outdoor pavilion with a sand volleyball court, and one of which includes a playground, 6’ wide hike and bike trails throughout the Development, an elementary school site of approximately 14.018 acres, a fire station site of approximately 2.149 acres, and approximately 17.89 acres of commercial space in PID #1 that is expected to include commercial and retail development. PID #1 is expected to include 1,449 single-family lots and the District is expected to include 456 single-family lots. See the site plans on pages v and vi.

The Developer began development of Timberbrook in 2016. As of December 31, 2023, the Developer had completed the public improvements benefitting 762 of a planned 1,449 lots in PID #1 (construction phases 1A, 1B, 2, 3A, and 3B/4A). Of such 762 completed lots, the Developer retained 420 lots for which it is the homebuilder and, as of December 31, 2023, had sold a total of 262 such lots to Impression Homes, LLC, and Sandlin Brothers Property Company, LLC. As of February 29, 2024, the Developer has completed and sold to homeowners 280 of its 420 lots, and Impression Homes, LLC, and Sandlin Brothers Property Company, LLC, together have completed and sold to homeowners 182 of their combined 262 lots.

The Developer expects all home construction in improvement area #2 of PID #1 to be complete in 2028.

The District was created in February 2024 and consists of approximately 155.285 acres comprised of all of construction phase 8 and portions of construction phases 7, 10, and 11 of Timberbrook. The District is expected to include 456 single-family residential lots. Improvement Area #1 of the District consists of approximately 46.162 acres, comprised of approximately 2.149 acres to be dedicated to the City for use as a fire station site, approximately 21.39 acres that include a detention pond, easements, and open space, and approximately 22.623 acres that will be developed as 155 single-family residential lots.

Below is the current site plan for the District and the western portion of PID #1. PID #1 includes all of construction phases 1-6 and 9 and portions of construction phases 7, 10, and 11. The District includes the balance of construction phases 7, 10, and 11 and all of construction phase 8.

THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.



Development within Timberbrook

The District. The District is planned to include three different residential lot sizes: 50’ lots, 60’ lots, and 70’ lots. The expected number of single-family residential units within Improvement Area #1 and the Future Improvement Areas by lot size is shown in the following table.

Expected Single-Family Residential Units Within the District

<u>Lot Size</u>	<u>Improvement Area #1</u> ⁽¹⁾	<u>Planned Improvement Area #2</u> ⁽²⁾	<u>Planned Improvement Area #3</u> ⁽³⁾	<u>Total Number of Lots</u>
50’	119	93	77	289
60’	36	79	—	115
70’	—	—	52	52
Total	155	172	129	456

(1) Improvement Area #1 includes the portion of construction phase 7 that is within the District.
 (2) The Developer expects Improvement Area #2 to include construction phase 8, all of which is within the District.
 (3) The Developer expects Improvement Area #3 to include the portions of construction phases 10 and 11 that are within the District.

The Developer's expectations regarding the buildout of the single-family lots within Improvement Area #1 and the Future Improvement Areas of the District are shown in the following tables.

Expected Build-Out Schedule for the District

<u>Improvement Area</u>	<u>Phase</u>	<u>Number of Single-Family Lots</u>	<u>Expected Infrastructure Completion Date</u>	<u>Expected Final Sale Date of Lots to Homebuilders</u>
1	7	155	Q1 2025	Q2 2027
2	8	172	Q4 2026	Q3 2028
3	10-11	<u>129</u>	Q2 2028	Q2 2030
Total		456		

Expected Absorption of Lots in Improvement Area #1 of the District

<u>Expected Sale Dates to Homebuilders</u>	<u>50' Lot</u>	<u>60' Lot</u>	<u>Total Lots</u>
2025	45	27	72
2026	<u>74</u>	<u>9</u>	<u>83</u>
Total	119	36	155

Expected Absorption of Homes in Improvement Area #1 of the District

<u>Expected Sale Dates to Homeowners</u>	<u>50' Lot</u>	<u>60' Lot</u>	<u>Total Lots</u>
2025	15	9	24
2026	69	27	96
2027	<u>35</u>	<u>—</u>	<u>35</u>
Total	119	36	155

THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.

PID #1. PID #1 is expected to include three different residential lot sizes: 60' lots (which includes 65' lots), 70' lots, and 80' lots. The actual and expected number of single-family residential units within improvement areas #1 and #2 and the future improvement areas of PID #1 by lot size are shown in the following table.

Actual and Expected Single-family Residential Units Within PID #1 ⁽¹⁾

<u>Lot Size</u>	<u>Improvement Area #1</u>	<u>Improvement Area #2</u>	<u>Future Improvement Areas</u>	<u>Total number of Lots</u>
60'	296	402	169	867
70'	69	54	188	311
80'	<u>25</u>	<u>161</u>	<u>—</u>	<u>186</u>
Total	390	617	357	1,364

⁽¹⁾ Includes 18 model home lots. Based on the recorded plat for Improvement Area #1-A and the concept plan for Improvement Area #1-B.

The previously completed buildout of the single-family lots within improvement areas #1 and #2 of PID #1 and the Developer's current expectations regarding the buildout of the single-family lots within the future improvement areas of PID #1 are shown in the following table.

Actual/Expected Build-Out Schedule of Single-Family Lots Within PID #1

<u>Improvement Area</u>	<u>Phase</u>	<u>Single-Family Lots</u>	<u>Actual/Expected Infrastructure Completion Date</u>	<u>Actual/Expected Final Sale Date of Lots to Builders</u>
1	1A	123	Q4 2018	Q1 2020
	1B	95	Q4 2018	Q1 2020
	2A	103 ⁽¹⁾	Q2 2020	Q4 2020
	2B	69 ⁽¹⁾	Q2 2020	Q4 2020
	3A	79	Q3 2021	Q3 2021 ⁽²⁾
2	3B/4A	293	Q3 2023	Q2 2024
	4B/5/6	245	Q3 2024	Q2 2025
Future Improvement Areas	7	48	Q1 2025	Q2 2027
Improvement Areas	9	121	Q4 2026	Q4 2028
	10	32	Q2 2028	Q2 2030
	11	<u>156</u>	Q2 2028	Q2 2030
Total		1,364		

⁽¹⁾ There are five completed model homes and an additional 13 model home lots reserved for potential future model homes. The expected completion date and expected final sale date do not include any such lots.

⁽²⁾ The Developer expects to build all homes within Phase 3A, therefore, the "final sale date of lots to builders" is the date of actual infrastructure completion.

The status of home construction and sales to homeowners within PID #1 as of February 29, 2024, is shown in the following table:

Home Construction and Sales to Homeowners by Homebuilder Within PID #1 ⁽¹⁾

<u>Improvement Area</u>	<u>Homebuilder</u>	<u>Lots Retained/Under Contract</u>	<u>Lots Retained/Purchased</u>	<u>Homes Constructed</u>	<u>Homes Conveyed to Homeowners</u>
1	Developer ⁽²⁾	208	208	208	199
	Impression Homes	102	102	102	101
	Sandlin Brothers	<u>80</u>	<u>80</u>	<u>80</u>	<u>79</u>
		390	390	390	379
2	Developer	297	297	97	79
	Impression Homes	160	40	2	2
	Sandlin Brothers	<u>160</u>	<u>40</u>	<u>—</u>	<u>—</u>
		617	377	99	81

⁽¹⁾ As of February 29, 2024.

⁽²⁾ Includes 18 model home lots.

It is expected that approximately 17.89 acres within PID #1 will be used for commercial or retail development. The Developer expects to develop pad sites for sale to commercial buyers. The Developer expects the first 3.9-acre commercial site to be completed in the first quarter of 2025, the second 7.7-acre commercial site to be completed in the first quarter of 2026, and the third 6.4-acre commercial site to be completed in the fourth quarter of 2025.

Lot Purchase Contracts

The Developer has entered into Lot Purchase Contracts with the Homebuilders for the purchase of all 155 lots within Improvement Area #1 of the District. The Lot Purchase Contracts also include the purchase of 172 lots within the Future Improvement Areas. The Developer does not have a contract with respect to the remaining 129 lots within the District.

The Developer expects to complete construction of the Improvement Area #1 Improvements and the Major Improvements necessary to serve lots within Improvement Area #1 in the first quarter of 2025. Upon completion of such improvements, the Homebuilders will begin to take down their respective lots and begin home construction, as described below.

The Homebuilders have collectively deposited \$6,130,000 (\$3,070,000 from Pacesetter and \$3,060,000 from K. Hovnanian) in earnest money (the “Earnest Money Deposits”). The earnest money will be credited towards the purchase price at the respective lot closings. Additionally, there are circumstances described in the Lot Purchase Contracts the occurrence of which may result in the termination of such agreements.

The following table provides the number of lots on which the Homebuilders plan to construct homes within Improvement Area #1 of the District.

Improvement Area #1 Homebuilder Lot Allocation

<u>Homebuilder</u>	<u>50’ Lot Size</u>	<u>60’ Lot Size</u>	<u>Total</u>
Pacesetter	59	18	77
K. Hovnanian	<u>60</u>	<u>18</u>	<u>78</u>
Total	119	36	155

The schedule for sale of single-family lots to the Homebuilders by lot size pursuant to the Lot Purchase Contracts is shown in the following table.

Expected Sale of Single-Family Lots to Homebuilders by Lot Size in Improvement Area #1

<u>Year End</u>	<u>50’ Lot Size</u>	<u>60’ Lot Size</u>	<u>Total</u>
2025	45	27	72
2026	<u>74</u>	<u>9</u>	<u>83</u>
Total	119	36	155

THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.

The actual and expected single-family residential lot prices and expected home prices in the District as of February 29, 2024, are as follows:

Lot Prices and Expected Average Home Prices in the District

<u>Lot Size</u>	<u>Number of Lots</u>	<u>Base Lot Price</u>	<u>Expected Average Home Price</u> ⁽³⁾
<i><u>Improvement Area #1</u></i>			
50'	119	\$100,000 ⁽¹⁾	\$500,000
60'	<u>36</u>	\$120,000 ⁽¹⁾	\$600,000
Total	155		
<i><u>Improvement Area #2</u></i>			
50'	93	\$100,000 ⁽¹⁾	\$500,000
60'	<u>79</u>	\$120,000 ⁽¹⁾	\$600,000
Total	172		
<i><u>Improvement Area #3</u></i>			
50'	77	\$100,000 ⁽²⁾	\$500,000
70'	<u>52</u>	\$140,000 ⁽²⁾	\$700,000
	129		

- ⁽¹⁾ Based on actual lot prices in the Lot Purchase Contracts.
⁽²⁾ Developer estimates based on Lot Purchase Contracts for Improvement Areas #1 and #2.
⁽³⁾ Developer estimates.

The following table provides the takedown schedules in Improvement Area #1 pursuant to the Lot Purchase Contracts:

Improvement Area #1 Lot Purchase Contracts

<u>Homebuilder</u>	<u>Lot Size</u>	<u>Per Lot Purchase Price</u>	<u>Number of Lots</u>	<u>Takedown Schedule</u> ⁽¹⁾⁽²⁾
Pacesetter	50'	\$100,000	59	12 lots within 10 days of Substantial Completion (expected Q1 2025)
	60'	\$120,000	18	12 lots every 90 days thereafter
K. Hovnanian	50'	\$100,000	60	12 lots within 10 days of Substantial Completion (expected Q1 2025)
	60'	\$120,000	<u>18</u>	12 lots every 90 days thereafter
Total			155	

- ⁽¹⁾ The Lot Purchase Contracts apply to 155 lots within Improvement Area #1 of the District and 48 lots within PID #1. The Takedown Schedules will include the purchase of the lots in both the District and PID #1.
⁽²⁾ The Lot Purchase Contracts also apply to 172 lots within Improvement Area #2 of the District. The Developer expects such lots to be available for purchase by the Homebuilders beginning in Q1 2027.

Private Improvements

The Development is expected to include three amenity centers, two of which include swimming pools and cabana buildings, one of which includes an outdoor pavilion with a sand volleyball court, and one of which includes a playground, 6' wide hike and bike trails throughout the Development, and a variety of public open space areas (collectively the "Private Improvements"). The first amenity center, which is located in PID #1, includes a swimming pool, a cabana building and a playground and was completed by the Developer in May 2019 at an approximate cost

of \$1,500,000. Other amenities including a 6' wide hike and bike trails in the flood plain and flood way areas were completed by the Developer in August 2023. Such additional amenities cost approximately \$650,000.

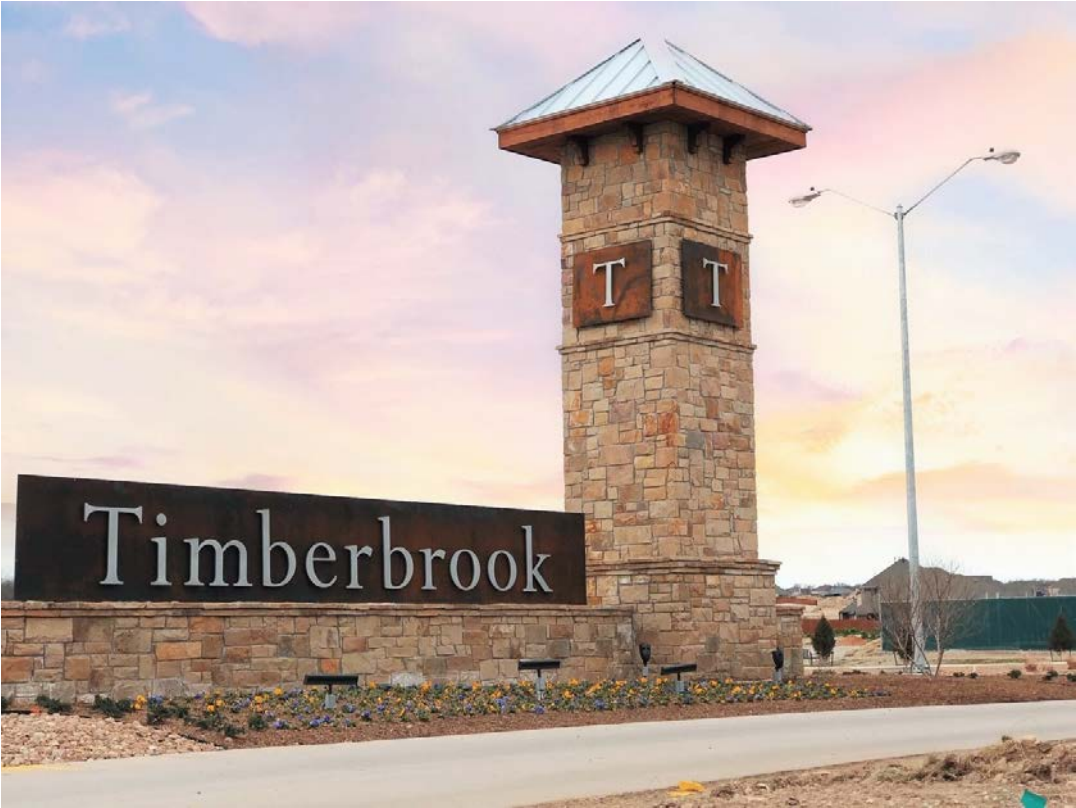
The Developer expects to build two additional amenity centers, one in PID #1 and one in the District. The additional amenity center in PID #1 is expected to be completed in Q2 2025 at an approximate cost of \$1,350,000. The amenity center to be located in the District is expected to be completed by Q2 2027 at an approximate cost of \$2,000,000. All of the Private Improvements have been or will be financed by the Developer using its resources described in "THE DEVELOPER – History and Financing of the District."

The Private Improvements will be owned, operated, and maintained by the HOA. The HOA will provide for the ongoing operation, maintenance, and repair of the Private Improvements through the administration of a property owner's association fee to be paid by each lot owner within the District. See "OVERLAPPING TAXES AND DEBT – Homeowners' Association Dues."

THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.

Photographs of the Development

Photographs of the completed entry monument, amenity center, trail, and playground in PID #1 are below.





Development Agreement

In May 2021, the Developer, JT, LLC, Royal Crest Properties, LLC (an affiliated owner of property adjacent to the Development) (“Royal Crest”) and the City entered into a development agreement relating to the development of certain properties inside and outside of the District and additional adjacent properties that were previously within the City’s extraterritorial jurisdiction that are owned by the Developer, JT, LLC, and Royal Crest (the “Development Agreement”). The Development Agreement provides certain rules and regulations for design and construction of certain authorized improvements, including the Improvement Area #1 Projects, and the process for the development of all property covered by the Development Agreement. As the District lies completely within the corporate boundaries of the City, the City’s zoning and subdivision regulations provide land use rules and regulations for the development of the property within the Development. See “THE DEVELOPMENT – Zoning/Permitting.”

In addition to providing development standards, the Developer agreed in the Development Agreement to construct a water tower and ground storage tank, each with a capacity of approximately 1,000,000 gallons (the “Water Tower Facilities”). The City agreed in the Development Agreement to provide for reimbursement of the cost of the Water Tower Facilities through impact fee waivers for the Developer and JT, LLC on lots covered by the Development Agreement, which include lots within the District. The Developer constructed the Water Tower Facilities at an approximate cost of \$10,325,000.

The Development Agreement also established that the City would use best efforts to issue bonds for the District that can be supported by assessments corresponding to an equivalent tax rate of up to \$1.00, or a total equivalent tax rate of \$3.05 for all taxing entities and the District, per \$100 of assessed valuation. The Service and Assessment Plan sets the Maximum Assessment for each lot within Improvement Area #1 as an amount equal to the lesser of (i) the amount calculated pursuant to Section VI.A of the Service and Assessment Plan and (ii) the amount shown in Exhibit E to the Service and Assessment Plan. The Maximum Assessment for each lot type within Improvement Area #1 of the District established pursuant to the Service and Assessment Plan does not result in an equivalent tax rate that exceeds the target equivalent tax rate set forth in the Development Agreement. See “ASSESSMENT PROCEDURES – Assessment Amounts – Method of Apportionment of Assessments” and “APPENDIX C – Form of Service and Assessment Plan.”

The Development Agreement may be amended or modified in writing signed by the City and the affected parties.

Zoning/Permitting

The property within the District is zoned pursuant to Ordinance No. 749-23 (the “PD Ordinance”) adopted by the City Council on April 25, 2023. The PD Ordinance allows for the development of the land within the District as described herein.

Education

The Development is located within the Northwest ISD. Northwest ISD currently operates 20 elementary schools, six middle schools, and four high schools.

Students within the District are expected to attend the new elementary school to be constructed within Improvement Area #1 of the District, which is expected to be open beginning with the 2025-2026 school year. Students within the District are also expected to attend Pike Middle School, and Northwest High School, both of which are approximately five miles from the District.

Greatschools.org currently rates Pike Middle School 5 out of 10 and Northwest High School 4 out of 10. According to the Texas Education Agency annual school report cards, Pike Middle School and Northwest High School were each rated as “B” for 2021-2022 (the most recent school year for which report cards have been released). The categories for public schools are A, B, C, or Not Rated (used for grades of less than 70).

Environmental

Site Evaluation. A Phase One Environmental Site Assessment (a “Phase One ESA”) of approximately 396.899 acres, which includes all land located within the District plus additional contiguous property, was completed on December 29, 2023, by Alpha Testing, LLC (“ALPHA”) for the purpose of identifying recognized environmental conditions, historical recognized environmental conditions, and/or controlled recognized environmental conditions. ALPHA did not identify evidence of recognized environmental conditions, controlled recognized environmental conditions, or significant data gaps in connection with the property. ALPHA concluded that no additional environmental investigations of the property were warranted.

The Phase One ESA revealed the existence of one natural gas well surface pad station located in the District, but outside of Improvement Area #1, and one single-family residence and seven outbuildings (barns, sheds, etc.) that appear to have been constructed in the 1940s. ALPHA recommended that, if the natural gas well surface pad station should be decommissioned/removed from the property and such area planned for development, post-production environmental investigations for the well pad station should be conducted prior to development. The Developer expects that the gas well will remain in production at the present time, but may be capped in the future. In addition, ALPHA recommended that, if the single-family residence and outbuildings should be renovated or demolished, a comprehensive asbestos survey should be conducted prior to initiation of such activities. All structures except the metal sheds have been demolished.

Property within Improvement Area #1 of the District has previously been used for farming. ALPHA noted that pesticides, herbicides, and/or fertilizers may have been stored and used on such property and, if such portions are intended to be developed as residential property, additional investigation may be warranted. The Developer has not, and does not plan to, perform any additional investigation because the Phase One ESA did not identify these potential factors as a recognized environmental condition.

Endangered Species. According to the website for the United States Fish and Wildlife Service, the Whooping Crane is an endangered species and the Black Rail, Piping Plover, and Rufa Red Knot are threatened species in Denton County. The Developer is not aware of any endangered species located on District property.

Existing Gas, Mineral, and Easement Rights and Other Third-Party Property Rights

There are certain mineral rights reservations of prior owners of real property within the District (the “Mineral Owners”) pursuant to one or more deeds in the chain of title for the property in the District. There is currently no drilling or exploration of minerals within the District. The Developer cannot predict whether the Mineral Owners will take additional actions in the future to explore or develop their mineral rights. Certain rules and regulations of the Texas Railroad Commission may restrict the ability of the Mineral Owners to explore or develop the property due to well density, acreage, or location issues. Additionally, any drilling within the City limits, including re-drilling, deepening, or converting an existing well, must comply with the Development Agreement and Chapter 32 of the City’s Code of Ordinances, including the requirement to obtain a “specific use permit” and certain required setbacks from residences, schools, and other facilities.

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

Geotechnical Exploration

A report of geotechnical exploration (the “Geotechnical Report”) dated August 22, 2023, was provided by ALPHA based on their field exploration and engineering analysis of subsurface soil samples taken from property within phases 7, 8, and 9 of the Development, including Improvement Area #1 of the District. The Geotechnical Report recommended that slab-on-grade foundations be reinforced with steel and constructed with a moisture barrier between the slabs and subgrade soils. The Developer will follow all recommendations in the Geotechnical Report.

Flood Zone

According to the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map (FIRM), Community Panel Number 48121C0480G, effective April 18, 2011, all of the property within the District lies outside of the 500-year flood plain, referred to as Zone X. See “BONDHOLDERS’ RISKS – Flood Plain and Severe Weather Events.”

Utilities

The City intends to provide both water and wastewater service to the District. The City acquires its water from groundwater wells and through a contract with the Upper Trinity River Authority. Currently, the City’s water distribution system and wastewater collection and discharge system have sufficient capacity to provide water and wastewater service to Improvement Area #1 of the District. See “THE CITY – Water and Wastewater.”

The Developer expects additional utilities to be provided by: (1) Phone/Data – Frontier; (2) Electric - Oncor; (3) Cable – Frontier; and (4) Natural Gas - Atmos Energy.

THE DEVELOPER

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

General

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

Description of Developer

The Developer owns the property in the District, including Improvement Area #1. Bloomfield Properties, Inc., is the Developer’s general partner (Bloomfield Properties, Inc. and Developer are, together, “Bloomfield”). Bloomfield was formed in September 2004 with Don Dykstra as President. In July 2013, Sumitomo Forestry America, Inc. (“Sumitomo”) purchased 50% of Bloomfield, and in May 2017, Sumitomo purchased an additional 15% of Bloomfield and Bloomfield became a consolidated subsidiary of Sumitomo. The remaining 35% of Bloomfield is owned by entities controlled by Mr. Dykstra and Tim Stewart. Sumitomo was founded in 1691 and is a publicly traded company listed on the Tokyo Stock Exchange.

Bloomfield develops the majority of the lots that it builds homes on in approximately sixty locations throughout the Dallas – Fort Worth Metroplex. Since its founding, Bloomfield has developed approximately 8,000 lots and constructed approximately 12,000 homes. Bloomfield has experience developing in neighborhoods with various types of district financing, including Paloma Creek in Little Elm, Texas; Cross Oak Ranch in Oak Point, Texas; Woodcreek in Fate, Texas; and Grand Heritage in Lavon, Texas; and has built homes in neighborhoods with public improvement districts, including Mira Lagos in Grand Prairie, Texas, and Daniieldale Homestead in DeSoto, Texas.

Bloomfield focuses on the price range between \$250,000 and \$600,000 and, per Residential Strategies Inc. (“RSI”) (4th quarter 2023 report) has the fifth largest market share in the Dallas – Fort Worth market. For 2023, Bloomfield was ranked as the 40th largest builder in the United States per Builder Magazine Top 100 Builders. Bloomfield was also named 2021 Homebuilder of the Year by the Greater Fort Worth Builder Association

By combining development with homebuilding expertise, Bloomfield has been able to design and develop neighborhoods directly responding to the needs of targeted buyer profiles. This strategy has translated into a vertically integrated operation with great efficiencies and high sales volume.

Examples of projects undertaken by Bloomfield include:

<u>Name</u>	<u>City</u>	<u>Number of Lots Remaining</u>	<u>Total Number of Lots</u>	<u>Average Home Prices</u>
West Crossing	Anna	88	743	\$515,000
Kreymer Estates	Wylie	126	446	\$618,000
Country Lakes	Denton	198	573	\$555,000
Arrowbrooke	Aubrey	203	702	\$536,000
Paloma Creek	Little Elm	22	531	\$558,000

Executive Biography of Principals of Developer

Don Dykstra. Don Dykstra has been President of Bloomfield Properties, Inc. since its founding in 2004, and is primarily focused on land acquisition, entitlement and development. From 1987 through 2003, Don worked for Pulte Home Corporation in a variety of management positions, including President of the DFW Division. From 1981 to 1987, he worked as a CPA with EY & Company with a specialty in real estate. Don received his BS degree in accounting from California Polytechnic University – Pomona, California in 1981.

Tim Stewart. Tim Stewart joined Bloomfield Homes in 2010 and is Vice President of Bloomfield Properties, Inc. and President of the Developer. Tim is responsible for the homebuilding operation. From 1993 to 2010, Tim was with Pulte Home Corporation in a variety of management positions including Division President for San Antonio and Senior Vice President for Asset Management. From 1990 to 1993 Tim was a CPA with Price Waterhouse & Co. Tim received his BS degree in accounting from Michigan State University in 1990.

Steve Corradi. Steve Corradi has been Vice President of Finance with the Developer since 2016. Prior to joining Bloomfield, Steve held financial management positions with a number of firms in the homebuilding, contracting and telecommunications industries. Steve also was a CPA with EY & Company from 1981 to 1987. Steve received his BS in Accounting from the Wharton school of Business - University of Pennsylvania in 1981.

Clint Vincent. Clint Vincent has been Vice President of Land with Bloomfield since 2020 and oversees all land development activities. Clint has worked in land development for public and private companies in the DFW market since 2000. Clint has a BS in Civil Engineering from Texas Tech University in 1999.

History and Financing of the District

Property Acquisition. The Developer acquired approximately 299.874 acres from JT, LLC in June 2023, including approximately 144.589 acres within PID #1 and approximately 155.285 acres comprising the District, for a purchase price of \$28,350,000 using funds from the Revolving Credit Agreement described below.

Acquisition and Development Financing. The Developer has entered into a Fourth Amended and Restated Credit Agreement, dated as of April 29, 2022 (the “Revolving Credit Agreement”), with a group of lenders led by Fifth Third Bank, National Association (collectively, the “Lenders”) providing for loans in a combined maximum amount of \$450,000,000 outstanding at any time. The Revolving Credit Agreement is unsecured and matures on April 30, 2026. As of March 1, 2024, the Developer had loans outstanding in the amount of \$319,800,000, leaving \$130,200,000 available pursuant to the Revolving Credit Agreement. The Developer may repay the outstanding

portion of the Revolving Credit Agreement from any available resources, including revenue generated from sales of the lots developed and homes constructed in the District.

The Revolving Credit Agreement imposes a number of conditions upon the Developer's right to obtain loans. If the Developer were unable to satisfy such conditions, release of funds from the Revolving Credit Agreement and the construction of the Improvement Area #1 Projects could be delayed or prevented entirely, which would adversely affect the security for the Bonds.

There are no liens against property within the District. The PID Act provides that the Assessment Lien is a first and prior lien against the assessed property within Improvement Area #1 of the District and is superior to all other liens and claims except liens or claims for state, county, school district, or municipality ad valorem taxes.

Sufficiency of Developer's Financing. According to the Developer, the Developer's available financing sources are sufficient to fund the total budgeted costs of the Improvement Area #1 Projects in the approximate amount of \$7,870,355, the costs of the Major Improvements allocable to the Non-Assessed Property in the approximate amount of \$642,848, and the remaining costs of the Private Improvements in the approximate amount of \$3,350,000. The Developer's financing sources include the Revolving Credit Agreement, the Earnest Money Deposits, the net proceeds of the Bonds in the approximate amount of \$4,392,573*, and Developer equity. See "THE DEVELOPMENT – Private Improvements."

To provide additional assurance that the Developer will complete the Improvement Area #1 Projects, the Developer and the Trustee expect to enter into the Completion Agreement, under which the Developer agrees, no later than three business days prior to the Closing Date, to provide evidence to the Trustee that sufficient funds are available to the Developer to finance the shortfall between the amount of monies available from the sale of the Bonds to complete the Improvement Area #1 Projects and the total costs of the Improvement Area #1 Projects (the "Funding Shortfall"), less any amounts spent on completed Improvement Area #1 Projects that will not be reimbursed at Closing. In accordance with such provisions, the Developer will provide written evidence of funds available under the Revolving Credit Agreement in the amount of \$3,477,782*, such amount being the Funding Shortfall (Costs of the Improvement Area #1 Projects in the amount of \$7,870,355, less proceeds of the Bonds in the approximate amount of \$4,392,573*, less the amount spent on completed Improvement Area #1 Projects that will not be reimbursed at Closing \$0*), have been set aside and are available to the Developer solely for the purpose of development of the Improvement Area #1 Projects (the "Evidence of Available Funds"). The Developer is required to provide such Evidence of Available Funds as part of the Developer Reports (defined herein) in accordance with the Disclosure Agreement of Developer (defined herein) until such time as the Improvement Area #1 Projects have been completed.

THE PID ADMINISTRATOR

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

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

The PID Administrator's duties will include:

- Preparation of the annual update to the Service and Assessment Plan;
- Preparation of assessment rolls for county billing and collection;
- Establishing and maintaining a database of all County Parcel IDs within the District;
- Trust account analysis and reconciliation;
- Property owner inquires;

* Preliminary, subject to change.

- Determination of prepayment amounts;
- Preparation and review of disclosure notices with dissemination agent; and
- Review of developer draw requests for reimbursement of authorized improvement costs.

APPRAISAL OF PROPERTY WITHIN IMPROVEMENT AREA #1

The Appraisal

General. Integra Realty Resources – Dallas (the “Appraiser”) prepared an appraisal report (the “Appraisal”) for the City and the Underwriter dated as of February 20, 2024, based upon a physical inspection of Improvement Area #1 conducted on November 25, 2023. The Appraisal was prepared at the request of the City and the Underwriter. The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to Improvement Area #1 of the District. The Appraisal is attached hereto as APPENDIX H and should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions, and qualifications, which are set forth therein. See “APPENDIX H – Appraisal.”

Value Estimates. The Appraiser estimated the prospective market value at completion of the fee simple interest in Improvement Area #1 of the District under certain hypothetical conditions. The Appraisal does not reflect the value of Improvement Area #1 as if sold to a single purchaser in a single transaction. The hypothetical conditions include the assumption that all of the Improvement Area #1 Projects and any additional improvements to be funded by the Developer have been completed as of March 31, 2025, in accordance with the plans and specifications. See “THE IMPROVEMENT AREA #1 PROJECTS.” The Appraisal does not reflect the as-is condition of Improvement Area #1. See “APPENDIX H – Appraisal.”

The prospective market value as completed for the Assessed Property within Improvement Area #1 of the District using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, as of March 31, 2025, is \$15,100,000.

None of the City, the Developer, or the Underwriter make any representation as to the accuracy, completeness, assumptions, or information contained in the Appraisal. The assumptions or qualifications with respect to the Appraisal are contained therein. There can be no assurance that any such assumptions will be realized, and none of the City, the Developer, or the Underwriter make any representation as to the reasonableness of such assumptions. Prospective investors should read the complete Appraisal in order to make an informed decision regarding any contemplated purchase of the Bonds. The complete Appraisal is attached hereto as APPENDIX H.

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 ASSETS 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 ASSETS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO

DEMAND ANY EXERCISE OF THE CITY'S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER ASSETS COMPRISING THE TRUST ESTATE.

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

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

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

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

Deemed Representations and Acknowledgment by Purchasers

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

Infectious Disease Outbreak

In March 2020, the World Health Organization and the President of the United States (the "President") separately declared the outbreak of a respiratory disease caused by a novel coronavirus ("COVID-19") to be a public health emergency (the "Pandemic"). On April 10, 2023, the President signed a resolution terminating the national emergency related to the Pandemic, and on May 5, 2023, the World Health organization declared COVID-19 no longer represented a global health emergency. There are currently no COVID-19 related operating limits imposed by executive order of the Governor of the State for any business or other establishment in the State. The Governor retains the right to impose additional restrictions on activities if needed in order to mitigate the effects of COVID-19. The City has not experienced any decrease in property values or unusual tax delinquencies as a result of COVID-19. However, the City cannot predict the long-term economic effect of COVID-19 or a similar virus should there be a reversal of economic activity or re-imposition of restrictions.

Failure or Inability to Complete Proposed Development

Proposed development within Improvement Area #1 of the District may be affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, changes in the income tax treatment of real property ownership, unexpected increases in development costs, and other similar factors as well as availability of utilities and the development or existence of environmental concerns with such land. See “– Hazardous Substances” and “– Availability of Utilities” below. Land development within Improvement Area #1 of the District could also be affected adversely by changes in governmental policies, including, but not limited to, governmental policies to restrict or control development. Any approvals needed in the future for Improvement Area #1 of the District must come from the City. There can be no assurances that other similar projects will not be developed in the future or that existing projects will not be upgraded or otherwise able to compete with the Development. A slowdown of the development process and the related absorption rate within the District because of any or all of the foregoing could affect adversely land values. Such limitations could adversely impact the completion of the Development as anticipated. THE TIMELY PAYMENT OF THE BONDS DEPENDS UPON THE WILLINGNESS AND ABILITY OF THE DEVELOPER AND ANY SUBSEQUENT OWNERS TO PAY THE ASSESSMENTS WHEN DUE. ANY OR ALL OF THE FOREGOING COULD REDUCE THE WILLINGNESS AND THE ABILITY OF SUCH OWNERS TO PAY THE ASSESSMENTS AND COULD GREATLY REDUCE THE VALUE OF PROPERTY WITHIN IMPROVEMENT AREA #1 OF THE DISTRICT IN THE EVENT SUCH PROPERTY HAS TO BE FORECLOSED. In that event, there could be a default in the payment of the Bonds.

Completion of Homes

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

Absorption Rate

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

Assessment Limitations

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

In order to pay debt service on the Bonds, it is necessary that Annual Installments are paid in a timely manner. Due to the lack of predictability in the collection of Annual Installments in Improvement Area #1, the City has established a Reserve Account in the Reserve Fund, to be funded from the proceeds of the Bonds, to cover delinquencies. The Annual Installments are secured by the Assessment Lien. However, there can be no assurance that

foreclosure proceedings will occur in a timely manner so as to avoid depletion of the Reserve Account and delay in payments of debt service on the Bonds. See “BONDHOLDERS’ RISKS – Bondholders’ Remedies and Bankruptcy.”

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

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

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

Under State law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Ordinance, no such homestead rights will have been claimed. Furthermore, the Developer expects to own 100% of the property within Improvement Area #1 at the time the Assessments are levied, and is not eligible to claim homestead rights. Consequently, there are and can be no homestead rights on the Assessed Property superior to the Assessment Lien and, therefore, the Assessment Liens may be foreclosed upon by the 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 ASSESSED PROPERTY, SUPERIOR TO ALL OTHER LIENS AND CLAIMS EXCEPT LIENS AND CLAIMS FOR STATE, COUNTY, SCHOOL DISTRICT OR MUNICIPALITY AD VALOREM TAXES AND ARE A PERSONAL OBLIGATION OF AND CHARGE AGAINST THE OWNERS OF PROPERTY LOCATED WITHIN IMPROVEMENT AREA #1.

Bankruptcy

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

Direct and Overlapping Indebtedness, Assessments and Taxes

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

Depletion of Reserve Fund; No Prefunding of Additional Interest Reserve Account

Failure of the owners of property within Improvement Area #1 of the District to pay the Assessments when due could result in the rapid, total depletion of the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Bonds if sufficient amounts are not available in the Reserve Fund. The Additional Interest Reserve Account of the Reserve Fund is not funded from proceeds of the Bonds. Instead, funding of the Additional Interest Reserve Account is accumulated over time, by the mechanism described in “SECURITY FOR THE BONDS – Additional Interest Reserve Account of the Reserve Fund.” The Indenture provides that if after a withdrawal from the Reserve Account the amounts therein are less than the Reserve Account Requirement, the Trustee shall transfer an amount from the Pledged Revenue Fund to the Reserve Account sufficient to cure such deficiency. The Indenture also provides that if the amount on deposit in the Additional Interest Reserve Account shall at any time be less than the Additional Interest Reserve Requirement, the Trustee shall notify the City, in writing, of the amount of such shortfall and the City shall resume collecting the Additional Interest and shall file a City Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Bond Pledged Revenue Account of the Pledged Revenue Fund into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that the City shall not be required to replenish the Additional Interest Reserve Account in the event funds are transferred from the Additional Interest Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment, as described under “SECURITY FOR THE BONDS – 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 value of the land within Improvement Area #1 of the District does not consider the possible liability of the owner (or operator) for the remedy of a hazardous substance condition of the parcel. The City has not independently verified, and is not aware, that the owner (or operator) of any of the parcels within Improvement Area #1 of the District has such a current liability with respect to such parcel; however, it is possible that such liabilities do currently exist and that the City is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the land within Improvement Area #1 of the District resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a parcel that is realizable upon a delinquency.

See “THE DEVELOPMENT – Environmental” for discussion of a Phase One ESA performed on the property within the District, including Improvement Area #1.

Regulation

Development within Improvement Area #1 of the District may be subject to future federal, state, and local regulations. Approval may be required from various agencies from time to time in connection with the layout and design of development in Improvement Area #1 of the District, the nature and extent of public improvements, land use, zoning, and other matters. Failure to meet any such regulations or obtain any such approvals in a timely manner could delay or adversely affect development in Improvement Area #1 of the District and property values.

Recent Changes in State Law Regarding Public Improvement Districts

The 87th Legislature passed HB 1543, which became effective September 1, 2021, and requires a person who proposes to sell or otherwise convey real property within a public improvement district to provide to the purchaser of the property, before the execution of a binding contract of purchase and sale, written notice of the obligation to pay public improvement district assessments, in accordance with Section 5.014, Texas Property Code, as amended. In the event a contract of purchase and sale is entered into without the seller providing the notice, the intended purchaser is entitled to terminate the contract of purchase and sale. If the Developer or the Homebuilders do not provide the required notice and prospective purchasers of property within Improvement Area #1 of the District terminate a purchase and sale contract, the anticipated absorption schedule may be affected. In addition to the right to terminate the purchase contract, a property owner who did not receive the required notice is entitled, after sale, to sue for damages for (i) all costs relative to the purchase, plus interest and reasonable attorney’s fees, or (ii) an amount not to exceed \$5,000, plus reasonable attorney’s fees. In a suit filed pursuant to clause (i), any damages awarded must go first to pay any outstanding liens on the property. In such an event, the outstanding Assessments on such property may be paid. On payment of all damages respectively to the lienholders and purchaser pursuant to clause (i), the purchaser is required to reconvey the property to the seller. Further, if the Developer or the Homebuilders do not provide the required notice and become liable for monetary damages, the anticipated buildout and absorption schedule may be affected. No assurances can be given that the projected buildout and absorption schedules presented in this Limited Offering Memorandum will be realized. The forms of notice to be provided to homebuyers are attached as appendices to the Service and Assessment Plan. See “APPENDIX C – Form of Service and Assessment Plan.”

Potential Future Changes in State Law Regarding Public Improvement Districts

During past Texas legislative sessions and interim business of the Texas legislature, various proposals and reports have been presented by committees of Texas Senate and Texas House of Representative which suggest or recommend changes to the PID Act relating to oversight of bonds secured by special assessments, including adopting requirements relating to levels of build out or adding State level oversight in connection with the issuance of bonds secured by special assessments under the PID Act. It is impossible to predict what bills may be introduced during upcoming legislative sessions and, if passed, the impact that any future legislation will or may have on the security for the Bonds.

Flood Plain and Severe Weather Events

According to the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map (FIRM), Community Panel Number 48121C0480G, effective April 18, 2011, all of the property within the District lies outside of the 500-year flood plain, referred to as Zone X.

FEMA will from time to time revise its Flood Insurance Rate Maps. None of the City, the Underwriter, or the Developer make any representation as to whether FEMA may revise its Flood Insurance Rate Maps, whether such revisions may result in homes that are currently outside of the 500-year flood plain from being included in the 500-year or 100-year flood plain in the future, or whether extreme flooding events may occur more often than assumed in creating the rate maps.

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 Improvement Area #1 of the District.

Exercise of Third-Party Property Rights

As described under “THE DEVELOPMENT – Existing Gas, Mineral, and Easement Rights and Other Third-Party Property Rights,” there are certain mineral rights reservations located within the District and not owned by the Developer. There may also be additional mineral rights and related real property rights reflected in the chain of title for the real property within the District recorded in the real property records of Denton County.

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

Bondholders’ Remedies and Bankruptcy

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

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

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

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

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

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

Judicial Foreclosures

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

No Acceleration

The Indenture expressly denies the right of acceleration in the event of a payment default or other default under the terms of the Bonds or the Indenture.

Limited Secondary Market for the Bonds

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

No Credit Rating

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

Bankruptcy Limitation to Bondholders' Rights

The enforceability of the rights and remedies of the owners of the Bonds may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. The City is authorized under 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) Annual Collection Costs 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.

Management and Ownership

The management and ownership of the Developer and related or affiliated property owners could change in the future. Purchasers of the Bonds should not rely on the management experience of such entities. There are no assurances that such entities will not sell the subject property or that officers will not resign or be replaced. In such circumstances, a new developer, homebuilder, or new officers in management positions may not have comparable experience in projects comparable to the Development.

Tax-Exempt Status of the Bonds

The Indenture contains covenants by the City intended to preserve the exclusion from gross income of interest on the Bonds for federal income tax purposes. As discussed under the caption "TAX MATTERS," interest on the

Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the City in violation of its covenants in the Indenture.

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

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

General Risks of Real Estate Investment and Development

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

The ability of the Developer to develop lots and sell single-family residential homes within Improvement Area #1 of the District may be affected by unforeseen changes in the general economic conditions, fluctuations in the real estate market, and other factors beyond the control of the owner of the single-family residential lots. In the event that a large number of single-family projects are constructed outside of Improvement Area #1 of the District, and compete with the Development, the demand for residential housing within Improvement Area #1 of the District could be reduced, thereby adversely affecting the continued development of Improvement Area #1 of the District, or its attraction to businesses and residents.

Investments in undeveloped or developing real estate are generally considered to be speculative in nature and to involve a high degree of risk. Improvement Area #1 of the District will be subject to the risks generally incident to real estate investments and development. Many factors that may affect Improvement Area #1 of the District, as well as the operating revenues of the Developer, including those derived from the Development, are not within the control of the Developer. Such factors include changes in national, regional, and local economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; changes in local, regional and national market and economic conditions; unanticipated development costs, market preferences and architectural trends; unforeseen environmental risks and controls; the

adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds to buyers of the homes to be built in Improvement Area #1 of the District, which may render the sale of such homes difficult or unattractive; acts of war, terrorism or other political instability; delays or inability to obtain governmental approvals; changes in laws; moratorium; acts of God (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages; inflation; adverse weather conditions; contractor or subcontractor defaults; and other unknown contingencies and factors beyond the control of the Developer.

Improvement Area #1 of the District cannot be completed without the Developer obtaining a variety of governmental approvals and permits, some of which have already been obtained. Certain permits are necessary to initiate construction of the Improvement Area #1 Projects and to allow the occupancy of residences and to satisfy conditions included in the approvals and permits. There can be no assurance that all of these permits and approvals can be obtained or that the conditions to the approvals and permits can be fulfilled. The failure to obtain any of the required approvals or fulfill any one of the conditions could cause materially adverse financial results for the Developer.

A slowdown of the development process and the related absorption rate within Improvement Area #1 of the District because of any or all of the foregoing could affect adversely land values. The timely payment of the Bonds depends on the willingness and ability of the Developer, the Homebuilders, and any subsequent owners to pay the Assessments when due. Any or all of the foregoing could reduce the willingness and ability of such owners to pay the Assessments and could greatly reduce the value of the property within Improvement Area #1 of the District in the event such property has to be foreclosed. If Annual Installments of Assessments are not timely paid and there are insufficient funds in the accounts of the Reserve Fund, a nonpayment could result in a payment default under the Indenture.

Risks Related to the Current Residential Real Estate Market

The real estate market is currently experiencing a slowing of new home sales and new home closings due in part to rising inflation and mortgage interest rates. Downturns in the real estate market and other factors beyond the control of the Developer, including general economic conditions, may impact the timing of parcel, lot, and home sales within Improvement Area #1 of the District. No assurances can be given that projected home prices and buildout values presented in this Limited Offering Memorandum will be realized.

Risks Related to Recent Increase in Costs of Building Materials

As a result of the Pandemic, low supply and demand and the ongoing trade war, there have been substantial increases in the cost of lumber and other materials, causing many homebuilders and general contractors to experience budget overruns. The Developer is responsible for the construction of the Improvement Area #1 Projects. The Developer expects to finance a portion of the costs of the Improvement Area #1 Projects from proceeds of the Bonds. If the Actual Costs of the Improvement Area #1 Projects are substantially greater than the estimated costs or if the Developer is unable to access building materials in a timely manner, it may affect the ability of the Developer to complete the Improvement Area #1 Projects or pay the Assessments when due. If the costs of material continue to increase, it may affect the ability of the Developer and the Homebuilders to construct homes within Improvement Area #1 of the District. There is no way to predict whether such cost increases or low supply of building materials will continue or if such continuance will affect the development of the District.

Adverse Developments Affecting the Financial Services Industry

Actual events involving limited liquidity, defaults, non-performance, or other adverse developments that affect financial institutions, transactional counterparties, or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank (“SVB”) was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation (“FDIC”) as receiver. Similarly, on March 12, 2023, Signature Bank and Silvergate Capital Corp. were each swept into receivership. In March of 2023, UBS agreed to acquire the troubled Credit Suisse, and troubled First Republic Bank received a \$30 billion rescue package from 11 of the biggest

U.S. banks in an effort to prevent its collapse; however, on May 1, 2023, the FDIC seized First Republic Bank and sold its assets to JPMorgan Chase & Co.

Although a statement by the Department of the Treasury, the Federal Reserve, and the FDIC stated that all depositors of SVB would have access to all of their money after only one business day of closure, including funds held in uninsured deposit accounts, borrowers under credit agreements, letters of credit, and certain other financial instruments with SVB, Signature Bank, or any other financial institution that is placed into receivership by the FDIC may be unable to access undrawn amounts.

Competition

The housing industry in the Dallas-Fort Worth area is very competitive, and none of the Developer, the City, the City’s Financial Advisor, or the Underwriter can give any assurance that the building programs which are planned throughout the District will be completed in accordance with the Developer’s expectations. The successful development of the land within the District, the success of the Development, and the sale of residential units therein, once such homes are built, may be affected by unforeseen changes in general economic conditions, fluctuations in the real estate market, and other factors beyond the control of the Developer. The competitive position of the Developer in the sale of single-family residential units is affected by most of the factors discussed in this section, and such competitive position is directly related to maintenance of market values in Improvement Area #1 of the District.

The following table is a list of competitive single-family residential projects provided by the Developer:

Project Name	# of Units/SF	Proximity to Development	Developer	Date Started	Completed /Expected	Prices	# of Units Remaining
The Preserve	634/ 1,600-4,300	2.3 miles	Amalgamated	2023	2028	\$359k- \$514k	317
Harvest	4,000/ 1,346-4,800	6.0 miles	Hillwood	2013	2026	\$338k- \$800k	136
Pecan Square	3,100/ 1,555-3,975	5.6 miles	Hillwood	2019	2029	\$300k- \$800k	1,643
Wildflower Ranch	3,442/ 1,411-4,200	5.8 miles	Hines	2022	2029	\$359k- \$514k	2,682

There can be no assurances that other similar projects will not be developed in the future or that existing projects will not be upgraded or otherwise able to compete with the Development. For more information on competitive projects, see “APPENDIX H – Appraisal.”

Availability of Utilities

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

Dependence Upon Developer

The Developer, as the owner of all of the Assessed Property in Improvement Area #1 of the District, currently has the obligation for payment of 100% of the Assessments. The ability of the Developer to make full and timely payment of the Assessments will directly affect the ability of the City to meet its debt service obligations with respect to the Bonds. The sole assets of the Developer are land within the District, related permits and development rights, and minor operating accounts. The source of funding for future land development activities and infrastructure construction to develop the remaining lots proposed for the District consists of proceeds of lot sales, as well as possible bank financing and equity contributions by the Developer and its partners. There can be no assurances given as to the

financial ability of the Developer to advance any funds to the City to supplement revenues from the Assessments if necessary, or as to whether the Developer will advance such funds.

Moreover, the City will pay the Developer, or the Developer's designee, from proceeds of the Bonds for a portion of the project costs actually incurred in developing and constructing the Improvement Area #1 Projects within the District. See "THE IMPROVEMENT AREA #1 PROJECTS." There can be no assurances given as to the financial ability of the Developer to complete such improvements.

Use of Appraisal

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

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

TAX MATTERS

Tax Exemption

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

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

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

Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

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

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

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

Tax Accounting Treatment of Discount and Premium on Certain Bonds

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

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

excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

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

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

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

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the United States Congress and in the states that, if enacted, could alter or amend the Federal and State tax matters referred to above or adversely affect the market value or marketability of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value or marketability of the Bonds.

Prospective purchasers of the Bonds should consult with their own tax advisors regarding any other federal income tax legislation, whether currently pending or proposed, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

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

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of the State to the effect that the Bonds are valid and legally binding obligations of the City under the

Constitution and laws of the State, payable from the Trust Estate and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the legal opinion of Bond Counsel, to a like effect.

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

Legal Opinions

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

Except as noted below, Bond Counsel did not take part in the preparation of the Limited Offering Memorandum, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds herein under the captions or subcaptions "PLAN OF FINANCE – The Bonds," "DESCRIPTION OF THE BONDS," "SECURITY FOR THE BONDS" (except for the last paragraph under the subcaption "General"), "ASSESSMENT PROCEDURES" (except for the subcaptions "Assessment Methodology" and "Assessment Amounts"), "THE DISTRICT" (except for the subcaption "Collection and Delinquency History of the Timberbrook Development"), "TAX MATTERS," "LEGAL MATTERS – Legal Proceedings," "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 – FORM OF INDENTURE" and such firm is of the opinion that the information relating to the Bonds, the Bond Ordinance, the Assessment Ordinance, and the Indenture contained therein fairly and accurately describes the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance, the Assessment Ordinance, and the Indenture.

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

Litigation – The City

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

Litigation – The Developer

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

SUITABILITY FOR INVESTMENT

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

ENFORCEABILITY OF REMEDIES

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

NO RATING

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

CONTINUING DISCLOSURE

The City

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), the City, the PID Administrator, 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 “Disclosure Agreement of Issuer”) for the benefit of the Owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Disclosure Agreement of Issuer, certain financial information and operating data relating to the City (collectively, the “City Reports”). The specific nature of the information to be contained in the

City Reports is set forth in “APPENDIX E-1 – Form of Disclosure Agreement of Issuer.” Under certain circumstances, the failure of the City to comply with its obligations under the Disclosure Agreement of Issuer constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Disclosure Agreement of Issuer would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance.

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

The City Compliance with Prior Undertakings

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

The Developer

The Developer, the PID Administrator, and the Dissemination Agent will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of Developer”) for the benefit of the Owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Disclosure Agreement of Developer, certain information regarding the Development and the Improvement Area #1 Projects (collectively, the “Developer Reports”). The specific nature of the information to be contained in the Developer Reports is set forth in “APPENDIX E-2 – Form of Disclosure Agreement of Developer.” Under certain circumstances, the failure of the Developer or the PID Administrator to comply with its obligations under the Disclosure Agreement of Developer constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Disclosure Agreement of Developer would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance.

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

The Developer’s Compliance With Prior Undertakings

Except as otherwise described herein, during the last five years, the Developer has complied in all material respects with its continuing disclosure agreements made in accordance with the Rule.

In connection with the issuance of two series of bonds for PID #1 in 2018, the Developer entered into two separate continuing disclosure agreements. Such agreements contained conflicting deadlines for filing of quarterly reports with EMMA. All quarterly reports were filed with EMMA by the later of the two conflicting deadlines. The conflict was discovered in 2021 and the Developer has been in compliance with the 2018 continuing disclosure agreements since June 2021.

In connection with the issuance of the 2021 issuance of bonds for PID #1 (the “Series 2021 Bonds”), the Developer entered into a continuing disclosure agreement and a completion agreement (similar to the Completion Agreement for the Bonds), both of which required the Developer to certify as to the sufficiency of the Evidence of Available Funds (as defined in the completion agreement and provided at closing of the Series 2021 Bonds) to fund the completion of the improvements that were financed, in part, with proceeds of the Series 2021 Bonds. Although the Developer has certified in its quarterly reports for the Series 2021 Bonds as to the sufficiency of its available funds, generally, to fund such improvements, the quarterly reports for the Series 2021 Bonds have not addressed the sufficiency of the Evidence of Available Funds specifically, as required by the continuing disclosure agreement and the completion agreement. Beginning with its quarterly report for the period ending March 31, 2024, the Developer will include in its quarterly reports for the Series 2021 Bonds a copy of the Evidence of Available Funds and a certification as to its sufficiency.

UNDERWRITING

FMSbonds, Inc. (the “Underwriter”) has agreed to purchase the Bonds from the City at a purchase price of \$_____ (the par amount of the Bonds, less an underwriting discount of \$_____). 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 “NO RATING” above. In addition, the PID Act and various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the 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 or 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 “AAA-m” or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than ten 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 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the 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 Limited Offering Memorandum and assumes no responsibility for the contents, accuracy, fairness, or completeness of the information set forth in this Limited Offering Memorandum or for the recitals contained in the Indenture or the Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

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

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

SOURCES OF INFORMATION

General

The information contained in this Limited Offering Memorandum has been obtained primarily from the City's records, the Developer and its representatives and other sources believed to be reliable. In accordance with its responsibilities under the federal securities law, the Underwriter has reviewed the information in this Limited Offering Memorandum in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of the transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Limited Offering Memorandum or any sale hereunder will create any implication that there has been no change in the financial condition or operations of the City or the Developer described

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

Source of Certain Information

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

Experts

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

The information regarding the Appraisal in this Limited Offering Memorandum has been provided by Integra Realty Resources - Dallas and has been included in reliance upon the authority of such firm as experts in the field of the appraisal of real property. Integra Realty Resources - Dallas has consented to the inclusion of the Appraisal herein.

Updating of Limited Offering Memorandum

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

FORWARD-LOOKING STATEMENTS

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

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND

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

AUTHORIZATION AND APPROVAL

In the Bond Ordinance, the City Council will approve the form and content of this Preliminary Limited Offering Memorandum and authorize this Preliminary Limited Offering Memorandum to be used by the Underwriter in connection with the marketing and sale of the Bonds.

THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY AND SURROUNDING AREA

The following information has been provided for informational purposes only.

General

The City of Justin is located in southwest Denton County, 23 miles north of Fort Worth. Access to the City is provided by FM 407 and FM 156. The City is approximately 6 miles west of I-35W, and 5 miles north of the Texas Motor Speedway. The City’s location as part of the growing Dallas-Fort Worth-Arlington Metroplex has resulted in rapid growth over the last several years. The City’s 2020 census population was 4,409. The City estimates that its population as of January 1, 2024, was 6,828.

The City is a political subdivision and a home-rule municipality of the State, duly organized and existing under the laws of the State. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Councilmembers. The Mayor is elected for a three-year term and Councilmembers are elected for staggered two-year terms. The City Manager is the Chief Administration Officer for the City.

The current members of the City Council and the principal administrators of the City are shown on page ii of the Limited Offering Memorandum.

Historical Employment in Denton County (Average Annual)

	Average Annual				
	2023 ⁽¹⁾	2022	2021	2020	2019
Civilian Labor Force	581,392	551,484	529,962	511,748	499,264
Total Employed	561,549	533,815	506,554	478,783	484,439
Total Unemployed	19,843	17,669	23,408	32,965	14,825
Unemployment Rate	3.4%	3.2%	4.4%	6.4%	3.0%

⁽¹⁾ Data through October 2023.

Source: Texas Labor Market Information.

Major Employers in Denton County

The major employers in Denton County for 2022 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 Center	3,000
Peterbilt Motors	Manufacturing	2,000
Denton County	Government	1,822
Wal-Mart	Retail	1,734
AdventHealth	Healthcare	1,633

Source: Municipal Advisory Council of Texas. Information in the Appraisal may vary.

Surrounding Economic Activity

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

City of Denton, TX (2022)		City of Grapevine, TX (2022)		City of Euless, TX (2022)		City of Fort Worth, TX (2022)	
Approximately 10 Miles from Justin		Approximately 15 Miles from Justin		Approximately 20 Miles from Justin		Approximately 20 Miles from Justin	
Employer	Employees	Employer	Employees	Employer	Employees	Employer	Employees
University of North Texas	8,891	Gaylord Texas Resort & Conv Ctr	2,000	Hurst-Eules-Bedford ISD	1,033	AMR Corp./American Airlines	41,000
Denton ISD	4331	Dallas/Ft. Worth Int'l Airport	1,980	LSG Sky Chefs Inc.	663	Lockheed Martin Tactical Aircraft Systems	23,000
Peterbilt Motors-Headquarters & Plant	2,000	Grapevine-Colleyville ISD	1,700	City of Euless	398	Fort Worth ISD	11,000
Denton County	1,822	Paycom	900	Target	250	City of Fort Worth	8,000
Denton State Supported Living Center	1,146	City of Grapevine	700	Lowe's	225	JPS Health Network/John Peter Smith Hosp.	7,000
City of Denton	1,104	Baylor Medical	660	Life Outreach International	186	Tarrant County College	5,000
Texas Presbyterian Hospital	1,100	Great Wolf Lodge	600	Redi-Mix Concrete	185	NAS Fort Worth Joint Reserve Base	5,000
Texas Women's University	1,077	Hyatt Regency DFW	500	Dave and Buster's	150	Alcon Laboratories Inc.	5,000
Sally Beauty Holdings, Inc.	1,000	Texas Toyota of Grapevine	350	QuikTrip	130	Bell Helicopter – Textron Inc.	4,000
Medical City Denton	799	American Warranty Svc	340	Flynn BEC, LLP	120	Burlington North Santa Fe LLC	2,000

City of Arlington, TX (2022)	
Approximately 25 Miles from Justin	
Employer	Employees
Arlington ISD	8,500
University of Texas at Arlington	5,300
General Motors	4,484
Texas Health Resources	4,063
Six Flags Over Texas	3,800
The Parks at Arlington	3,500
GM Financial	3,300
City of Arlington	2,660
JP Morgan Chase Bank	1,965
Texas Rangers Baseball Club	1,881

City of Irving, TX (2022)	
Approximately 25 Miles from Justin	
Employer	Employees
Citigroup Inc.	6,162
Vista Energy	5,400
Allstate Insurance	3,068
Verizon Communications	3,000
Microsoft Corp.	2,681
Irving Mall	2,100
YRC Freight	1,941
Baylor Scott-White Medical Center	1,907
DFW International Airport	1,900
Accenture	1,900

Source: Municipal Advisory Council of Texas

APPENDIX B
FORM OF INDENTURE

THIS PAGE IS LEFT BLANK INTENTIONALLY.

INDENTURE OF TRUST

By and Between

CITY OF JUSTIN, TEXAS

and

**WILMINGTON TRUST, NATIONAL ASSOCIATION
as Trustee**

DATED AS OF APRIL 1, 2024

SECURING

**\$ _____,
CITY OF JUSTIN, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(TIMBERBROOK PUBLIC IMPROVEMENT DISTRICT
NO. 2 IMPROVEMENT AREA #1 PROJECT)**

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.1.	Definitions.....	4
Section 1.2.	Findings.....	12
Section 1.3.	Table of Contents, Titles and Headings.....	12
Section 1.4.	Interpretation.....	12

ARTICLE II

THE BONDS

Section 2.1.	Granting Clauses.....	13
Section 2.2.	Security for the Bonds.....	14
Section 2.3.	Limited Obligations.....	14
Section 2.4.	Authorization for Indenture.....	14
Section 2.5.	Contract with Owners and Trustee.....	14

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.1.	Authorization.....	15
Section 3.2.	Date, Denomination, Maturities, Numbers and Interest.....	15
Section 3.3.	Conditions Precedent to Delivery of Bonds.....	15
Section 3.4.	Medium, Method and Place of Payment.....	16
Section 3.5.	Execution and Registration of Bonds.....	17
Section 3.6.	Ownership.....	18
Section 3.7.	Registration, Transfer and Exchange.....	18
Section 3.8.	Cancellation.....	19
Section 3.9.	Temporary Bonds.....	19
Section 3.10.	Replacement Bonds.....	19
Section 3.11.	Book-Entry Only System.....	20
Section 3.12.	Successor Securities Depository: Transfer Outside Book-Entry-Only System.....	21
Section 3.13.	Payments to Cede & Co.....	21

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.1.	Limitation on Redemption.....	22
--------------	-------------------------------	----

TABLE OF CONTENTS

	Page
Section 4.2.	Mandatory Sinking Fund Redemption.22
Section 4.3.	Optional Redemption.24
Section 4.4.	Extraordinary Optional Redemption.24
Section 4.5.	Partial Redemption.24
Section 4.6.	Notice of Redemption to Owners.25
Section 4.7.	Payment Upon Redemption.26
Section 4.8.	Effect of Redemption.26

ARTICLE V

FORM OF THE BONDS

Section 5.1.	Form Generally.26
Section 5.2.	CUSIP Registration.27
Section 5.3.	Legal Opinion.27

ARTICLE VI

FUNDS AND ACCOUNTS

Section 6.1.	Establishment of Funds and Accounts.27
Section 6.2.	Initial Deposits to Funds and Accounts.28
Section 6.3.	Pledged Revenue Fund.28
Section 6.4.	Bond Fund.29
Section 6.5.	Project Fund.30
Section 6.6.	Redemption Fund.31
Section 6.7.	Reserve Fund.31
Section 6.8.	Rebate Fund; Rebate Amount.33
Section 6.9.	Administrative Fund.34
Section 6.10.	Investment of Funds.34
Section 6.11.	Security of Funds.35

ARTICLE VII

COVENANTS

Section 7.1.	Confirmation of Assessments.35
Section 7.2.	Collection and Enforcement of Assessments.35
Section 7.3.	Against Encumbrances.36
Section 7.4.	Records, Accounts, Accounting Reports.36
Section 7.5.	Covenants to Maintain Tax-Exempt Status.37

TABLE OF CONTENTS

Page

ARTICLE VIII

LIABILITY OF CITY

ARTICLE IX

THE TRUSTEE

Section 9.1.	Trustee as Paying Agent/Registrar.....	41
Section 9.2.	Trustee Entitled to Indemnity.....	41
Section 9.3.	Responsibilities of the Trustee.	42
Section 9.4.	Property Held in Trust.....	46
Section 9.5.	Trustee Protected in Relying on Certain Documents.	46
Section 9.6.	Compensation.	47
Section 9.7.	Permitted Acts.	47
Section 9.8.	Resignation of Trustee.	48
Section 9.9.	Removal of Trustee.	48
Section 9.10.	Successor Trustee.....	48
Section 9.11.	Transfer of Rights and Property to Successor Trustee.	49
Section 9.12.	Merger, Conversion or Consolidation of Trustee.....	49
Section 9.13.	Trustee to File Continuation Statements.	50
Section 9.14.	Construction of Indenture.	50

ARTICLE X

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 10.1.	Amendments Permitted.	50
Section 10.2.	Owners' Meetings.....	51
Section 10.3.	Procedure for Amendment with Written Consent of Owners.....	51
Section 10.4.	Effect of Supplemental Indenture.	52
Section 10.5.	Endorsement or Replacement of Bonds Issued After Amendments.	52
Section 10.6.	Amendatory Endorsement of Bonds.....	53
Section 10.7.	Waiver of Default.	53
Section 10.8.	Execution of Supplemental Indenture.....	53

ARTICLE XI

DEFAULT AND REMEDIES

Section 11.1.	Events of Default.	53
Section 11.2.	Immediate Remedies for Default.	54

TABLE OF CONTENTS

	Page
Section 11.3. Restriction on Owner's Action.	55
Section 11.4. Application of Revenues and Other Moneys After Default.	55
Section 11.5. Effect of Waiver.	56
Section 11.6. Evidence of Ownership of Bonds.	56
Section 11.7. No Acceleration.	57
Section 11.8. Mailing of Notice.	57
Section 11.9. Exclusion of Bonds.	57

ARTICLE XII

GENERAL COVENANTS AND REPRESENTATIONS

Section 12.1. Representations as to Trust Estate.	58
Section 12.3. General.	58

ARTICLE XIII

SPECIAL COVENANTS

Section 13.1. Further Assurances; Due Performance.	58
Section 13.2. Additional Obligations; Other Liens.	59
Section 13.3. Books of Record.	59

ARTICLE XIV

PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE

Section 14.1. Trust Irrevocable.	60
Section 14.2. Satisfaction of Indenture.	60
Section 14.3. Bonds Deemed Paid.	60

ARTICLE XV

MISCELLANEOUS

Section 15.1. Benefits of Indenture Limited to Parties.	61
Section 15.2. Successor is Deemed Included in All References to Predecessor.	61
Section 15.3. Execution of Documents and Proof of Ownership by Owners.	61
Section 15.4. Waiver of Personal Liability.	61
Section 15.5. Notices to and Demands on City and Trustee.	62
Section 15.6. Partial Invalidity.	63
Section 15.7. Applicable Laws.	63
Section 15.8. Payment on Business Day.	63

TABLE OF CONTENTS

	Page
Section 15.9. Counterparts.....	63
Section 15.10. Statutory Verifications.....	64
EXHIBIT A	1

INDENTURE OF TRUST

THIS INDENTURE, dated as of April 1, 2024 is by and between the CITY OF JUSTIN, TEXAS (the “City”), and WILMINGTON TRUST, NATIONAL ASSOCIATION, DALLAS, TEXAS, as trustee (together with its successors, the “Trustee”). Capitalized terms used in the preambles, recitals and granting clauses and not otherwise defined shall have the meanings assigned thereto in Article I.

WHEREAS, a petition was submitted and filed with the City Secretary of the City (the “City Secretary”) pursuant to the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended (the “PID Act”), requesting the creation of a public improvement district now located within the corporate limits of the City to be known as the Timberbrook Public Improvement District No. 2 (the “District”); and

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

WHEREAS, on February 8, 2024, after due notice, the City Council of the City (the “City Council”) held the public hearing in the manner required by law on the advisability of the improvement projects and services described in the petition as required by Section 372.009 of the PID Act; and

WHEREAS, on February 8, 2024, the City Council made the findings required by Section 372.009(b) of the PID Act and, by Resolution No. 651-24, adopted by a majority of the members of the City Council, authorized the creation of the District in accordance with its findings as to the advisability of the improvement projects and also made findings and determinations relating to the estimated total costs of certain Authorized Improvements; and

WHEREAS, on February 13, 2024 the City Secretary filed a copy of Resolution No. 651-24 with the county clerk of each county in which all or a part of the District is located in accordance with the provisions of the PID Act; and

WHEREAS, no written protests of the District from any owners of record of property within the District were filed with the City Secretary within 20 days after February 8, 2024; and

WHEREAS, on February 22, 2024, the City Council by Resolution No. 652-24 made findings and determinations relating to the Actual Costs of certain Improvement Area #1 Projects, received and accepted a preliminary service and assessment plan and a proposed assessment roll, called a public hearing for March 28, 2024 and directed City staff to (i) file the proposed assessment roll with the City Secretary and to make it available for public inspection as required by Section 372.016(b) of the PID Act, and (ii) publish and mail such notice relating to the February 8, 2024 hearing as required by Section 372.016(b) of the PID Act; and

WHEREAS, on March 2, 2024 City staff, pursuant to Section 372.016(b) of the PID Act, published notice of the public hearing in the *Denton Record Chronicle*, a newspaper of general

circulation in the City, to consider the proposed Service and Assessment Plan, the Improvement Area #1 Assessment Roll and the levy of the Assessments on the property within Improvement Area #1 of the District; and

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

WHEREAS, the City Council opened and convened the hearing on March 28, 2024, and at such public hearing all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the proposed Service and Assessment Plan, the proposed Improvement Area #1 Assessment Roll, and the proposed Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessments, the allocation of estimated costs of the Improvement Area #1 Projects to the Assessed Property within Improvement Area #1 of the District, the purposes of the Assessments, the special benefits of the Improvement Area #1 Projects, and the penalties and interest on Annual Installments of the Assessments and on delinquent Annual Installments; and

WHEREAS, there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of estimated costs of the Improvement Area #1 Projects to the Assessed Property within Improvement Area #1 of the District, the Improvement Area #1 Assessment Roll, and the levy of the Assessments; and

WHEREAS, the City Council closed the hearing, and, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the City, the City Council approved and accepted Ordinance No. ____-____, which levied the Assessments, and approved and accepted the Service and Assessment Plan, including the Improvement Area #1 Assessment Roll, in conformity with the requirements of the PID Act; and

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

WHEREAS, the City Secretary of the City filed a copy of the Assessment Ordinance not later than the seventh day after the date the City Council approved the Assessment Ordinance and the Service and Assessment Plan with the County Clerk of Denton County; and

WHEREAS, the City Council is authorized by the PID Act to issue its revenue bonds payable from the Assessments for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) paying a portion of the costs incidental to the organization and administration of the District, and (iii) paying the Bond Issuance Costs, including funding a reserve fund and paying a portion of the interest on the Bonds during the period of acquisition and construction of the Improvement Area #1 Projects, and other costs related to the issuance of the Bonds; and

WHEREAS, the City Council now desires to issue revenue bonds, in accordance with the PID Act, such bonds to be entitled "City of Justin, Texas, Special Assessment Revenue Bonds, Series 2024 (Timberbrook Public Improvement District No. 2 Improvement Area #1 Project)" (the "Bonds"), such Bonds being payable solely from the Trust Estate and for the purposes set forth in the preamble of this Indenture; and

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

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 I

DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.1. Definitions.

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

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

“Actual Costs” mean with respect to Improvement Area #1 Projects, the actual costs of constructing or acquiring such Improvement Area #1 Projects, paid by or on behalf of the Developer (either directly or through affiliates), including: (1) the costs for the design, planning, financing, administration/management, acquisition, installation, construction and/or implementation of such Improvement Area #1 Projects; (2) the fees paid for obtaining permits, licenses, or other governmental approvals for such Improvement Area #1 Projects; (3) the costs for external professional costs, such as engineering, geotechnical, surveying, land planning, architectural landscapers, appraisals, legal, accounting, and similar professional services; (4) all labor, bonds, and materials, including equipment and fixtures, by contractors, builders, and materialmen in connection with the acquisition, construction, or implementation of the Improvement Area #1 Projects; (5) all related permitting and public approval expenses, architectural, engineering, consulting fees, and governmental fees and charges and (6) costs to implement, administer, and manage the above-described activities including, but not limited to, a construction management fee equal to four percent (4%) of construction costs if managed by or on behalf of the Developer.

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

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

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

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

“Additional Obligations” means any bonds or obligations (including specifically, any installment contracts, reimbursement agreements, temporary notes, or time warrants) secured in whole or in part by an assessment, other than the Assessments securing the Bonds, 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 6.9 hereof.

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

“Annual Collection Costs” mean the actual or budgeted costs and expenses related to the operation of the District, including, but not limited to, costs and expenses for: (1) the Administrator; (2) City staff; (3) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (4) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (5) preparing and maintaining records with respect to the Improvement Area #1 Assessment Roll and Annual Service Plan Updates; (6) paying and redeeming the Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with the Service and Assessment Plan, the PID Act, and this Indenture, with respect to the Bonds, including the City’s continuing disclosure requirements; and (9) the paying agent/registrar and Trustee in connection with the Bonds, including their respective legal counsel. Annual Collection Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

“Annual Debt Service” means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of 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, with respect to each Assessed Parcel, each annual payment of the Assessments (including both principal and interest) as shown in the table of Improvement Area #1 Annual Installments attached to the Service and Assessment Plan as Exhibit F-2 and related to the Improvement Area #1 Projects; which annual payment includes the Annual Collection Costs and the Additional Interest collected on each annual payment of the Assessments as described in Section 6.7 herein and as defined and calculated in the Service and Assessment Plan or in any Annual Service Plan Update.

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

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

“Assessed Parcel” means each Parcel of land located within Improvement Area #1 of the District against which an Assessment is levied by the Assessment Ordinance in accordance with the Service and Assessment Plan.

“Assessed Property” means, collectively, all Assessed Parcels.

“Assessment Ordinance” means Ordinance No. ____ - ____ adopted by the City Council on March 28, 2024, that levied the Assessments on the Assessed Property located within Improvement Area #1 of the District.

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

“Assessments” means the aggregate assessments shown on the Improvement Area #1 Assessment Roll. The singular of such term means the assessment levied against an Assessed Parcel, as shown on the Improvement Area #1 Assessment Roll or in the Service and Assessment Plan, subject to reallocation upon the subdivision of an Assessed Parcel or reduction according to the provisions of the Service and Assessment Plan and the PID Act.

“Authorized Denomination” means \$100,000 and any integral multiple of \$1,000 in excess thereof; provided, however, that if the total principal amount of any Outstanding Bond is less than \$100,000, then the Authorized Denomination of such Outstanding Bond shall be the amount of such Outstanding Bond.

“Authorized Improvements” means improvements authorized by Section 372.003 of the PID Act, including, but not limited to the Improvement Area #1 Projects, as described and listed in Section III of the Service and Assessment Plan or an Annual Service Plan Update.

“Bond” means any of the Bonds.

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

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

“Bond Ordinance” means Ordinance No. ____ - ____ adopted by the City Council on March 28, 2024 authorizing the issuance of the Bonds pursuant to this Indenture.

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

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

“Bonds” means the City’s bonds authorized to be issued by Section 3.1 of this Indenture entitled “City of Justin, Texas, Special Assessment Revenue Bonds, Series 2024 (Timberbrook Public Improvement District No. 2 Improvement Area #1 Project)”.

“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.

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

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

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

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

“Closing Date” means the date of the initial delivery of and payment for the Bonds. With respect to the Bonds, the Closing Date is April 18, 2024.

“Closing Disbursement Request” means a certificate substantially in the form of Exhibit A attached to the Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement or otherwise approved by the Developer and a City Representative executed by a City Representative or a Person approved by a City Representative, delivered to a City Representative and the Trustee at the time of the Closing Date, specifying the costs incurred in the establishment, administration, and operation of the District or issuing the Bonds, and requesting payment for such costs from money on deposit in the Costs of Issuance Account of the Project Fund, as further described in Section 6.5 herein.

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

“Completion Agreement” means the “Timberbrook Public Improvement District No. 2 Improvement Area #1 Completion Agreement” by and between the Trustee and Developer dated March 28, 2024, which provides, in part, for the completion of certain improvements being constructed for the benefit of the property within Improvement Area #1 of the District.

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

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

“Delinquent Collection Costs” means the costs related to the foreclosure on an Assessed Parcel and the costs of collection of delinquent Assessments or delinquent Annual Installments due under the Service and Assessment Plan and in accordance with the PID Act, including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing the Assessment, interest and penalty interest.

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

“Developer” means Bloomfield Homes, L.P., a Texas limited partnership and any successors or assigns that intends to develop the property in the District for the ultimate purpose of transferring title to end users.

“District” means the Timberbrook Public Improvement District No. 2.

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

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

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

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

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

“Improvement Area #1” means the initial phase to be developed within the District and further identified and depicted in Exhibit A-2 in the Service and Assessment Plan.

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

“Improvement Area #1 Improvements” means the Authorized Improvements which only benefit the Assessed Property within Improvement Area #1 of the District, as described in Section III.B of the Service and Assessment Plan.

“Improvement Area #1 Major Improvements” means the pro rata portion of the Major Improvements allocable to Improvement Area #1, as described in the Service and Assessment Plan.

“Improvement Area #1 Projects” means, collectively (i) the Improvement Area #1 Major Improvements and (ii) the Improvement Area #1 Improvements.

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

“Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement” means the “Timberbrook Public Improvement District No. 2 Improvement Area #1 Construction, Funding, and Acquisition Agreement” by and between the City and the Developer dated as of March 28, 2024, which provides, in part, for the deposit of proceeds from the issuance and sale of the Bonds and the payment of costs of Improvement Area #1 Projects within Improvement Area #1 of the District, the issuance of bonds, and other matters related thereto.

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

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

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

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

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

“Major Improvements” means the Authorized Improvements which benefit all of the property within the District and are allocated or apportioned to all of the property within the District as described in the Service and Assessment Plan.

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

“Minor Amount Redemption” means a redemption, pursuant to Section 4.4 of this Indenture, of a principal amount of Bonds that is less than 10% of the Outstanding principal amount of the Bonds.

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

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

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

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

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

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

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

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

“Pledged Revenues” means the sum of (i) Assessment Revenue less the Annual Collection Costs and (ii) 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. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Annual Installment.

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

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

“Purchaser” means the initial purchaser of the Bonds.

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

“Rebate Fund” means that fund of such name established pursuant to Section 6.1 and administered pursuant to Section 6.8 herein.

“Record Date” means the last Business Day of the month next preceding an Interest Payment Date.

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

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

“Refunding Bonds” means bonds issued pursuant to the PID Act and/or Chapter 1207 of the Texas Government Code or any other applicable law of the State of Texas (each, as amended) to refund all or any portion of the then-Outstanding Bonds.

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

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

“Reserve Account Requirement” means the least of: (i) Maximum Annual Debt Service on the Bonds as of the Closing Date of the Bonds, (ii) 125% of average Annual Debt Service on the Bonds as of the Closing Date of the Bonds, or (iii) 10% of the lesser of the principal amount of the Outstanding Bonds or the original issue price of the Bonds. As of the Closing Date for the Bonds, the Reserve Account Requirement is \$_____, which is an amount equal to the [Maximum Annual Debt Service on the Bonds] as of the Closing Date.

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

“Service and Assessment Plan” means the “Timberbrook Public Improvement District No. 2 Service and Assessment Plan” dated March 28, 2024, including the Improvement Area #1 Assessment Roll, as hereinafter amended, updated, and/or restated by an Annual Service Plan Update or otherwise, a version of which is attached as an exhibit to the Assessment Ordinance.

“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.

“Substantial Amount Redemption” means a redemption, pursuant to Section 4.4 of this Indenture, of a principal amount of the Bonds that is greater than or equal to 10% of the Outstanding principal amount of such Bonds.

“Supplemental Indenture” means an indenture which has been duly executed by the Trustee and the City Representative pursuant to an ordinance adopted by the City Council and

which indenture amends or supplements this Indenture, but only if and to the extent that such indenture is specifically authorized hereunder.

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

“Trust Estate” means the Trust Estate described in Section 2.1 of this Indenture.

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

Section 1.2. Findings.

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

Section 1.3. Table of Contents, Titles and Headings.

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

Section 1.4. Interpretation.

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

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

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

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

ARTICLE II
THE BONDS

Section 2.1. Granting Clauses

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

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

(ii) Any and all other property or money of every name and nature which is, from time to time hereafter by delivery or by writing of any kind, conveyed, pledged, assigned or transferred, to the Trustee as additional security 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.

(b) The Trustee shall have and hold the Trust Estate, whether now owned or hereafter acquired or received by the Trustee and its successors or assigns, in trust upon the terms and trusts herein set forth for the benefit of all present and future Owners of the Bonds from time to time issued under and secured by this Indenture, and for enforcement of the payment of the Bonds in accordance with their terms, and for the performance of and compliance with the obligations, covenants, and conditions of this Indenture. Provided, however, if the City or its assigns shall well and truly pay, or cause to be paid, the principal or redemption price of and the interest on all the Bonds at the times and in the manner stated in the Bonds, according to the true intent and meaning thereof, then this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture is to be and shall remain in full force and effect.

(c) Except as otherwise provided in the remaining provisions of this Indenture, nothing in this Section 2.1 shall prohibit the Trustee from bringing any actions or proceedings for the enforcement of the obligation of the City hereunder except that nothing in this Section shall prejudice the rights of the Trustee under Articles IX and XI hereof; provided further that the priority of payment and the source for the repayment of the debt service on the Bonds shall be subject to the terms as set forth herein, including without limitation Article VI herein; provided further that the right to direct remedies following an Event of Default shall be limited to the Owners of the Bonds to the extent provided as set forth in Articles XI and XV herein.

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

Section 2.2. Security for the Bonds.

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

The lien on and pledge of the 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 Trust Estate, the filing of this Indenture or any other act; all as provided in Texas Government Code, Chapter 1208, as amended, which applies to the issuance of the Bonds and the pledge of the Trust Estate granted by the City under this Indenture, and such pledge is therefore valid, effective and perfected from and after the Closing Date. If Texas law is amended at any time while the Bonds are Outstanding such that the pledge of the Trust Estate granted by the City under this Indenture is to be subject to the filing requirements of Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Texas Business and Commerce Code, Chapter 9, as amended, and enable a filing to perfect the security interest in said pledge to occur.

Section 2.3. Limited Obligations.

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

Section 2.4. Authorization for Indenture.

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

Section 2.5. Contract with Owners and Trustee.

(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 III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.1. Authorization.

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

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

(a) The Bonds shall be dated April 18, 2024 and shall be issued in Authorized Denominations. The Bonds shall be in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Bond, which shall be numbered T-1.

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

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

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

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

Section 3.3. Conditions Precedent to Delivery of Bonds.

(a) As a condition precedent to the delivery of the Bonds and for the benefit of the Owners of the Bonds, the Trustee is hereby instructed to execute the Completion Agreement and to deliver the same to the Developer for its execution, unless otherwise instructed by the City in a City Certificate.

(b) 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:

- (i) a certified copy of the Assessment Ordinance;
- (ii) a certified copy of the Bond Ordinance;
- (iii) a copy of the executed Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement;
- (iv) a copy of this Indenture executed by the Trustee and the City;
- (v) a copy of the executed Completion Agreement; and
- (vi) a City Certificate directing the authentication and delivery of the Bonds, describing the Bonds to be authenticated and delivered, designating the purchasers to whom the Bonds are to be delivered, stating the purchase price of the Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the City.

Section 3.4. Medium, Method and Place of Payment.

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

(b) Interest on the Bonds shall be payable to the Owners thereof as shown in the Register at the close of business on the relevant Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 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 or on behalf of 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 Business Days prior to the Special Record Date by United States mail, first-class, postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

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

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

(e) If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the

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

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

Section 3.5. Execution and Registration of Bonds.

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

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

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

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

registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all Bonds for such maturity, registered in the name of Cede & Co., as nominee of DTC.

Section 3.6. Ownership.

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

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

Section 3.7. Registration, Transfer and Exchange.

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

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

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

(d) The Trustee is hereby authorized to authenticate and deliver Bonds transferred or exchanged for other Bonds 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 45 days prior to the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond redeemed in part.

Section 3.8. 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 its records retention requirements.

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 written request, the Trustee shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the City executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

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

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

Section 3.10. Replacement Bonds.

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Trustee shall authenticate and deliver in exchange therefor a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover

any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

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

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

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

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

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

(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, in its discretion, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

(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.

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

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

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.1. Limitation on Redemption.

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

Section 4.2. Mandatory Sinking Fund Redemption.

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

Term Bonds Maturing September 1, 20

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

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.

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

Section 4.3. Optional Redemption.

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

Section 4.4. Extraordinary Optional Redemption.

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

Section 4.5. Partial Redemption.

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

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

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

(d) If less than all of the Bonds are called for extraordinary optional redemption pursuant to Section 4.4 hereof, the Bonds or portion of a Bond, as applicable, to be redeemed shall be selected in the following manner:

(i) with respect to a Substantial Amount Redemption, the principal amount called for redemption shall be allocated on a pro rata basis among all Outstanding Bonds; and

(ii) with respect to a Minor Amount Redemption, the Outstanding Bonds shall be redeemed in inverse order of maturity.

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

Section 4.6. Notice of Redemption to Owners.

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

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

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

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

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

Section 4.7. Payment Upon Redemption.

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

(b) Upon presentation and surrender of any Bond called for redemption at the Designated Payment/Transfer Office of the Trustee on or after the date fixed for redemption, the Trustee shall pay the Redemption Price on such Bond to the date of redemption from the moneys set aside for such purpose.

Section 4.8. Effect of Redemption.

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

ARTICLE V

FORM OF THE BONDS

Section 5.1. Form Generally.

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

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

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

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

Section 5.2. CUSIP Registration.

The City may secure identification numbers through the CUSIP Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association, New York, New York, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof; and none of the City, the Trustee, nor the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds. The Trustee may include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners of the Bonds and that neither the City nor the Trustee shall be liable for any inaccuracies of such numbers.

Section 5.3. Legal Opinion.

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

ARTICLE VI

FUNDS AND ACCOUNTS

Section 6.1. Establishment of Funds and Accounts.

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

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

(b) Creation of Accounts.

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

- (A) Bond Pledged Revenue Account.

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

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

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

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

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

- (A) Reserve Account; and
- (B) Additional Interest Reserve Account.

(v) The following Account is hereby created and established under the Administrative Fund:

- (A) District Administration Account.

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

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

Section 6.2. Initial Deposits to Funds and Accounts.

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

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

Section 6.3. Pledged Revenue Fund.

(a) On or before February 15 of each year while the Bonds are Outstanding and beginning February 15, 2025, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. From amounts deposited into the Pledged Revenue Fund, the City shall deposit or cause to be deposited Pledged Revenues as follows: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to

pay debt service on the Bonds next coming due in such calendar year, (ii) second, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, in accordance with Section 6.7(a) hereof, (iii) third, to the Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest collected, if any, in accordance with Section 6.7(b) hereof, (iv) fourth, to pay Actual Costs of the Improvement Area #1 Projects, and (v) fifth, to pay other costs permitted by the PID Act.

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

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

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

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

(f) After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds and to fund any deficiency that may exist in an account of the Reserve Fund, and the other deposits described in (a) above, 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.

(g) Any additional Pledged Revenues remaining after the satisfaction of the foregoing shall be applied by the Trustee, as instructed by the City pursuant to a City Certificate, for any lawful purpose permitted by the PID Act for which such additional Pledged Revenues may be used, including transfers to other Funds and Accounts created pursuant to this Indenture.

Section 6.4. Bond Fund.

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

Fund Installments) and/or interest then due and payable on the Bonds, less any amount to be used to pay interest on the Bonds on such Interest Payment Date from the Capitalized Interest Account, as provided below.

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

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

<u>Date</u>	<u>Amount (\$)</u>
March 1, 20__	____,____.____
September 1, 20__	____,____.____
March 1, 20__	____,____.____
September 1, 20__	____,____.____

Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to the Improvement Area #1 Projects Account of the Project Fund, as directed by City Certificate, or if the Improvement Area #1 Projects Account of the Project Fund has been closed as provided in Section 6.5(f) herein, such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds and the Capitalized Interest Account shall be closed.

Section 6.5. Project Fund.

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

(b) Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to one or more City Certificates or an executed, completed, and accepted Closing Disbursement Request.

(c) Disbursements from the Improvement Area #1 Projects Account of the Project Fund to pay Actual Costs of the Improvement Area #1 Projects shall be made by the Trustee upon receipt by the Trustee of either a properly executed and completed Certification for Payment or written direction from the City or its designee approving the disbursement to the Developer or the Developer’s designee. The disbursement of funds from the Improvement Area #1 Projects Account of the Project Fund pursuant to a Certification for Payment shall be pursuant to and in accordance with the disbursement procedures described in the Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement. Such provisions and procedures related to such disbursements contained in the Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement, are herein incorporated by reference and deemed set forth herein in full.

(d) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Improvement Area #1 Projects Account of the Project Fund are not expected to be expended for purposes of such Account due to the abandonment, or constructive abandonment, of the Improvement Area #1 Projects such that, in the opinion of the City

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

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

(f) Upon the filing of a City Certificate stating that all Improvement Area #1 Projects have been completed and that all Actual Costs of the Improvement Area #1 Projects have been paid, or that any such Actual Costs of the Improvement Area #1 Projects are not required to be paid from the Improvement Area #1 Projects Account of the Project Fund pursuant to a Certification for Payment or written direction from the City or its designee, the Trustee shall transfer the amount, if any, remaining within the Improvement Area #1 Projects Account of the Project Fund to the Principal and Interest Account of the Bond Fund or to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.4 as directed by the City Representative in a City Certificate filed with the Trustee. Upon such transfer, the Improvement Area #1 Projects Account of the Project Fund shall be closed.

(g) Not later than six months following the Closing Date, or upon an earlier determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to another Account of the Project Fund and used to pay Actual Costs, and to the Principal and Interest Account of the Bond Fund and used to pay interest on the Bonds, as directed by the City in a City Certificate filed with the Trustee, and the Costs of Issuance Account shall be closed.

Section 6.6. Redemption Fund.

(a) The Trustee shall cause to be deposited to the Redemption Fund from the Bond Pledged Revenue Account of the Pledged Revenue Fund an amount sufficient to redeem Bonds as provided in Sections 4.3 and 4.4 on the dates specified for redemption as provided in Sections 4.3 and 4.4. Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds as provided in Article IV.

Section 6.7. Reserve Fund.

(a) The City agrees with the Owners of the Bonds to accumulate from the deposits described in Sections 6.2 and 6.3(a) hereof, and when accumulated, maintain in the Reserve Account of the Reserve Fund, an amount equal to not less than the Reserve Account Requirement, except to the extent such deficiency is due to the application of Section 6.7(d) hereof. All amounts deposited in the Reserve Account of the Reserve Fund shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund, as provided in this Indenture.

(b) The Trustee, if needed, will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Additional Interest Reserve Account on March 1 and September 1 of each year, commencing March 1, 2025, an amount equal to the Additional

Interest collected, if any, as shown on the Improvement Area #1 Assessment Roll attached to the Service and Assessment Plan or an Annual Service Plan Update, until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account. If the amount on deposit in the Additional Interest Reserve Account shall at any time be less than the Additional Interest Reserve Requirement, the Trustee shall notify the City, in writing, of the amount of such shortfall, and the City shall resume collecting the Additional Interest and shall file a City Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Bond Pledged Revenue Account of the Pledged Revenue Fund into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that the City shall not be required to replenish the Additional Interest Reserve Account in the event funds are transferred from the Additional Interest Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment pursuant to Section 4.4 of this Indenture. In the event the amount on deposit in the Additional Interest Reserve Account is less than the Additional Interest Reserve Requirement, then the deposits described in the immediately preceding sentence shall continue until the Additional Interest Reserve Account has been fully replenished to the Additional Interest Reserve Requirement. If, after such deposits, there is surplus Additional Interest remaining, the Trustee shall transfer such surplus Additional Interest to the Redemption Fund, and shall notify the City of such transfer in writing. In calculating the amounts to be transferred pursuant to this Section, the Trustee may conclusively rely on the Annual Installments as shown on the Improvement Area #1 Assessment Roll in the Service and Assessment Plan or an Annual Service Plan Update unless and until it receives a City Certificate directing that a different amount be used.

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

(d) Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, the Trustee shall transfer, on the Business Day prior to the redemption date (or on such other date as agreed to by the City and the Trustee), from the Reserve Account of the Reserve Fund to the Redemption Fund, an amount specified in a City Certificate to be applied to the redemption of the Bonds. The amount so transferred from the Reserve Account of the Reserve Fund shall be equal to the principal amount of Bonds to be redeemed with Prepayments multiplied by the lesser of: (i) the amount required to be in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption, and (ii) the amount actually in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayments toward payment of accrued interest, there are insufficient funds in the Redemption Fund to pay the principal amount plus accrued and unpaid interest to the date fixed for redemption of the Bonds to be redeemed, as identified in a City Certificate as a result of such Prepayments and as a result of the transfer from the Reserve Account under this Section 6.7(d), the Trustee shall transfer an amount equal to the shortfall, and/or any additional amounts necessary to permit the Bonds to be redeemed in minimum principal amounts of \$1,000, from the Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

(e) Whenever, on any Interest Payment Date, or on any other date at the written request of a City Representative, the amount in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the City Representative of the

amount of the excess. Such excess shall be transferred to the Principal and Interest Account to be used for the payment of debt service on the Bonds on the next Interest Payment Date in accordance with Section 6.4 hereof, unless within 30 days of such notice to the City Representative, the Trustee receives a City Certificate instructing the Trustee to apply such excess: (i) to pay amounts due under Section 6.8 hereof, (ii) to a specified Account of the Project Fund if such application and the expenditure of funds is expected to occur within three years of the Closing Date of the Bonds, or (iii) for such other use specified in such City Certificate if the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that such alternate use will not adversely affect the exemption from federal income tax of the interest on any Bond.

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

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

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

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

Section 6.8. Rebate Fund; Rebate Amount.

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

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

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

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

Section 6.9. Administrative Fund.

(a) The City shall deposit or cause to be deposited to the District Administration Account of the Administrative Fund the amounts collected each year to pay the Annual Collection Costs and Delinquent Collection Costs.

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

Section 6.10. Investment of Funds.

(a) Money in any Fund or Account established pursuant to this Indenture shall be invested by the Trustee, as directed by the City pursuant to a City Certificate, filed with the Trustee at least two days in advance of the making of such investment. The money in any Fund or Account shall be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times. Notwithstanding the preceding sentence, amounts in the Additional Interest Reserve Account may not be invested above the Yield (as defined in Section 7.5(a) hereof) on the Bonds, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that such investment and/or the failure to comply with such yield restriction will not adversely affect the exemption from federal income tax of the interest on any Bond. 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 or Accounts may be invested in common investments of the kind described above, or in a common pool of such investment which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund or Account are held by or on behalf of each such Fund or Account. If necessary, such investments shall be promptly sold to prevent any default. To ensure that cash on hand is invested, if the City does not give the Trustee written or timely instructions with respect to investments of funds, the Trustee is hereby directed to invest and re-invest cash balances in Wilmington U.S. Government Money Market Fund – Institutional Share Class (CUSIP 97181C605); provided, however, that money required to be expended from any Fund or Account will be available at the proper time or times.

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

the City to the Trustee, such transfer 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. The Trustee shall have no investment discretion and the Trustee's only responsibility for investments shall be to follow the written instructions contained in any City Certificate. 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. 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 and the Administrator, upon the written request of the City or the Administrator, monthly cash transaction statements which include detail for all investment transactions made by the Trustee hereunder; and, unless the Trustee receives a written request, the Trustee is not required to provide brokerage confirmations so long as the Trustee is providing such monthly cash transaction statements.

(f) The Trustee may conclusively rely on City Certificates pursuant to Section 6.10(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 6.11. Security of Funds.

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

ARTICLE VII

COVENANTS

Section 7.1. Confirmation of Assessments.

The City hereby confirms, covenants, and agrees that the Assessments to be collected from the Assessed Property are as so reflected in the Service and Assessment Plan (as it may be updated from time to time) and, in accordance with the Assessment Ordinance, it has levied the Assessments against the respective Assessed Parcels 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 and/or amounts are due to the Developer to pay it for funds it has contributed to pay Actual Costs of the Improvement Area #1 Projects in accordance with the Improvement Area #1 Projects Construction, Funding, and

Acquisition Agreement, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws to cause no reduction, abatement or exemption in the Assessments.

(b) The City will determine or cause to be determined, no later than February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Parcel. Furthermore, nothing shall obligate the City, the City Attorney, or any appropriate designee to undertake collection or foreclosure actions against delinquent accounts in violation of applicable state law, court order, or existing contractual provisions between the City and its appropriate collections enforcement designees.

Section 7.3. Against Encumbrances.

(a) Other than Refunding Bonds, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Trust Estate, other than that specified in Section 9.6 of this Indenture, 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, and except as set forth in Section 13.2 hereof, the City shall not issue any bonds, notes or other evidences of indebtedness other than the Bonds and Refunding Bonds, if any, secured by any pledge of or other lien or charge on the Trust Estate except for other indebtedness incurred in compliance with Section 13.2 hereof.

Section 7.4. Records, Accounts, Accounting Reports.

The City hereby covenants and agrees that so long as any of the Bonds or any interest thereon remain Outstanding and unpaid, and/or the obligation to the Developer to pay it for funds it has contributed to pay Actual Costs of the Improvement Area #1 Projects in accordance with the Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Assessments. The Trustee and the Owners of any Bonds or any duly authorized agent or agents of such Owners shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds during the City's regular business hours and on a mutually agreeable date not later than 30 days after the City receives such request.

Section 7.5. Covenants to Maintain Tax-Exempt Status.

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) No Private Loan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE VIII

LIABILITY OF CITY

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

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

No provision of this Indenture, the Bonds, the Assessment Ordinance, or any agreement, document, instrument, or certificate executed, delivered or approved in connection with the issuance, sale, delivery, or administration of the Bonds (the "Bond Documents"), shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Trust Estate and the Annual Collection Costs) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if in the judgment of the City there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it.

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

THE TRUSTEE

Section 9.1. Trustee as Paying Agent/Registrar.

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

Section 9.2. Trustee Entitled to Indemnity.

The Trustee shall be under no obligation to spend its own funds, to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified by the Owners, to the extent permitted by law and the provisions of this Indenture, to its satisfaction against any and all costs and expenses, outlays, and counsel fees and other reasonable disbursements, and against all liability except to the extent the same shall have been finally adjudicated by a court of competent jurisdiction to have been directly caused by the Trustee's own negligence or willful misconduct; provided, however, that in no event shall the Trustee request or require indemnification as a condition to making any deposits, payments, or transfers (provided such payment or transfer is prior to an Event of Default) when required hereunder, or to delivering any notice when required hereunder. Nevertheless, the Trustee may

begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as the Trustee, without indemnity, and in such case the Trustee may, to the extent permitted pursuant to the provisions of this Indenture, make transfers from the District Administration Account of the Administrative Fund, and to the extent moneys in the District Administration Account of the Administrative Fund are insufficient, from the Pledged Revenue Fund, to pay all costs and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall, to the extent permitted by law, be entitled to a preference therefor over any Bonds Outstanding hereunder.

Section 9.3. Responsibilities of the Trustee.

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,

(i) the Trustee undertakes to perform only those duties and obligations which are set forth specifically and expressly in this Indenture, and no duties or obligations shall be implied to the Trustee, these duties shall be deemed purely ministerial in nature, and the Trustee shall not be liable except for the performance of such duties, and no implied covenants shall be read into this Indenture against the Trustee; and

(ii) the Trustee may request and rely conclusively, as to the due execution, 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, and shall incur no liability and shall be fully protected in acting or refraining from acting in accordance therewith; but in the case of any such certificates or opinions which by any provision hereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements of this Indenture.

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

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

(i) 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;

(ii) the Trustee shall not be liable for any actions 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;

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

(iv) 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 grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it.

(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 for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of the offering documents, this Indenture, or the Bonds 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; or (iv) any calculation of arbitrage or rebate under the Code. The Trustee has the right to act through agents and attorneys and shall have no liability for the acts or omissions of any of the agents and attorneys appointed by it with due care.

(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 such losses, damages, or expenses which have been fully adjudicated by a court of competent jurisdiction to have directly resulted from the Trustee's own negligence or willful misconduct. In no event shall the Trustee be liable for incidental, indirect, punitive, special or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) in connection with or arising from this Indenture, irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action. The Trustee will not be liable with respect to any action taken or omitted to be taken in good faith in accordance with the direction of the Owners of not less than a majority in principal amount of the Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care.

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

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

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

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

(iv) insurance of the Improvement Area #1 Projects or collection of insurance money,

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

(vi) 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; provided the Trustee follows the written instructions provided by the City with respect to the use of the proceeds of the Bonds.

(j) The Trustee, as an Annual Collection Cost, may request, conclusively rely on and shall be protected in acting upon any resolution, statement, instrument, opinion, report, notice, request, direction, consent, certificate, order, judgment, affidavit, letter, telegram or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons, not only as to due execution, validity, and effectiveness, but also as to the truth and accuracy of any information contained therein. Any action taken by the Trustee pursuant to this Indenture upon the direction, request, authority or consent of any Person who is the Owner of any Bonds at the time of making the request or giving the authority or consent, shall be conclusive and binding upon all future Owners of the same Bond and of Bonds issued in exchange therefor or in place thereof.

(k) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any events or information, default or Event of Default, except Events of Default described in Section 11.1(a)(i), unless the Trustee has actual knowledge thereof or 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 66-2/3% of the aggregate outstanding principal amount of Bonds. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no Event of Default, except as noted above.

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

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

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

(n) The Trustee shall be entitled to file proofs of claim in bankruptcy at the direction of no less than 66-2/3% of the Owners. Ordinary trustee and paying agent/registrars 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/registrars services, subject to the limitations set forth herein, 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 for other than its negligence or willful misconduct.

(s) The Trustee shall not be responsible or liable for the environmental condition or any contamination of the Improvement Area #1 Projects or any real property or improvements related thereto or for any diminution in value of the same as a result of any contamination by any hazardous substance, hazardous material, pollutant or contaminant. The Trustee shall not be liable for any claims by or on behalf of the Owners or any other person or entity arising from contamination by any hazardous substance, hazardous material, pollutant or contaminant, and shall have no duty or obligation to assess the environmental condition of the Improvement Area #1 Projects 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 Persons of their respective obligations. The Trustee shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other Person.

(u) In the event that any assets held hereunder shall be attached, garnished or levied upon by any court order, or the delivery thereof 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 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; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; 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.

Section 9.4. Property Held in Trust.

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

Section 9.5. Trustee Protected in Relying on Certain Documents.

The Trustee may, as an Annual Collection Cost, request, conclusively rely on and shall be protected in acting upon any resolution, instrument, opinion, report, order, notice, judgment, request, consent, waiver, certificate, statement, affidavit, requisition, bond, or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or for any action taken or omitted to be taken upon the written opinion or advice of any counsel, architect, engineer, insurance consultant, management consultant, accountant or other professional retained or consulted by the Trustee reasonably believed by the Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry into any statements contained or matters referred to in any such instrument. Subject to Section 9.1 and 9.3 hereof, the Trustee may consult with counsel, selected by the Trustee with due care, 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, the Trustee may request a City Certificate, and such matter may be deemed to be conclusively proved and established by such 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 sole discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice, or other direction required or permitted to be furnished pursuant to any provision hereof by the City to the Trustee shall be sufficiently executed if executed in the name of the City by the City Representative.

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

Section 9.6. Compensation.

Unless otherwise provided by contract with the Trustee, and subject to the limitations set forth above, the Trustee shall transfer from the District Administration Account of the Administrative Fund, from time to time, reasonable compensation for all services rendered by it hereunder, including its services as Paying Agent/Registrar, together with all its reasonable expenses, charges, and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by specific agreement, and the Trustee shall have a lien therefor on any and all funds at any time held by it in the Administrative Fund. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if in the judgment of the Trustee there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it. If the City shall fail to make any payment required by this Section, the Trustee may make such payment from any moneys in its possession in the Administrative Fund, subject to the limitations set forth herein.

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, subject to the limitations set forth herein, be compensated from any and all funds at any time held by it 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.

Section 9.7. Permitted Acts.

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

Section 9.8. Resignation of Trustee.

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

Section 9.9. Removal of Trustee.

The Trustee may be removed at any time on 30 days' advance written notice to the Trustee 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) the City, so long as the City is not in default under this Indenture. 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 9.10. Successor Trustee.

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

(b) 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 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.

(c) Unless and 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 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 30 days after such appointment. Any appointment of a successor Trustee made by the City immediately and without further act shall be superseded and revoked by an appointment subsequently made by the Owners of Bonds in accordance with the immediately preceding paragraph.

(d) If in a proper case no appointment of a successor Trustee shall be made within 45 days after the giving by any Trustee of any notice of resignation in accordance with Section 9.8 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.

(e) 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 and Applicable Laws.

(f) 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.

(g) Trustee shall not be responsible for or liable for the acts or omissions of any successor trustee, nor shall it be responsible or liable for any costs of appointment or transition of such successor trustee.

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

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

Section 9.12. Merger, Conversion or Consolidation of Trustee.

Any corporation or association into which the Trustee may be converted or 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 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 9.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 9.13. Trustee to File Continuation Statements.

If necessary, the Trustee may 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. Under no circumstances shall the Trustee have an obligation or responsibility to file such financing statements or continuation statements except as provided in this Section.

Section 9.14. 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. Permissive rights of the Trustee are not to be construed as duties.

ARTICLE X

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 10.1. Amendments Permitted.

(a) This Indenture and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture, executed by both the City and the Trustee, except as provided below, pursuant to the affirmative vote at a meeting of Owners of the Bonds, or with the written consent without a meeting, of the Owners of at least 51% 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 Trust Estate 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 and this Indenture), or reduce the percentage of Owners of Bonds required for the amendment hereof. Any such amendment may not modify any of the rights, immunities or obligations of the Trustee without its written consent.

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

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

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

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

(iv) to provide for the issuance of Refunding Bonds, as set forth in Section 13.2 hereof;

(v) to appoint or accept a successor trustee in accordance with the provisions of Section 9.10 hereof; provided, however, in no event shall this provision limit the Owners ability to appoint a successor trustee pursuant to Section 9.10(b) hereof; and

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

(c) Any modification or amendment made pursuant to Section 10.1(b) shall not be subject to the notice procedures specified in Section 10.3 below.

(d) Notwithstanding the above, no Supplemental Indenture under this Section shall be effective unless the City first delivers to the Trustee an opinion of Bond Counsel to the effect that such amendment or supplement: (i) is permitted under Applicable Laws and the provisions of this Indenture in effect after taking into account the proposed amendment or supplement; (ii) will not adversely affect the interests of the Owners in any material respect; provided, however, that an appointment of a successor trustee in accordance with the provisions hereof and the issuance of Refunding Bonds in accordance with the provisions of Section 13.2 hereof are each deemed to not be a material adverse effect for purposes of such opinion; and (iii) will not adversely affect the exclusion of interest on any Bond from gross income for purposes of federal income taxation.

Section 10.2. Owners' Meetings.

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

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

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

Such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners as required by this Indenture and a notice shall have been mailed as hereinafter in this Section provided and the City or Bond Counsel, acting on the City's behalf, has delivered to the Trustee an opinion of Bond Counsel to the effect that such

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

After the Owners of the required percentage of Bonds 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 10.3 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds at the expiration of 60 days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period; provided, however, that the Trustee during such sixty day period and any such further period during which any such action or proceeding may be pending shall be entitled in its sole discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture, as it may deem expedient; provided, further, that the Trustee shall have no obligation to take or refrain from taking any such action and the Trustee shall have no liability with respect to any action taken or any instance of inactions.

Section 10.4. Effect of Supplemental Indenture.

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

Section 10.5. Endorsement or Replacement of Bonds Issued After Amendments.

The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article X shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the designated office of the Trustee or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed, and delivered. In that case, upon demand of the Owner of any

Bonds then Outstanding, such new Bonds shall be exchanged at the designated office of the Trustee without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 10.6. Amendatory Endorsement of Bonds.

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

Section 10.7. Waiver of Default.

Subject to the second and third sentences of Section 10.1 hereof, with the written consent of at least 51% of the Owners in aggregate principal amount of the Bonds then Outstanding, the Owners may waive non-compliance by the City with certain past defaults under the Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners. For the avoidance of doubt, any waiver given pursuant to this Section shall be subject to Section 11.5 hereof.

Section 10.8. Execution of Supplemental Indenture.

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

ARTICLE XI

DEFAULT AND REMEDIES

Section 11.1. Events of Default.

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

(i) The failure of the City to deposit the Pledged Revenues to the Bond Pledged Revenue Account of the Pledged Revenue Fund;

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

(iii) The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within 30 days; provided, however, that the payments are to be made only from Pledged Revenues or other funds currently available in the Pledged Funds and available to the City to make the payments; and

(iv) 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 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 and requesting that the failure be remedied.

(b) Nothing in Section 11.1(a) will be an Event of Default if it is in violation of any applicable state law or court order.

Section 11.2. Immediate Remedies for Default.

(a) Subject to Article VIII, upon the happening and continuance of any of the Events of Default described in Section 11.1, the Trustee may, and at the written direction of the Owners of at least 25% of the Bonds then Outstanding and its receipt of indemnity satisfactory to it, shall proceed against the City for the purpose of protecting and enforcing the rights of the Owners under this Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by this Indenture or by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies of default.

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

Section 11.3. Restriction on Owner's Action.

(a) No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of not less than 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 indemnity as provided in Section 9.2 herein, (iv) the Trustee has for 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 written direction inconsistent with such written request has been given to the Trustee during such 90-day period by the Owners of at least a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his, or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the Owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee, as advised by counsel, be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

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

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

Section 11.4. Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues and other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 11.2 hereof, shall be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

FIRST: To the payment to the Owners entitled thereto all installments of interest then due in the direct order of maturity of such installments, and, if the amount

available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the Owners entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the Owners entitled thereto of the unpaid principal of Outstanding Bonds, or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the direct order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal due and to the 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 this Section 11.4.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 11.1, the available funds shall be allocated to the Bonds that are Outstanding in proportion to the quantity of Bonds that are currently due and in default under the terms of this Indenture.

(c) The restoration of the City to its prior position after any and all defaults have been cured, as provided in Section 11.3, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

Section 11.5. Effect of Waiver.

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

Section 11.6. Evidence of Ownership of Bonds.

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

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

partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority.

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

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

Section 11.7. No Acceleration.

In the event of the occurrence of an Event of Default under Section 11.1 hereof, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Indenture is expressly denied.

Section 11.8. Mailing of Notice.

Any provision in this Article for the mailing of a notice or other document to Owners shall be fully complied with if it is mailed, first-class, postage prepaid, only to each Owner at the address appearing upon the Register.

Section 11.9. Exclusion of Bonds.

Bonds owned or held by or for the account of the City 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.

Section 11.10. Remedies Not Exclusive.

No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity, by statute or by contract.

Section 11.11. Direction by Owners.

Anything herein to the contrary notwithstanding, the Owners of at least 25% of the aggregate outstanding principal of the Bonds shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the choice of remedies and the time, method, and place of conducting a proceeding for any remedy available to the Trustee hereunder, under each Supplemental Indenture, or otherwise, or exercising any trust or power conferred upon the Trustee, including the power to direct or withhold directions with respect to any remedy available to the Trustee or the Owners, provided, (i) such direction shall not be otherwise than in accordance with Applicable Laws and the provisions hereof, (ii) that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and (iii) that the Trustee shall have the right to decline to follow any such direction which, in the opinion of the Trustee, would be unjustly prejudicial to Owners not parties to such direction.

ARTICLE XII

GENERAL COVENANTS AND REPRESENTATIONS

Section 12.1. Representations as to Trust Estate.

(a) The City represents and warrants that it is authorized by Applicable Laws to authorize and issue the Bonds, to execute and deliver this Indenture and to pledge the Trust Estate in the manner and to the extent provided in this Indenture, and that the Pledged Revenues and the Trust Estate are and will be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

(b) The City shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Trust Estate and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) The City will take all steps reasonably necessary and appropriate, and will direct the Trustee to take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Assessments and any other amounts pledged to the payment of the Bonds to the fullest extent permitted by the PID Act and other Applicable Laws.

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

Section 12.2. Accounts, Periodic Reports and Certificates.

The Trustee shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Funds and Accounts established by this Indenture and which shall at all times be subject to inspection by the City and the Owner or Owners of not less than 10% in principal amount of any Bonds then Outstanding or their representatives duly authorized in writing.

Section 12.3. General.

The City shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the City under the provisions of this Indenture.

ARTICLE XIII

SPECIAL COVENANTS

Section 13.1. Further Assurances; Due Performance.

(a) At any and all times the City will duly execute, acknowledge and deliver, or will cause to be done, executed and delivered, all and every such further acts, conveyances,

transfers, and assurances in a manner as the Trustee shall reasonably require for better conveying, transferring, pledging, and confirming unto the Trustee, all and singular, the revenues, Funds, Accounts and properties constituting the Pledged Revenues, and the Trust Estate hereby transferred and pledged, or intended so to be transferred and pledged.

(b) The City will duly and punctually keep, observe and perform each and every term, covenant and condition on its part to be kept, observed and performed, contained in this Indenture.

Section 13.2. Additional Obligations; Other Liens.

(a) The City reserves the right, subject to the provisions contained in this Section 13.2, 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 the Pledged Revenues.

(b) Other than Refunding Bonds issued to refund all or a portion of the Bonds issued in accordance with this Section, 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 omit to be done any matter or things whatsoever whereby the lien of this Indenture or the priority hereof might or could be lost or impaired.

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

(d) Notwithstanding anything to the contrary herein, no Refunding Bonds, Additional Obligations, or subordinate obligations may be issued by the City unless: (1) the principal (including sinking fund installments) of such Refunding Bonds, Additional Obligations, or subordinate obligations are scheduled to mature on September 1 of the years in which principal is scheduled to mature, and (2) the interest on such Refunding Bonds, Additional Obligations or subordinate obligations must be scheduled to be paid on March 1 and September 1 of the years in which interest is scheduled to be paid.

Section 13.3. Books of Record.

(a) The City shall cause to be kept full and proper books of record and accounts, in which full, true and proper entries will be made of all dealing, business and affairs of the City, which relate to the Pledged Revenues, the Pledged Funds, the Trust Estate, and the Bonds.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 13.3 except to receive and retain the same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture. Specifically, but without limitation, the Trustee shall have no duty to review such information, is not considered to have notice of the contents of such information or a default based on such contents, and has no duty to verify the accuracy of such information.

ARTICLE XIV

PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE

Section 14.1. Trust Irrevocable.

The trust created by the terms and provisions of this Indenture is irrevocable until the Bonds secured hereby are fully paid or provision is made for their payment as provided in this Article.

Section 14.2. Satisfaction of Indenture.

If the City shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the Bonds, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the City to the Owners of such Bonds, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have evidencing that principal of and interest on all of the Bonds has been paid so that the City may determine if the Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the in Funds and Accounts held hereunder to the Person entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the City.

Section 14.3. Bonds Deemed Paid.

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

payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

ARTICLE XV

MISCELLANEOUS

Section 15.1. Benefits of Indenture Limited to Parties.

Nothing in this Indenture, expressed or implied, is intended to give to any Person other than the City, the Trustee and the Owners, any right, remedy, or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Trustee. This Indenture and the exhibit(s) 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 15.2. Successor is Deemed Included in All References to Predecessor.

Whenever in this Indenture or any Supplemental Indenture either the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 15.3. Execution of Documents and Proof of Ownership by Owners.

Any request, declaration, or other instrument which this Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys duly appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration, or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the Person signing such request, declaration, or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number, and date of holding the same shall be proved by the Register.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

Section 15.4. Waiver of Personal Liability.

No member, officer, agent, or employee of the City shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law.

Section 15.5. Notices to and Demands on City and Trustee.

(a) Except as otherwise expressly provided in this Indenture, all notices or other instruments required or permitted under this Indenture, including any City Certificate, shall be in writing and shall be telexed, cabled, delivered by hand, mailed by first-class mail, postage prepaid, or transmitted by facsimile or e-mail and addressed as follows:

If to the City: City of Justin, Texas
415 N. College Ave.,
Justin, Texas 76247
Attn: Finance Director

If to the Trustee
or the Paying Agent/Registrar: Wilmington Trust, National Association
15950 North Dallas Parkway, Suite 200
Dallas, Texas 75248
Attn: Grace Yang

Any such notice, demand, or request may also be transmitted to the appropriate party by telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change. Notices and consents given by mail in accordance with this Section shall be deemed to have been given five Business Days after the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

(b) The Trustee shall mail to each Owner of a Bond 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: e-mail, 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 15.6. Partial Invalidity.

If any Section, paragraph, sentence, clause, or phrase of this Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The City hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid, or unenforceable.

Section 15.7. Applicable Laws.

This Indenture shall be governed by and enforced in accordance with the laws of the State of Texas applicable to contracts made and performed in the State of Texas. With respect to this Indenture and any conflicts arising therefrom, the parties hereby (i) irrevocably submit to the exclusive jurisdiction of any federal district or state district court with jurisdiction in Denton County, Texas, (ii) waive any objection to laying of venue in any such action or proceeding in such courts, and (iii) waive any objection that such courts are an inconvenient forum or do not have jurisdiction over any party. Each of the parties hereto hereby waives the right to trial by jury with respect to any litigation directly or indirectly arising out of, under, or in connection with this Indenture.

Section 15.8. Payment on Business Day.

In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Indenture is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day that is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

Section 15.9. Counterparts.

This Indenture may be executed in counterparts, each of which shall be deemed an original. The City and the Trustee agree that electronic signatures to this Indenture may be regarded as original signatures.

Section 15.10. Statutory Verifications.

The Trustee makes the following representation and verifications to enable the City to comply with Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Indenture. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Indenture shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Indenture, notwithstanding anything in this Indenture to the contrary.

(a) Not a Sanctioned Company. 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, Government Code. The foregoing representation 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.

(b) No Boycott of Israel. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Indenture. 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 Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Indenture. 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 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. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

[Remainder of Page Intentionally Left Blank]

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 JUSTIN, TEXAS

By: _____
James Clark, Mayor

ATTEST:

Brittany Andrews, City Secretary

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

EXHIBIT A

(a) Form of Bond.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE CITY, OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION OR AGENCY THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

REGISTERED
No. _____

REGISTERED
\$ _____

United States of America
State of Texas

CITY OF JUSTIN, TEXAS
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2023
(TIMBERBROOK PUBLIC IMPROVEMENT DISTRICT NO. 2
IMPROVEMENT AREA #1 PROJECT)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
_____ %	September 1, 20__	April 18, 2024	_____

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

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

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on March 1 and September 1 of each year, commencing September 1, 2024, until maturity or prior redemption.

Capitalized terms appearing herein that are defined terms in the Indenture defined below, have the meanings assigned to them in the Indenture. Reference is made to the Indenture for such definitions and for all other purposes.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Wilmington, Delaware (the "Designated Payment/Transfer Office"), of Wilmington Trust, National Association, as trustee and paying agent/registrars (the "Trustee",

which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrars, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements acceptable to the Trustee, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall be the Person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the last 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 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 Business Days prior to the Special Record Date by United States mail, first-class, postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the "Bonds"), dated April 18, 2024 and issued in the aggregate principal amount of \$_____, and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of April 1, 2024 (the "Indenture"), by and between the City and the Trustee, to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) paying a portion of the costs incidental to the organization and administration of the District, and (iii) paying the Bond Issuance Costs, including funding a reserve fund and paying a portion of the interest on the Bonds during the period of acquisition and construction of the Improvement Area #1 Projects, and other costs related to the issuance of the Bonds.

The Bonds are limited obligations of the City payable solely from the Trust Estate as defined in the Indenture. Reference is hereby made to the Indenture, copies of which are on file with and available upon request from the Trustee, for the provisions, among others, with respect to the nature and extent of the duties and obligations of the City, the Trustee and the Owners. The Owner of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms, conditions and provisions of the Indenture.

Notwithstanding any provision hereof, the Indenture may be released and the obligation of the City to make money available to pay this Bond may be defeased by the deposit of money

and/or certain direct or indirect Defeasance Securities sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in Authorized Denominations, subject to the provisions of the Indenture authorizing redemption in denominations of \$100,000 and any multiple of \$1,000 in excess thereof.

The Bonds are subject to sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a 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 VI of the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

Term Bonds Maturing September 1, 20

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__ *	—, —
*Stated Maturity	

Term Bonds Maturing September 1, 20

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__	—, —
September 1, 20__ *	—, —
*Stated Maturity	—, —

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

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

The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Bonds which, at least 45 days prior to the mandatory sinking fund redemption date shall have been redeemed pursuant to the optional redemption or extraordinary

optional redemption provisions of the Indenture and not previously credited to a mandatory sinking fund redemption.

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

Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, and in an amount and on any date specified in a City Certificate, 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, pursuant to the provisions of the Indenture, from amounts on deposit in the Redemption Fund as a result of Prepayments, other transfers to the Redemption Fund pursuant to the Indenture, or as a result of unexpended amounts transferred from the Project Fund as provided in the Indenture.

The Trustee shall give notice of any redemption of Bonds by sending notice by United States mail, first-class, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown on the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed. Any notice so given shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

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

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the City and the rights of the 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 as is acceptable to the Trustee, and upon delivery to the Trustee of such certifications and/or opinion of counsel as may be required under the Indenture for the transfer of this Bond. Upon satisfaction of such requirements, one or more new fully registered Bonds of the same

Stated Maturity, of Authorized Denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the City nor the Trustee shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within 45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond redeemed in part.

The City, the Trustee, and any other Person may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the Person in whose name this Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the City nor the Trustee shall be affected by notice to the contrary.

The City has reserved the right to issue Additional Obligations on the terms and conditions specified in the Indenture.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF JUSTIN, 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.

Mayor, City of Justin, Texas

City Secretary, City of Justin, Texas

[City Seal]

(b) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Bond:

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER §

OF PUBLIC ACCOUNTS
THE STATE OF TEXAS

§
§
§

REGISTER NO. _____

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
Dallas, Texas, as Trustee

DATED: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and zip code of transferee):

(Social Security or other identifying number: _____) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed By:

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Trustee.

Authorized Signatory

(e) The Initial Bond shall be in the form set forth in paragraphs (a) through (d) of this Exhibit A, except for the following alterations:

(i) immediately under the name of the Bond the heading "INTEREST RATE" and "MATURITY DATE" shall both be completed with the expression "As Shown Below," and the reference to the "CUSIP NUMBER" shall be deleted;

(ii) in the first paragraph of the Bond, the words "on the Maturity Date, as specified above, the sum of _____ DOLLARS" shall be deleted and the following will be inserted: "on September 1 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

Years Principal Amount (\$) Interest Rate (%)

(Information to be inserted from Section 3.2(c) hereof); and

(iii) the Initial Bond shall be numbered T-1.

APPENDIX C

FORM OF SERVICE AND ASSESSMENT PLAN

THIS PAGE IS LEFT BLANK INTENTIONALLY.

Timberbrook Public Improvement District No. 2

PRELIMINARY SERVICE AND ASSESSMENT PLAN

FEBRUARY 22, 2024



TABLE OF CONTENTS

Table of Contents 1

Introduction 3

Section I: Definitions 4

Section II: The District 11

Section III: Authorized Improvements..... 11

Section IV: Service Plan 14

Section V: Assessment Plan..... 14

Section VI: Terms of the Assessments..... 18

Section VII: Assessment Roll 24

Section VIII: Additional Provisions..... 25

Exhibits..... 27

Appendices 27

Exhibit A-1 – Map of the District 28

Exhibit A-2 – Map of Improvement Area #1..... 29

Exhibit A-3 – Map of Remainder Area 30

Exhibit A-4 – Improvement Area #1 Lot Type Classification Map..... 31

Exhibit B-1 – Project Costs 32

Exhibit B-2 – Apportionment of Major Improvement Costs..... 33

Exhibit C – Service Plan 34

Exhibit D – Sources and Uses of Funds..... 35

Exhibit E – Maximum Assessment and Tax Rate Equivalent..... 36

Exhibit F-1 – Improvement Area #1 Assessment Roll 37

Exhibit F-2 – Improvement Area #1 Annual Installments 38

Exhibit G-1 – Maps of Major Improvements 39

Exhibit G-2 – Maps of Improvement Area #1 Improvements..... 42

Exhibit H – Notice of Termination of Assessment 45

Exhibit I – Debt Service Schedule for Improvement Area #1 Bonds 48

Exhibit J-1 – District Legal Description 49

Exhibit J-2 – Improvement Area #1 Legal Description 55

Exhibit J-3 – Remainder Area Legal Description 62

Appendix A – Engineer’s Report..... 66

Appendix B – Buyer Disclosures81

[Remainder of page left intentionally blank.]

INTRODUCTION

Capitalized terms used in this Service and Assessment Plan shall have the meanings given to them in **Section I** unless otherwise defined in this Service and Assessment Plan or unless the context in which a term is used clearly requires a different meaning. Unless otherwise defined, a reference to a “Section”, “Exhibit”, or an “Appendix” shall be a reference to a Section of this Service and Assessment Plan or an Exhibit or Appendix attached to and made a part of this Service and Assessment Plan for all purposes.

On February 8, 2024, the City Council passed and approved Resolution No. 651-24 authorizing the establishment of the District in accordance with the PID Act, which authorization was effective upon the date the resolution was adopted in accordance with the provisions as required by the PID Act. The purpose of the District is to finance the Actual Costs of Authorized Improvements that confer a special benefit on approximately 155.285 acres located within the corporate limits of the City, as described by the legal description on **Exhibit J-1** and depicted on **Exhibit A-1**.

The PID Act requires a Service Plan must (i) cover a period of at least five years; (ii) define the annual indebtedness and projected cost of the Authorized Improvements; and (iii) include a copy of the notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan is contained in **Section IV** and the notice form is attached as **Appendix B**.

The PID Act requires that the Service Plan include an Assessment Plan that assesses the Actual Costs of the Authorized Improvements against the Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements. The Assessment Plan is contained in **Section V**.

The PID Act requires an Assessment Roll that states the Assessment against each Parcel as determined by the method chosen by the City Council. The Assessment against each Parcel of Assessed Property must be sufficient to pay the share of the Actual Costs of the Authorized Improvements apportioned to such Parcel and cannot exceed the special benefit conferred on the Parcel by such Authorized Improvements. The Improvement Area #1 Assessment Roll is included as **Exhibit F-1**.

SECTION I: DEFINITIONS

“Actual Costs” mean with respect to Authorized Improvements, the actual costs of constructing or acquiring such Authorized Improvements, paid by or on behalf of the Developer (either directly or through affiliates), including: (1) the costs for the design, planning, financing, administration/management, acquisition, installation, construction and/or implementation of such Authorized Improvements; (2) the fees paid for obtaining permits, licenses, or other governmental approvals for such Authorized Improvements; (3) the costs for external professional costs, such as engineering, geotechnical, surveying, land planning, architectural landscapers, appraisals, legal, accounting, and similar professional services; (4) all labor, bonds, and materials, including equipment and fixtures, by contractors, builders, and materialmen in connection with the acquisition, construction, or implementation of the Authorized Improvements; (5) all related permitting and public approval expenses, architectural, engineering, consulting fees, and governmental fees and charges and (6) costs to implement, administer, and manage the above-described activities including, but not limited to, a construction management fee equal to four percent (4%) of construction costs if managed by or on behalf of the Developer.

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

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

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

“Annual Collection Costs” mean the actual or budgeted costs and expenses related to the operation of the District, including, but not limited to, costs and expenses for: (1) the Administrator; (2) City staff; (3) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (4) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (5) preparing and maintaining records with respect to Assessment Roll and Annual Service Plan Updates; (6) paying and redeeming PID Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with this Service and Assessment Plan, the PID Act, and any Indenture, with respect to the PID Bonds, including the City’s continuing disclosure requirements; and (9) the paying agent/registrar and Trustee in connection with PID Bonds, including their respective legal counsel. Annual Collection

Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

“Annual Installment” means the annual installment payment of an Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) the principal amount of any Assessment; (2) the interest associated with any Assessment; (3) Annual Collection Costs; and (4) Additional Interest related to the PID Bonds.

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

“Apportioned Property” means any Parcel within the District against which the costs of the Authorized Improvements are apportioned based on special conferred benefit and against which an Assessment is anticipated to be levied, but not yet levied.

“Apportionment of Costs” means an amount allocated by this Service and Assessment Plan to a Parcel within the District, other than Non-Benefited Property, for Actual Costs of Authorized Improvements, subject to a future levy of Assessments by the City, as shown on **Exhibit B-2**, and also subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

“Assessed Property” means any Parcel within the District against which an Assessment is levied.

“Assessment” means an assessment levied against Assessed Property located within the District, other than Non-Benefited Property, to pay the costs of certain Authorized Improvements as specified herein, which Assessment is imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on an Assessment Roll, and is subject to reallocation upon the subdivision of such Assessed Property or reduction according to the provisions herein and in the PID Act.

“Assessment Ordinance” means an ordinance adopted by the City Council in accordance with the PID Act that levies an Assessment on the Assessed Property, as shown on any Assessment Roll.

“Assessment Plan” means the methodology employed to assess the Actual Costs of the Authorized Improvements against the Assessed Property based on the special benefits conferred on such property by the Authorized Improvements, more specifically set forth and described in **Section V**.

“Assessment Roll” means any assessment roll for the Assessed Property, including the Improvement Area #1 Assessment Roll, as updated, modified or amended from time to time in

accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with any Annual Service Plan Update.

“Authorized Improvements” means (1) the improvements authorized by Section 372.003 of the PID Act, as depicted on **Exhibit G-1** and **Exhibit G-2** and described in **Sections III.A** and **III.B** including soft costs; (2) District Formation Costs; and (3) Bond Issuance Costs.

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

“City” means the City of Justin, Texas.

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

“County” means Denton County, Texas.

“Delinquent Collection Costs” mean costs related to the foreclosure on Assessed Property and the costs of collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under this Service and Assessment Plan including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing interest and penalty interest.

“Developer” means Bloomfield Homes, L.P., a Texas limited partnership and any successors or assignees thereof that intends to develop the property in the District for the ultimate purpose of transferring title to end users.

“District” means Timberbrook Public Improvement District No. 2 containing approximately 155.285 acres located within the corporate limits of the City, and more specifically described in **Exhibit J-1** and depicted in **Exhibit A-1**.

“District Formation Costs” means the costs associated with forming the District, including, but not limited to, attorney fees, and any other cost or expense incurred by the City directly associated with the establishment of the District.

“Engineer’s Report” means a report provided by a licensed professional engineer that identifies the Authorized Improvements, including their costs, location, and benefit, and is attached hereto as **Appendix A**.

“Estimated Buildout Value” means the estimated value of an Assessed Property or Apportioned Property, as applicable, with fully constructed buildings, as provided by the Developer and confirmed by the City Council by considering such factors as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, builder contracts, discussions with homebuilders, reports from third party consultants, or any other factors that, in the judgment of the City, may impact value. The Estimated Buildout Value for each Lot Type is shown on **Exhibit E**.

“Improvement Area #1” means approximately 46.162 acres located within the District, as more specifically described in **Exhibit J-2** and depicted on **Exhibit A-2**.

“Improvement Area #1 Annual Installment” means the Annual Installment of the Improvement Area #1 Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs related to Improvement Area #1; and (4) Additional Interest related to the Improvement Area #1 Bonds, as shown on **Exhibit F-2**.

“Improvement Area #1 Assessed Property” means any Parcel within Improvement Area #1 against which an Improvement Area #1 Assessment is levied.

“Improvement Area #1 Assessment” means an Assessment expected to be levied against Improvement Area #1 Assessed Property to pay the Actual Costs of the Improvement Area #1 Authorized Improvements, which Improvement Area #1 Assessment is imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the Improvement Area #1 Assessment Roll, and is subject to reallocation upon the subdivision of such Parcel or reduction pursuant to the provisions set forth in **Section VI** herein and in the PID Act.

“Improvement Area #1 Assessment Roll” means the Assessment Roll for the Improvement Area #1 Assessed Property, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including any updates prepared in connection with the issuance of PID Bonds or any Annual Service Plan Updates. The Improvement Area #1 Assessment Roll is included in this Service and Assessment Plan as **Exhibit F-1**.

“Improvement Area #1 Authorized Improvements” means collectively, (1) the pro rata portion of the Major Improvements allocable to Improvement Area #1; (2) the Improvement Area #1 Improvements; (3) the first year’s Annual Collection Costs related to the Improvement Area #1 Bonds; and (4) Bond Issuance Costs associated with the issuance of Improvement Area #1 Bonds.

“Improvement Area #1 Bonds” means those certain “City of Justin, Texas, Special Assessment Revenue Bonds, Series 2024 (Timberbrook Public Improvement District No. 2 Improvement Area #1 Project)” that are secured by Improvement Area #1 Assessments.

“Improvement Area #1 Improvements” means the Authorized Improvements which only benefit the Improvement Area #1 Assessed Property, as further described in **Section III.B** and depicted on **Exhibit G-2**.

“Improvement Area #1 Initial Parcel” means all of the Improvement Area #1 Assessed Property against which the entire Improvement Area #1 Assessment is levied, as shown on the Improvement Area #1 Assessment Roll.

“Improvement Area #1 Projects” means, collectively (1) the pro rata portion of the Major Improvements allocable to Improvement Area #1; and (2) the Improvement Area #1 Improvements.

“Indenture” means an Indenture of Trust entered into between the City and the Trustee in connection with the issuance of each series of PID Bonds, as amended or supplemented from time to time, between the City and the Trustee setting forth the terms and conditions related to a series of PID Bonds.

“Lot” means (1) for any portion of the District for which a final subdivision plat has been recorded in the Plat or Official Public Records of the County, a tract of land described by “lot” in such subdivision plat; and (2) for any portion of the District for which a subdivision plat has not been recorded in the Plat or Official Public Records of the County, a tract of land anticipated to be described as a “lot” in a final recorded subdivision plat as shown on a concept plan or a preliminary plat. A “Lot” shall not include real property owned by a government entity, even if such property is designated as a separate described tract or lot on a recorded subdivision plat.

“Lot Type” means a classification of final building Lots with similar characteristics (e.g. lot size, home product, Estimated Buildout Value, 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 Buildout Value of the Lot as provided by the Developer, and confirmed by the City Council, as shown on **Exhibit E**.

“Lot Type 1” means a Lot within Improvement Area #1 marketed to homebuilders as a 50’ Lot. The buyer disclosure for Lot Type 1 is attached in **Appendix B**.

“Lot Type 2” means a Lot within Improvement Area #1 marketed to homebuilders as a 60’ Lot. The buyer disclosure for Lot Type 2 is attached in **Appendix B**.

“Major Improvements” means those Authorized Improvements that confer a special benefit to all of the Assessed Property and Apportioned Property within the District, as further described in

Section III.A and depicted on **Exhibit G-1**, and as allocated to Improvement Area #1 and apportioned to the Remainder Area, as shown in **Exhibit B-2**.

“Maximum Assessment” means, for each Lot, an Assessment equal to the lesser of (1) the amount calculated pursuant to **Section VI.A**, or (2) for each Lot Type, the amount shown on **Exhibit E**.

“Non-Assessed Property” means Parcels located outside the boundary of the District that accrue special benefit from the Authorized Improvements as determined by the City Council but are not assessed. Non-Assessed Property consists of a school site of approximately 14.018 acres. The Developer has agreed to pay for the portion of the Actual Costs of the Authorized Improvements that benefit the Non-Assessed Property in lieu of the City levying assessments against such property.

“Non-Benefited Property” means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements as determined by the City Council.

“Notice of Assessment Termination” means a document that shall be recorded in the Official Public Records of the County evidencing the termination of an Assessment, a form of which is attached as **Exhibit H**.

“Parcel” or **“Parcels”** means a specific property within the District identified by either a tax parcel identification number assigned by the Denton Central Appraisal District for real property tax purposes, by legal description, or by lot and block number in a final subdivision plat recorded in the Official Public Records of the County, or by any other means determined by the City.

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

“PID Bonds” means any bonds issued by the City in one or more series and secured in whole or in part by Assessments.

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

“Prepayment Costs” means interest, including Additional Interest and Annual Collection Costs, to the date of Prepayment.

“Private Improvements” means improvements required to be constructed by the Developer that are not Authorized Improvements. Costs of Private Improvements will not be paid nor reimbursed through Annual Installments.

“Remainder Area” means approximately 109.123 acres located within the District and entirely outside of Improvement Area #1, as more specifically described on **Exhibit J-3** and depicted on **Exhibit A-3**, to be developed as one or more future improvement areas.

“Remainder Area Apportioned Property” means any Parcel within the Remainder Area against which a portion of the Actual Costs of the Remainder Area Projects are apportioned based on special conferred benefit, and against which an Assessment is expected to be levied, but not yet levied.

“Remainder Area Apportionment of Costs” means an Apportionment of Costs against the Remainder Area Apportioned Property for the Remainder Area Projects, as shown on **Exhibit B-2**, subject to (1) reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act; and (2) a future levy of Assessments by the City.

“Remainder Area Projects” means the pro rata portion of the Major Improvements allocable to the Remainder Area.

“Service and Assessment Plan” means this Timberbrook Public Improvement District No. 2 Service and Assessment Plan as updated, amended, or supplemented from time to time.

“Service Plan” covers a period of at least five years and defines the annual indebtedness and projected costs of the Authorized Improvements, more specifically described in **Section IV**.

“Trustee” means the trustee or successor trustee under an Indenture.

SECTION II: THE DISTRICT

The District includes approximately 155.285 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described by the legal description on **Exhibit J-1** and depicted on **Exhibit A-1**. Development of the District is anticipated to include approximately 456 Lots developed with single-family homes.

Improvement Area #1 includes approximately 46.162 contiguous acres, the boundaries of which are more particularly described by legal description on **Exhibit J-2** and depicted on **Exhibit A-2**. Development of Improvement Area #1 is anticipated to include approximately 155 Lots developed with single-family homes (119 single-family homes that are on Lots classified as Lot Type 1 and 36 single-family homes that are on Lots classified as Lot Type 2).

The Remainder Area includes approximately 109.123 contiguous acres, the boundaries of which are more particularly described by the legal description on **Exhibit J-3** and depicted on **Exhibit A-3**. Development of the Remainder Area is anticipated to include approximately 301 Lots developed with single-family homes.

SECTION III: AUTHORIZED IMPROVEMENTS

Based on information in the Engineer's Report provided by the Developer and its engineer and reviewed by the City staff and by third-party consultants retained by the City, the City has determined that the Authorized Improvements confer a special benefit on the Assessed Property, Apportioned Property, and Non-Assessed Property. Authorized Improvements will be designed and constructed in accordance with the City's standards and specifications and will be owned and operated by the City. The budget and allocation for the Authorized Improvements is shown on **Exhibit B-1** and **Exhibit B-2**.

A. Major Improvements

- *Paving*

Improvements including subgrade stabilization (including lime treatment and compaction), concrete and reinforcing steel for roadways, handicapped ramps, and sidewalks. All related earthwork, clearing and grubbing, excavation, erosion control, intersections, signage, lighting, and re-vegetation of all disturbed areas within the right-of-way are included. The paving improvements will provide street access to each Lot within the District.

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, valves, fire hydrants, testing, related earthwork, excavation, erosion control, and all necessary appurtenances required to provide water service to all Lots within the District.

- *Sanitary Sewer*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, related earthwork, excavation, erosion control, and all necessary appurtenances required to provide wastewater service to all Lots within the District.

- *Storm Drainage*

Improvements including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, and erosion control necessary to provide storm drainage for all Lots in the District.

- *Soft Costs*

Costs related to designing, constructing, and installing the Major Improvements including engineering and design, construction inspection fees, geotechnical testing and governmental submittal fees associated with the street, water, sanitary sewer, and storm drainage improvements as described above, and District Formation Costs.

B. Improvement Area #1

- *Paving*

Improvements including subgrade stabilization (including lime treatment and compaction), concrete and reinforcing steel for roadways, handicapped ramps, and sidewalks. All related earthwork, clearing and grubbing, excavation, erosion control, intersections, signage, lighting, and re-vegetation of all disturbed areas within the right-of-way are included. The paving improvements will provide street access to each Lot within Improvement Area #1.

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, valves, fire hydrants, testing, related earthwork, excavation, erosion control,

and all necessary appurtenances required to provide water service to all Lots within Improvement Area #1.

- *Sanitary Sewer*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, related earthwork, excavation, erosion control, and all necessary appurtenances required to provide wastewater service to all Lots within Improvement Area #1.

- *Storm Drainage*

Improvements including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, and erosion control necessary to provide storm drainage for all Lots within Improvement Area #1.

- *Soft Costs*

Costs related to designing, constructing, and installing the Improvement Area #1 Improvements including engineering and design, construction inspection fees, geotechnical testing and governmental submittal fees for the costs associated with the street, water, sanitary sewer, and storm drainage improvements as described above.

C. Bond Issuance Costs

- *Debt Service Reserve Fund*

Equals the amount to be deposited in a debt service reserve fund under an applicable Indenture in connection with the issuance of PID Bonds.

- *Capitalized Interest*

Equals the amount required to be deposited for the purpose of paying capitalized interest under an applicable Indenture in connection with the issuance of PID Bonds.

- *Underwriter's Discount*

Equals a percentage of the par amount of a particular series of PID Bonds related to the costs of underwriting such PID Bonds, including the fees of the underwriter's counsel.

- *Cost of Issuance*

Includes costs of issuing a particular series of PID Bonds, including but not limited to issuer fees, attorney’s fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, City’s costs, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of PID Bonds.

D. Other Costs

- *Deposit to Administrative Fund*

Equals the amount necessary to fund the first year’s Annual Collection Costs for a particular series of PID Bonds.

SECTION IV: SERVICE PLAN

The PID Act requires the Service Plan to cover a period of at least five years. The Service Plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the District during the five year period. The Service Plan is also required to include a copy of the buyer disclosure notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan must be reviewed and updated in each Annual Service Plan Update. **Exhibit C** summarizes the initial Service Plan for Improvement Area #1. Per the PID Act and Section 5.014 of the Texas Property Code, as amended, this Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosure for the District. The buyer disclosures are attached hereto as **Appendix B**.

Exhibit D summarizes the sources and uses of funds required to construct the Authorized Improvements and Private Improvements. The sources and uses of funds shown on **Exhibit D** shall be updated in an Annual Service Plan Update.

SECTION V: ASSESSMENT PLAN

The PID Act allows the City Council to apportion the costs of the Authorized Improvements to the Assessed Property and Apportioned Property based on the special benefit received from the Authorized Improvements. The PID Act provides that such costs may be apportioned: (1) equally per front foot or square foot; (2) according to the value of property as determined by the City Council, with or without regard to improvements constructed on the property; or (3) in any other manner approved by the City Council that results in imposing equal shares of such costs on property similarly benefited. The PID Act further provides that the City Council may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost

between the City and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

This section of this Service and Assessment Plan describes the special benefit received by each Parcel within the District as a result of the Authorized Improvements and provides the basis and justification for the determination that this special benefit equals or exceeds the amount of the Assessments to be levied on the Assessed Property for such Authorized Improvements.

The determination by the City Council of the Assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Developer and all future owners and developers of the Assessed Property.

A. Assessment Methodology

Acting in its legislative capacity and based on information provided by the Developer and their engineer and reviewed by the City staff and by third-party consultants retained by the City, the City Council has determined that the costs related to the Authorized Improvements shall be allocated and/or apportioned as follows:

- The costs of the Major Improvements shall be allocated to the District and the Non-Assessed Property pro rata based upon acreage. Currently, the District is allocated 91.72% of the Major Improvements and the Non-Assessed Property is allocated 8.28%. See **Exhibit B-1** for the allocation of the Major Improvements between the District and the Non-Assessed Property.
- The costs of the Major Improvements allocated to the District, shall be allocated to Improvement Area #1 Assessed Property and apportioned to the Remainder Area Apportioned Property based upon Estimated Buildout Value of each Assessed Property and Apportioned Property to the Estimated Buildout Value of the District. Currently, Improvement Area #1 is allocated 32.45% of the Major Improvements costs. The remaining 67.55% of the Major Improvements costs are apportioned to the Remainder Area. See **Exhibit B-2** for the allocation and apportionment of the Major Improvements to Improvement Area #1 and the Remainder Area.
- The costs of the Improvement Area #1 Authorized Improvements shall be allocated to each Parcel within Improvement Area #1 based on the ratio of the Estimated Buildout Value of each Parcel designated as Improvement Area #1 Assessed Property to the Estimated Buildout Value of all Improvement Area #1 Assessed Property. Currently, the Improvement Area #1 Initial Parcel is the only Parcel within Improvement Area #1, and as

such, the Improvement Area #1 Initial Parcel is allocated 100% of the Improvement Area #1 Authorized Improvements.

B. Assessments

The Improvement Area #1 Assessment will be levied on the Improvement Area #1 Initial Parcel according to the Improvement Area #1 Assessment Roll attached hereto as **Exhibit F-1**. The projected Improvement Area #1 Annual Installments are shown on **Exhibit F-2** and are subject to revisions made in any Annual Service Plan Update. Upon division or subdivision of the Improvement Area #1 Initial Parcel, the Improvement Area #1 Assessment will be reallocated pursuant to **Section VI**.

The Maximum Assessment for each Lot Type within the District is shown on **Exhibit E**. In no case will the Assessment for Lots classified as Lot Type 1, or Lot Type 2, respectively, exceed the corresponding Maximum Assessment for each Lot Type classification.

C. Findings of Special Benefit

Acting in its legislative capacity and based on information provided by the Developer and their engineer and reviewed by the City staff and by third-party consultants retained by the City, the City Council has found and determined the following:

- *Improvement Area #1*
 - The Actual Costs of the Improvement Area #1 Authorized Improvements equal \$8,978,782 as shown on **Exhibit B-1**;
 - The Improvement Area #1 Assessed Property receives special benefit from the Improvement Area #1 Authorized Improvements equal to or greater than the Actual Cost of the Improvement Area #1 Authorized Improvements;
 - The Improvement Area #1 Initial Parcel will be allocated 100% of the Improvement Area #1 Assessment levied for the Improvement Area #1 Authorized Improvements, which equals \$5,501,000 as shown on the Improvement Area #1 Assessment Roll attached hereto as **Exhibit F-1**;
 - The special benefit (\geq \$8,978,782) received by the Improvement Area #1 Initial Parcel from the Improvement Area #1 Authorized Improvements is equal to or greater than the amount of the Improvement Area #1 Assessment (\$5,501,000) to be levied on the Improvement Area #1 Initial Parcel for the Improvement Area #1 Authorized Improvements; and

- It is anticipated, at the time the City Council approves this Service and Assessment Plan, the Developer will own 100% of the Improvement Area #1 Initial Parcel. The Developer will acknowledge that the Improvement Area #1 Authorized Improvements confer a special benefit on the Improvement Area #1 Initial Parcel and will consent to the imposition of the Improvement Area #1 Assessment to pay for the Actual Costs associated therewith. The Developer will ratify, confirm, accept, agree to, and approve: (1) the determinations and findings by the City Council as to the special benefits described herein and the applicable Assessment Ordinance; (2) this Service and Assessment Plan and the applicable Assessment Ordinance; and (3) the levying of the Improvement Area #1 Assessment on the Improvement Area #1 Initial Parcel.

- *Remainder Area*
 - The costs of the Remainder Area Projects apportioned to the Remainder Area equal to \$4,810,141 as shown on **Exhibit B-2**; and
 - The Remainder Area receives special benefit from the Remainder Area Projects equal to or greater than the Actual Cost of the Remainder Area Projects apportioned to the Remainder Area Apportioned Property; and
 - The Remainder Area Apportioned Property will be apportioned 67.55% of the Major Improvements as shown on **Exhibit B-2**, which equals \$4,810,141 as shown on **Exhibit B-1**, of which all or a portion is anticipated to be levied at a later date; and
 - It is anticipated, at the time the City Council approves this Service and Assessment Plan, the Developer will own 100% of the Remainder Area. The Developer will acknowledge that the Remainder Area Projects confer a special benefit on the Remainder Area and will consent to the apportionment of the Remainder Area Apportionment of Costs in anticipation of a future levy of Assessments by the City Council to pay for all or a portion of the Remainder Area Apportionment of Costs associated therewith. The Developer will ratify, confirm, accept, agree to, and approve: (1) the determinations and findings by the City Council as to the special benefits described herein; (2) this Service and Assessment Plan; and (3) the Remainder Area Apportionment of Costs.

D. Annual Collection Costs

The Annual Collection Costs shall be paid for annually by the owner of each Parcel pro rata based on the ratio of the amount of outstanding Assessment remaining on the Parcel to the total outstanding Assessment. The Annual Collection Costs shall be collected as part of and in the same manner as Annual Installments in the amounts shown on the Assessment Roll, which may be revised based on Actual Costs incurred in Annual Service Plan Updates.

E. Additional Interest

The interest rate on Assessments securing each respective series of PID Bonds may exceed the interest rate on each respective series of PID Bonds by the Additional Interest Rate. To the extent required by any Indenture, Additional Interest shall be collected as part of each Annual Installment, beginning in 2025, related to a series of PID Bonds and shall be deposited pursuant to the applicable Indenture.

SECTION VI: TERMS OF THE ASSESSMENTS

Any reallocation of Assessments as described in this Section VI shall be considered an administrative action of the City and will not be subject to the notice or public hearing requirements under the PID Act.

A. Reallocation of Assessments

1. Upon Division Prior to Recording of Subdivision Plat

Upon the division of any Assessed Property (without the recording of a subdivision plat), the Administrator shall reallocate the Assessment for the Assessed Property prior to the division among the newly divided Assessed Properties according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

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

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

The calculation of the Assessment of an Assessed Property shall be performed by the Administrator and shall be based on the Estimated Buildout Value of that Assessed Property relying on information from homebuilders, market studies, appraisals, Official Public Records of the County, and any other relevant information regarding the Assessed Property, as provided by the Developer. The Estimated Buildout Value for Lot Type 1, and Lot Type 2 are shown on **Exhibit E** and will not change in future Annual Service Plan Updates. The calculation as confirmed by the City Council shall be conclusive and binding.

The sum of the Assessments for all newly divided Assessed Properties shall equal the Assessment for the Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in the Annual Service Plan Update immediately following such reallocation.

2. Upon Subdivision by a Recorded Subdivision Plat

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

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

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

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

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

Prior to the recording of a subdivision plat, the Developer shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat. The calculation of the Assessment for a Lot shall be performed by the Administrator and confirmed by the City Council based on Estimated Buildout Value information provided by the Developer, homebuilders, third party consultants, and/or the Official Public Records of the County regarding the Lot. The

Estimated Buildout Value for Lot Type 1 and Lot Type 2 are shown on **Exhibit E** and will not change in future Annual Service Plan Updates. The calculation as confirmed by the City Council shall be conclusive and binding.

The sum of the Assessments for all newly subdivided Lots shall not exceed the Assessment for the portion of the Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in the Annual Service Plan Update immediately following such reallocation.

3. Upon Consolidation

If two or more Lots or Parcels are consolidated into a single Lot or Parcel, the Administrator shall allocate the Assessments against the Lots or Parcels before the consolidation to the consolidated Lot or Parcel, which allocation shall be approved by the City Council in the next Annual Service Plan Update immediately following such consolidation. The Assessment for any resulting Lot may not exceed the Maximum Assessment for the applicable Lot Type and compliance may require a mandatory Prepayment of Assessments pursuant to **Section VI.C**.

B. Mandatory Prepayment of Assessments

If an Assessed Property or a portion thereof is conveyed to a party that is exempt from payment of the Assessment under applicable law, or the owner causes a Lot, Parcel or portion thereof to become Non-Benefited Property, the owner of such Lot, Parcel or portion thereof shall pay to the City, or cause to be paid to the City, the full amount of the Assessment, plus all Prepayment Costs and Delinquent Collection Costs for such Assessed Property, prior to any such conveyance or act, and no such conveyance shall be effective until the City receives such payment. Following payment of the foregoing costs in full, the City shall provide the owner with a recordable "Notice of Assessment Termination," a form of which is attached hereto as **Exhibit H**.

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

Prior to the City approving a final subdivision plat, the Administrator will certify that such plat will not result in the Assessment per Lot for any Lot Type to exceed the Maximum Assessment. If the Administrator determines that the resulting Assessment per Lot for any Lot Type will exceed the Maximum Assessment for that Lot Type, then (1) the Assessment applicable to each Lot Type shall each be reduced to the Maximum Assessment, and (2) the person or entity filing the plat shall pay to the City, or cause to be paid to the City, the amount the Assessment was reduced,

plus Prepayment Costs and Delinquent Collection Costs, if any, prior to the City approving the final plat. The City's approval of a plat without payment of such amounts does not eliminate the obligation of the person or entity filing the plat to pay such amounts. At no time shall the aggregate Assessments for any Lot exceed the Maximum Assessment.

D. Reduction of Assessments

If as a result of cost savings or the failure to construct all or a portion of an Authorized Improvement the Actual Costs of any Authorized Improvements are less than the Assessments, then (i) in the event PID Bonds have not been issued for the purpose of financing Authorized Improvements affected by such reduction in Actual Costs, the City Council shall reduce each Assessment on a pro rata basis such that the sum of the resulting reduced Assessments for all Assessed Property equals the reduced Actual Costs that were expended, or (ii) in the event that a related series of PID Bonds have been issued for the purpose of financing Authorized Improvements affected by such reduction in Actual Costs, the Trustee shall apply amounts on deposit in the applicable account of the project fund created under the Indenture relating to such series of PID Bonds that are not expected to be used for the purposes of the project fund as directed by the City pursuant to the terms of such Indenture. Such excess PID Bond proceeds may be used for any purpose authorized by such Indenture. The Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding PID Bonds.

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

E. Prepayment of Assessments

The owner of any Assessed Property may, at any time, pay all or any part of an Assessment in accordance with the PID Act. Prepayment Costs, if any, may be paid from a reserve established under the applicable Indenture. If an Annual Installment has been billed, or the Annual Service Plan Update has been approved by the City Council prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If an Assessment on an Assessed Property is prepaid in full, with Prepayment Costs, (1) the Administrator shall cause the Assessment to be reduced to zero on said Assessed Property and the Assessment Roll to be revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment

and corresponding Annual Installments shall terminate with respect to said Assessed Property; and (4) the City shall provide the owner with a recordable "Notice of Assessment Termination."

If an Assessment on an Assessed Property is prepaid in part with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced on said Assessed Property and the Assessment Roll revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment will be reduced to the extent of the Prepayment made.

F. Payment of Assessment in Annual Installments

Assessments that are not paid in full shall be due and payable in Annual Installments. **Exhibit F-2** shows the estimated Improvement Area #1 Annual Installments. Annual Installments are subject to adjustment in each Annual Service Plan Update.

Prior to the recording of a final subdivision plat, if any Parcel shown on the Assessment Roll is assigned multiple tax parcel identification numbers for billing and collection purposes, the Annual Installment shall be allocated pro rata based on the acreage of the property not including any Non-Benefited Property, as shown by the Denton Central Appraisal District for each tax parcel identification number.

The Administrator shall prepare and submit to the City Council for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include an updated Assessment Roll and updated calculations of Annual Installments. The Annual Collection Costs for a given Assessment shall be paid by the owner of each Parcel pro rata based on the ratio of the amount of outstanding Assessment remaining on the Parcel to the total outstanding Assessment. Annual Installments shall be reduced by any credits applied under an applicable Indenture, such as capitalized interest, interest earnings on account balances, and any other funds available to the Trustee for such purposes. Annual Installments shall be collected by the City in the same manner and at the same time as ad valorem taxes. Annual Installments shall be subject to the penalties, procedures, and foreclosure sale in case of delinquencies as set forth in the PID Act and in the same manner as ad valorem taxes due and owing to the City. The City Council may provide for other means of collecting Annual Installments. Assessments shall have the lien priority specified in the PID Act.

Sales of the Assessed Property for nonpayment of Annual Installments shall be subject to the lien for the remaining unpaid Annual Installments against the Assessed Property, and the Assessed Property may again be sold at a judicial foreclosure sale if the purchaser fails to timely pay any of the remaining unpaid Annual Installments as they become due and payable.

The City reserves the right to refund PID Bonds in accordance with applicable law, including the PID Act. In the event of a refunding, the Administrator shall recalculate the Annual Installments so that total Annual Installments will be sufficient to pay the refunding bonds, and the refunding bonds shall constitute "PID Bonds."

Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be due when billed and shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments of the Improvement Area #1 Assessments shall be due when billed and shall be delinquent if not paid prior to February 1, 2025.

Failure of an owner of an Assessed Property to receive an invoice for an Annual Installment on the property tax bill shall not relieve said owner of the responsibility for payment of the Assessment. Assessments, or Annual Installments thereof, that are delinquent shall incur Delinquent Collection Costs. The City may provide for other means of collecting the Annual Installments to the extent permitted by the PID Act, or other applicable law.

G. Prepayment as a Result of an Eminent Domain Proceeding or Taking

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

For the Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Assessed Property (the Assessed Property less the Taken Property) (the "**Retained Property**"), following the reclassification of the Taken Property as Non-Benefited Property, subject to an adjustment of the Assessment applicable to the Retained Property after any required Prepayment as set forth below. The owner of the Retained Property will remain liable to pay in Annual Installments, or payable as otherwise provided by this Service and Assessment Plan, as updated, or the PID Act, the Assessment that remains due on the Retained Property, subject to an adjustment in the Assessment applicable to the Retained Property after any required Prepayment as set forth below. Notwithstanding the foregoing, if the Assessment that remains due on the Retained Property exceeds the applicable Maximum Assessment, the owner of the Retained Property will be required to make a Prepayment in an amount necessary to ensure that the Assessment against the Retained Property does not exceed such Maximum Assessment, in which case the

Assessment applicable to the Retained Property will be reduced by the amount of the partial Prepayment. If the City receives all or a portion of the eminent domain proceeds (or payment made in an agreed sale in lieu of condemnation), such amount shall be credited against the amount of prepayment, with any remainder credited against the Assessment on the remaining property.

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

By way of illustration, if an owner owns 100 acres of Assessed Property subject to a \$100 Assessment and 10 acres is taken through a Taking, the 10 acres of Taken Property shall be reclassified as Non-Benefited Property and the remaining 90 acres of Retained Property shall be subject to the \$100 Assessment (provided that this \$100 Assessment does not exceed the Maximum Assessment on the Retained Property). If the Administrator determines that the \$100 Assessment reallocated to the Retained Property would exceed the Maximum Assessment, as applicable, on the Retained Property by \$10, then the owner shall be required to pay \$10 as a Prepayment of the Assessment against the Retained Property and the Assessment on the Retained Property shall be adjusted to be \$90.

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

Notwithstanding the previous paragraphs in this subsection, the Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding PID Bonds.

SECTION VII: ASSESSMENT ROLL

The Improvement Area #1 Assessment Roll is attached as **Exhibit F-1**. The Administrator shall prepare and submit to the City Council for review and approval proposed revisions to the Improvement Area #1 Assessment Roll and Improvement Area #1 Annual Installments for each Parcel as part of each Annual Service Plan Update.

SECTION VIII: ADDITIONAL PROVISIONS

A. Calculation Errors

If the owner of a Parcel claims that an error has been made in any calculation required by this Service and Assessment Plan, including, but not limited to, any calculation made as part of any Annual Service Plan Update, the owner's sole and exclusive remedy shall be to submit a written notice of error to the Administrator by December 1st of the year following City Council's approval of the calculation. Otherwise, the owner shall be deemed to have unconditionally approved and accepted the calculation. The Administrator shall provide a written response to the City Council and the owner not later than 30 days of such receipt of a written notice of error by the Administrator. The City Council shall consider the owner's notice of error and the Administrator's response at a public meeting, and, not later than 30 days after closing such meeting, the City Council shall make a final determination as to whether an error has been made. If the City Council determines that an error has been made, the City Council shall take such corrective action as is authorized by the PID Act, this Service and Assessment Plan, the applicable Assessment Ordinance, the applicable Indenture, or as otherwise authorized by the discretionary power of the City Council. The determination by the City Council as to whether an error has been made, and any corrective action taken by the City Council, shall be final and binding on the owner and the Administrator.

B. Amendments

Amendments to this Service and Assessment Plan must be made by the City Council in accordance with the PID Act. To the extent permitted by the PID Act, this Service and Assessment Plan may be amended without notice to owners of the Assessed Property: (1) to correct mistakes and clerical errors; (2) to clarify ambiguities; and (3) to provide procedures to collect Assessments, Annual Installments, and other charges imposed by this Service and Assessment Plan.

C. Administration and Interpretation

The Administrator shall: (1) perform the obligations of the Administrator as set forth in this Service and Assessment Plan; (2) administer the District for and on behalf of and at the direction of the City Council; and (3) interpret the provisions of this Service and Assessment Plan. Interpretations of this Service and Assessment Plan by the Administrator shall be in writing and shall be appealable to the City Council by owners of Assessed Property adversely affected by the interpretation. Appeals shall be decided by the City Council after holding a public meeting at which all interested parties have an opportunity to be heard. Decisions by the City Council shall

be final and binding on the owners of Assessed Property and developers and their successors and assigns.

D. Form of Buyer Disclosure; Filing Requirements

Per Section 5.014 of the Texas Property Code, as amended, this Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosures for the district. The buyer disclosures are attached hereto as **Appendix B**. Within seven days of approval by the City Council, the City shall file and record in the real property records of the County the executed ordinance approving this Service and Assessment Plan, or any future Annual Service Plan Updates. The executed ordinance, including any attachments, approving this Service an Assessment Plan or any future Annual Service Plan Updates shall be filed and recorded in their entirety.

E. Severability

If any provision of this Service and Assessment Plan is determined by a governmental agency or court to be unenforceable, the unenforceable provision shall be deleted and, to the maximum extent possible, shall be rewritten to be enforceable. Every effort shall be made to enforce the remaining provisions.

EXHIBITS

The following Exhibits are attached to and made a part of this Service and Assessment Plan for all purposes:

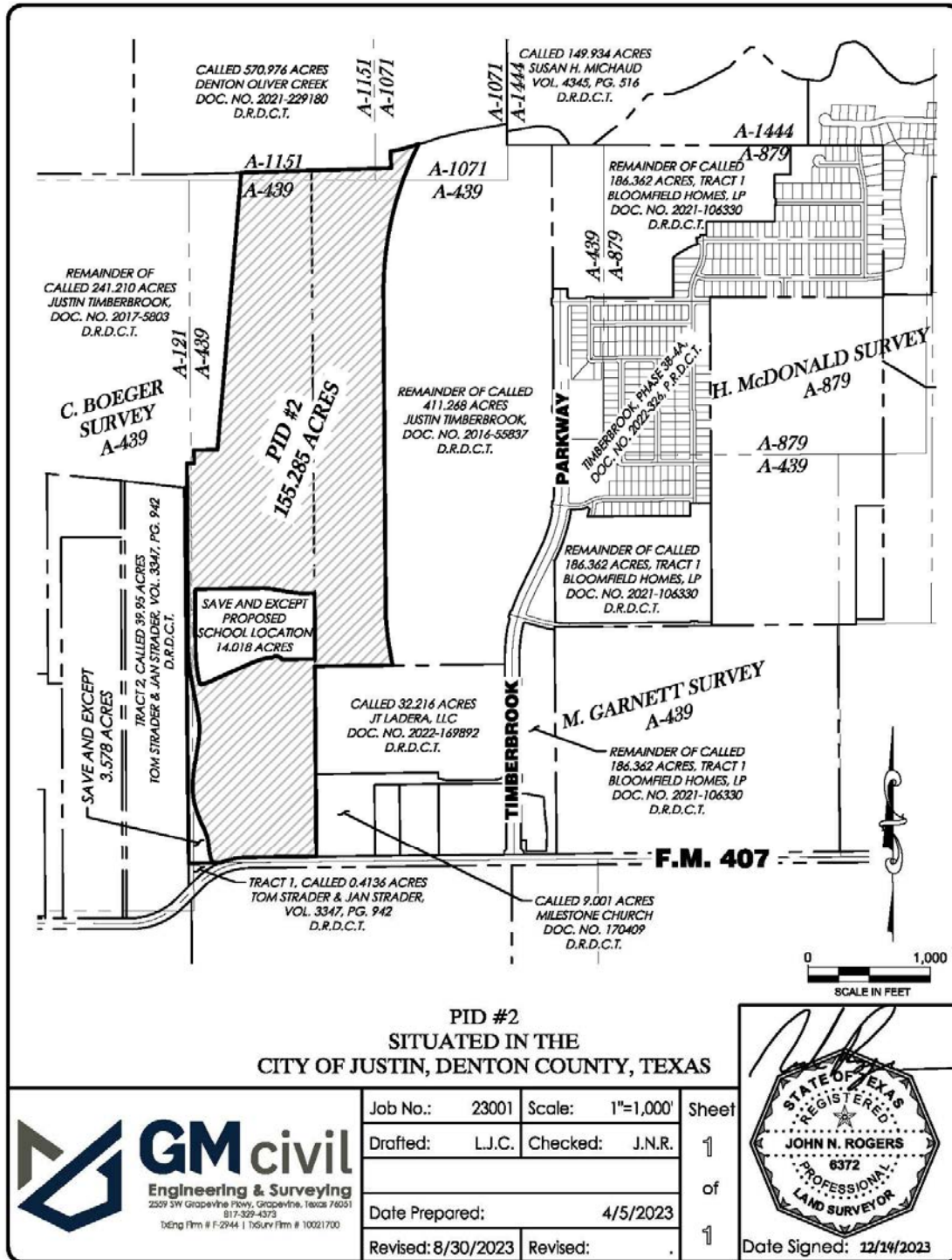
- Exhibit A-1** Map of the District
- Exhibit A-2** Map of Improvement Area #1
- Exhibit A-3** Map of Remainder Area
- Exhibit A-4** Improvement Area #1 Lot Type Classification Map
- Exhibit B-1** Project Costs
- Exhibit B-2** Apportionment of Costs
- Exhibit C** Service Plan
- Exhibit D** Sources and Uses of Funds
- Exhibit E** Maximum Assessment and Tax Rate Equivalent
- Exhibit F-1** Improvement Area #1 Assessment Roll
- Exhibit F-2** Improvement Area #1 Annual Installments
- Exhibit G-1** Maps of Major Improvements
- Exhibit G-2** Maps of Improvement Area #1 Improvements
- Exhibit H** Notice of Termination of Assessment
- Exhibit I** Debt Service Schedule for Improvement Area #1 Bonds
- Exhibit J-1** District Legal Description
- Exhibit J-2** Improvement Area #1 Legal Description
- Exhibit J-3** Remainder Area Legal Description

APPENDICES

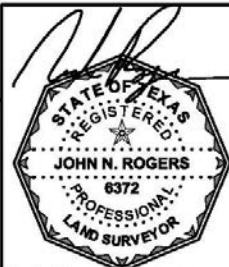
The following Appendices are attached to and made a part of this Service and Assessment Plan for all purposes:

- Appendix A** Engineer's Report
- Appendix B** Buyer Disclosure

EXHIBIT A-1 – MAP OF THE DISTRICT



Job No.:	23001	Scale:	1"=1,000'	Sheet	1
Drafted:	L.J.C.	Checked:	J.N.R.	of	1
Date Prepared:	4/5/2023				
Revised:	8/30/2023	Revised:	.		



Date Signed: 12/14/2023

EX:23001-Timberbrook\COGO\PID\23001-PID2.dwg

EXHIBIT A-2 – MAP OF IMPROVEMENT AREA #1

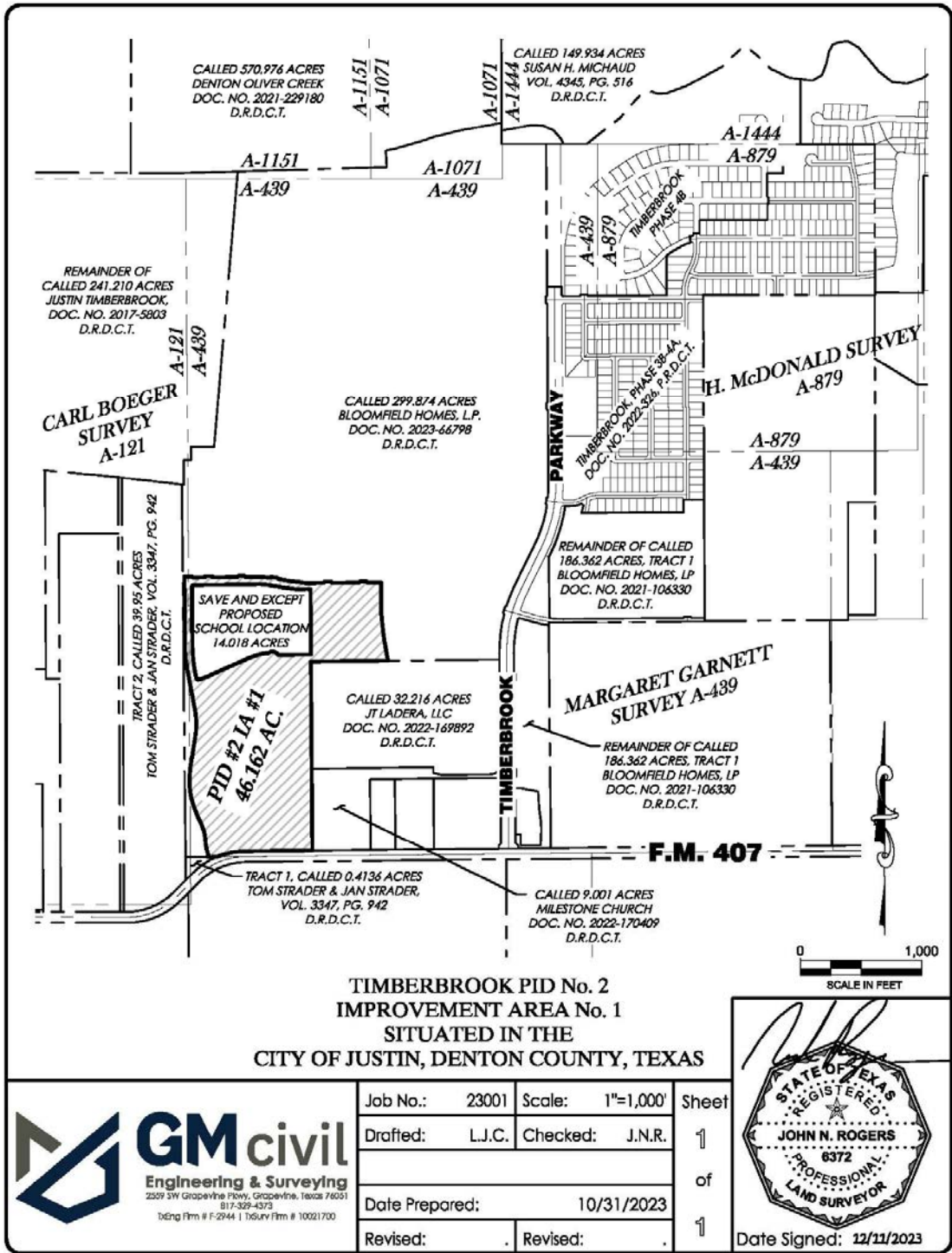


EXHIBIT A-3 – MAP OF REMAINDER AREA

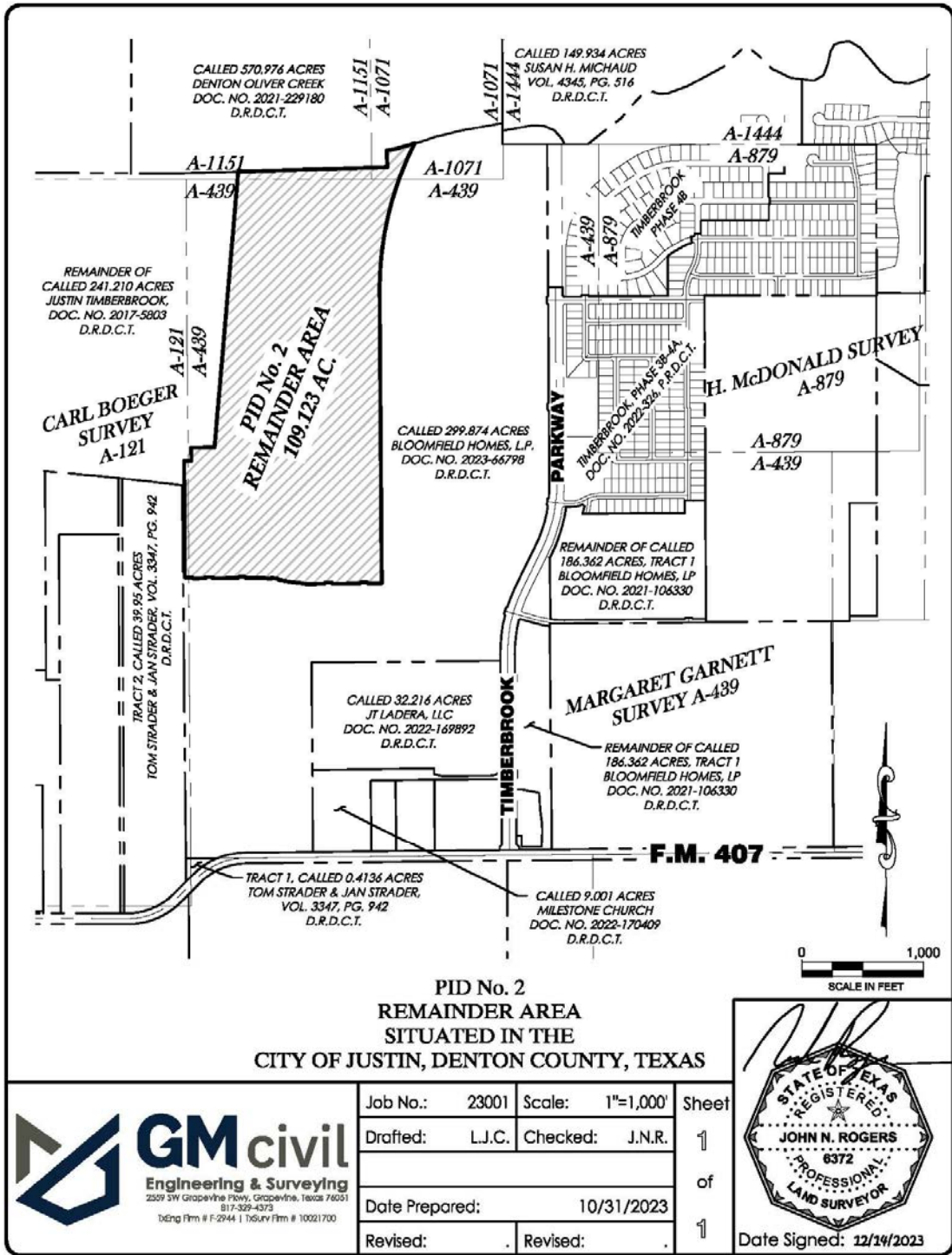


EXHIBIT A-4 – IMPROVEMENT AREA #1 LOT TYPE CLASSIFICATION MAP

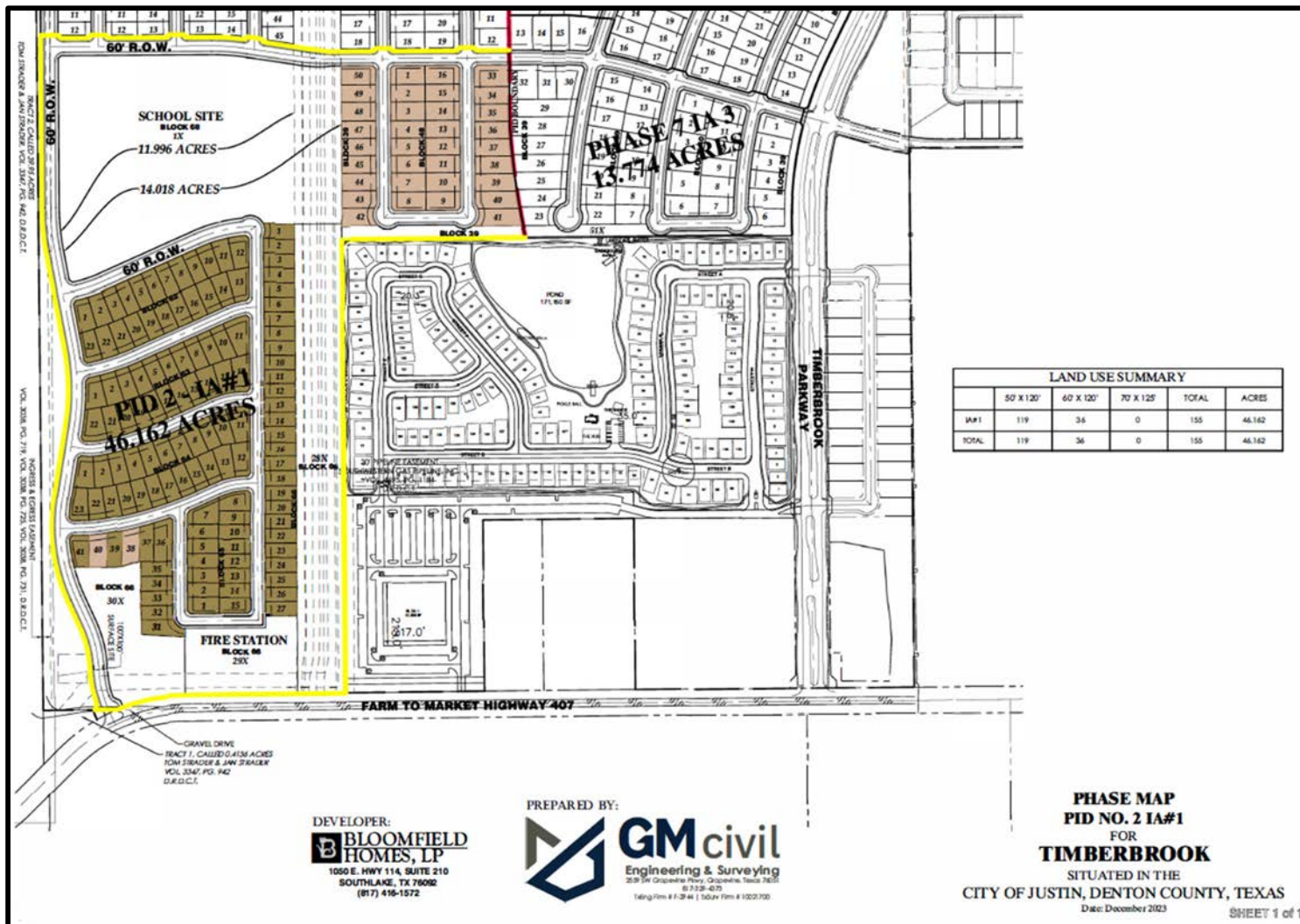


EXHIBIT B-1 – PROJECT COSTS

	Total ^[a]	Non-Assessed Property ^[b]	Private	District Eligible Costs	Improvement Area #1		Remainder Area	
					%	Cost	%	Cost
<i>Major Improvements</i> ^{[d],[e]}								
Paving	\$ 2,049,531	\$ 169,698	\$ -	\$ 1,879,833	32.45%	\$ 610,062	67.55%	\$ 1,269,771
Water	804,560	66,616	-	737,944	32.45%	239,485	67.55%	498,459
Sanitary Sewer	939,435	77,784	-	861,651	32.45%	279,632	67.55%	582,020
Storm Drainage	1,960,525	162,328	-	1,798,197	32.45%	583,568	67.55%	1,214,628
Soft Costs ^[c]	2,009,971	166,422	-	1,843,549	32.45%	598,287	67.55%	1,245,262
	<u>\$ 7,764,022</u>	<u>\$ 642,848</u>	<u>\$ -</u>	<u>\$ 7,121,174</u>		<u>\$ 2,311,033</u>		<u>\$ 4,810,141</u>
<i>Improvement Area #1 Improvements</i>								
Paving	\$ 1,757,148	\$ -	\$ -	\$ 1,757,148	100%	\$ 1,757,148	0.00%	\$ -
Water	704,541	-	-	704,541	100%	704,541	0.00%	-
Sanitary Sewer	492,430	-	-	492,430	100%	492,430	0.00%	-
Storm Drainage	1,188,748	-	-	1,188,748	100%	1,188,748	0.00%	-
Soft Costs ^[c]	1,416,456	-	-	1,416,456	100%	1,416,456	0.00%	-
	<u>\$ 5,559,322</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,559,322</u>		<u>\$ 5,559,322</u>		<u>\$ -</u>
<i>Private Improvements</i> ^[f]								
Private Improvements	\$ 739,848	\$ -	\$ 739,848	\$ -		\$ -		\$ -
	<u>\$ 739,848</u>	<u>\$ -</u>	<u>\$ 739,848</u>	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>
<i>Bond Issuance Costs</i> ^[g]								
Debt Service Reserve Fund	\$ 418,813	\$ -	\$ -	\$ 418,813		\$ 418,813		\$ -
Capitalized Interest	127,020	-	-	127,020		127,020		-
Underwriter's Discount	165,030	-	-	165,030		165,030		-
Cost of Issuance	357,565	-	-	357,565		357,565		-
	<u>\$ 1,068,427</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,068,427</u>		<u>\$ 1,068,427</u>		<u>\$ -</u>
<i>Other Costs</i>								
Deposit to Administrative Fund	40,000	-	-	40,000		40,000		-
	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,000</u>		<u>\$ 40,000</u>		<u>\$ -</u>
Total	\$ 15,171,618	\$ 642,848	\$ 739,848	\$ 13,788,923		\$ 8,978,782		\$ 4,810,141

Footnotes:

[a] As provided in the Engineer's Report dated 12/20/2023 and subject to change. Authorized Improvement costs are estimates and will be updated with each Annual Service Plan Update, or Amended and Restated Service and Assessment Plan as appropriate.

[b] The Developer has agreed to pay for the allocable share of the Actual Costs of these Authorized Improvements that benefit the Non-Assessed Property and is shown as Developer Contribution - Non-Assessed Property on **Exhibit D**.

[c] Soft Costs includes engineering, surveying, testing, platting, inspection, construction management, and District Formation Costs.

[d] The Major Improvements are allocated and/or apportioned to Improvement Area #1 and the Remainder Area pro rata based on Estimated Buildout Value after removing Non-Assessed Property allocation, as described herein.

[e] The Non-Assessed Property is allocated a portion of the Major Improvements pro rata based on acreage to the Non-Assessed Property and the District total acreage (the Non-Assessed Property is 14.018 acres, the District is 155.285 acres, therefore the Non-Assessed Property is allocated 8.28% of the Major Improvements costs, and the District is allocated the remainder of the Major Improvements costs, as described herein).

[f] Costs required to complete lots in Improvement Area #1 and reach final lot completion; non-reimbursable to the Developer from Assessments or PID Bonds.

[g] Bond Issuance Costs are preliminary estimates only and are subject to change upon pricing.

EXHIBIT B-2 – APPORTIONMENT OF MAJOR IMPROVEMENT COSTS

Improvement Area	Units	Estimated Buildout Value	Major Improvements ^[a]		Total Apportionment for Future Funding ^[b]
			%	Costs	
Improvement Area #1	155	\$ 81,100,000	32.45%	\$ 2,311,033	
Remainder Area	301	\$ 168,800,000	67.55%	\$ 4,810,141	\$ 4,810,141
Total	456	\$ 249,900,000	100.00%	\$ 7,121,174	\$ 4,810,141

Footnotes:

[a] The costs of the Major Improvements allocated to the District, as shown in **Exhibit B-1**, are allocated and/or apportioned to Improvement Area #1 and the Remainder Area pro rata based on Estimated Buildout Value, as defined herein.

[b] Reimbursable in part or in full from future Assessments expected to be levied on the Remainder Area.

EXHIBIT C – SERVICE PLAN

		Improvement Area #1					
Annual Installments Due		1/31/2024 ^{[a],[b]}	1/31/2025	1/31/2026	1/31/2027	1/31/2028	1/31/2029
Principal		\$ -	\$ 75,000.00	\$ 79,000.00	\$ 84,000.00	\$ 88,000.00	\$ 93,000.00
Interest		127,019.62	343,812.50	339,125.00	334,187.50	328,937.50	323,437.50
Capitalized Interest ^[a]		(127,019.62)	-	-	-	-	-
	(1)	\$ -	\$ 418,812.50	\$ 418,125.00	\$ 418,187.50	\$ 416,937.50	\$ 416,437.50
Annual Collection Costs	(2)	\$ 40,000.00	\$ 40,000.00	\$ 40,800.00	\$ 41,616.00	\$ 42,448.32	\$ 43,297.29
Additional Interest	(3)	\$ -	\$ 27,505.00	\$ 27,130.00	\$ 26,735.00	\$ 26,315.00	\$ 25,875.00
Total Annual Installment	(4) = (1) + (2) + (3)	\$ -	\$ 486,317.50	\$ 486,055.00	\$ 486,538.50	\$ 485,700.82	\$ 485,609.79

Footnotes:

[a] Capitalized Interest for months from Bond Issuance to 9/01/2024

[b] Annual Collection Costs to be prefunded from bond proceeds.

EXHIBIT D – SOURCES AND USES OF FUNDS

	Private	Improvement Area #1	Remainder Area	Total
Sources of Funds				
Improvement Area #1 Bonds	\$ -	\$ 5,501,000	\$ -	\$ 5,501,000
Developer Contribution - Improvement Area #1 ^[a]	-	3,477,782	-	3,477,782
Developer Contribution - Major Improvements ^[b]	-	-	4,810,141	4,810,141
Developer Contribution - Non-Assessed Property ^{[a],[c]}	642,848	-	-	642,848
Developer Contribution - Private Improvements ^[a]	739,848	-	-	739,848
Total Sources	\$ 1,382,695	\$ 8,978,782	\$ 4,810,141	\$ 15,171,618
Uses of Funds				
Major Improvements	\$ 642,848	\$ 2,311,033	\$ 4,810,141	\$ 7,764,022
Improvement Area #1 Improvements	-	5,559,322	-	5,559,322
Private Improvements ^[a]	739,848	-	-	739,848
	<u>\$ 1,382,695</u>	<u>\$ 7,870,355</u>	<u>\$ 4,810,141</u>	<u>\$ 14,063,191</u>
<i>Bond Issuance Costs^[d]</i>				
Debt Service Reserve Fund	\$ -	\$ 418,813	\$ -	\$ 418,813
Capitalized Interest	-	127,020	-	127,020
Underwriter's Discount	-	165,030	-	165,030
Cost of Issuance	-	357,565	-	357,565
	<u>\$ -</u>	<u>\$ 1,068,427</u>	<u>\$ -</u>	<u>\$ 1,068,427</u>
<i>Other Costs</i>				
Deposit to Administrative Fund	\$ -	\$ 40,000	\$ -	\$ 40,000
	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 40,000</u>
Total Uses	\$ 1,382,695	\$ 8,978,782	\$ 4,810,141	\$ 15,171,618

Footnotes:

[a] Non-reimbursable to the Developer from Assessments or PID Bonds.

[b] To be apportioned to the Remainder Area based on conferred benefit and is anticipated to be reimbursed, in whole or in part, from Assessments anticipated to be but not yet levied.

[c] The Developer has agreed to pay for the allocable share of the Actual Costs of these Authorized Improvement that benefit the Non-Assessed Property. These costs are non-reimbursable to the Developer from Assessments or PID Bonds.

[d] Bond Issuance Costs are preliminary estimates only and are subject to change upon pricing.

EXHIBIT E – MAXIMUM ASSESSMENT AND TAX RATE EQUIVALENT

Lot Type	Units ^[a]	Estimated Buildout Value ^[a]		Assessment		Average Annual Installment		District TRE ^[b]
		Per Unit	Total	Per Unit	Total	Per Unit	Total	
<i>Improvement Area #1</i>								
Lot Type 1	119	\$ 500,000	\$ 59,500,000	\$ 33,914.92	\$ 4,035,875	\$ 2,996.99	\$ 356,642	\$ 0.5994
Lot Type 2	36	\$ 600,000	\$ 21,600,000	\$ 40,697.90	\$ 1,465,125	\$ 3,596.39	\$ 129,470	\$ 0.5994
Improvement Area #1 Subtotal	155		\$ 81,100,000		\$ 5,501,000		\$ 486,112	

Footnotes:

[a] Per information provided by the Developer.

[b] Tax Rate Equivalent of PID Assessment.

EXHIBIT F-1 – IMPROVEMENT AREA #1 ASSESSMENT ROLL

Property ID ^[a]	Lot Type	Outstanding Assessment	Annual Installment Due 1/31/2025 ^[b]
1025473	Improvement Area #1 Initial Parcel	\$ 4,345,539.26	\$ 384,168.66
68277	Improvement Area #1 Initial Parcel	\$ 1,155,460.74	\$ 102,148.84
Total		\$ 5,501,000.00	\$ 486,317.50

Footnotes:

[a] The entire Improvement Area #1 Initial Parcel is contained within Property IDs 1025473 and 68277. For billing purposes, the Improvement Area #1 Annual Installment due 1/31/2025 shall be allocated pro rata based on acreage.

[b] Annual Installment covers the period September 1, 2024 to August 31, 2025 and is due by January 31, 2025.

EXHIBIT F-2 – IMPROVEMENT AREA #1 ANNUAL INSTALLMENTS

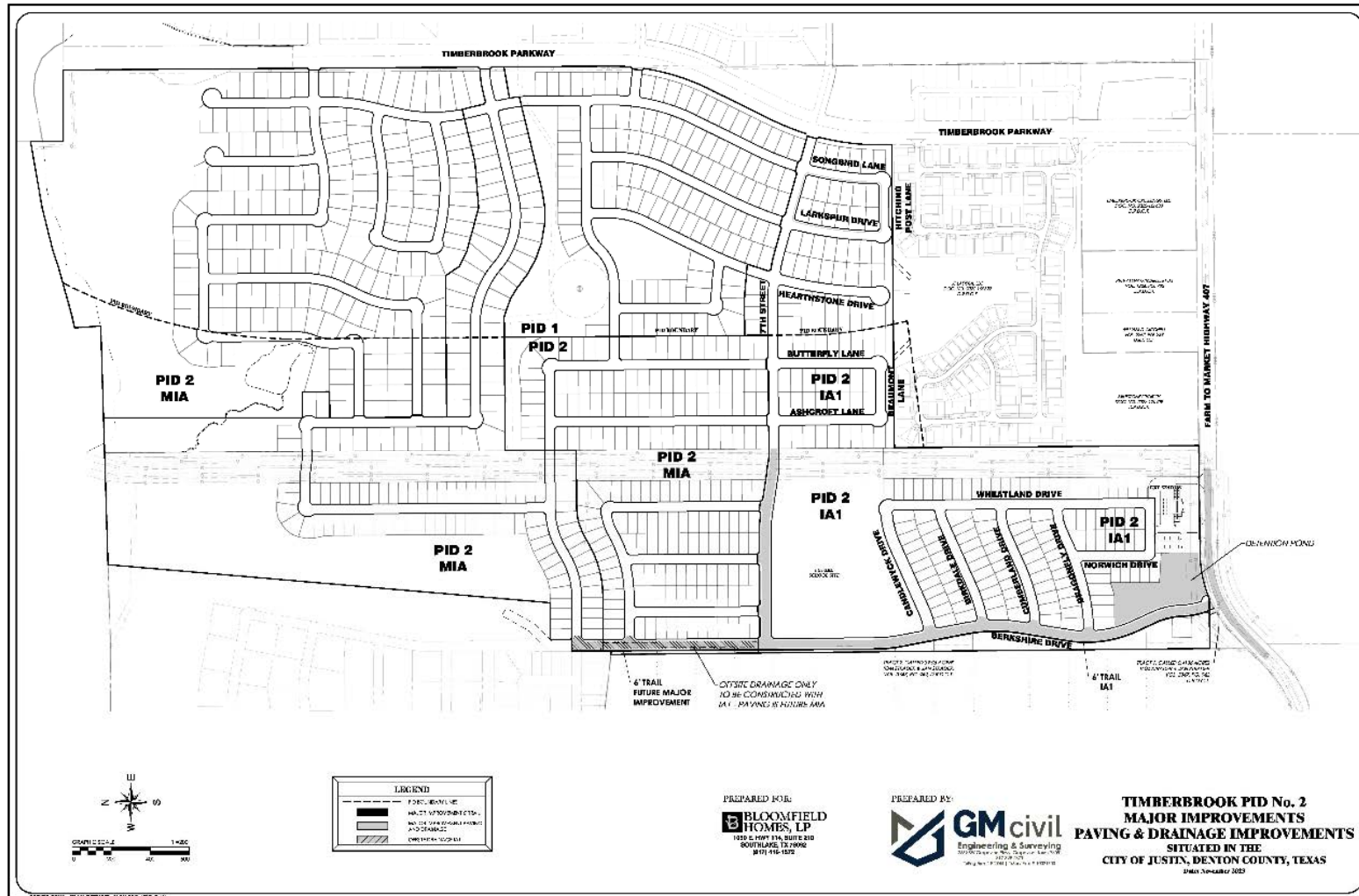
Annual Installment Due 1/31	Principal	Interest ^[a]	Additional Interest	Capitalized Interest	Annual Collection Costs	Annual Installment ^[b]
2024	\$ -	\$ 127,019.62	\$ -	\$ (127,019.62)	\$ -	\$ -
2025	\$ 75,000.00	\$ 343,812.50	\$ 27,505.00	\$ -	\$ 40,000.00	\$ 486,317.50
2026	\$ 79,000.00	\$ 339,125.00	\$ 27,130.00	\$ -	\$ 40,800.00	\$ 486,055.00
2027	\$ 84,000.00	\$ 334,187.50	\$ 26,735.00	\$ -	\$ 41,616.00	\$ 486,538.50
2028	\$ 88,000.00	\$ 328,937.50	\$ 26,315.00	\$ -	\$ 42,448.32	\$ 485,700.82
2029	\$ 93,000.00	\$ 323,437.50	\$ 25,875.00	\$ -	\$ 43,297.29	\$ 485,609.79
2030	\$ 99,000.00	\$ 317,625.00	\$ 25,410.00	\$ -	\$ 44,163.24	\$ 486,198.24
2031	\$ 105,000.00	\$ 311,437.50	\$ 24,915.00	\$ -	\$ 45,046.50	\$ 486,399.00
2032	\$ 111,000.00	\$ 304,875.00	\$ 24,390.00	\$ -	\$ 45,947.43	\$ 486,212.43
2033	\$ 117,000.00	\$ 297,937.50	\$ 23,835.00	\$ -	\$ 46,866.38	\$ 485,638.88
2034	\$ 124,000.00	\$ 290,625.00	\$ 23,250.00	\$ -	\$ 47,803.71	\$ 485,678.71
2035	\$ 132,000.00	\$ 282,875.00	\$ 22,630.00	\$ -	\$ 48,759.78	\$ 486,264.78
2036	\$ 140,000.00	\$ 274,625.00	\$ 21,970.00	\$ -	\$ 49,734.98	\$ 486,329.98
2037	\$ 148,000.00	\$ 265,875.00	\$ 21,270.00	\$ -	\$ 50,729.68	\$ 485,874.68
2038	\$ 157,000.00	\$ 256,625.00	\$ 20,530.00	\$ -	\$ 51,744.27	\$ 485,899.27
2039	\$ 167,000.00	\$ 246,812.50	\$ 19,745.00	\$ -	\$ 52,779.16	\$ 486,336.66
2040	\$ 177,000.00	\$ 236,375.00	\$ 18,910.00	\$ -	\$ 53,834.74	\$ 486,119.74
2041	\$ 188,000.00	\$ 225,312.50	\$ 18,025.00	\$ -	\$ 54,911.43	\$ 486,248.93
2042	\$ 199,000.00	\$ 213,562.50	\$ 17,085.00	\$ -	\$ 56,009.66	\$ 485,657.16
2043	\$ 212,000.00	\$ 201,125.00	\$ 16,090.00	\$ -	\$ 57,129.85	\$ 486,344.85
2044	\$ 225,000.00	\$ 187,875.00	\$ 15,030.00	\$ -	\$ 58,272.45	\$ 486,177.45
2045	\$ 239,000.00	\$ 173,812.50	\$ 13,905.00	\$ -	\$ 59,437.90	\$ 486,155.40
2046	\$ 254,000.00	\$ 158,875.00	\$ 12,710.00	\$ -	\$ 60,626.66	\$ 486,211.66
2047	\$ 270,000.00	\$ 143,000.00	\$ 11,440.00	\$ -	\$ 61,839.19	\$ 486,279.19
2048	\$ 287,000.00	\$ 126,125.00	\$ 10,090.00	\$ -	\$ 63,075.97	\$ 486,290.97
2049	\$ 305,000.00	\$ 108,187.50	\$ 8,655.00	\$ -	\$ 64,337.49	\$ 486,179.99
2050	\$ 324,000.00	\$ 89,125.00	\$ 7,130.00	\$ -	\$ 65,624.24	\$ 485,879.24
2051	\$ 345,000.00	\$ 68,875.00	\$ 5,510.00	\$ -	\$ 66,936.72	\$ 486,321.72
2052	\$ 367,000.00	\$ 47,312.50	\$ 3,785.00	\$ -	\$ 68,275.45	\$ 486,372.95
2053	\$ 390,000.00	\$ 24,375.00	\$ 1,950.00	\$ -	\$ 69,640.96	\$ 485,965.96
Total	\$ 5,501,000.00	\$ 6,649,769.62	\$ 521,820.00	\$ (127,019.62)	\$ 1,551,689.45	\$ 14,097,259.45

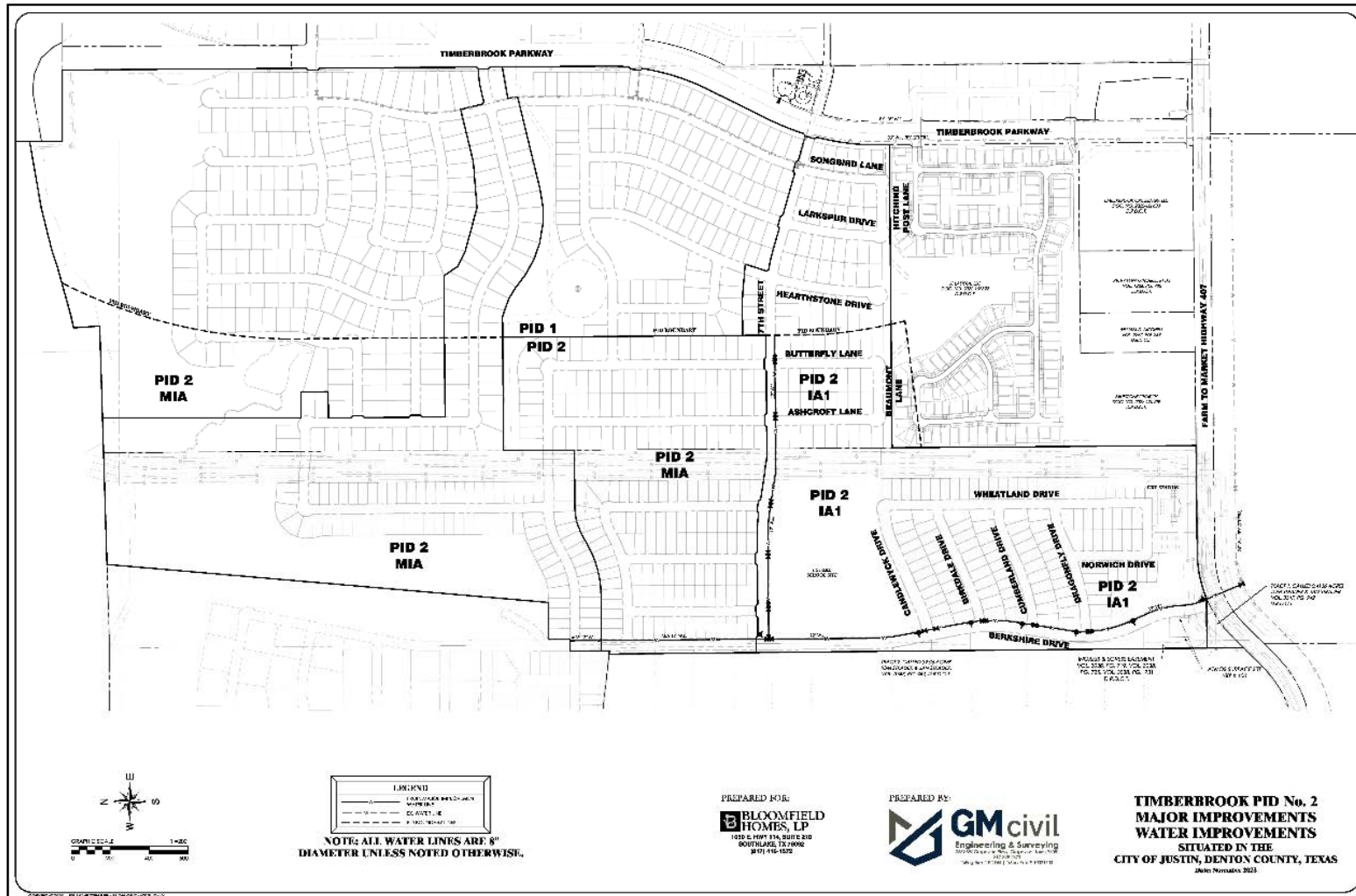
Footnotes:

[a] Interest is calculated at a 6.25% rate per the Financial Advisor's model dated 2/12/2024, and subject to change.

[b] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT G-1 – MAPS OF MAJOR IMPROVEMENTS





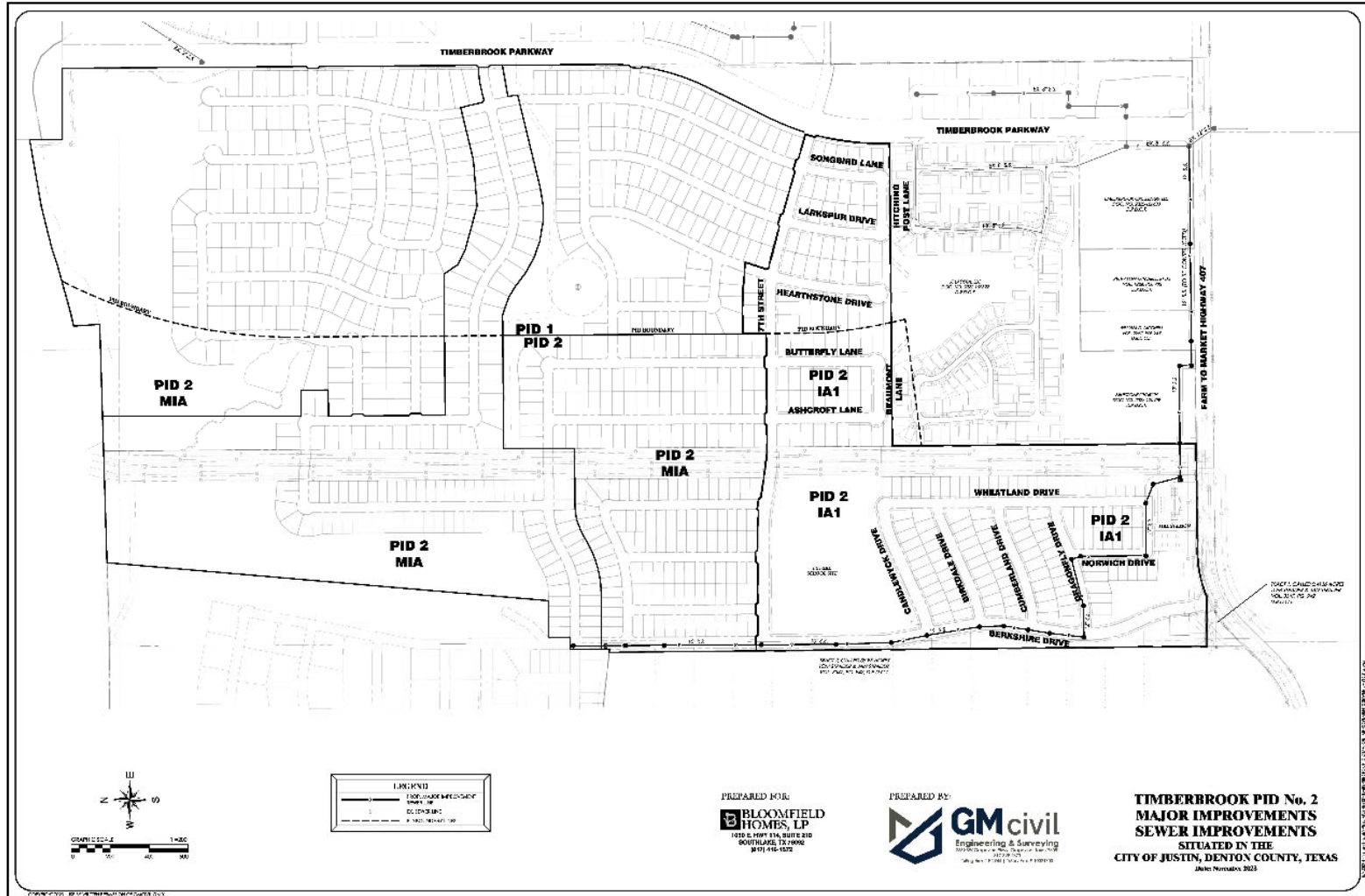
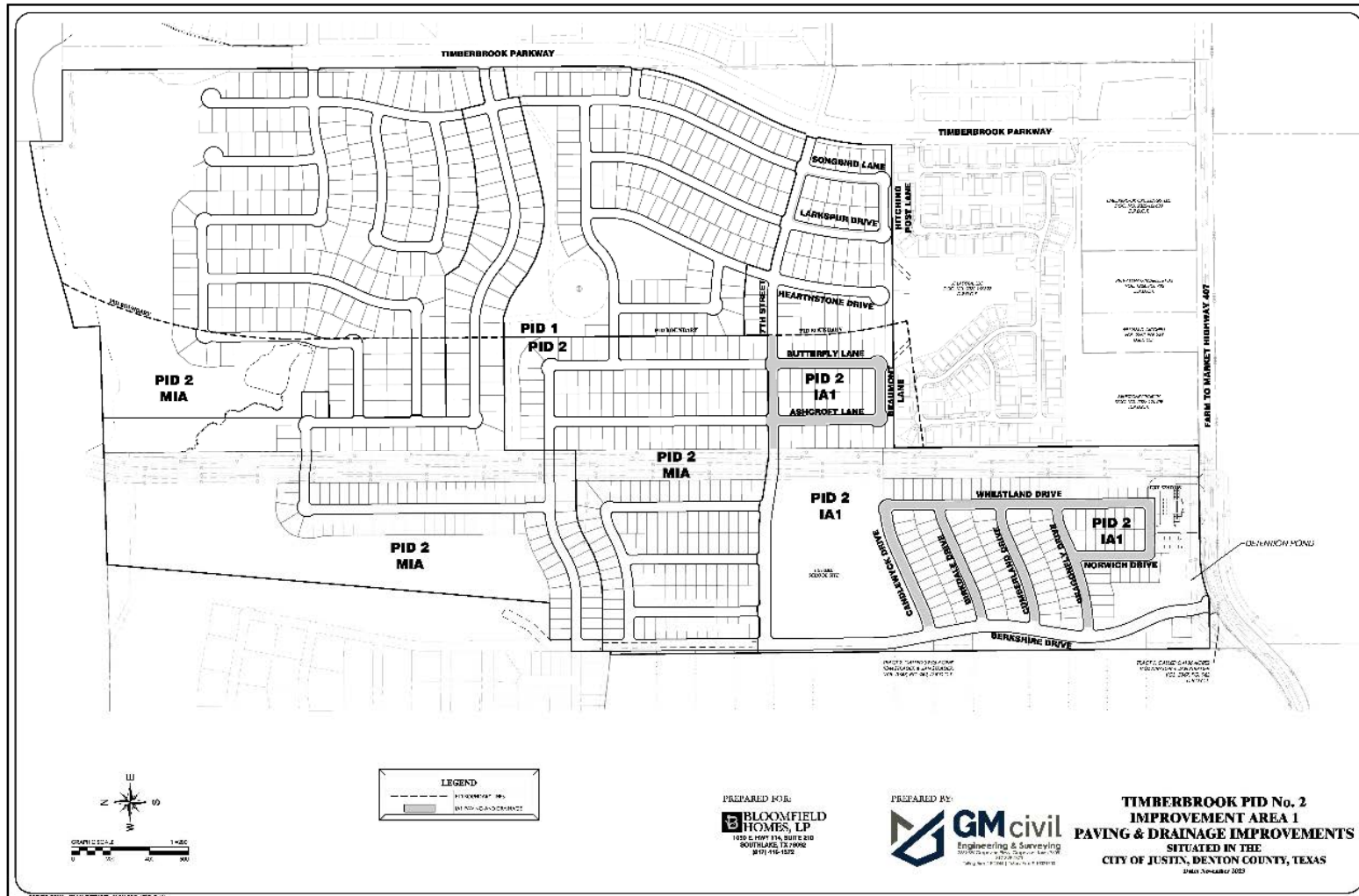
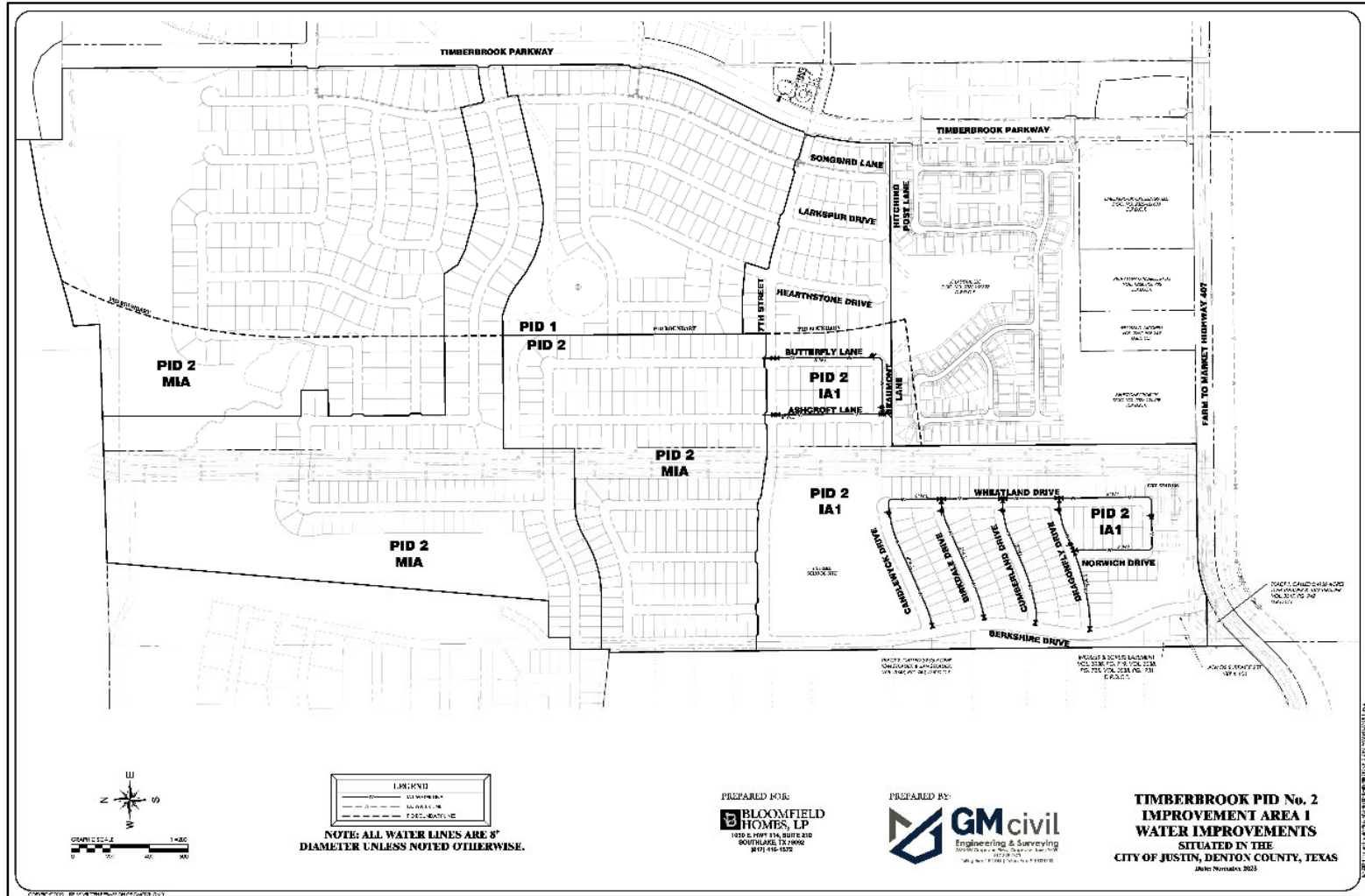


EXHIBIT G-2 – MAPS OF IMPROVEMENT AREA #1 IMPROVEMENTS





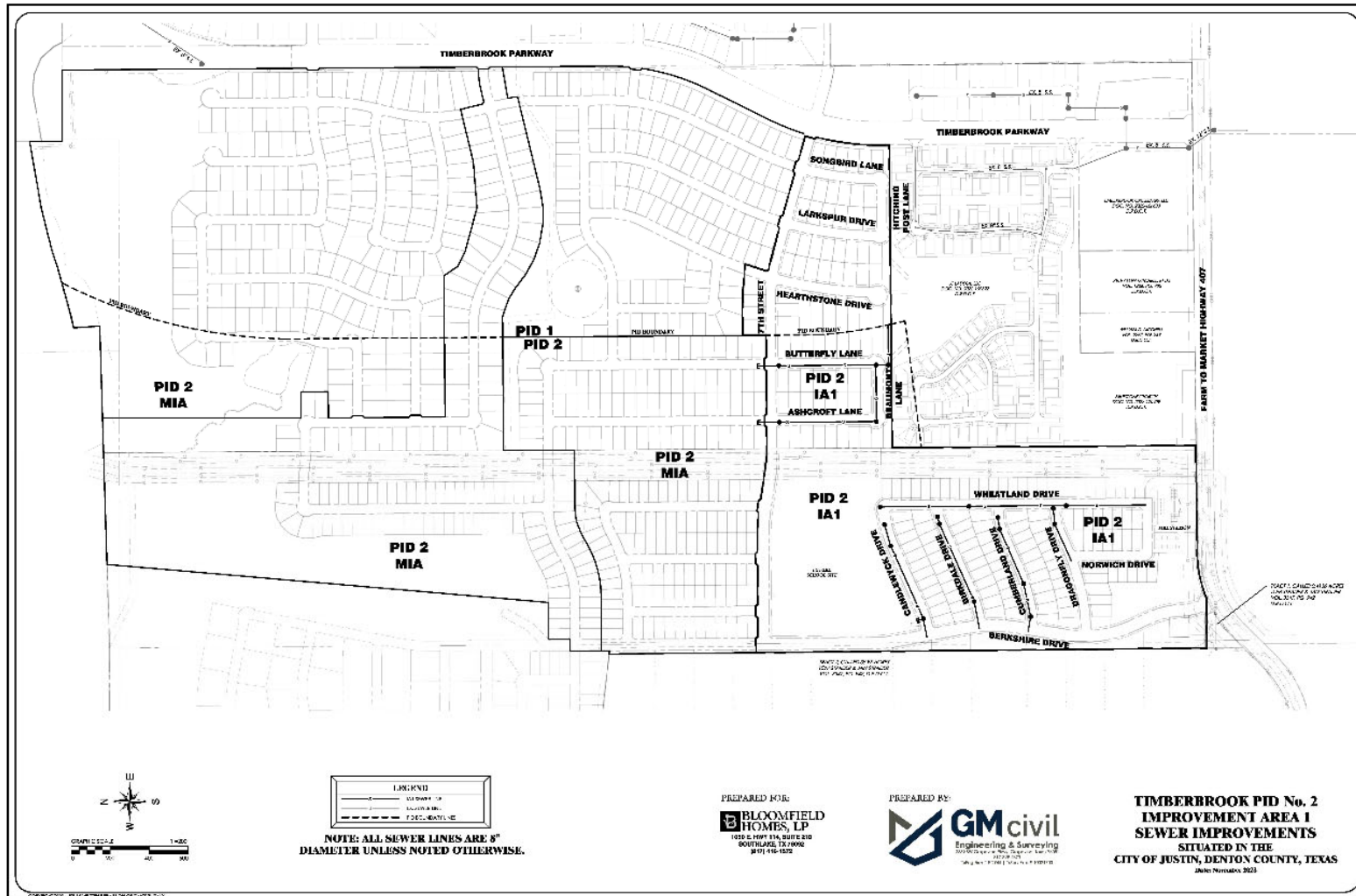


EXHIBIT H – NOTICE OF TERMINATION OF ASSESSMENT



P3Works, LLC
9284 Huntington Square, Suite 100
North Richland Hills, TX 76182

[Date]
Denton County Clerk's Office
Honorable [County Clerk Name]
Denton County Courts Building
1450 East McKinney St, Denton, TX 76209

Re: City of Justin Lien Release Documents for Filing

Dear Ms./Mr. [County Clerk Name],

Enclosed is a lien release that the City of Justin is requesting to be filed in your office. Lien release for [insert legal description]. Recording Numbers: [Plat]. Please forward copies of the filed documents below:

City of Justin
Attn: [City Secretary]
415 N. College Avenue
PO Box 129
Justin, TX 76247

Please contact me if you have any questions or need additional information.

Sincerely,
[Signature]

P3Works, LLC
P: (817) 393-0353
admin@p3-works.com
www.P3-Works.com

AFTER RECORDING RETURN TO:

**[City Secretary Name]
415 N. College Avenue
PO Box 129
Justin, TX 76247**

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN

**STATE OF TEXAS §
KNOW ALL MEN BY THESE PRESENTS: §
COUNTY OF DENTON §**

THIS FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN (this "Full Release") is executed and delivered as of the Effective Date by the City of Justin, Texas.

RECITALS

WHEREAS, the governing body (hereinafter referred to as the "City Council") of the City of Justin, Texas (hereinafter referred to as the "City"), is authorized by Chapter 372, Texas Local Government Code, as amended (hereinafter referred to as the "Act"), to create public improvement districts within the corporate limits of the City; and

WHEREAS, on February 8, 2024, the City Council for the City, approved Resolution No. 651-24, creating the Timberbrook Public Improvement District No. 2 (the "District"); and

WHEREAS, the District consists of approximately 155.285 contiguous acres within the corporate limits of the City; and

WHEREAS, on or about March 28, 2024, the City Council approved Ordinance No. _____, (hereinafter referred to as the "Assessment Ordinance") approving a service and assessment plan and assessment roll for the Property within the District; and

WHEREAS, the Assessment Ordinance imposed an assessment in the amount of [amount] (hereinafter referred to as the "Lien Amount") for the following property:

[legal description], a subdivision in Denton County, Texas, according to the map or plat of record in Document/Instrument No. _____ of the Plat Records of Denton County, Texas (hereinafter referred to as the "Property"); and

WHEREAS, the Lien Amount has been paid in full.

RELEASE

NOW THEREFORE, the City, the Developer and holder of the Lien, Instrument No. _____, in the Real Property Records of Denton County, Texas, in the amount of the Lien Amount against the Property releases and discharges, and by these presents does hereby release and discharge, the above-described Property from said lien held by the undersigned securing said indebtedness.

EXECUTED to be **EFFECTIVE** this the ____ day of _____, 20__.

CITY OF JUSTIN, TEXAS,

By: _____
[Manager Name], City Manager

ATTEST:

[Secretary Name], City Secretary

STATE OF TEXAS §
 §
COUNTY OF DENTON §

This instrument was acknowledged before me on the ____ day of _____, 20__, by [Manager Name], City Manager for the City of Justin, Texas, on behalf of said municipality.

Notary Public, State of Texas

EXHIBIT I – DEBT SERVICE SCHEDULE FOR IMPROVEMENT AREA #1 BONDS

Preliminary				
Timberbrook PID 2 IA 1				
City of Justin, Texas				
Special Assessment Revenue Bonds, Series 2024				
Debt Service Schedule				
Date	Principal	Coupon	Interest	Total P+I
09/01/2024	-	-	127,019.62	127,019.62
09/01/2025	75,000.00	6.250%	343,812.50	418,812.50
09/01/2026	79,000.00	6.250%	339,125.00	418,125.00
09/01/2027	84,000.00	6.250%	334,187.50	418,187.50
09/01/2028	88,000.00	6.250%	328,937.50	416,937.50
09/01/2029	93,000.00	6.250%	323,437.50	416,437.50
09/01/2030	99,000.00	6.250%	317,625.00	416,625.00
09/01/2031	105,000.00	6.250%	311,437.50	416,437.50
09/01/2032	111,000.00	6.250%	304,875.00	415,875.00
09/01/2033	117,000.00	6.250%	297,937.50	414,937.50
09/01/2034	124,000.00	6.250%	290,625.00	414,625.00
09/01/2035	132,000.00	6.250%	282,875.00	414,875.00
09/01/2036	140,000.00	6.250%	274,625.00	414,625.00
09/01/2037	148,000.00	6.250%	265,875.00	413,875.00
09/01/2038	157,000.00	6.250%	256,625.00	413,625.00
09/01/2039	167,000.00	6.250%	246,812.50	413,812.50
09/01/2040	177,000.00	6.250%	236,375.00	413,375.00
09/01/2041	188,000.00	6.250%	225,312.50	413,312.50
09/01/2042	199,000.00	6.250%	213,562.50	412,562.50
09/01/2043	212,000.00	6.250%	201,125.00	413,125.00
09/01/2044	225,000.00	6.250%	187,875.00	412,875.00
09/01/2045	239,000.00	6.250%	173,812.50	412,812.50
09/01/2046	254,000.00	6.250%	158,875.00	412,875.00
09/01/2047	270,000.00	6.250%	143,000.00	413,000.00
09/01/2048	287,000.00	6.250%	126,125.00	413,125.00
09/01/2049	305,000.00	6.250%	108,187.50	413,187.50
09/01/2050	324,000.00	6.250%	89,125.00	413,125.00
09/01/2051	345,000.00	6.250%	68,875.00	413,875.00
09/01/2052	367,000.00	6.250%	47,312.50	414,312.50
09/01/2053	390,000.00	6.250%	24,375.00	414,375.00
Total	\$5,501,000.00	-	\$6,649,769.62	\$12,150,769.62
Yield Statistics				
Bond Year Dollars				\$106,396.31
Average Life				19.341 Years
Average Coupon				6.2500000%
Net Interest Cost (NIC)				6.4051088%
True Interest Cost (TIC)				6.5439169%
Bond Yield for Arbitrage Purposes				6.2508668%
All Inclusive Cost (AIC)				8.8232785%
IRS Form 8038				
Net Interest Cost				6.2500000%
Weighted Average Maturity				19.341 Years
PID 2 IA1 updated sale da SINGLE PURPOSE 2/12/2024 2:54 PM				
Hilltop Securities Inc Public Finance				Page 1

EXHIBIT J-1 – DISTRICT LEGAL DESCRIPTION

EXHIBIT A LEGAL DESCRIPTION

PID #2

All that certain lot, tract, or parcel of land, situated in a portion of the Margaret Garnett Survey, Abstract No. 439, William Reed Survey, Abstract No. 1071, Joseph Sutton Survey, Abstract No. 1151, Carl Boeger Survey, Abstract No. 121, City of Justin, Denton County, Texas, being part of that certain called 411.268 acre tract described in a deed to Justin Timberbrook, LLC recorded in Document No. 2016-55837 of the Deed Records of Denton County, Texas (DRDCT), part of that certain called 241.210 acre tract described in a deed to Justin Timberbrook, LLC recorded in Document No. 2017-5803 (DRDCT), and being more completely described as follows, to-wit:

BEGINNING at a 5/8" iron rod found for the Southeast corner of said 241.210 acre tract, the Southwest corner of a called 9.001 acre tract described in a deed to Milestone Church recorded in Document No. 2022-170409 (DRDCT), and being in the North right-of-way line of Farm-to-Market Highway No. 407 (90' right-of-way width);

THENCE South 89 deg. 20 min. 19 sec. West along the South line of said 241.210 acre tract and said North right-of-way line, a distance of 559.43 feet to a 1/2" capped iron rod found stamped "GMcivil", from which a wood highway post bears North 77 deg. 58 min. 45 sec. East - 1.77 feet, said point being a Point of Curvature of a circular curve to the left, having a radius of 617.96 feet, a central angle of 21 deg. 56 min. 53 sec., and being subtended by a chord which bears South 78 deg. 21 min. 53 sec. West - 235.27 feet;

THENCE in a westerly direction along said curve to the left, the South line of said 241.210 acre tract, and said North right-of-way line, a distance of 236.72 feet to a 1/2" capped iron rod found stamped "GMcivil", from which a 5/8" iron rod found bears South 55 deg. 10 min. 08 sec. West - 4.21 feet;

THENCE South 89 deg. 23 min. 23 sec. West non-tangent to said curve, departing said North right-of-way line and continue along said South line, a distance of 256.24 feet to a 1/2" capped iron rod found stamped "GMcivil" for the Southwest corner of said 241.210 acre tract;

THENCE North 00 deg. 34 min. 11 sec. West along the West line of said 241.210 acre tract, a distance of 3,076.82 feet to a 5/8" iron rod found for an ell corner of same;

THENCE South 85 deg. 36 min. 42 sec. East departing said West line, a distance of 17.09 feet;

THENCE North 00 deg. 22 min. 06 sec. West, a distance of 201.64 feet;

THENCE North 89 deg. 37 min. 54 sec. East, a distance of 60.00 feet;

THENCE North 00 deg. 22 min. 06 sec. West, a distance of 110.00 feet;

THENCE North 89 deg. 37 min. 54 sec. East, a distance of 190.28 feet;

THENCE North 04 deg. 54 min. 30 sec. East, a distance of 2,281.01 feet to the North line of said 241.210 acre tract;

THENCE North 88 deg. 14 min. 56 sec. East, at 574.38 feet pass a 1/2" capped iron rod found stamped "GMcivil" for the Northwest corner of said 241.210 acre tract and the Northwest corner of said 411.268 acre tract, continue a total distance of 1,229.45 feet point in Oliver Creek;

THENCE North 03 deg. 52 min. 41 sec. West along a West line of said 411.268 acre tract, a distance of 134.57 feet 10" cedar fence post for the most northerly Northwest corner of same;

THENCE North 77 deg. 31 min. 56 sec. East along the North line of said 411.268 acre tract, a distance of 74.88 feet to a 20" double pecan tree;

THENCE North 74 deg. 21 min. 14 sec. East along said North line, a distance of 163.65 feet to a Point of Curvature of a non-tangent circular curve to the left, having a radius of 2,640.00 feet, a central angle of 26 deg. 01 min. 14 sec., and being subtended by a chord which bears South 13 deg. 59 min. 29 sec. West - 1,188.66 feet;

THENCE in a southerly direction along said curve to the left and departing said North line, a distance of 1,198.94 feet;

THENCE South 00 deg. 25 min. 43 sec. East non-tangent to said curve, a distance of 2,736.00 feet to a Point of Curvature of a non-tangent circular curve to the left, having a radius of 2,640.00 feet, a central angle of 08 deg. 17 min. 28 sec., and being subtended by a chord which bears South 08 deg. 13 min. 52 sec. East - 381.70 feet;

THENCE in a southerly direction along said curve to the left, a distance of 382.03 feet to the North line of a called 32.216 acre tract described in a deed to JT Ladera, LLC recorded in Document No. 2022-169892 (DRDCT);

THENCE South 89 deg. 27 min. 48 sec. West non-tangent to said curve and continue along said North line, a distance of 633.74 feet to a 1/2" capped iron rod found stamped "McADAMS" for the Northwest corner of said 32.216 acre tract and being in the East line of said 241.210 acre tract;

THENCE South 00 deg. 25 min. 43 sec. East along the East line of said 241.210 acre tract, the West line of said 32.216 acre tract, and the West line of said 9.001 acre tract, a distance of 1,563.76 feet to the **POINT OF BEGINNING**, containing 7,530,727 square feet or 172.882 acres of land, more or less.

EXCEPT FROM THEREOF:

All that certain lot, tract, or parcel of land, situated in a portion of the Margaret Garnett Survey, Abstract No. 439, City of Justin, Denton County, Texas, being part of that certain called 241.210 acre tract described in a deed to Justin Timberbrook, LLC recorded in Document No. 2017-5803 of the Deed Records of Denton County, Texas (DRDCT), and being more completely described as follows, to-wit:

COMMENCING at a 5/8" iron rod found for the Southeast corner of said 241.210 acre tract, the Southwest corner of a called 9.001 acre tract described in a deed to Milestone Church recorded in Document No. 2022-170409 (DRDCT) and being in the North right-of-way line of Farm-to-Market Road No. 407 (90' width right-of-way);

THENCE North 00 deg. 25 min. 43 sec. West departing said North right-of-way line and continue along the East line of said 241.210 acre tract and the West line of said 9.001 acre tract, at 680.15 feet pass a 1/2" capped iron rod found stamped "MCADAMS" for the Northwest corner of said 9.001 acre tract and the Southwest corner of a called 32.216 acre tract described in a deed to JT Ladera, LLC recorded in Document No. 2022-169892 (DRDCT), continue along said East line and the West line of said 32.216 acre tract, at 1,563.75 feet pass a 1/2" capped iron rod found stamped "MCADAMS" for the Northwest corner of said 32.216 acre tract, continue along said East line and the West line of a called 411.268 acre tract described in a deed to Justin Timberbrook, LLC recorded in Document No. 2016-55837 (DRDCT) a total distance of 1,620.02 feet to a 1/2" capped iron rod set stamped "GMCIVIL" hereinafter referred to as 1/2" capped iron rod set, said point being the **TRUE POINT OF BEGINNING**;

THENCE South 89 deg. 34 min. 28 sec. West departing said East and West lines, a distance of 274.63 feet to a 1/2" capped iron rod set for a Point of Curvature of a non-tangent circular curve to the left, having a radius of 50.00 feet, a central angle of 96 deg. 29 min. 26 sec., and being subtended by a chord which bears North 77 deg. 28 min. 33 sec. West - 74.60 feet;

THENCE in a westerly direction along said curve to the left, a distance of 84.20 feet to a 1/2" capped iron rod set for a Point of Curvature of a non-tangent circular curve to the left, having a radius of 535.00 feet, a central angle of 18 deg. 47 min. 58 sec., and being subtended by a chord which bears South 75 deg. 13 min. 40 sec. West - 174.75 feet;

THENCE in a westerly direction along said curve to the left, a distance of 175.54 feet to a 1/2" capped iron rod set;

THENCE South 65 deg. 49 min. 41 sec. West tangent to said curve, a distance of 354.36 feet to a 1/2" capped iron rod set for a Point of Curvature of a circular curve to the right, having a radius of 465.00 feet, a central angle of 12 deg. 04 min. 33 sec., and being subtended by a chord which bears South 71 deg. 51 min. 57 sec. West - 97.82 feet;

THENCE in a westerly direction along said curve to the right, a distance of 98.00 feet to a 1/2" capped iron rod set;

THENCE North 56 deg. 10 min. 04 sec. West non-tangent to said curve, a distance of 14.06 feet to a 1/2" capped iron rod set;

THENCE North 10 deg. 51 min. 19 sec. West, a distance of 109.87 feet to a 1/2" capped iron rod set for a Point of Curvature of a circular curve to the right, having a radius of 770.00 feet, a central angle of 10 deg. 29 min. 14 sec., and being subtended by a chord which bears North 05 deg. 36 min. 43 sec. West - 140.74 feet;

THENCE in a northerly direction along said curve to the right, a distance of 140.94 feet to a 1/2" capped iron rod set;

THENCE North 00 deg. 22 min. 06 sec. West tangent to said curve, a distance of 514.51 feet to a 1/2" capped iron rod set;

THENCE North 44 deg. 37 min. 54 sec. East, a distance of 14.14 feet to a 1/2" capped iron rod set;

THENCE North 89 deg. 37 min. 54 sec. East, a distance of 520.83 feet to a 1/2" capped iron rod set for a Point of Curvature of a circular curve to the right, having a radius of 770.00 feet, a central angle of 08 deg. 53 min. 31 sec., and being subtended by a chord which bears South 85 deg. 55 min. 20 sec. East - 119.38 feet;

THENCE in an easterly direction along said curve to the right, a distance of 119.50 feet to a 1/2" capped iron rod set;

THENCE South 81 deg. 28 min. 35 sec. East tangent to said curve, a distance of 179.26 feet to a 1/2" capped iron rod set for a Point of Curvature of a circular curve to the left, having a radius of 830.00 feet, a central angle of 03 deg. 12 min. 52 sec., and being subtended by a chord which bears South 83 deg. 05 min. 01 sec. East - 46.56 feet;

THENCE in an easterly direction along said curve to the left, a distance of 46.57 feet to a 1/2" capped iron rod set for a Point of Curvature of a compound circular curve to the left, having a radius of 300.00 feet, a central angle of 10 deg. 48 min. 17 sec., and being subtended by a chord which bears North 89 deg. 54 min. 25 sec. East - 56.49 feet;

THENCE in an easterly direction along said curve to the left, a distance of 56.57 feet to a 1/2" capped iron rod set for a Point of Curvature of a reverse circular curve to the right, having a radius of 300.00 feet, a central angle of 05 deg. 04 min. 00 sec., and being subtended by a chord which bears North 87 deg. 02 min. 17 sec. East - 26.52 feet;

THENCE in an easterly direction along said curve to the right, a distance of 26.53 feet to a 1/2" capped iron rod set;

THENCE North 89 deg. 34 min. 17 sec. East tangent to said curve, a distance of 21.79 feet to a

1/2" capped iron rod set in the East line of said 241.210 acre tract and the West line of said 411.268 acre tract, from which a 1/2" iron rod found for the Northeast corner of said 241.210 acre tract and the Northwest corner of said 411.268 acre tract bears North 00 deg. 25 min. 43 sec. West – 3,463.58 feet;

THENCE South 00 deg. 25 min. 43 sec. East along said East and West lines, a distance of 538.71 feet to the **POINT OF BEGINNING**, containing 610,641 square feet or 14.018 acres of land, more or less.

EXCEPT FROM THEREOF:

All that certain lot, tract, or parcel of land, situated in a portion of the Carl Boeger Survey, Abstract No. 121, Margaret Garnett Survey, Abstract No. 439, City of Justin, Denton County, Texas, being part of that certain called 241.210 acre tract described in a deed to Justin Timberbrook, LLC recorded in Document No. 2017-5803 of the Deed Records of Denton County, Texas (DRDCT), and being more completely described as follows, to-wit:

BEGINNING at a 1/2" capped iron rod found stamped "GMcivil" for the Southwest corner of said 241.210 acre tract;

THENCE North 00 deg. 34 min. 11 sec. West along the West line of said 241.210 acre tract, a distance of 3,076.82 feet to a 5/8" iron rod found for an ell corner of same;

THENCE South 85 deg. 36 min. 42 sec. East departing said West line, a distance of 17.09 feet;

THENCE South 00 deg. 22 min. 06 sec. East, a distance of 1,349.32 feet to a Point of Curvature of a circular curve to the left, having a radius of 830.00 feet, a central angle of 10 deg. 29 min. 14 sec., and being subtended by a chord which bears South 05 deg. 36 min. 43 sec. East - 151.71 feet;

THENCE in a southerly direction along said curve to the left, a distance of 151.92 feet;

THENCE South 10 deg. 51 min. 19 sec. East tangent to said curve, a distance of 335.04 feet to a Point of Curvature of a circular curve to the right, having a radius of 770.00 feet, a central angle of 19 deg. 56 min. 14 sec., and being subtended by a chord which bears South 00 deg. 53 min. 12 sec. East - 266.59 feet;

THENCE in a southerly direction along said curve to the right, a distance of 267.94 feet;

THENCE South 09 deg. 04 min. 55 sec. West tangent to said curve, a distance of 248.67 feet to a Point of Curvature of a circular curve to the left, having a radius of 630.00 feet, a central angle of 33 deg. 46 min. 31 sec., and being subtended by a chord which bears South 07 deg. 48 min. 21 sec. East - 366.02 feet;

THENCE in a southerly direction along said curve to the left, a distance of 371.38 feet;

THENCE South 24 deg. 41 min. 36 sec. East tangent to said curve, a distance of 101.19 feet to a Point of Curvature of a circular curve to the right, having a radius of 370.00 feet, a central angle of 21 deg. 09 min. 57 sec., and being subtended by a chord which bears South 14 deg. 06 min. 38 sec. East - 135.91 feet;

THENCE in a southerly direction along said curve to the right, a distance of 136.68 feet;

THENCE South 03 deg. 31 min. 40 sec. East tangent to said curve, a distance of 13.88 feet to a Point of Curvature of a circular curve to the left, having a radius of 430.00 feet, a central angle of 15 deg. 33 min. 29 sec., and being subtended by a chord which bears South 11 deg. 18 min. 24 sec. East - 116.40 feet;

THENCE in a southerly direction along said curve to the left, a distance of 116.76 feet;

THENCE South 23 deg. 54 min. 56 sec. West non-tangent to said curve, a distance of 19.29 feet;

THENCE South 89 deg. 23 min. 23 sec. West, a distance of 178.91 feet to the **POINT OF BEGINNING**, containing 155,855 square feet or 3.578 acres of land, more or less.

LEAVING A NET AREA OF 6,764,231 SQUARE FEET OR 155.285 ACRES OF LAND, MORE OR LESS.

Bearings are referenced to Texas State Plane Coordinate System, North Central Zone (4202), North American Datum of 1983 as derived from GPS observation.

EXHIBIT J-2 – IMPROVEMENT AREA #1 LEGAL DESCRIPTION

All that certain lot, tract, or parcel of land, situated in a portion of the Carl Boeger Survey, Abstract No. 121, the Margaret Garnett Survey, Abstract No. 439, City of Justin, Denton County, Texas, being part of that certain called 299.874 acre tract described in a deed to Bloomfield Homes, L.P. recorded in Document No. 2023-66798 of the Deed Records of Denton County, Texas (DRDCT), and being more completely described as follows, to-wit:

BEGINNING at a 5/8" iron rod found for the most southerly Southeast corner of said 299.874 acre tract, the Southwest corner of a called 9.001 acre tract described in Milestone Church recorded in Document No. 2022-170409 (DRDCT), and being in the North right-of-way line of Farm-to-Market Highway No. 407 (90' right-of-way width);

THENCE South 89 deg. 20 min. 19 sec. West along the South line of said 299.874 acre tract and said North right-of-way line, a distance of 559.43 feet to a 1/2" capped iron rod found stamped "GMcivil", from which a wood highway post bears North 77 deg. 58 min. 45 sec. East – 1.77 feet, said point being a Point of Curvature of a circular curve to the left, having a radius of 617.96 feet, a central angle of 21 deg. 56 min. 53 sec., and being subtended by a chord which bears South 78 deg. 21 min. 53 sec. West - 235.27 feet;

THENCE in a westerly direction along said curve to the left, the South line of said 299.874 acre tract, and said North right-of-way line, a distance of 236.72 feet to a 1/2" capped iron rod found stamped "GMcivil", from which a 5/8" iron rod found bears South 55 deg. 10 min. 08 sec. West – 4.21 feet;

THENCE South 89 deg. 23 min. 23 sec. West non-tangent to said curve, departing said North right-of-way line and continue along said South line, a distance of 77.33 feet;

THENCE North 23 deg. 54 min. 56 sec. East departing said South line, a distance of 19.29 feet to a Point of Curvature of a non-tangent circular curve to the right, having a radius of 430.00 feet, a central angle of 15 deg. 33 min. 29 sec., and being subtended by a chord which bears North 11 deg. 18 min. 24 sec. West - 116.40 feet;

THENCE in a northerly direction along said curve to the right, a distance of 116.76 feet;

THENCE North 03 deg. 31 min. 40 sec. West, a distance of 13.88 feet to a Point of Curvature of a circular curve to the left, having a radius of 370.00 feet, a central angle of 21 deg. 09 min. 57 sec., and being subtended by a chord which bears North 14 deg. 06 min. 38 sec. West - 135.91 feet;

THENCE in a northerly direction along said curve to the left, a distance of 136.68 feet;

THENCE North 24 deg. 41 min. 36 sec. West tangent to said curve, a distance of 101.19 feet to a Point of Curvature of a circular curve to the right, having a radius of 630.00 feet, a central angle of 33 deg. 46 min. 31 sec., and being subtended by a chord which bears North 07 deg. 48 min. 21 sec. West - 366.02 feet;

THENCE in a northerly direction along said curve to the right, a distance of 371.38 feet;

THENCE North 09 deg. 04 min. 55 sec. East tangent to said curve, a distance of 248.67 feet to a Point of Curvature of a circular curve to the left, having a radius of 770.00 feet, a central angle of 19 deg. 56 min. 14 sec., and being subtended by a chord which bears North 00 deg. 53 min. 12 sec. West - 266.59 feet;

THENCE in a northerly direction along said curve to the left, a distance of 267.94 feet;

THENCE North 10 deg. 51 min. 19 sec. West tangent to said curve, a distance of 335.04 feet to a Point of Curvature of a circular curve to the right, having a radius of 830.00 feet, a central angle of 10 deg. 29 min. 14 sec., and being subtended by a chord which bears North 05 deg. 36 min. 43 sec. West - 151.71 feet;

THENCE in a northerly direction along said curve to the right, a distance of 151.92 feet;

THENCE North 00 deg. 22 min. 06 sec. West tangent to said curve, a distance of 594.51 feet;

THENCE North 89 deg. 37 min. 54 sec. East, a distance of 60.00 feet;

THENCE South 45 deg. 22 min. 06 sec. East, a distance of 14.14 feet;

THENCE North 89 deg. 37 min. 54 sec. East, a distance of 94.40 feet;

THENCE North 44 deg. 36 min. 11 sec. East, a distance of 14.14 feet;

THENCE North 89 deg. 37 min. 54 sec. East, a distance of 50.00 feet;

THENCE South 45 deg. 23 min. 49 sec. East, a distance of 14.15 feet;

THENCE North 89 deg. 37 min. 54 sec. East, a distance of 200.00 feet;

THENCE North 44 deg. 36 min. 11 sec. East, a distance of 14.14 feet;

THENCE North 89 deg. 37 min. 54 sec. East, a distance of 50.00 feet;

THENCE South 45 deg. 23 min. 49 sec. East, a distance of 14.15 feet;

THENCE North 89 deg. 41 min. 43 sec. East, a distance of 100.00 feet to a Point of Curvature of a non-tangent circular curve to the right, having a radius of 830.00 feet, a central angle of 06 deg. 56 min. 08 sec., and being subtended by a chord which bears South 85 deg. 57 min. 50 sec. East - 100.41 feet;

THENCE in an easterly direction along said curve to the right, a distance of 100.47 feet;

THENCE North 48 deg. 42 min. 42 sec. East non-tangent to said curve, a distance of 13.08 feet;

THENCE South 81 deg. 29 min. 31 sec. East, a distance of 50.61 feet;

THENCE South 40 deg. 57 min. 03 sec. East, a distance of 15.20 feet;

THENCE South 81 deg. 28 min. 35 sec. East, a distance of 123.43 feet to a Point of Curvature of a circular curve to the left, having a radius of 770.00 feet, a central angle of 02 deg. 44 min. 14 sec., and being subtended by a chord which bears South 82 deg. 50 min. 41 sec. East - 36.78 feet;

THENCE in an easterly direction along said curve to the left, a distance of 36.78 feet to a Point of Curvature of a reverse circular curve to the right, having a radius of 300.00 feet, a central angle of 04 deg. 55 min. 01 sec., and being subtended by a chord which bears South 81 deg. 45 min. 18 sec. East - 25.74 feet;

THENCE in an easterly direction along said curve to the right, a distance of 25.74 feet to a Point of Curvature of a reverse circular curve to the left, having a radius of 300.00 feet, a central angle of 11 deg. 07 min. 56 sec., and being subtended by a chord which bears South 84 deg. 51 min. 45 sec. East - 58.20 feet;

THENCE in an easterly direction along said curve to the left, a distance of 58.29 feet;

THENCE North 89 deg. 34 min. 17 sec. East tangent to said curve, a distance of 131.79 feet;

THENCE North 44 deg. 34 min. 17 sec. East, a distance of 14.14 feet;

THENCE North 89 deg. 34 min. 17 sec. East, a distance of 50.00 feet;

THENCE South 45 deg. 25 min. 43 sec. East, a distance of 14.14 feet;

THENCE North 89 deg. 34 min. 17 sec. East, a distance of 220.00 feet;

THENCE North 44 deg. 34 min. 17 sec. East, a distance of 14.14 feet;

THENCE North 89 deg. 34 min. 17 sec. East, a distance of 50.00 feet;

THENCE South 45 deg. 25 min. 43 sec. East, a distance of 14.14 feet;

THENCE North 89 deg. 34 min. 17 sec. East, a distance of 111.92 feet;

THENCE South 00 deg. 25 min. 43 sec. East, a distance of 265.62 feet to a Point of Curvature of a non-tangent circular curve to the left, having a radius of 2,640.00 feet, a central angle of 08 deg. 17 min. 28 sec., and being subtended by a chord which bears South 08 deg. 13 min. 52 sec. East - 381.70 feet;

THENCE in a southerly direction along said curve to the left, a distance of 382.03 feet to the South line of said 299.874 acre tract and the North line of a called 32.216 acre tract described in a deed to JT Ladera, LLC recorded in Document No. 2022-169892 (DRDCT);

THENCE South 89 deg. 27 min. 48 sec. West non-tangent to said curve and continue along said North and South lines, a distance of 633.74 feet to a 1/2"

capped iron rod found stamped "McADAMS" for the Northwest corner of said 32.210 acre tract and an ell corner of said 299.874 acre tract;

THENCE South 00 deg. 25 min. 43 sec. East along the East line of said 299.874 acre tract, the West line of said 32.210 acre tract, and the West line of said 9.001 acre tract, a distance of 1,563.76 feet to the **POINT OF BEGINNING**, containing 2,621,449 square feet or 60.180 acres of land, more or less.

EXCEPT FROM THEREOF:

All that certain lot, tract, or parcel of land, situated in a portion of the Margaret Garnett Survey, Abstract No. 439, City of Justin, Denton County, Texas, being part of that certain called 299.874 acre tract described in a deed to Bloomfield Homes, L.P. recorded in Document No. 2023-66798 of the Deed Records of Denton County, Texas (DRDCT), and being more completely described as follows, to-wit:

COMMENCING at a 5/8" iron rod found for the most southerly Southeast corner of said 299.874 acre tract, the Southwest corner of a called 9.001 acre tract described in a deed to Milestone Church recorded in Document No. 2022-170409 (DRDCT) and being in the North right-of-way line of Farm-to-Market Road No. 407 (90' width right-of-way);

THENCE North 00 deg. 25 min. 43 sec. West departing said North right-of-way line and continue along the East line of said 299.874 acre tract and the West line of said 9.001 acre tract, at 680.15 feet pass a 1/2" capped iron rod found stamped "McADAMS" for the Northwest corner of said 9.001 acre tract and the Southwest corner of a called 32.216 acre tract described in a deed to JT Ladera, LLC recorded in Document No. 2022-169892 (DRDCT), continue along said East line and the West line of said 32.216 acre tract, at 1,563.75 feet pass a 1/2" capped iron rod found stamped "McADAMS" for the Northwest corner of said 32.216 acre tract and an ell corner of said 299.874 acre tract, continue a total distance of 1,620.02 feet to a 1/2" capped iron rod set stamped "GMCIVIL" hereinafter referred to as 1/2" capped iron rod set, said point being the **TRUE POINT OF BEGINNING**;

THENCE South 89 deg. 34 min. 28 sec. West, a distance of 274.63 feet to a 1/2" capped iron rod set for a Point of Curvature of a non-tangent circular curve to the left, having a radius of 50.00 feet, a central angle of 96 deg. 29 min. 26 sec., and being subtended by a chord which bears North 77 deg. 28 min. 33 sec. West - 74.60 feet;

THENCE in a westerly direction along said curve to the left, a distance of 84.20 feet to a 1/2" capped iron rod set for a Point of Curvature of a non-tangent circular curve to the left, having a radius of 535.00 feet, a central angle of 18 deg. 47 min. 58 sec., and being subtended by a chord which bears South 75 deg. 13 min. 40 sec. West - 174.75 feet;

THENCE in a westerly direction along said curve to the left, a distance of 175.54 feet to a 1/2" capped iron rod set;

THENCE South 65 deg. 49 min. 41 sec. West tangent to said curve, a distance of 354.36 feet to a 1/2" capped iron rod set for a Point of Curvature of a circular curve to the right, having a radius of 465.00 feet, a central angle of 12 deg. 04 min. 33 sec., and being subtended by a chord which bears South 71 deg. 51 min. 57 sec. West - 97.82 feet;

THENCE in a westerly direction along said curve to the right, a distance of 98.00 feet to a 1/2" capped iron rod set;

THENCE North 56 deg. 10 min. 04 sec. West non-tangent to said curve, a distance of 14.06 feet to a 1/2" capped iron rod set;

THENCE North 10 deg. 51 min. 19 sec. West, a distance of 109.87 feet to a 1/2" capped iron rod set for a Point of Curvature of a circular curve to the right, having a radius of 770.00 feet, a central angle of 10 deg. 29 min. 14 sec., and being subtended by a chord which bears North 05 deg. 36 min. 43 sec. West - 140.74 feet;

THENCE in a northerly direction along said curve to the right, a distance of 140.94 feet to a 1/2" capped iron rod set;

THENCE North 00 deg. 22 min. 06 sec. West tangent to said curve, a distance of 514.51 feet to a 1/2" capped iron rod set;

THENCE North 44 deg. 37 min. 54 sec. East, a distance of 14.14 feet to a 1/2" capped iron rod set;

THENCE North 89 deg. 37 min. 54 sec. East, a distance of 520.83 feet to a 1/2" capped iron rod set for a Point of Curvature of a circular curve to the right, having a radius of 770.00 feet, a central angle of 08 deg. 53 min. 31 sec., and

being subtended by a chord which bears South 85 deg. 55 min. 20 sec. East - 119.38 feet;

THENCE in an easterly direction along said curve to the right, a distance of 119.50 feet to a 1/2" capped iron rod set;

THENCE South 81 deg. 28 min. 35 sec. East tangent to said curve, a distance of 179.26 feet to a 1/2" capped iron rod set for a Point of Curvature of a circular curve to the left, having a radius of 830.00 feet, a central angle of 03 deg. 12 min. 52 sec., and being subtended by a chord which bears South 83 deg. 05 min. 01 sec. East - 46.56 feet;

THENCE in an easterly direction along said curve to the left, a distance of 46.57 feet to a 1/2" capped iron rod set for a Point of Curvature of a compound circular curve to the left, having a radius of 300.00 feet, a central angle of 10 deg. 48 min. 17 sec., and being subtended by a chord which bears North 89 deg. 54 min. 25 sec. East - 56.49 feet;

THENCE in an easterly direction along said curve to the left, a distance of 56.57 feet to a 1/2" capped iron rod set for a Point of Curvature of a reverse circular curve to the right, having a radius of 300.00 feet, a central angle of 05 deg. 04 min. 00 sec., and being subtended by a chord which bears North 87 deg. 02 min. 17 sec. East - 26.52 feet;

THENCE in an easterly direction along said curve to the right, a distance of 26.53 feet to a 1/2" capped iron rod set;

THENCE North 89 deg. 34 min. 17 sec. East tangent to said curve, a distance of 21.79 feet to a 1/2" capped iron rod set;

THENCE South 00 deg. 25 min. 43 sec. East, a distance of 538.71 feet to the **POINT OF BEGINNING**, containing 610,641 square feet or 14.018 acres of land, more or less.

LEAVING A NET AREA OF 2,010,808 SQUARE FEET OR 46.162 ACRES OF LAND, MORE OR LESS.

Bearings are referenced to Texas State Plane Coordinate System, North Central Zone (4202), North American Datum of 1983 as derived from GPS observation.

EXHIBIT J-3 – REMAINDER AREA LEGAL DESCRIPTION

All that certain lot, tract, or parcel of land, situated in a portion of the Margaret Garnett Survey, Abstract No. 439, William Reed Survey, Abstract No. 1071, Joseph Sutton Survey, Abstract No. 1151, Carl Boeger Survey, Abstract No. 121, City of Justin, Denton County, Texas, being part of that certain called 299.874 acre tract described in a deed to Bloomfield Homes, L.P. recorded in Document No. 2023-66798 of the Deed Records of Denton County, Texas (DRDCT), and being more completely described as follows, to-wit:

COMMENCING at a 5/8" iron rod found for the most southerly Southeast corner of said 299.874 acre tract, the Southwest corner of a called 9.001 acre tract described in Milestone Church recorded in Document No. 2022-170409 (DRDCT), and being in the North right-of-way line of Farm-to-Market Highway No. 407 (90' right-of-way width);

THENCE North 00 deg. 25 min. 43 sec. West departing said North right-of-way line and continue along the East line of said 299.874 acre tract and the West line of said 9.001 acre tract, at 680.15 feet pass a 1/2" capped iron rod found stamped "McADAMS" for the Northwest corner of said 9.001 acre tract and the Southwest corner of a called 32.216 acre tract described in a deed to JT Ladera, LLC recorded in Document No. 2022-169892 (DRDCT), continue along said East line and the West line of said 32.216 acre tract, a total distance of 1,563.76 feet to a 1/2" capped iron rod found stamped "McADAMS" for the Northwest corner of said 32.216 acre tract and an ell corner of said 299.874 acre tract;

THENCE North 41 deg. 37 min. 45 sec. East departing said deed lines, a distance of 868.69 feet to the **TRUE POINT OF BEGINNING**;

THENCE South 89 deg. 34 min. 17 sec. West, a distance of 111.92 feet;

THENCE North 45 deg. 25 min. 43 sec. West, a distance of 14.14 feet;

THENCE South 89 deg. 34 min. 17 sec. West, a distance of 50.00 feet;

THENCE South 44 deg. 34 min. 17 sec. West, a distance of 14.14 feet;

THENCE South 89 deg. 34 min. 17 sec. West, a distance of 220.00 feet;

THENCE North 45 deg. 25 min. 43 sec. West, a distance of 14.14 feet;

THENCE South 89 deg. 34 min. 17 sec. West, a distance of 50.00 feet;

THENCE South 44 deg. 34 min. 17 sec. West, a distance of 14.14 feet;

THENCE South 89 deg. 34 min. 17 sec. West, a distance of 131.79 feet to a Point of Curvature of a circular curve to the right, having a radius of 300.00 feet, a central angle of 11 deg. 07 min. 56 sec., and being subtended by a chord which bears North 84 deg. 51 min. 45 sec. West - 58.20 feet;

THENCE in a westerly direction along said curve to the right, a distance of 58.29 feet to a Point of Curvature of a reverse circular curve to the left, having a radius of 300.00 feet, a central angle of 04 deg. 55 min. 01 sec., and being subtended by a chord which bears North 81 deg. 45 min. 18 sec. West - 25.74 feet;

THENCE in a westerly direction along said curve to the left, a distance of 25.74 feet to a Point of Curvature of a reverse circular curve to the right, having a radius of 770.00 feet, a central angle of 02 deg. 44 min. 14 sec., and being subtended by a chord which bears North 82 deg. 50 min. 41 sec. West - 36.78 feet;

THENCE in a westerly direction along said curve to the right, a distance of 36.78 feet;

THENCE North 81 deg. 28 min. 35 sec. West, a distance of 123.43 feet;

THENCE North 40 deg. 57 min. 03 sec. West, a distance of 15.20 feet;

THENCE North 81 deg. 29 min. 31 sec. West, a distance of 50.61 feet;

THENCE South 48 deg. 42 min. 42 sec. West, a distance of 13.08 feet to a Point of Curvature of a non-tangent circular curve to the left, having a radius of 830.00 feet, a central angle of 06 deg. 56 min. 08 sec., and being subtended by a chord which bears North 85 deg. 57 min. 50 sec. West - 100.41 feet;

THENCE in a westerly direction along said curve to the left, a distance of 100.47 feet;

THENCE South 89 deg. 41 min. 43 sec. West non-tangent to said curve, a distance of 100.00 feet;

THENCE North 45 deg. 23 min. 49 sec. West, a distance of 14.15 feet;

THENCE South 89 deg. 37 min. 54 sec. West, a distance of 50.00 feet;

THENCE South 44 deg. 36 min. 11 sec. West, a distance of 14.14 feet;

THENCE South 89 deg. 37 min. 54 sec. West, a distance of 200.00 feet;

THENCE North 45 deg. 23 min. 49 sec. West, a distance of 14.15 feet;

THENCE South 89 deg. 37 min. 54 sec. West, a distance of 50.00 feet;

THENCE South 44 deg. 36 min. 11 sec. West, a distance of 14.14 feet;

THENCE South 89 deg. 37 min. 54 sec. West, a distance of 94.40 feet;

THENCE North 45 deg. 22 min. 06 sec. West, a distance of 14.14 feet;

THENCE South 89 deg. 37 min. 54 sec. West, a distance of 60.00 feet;

THENCE North 00 deg. 22 min. 06 sec. West, a distance of 956.46 feet to the West line of said 299.874 acre tract;

THENCE North 89 deg. 37 min. 54 sec. East along said West line, a distance of 60.00 feet;

THENCE North 00 deg. 22 min. 06 sec. West along said West line, a distance of 110.00 feet;

THENCE North 89 deg. 37 min. 54 sec. East along said West line, a distance of 190.28 feet;

THENCE North 04 deg. 54 min. 30 sec. East along said West line, a distance of 2,281.01 feet to the Northwest corner of said 299.874 acre tract;

THENCE North 88 deg. 14 min. 56 sec. East along the North line of said 299.874 acre tract, a distance of 1,229.45 feet;

THENCE North 03 deg. 52 min. 41 sec. West along said North line, a distance of 134.57 feet;

THENCE North 77 deg. 31 min. 56 sec. East along said North line, a distance of 74.88 feet;

THENCE North 74 deg. 21 min. 14 sec. East along said North line, a distance of 163.65 feet to a Point of Curvature of a non-tangent circular curve to the left, having a radius of 2,640.00 feet, a central angle of 26 deg. 01 min. 14 sec., and being subtended by a chord which bears South 13 deg. 59 min. 29 sec. West - 1,188.66 feet;

THENCE in a southerly direction departing said North line and continue along said curve to the left, a distance of 1,198.94 feet;

THENCE South 00 deg. 25 min. 43 sec. East non-tangent to said curve, a distance of 2,470.38 feet to the **POINT OF BEGINNING**, containing 4,753,423 square feet or 109.123 acres of land, more or less.

Bearings are referenced to Texas State Plane Coordinate System, North Central Zone (4202), North American Datum of 1983 as derived from GPS observation.

APPENDIX A – ENGINEER’S REPORT

[Remainder of page intentionally left blank.]

PRELIMINARY ENGINEER'S OPINION OF PROBABLE COST

Project: Timberbrook PID No. 2
Date: December 20, 2023
Location: Justin, TX
Job No. 23001
Page: 1 of 1



DESCRIPTION	TOTAL COST
Timberbrook PID No. 2 Totals	
Timberbrook PID No. 2 Major Improvements Total	\$7,800,871.94
Timberbrook Ph PID No. 2 - IA1 Total	\$6,262,319.27
Probable Total Timberbrook PID No. 2	\$14,063,191.21



This Engineer's opinion of probable construction cost is made on the basis of the Engineer's experience and best judgement as a design professional. It must be recognized that any evaluation of work to be performed to construct this project must by necessity be speculative in nature until completion of its actual detailed design. In addition the engineer has no control over the cost of labor, material, or services to be furnished by others or over market conditions. Accordingly GMcivil can not guarantee that actual costs will not vary from the opinions expressed herein.



PRELIMINARY ENGINEER'S OPINION OF PROBABLE COST

Project: Timberbrook PID No.2 Maj. Improvements
Date: December 20, 2023
Location: Justin, TX
Job No. 23001
Page: 1 of 5



DESCRIPTION	TOTAL COST
Timberbrook PID No. 2 Major Improvement Totals	
Paving Subtotal	\$2,077,030.70
Water Subtotal	\$804,560.00
Sanitary Sewer Subtotal	\$939,435.00
Storm Drain Subtotal	\$1,960,525.00
Probable Construction Cost Sub-total	\$5,781,550.70
10% Contingency	\$578,155.07
Materials Testing (2%)	\$115,631.01
Inspection Fees - (4%)	\$231,262.03
Preliminary Plat Fees	\$53,594.00
Engineering (8%) & Surveying (5%)	\$751,601.59
Construction Management (5%)	\$289,077.54
Probable Total Timberbrook PID No. 2 Major Improvements	\$7,800,871.94



This Engineer's opinion of probable construction cost is made on the basis of the Engineer's experience and best judgement as a design professional. It must be recognized that any evaluation of work to be performed to construct this project must by necessity be speculative in nature until completion of its actual detailed design. In addition the engineer has no control over the cost of labor, material, or services to be furnished by others or over market conditions. Accordingly GMcivil can not guarantee that actual costs will not vary from the opinions expressed herein.



PRELIMINARY ENGINEER'S OPINION OF PROBABLE COST

Project: Timberbrook PID No.2 Maj. Improvements

Date: December 20, 2023

Location: Justin, TX

Job No.: 23001

Page: 2 of 5



ITEM#	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	TOTAL COST
Paving Facilities					
1.	7" Concrete Pavement	S.Y.	17,915	\$60.00	\$1,074,900.00
2.	6" Lime Treated Subgrade	S.Y.	18,885	\$3.50	\$66,097.50
3.	Hydrated Lime at 36 lbs/S.Y.	Ton	340	\$240.00	\$81,583.20
4.	Barrier Free Ramps	Ea.	26	\$2,250.00	\$58,500.00
5.	End of Road Barricade	L.F.	74	\$30.00	\$2,220.00
6.	Saw Cut & Connect to Existing	L.F.	78	\$35.00	\$2,730.00
7.	Construct Concrete Header	L.F.	74	\$50.00	\$3,700.00
8.	6' Concrete Trail	L.F.	4,000	\$45.00	\$180,000.00
9.	4' Concrete Sidewalk	L.F.	1,270	\$30.00	\$38,100.00
10.	Stop Sign	Ea.	2	\$350.00	\$700.00
11.	Street Marker Blade	Ea.	2	\$400.00	\$800.00
12.	Street Lights	Ea.	5	\$5,500.00	\$27,500.00
13.	Street Excavation	C.Y.	29,600	\$3.25	\$96,200.00
14.	Clearing & Grubbing	Ac.	6	\$1,500.00	\$9,000.00
15.	TxDOT FM 407 Auxiliary Lanes	L.S.	1	\$400,000.00	\$400,000.00
16.	Traffic Control	L.S.	1	\$25,000.00	\$25,000.00
17.	Pavement Marking	L.S.	1	\$10,000.00	\$10,000.00
	Paving Subtotal				\$2,077,030.70

This Engineer's opinion of probable construction cost is made on the basis of the Engineer's experience and best judgement as a design professional. It must be recognized that any evaluation of work to be performed to construct this project must by necessity be speculative in nature until completion of its actual detailed design. In addition the engineer has no control over the cost of labor, material, or services to be furnished by others or over market conditions. Accordingly GMcivil can not guarantee that actual costs will not vary from the opinions expressed herein.



PRELIMINARY ENGINEER'S OPINION OF PROBABLE COST

Project: Timberbrook PID No.2 Maj. Improvements

Date: December 20, 2023

Location: Justin, TX

Job No. 23001

Page: 3 of 5



ITEM#	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	TOTAL COST
Water Facilities					
1.	12" PVC Water Pipe	L.F.	4,695	\$92.50	\$434,287.50
2.	12" Gate Valve and Box	Ea.	25	\$4,300.00	\$107,500.00
3.	Standard Fire Hydrant Assembly	Ea.	4	\$6,750.00	\$27,000.00
4.	Ductile Iron Fittings With Restraint	Ton	2.5	\$20,000.00	\$50,000.00
5.	Trench Safety	L.F.	4,695	\$1.00	\$4,695.00
6.	2" Irrigation Water Services	Ea.	2	\$2,500.00	\$5,000.00
7.	Air/Vacuum Release Valve	Ea.	2	\$5,800.00	\$11,600.00
8.	Blow-off Assembly	Ea.	2	\$4,750.00	\$9,500.00
9.	20" x 12" Tapping Sleeve & Valve	Ea.	1	\$15,000.00	\$15,000.00
10.	Connect to Existing Stub-out	Ea.	2	\$1,000.00	\$2,000.00
11.	Bore 12" W.L. w/ Steel Casing	L.F.	290	\$450.00	\$130,500.00
12.	Water System Testing	L.F.	4,985	\$1.50	\$7,477.50
Water Subtotal					\$804,560.00

Note: 12" diameter water main to serve PID No. 2 is required to distribute the demand for Phase 7, 8, 10, and 11 to avoid excessive pressure loss in the water system due to the topography of PID No. 2.

The NISD school site does benefit from the extension of the water system through PID No. 2. However, the domestic demand for the school site is approximately 11 gpm, and has no impact requiring any upsizing for the water distribution system for PID No. 2. If the school site was not within the Timberbrook subdivision, the 12" water line would still be required.

This Engineer's opinion of probable construction cost is made on the basis of the Engineer's experience and best judgement as a design professional. It must be recognized that any evaluation of work to be performed to construct this project must by necessity be speculative in nature until completion of its actual detailed design. In addition the engineer has no control over the cost of labor, material, or services to be furnished by others or over market conditions. Accordingly GMcivil can not guarantee that actual costs will not vary from the opinions expressed herein.



PRELIMINARY ENGINEER'S OPINION OF PROBABLE COST

Project: Timberbrook PID No.2 Maj. Improvements

Date: December 20, 2023

Location: Justin, TX

Job No. 23001

Page: 4 of 5



ITEM#	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	TOTAL COST
Sanitary Sewer Facilities					
1.	12" SDR-26 PVC Sewer Pipe	L.F.	3,640	\$95.00	\$345,800.00
2.	10" SDR-26 PVC Sewer Pipe	L.F.	2,125	\$85.00	\$180,625.00
3.	8" SDR-26 PVC Sewer Pipe	L.F.	855	\$60.00	\$51,300.00
4.	5' Standard Diameter Manhole	Ea.	23	\$6,000.00	\$138,000.00
5.	4' Standard Diameter Manhole	Ea.	3	\$4,000.00	\$12,000.00
6.	Epoxy Manhole Liner	Ea.	26	\$2,500.00	\$65,000.00
7.	Extra Depth for 5' Dia. Manhole	V.F.	125	\$200.00	\$25,000.00
8.	Extra Depth for 4' Dia. Manhole	V.F.	12	\$175.00	\$2,100.00
9.	Connect to Existing Sewer	Ea.	1	\$5,000.00	\$5,000.00
10.	Cement Stabilized Backfill	L.F.	100	\$35.00	\$3,500.00
11.	Concrete Encasement	L.F.	50	\$25.00	\$1,250.00
12.	TV & Test Sewer Line	L.F.	6,620	\$1.50	\$9,930.00
13.	Trench Safety	L.F.	6,620	\$1.50	\$9,930.00
14.	Bore 12" SS w/ Steel Casing Pipe	L.F.	200	\$450.00	\$90,000.00
	Sanitary Sewer Subtotal				\$939,435.00

This Engineer's opinion of probable construction cost is made on the basis of the Engineer's experience and best judgement as a design professional. It must be recognized that any evaluation of work to be performed to construct this project must by necessity be speculative in nature until completion of its actual detailed design. In addition the engineer has no control over the cost of labor, material, or services to be furnished by others or over market conditions. Accordingly GMcivil can not guarantee that actual costs will not vary from the opinions expressed herein.



PRELIMINARY ENGINEER'S OPINION OF PROBABLE COST

Project: Timberbrook PID No.2 Maj. Improvements

Date: December 20, 2023

Location: Justin, TX

Job No.: 23001

Page: 5 of 5



ITEM#	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	TOTAL COST
Storm Drain Facilities					
1.	10' Curb Inlet	Ea.	20	\$7,200.00	\$144,000.00
2.	4' x 4' Type "Y" Inlet	Ea.	3	\$6,500.00	\$19,500.00
3.	24" R.C.P.	L.F.	425	\$89.00	\$37,825.00
4.	27" R.C.P.	L.F.	430	\$98.00	\$42,140.00
5.	30" R.C.P.	L.F.	220	\$110.00	\$24,200.00
6.	36" R.C.P.	L.F.	200	\$148.00	\$29,600.00
7.	42" R.C.P.	L.F.	1,135	\$205.00	\$232,675.00
8.	48" R.C.P.	L.F.	275	\$245.00	\$67,375.00
9.	54" R.C.P.	L.F.	550	\$315.00	\$173,250.00
10.	60" R.C.P.	L.F.	300	\$335.00	\$100,500.00
11.	6' x 3' R.C.B	L.F.	265	\$515.00	\$136,475.00
12.	6' x 4' R.C.B	L.F.	460	\$575.00	\$264,500.00
13.	6' x 5' R.C.B	L.F.	430	\$615.00	\$264,450.00
14.	Trench Safety	L.F.	4,690	\$1.50	\$7,035.00
15.	30' Sloped End Headwall	Ea.	1	\$3,500.00	\$3,500.00
16.	54' Sloped End Headwall	Ea.	1	\$7,500.00	\$7,500.00
17.	6' x 3' Wingwalls	Ea.	4	\$10,900.00	\$43,600.00
18.	6' x 4' Wingwalls	Ea.	2	\$12,200.00	\$24,400.00
19.	6' x 5' Wingwalls	Ea.	1	\$14,500.00	\$14,500.00
20.	4' Junction Box	Ea.	5	\$5,500.00	\$27,500.00
21.	5' Junction Box	Ea.	5	\$7,800.00	\$39,000.00
22.	6' Junction Box	Ea.	6	\$9,500.00	\$57,000.00
23.	7' Junction Box	Ea.	2	\$11,500.00	\$23,000.00
24.	Connect to Existing	Ea.	3	\$1,500.00	\$4,500.00
25.	Rock Rip Rap	S.Y.	700	\$150.00	\$105,000.00
26.	Erosion Control	L.S.	1	\$35,000.00	\$35,000.00
27.	Detention Excavation	C.Y.	10,000	\$3.25	\$32,500.00
	Storm Drain Subtotal				\$1,960,525.00

This Engineer's opinion of probable construction cost is made on the basis of the Engineer's experience and best judgement as a design professional. It must be recognized that any evaluation of work to be performed to construct this project must by necessity be speculative in nature until completion of its actual detailed design. In addition the engineer has no control over the cost of labor, material, or services to be furnished by others or over market conditions. Accordingly GMcivil can not guarantee that actual costs will not vary from the opinions expressed herein.



PRELIMINARY ENGINEER'S OPINION OF PROBABLE COST

Project: TIMBERBROOK PID NO. 2 - IA1
Date: December 20, 2023
Location: Justin, TX
Job No. 23001
Page: 1 of 5



DESCRIPTION	TOTAL COST
TIMBERBROOK PID NO. 2 - IA1 TOTALS	
Paving Subtotal	\$1,867,147.50
Water Subtotal	\$898,290.50
Sanitary Sewer Subtotal	\$713,305.00
Storm Drain Subtotal	\$1,188,747.50
Probable Construction Cost Sub-total	\$4,667,490.50
10% Contingency	\$466,749.05
Materials Testing (2%)	\$93,349.81
Inspection Fees - (4%)	\$186,699.62
Final Plat Fees	\$7,882.00
Engineering (8%) & Surveying (5%)	\$606,773.77
Construction Management (5%)	\$233,374.53
Probable Total Timberbrook No. 2 - IA1	\$6,262,319.27



This Engineer's opinion of probable construction cost is made on the basis of the Engineer's experience and best judgement as a design professional. It must be recognized that any evaluation of work to be performed to construct this project must by necessity be speculative in nature until completion of its actual detailed design. In addition the engineer has no control over the cost of labor, material, or services to be furnished by others or over market conditions. Accordingly GMcivil can not guarantee that actual costs will not vary from the opinions expressed herein.



PRELIMINARY ENGINEER'S OPINION OF PROBABLE COST

Project: TIMBERBROOK PID NO. 2 - IA1

Date: December 20, 2023

Location: Justin, TX

Job No. 23001

Page: 2 of 5



ITEM#	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	TOTAL COST
Paving Facilities					
1.	6" Concrete Pavement	S.Y.	25,300	\$53.00	\$1,340,900.00
2.	6" Lime Treated Subgrade	S.Y.	26,875	\$3.50	\$94,062.50
3.	Hydrated Lime at 36 lbs/S.Y.	Ton	484	\$240.00	\$116,100.00
4.	Barrier Free Ramps	Ea.	18	\$2,250.00	\$40,500.00
5.	End of Road Barricade	Ea.	155	\$30.00	\$4,650.00
6.	Saw Cut & Connect to Existing	L.F.	91	\$35.00	\$3,185.00
7.	Construct Concrete Header	L.F.	155	\$50.00	\$7,750.00
8.	Traffic Control	L.S.	1	\$2,500.00	\$2,500.00
9.	4' Concrete Sidewalk	L.F.	825	\$30.00	\$24,750.00
10.	Stop Sign	Ea.	11	\$350.00	\$3,850.00
11.	Street Marker Blade	Ea.	14	\$400.00	\$5,600.00
12.	Street Lights	Ea.	20	\$5,500.00	\$110,000.00
13.	Street Excavation	C.Y.	31,400	\$3.25	\$102,050.00
14.	Clearing & Grubbing	Ac.	7.5	\$1,500.00	\$11,250.00
	Paving Subtotal				\$1,867,147.50

This Engineer's opinion of probable construction cost is made on the basis of the Engineer's experience and best judgement as a design professional. It must be recognized that any evaluation of work to be performed to construct this project must by necessity be speculative in nature until completion of its actual detailed design. In addition the engineer has no control over the cost of labor, material, or services to be furnished by others or over market conditions. Accordingly GMcivil can not guarantee that actual costs will not vary from the opinions expressed herein.



PRELIMINARY ENGINEER'S OPINION OF PROBABLE COST

Project: **TIMBERBROOK PID NO. 2 - IA1**
 Date: December 20, 2023
 Location: Justin, TX
 Job No. 23001
 Page: 3 of 5



ITEM#	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	TOTAL COST
Water Facilities					
1.	8" PVC Water Pipe	L.F.	6,657	\$64.00	\$426,048.00
2.	8" Gate Valve and Box	Ea.	29	\$2,650.00	\$76,850.00
3.	Standard Fire Hydrant Assembly	Ea.	18	\$6,750.00	\$121,500.00
4.	Ductile Iron Fittings With Restraint	Ton	3.0	\$20,000.00	\$60,000.00
5.	Trench Safety	L.F.	6,657	\$1.00	\$6,657.00
6.	2" Irrigation Water Services	Ea.	1	\$2,500.00	\$2,500.00
7.	1" Domestic Water Services	Ea.	155	\$1,250.00	\$193,750.00
8.	Water System Testing	L.F.	6,657	\$1.50	\$9,985.50
9.	Connect to Existing Stub-out	Ea.	1	\$1,000.00	\$1,000.00
	Water Subtotal				\$898,290.50

This Engineer's opinion of probable construction cost is made on the basis of the Engineer's experience and best judgement as a design professional. It must be recognized that any evaluation of work to be performed to construct this project must by necessity be speculative in nature until completion of its actual detailed design. In addition the engineer has no control over the cost of labor, material, or services to be furnished by others or over market conditions. Accordingly GMcivil can not guarantee that actual costs will not vary from the opinions expressed herein.



PRELIMINARY ENGINEER'S OPINION OF PROBABLE COST

Project: **TIMBERBROOK PID NO. 2 - IA1**
 Date: December 20, 2023
 Location: Justin, TX
 Job No. 23001
 Page: 4 of 5



ITEM#	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	TOTAL COST
Sanitary Sewer Facilities					
1.	8" SDR-26 PVC Sewer Pipe	L.F.	5,235	\$60.00	\$314,100.00
2.	5' Standard Diameter Manhole	Ea.	6	\$6,000.00	\$36,000.00
3.	4' Standard Diameter Manhole	Ea.	14	\$4,000.00	\$56,000.00
4.	Epoxy Manhole Liner	Ea.	20	\$2,500.00	\$50,000.00
5.	Extra Depth for 5' Dia. Manhole	V.F.	60	\$200.00	\$12,000.00
6.	Extra Depth for 4' Dia. Manhole	V.F.	30	\$175.00	\$5,250.00
7.	4" S.S. Services	Ea.	155	\$1,425.00	\$220,875.00
8.	Cement Stabilized Backfill	L.F.	50	\$35.00	\$1,750.00
9.	Concrete Encasement	L.F.	25	\$25.00	\$625.00
10.	TV & Test Sewer Line	L.F.	5,235	\$1.50	\$7,852.50
11.	Trench Safety	L.F.	5,235	\$1.50	\$7,852.50
12.	Connect to Existing Sewer	Ea.	1	\$1,000.00	\$1,000.00
	Sanitary Sewer Subtotal				\$713,305.00

This Engineer's opinion of probable construction cost is made on the basis of the Engineer's experience and best judgement as a design professional. It must be recognized that any evaluation of work to be performed to construct this project must by necessity be speculative in nature until completion of its actual detailed design. In addition the engineer has no control over the cost of labor, material, or services to be furnished by others or over market conditions. Accordingly GMcivil can not guarantee that actual costs will not vary from the opinions expressed herein.



PRELIMINARY ENGINEER'S OPINION OF PROBABLE COST

Project: TIMBERBROOK PID NO. 2 - IA1

Date: December 20, 2023

Location: Justin, TX

Job No. 23001

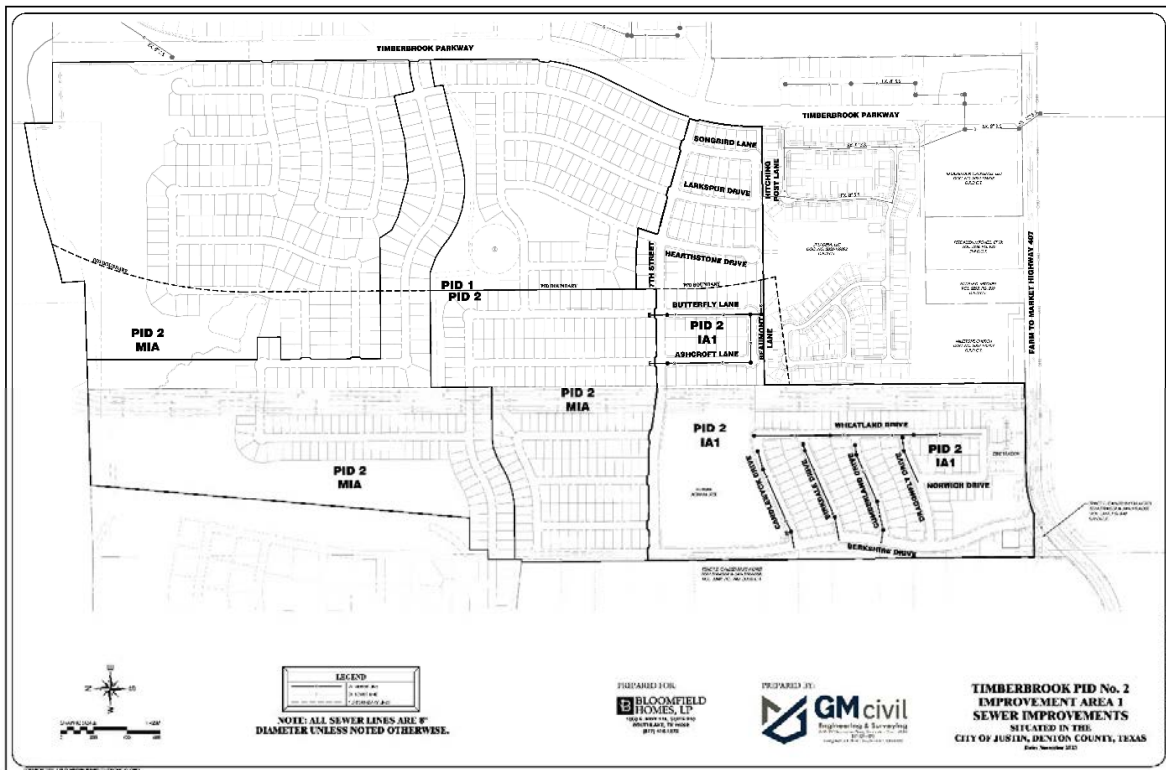
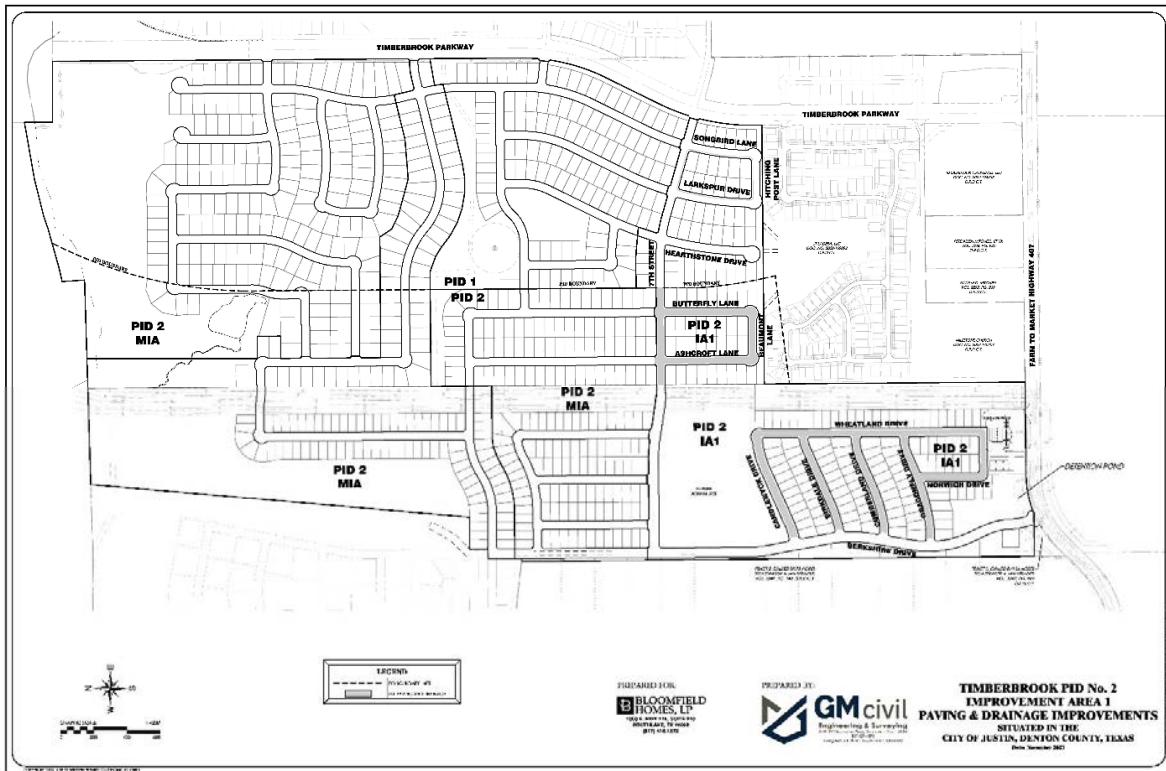
Page: 5 of 5

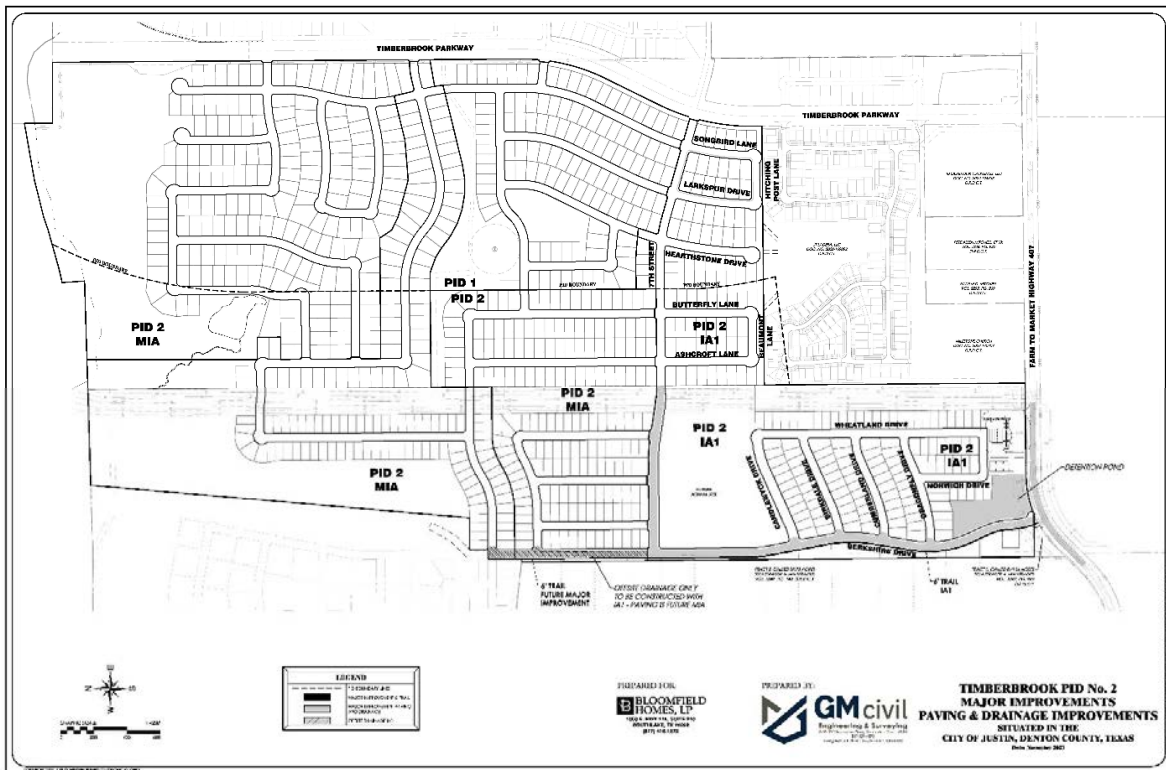
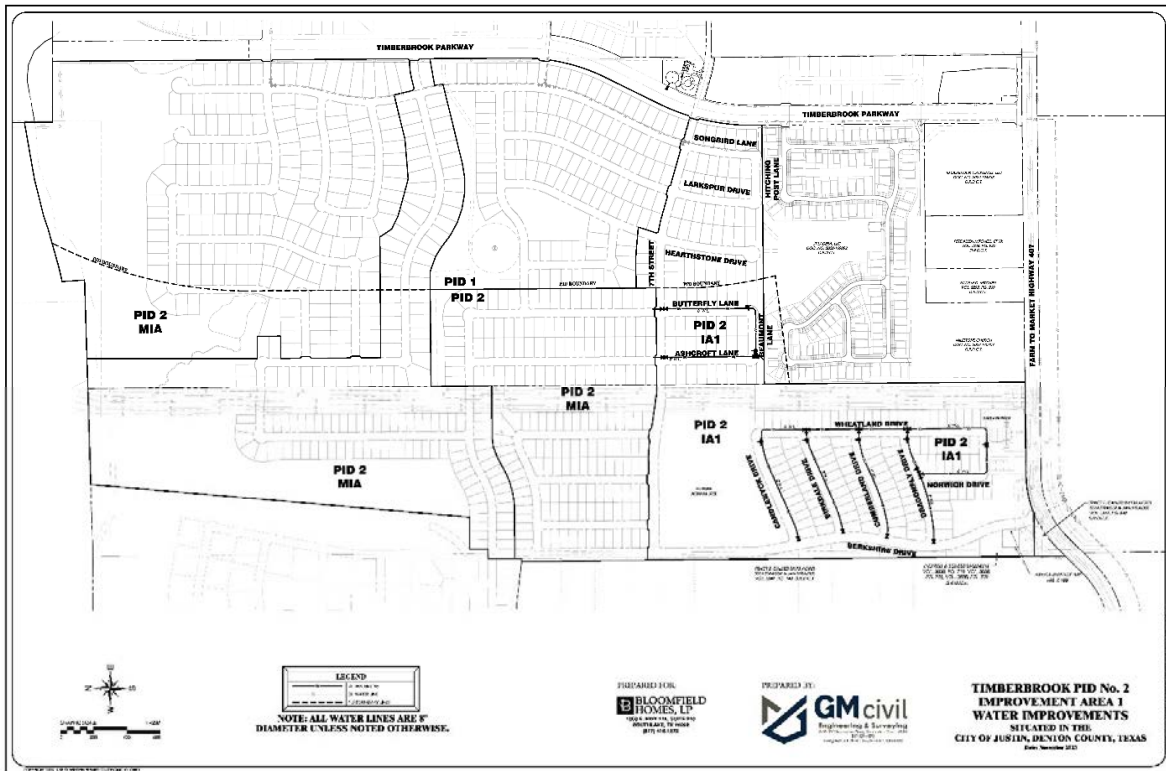


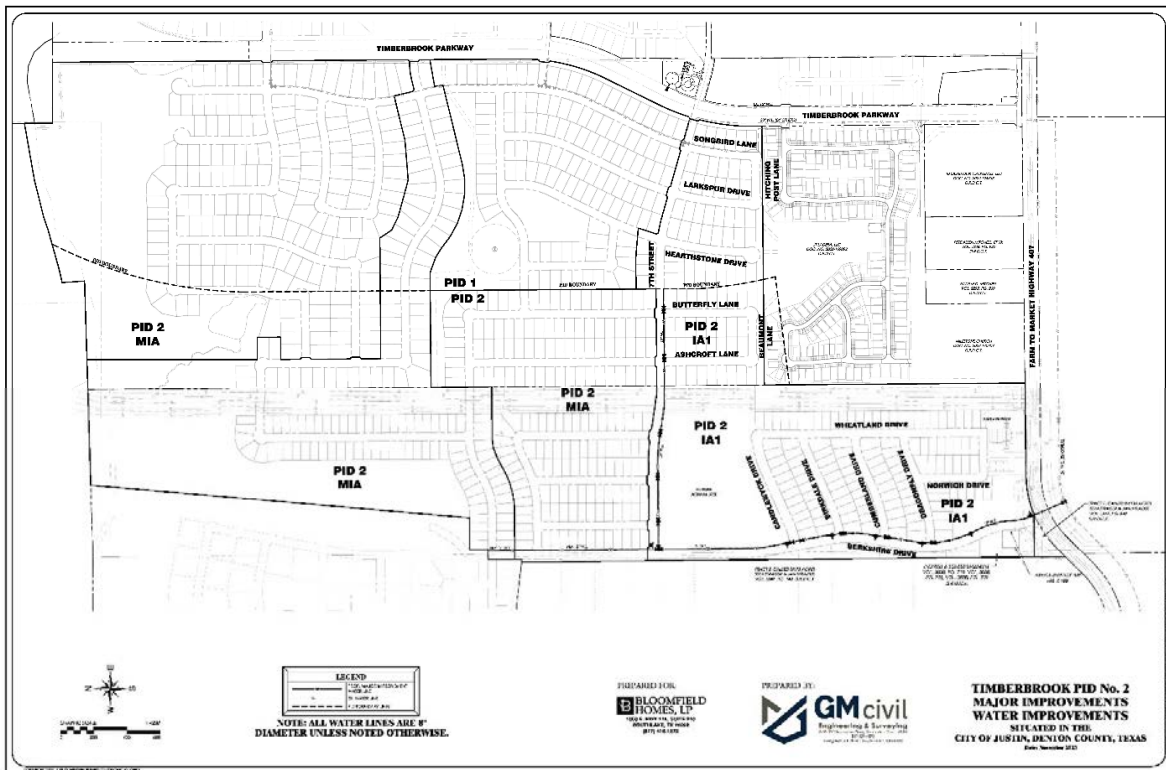
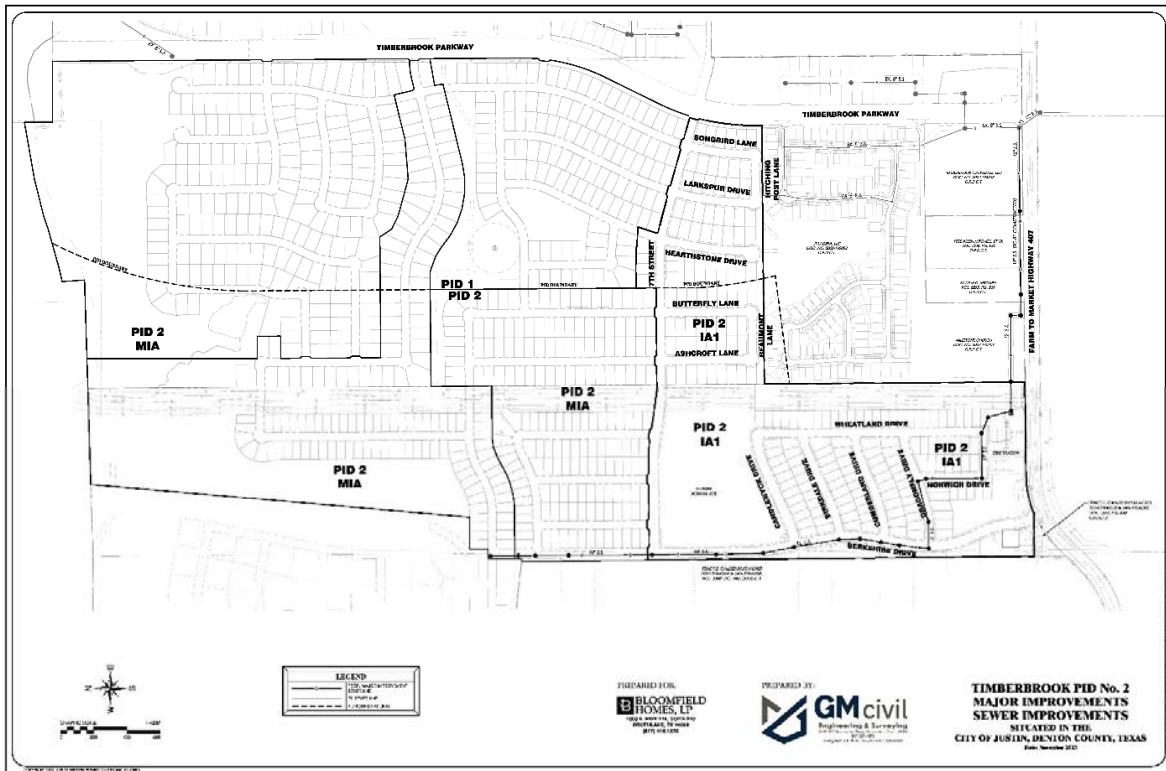
ITEM#	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	TOTAL COST
Storm Drain Facilities					
1.	10' Curb Inlet	Ea.	25	\$7,200.00	\$180,000.00
2.	4' x 4' Type "Y" Inlet	Ea.	1	\$6,500.00	\$6,500.00
3.	24" R.C.P.	L.F.	200	\$89.00	\$17,800.00
4.	27" R.C.P.	L.F.	1,000	\$98.00	\$98,000.00
5.	36" R.C.P.	L.F.	275	\$148.00	\$40,700.00
6.	42" R.C.P.	L.F.	750	\$205.00	\$153,750.00
7.	60" R.C.P.	L.F.	150	\$335.00	\$50,250.00
8.	7' x 5' R.C.B	L.F.	560	\$655.00	\$366,800.00
9.	8' x 5' R.C.B	L.F.	130	\$735.00	\$95,550.00
10.	Trench Safety	L.F.	3,065	\$1.50	\$4,597.50
11.	42" Sloped End Headwall	Ea.	1	\$5,200.00	\$5,200.00
12.	8' x 5' Wingwalls	Ea.	1	\$18,500.00	\$18,500.00
13.	4' Junction Box	Ea.	10	\$5,500.00	\$55,000.00
14.	5' Junction Box	Ea.	2	\$7,800.00	\$15,600.00
15.	7' Junction Box	Ea.	2	\$11,500.00	\$23,000.00
16.	Rock Rip Rap	S.Y.	150	\$150.00	\$22,500.00
17.	Erosion Control	L.S.	1	\$35,000.00	\$35,000.00
	Storm Drain Subtotal				\$1,188,747.50

This Engineer's opinion of probable construction cost is made on the basis of the Engineer's experience and best judgement as a design professional. It must be recognized that any evaluation of work to be performed to construct this project must by necessity be speculative in nature until completion of its actual detailed design. In addition the engineer has no control over the cost of labor, material, or services to be furnished by others or over market conditions. Accordingly GMcivil can not guarantee that actual costs will not vary from the opinions expressed herein.









APPENDIX B – BUYER DISCLOSURES

Forms of the buyer disclosures for the following Lot Types are found in this appendix:

- Improvement Area #1
 - Improvement Area #1 Initial Parcel
 - Lot Type 1
 - Lot Type 2

[Remainder of page intentionally left blank.]

TIMBERBROOK PUBLIC IMPROVEMENT DISTRICT NO. 2 – IMPROVEMENT AREA #1
INITIAL PARCEL – BUYER DISCLOSURE

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
THE CITY OF JUSTIN, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

IMPROVEMENT AREA #1 INITIAL PARCEL PRINCIPAL ASSESSMENT: \$5,501,000.00

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Justin, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within the **TIMBERBROOK PUBLIC IMPROVEMENT DISTRICT NO. 2** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Justin. The exact amount of each annual installment will be approved each year by the City of Justin City Council in the annual service plan update for the District. More information about the assessments, including the amounts and due dates, may be obtained from the City of Justin.

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 when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER]²

² To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

STATE OF TEXAS

§

COUNTY OF _____

§

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]³

³ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER

STATE OF TEXAS

§

§

COUNTY OF _____

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]⁴

⁴ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton County.

ANNUAL INSTALLMENTS – IMPROVEMENT AREA #1 INITIAL PARCEL

Annual Installment Due 1/31	Principal	Interest ^[a]	Additional Interest	Capitalized Interest	Annual Collection Costs	Annual Installment ^[b]
2024	\$ -	\$ 127,019.62	\$ -	\$ (127,019.62)	\$ -	\$ -
2025	\$ 75,000.00	\$ 343,812.50	\$ 27,505.00	\$ -	\$ 40,000.00	\$ 486,317.50
2026	\$ 79,000.00	\$ 339,125.00	\$ 27,130.00	\$ -	\$ 40,800.00	\$ 486,055.00
2027	\$ 84,000.00	\$ 334,187.50	\$ 26,735.00	\$ -	\$ 41,616.00	\$ 486,538.50
2028	\$ 88,000.00	\$ 328,937.50	\$ 26,315.00	\$ -	\$ 42,448.32	\$ 485,700.82
2029	\$ 93,000.00	\$ 323,437.50	\$ 25,875.00	\$ -	\$ 43,297.29	\$ 485,609.79
2030	\$ 99,000.00	\$ 317,625.00	\$ 25,410.00	\$ -	\$ 44,163.24	\$ 486,198.24
2031	\$ 105,000.00	\$ 311,437.50	\$ 24,915.00	\$ -	\$ 45,046.50	\$ 486,399.00
2032	\$ 111,000.00	\$ 304,875.00	\$ 24,390.00	\$ -	\$ 45,947.43	\$ 486,212.43
2033	\$ 117,000.00	\$ 297,937.50	\$ 23,835.00	\$ -	\$ 46,866.38	\$ 485,638.88
2034	\$ 124,000.00	\$ 290,625.00	\$ 23,250.00	\$ -	\$ 47,803.71	\$ 485,678.71
2035	\$ 132,000.00	\$ 282,875.00	\$ 22,630.00	\$ -	\$ 48,759.78	\$ 486,264.78
2036	\$ 140,000.00	\$ 274,625.00	\$ 21,970.00	\$ -	\$ 49,734.98	\$ 486,329.98
2037	\$ 148,000.00	\$ 265,875.00	\$ 21,270.00	\$ -	\$ 50,729.68	\$ 485,874.68
2038	\$ 157,000.00	\$ 256,625.00	\$ 20,530.00	\$ -	\$ 51,744.27	\$ 485,899.27
2039	\$ 167,000.00	\$ 246,812.50	\$ 19,745.00	\$ -	\$ 52,779.16	\$ 486,336.66
2040	\$ 177,000.00	\$ 236,375.00	\$ 18,910.00	\$ -	\$ 53,834.74	\$ 486,119.74
2041	\$ 188,000.00	\$ 225,312.50	\$ 18,025.00	\$ -	\$ 54,911.43	\$ 486,248.93
2042	\$ 199,000.00	\$ 213,562.50	\$ 17,085.00	\$ -	\$ 56,009.66	\$ 485,657.16
2043	\$ 212,000.00	\$ 201,125.00	\$ 16,090.00	\$ -	\$ 57,129.85	\$ 486,344.85
2044	\$ 225,000.00	\$ 187,875.00	\$ 15,030.00	\$ -	\$ 58,272.45	\$ 486,177.45
2045	\$ 239,000.00	\$ 173,812.50	\$ 13,905.00	\$ -	\$ 59,437.90	\$ 486,155.40
2046	\$ 254,000.00	\$ 158,875.00	\$ 12,710.00	\$ -	\$ 60,626.66	\$ 486,211.66
2047	\$ 270,000.00	\$ 143,000.00	\$ 11,440.00	\$ -	\$ 61,839.19	\$ 486,279.19
2048	\$ 287,000.00	\$ 126,125.00	\$ 10,090.00	\$ -	\$ 63,075.97	\$ 486,290.97
2049	\$ 305,000.00	\$ 108,187.50	\$ 8,655.00	\$ -	\$ 64,337.49	\$ 486,179.99
2050	\$ 324,000.00	\$ 89,125.00	\$ 7,130.00	\$ -	\$ 65,624.24	\$ 485,879.24
2051	\$ 345,000.00	\$ 68,875.00	\$ 5,510.00	\$ -	\$ 66,936.72	\$ 486,321.72
2052	\$ 367,000.00	\$ 47,312.50	\$ 3,785.00	\$ -	\$ 68,275.45	\$ 486,372.95
2053	\$ 390,000.00	\$ 24,375.00	\$ 1,950.00	\$ -	\$ 69,640.96	\$ 485,965.96
Total	\$ 5,501,000.00	\$ 6,649,769.62	\$ 521,820.00	\$ (127,019.62)	\$ 1,551,689.45	\$ 14,097,259.45

Footnotes:

[a] Interest is calculated at a 6.25% rate per the Financial Advisor's model dated 2/12/2024, and subject to change.

[b] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

**TIMBERBROOK PUBLIC IMPROVEMENT DISTRICT NO. 2 – IMPROVEMENT AREA #1 –
LOT TYPE 1 – BUYER DISCLOSURE**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
THE CITY OF JUSTIN, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

IMPROVEMENT AREA #1 – LOT TYPE 1 PRINCIPAL ASSESSMENT: \$33,914.92

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Justin, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within the **TIMBERBROOK PUBLIC IMPROVEMENT DISTRICT NO. 2** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Justin. The exact amount of each annual installment will be approved each year by the City of Justin City Council in the annual service plan update for the District. More information about the assessments, including the amounts and due dates, may be obtained from the City of Justin.

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 when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER]²

² To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

STATE OF TEXAS

§

COUNTY OF _____

§

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]³

³ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER

STATE OF TEXAS
COUNTY OF _____

§
§
§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]⁴

⁴ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton County.

ANNUAL INSTALLMENTS – IMPROVEMENT AREA #1 LOT TYPE 1

Annual Installment Due 1/31	Principal	Interest ^[a]	Additional Interest	Capitalized Interest	Annual Collection Costs	Annual Installment ^[b]
2024	\$ -	\$ 783.10	\$ -	\$ (783.10)	\$ -	\$ -
2025	\$ 462.39	\$ 2,119.68	\$ 169.57	\$ -	\$ 246.61	\$ 2,998.26
2026	\$ 487.05	\$ 2,090.78	\$ 167.26	\$ -	\$ 251.54	\$ 2,996.64
2027	\$ 517.88	\$ 2,060.34	\$ 164.83	\$ -	\$ 256.57	\$ 2,999.62
2028	\$ 542.54	\$ 2,027.97	\$ 162.24	\$ -	\$ 261.70	\$ 2,994.46
2029	\$ 573.37	\$ 1,994.07	\$ 159.53	\$ -	\$ 266.94	\$ 2,993.90
2030	\$ 610.36	\$ 1,958.23	\$ 156.66	\$ -	\$ 272.28	\$ 2,997.52
2031	\$ 647.35	\$ 1,920.08	\$ 153.61	\$ -	\$ 277.72	\$ 2,998.76
2032	\$ 684.34	\$ 1,879.62	\$ 150.37	\$ -	\$ 283.28	\$ 2,997.61
2033	\$ 721.33	\$ 1,836.85	\$ 146.95	\$ -	\$ 288.94	\$ 2,994.07
2034	\$ 764.49	\$ 1,791.77	\$ 143.34	\$ -	\$ 294.72	\$ 2,994.32
2035	\$ 813.81	\$ 1,743.99	\$ 139.52	\$ -	\$ 300.62	\$ 2,997.93
2036	\$ 863.13	\$ 1,693.13	\$ 135.45	\$ -	\$ 306.63	\$ 2,998.34
2037	\$ 912.45	\$ 1,639.18	\$ 131.13	\$ -	\$ 312.76	\$ 2,995.53
2038	\$ 967.94	\$ 1,582.15	\$ 126.57	\$ -	\$ 319.02	\$ 2,995.68
2039	\$ 1,029.59	\$ 1,521.66	\$ 121.73	\$ -	\$ 325.40	\$ 2,998.38
2040	\$ 1,091.25	\$ 1,457.31	\$ 116.58	\$ -	\$ 331.90	\$ 2,997.04
2041	\$ 1,159.06	\$ 1,389.10	\$ 111.13	\$ -	\$ 338.54	\$ 2,997.84
2042	\$ 1,226.88	\$ 1,316.66	\$ 105.33	\$ -	\$ 345.31	\$ 2,994.19
2043	\$ 1,307.03	\$ 1,239.98	\$ 99.20	\$ -	\$ 352.22	\$ 2,998.43
2044	\$ 1,387.18	\$ 1,158.29	\$ 92.66	\$ -	\$ 359.26	\$ 2,997.39
2045	\$ 1,473.49	\$ 1,071.59	\$ 85.73	\$ -	\$ 366.45	\$ 2,997.26
2046	\$ 1,565.97	\$ 979.50	\$ 78.36	\$ -	\$ 373.78	\$ 2,997.61
2047	\$ 1,664.61	\$ 881.63	\$ 70.53	\$ -	\$ 381.25	\$ 2,998.02
2048	\$ 1,769.42	\$ 777.59	\$ 62.21	\$ -	\$ 388.88	\$ 2,998.09
2049	\$ 1,880.39	\$ 667.00	\$ 53.36	\$ -	\$ 396.66	\$ 2,997.41
2050	\$ 1,997.53	\$ 549.48	\$ 43.96	\$ -	\$ 404.59	\$ 2,995.56
2051	\$ 2,127.00	\$ 424.63	\$ 33.97	\$ -	\$ 412.68	\$ 2,998.28
2052	\$ 2,262.64	\$ 291.69	\$ 23.34	\$ -	\$ 420.93	\$ 2,998.60
2053	\$ 2,404.44	\$ 150.28	\$ 12.02	\$ -	\$ 429.35	\$ 2,996.09
Total^[c]	\$ 33,914.92	\$ 40,997.35	\$ 3,217.14	\$ (783.10)	\$ 9,566.52	\$ 86,912.82

Footnotes:

[a] Interest is calculated at a 6.25% rate per the Financial Advisor's model dated 2/12/2024, and subject to change.

[b] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

[c] Totals may not sum due to rounding.

**TIMBERBROOK PUBLIC IMPROVEMENT DISTRICT NO. 2 – IMPROVEMENT AREA #1 –
LOT TYPE 2 – BUYER DISCLOSURE**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
THE CITY OF JUSTIN, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

IMPROVEMENT AREA #1 – LOT TYPE 2 PRINCIPAL ASSESSMENT: \$40,697.90

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Justin, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within the **TIMBERBROOK PUBLIC IMPROVEMENT DISTRICT NO. 2** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Justin. The exact amount of each annual installment will be approved each year by the City of Justin City Council in the annual service plan update for the District. More information about the assessments, including the amounts and due dates, may be obtained from the City of Justin.

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 when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER]²

² To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

STATE OF TEXAS

§

COUNTY OF _____

§

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]³

³ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER

STATE OF TEXAS
COUNTY OF _____

§
§
§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]⁴

⁴ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton County.

ANNUAL INSTALLMENTS – IMPROVEMENT AREA #1 LOT TYPE 2

Annual Installment Due 1/31	Principal	Interest ^[a]	Additional Interest	Capitalized Interest	Annual Collection Costs	Annual Installment ^[b]
2024	\$ -	\$ 939.73	\$ -	\$ (939.73)	\$ -	\$ -
2025	\$ 554.87	\$ 2,543.62	\$ 203.49	\$ -	\$ 295.93	\$ 3,597.91
2026	\$ 584.46	\$ 2,508.94	\$ 200.72	\$ -	\$ 301.85	\$ 3,595.97
2027	\$ 621.45	\$ 2,472.41	\$ 197.79	\$ -	\$ 307.89	\$ 3,599.55
2028	\$ 651.05	\$ 2,433.57	\$ 194.69	\$ -	\$ 314.04	\$ 3,593.35
2029	\$ 688.04	\$ 2,392.88	\$ 191.43	\$ -	\$ 320.33	\$ 3,592.67
2030	\$ 732.43	\$ 2,349.88	\$ 187.99	\$ -	\$ 326.73	\$ 3,597.03
2031	\$ 776.82	\$ 2,304.10	\$ 184.33	\$ -	\$ 333.27	\$ 3,598.51
2032	\$ 821.21	\$ 2,255.55	\$ 180.44	\$ -	\$ 339.93	\$ 3,597.13
2033	\$ 865.60	\$ 2,204.22	\$ 176.34	\$ -	\$ 346.73	\$ 3,592.89
2034	\$ 917.39	\$ 2,150.12	\$ 172.01	\$ -	\$ 353.66	\$ 3,593.18
2035	\$ 976.57	\$ 2,092.79	\$ 167.42	\$ -	\$ 360.74	\$ 3,597.52
2036	\$ 1,035.76	\$ 2,031.75	\$ 162.54	\$ -	\$ 367.95	\$ 3,598.00
2037	\$ 1,094.94	\$ 1,967.02	\$ 157.36	\$ -	\$ 375.31	\$ 3,594.63
2038	\$ 1,161.53	\$ 1,898.58	\$ 151.89	\$ -	\$ 382.82	\$ 3,594.82
2039	\$ 1,235.51	\$ 1,825.99	\$ 146.08	\$ -	\$ 390.47	\$ 3,598.05
2040	\$ 1,309.49	\$ 1,748.77	\$ 139.90	\$ -	\$ 398.28	\$ 3,596.45
2041	\$ 1,390.88	\$ 1,666.92	\$ 133.35	\$ -	\$ 406.25	\$ 3,597.40
2042	\$ 1,472.26	\$ 1,579.99	\$ 126.40	\$ -	\$ 414.37	\$ 3,593.02
2043	\$ 1,568.43	\$ 1,487.98	\$ 119.04	\$ -	\$ 422.66	\$ 3,598.11
2044	\$ 1,664.61	\$ 1,389.95	\$ 111.20	\$ -	\$ 431.12	\$ 3,596.87
2045	\$ 1,768.19	\$ 1,285.91	\$ 102.87	\$ -	\$ 439.74	\$ 3,596.71
2046	\$ 1,879.16	\$ 1,175.40	\$ 94.03	\$ -	\$ 448.53	\$ 3,597.13
2047	\$ 1,997.53	\$ 1,057.95	\$ 84.64	\$ -	\$ 457.50	\$ 3,597.63
2048	\$ 2,123.30	\$ 933.11	\$ 74.65	\$ -	\$ 466.65	\$ 3,597.71
2049	\$ 2,256.47	\$ 800.40	\$ 64.03	\$ -	\$ 475.99	\$ 3,596.89
2050	\$ 2,397.04	\$ 659.37	\$ 52.75	\$ -	\$ 485.51	\$ 3,594.67
2051	\$ 2,552.40	\$ 509.56	\$ 40.76	\$ -	\$ 495.22	\$ 3,597.94
2052	\$ 2,715.17	\$ 350.03	\$ 28.00	\$ -	\$ 505.12	\$ 3,598.32
2053	\$ 2,885.33	\$ 180.33	\$ 14.43	\$ -	\$ 515.22	\$ 3,595.31
Total^[c]	\$ 40,697.90	\$ 49,196.82	\$ 3,860.57	\$ (939.73)	\$ 11,479.82	\$ 104,295.38

Footnotes:

[a] Interest is calculated at a 6.25% rate per the Financial Advisor's model dated 2/12/2024, and subject to change.

[b] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

[c] Totals may not sum due to rounding.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

THIS PAGE IS LEFT BLANK INTENTIONALLY.

[CLOSING DATE]

Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201-7932
United States

Tel +1 214 855 8000
Fax +1 214 855 8200
nortonrosefulbright.com

IN REGARD to the authorization and issuance of the “City of Justin, Texas, Special Assessment Revenue Bonds, Series 2024 (Timberbrook Public Improvement District No. 2 Improvement Area #1 Project)” (the “Bonds”), dated April 18, 2024, in the principal amount of \$ _____, we have examined the legality and validity of the issuance thereof by the City of Justin, Texas (the “City”) solely to express legal opinions as to the validity of the Bonds and the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, or the history or prospects of the collection of the Pledged Revenues, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds, and have not assumed any responsibility with respect thereto. Capitalized terms used herein and not otherwise defined have the meanings assigned in the Indenture.

THE BONDS are issued in fully registered form only and mature on September 1 in each of the years specified in an Indenture of Trust (the “Indenture”), dated as of April 1, 2024, with BOKF, NA, as trustee (the “Trustee”), approved by the City Council of the City pursuant to an ordinance (the “Ordinance”) adopted by the City Council of the City authorizing the issuance of the Bonds, unless redeemed prior to maturity in accordance with the terms stated on the Bonds. The Bonds accrue interest from the date, at the rates, and in the manner and interest is payable on the dates, all as provided in the Indenture.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings had in connection with the issuance of the Bonds, including the Indenture, the Ordinance and an examination of the initial Bond executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the City and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Bonds, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATION, we are of the opinion that, under applicable law of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Bonds have been authorized, issued and delivered in accordance with law; that the Bonds are valid, legally binding and enforceable limited obligations of the City in accordance with their terms payable solely from the Trust Estate, except to the extent the

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright North Africa Inc are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are available at nortonrosefulbright.com.

enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally.

2. Assuming continuing compliance after the date hereof by the City with the provisions of the Indenture and in reliance upon representations and certifications of the City made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds, interest on the Bonds for federal income tax purposes (i) will be excludable from gross income, as defined in Section 61 of the Internal Revenue Code of 1986, as amended to the date hereof, of the owners thereof pursuant to Section 103 of such Code, existing regulations, published rulings, and court decisions thereunder, and (ii) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

We express no opinion with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

APPENDIX E-1

FORM OF DISCLOSURE AGREEMENT OF ISSUER

THIS PAGE IS LEFT BLANK INTENTIONALLY.

**CITY OF JUSTIN, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(TIMBERBROOK PUBLIC IMPROVEMENT DISTRICT NO. 2
IMPROVEMENT AREA #1 PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF ISSUER

This Continuing Disclosure Agreement of Issuer, dated as of April 1, 2024 (this “Disclosure Agreement”), is executed and delivered by and among the City of Justin, Texas (the “Issuer”), P3Works, LLC (the “Administrator”), and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc., acting solely in its capacity as dissemination agent (the “Dissemination Agent”), with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2024 (Timberbrook Public Improvement District No. 2 Improvement Area #1 Project)” (the “Bonds”). The Issuer, the Administrator, and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Administrator, and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of April 1, 2024, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, the following capitalized terms shall have the following meanings:

“Additional Obligations” shall have the meaning assigned to such term in the Indenture.

“Administrator” shall have the meaning assigned to such term in the Indenture. The initial Administrator is P3Works, LLC.

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

“Annual Collections Report” shall mean any Annual Collections Report provided by the Issuer pursuant to, and as described in, Section 5 of this Disclosure Agreement.

“Annual Collections Report Filing Date” shall mean, for each Fiscal Year succeeding the reporting Fiscal Year, the date that is three (3) months after the Final Assessment Payment Date, which Annual Collections Report Filing Date is currently April 30.

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

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

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

“Annual Issuer Report Filing Date” shall mean, for each Fiscal Year, the date that is six (6) months after the end of the Issuer’s Fiscal Year, which Annual Issuer Report Filing Date is currently March 31.

“Annual Service Plan Update” shall have the meaning assigned to such term in the Indenture.

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

“Business Day” shall have the meaning assigned to such term in the Indenture.

“Collections Reporting Date” shall mean, for each Tax Year, the date that is one (1) month after the Delinquency Date, which Collections Reporting Date is currently March 1.

“Delinquency Date” shall mean February 1 of the year following the year in which the Assessments were billed or as may be otherwise defined in Section 31.02 of the Texas Tax Code, as amended.

“Developer” shall mean Bloomfield Homes, L.P., a Texas limited partnership.

“Disclosure Agreement of Developer” shall mean the Continuing Disclosure Agreement of Developer relating to the Bonds, dated as of April 1, 2024, executed and delivered by the Developer, the Administrator, and the Dissemination Agent.

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

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

“District” shall mean Timberbrook Public Improvement District No. 2.

“EMMA” shall mean the Electronic Municipal Market Access System currently available on the internet at <http://emma.msrb.org>.

“Final Assessment Payment Date” shall mean the calendar day preceding the Delinquency Date.

“Financial Obligation” shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean the Issuer’s fiscal year, currently the twelve-month period from October 1 through September 30.

“Improvement Area #1” shall have the meaning assigned to such term in the Indenture.

“Listed Events” shall mean any of the events listed in subsection 6(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive continuing disclosure reports pursuant to the Rule.

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

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

“Participating Underwriter” shall mean FMSbonds, Inc., and its successors and assigns.

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

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

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SAP Update” shall have the meaning assigned to such term in subsection 4(a)(iii) of this Disclosure Agreement.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Tax Year” means the calendar year, or as may be otherwise defined in Section 1.04 of the Texas Tax Code, as amended.

“Trust Estate” shall have the meaning assigned to such term in the Indenture.

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

SECTION 3. Provision of Annual Issuer Reports.

(a) For each Fiscal Year, commencing with the Fiscal Year ending September 30, 2024, the Issuer shall cause, pursuant to written direction, and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, not later than the Annual Issuer Report Filing Date, an Annual Issuer Report provided to the Dissemination Agent which is consistent with the requirements of and within the time periods specified in Section 4 of this Disclosure Agreement. The Annual Issuer Report may, but is not required to, include the Audited Financial Statements and the failure to include the audited financial statements as a part of the Annual Issuer Report shall not violate the Issuer’s obligations under this Disclosure Agreement provided the Issuer provides its audited financial statements within twelve (12) months of the most recently ended Fiscal Year or, if the audited financial statements are not available within such twelve-month period, the Issuer provides unaudited financial statements within such twelve-month period, and provides audited financial statements when and if available. In each case, the Annual Issuer Report may be submitted as

a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the Issuer's Fiscal Year changes, it shall file notice of such change (including the date of the new Fiscal Year) with the MSRB prior to the next Annual Issuer Report Filing Date. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Not later than ten (10) days prior to the Annual Issuer Report Filing Date, the Issuer shall provide the Annual Issuer Report to the Dissemination Agent together with written direction to file such Annual Issuer Report with the MSRB. The Dissemination Agent shall provide such Annual Issuer Report to the MSRB not later than ten (10) days from receipt of such Annual Issuer Report from the Issuer, but in no event later than the Annual Issuer Report Filing Date for such Fiscal Year.

If by the fifth (5th) day before the Annual Issuer Report Filing Date the Dissemination Agent has not received a copy of the Annual Issuer Report, the Dissemination Agent shall contact the Disclosure Representative in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Issuer Report pursuant to this subsection (a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Issuer Report no later than two (2) Business Days prior to the Annual Issuer Report Filing Date, or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Issuer Report by the Annual Issuer Report Filing Date, state the date by which the Annual Issuer Report for such year will be provided, and instruct the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Issuer Report or the notice of failure to file, as applicable, to the MSRB no later than the Annual Issuer Report Filing Date; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than the last Business Day prior to the Annual Issuer Report Filing Date.

- (b) The Issuer shall or shall cause the Dissemination Agent pursuant to written direction to:
 - (i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Issuer Report; and
 - (ii) file the Annual Issuer Report containing or incorporating by reference the information set forth in Section 4 hereof.

(c) If the Issuer has provided the Dissemination Agent with the completed Annual Issuer Report and the Dissemination Agent has filed such Annual Issuer Report with the MSRB, then the Dissemination Agent shall provide written confirmation to the Issuer verifying that the Annual Issuer Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB, which report shall include a filing receipt from the MSRB.

SECTION 4. Content and Timing of Annual Issuer Reports. The Annual Issuer Report for the Bonds shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Issuer Report Filing Date, the following:

(a) Annual Financial Information. The following Annual Financial Information (any or all of which may be unaudited):

(i) Tables setting forth the following information, as of the end of such Fiscal Year:

(A) For the Bonds, the maturity date(s), the interest rate(s), the original aggregate principal amount(s), the principal amount(s) remaining Outstanding, and the total interest amount due on the aggregate principal amount Outstanding;

(B) The amounts in the funds and accounts securing the Bonds and a description of the related investments;

(C) The assets and liabilities of the Trust Estate.

(ii) Financial information and operating data with respect to the Issuer of the general type and in substantially similar form to that shown in the tables provided under Sections 4(a)(ii) of Exhibit B attached hereto. Such information shall be provided as of the end of the reporting Fiscal Year;

(iii) Any updates to the Service and Assessment Plan, including the Annual Service Plan Update (together, a “SAP Update”);

(iv) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer’s audited financial statements during such Fiscal Year.

(b) Audited Financial Statements. The audited financial statements of the Issuer for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer and that have been audited by an independent certified public accountant, *but only if* available by the Annual Issuer Report Filing Date. If the audited financial statements of the Issuer are not available within twelve months after the end of the Fiscal Year, the Issuer shall provide notice that the audited financial statements are not available, file unaudited financial statements within such twelve-month period, and file audited financial statements when prepared and available.

(c) A form for submitting the information described in subsection 4(a) above is attached as Exhibit B hereto. Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to and are publicly accessible from the MSRB. If the document included by reference is a final offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

The Administrator, and if no Administrator is designated, Issuer’s staff, shall prepare the Annual Financial Information. In all cases, the Issuer shall have the sole responsibility for the content, design, and other elements comprising substantive contents of the Annual Issuer Reports under this Section 4.

SECTION 5. Annual Collections Report.

(a) For each Fiscal Year succeeding the reporting Fiscal Year, the Issuer shall cause, pursuant to written direction, and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, not later than the Annual Collections Report Filing Date, an Annual Collections Report provided to the Dissemination Agent which complies with the requirements specified in this Section 5; provided that the Issuer may provide the Annual Collections Report as part of the Annual Issuer Report, if such Annual Collections Report is available when the Annual Issuer Report is provided to the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Not later than ten (10) days prior to the Annual Collections Report Filing Date, the Issuer shall provide the Annual Collections Report to the Dissemination Agent together with written direction to file such Annual Collections Report with the MSRB. The Dissemination Agent shall provide such Annual Collections Report to the MSRB not later than ten (10) days from receipt of such Annual Collections Report from the Issuer, but in no event later than the Annual Collections Report Filing Date.

If by the fifth (5th) day before the Annual Collections Report Filing Date the Dissemination Agent has not received a copy of the Annual Collections Report, the Dissemination Agent shall contact the Disclosure Representative in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Collections Report pursuant to this subsection (a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Collections Report no later than two (2) Business Days prior to the Annual Collections Report Filing Date, or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Collections Report by the Annual Collections Report Filing Date, state the date by which the Annual Collections Report for such year will be provided, and instruct the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A hereto; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Collections Report or the notice of failure to file, as applicable, to the MSRB no later than the Annual Collections Report Filing Date; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than the last Business Day prior to the Annual Collections Report Filing Date.

(b) The Annual Collections Report for the Bonds shall contain, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Collections Report Filing Date, certain financial information and operating data with respect to collection of the Assessments of the general type and in substantially similar form to that shown in the tables provided in Exhibit C attached hereto. Such information shall cover the period beginning the first (1st) day of the Fiscal Year succeeding the reporting Fiscal Year through the Collections Reporting Date. If the State Legislature amends the definition of Delinquency Date or Tax Year, the City shall file notice of such change or changes with the MSRB prior to the next Annual Collections Report Filing Date. The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Collections Report. In all cases, the Issuer shall have the sole responsibility for the content, design, and other elements comprising substantive contents of the Annual Collections Report under this Section 5.

SECTION 6. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 6, each of the following is a Listed Event with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of Owners, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer.
13. The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

Any sale by the Developer of real property within Improvement Area #1 in the ordinary course of the Developer's business will not constitute a Listed Event for the purposes of paragraph (10) above.

For these purposes, any event described in paragraph (12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

The Issuer intends the words used in paragraphs (15) and (16) above and the definition of Financial Obligation to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018. For the avoidance of doubt, the incurrence of Additional Obligations without the filing of a corresponding official statement with the MSRB will constitute the incurrence of a material Financial Obligation for which a notice of a Listed Event in accordance with this Section 6 must be filed with the MSRB.

Upon the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB. The Dissemination Agent shall file such notice no later than three (3) Business Days immediately following the day on which it receives written notice of such occurrence from the Issuer. Any such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Dissemination Agent to disseminate such information as provided herein, and the date the Issuer desires for the Dissemination Agent to disseminate the information.

In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures made under this Section 6. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 6 is filed within ten (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative in writing of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the Disclosure Representative to do so. If the Dissemination Agent has been instructed in writing by the Disclosure Representative on behalf of the Issuer to report the occurrence of a Listed Event under this subsection (b), the Dissemination Agent shall file a notice of such occurrence with the MSRB no later than two (2) Business Days following the day on which it receives such written instructions. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Issuer and not that of the Dissemination Agent. It is agreed and understood that the

Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer, the Participating Underwriter, the Trustee, any Owner or beneficial owner of any interests in the Bonds, or any other party as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under number 2, 7, 8 (as to bond calls only), 10, 13, 14, or 15 of subparagraph (a) above is not material under applicable federal securities laws, the Issuer shall promptly, but in no case more than five (5) Business Days after the occurrence of the event, notify the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (b).

SECTION 7. Termination of Reporting Obligations. The obligations of the Issuer, the Administrator, and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent and the Administrator of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. So long as any of the Bonds remain Outstanding, the Administrator and the Dissemination Agent may assume that the Issuer is an obligated person with respect to the Bonds until they receive written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Bonds, and the 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 the Bonds under Section 6(a).

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Issuer discharges the Dissemination Agent without appointing a successor Dissemination Agent, the Issuer shall use best efforts to appoint a successor Dissemination Agent within 30 days of such discharge. The Dissemination Agent may resign at any time with 30 days’ written notice to the Issuer. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer, the Administrator, and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested in writing by the Issuer or the Administrator), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5, or 6(a), it may only be made in connection with a change in circumstances that arises from a change in legal

requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the delivery of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Financial Information, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 6(a), and (ii) the Annual Financial Information for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Issuer Report, Annual Collections Report, or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Issuer Report, Annual Collections Report, or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Issuer Report, Annual Collections Report, or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Owner or beneficial owner of the Bonds may, and the Dissemination Agent (at the written request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction) shall, take such actions as may be necessary and appropriate to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance. A default under this Disclosure Agreement shall not be deemed a default under the Disclosure Agreement of Developer

and a default under the Disclosure Agreement of Developer shall not be deemed a default under this Disclosure Agreement.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. To the extent permitted by law, the Issuer agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees and agents, but only from Annual Collection Costs collected from the property owners in Improvement Area #1, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Dissemination Agent for losses, expenses or liabilities arising from information provided to the Dissemination Agent by the Developer or the failure of the Developer to provide information to the Dissemination Agent as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive termination of this Disclosure Agreement, resignation or removal of the Dissemination Agent, and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. If the Issuer does not provide the Dissemination Agent with the Annual Issuer Report in accordance with subsection 3(a) or the Annual Collections Report in accordance with subsection 5(a), the Dissemination Agent shall not be responsible for the failure to submit an Annual Issuer Report or an Annual Collections Report, as applicable, to the MSRB. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder.

The Dissemination Agent may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its duties hereunder, and the Dissemination Agent shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(b) The Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. To the extent permitted by law, the Issuer agrees to hold harmless the Administrator, its officers, directors, employees and agents, but only from Annual Collection Costs collected from the property owners in Improvement Area #1, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Administrator for losses, expenses or liabilities arising from information provided to the Administrator by third parties, or the failure of any third party to provide information to the Administrator as and when required under this Disclosure Agreement, or the failure of the Developer to provide information to the Administrator as and when required under the Disclosure Agreement of

Developer. The obligations of the Issuer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an “obligated person” under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

The Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or 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.

(c) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY PARTY TO THIS DISCLOSURE AGREEMENT, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

SECTION 13. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit D which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments. Failure to adhere to such expected timeline shall not constitute a default by the Issuer under this Disclosure Agreement, the Indenture, the Bonds, or any other document related to the Bonds.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, the Administrator, or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council members, officer, agent or employee of the Issuer, the Administrator, or the Dissemination Agent in other than that person’s official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such

illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 16. Sovereign Immunity. The Dissemination Agent and the Administrator agree that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 17. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Administrator, the Dissemination Agent, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 18. Dissemination Agent and Administrator Compensation. The fees and expenses incurred by the Dissemination Agent and the Administrator for their respective services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent and the Administrator, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in Improvement Area #1, for the fees and expenses for their respective services rendered in accordance with this Disclosure Agreement.

SECTION 19. Statutory Verifications. The Dissemination Agent and the Administrator, each individually, make the following representation and verifications to enable the Issuer to comply with 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 the Administrator, as the case may be, 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 prior to the expiration or earlier termination 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 the Administrator, each individually, 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 and the Administrator 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.

(b) No Boycott of Israel. The Dissemination Agent and the Administrator, each individually, 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 the Administrator, each individually, 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 the Administrator, each individually, 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. Submitted herewith is a completed Form 1295 in connection with the Administrator’s participation in the execution of this Disclosure Agreement generated by the Texas Ethics Commission’s (the “TEC”) electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the “Form 1295”). The Issuer hereby confirms receipt of the Form 1295 from the Administrator, and the Issuer agrees to acknowledge such form with the TEC through its electronic filing application not later than the thirtieth (30th) day after the receipt of such form. The Administrator and the Issuer understand and agree that, with the exception of information identifying the Issuer and the contract identification number, neither the Issuer nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Administrator; and, neither the Issuer nor its consultants have verified such information.

SECTION 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. The Issuer, the Administrator, and the Dissemination Agent agree that electronic signatures to this Disclosure Agreement may be regarded as original signatures.

Signature pages follow.

CITY OF JUSTIN, TEXAS

By: _____
City Manager

HTS Continuing Disclosure Services, a division of
Hilltop Securities, Inc.
(as Dissemination Agent)

By: _____
Authorized Officer

P3Works, LLC
(as Administrator)

By: _____
Authorized Officer

EXHIBIT A

**NOTICE TO MSRB OF FAILURE TO FILE
[ANNUAL ISSUER REPORT][ANNUAL COLLECTIONS REPORT]
[AUDITED/UNAUDITED FINANCIAL STATEMENTS]**

Name of Issuer: City of Justin, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024
(Timberbrook Public Improvement District No. 2 Improvement
Area #1 Project) (the “Bonds”)
CUSIP Nos. [insert CUSIP Nos.]
Date of Delivery: _____, 20__

NOTICE IS HEREBY GIVEN that the City of Justin, Texas (the “Issuer”), has not provided [an Annual Issuer Report][an Annual Collections Report][audited/unaudited financial statements] with respect to the Bonds as required by the Continuing Disclosure Agreement of Issuer dated as of April 1, 2024, by and among the Issuer, P3Works, LLC., as “Administrator,” and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc., as “Dissemination Agent.” The Issuer anticipates that [the Annual Issuer Report][the Annual Collections Report][audited/unaudited financial statements] will be filed by _____.

Dated: _____

HTS Continuing Disclosure Services, a division of
Hilltop Securities, Inc., on behalf of the City of
Justin, Texas
(as Dissemination Agent)

By: _____

Title: _____

cc: City of Justin, Texas

EXHIBIT B

**CITY OF JUSTIN, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(TIMBERBROOK PUBLIC IMPROVEMENT DISTRICT NO. 2
IMPROVEMENT AREA #1 PROJECT)**

ANNUAL FINANCIAL INFORMATION*

Delivery Date: _____, 20__

CUSIP Nos: [insert CUSIP Nos.]

DISSEMINATION AGENT

Name: HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc.
Address: [_____]
City: []
Telephone: () ___-___
Contact Person: Attn: _____

Section 4(a)(i)(A)

BONDS OUTSTANDING

Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Outstanding Interest Amount
				—
				—
Total				

Section 4(a)(i)(B)

INVESTMENTS

Fund/ Account Name	Investment Description	Par Value ⁽¹⁾	Book Value ⁽¹⁾	Market Value ⁽¹⁾

(1) As such information is provided by the Trustee.

*Excluding audited financial statements of the Issuer

Section 4(a)(i)(C)

ASSETS AND LIABILITIES OF TRUST ESTATE

Cash Position of Trust Estate for statements dated September 30, 20[]		
[List of Funds/Accounts Held Under Indenture]	Amount In the Fund	
Total		A
Bond Principal Amount Outstanding		B
Outstanding Assessment Amount to be collected		C
Net Position of Trust Estate and Outstanding Bonds and Assessments		A-B+C

September 30, 20[] Trust Statements: Audited Unaudited

Accounting Type: Cash Accrual Modified Accrual

Section 4(a)(ii)

FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE AND IN SUBSTANTIALLY SIMILAR FORM PROVIDED IN THE FOLLOWING TABLES AS OF THE END OF THE FISCAL YEAR

Debt Service Requirements on the Bonds

<u>Year Ending</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
---	------------------	-----------------	--------------

Top [Five] Assessment Payers in Improvement Area #1 ⁽¹⁾

<u>Property Owner</u>	<u>No. of</u> <u>Parcels/Lots</u>	<u>Percentage of</u> <u>Parcels/Lots</u>	<u>Outstanding</u> <u>Assessments</u>	<u>Percentage of</u> <u>Total</u> <u>Assessments</u>
-----------------------	--------------------------------------	---	--	--

⁽¹⁾ Does not include those owing less than one percent (1%) of total Assessments.

Assessed Value of Improvement Area #1 of the District

The [YEAR] certified total assessed value for the Assessed Property in Improvement Area #1 of the District is approximately \$[AMOUNT] according to the Denton Central Appraisal District.

Foreclosure History Related to the Assessments for the Past Five Fiscal Years

Fiscal Year Ended (9/30)	Delinquent Assessment Amount not in Foreclosure Proceedings	Parcels in Foreclosure Proceedings	Delinquent Assessment Amount in Foreclosure Proceedings	<u>Foreclosure Sales</u>	Foreclosure Proceeds Received
20__	\$		\$		\$
20__					
20__					
20__					
20__					

[insert any necessary footnotes]

Collection and Delinquency History of Annual Installments for the Past Five Fiscal Years

Fiscal Year Ended (9/30)	Total Annual Installment Billed	Parcels Levied ⁽¹⁾	Delinquent Amount as of 3/1	Delinquent % as of 3/1	Delinquent Amount as of [9/1]	Delinquent % as of [9/1]	Total Assessments Collected ⁽²⁾
20__	\$		\$	%	\$	%	\$
20__							
20__							
20__							
20__							

⁽¹⁾ Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons aged 65 or older, and the disabled, who qualify for an exemption under either Section 11.13(c), 11.32, or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments ("Installment Payments"). Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the Installment Payments are each due before February 1, April 1, June 1, and August 1. Each unpaid Installment Payment is delinquent and incurs penalties and interest if not paid by the applicable date.

⁽²⁾ [Does/does not] include interest and penalties.

Parcel Numbers for Delinquencies Equaling or Exceeding 10% of Annual Installments Due

For the past five Fiscal Years, if the total amount of delinquencies as of September 1 equals or exceeds ten percent (10%) of the amount of Annual Installments due, a list of parcel numbers for which the Annual Installments are delinquent.

<u>Fiscal Year Ended (9/30)</u>	<u>Delinquent % as of 9/1</u>	<u>Parcel Numbers</u>
20__	%	
20__		

History of Prepayment of Assessments for the Past Five Fiscal Years

<u>Fiscal Year Ended (9/30)</u>	<u>Number of Prepayments</u>	<u>Amount of Prepayments</u>	<u>Bond Call Date</u>	<u>Amount of Bonds Redeemed</u>
20__		\$		\$
20__				
20__				
20__				
20__				

[insert any necessary footnotes]

ITEMS REQUIRED BY SECTION 4(a)(iii) - (iv)

[Insert a line item for each applicable listing]

EXHIBIT C

**CITY OF JUSTIN, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(TIMBERBROOK PUBLIC IMPROVEMENT DISTRICT NO. 2
IMPROVEMENT AREA #1 PROJECT)**

ANNUAL COLLECTIONS REPORT

Delivery Date: _____, 20__

CUSIP Nos: [insert CUSIP Nos.]

DISSEMINATION AGENT

Name: HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc.
Address: [_____] _____
City: [_____, Texas _____]
Telephone: (____) ____ - ____
Contact Person: Attn: _____

**SELECT FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO
THE COLLECTION OF ASSESSMENTS COVERING THE PERIOD BEGINNING WITH
THE FIRST DAY OF THE FISCAL YEAR SUCCEEDING THE REPORTING FISCAL
YEAR THROUGH THE COLLECTIONS REPORTING DATE PROVIDED IN
COMPLIANCE WITH SUBSECTION 5(A) OF THE ISSUER'S DISCLOSURE
AGREEMENT**

Foreclosure History Related To The Annual Installments⁽¹⁾

Succeeding Fiscal Year	Delinquent Annual Installment Amount not in Foreclosure <u>Proceedings</u>	Parcels in Foreclosure <u>Proceedings</u>	Delinquent Annual Installment Amount in Foreclosure <u>Proceedings</u>	<u>Foreclosure Sales</u>	Foreclosure Proceeds <u>Received</u>
20	\$		\$		\$

(i) Period covered includes October 1, 20__ through March 1, 20__.

Collection and Delinquency of Annual Installments ⁽¹⁾

<u>Succeeding Fiscal Year</u> 20__	<u>Total Annual Installments Levied</u> \$	<u>Parcels Levied</u> ⁽²⁾	<u>Delinquent Amount as of 3/1</u> \$	<u>Delinquent % as of 3/1</u> %	<u>Total Annual Installments Collected</u> ⁽³⁾ \$
---	---	--	--	--	---

⁽¹⁾ Period covered includes October 1, 20__ through March 1, 20__.

⁽²⁾ Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons aged 65 or older, and the disabled, who qualify for an exemption under either Section 11.13(c), 11.32, or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments ("Installment Payments"). Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the Installment Payments are each due before February 1, April 1, June 1, and August 1. Each unpaid Installment Payment is delinquent and incurs penalties and interest if not paid by the applicable date.

⁽³⁾ [Does/does not] include interest and penalties.

Prepayment of Assessments ⁽¹⁾

<u>Succeeding Fiscal Year</u>	<u>Number of Prepayments</u>	<u>Amount of Prepayments</u> \$	<u>Bond Call Date</u>	<u>Amount of Bonds Redeemed</u> \$
-----------------------------------	----------------------------------	--	-----------------------	---

⁽¹⁾ Period covered includes October 1, 20__ through March 1, 20__.

EXHIBIT D

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.
	15	<p>Immediately upon receipt, but in no event later than February 15, Issuer forwards payment to Trustee for all collections received, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter.</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 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 15	43/44	Trustee pays bond interest payments to Owners.
April 1	59/60	<p>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 appropriate designee, will begin process to cure deficiency.</p> <p>Issuer, or the Trustee on behalf of the Issuer, to notify Dissemination Agent in writing of the occurrence of draw on the Reserve Fund and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw or the Reserve Fund.</p>

¹ Illustrates anticipated dates and procedures for pursuing the collection of delinquent Annual Installments of Assessments, which dates and procedures shall be in accordance with Chapters 31, 32, 33, and 34, Texas Tax Code, as amended (the "Code"), and the Tax/Assessor Collector's procedures, and are subject to adjustment by the Issuer. If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas, an amendment to the Code, or otherwise, such modifications shall control.

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 Tax Assessor/Collector's procedures.

If Dissemination Agent has not received Foreclosure Schedule and Plan of Collections, Dissemination Agent to request same from the Issuer.

If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, 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 Tax Assessor/Collector's procedures.

Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status in writing for inclusion in next Annual Report.

A committee of not less than twenty-five percent (25%) of the Owners may request a meeting with the Issuer to discuss the Issuer's actions in pursuing the repayment of any delinquencies. This would also occur after day thirty (30) if it is apparent that a Reserve Fund draw is required. Further, if delinquencies exceed five percent (5%), Owners may also request a meeting with the Issuer at any time to discuss the Issuer's plan and progress on collection and foreclosure activity. If the Issuer is not diligently proceeding with the foreclosure process, the Owners may seek an action for mandamus or specific performance to direct the Issuer to pursue the collections of delinquent Annual Installments of Assessments.

THIS PAGE IS LEFT BLANK INTENTIONALLY.

APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF DEVELOPER

THIS PAGE IS LEFT BLANK INTENTIONALLY.

**CITY OF JUSTIN, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(TIMBERBROOK PUBLIC IMPROVEMENT DISTRICT NO. 2
IMPROVEMENT AREA #1 PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER

This Continuing Disclosure Agreement of Developer dated as of April 1, 2024 (this “Disclosure Agreement”), is executed and delivered by and among Bloomfield Homes, L.P., a Texas limited partnership (the “Developer”), P3Works, LLC (the “Administrator”), and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc., acting solely in its capacity as dissemination agent (the “Dissemination Agent”) with respect to the captioned bonds (the “Bonds”). The Developer, the Administrator, and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Developer, the Administrator, and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust, dated as of April 1, 2024, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, the following capitalized terms shall have the following meanings:

“Administrator” shall have the meaning assigned to such term in the Indenture. The Issuer has selected P3Works, LLC, as the initial Administrator.

“Affiliate” shall mean an entity that owns property within Improvement Area #1 of the District and is controlled by, controls, or is under common control with the Developer, including any Homebuilder.

“Amenities” shall mean the amenity center, open spaces, and hike and bike trails that the Developer intends to construct in the District.

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

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

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

“Business Day” shall have the meaning assigned to such term in the Indenture.

“Certification Letter” shall mean a certification letter provided by the Developer or Homebuilder, if any, pursuant to Section 3, in substantially the form attached as Exhibit D.

“Completion Agreement” shall have the meaning assigned to such term in the Indenture.

“Developer” shall mean Bloomfield Homes, L.P., a Texas limited partnership, its successors and assigns, including any Affiliate of the Developer.

“Developer Listed Events” shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

“Disclosure Agreement of Issuer” shall mean the Continuing Disclosure Agreement of Issuer with respect to the Bonds dated as of even date herewith executed and delivered by the Issuer, the Administrator, and the Dissemination Agent.

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

“District” shall mean the Timberbrook Public Improvement District No. 2.

“EMMA” shall mean the Electronic Municipal Market Access System administered by the MSRB which, as of the date of this Disclosure Agreement, is available on the internet at <http://emma.msrb.org>.

“Homebuilder(s)” shall mean any merchant homebuilder who enters into an Lot Purchase Agreement with the Developer, and the successors and assigns of such homebuilder under such Lot Purchase Agreement.

“Improvement Area #1” shall have the meaning assigned to such term in the Indenture.

“Improvement Area #1 Projects” shall have the meaning assigned to such term in the Indenture.

“Issuer” shall mean the City of Justin, Texas.

“Listed Events” shall mean, collectively, Developer Listed Events and Significant Homebuilder Listed Events.

“Lot Purchase Agreement” shall mean, with respect to lots or land within Improvement Area #1 of the District, any agreement between a Homebuilder and the Developer to purchase lots or to purchase land.

“MSRB” shall mean the Municipal Securities Rulemaking Board, or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

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

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

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

“Participating Underwriter” shall mean FMSbonds, Inc., and its successors and assigns.

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

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

Quarterly Ending Date” shall mean each March 31, June 30, September 30 and December 31, beginning September 30, 2024.

“Quarterly Filing Date” shall mean for each Quarterly Ending Date, the fifteenth calendar day of the second month following such Quarterly Ending Date being February 15, May 15, August 15, November 15.

“Quarterly Information” shall have the meaning assigned to such term in Section 3 of this Disclosure Agreement.

“Quarterly Report” shall mean any Quarterly Report described in Section 3 of this Disclosure Agreement and substantially similar to that attached as Exhibit A hereto.

“Reporting Party” shall mean, collectively, the Developer and any Significant Homebuilder who has acknowledged and assumed reporting obligations in accordance with Section 6 of this Disclosure Agreement.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Significant Homebuilder” shall mean a Homebuilder that then owns 15 or more of the single family residential lots within Improvement Area #1.

“Significant Homebuilder Listed Events” shall mean any of the events listed in Section 4(b) of this Disclosure Agreement.

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

SECTION 3. Quarterly Reports.

(a) The Developer and any Significant Homebuilder that is a Reporting Party, with respect to its acquired real property, shall, at its cost and expense, provide, or cause to be provided, to the Administrator, not more than ten (10) days after each Quarterly Ending Date, beginning with June 30, 2024, the information in the Quarterly Report required to be provided by such Reporting Party pursuant to Section 3(d) (with respect to each Reporting Party, the “Quarterly Information”). The Reporting Party shall provide, or cause to be provided, such Quarterly Information until such party’s obligations terminate pursuant to Section 7 of this Disclosure Agreement. For the avoidance of doubt, (i) if the Developer elects, the Developer may, but shall not be obligated to, provide any Quarterly Information on behalf of any Significant Homebuilder and (ii) the Developer shall remain obligated with respect to any real property acquired by a Significant Homebuilder until an acknowledgment of assignment with

respect to such real property is delivered in accordance with Section 6 of this Disclosure Agreement, at which time the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred.

(b) The Administrator shall (i) review each Quarterly Report containing the Quarterly Information provided by each Reporting Party pursuant to subsection (a) above and (ii) no later than twenty (20) days after each Quarterly Ending Date, either (1) advise the applicable Reporting Party as to any necessary changes to the applicable Quarterly Information or (2) provide to the Dissemination Agent the Quarterly Report in accordance with subsection (c) below. If the Administrator advises a Reporting Party as to any necessary changes to their respective Quarterly Information, such Reporting Party shall provide, or cause to be provided, to the Administrator, not more than thirty (30) days after each Quarterly Ending Date, the revised Quarterly Information. The Administrator shall review the revised Quarterly Information within the Quarterly Report and provide the Quarterly Report to the Dissemination Agent in accordance with subsection (c) below.

If Reporting Parties provide the Quarterly Information in more than one report to the Administrator, the Administrator shall (i) prepare each Quarterly Report with the Quarterly Information provided by the Reporting Parties pursuant to subsection (a) above, and (ii) provide the Quarterly Report to the Reporting Parties for review no later than twenty (20) days after each Quarterly Ending Date. The Reporting Parties shall review and revise, as necessary, the Quarterly Report and, upon such review, shall promptly, but no later than thirty (30) days after each Quarterly Ending Date, provide the Quarterly Report and Certification Letter(s) to the Administrator and authorize the Administrator to provide such Quarterly Report and Certification Letter(s) to the Issuer and the Dissemination Agent pursuant to subsection (c) below.

In all cases, each Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all of the Quarterly Information provided by such Reporting Party contained in the Quarterly Report.

(c) The Administrator shall provide to the Dissemination Agent, no later than thirty-five (35) days after each Quarterly Ending Date, the Quarterly Report containing the information described in Section 3(d), the Certification Letter(s), if applicable, and written direction to the Dissemination Agent to file such report with the MSRB. The Dissemination Agent shall file the Quarterly Report and the Certification Letter(s), if applicable, with the MSRB and provide a copy of such report to the Issuer and the Participating Underwriter within ten (10) days of the Dissemination Agent's receipt thereof pursuant to this subsection 3(c); provided, however, that the Quarterly Report must be submitted to the MSRB not later than each Quarterly Filing Date. In the event that any Reporting Party or the Administrator does not provide the information required by subsection (a) or (b) of this Section 3, as applicable, in a timely manner and, as a result, either an incomplete Quarterly Report is filed with the MSRB, or a Quarterly Report is not filed with the MSRB by each Quarterly Filing Date, the Dissemination Agent shall, upon written direction from the applicable Reporting Party file a notice of failure to provide Quarterly Information or failure to file a Quarterly Report with the MSRB in substantially the form attached as Exhibit B, as soon as practicable. If incomplete Quarterly Information or no Quarterly Information is provided by any Reporting Party, the Dissemination Agent and any other Reporting Party who provided complete Quarterly Information shall not be responsible for the failure to submit a complete Quarterly Report to the MSRB. If each Reporting Party timely provides the required Quarterly Information to the Administrator as described in this Section 3, the failure of the Administrator to provide the Quarterly

Report to the Dissemination Agent, or the failure of the Dissemination Agent to provide such report to the Participating Underwriter in a timely manner, shall not be deemed a default by the Reporting Parties under this Disclosure Agreement.

- (d) Each Quarterly Report shall consist of the information listed in Exhibit A attached hereof.

SECTION 4. Event Reporting Obligations.

(a) Pursuant to the provisions of this Section 4, each of the following is a Developer Listed Event with respect to the Bonds:

- (i) Failure to pay any real property taxes or Assessments levied within Improvement Area #1 on a parcel owned by the Developer; provided, however, that the exercise of any right of the Developer as a landowner within Improvement Area #1 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Developer Listed Event under this Section nor a breach or default of this Disclosure Agreement;

- (ii) Material damage to or destruction of any development or improvements within Improvement Area #1, including the Improvement Area #1 Projects, and the Amenities;

- (iii) Material default by the Developer or any of the Developer's Affiliates on any loan with respect to the acquisition, development, or permanent financing of Improvement Area #1 undertaken by the Developer or any of the Developer's Affiliates;

- (iv) Material default by the Developer or any of Developer's Affiliates on any loan secured by property within Improvement Area #1 owned by the Developer or any of the Developer's Affiliates;

- (v) The bankruptcy, insolvency, or similar filing of the Developer or any of the Developer's Affiliates or any determination that the Developer or any of the Developer's Affiliates is unable to pay its debts as they become due;

- (vi) The consummation of a merger, consolidation, or acquisition of the Developer, or the sale of all or substantially all of the assets of the Developer or any of the Developer's Affiliates, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- (vii) The filing of any lawsuit with a claim for damages in excess of \$1,000,000 against the Developer or any of the Developer's Affiliates that may adversely affect the completion of development of Improvement Area #1, or litigation that may materially adversely affect the financial condition of the Developer or any of the Developer's Affiliates;

- (viii) Any change in the legal structure, chief executive officer, or controlling ownership of the Developer; and

(ix) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Sections 5 or 6 hereof.

(b) Pursuant to the provisions of this Section 4, each of the following occurrences related to any Significant Homebuilder is a Significant Homebuilder Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within Improvement Area #1 on a lot or parcel owned by such Significant Homebuilder; provided, however, that the exercise of any right of such Significant Homebuilder as a landowner within Improvement Area #1 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Significant Homebuilder Listed Event under this Section nor a breach or default of this Disclosure Agreement;

(ii) The bankruptcy, insolvency, or similar filing of such Significant Homebuilder or any determination that such Significant Homebuilder is unable to pay its debts as they become due;

(iii) The consummation of a merger, consolidation, or acquisition involving such Significant Homebuilder or the sale of all or substantially all of the assets of the Significant Homebuilder, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(iv) Any change in the type of legal entity, chief executive officer, or controlling ownership of such Significant Homebuilder;

(v) Early termination of or material default by such Significant Homebuilder under a Lot Purchase Agreement; and

(vi) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Section 6 herein.

(c) Whenever a Reporting Party obtains knowledge of the occurrence of a Listed Event applicable to such Reporting Party, such Reporting Party shall promptly, and not more than five (5) Business Days after such Reporting Party obtains such knowledge, notify the Issuer, the Administrator and the Dissemination Agent in writing and the Reporting Party shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB, in the manner hereinafter described, and provide a copy of such notice to the Issuer and the Participating Underwriter. Any such notice is required to be filed within ten (10) Business Days after the Reporting Party becomes aware of the occurrence of such Listed Event. If the Reporting Party timely notifies the Dissemination Agent of the occurrence of a Listed Event, as described in this Section 4, the failure of the Dissemination Agent to provide such notice to the Participating Underwriter in a timely manner shall not be deemed a default by such Reporting Party under this Disclosure Agreement.

The Developer and each other Reporting Party, if any, shall only be responsible for reporting the occurrence of a Listed Event applicable to such Reporting Party and shall not be responsible for reporting the occurrence of a Listed Event applicable to any other Significant Homebuilder, regardless of if such Reporting Party is providing Quarterly Information on behalf of any other Significant Homebuilder.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the applicable Reporting Party desires to make, the written authorization of such Reporting Party for the Dissemination Agent to disseminate such information as provided herein, and the date the Reporting Party desires for the Dissemination Agent to disseminate the information.

In all cases, the applicable Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures. In addition, the applicable Reporting Party shall have the sole responsibility to ensure that any notice required to be filed with the MSRB under this Section 4 is actually filed within ten (10) Business Days after such Reporting Party becomes aware of the Listed Event applicable to such Reporting Party.

(d) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event, notify in writing the Administrator and the applicable Reporting Party of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the applicable Reporting Party to do so. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Reporting Party and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the applicable Reporting Party as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Participating Underwriter, the Administrator, the Issuer, any Reporting Party or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(e) If the Dissemination Agent has been notified in writing by a Reporting Party to report the occurrence of a Listed Event in accordance with subsections (c) or (d) of this Section 4, the Dissemination Agent shall file a notice of such occurrence with the MSRB promptly after its receipt of such written instructions from such Reporting Party; provided that all such notices must be filed no later than the date specified in subsection (c) of this Section 4 for such Listed Event.

SECTION 5. Assumption of Reporting Obligations of Developer.

The Developer shall cause each Person who, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Improvement Area #1 Projects, or the Amenities to assume and comply with the disclosure obligations of the Developer under this Disclosure Agreement. The Developer shall deliver to the Dissemination Agent, the Administrator, and the Issuer a written acknowledgement from each Person who assumes the obligations, requirements, or covenants to construct one or more of the Improvement Area #1 Project, or Amenities in substantially the form attached as Exhibit E (the “Developer Acknowledgment”), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Section 4(a)(ix) above, the Developer shall direct the Dissemination Agent to file a copy of each Developer Acknowledgment with the MSRB, in accordance with Sections 4(c) and 4(e) above. Upon any such transfer to a Person, and such Person’s delivery of written acknowledgement of assumption of Developer’s obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations

assigned. Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Person arising from or in connection with such disclosure obligations under this Disclosure Agreement. Additionally, for the avoidance of doubt, the Developer shall require that any Person comply with obligations of this Section 5 with respect to any subsequent transfers by such Person to any individual or entity meeting the definition of a “Developer” in the future.

SECTION 6. Assumption of Reporting Obligations by Significant Homebuilder.

(a) If a Homebuilder acquires ownership of real property in Improvement Area #1 resulting in such Homebuilder becoming a Significant Homebuilder, the Developer may (i) cause such Significant Homebuilder to comply with the Developer’s disclosure obligations under Section 3 and Section 4(b) hereof, with respect to such acquired real property, until such party’s disclosure obligations terminate pursuant to Section 7 of this Disclosure Agreement or (ii) elect to provide any or all Quarterly Information on behalf of such Significant Homebuilder; provided, however, that if the Developer initially elects to provide any or all Quarterly Information on behalf of such Significant Homebuilder, the Developer may elect in the future to cause such Significant Homebuilder to comply with the Developer’s disclosure obligations, as described in (i) above.

(b) If the Developer elects to cause a Significant Homebuilder to comply with the Developer’s disclosure obligations, as described in (i) above, the Developer shall deliver to the Dissemination Agent, Administrator and the Issuer a written acknowledgement from each Significant Homebuilder, in substantially the form attached as Exhibit E (the “Significant Homebuilder Acknowledgment”), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Section 4(a)(ix) above, the Developer shall direct the Dissemination Agent to file a copy of the Significant Homebuilder Acknowledgment with the MSRB, in accordance with Sections 4(c) above. Upon any such transfer to a Significant Homebuilder, and such Significant Homebuilder’s delivery of written acknowledgement of assumption of the Developer’s obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. The Developer shall remain obligated with respect to any real property acquired by a Significant Homebuilder until an acknowledgment of assignment with respect to such real property is delivered to the Dissemination Agent, Administrator, the Issuer and the MSRB, in accordance with this Section 6(b).

(c) Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Significant Homebuilder arising from or in connection with such disclosure obligations under this Disclosure Agreement.

SECTION 7. Termination of Reporting Obligations.

(a) The reporting obligations of the Developer or any Significant Homebuilder under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, (ii) when the Developer or such Significant Homebuilder, including their respective affiliates and/or successors and assigns, no longer owns 15 or more single family residential lots within Improvement Area #1, as of each Quarterly Ending Date, or (iii) the Issuer’s issuance of the certificate of occupancy for the last single family residential lot or Parcel owned by the Developer or such

Significant Homebuilder, including their respective Affiliates and/or successors and assigns, respectively; provided, however, if the Developer elects to provide any or all Quarterly Information on behalf of a Significant Homebuilder in accordance with Section 6(a) above, the reporting obligations of the Developer under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, (ii) when the Developer and such Significant Homebuilder(s) (on behalf of whom the Developer is reporting), including their respective affiliates and/or successors and assigns, collectively no longer own 15 or more single family residential lots within Improvement Area #1, as of each Quarterly Ending Date, or (iii) the Issuer's issuance of the certificate of occupancy for the last single family residential lot or Parcel owned by the Developer and such Significant Homebuilder(s) (on behalf of whom the Developer is reporting), including their respective affiliates and/or successors and assigns.

(b) Upon receipt of written notice from a Reporting Party or the Dissemination Agent that the reporting obligations of a Reporting Party have terminated in accordance with subsection (a) of this Section 7, the Administrator shall provide written notice to the applicable Reporting Party, the Participating Underwriter, the Issuer, and the Dissemination Agent in substantially the form attached as Exhibit C, thereby terminating such Reporting Party's reporting obligations under this Disclosure Agreement (the "Termination Notice"). If such Termination Notice with respect to a Reporting Party occurs while any of the Bonds remain Outstanding, the Administrator shall immediately provide, or cause to be provided, the Termination Notice to the Dissemination Agent, and the Dissemination Agent shall provide such Termination Notice to the MSRB, the Issuer, the Trustee, the applicable Reporting Party and the Participating Underwriter on or before the next succeeding Quarterly Filing Date.

(c) The obligations of the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon, the earlier of (i) the date when none of the Bonds remain Outstanding, or (ii) termination of all Reporting Parties' reporting obligations in accordance with subsection (a) of this Section 7 and any Termination Notice required by subsection (b) of this Section 7 has been provided to the MSRB, the Issuer, the Trustee, the Dissemination Agent, the Reporting Parties, and the Participating Underwriter, as applicable.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist the Developer, any Person that has executed a Developer Acknowledgement pursuant to Section 5 hereof, or any Significant Homebuilder that has executed a Significant Homebuilder Acknowledgment pursuant to Section 6 hereof in carrying out their obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time with thirty (30) days' notice to the Issuer, the Developer, and the Administrator; provided, however, that if the Dissemination Agent is serving in the same capacity under the Disclosure Agreement of Issuer, the Dissemination Agent shall resign under the Disclosure Agreement of Issuer simultaneously with its resignation hereunder; provided, further, that if the Issuer is the Dissemination Agent, the Issuer may not resign without first appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. Pursuant to the Disclosure Agreement of Issuer, the Issuer has agreed to provide written notice to each of the Developer, any Person that has executed a Developer Acknowledgement pursuant to Section 5 hereof, or any Significant Homebuilder that has executed a Significant Homebuilder Acknowledgment pursuant to Section 6 hereof of any change in the identity of the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be Wilmington Trust, National Association.

SECTION 9. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Developer, the Administrator, and the Dissemination Agent may jointly amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested in writing by the Developer 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 or 4, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Developer or any Significant Homebuilder, or the type of business conducted; and

(b) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Administrator shall describe such amendment in the next related Quarterly Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Developer. The Developer shall provide, or cause to be provided, at its cost and expense, an executed copy of any amendment or waiver entered into in accordance with this Section 9 to the Issuer, the Administrator, the Dissemination Agent, and the Participating Underwriter.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Developer or any Significant Homebuilder from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in addition to that which is required by this Disclosure Agreement. If the Developer or Significant Homebuilder chooses to include any information in any Quarterly Report or notice of occurrence of a Developer Listed Event or Significant Homebuilder Listed Event, as applicable, in addition to that which is specifically required by this Disclosure Agreement, the Developer or the Significant Homebuilder, as applicable, shall have no obligation under this Disclosure Agreement to update such information or include it in any future Quarterly Report or notice of occurrence of a Developer Listed Event or Significant Homebuilder Listed Event.

SECTION 11. Content of Disclosures. In all cases, the Developer or Significant Homebuilder, as applicable, shall have the sole responsibility for the content, design, and other elements comprising substantive contents of all disclosures provided hereunder.

SECTION 12. Default. In the event of a failure of the Developer, any Significant Homebuilder, or the Administrator to comply with any provision of this Disclosure Agreement, (i) the Dissemination Agent or any Owner or beneficial owner of the Bonds may, and (ii) at the request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction, the Dissemination Agent shall take such actions as may be necessary and appropriate to cause the Developer, Significant Homebuilder, and/or the Administrator to comply with its obligations under this Disclosure Agreement.

A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Developer, Significant Homebuilder, or the Administrator to comply with this Disclosure Agreement shall be an action to mandamus or specific performance. A default under this Disclosure Agreement by the Developer or any Significant Homebuilder, as applicable, shall not be deemed a default under the Disclosure Agreement of Issuer by the Issuer, and a default under the Disclosure Agreement of Issuer by the Issuer shall not be deemed a default under this Disclosure Agreement by the Developer, any Significant Homebuilder, or the Administrator. Additionally, a default by the Developer of its obligations under this Disclosure Agreement shall not be deemed a default by any Significant Homebuilder of such Significant Homebuilder's obligations under this Disclosure Agreement; and, likewise, a default by any Significant Homebuilder of such Significant Homebuilder's obligations under this Disclosure Agreement shall not be deemed a default of the Developer of the Developer's obligations under this Disclosure Agreement.

SECTION 13. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Quarterly Report) prepared by the Developer, Significant Homebuilder, and/or the Administrator pursuant to this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. The Developer agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees, and agents against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Developer under this Section shall survive termination of this Disclosure Agreement, resignation or removal of the Dissemination Agent, and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Dissemination Agent shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Dissemination Agent hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Dissemination Agent and believed to be genuine and to have been signed or presented by the proper party or parties.

(b) Except as otherwise provided herein, the Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. The Developer agrees to hold harmless the Administrator, its officers, directors, employees, and agents against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's breach, negligence, or willful misconduct. The obligations of the Developer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be

construed to mean or to imply that the Administrator is an “obligated person” under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

(c) The Dissemination Agent or the Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent and Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(d) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, THE DEVELOPER, OR ANY SIGNIFICANT HOMEBUILDER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY OTHER PARTY TO THIS DISCLOSURE AGREEMENT OR A SIGNIFICANT HOMEBUILDER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION, EXCEPT AS DESCRIBED IN SECTION 12 WITH RESPECT TO THE DISSEMINATION AGENT.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation, or agreement of the Developer, any Significant Homebuilder, the Administrator, or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation, or agreement of any present or future officer, agent, or employee of the Developer, any Significant Homebuilder, the Administrator, or the Dissemination Agent in other than that person’s official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act, or action, or part thereof, made, assumed, entered into, or taken thereunder, or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act, or action, or part thereof, made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act, or action, or part thereof, is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act, or action, or part thereof, shall be deemed to be effective, operative, made, entered into, or taken in the manner and to the full extent permitted by law.

SECTION 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Developer, the Administrator, the Dissemination Agent, the Issuer, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 17. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in Improvement Area #1, for the fees and expenses for its services rendered in accordance with this Disclosure Agreement.

SECTION 18. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of Improvement Area #1, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

SECTION 19. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 20. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. The Developer, the Administrator, and the Dissemination Agent agree that electronic signatures to this Disclosure Agreement may be regarded as original signatures.

Signature pages follow.

HTS Continuing Disclosure Services, a division of
Hilltop Securities, Inc.,
Dissemination Agent

By: _____
Authorized Officer

DEVELOPER:

Bloomfield Homes, L.P., a Texas limited partnership

By: Bloomfield Properties, Inc., a Texas corporation, its General Partner

By: _____
Donald J. Dykstra, its President

P3Works, LLC,
Administrator

By: _____

Name: _____

Title: _____

EXHIBIT A

**CITY OF JUSTIN, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(TIMBERBROOK PUBLIC IMPROVEMENT DISTRICT NO. 2
IMPROVEMENT AREA #1 PROJECT)**

**DEVELOPER QUARTERLY REPORT
[INSERT QUARTERLY ENDING DATE]**

Delivery Date: _____, 20__

CUSIP Numbers: [Insert CUSIP Numbers]

DISSEMINATION AGENT

Name: HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc.
Address:
City:
Telephone:
Contact Person: Attn:

I. Expenditures Paid from Accounts under Indenture

TOTAL BUDGETED COSTS REQUIRED TO COMPLETE IMPROVEMENT AREA #1 PROJECTS: \$ _____

Of the budgeted costs for Improvement Area #1 Projects shown in the Service and Assessment Plan:

1. Actual costs drawn from the Improvement Area #1 Projects Account:
\$ _____

II. Status of Improvement Area #1 Projects

Projected/actual completion date of the Improvement Area #1 Projects

1. [Actual/Expected] date of completion of the Improvement Area #1 Projects:
[_____]
2. Explanation of any delay/change in projected completion date since last Quarterly Report was filed: [_____]

III. Unit Mix in Improvement Area #1

Product Type	Number of Units
Single Family 50'	
Single Family 60'	

IV. Lot Status in Improvement Area #1

Of the 155 lots in Improvement Area #1, what is the status:

1. Planned lots as of the date of issuance of the Bonds: 155
2. Planned lots as of the date of this Quarterly Report: _____
3. Lots developed: _____
4. Lots platted: _____
5. Expected completion date of all lots in Improvement Area #1 (if incomplete):

V. Ownership of Lots/Units in Improvement Area #1

PLANNED LOTS IN IMPROVEMENT AREA #1: 155

Of the 155 lots in Improvement Area #1:

1. Number of lots owned by the Developer: _____
2. Number of lots under contract but not closed to Homebuilder(s): _____
3. Number of lots owned by all Homebuilder(s): _____¹
 - a. Number of lots owned by [*insert name of Homebuilder*]: _____²
 - b. Number of lots owned by [*insert name of Homebuilder*]: _____
4. Number of units owned by homeowners: _____

VI. Home Sales Information in Improvement Area #1

PLANNED HOMES IN IMPROVEMENT AREA #1: 155

Of the 155 homes planned for Improvement Area #1:

1. How many total building permits were issued **during the current quarter**? _____
 - a. Number of building permits issued during the current quarter for [*insert name of Homebuilder*]: _____²
 - b. Number of building permits issued during the current quarter for [*insert name of Homebuilder*]: _____²
2. How many total homes have closed with homebuyers **during the current quarter**?

 - a. Number of homes closed with homebuyers during the current quarter for [*insert name of Homebuilder*]: _____²
 - b. Number of homes closed with homebuyers during the current quarter for [*insert name of Homebuilder*]: _____³
3. How many total homes have closed with homebuyers **cumulatively**? _____
 - a. Number of homes closed with homebuyers cumulatively for [*insert name of Homebuilder*]: _____³

¹ If Developer is using EMMA filing assistance software, a chart containing the Quarterly Information provided under this item will be generated. If Developer is not using EMMA filing assistance software, Developer shall prepare a chart containing such Quarterly Information.

² Include a line item for each individual Homebuilder.

³ Include a line item for each individual Homebuilder.

- b. Number of homes closed with homebuyers cumulatively for [*insert name of Homebuilder*]: _____³

VII. Amenities

TOTAL [EXPECTED/ACTUAL] COSTS OF AMENITIES: \$[_____]

Of the \$[_____] [expected/actual] costs of the Amenities:

1. Amount spent as of Quarterly Ending Date: \$[_____]
2. [Actual/Expected] completion date of Amenities: [_____]

VIII. Material Changes

Describe any material changes, if applicable:

1. **Permits and Approvals** - Since the issuance of the Bonds, have there been any material changes to permits or development approvals (including any zoning) impacting the development of the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.
2. **Mortgage Loans** - Since the issuance of the Bonds, have there been any material changes to mortgage loans (whether changes to an existing loan or incurrence of a new mortgage loan), if applicable, for the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.
3. **Builder Contracts** - Since the issuance of the Bonds, have there been any material changes to builder contracts (including but not limited to changes to price, substantial completion dates, number of lots, or other terms) with respect to the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.
4. **Ownership** - Since the issuance of the Bonds, other than a sale to a homebuilder pursuant to a Lot Purchase Agreement, has there been any sale, assignment or transfer of ownership of lands subject to the Assessments securing the Bonds by the Developer to any third-party developer/land bank, which was not disclosed in a previously filed Quarterly Report? If so, provide the name of the third-party and indicate whether this third-party developer/land bank has executed a Developer Acknowledgement pursuant to the Disclosure Agreement?
5. **Completion Agreement** – Is the Developer required to provide Evidence of Available Funds, as defined in and pursuant to the Completion Agreement? If so, identify the available sources of funding and provide the amount of funding needed to complete the Improvement Area #1 Projects. If the Developer has completed the Improvement Area #1 Projects, please attach the City Acceptance Letter (as defined in the Completion Agreement).
6. **Amendments** – Since the issuance of the Bonds and except as otherwise disclosed in a previously filed Quarterly Report, (i) describe any amendments or waivers to any provision

of the Disclosure Agreement, including a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Reporting Parties and (ii) include a copy of the amendment, as applicable.

7. **Other** – Provide any other material information that should be disclosed.

EXHIBIT B

**NOTICE TO MSRB OF FAILURE TO
[PROVIDE QUARTERLY INFORMATION][FILE QUARTERLY REPORT]**

[DATE]

Name of Issuer: City of Justin, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024 (Timberbrook
Public Improvement District No. 2 Improvement Area #1 Project)
(the “Bonds”)
CUSIP Numbers: [insert CUSIP Numbers]
Date of Delivery: _____, 20__

NOTICE IS HEREBY GIVEN that _____, a
_____ (the [“Developer⁴”] [“Significant Homebuilder”]) has not provided the
[Quarterly Information][Quarterly Report] for the period ending on [*Insert Quarterly Ending Date*]
with respect to the Bonds as required by the Continuing Disclosure Agreement of Developer
related to such Bonds, by and among Bloomfield Homes, L.P., a Texas limited partnership (the
“Developer”), P3Works, LLC, as Administrator, and HTS Continuing Disclosure Services, a
division of Hilltop Securities, Inc., as Dissemination Agent. The [Developer][Homebuilder]
anticipates that the [Quarterly Information][Quarterly Report] will be [provided][filed] by
_____.

Dated: _____

HTS Continuing Disclosure Services, a division of
Hilltop Securities, Inc.,
on behalf of the Developer,
as Dissemination Agent

By: _____

Title: _____

cc: City of Justin, Texas

⁴ If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT C

TERMINATION NOTICE

[DATE]

Name of Issuer: City of Justin, Texas
 Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024 (Timberbrook Public Improvement District No. 2 Improvement Area #1 Project) (the "Bonds")
 CUSIP Numbers. [insert CUSIP Numbers]
 Date of Delivery: _____, 20__

FMSbonds, Inc. HTS Continuing Disclosure Services, a division of
 5 Cowboys Way, Suite 300-25 Hilltop Securities, Inc.
 Frisco, Texas 75034 _____

City of Justin, Texas
 415 N. College Avenue
 Justin, Texas 76247
 Bloomfield Homes, L.P.
 1050 E. State Highway 114, Suite 210
 Southlake, Texas 76092

[Significant Homebuilder]

NOTICE IS HEREBY GIVEN that that _____, a _____ (the ["Developer"¹] ["Significant Homebuilder"]) is no longer responsible for providing [any Quarterly Information][the Quarterly Report] with respect to the Bonds, thereby terminating such party's reporting obligations under the Continuing Disclosure Agreement of Developer related to such Bonds, by and among Bloomfield Homes, L.P., a Texas limited partnership (the "Developer"), P3Works, LLC, as Administrator, and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc., as Dissemination Agent.

Dated: _____

P3Works, LLC
 on behalf of the [Developer] [Significant Homebuilder],
 as Administrator)

By: _____

Title: _____

¹ If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT D

CERTIFICATION LETTER

[DATE]

Name of Issuer: City of Justin, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024 (Timberbrook
Public Improvement District No. 2 Improvement Area #1 Project)
CUSIP Numbers: [insert CUSIP Numbers]
Quarterly Ending Date: _____, 20__

Re: Quarterly Report for Timberbrook Public Improvement District No. 2 – Improvement Area #1
To whom it may concern:

Pursuant to the Continuing Disclosure Agreement of Developer related to the captioned Bonds by and among Bloomfield Homes, L.P., a Texas limited partnership ¹ (the “Developer”), P3Works, LLC, as Administrator, and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc., as Dissemination Agent, this letter constitutes the certificate stating that the Quarterly Information, provided by [Developer][_____] , as a “Significant Homebuilder”, contained in this Quarterly Report herein submitted by the Administrator, on behalf of the [Developer][Significant Homebuilder], constitutes the [portion of the] Quarterly Report required to be furnished by the [Developer][Significant Homebuilder]. Any and all Quarterly Information, provided by the [Developer][Significant Homebuilder], contained in this Quarterly Report for the three month period ending on [*Insert Quarterly Ending Date*], to the best of my knowledge, is true and correct, as of [insert date].

Please do not hesitate to contact our office if you have and questions or comments.

Bloomfield Homes, L.P., a Texas limited
partnership

By: Bloomfield Properties, Inc., a Texas
corporation, its General Partner

By: _____
Donald J. Dykstra, its President

[OR

SIGNIFICANT HOMEBUILDER
(as Significant Homebuilder)

By: _____
Title: _____]

¹ If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT E

**FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT
OF DEVELOPER REPORTING OBLIGATIONS**

[DATE]

[INSERT ASSIGNEE CONTACT INFORMATION]

Re: Timberbrook Public Improvement District No. 2 – Improvement Area #1 – Continuing Disclosure Obligation

Dear _____,

Per [*Insert name of applicable agreement*], as of _____, 20__, you have been assigned and have assumed the obligations, requirements, or covenants to construct one or more of the Improvement Area #1 Projects or Amenities (as those terms are defined in the Disclosure Agreement of Developer (as defined herein) within Improvement Area #1 of the Timberbrook Public Improvement District No. 2 (the “District”).

Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer (the “Disclosure Agreement of Developer”) by and among Bloomfield Homes, L.P., a Texas limited partnership (the “Developer”), P3Works, LLC (the “Administrator”), and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc. (the “Dissemination Agent”), with respect to the “City of Justin, Texas, Special Assessment Revenue Bonds, Series 2024 (Timberbrook Public Improvement District No. 2 Improvement Area #1 Project),” any person that, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Improvement Area #1 Projects or Amenities is defined as a Developer.

As a Developer, pursuant to Section 5 of the Disclosure Agreement of Developer, you acknowledge and assume the reporting obligations of the Disclosure Agreement of Developer for the property which is owned as detailed in the Disclosure Agreement of Developer, which is included herewith.

Sincerely,

Bloomfield Homes, L.P., a Texas limited partnership

By: Bloomfield Properties, Inc., a Texas corporation, its General Partner

By: _____
Donald J. Dykstra, its President

Acknowledged by:

[INSERT ASSIGNEE NAME]

By: _____

Title: _____

EXHIBIT F

**FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT
OF SIGNIFICANT HOMEBUILDER REPORTING OBLIGATIONS**

[DATE]

[INSERT SIGNIFICANT HOMEBUILDER CONTACT INFORMATION]

Re: Timberbrook Public Improvement District No. 2 – Improvement Area #1 – Continuing Disclosure Obligation

Dear _____,

As of _____, 20__, you own ____ lots within Improvement Area #1 of Timberbrook Public Improvement District No. 2 (the “District”). Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer related to the captioned Bonds (the “Disclosure Agreement of Developer”) by and among Bloomfield Homes, L.P., a Texas limited partnership (the “Developer”), P3Works, LLC (the “Administrator”), and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc. (the “Dissemination Agent”), with respect to the “City of Justin, Texas, Special Assessment Revenue Bonds, Series 2024 (Timberbrook Public Improvement District No. 2 Improvement Area #1 Project),” any entity that owns 15 or more of the single family residential lots within Improvement Area #1 of the District is defined as a Significant Homebuilder.

As a Significant Homebuilder, pursuant to Section 6 of the Disclosure Agreement of Developer, you acknowledge and assume the reporting obligations under Sections 3(d)(iv) and 4(b) of the Disclosure Agreement of Developer for the property which is owned as detailed in the Disclosure Agreement of Developer, which is included herewith.

Sincerely,

Bloomfield Homes, L.P., a Texas limited partnership

By: Bloomfield Properties, Inc., a Texas corporation, its General Partner

By: _____
Donald J. Dykstra, its President

Acknowledged by:
[INSERT ASSIGNEE NAME]

By: _____
Title: _____

THIS PAGE IS LEFT BLANK INTENTIONALLY.

APPENDIX F
DEVELOPMENT AGREEMENT

THIS PAGE IS LEFT BLANK INTENTIONALLY.

Denton County
Juli Luke
County Clerk

Instrument Number: 89731

ERecordings-RP

AGREEMENT

Recorded On: May 18, 2021 11:35 AM

Number of Pages: 50

" Examined and Charged as Follows: "

Total Recording: \$222.00

***** THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 89731
Receipt Number: 20210518000450
Recorded Date/Time: May 18, 2021 11:35 AM
User: Denise W
Station: Station 18

Record and Return To:

Simplifile



STATE OF TEXAS
COUNTY OF DENTON

I hereby certify that this Instrument was FILED In the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

Juli Luke
County Clerk
Denton County, TX

DEVELOPMENT AGREEMENT

This Development Agreement (this “Agreement”) is executed between Justin Timberbrook, LLC, a Texas limited liability company (“Timberbrook”), Bloomfield Homes, L.P., a Texas limited partnership (“Bloomfield”), Royal Crest Properties, LLC a Texas limited liability company (“Royal Crest”) and the City of Justin, Texas, a general law city (the “City”) (Timberbrook, Bloomfield, Royal Crest and the City being referred to individually as a “Party” and collectively as the “Parties”), to be effective on the Effective Date as defined herein.

RECITALS

WHEREAS, certain capitalized terms used and not defined in these recitals are defined in Article I;

WHEREAS, Timberbrook is the owner of approximately 849.5 acres of land (the “Timberbrook Property”) described by metes and bounds on Exhibit A-1, Exhibit A-2, Exhibit A-3, and Exhibit A-4, Bloomfield is the owner of approximately 202.7 acres of land (the “Bloomfield Property”) described by metes and bounds on Exhibit A-5 and Exhibit A-6 and Royal Crest is the Owner of approximately 27.4 acres of land described by metes and bounds on Exhibit A-7 (the “Royal Crest Property” and, together with the Bloomfield Property and the Timberbrook Property, the “Property”) which properties are shown as Tracts A, D, E, H, B, G and C, respectively on Exhibit B, which Property is undeveloped; and

WHEREAS, Timberbrook or Bloomfield, as its affiliated development entity, intend that the Timberbrook Property and the Bloomfield Property be developed as one or more high-quality, master-planned communities as shown on the Concept Plan, served by retail City water and sanitary sewer service, pursuant to the development regulations contained in this Agreement; and

WHEREAS, Royal Crest intends that the Royal Crest Property be developed as a gated community with half-acre lots, as shown on the Concept Plan and pursuant to development regulations contained in this Agreement, to be served by Aqua Texas (“Aqua”) for retail water service and to operate on a septic system for wastewater; and

WHEREAS, a portion of the Property is located within the certified water and sewer service area of the City and a portion of the Property is located in the certified water service area of Aqua, and Bloomfield and Timberbrook intend to decertify the Bloomfield Property and the Timberbrook Property from the Aqua CCN and annex such property into the City’s certificated water and sewer service area; and

WHEREAS, a portion of the Property is located in the sewer CCN for the Town of Northlake and is expected to be released into the sewer CCN of the City as provided in that Memorandum of Understanding by and among the Town of Northlake, the City and the City of Fort Worth and the Parties intend for such portion of the Property to be served by the City after release of such portion of the Property to the City’s sewer CCN; and

WHEREAS, the Parties intend that the City will be the sole retail provider of water and wastewater service to the Bloomfield Property and the Timberbrook Property upon the inclusion

the Bloomfield Property and the Timberbrook Property in the City's water CCN and Sewer CCN, and that Aqua will be the sole retail provider of water service to the Royal Crest Property; and

WHEREAS, the Owners desire to acquire Additional Property, as hereinafter defined, to be developed in accordance with the terms of this Agreement and to be included in any public improvement district formed pursuant to Texas Local Government Code, Chapter 372 (the "PID Act") and the terms of this Agreement; and

WHEREAS, the Owners may request that the City Council add Additional Property to the Property to be developed in accordance with this Agreement or petition to have such Additional Property included in a public improvement district in accordance with the requirements of the PID Act, provided that such Additional Property is located within the corporate limits or extraterritorial jurisdiction of the City and is developed and financed in accordance with the terms of this Agreement; and

WHEREAS, the Owners may assign their rights under this agreement for the purpose of providing the terms of development for any Additional Property, and

WHEREAS, this Agreement will be recorded in the deed records of the County (so as to bind Owner and all future owners of the Property or any portion thereof), and will provide regulatory certainty during the term of this Agreement; and

WHEREAS, Owners will construct or cause to be constructed the infrastructure and improvements to serve the Property and the City shall have and exercise jurisdiction over the development of the Property as set forth in this Agreement and the applicable laws regarding the design, construction, installation, and inspection of water, wastewater, drainage, roadway, and other public infrastructure to serve the Property (collectively, the "Public Infrastructure"); and

WHEREAS, the City Council has determined that this Agreement and the development of the Property described herein comply in all respects with the City's Comprehensive Plan; and

WHEREAS, pursuant to that certain Interlocal Cooperation Agreement between the City and the County effective October 18, 2005 (the "Interlocal Agreement") and Section 242.001(a)(3) of the Texas Local Government Code, the City has exclusive jurisdiction over subdivision platting and all related permits for the Property; and

WHEREAS, Timberbrook, Bloomfield and Royal Crest currently intend to annex the portions of the Property identified as Tract A, Tract B, Tract C, Tract D, Tract G, Tract H (collectively, the "Annexed Property") into the City as provided in Section 8.01 hereof; and

WHEREAS, Timberbrook intends to annex that portion of the Property identified as Tract E as provided in Section 8.01 hereof; and

WHEREAS, the Parties desire that for any portion of the Property to be developed within the corporate limits of the City, PIDs be created and utilized to aid in the development of such Property, pursuant to the terms of this Agreement; and

WHEREAS, at the City's request, Owners have agreed to petition the City to annex their respective portions of the Property as consideration for this Agreement and creation and utilization of the PIDs; and

WHEREAS, development of the Property within the City's corporate limits and in its extraterritorial jurisdiction will increase the City's tax base, expand the customer base for the City's retail businesses, and increase the City's population; and

WHEREAS, the Parties intend for the City to utilize PIDs in order to provide and finance a portion of the Public Infrastructure; and

WHEREAS, due to the location and other natural features of the Property, funding the cost of the Public Infrastructure in accordance with this Agreement will allow the Parties' intended development of the Property to be accomplished sooner than it would otherwise occur; and

WHEREAS, in consideration of the Owner's agreements contained herein, the City shall exercise its powers under Chapter 372, Texas Local Government Code, as amended (the "PID Act"), to provide a financing vehicle that will enable the Owner to do the following in accordance with the procedures and requirements of the PID Act and this Agreement: (a) fund or be reimbursed for the estimated costs of the Public Infrastructure using the proceeds of PID Bonds; or (b) obtain reimbursement for the estimated costs of the Public Infrastructure, the source of which reimbursement will be installment payments from Assessments within the Property, provided that such reimbursements shall be subordinate to the payment of any PID Bonds secured by the same Assessments and Administrative Expenses; and

WHEREAS, the City Council, in accordance with the terms of this Agreement and all legal and binding statutory and contractual requirements, intends to: (i) create one or more PIDs on the Property; (ii) adopt a Service and Assessment Plan for each PID; (iii) adopt an Assessment Ordinance of each PID (to pay for the estimated cost of the Public Infrastructure associated with such PID and the costs associated with the administration of the PID and the issuance of the PID Bonds); and (iv) issue, in multiple series, across all PIDs created pursuant to this Agreement, the principal amount of PID Bonds that (a) are necessary for the purpose of financing the estimated costs of the Public Infrastructure and paying associated costs as described herein, and (b) can be supported by Assessments corresponding to an equivalent tax rate of up to \$1.00 per \$100 of assessed valuation within each PID; and

WHEREAS, prior to the sale of the first PID Bond issue for any PID: (a) the City Council shall have approved and adopted the corresponding PID Resolution, Service and Assessment Plan and Assessment Ordinance (collectively, the "PID Documents"); (b) unless such requirement is waived by the City and the underwriter of the applicable PID Bonds, owners of any property on which Assessments will be levied at the time of the issuance of the first PID Bonds shall have executed a Landowner Agreement; and (c) the applicable Owner shall have delivered a fully executed copy of the Landowner Agreement(s) to the City, if applicable; and

WHEREAS, to the extent funds must be advanced to pay for any costs associated with the creation of any PID, or the issuance of PID Bonds, or the preparation of documentation

related thereto, including any costs incurred by the City and its consultants and advisors in the preparation and negotiation of this Agreement (excluding the fees associated with closing any PID Bonds), the Owner shall be responsible for advancing such funds, shall have a right to reimbursement for the funds advanced from the proceeds of PID Bonds or Assessment revenues, to the extent allowed by law, and the City will not be responsible for such reimbursement or the payment of such costs from any other sources of funds; and

WHEREAS, the City will agree to issue PID bonds for the payment of certain estimated costs for the construction and acquisition of certain Public Infrastructure to benefit the Property, and for the repayment to Owners for certain costs advanced for the construction and acquisition of certain Public Infrastructure to benefit the Property as set forth in the Service and Assessment Plan for the PID(s) ("Service and Assessment Plan"); and

WHEREAS, the City recognizes the positive impact that the Public Infrastructure for the development contemplated herein will bring to the City and recognizes further that the development will promote state and local economic development; stimulate business and commercial activity in the municipality; advance the development and diversification of the economy of the state; advance development and expansion of commerce in the state; and contribute to the elimination of unemployment or underemployment in the state; and

WHEREAS, the City agrees that, upon the petition of any of the landowners within the Property or Additional Property, it shall agree to consider the creation of a new PID within the Property or redefine the boundaries of any PID so as to allow the PID to contain an appropriate boundary description to aid in the efficient development of the Property to the extent allowed by law; and

WHEREAS, the Parties intend that this Agreement be a development agreement as provided for by Section 212.172 of the Texas Local Government Code; and

WHEREAS, the Parties have the authority to enter into this Agreement pursuant to Section 212.171 et seq. of the Texas Local Government Code.

NOW THEREFORE, for and in consideration of the mutual covenants of the Parties set forth in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are acknowledged and agreed by the Parties, the Parties agree as follows:

ARTICLE I.
DEFINITIONS

Unless the context requires otherwise, the following terms shall have the meanings hereinafter set forth:

Actual Cost means the costs actually paid or incurred for the design, construction, installation, and inspection of the Water Tower Facilities.

Additional Property shall mean any property acquired by the Owner and made subject to this Agreement pursuant to Section 3.05 hereof.

Administrative Expenses shall mean, with respect to any PID, expenses incurred in the establishment, administration, and operation of the PID.

Assessment means a special assessment levied by the City within a PID as authorized by the PID Act, pursuant to the Assessment Ordinance related to such PID.

Approved Plats means the final plats for areas within the Property that are approved, from time to time, by the City.

Assessment Ordinance means, with respect to any PID, the ordinance approved by the City Council which levies special assessments on any portion of the Property associated with such PID in accordance with the PID Act to pay for the estimated costs of the Public Infrastructure set forth in the Service and Assessment Plan, Administrative Expenses as well as any other costs associated with the issuance of the PID Bonds that provide a special benefit to such property within the PID.

Assessment Roll means, with respect to any PID, an Assessment Roll attached to the Service and Assessment Plan associated with such PID, or any other Assessment Roll in an amendment or supplement to such Service and Assessment Plan or in an annual update to the Service and Assessment Plan, showing the total amount of the Assessment against each parcel assessed under the Service and Assessment Plan related to the Public Infrastructure.

Certificate of Convenience and Necessity ("CCN") means a certificate of that name issued by the Texas Public Utility Commission or its predecessor or successor agency pursuant to Chapter 13, Texas Water Code.

City means the City of Justin, a general law municipality located in Denton County, Texas.

City Manager means the current or acting City Manager of the City or a person designated to act on behalf of that individual if the designation is in writing and signed by the current or acting City Manager.

City Council means the City Council of the City.

City Secretary means the City Secretary of the City.

Concept Plan means the intended conceptual plan for the development of the Project as depicted on Exhibit C.

Development Standards means the design specifications and construction standards permitted or imposed by this Agreement, including without limitation the standards set forth in Exhibit D and applicable Governing Regulations.

Effective Date means the effective date of this Agreement, which with respect to each Tract, shall be the date on which all of the following events have occurred: (i) the City Council

has approved this Agreement; (ii) all parties have fully executed this Agreement; and (iii) all of such Tract is within the City's extraterritorial jurisdiction.

End Buyer means any owner, developer, tenant, user, or occupant of a Fully Developed and Improved Lot.

ETJ means extraterritorial jurisdiction.

Fully Developed and Improved Lot means any lot, regardless of proposed use, which is served by the Public Infrastructure and for which a final plat has been approved by the City and recorded in the real property records of Denton County.

Governing Regulations has the meaning set forth in Section 2.01.

Home Buyer Disclosure Program means the disclosure program, administered by the PID Administrator, that establishes a mechanism to disclose to each End Buyer the terms and conditions under which their lot is burdened by any PID contemplated by this Agreement.

Impact Fees means any fees assessed and charged against the Property in accordance with Chapter 395 and as defined therein.

Improvement Account of the Project Fund means, with respect to any PID, the construction fund account created under the Indenture associated with such PID used to pay for the construction or acquisition of the Public Infrastructure.

Indenture means, with respect to any PID, an indenture under which PID Bonds are issued.

Landowner Agreement means, with respect to any PID, the agreement of the applicable Owner consenting to the form and terms of the related PID Documents.

Mayor means the Mayor of the City.

MUD means Traditions Municipal Utility District 2A of Denton County.

Notice means any notice required or contemplated by this Agreement (or otherwise given in connection with this Agreement).

Owners means Timberbrook, Bloomfield and Royal Crest and their respective its successors and assigns.

PID or PIDs means any public improvement district or districts contemplated by this Agreement to be created by the City for the benefit of the Property pursuant to Chapter 372, Texas Local Government Code.

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

PID Administrator means an employee or designee of the City, including a consultant engaged by the City for such purposes, who, with respect to any PID, shall have the responsibilities provided in the related Service and Assessment Plan, Indenture, or any other agreement or document approved by the City related to the duties and responsibilities for the administration of the PID.

PID Bonds means, with respect to any PID, assessment revenue bonds issued by the City and secured by the Assessments levied within such PID.

PID Resolution means, with respect to any PID, the resolution and improvement order adopted by the City Council creating such PID pursuant to Section 372.010 of the PID Act and approving the advisability of the related Public Infrastructure.

Plat Review Fees shall have the meaning set forth in Section 4.01.

Property means the approximately 1,080 acres of undeveloped property located wholly in Denton County, Texas and described by metes and bounds in **Exhibits A-1 through A-7** and depicted on **Exhibit B** and any Additional Property. Property shall also mean that portion of the Property associated with any PID, as the context requires.

Public Infrastructure means water, sewer, drainage, roadway or other facilities needed to serve the Property and to be constructed by or on behalf of the City, including pursuant to any PID, including road improvements, water improvements, sewer improvements, drainage improvements, landscaping improvements and other improvements authorized by the PID Act and benefiting the Property.

Public Infrastructure Costs means the estimated costs of the Public Infrastructure, including design, engineering, construction, and inspection costs.

PUC means the Texas Public Utility Commission.

Service and Assessment Plan means, with respect to any PID, the Service and Assessment Plan, to be adopted, updated or amended annually, if needed, by the City Council pursuant to the PID Act for the purpose of assessing allocated costs against property located within the boundaries of the PID(s) having terms, provisions and findings approved by the City, as required by this Agreement.

Structure means every structure designed or intended for human occupancy and every accessory structure intended for human occupancy.

Subdivision Regulations shall have the meaning set forth in Section 2.01(a).

TCEQ means the Texas Commission on Environmental Quality.

Tract A means that portion of the Property owned by Timberbrook and described by the metes and bounds on Exhibit A-1.

Tract B means that portion of the Property owned by Bloomfield and described by the metes and bounds on Exhibit A-5.

Tract C means that portion of the Property owned by Royal Crest and described by the metes and bounds on Exhibit A-7.

Tract D means that portion of the Property owned by Timberbrook and described by the metes and bounds on Exhibit A-2.

Tract E means that portion of the Property owned by Timberbrook and described by the metes and bounds on Exhibit A-3.

Tract G means that portion of the Property owned by Bloomfield and described by the metes and bounds on Exhibit A-6.

Tract H means that portion of the Property owned by Timberbrook and described by the metes and bounds on Exhibit A-4.

ARTICLE II.

DEVELOPMENT REGULATIONS

Section 2.01 Governing Regulations. The Timberbrook Property and the Bloomfield Property will be developed as master planned communities as provided on the Concept Plan. The Royal Crest Property will be developed with half-acre lots as provided on the Concept Plan, with retail water service to be provided by Aqua and septic systems for wastewater. The Development of the Property shall be governed solely by this Agreement and the following regulations (collectively, the “Governing Regulations”):

- (a) the City’s Subdivision Regulations, consisting of Ordinance No. 662-19 effective January 14, 2019, as it may be amended from time to time, now codified in Chapter 9 of the Justin Code of Ordinances, and all other subdivision-related provisions of this Agreement (the “Subdivision Regulations”), provided that to the extent that the Subdivision Regulations conflict with this Agreement, this Agreement shall control;
- (b) building, plumbing, electrical, mechanical, and fire codes adopted by the City and uniformly enforced within the City’s corporate boundaries, as may be amended from time to time, and any subsequently adopted local amendments to the building, fire, electrical, plumbing, mechanical, or other applicable codes and ordinances of the City that are uniformly applicable to similarly situated development within the City’s corporate boundaries (the “Building Codes”);
- (c) development standards attached as **Exhibit D** (the “Development Standards”);
- (d) Street Standards in the Subdivision Regulations as modified by the provisions attached as **Exhibit E** (the “Street Standards”);

- (e) water and sewer standards in the Subdivision Regulations as modified by the provisions attached as **Exhibit F** (the “Water and Sewer Standards”);
- (f) miscellaneous development conditions attached as **Exhibit G** (the “Miscellaneous Conditions”);
- (g) Drainage Standards in the City’s Subdivision Regulations and the Flood Damage Prevention Regulations in effect on the Effective Date (the “Drainage Standards”); and
- (h) final plats for portions of the Property that are approved, from time to time, by the City in accordance with this Agreement (each an “Approved Plat”).

Section 2.02 Conflicts. In the event of any conflict between this Agreement and any other ordinance, rule, regulation, standard, policy, order, guideline or other City-adopted or City-enforced requirement, whether existing on the Effective Date or hereinafter adopted, this Agreement shall control, except as otherwise expressly provided in this Agreement. In the event of any conflict between any provision of the Agreement and the Governing Regulations, the provision of the Agreement shall prevail.

ARTICLE III. **DEVELOPMENT PROCESS**

Section 3.01 Jurisdiction. Pursuant to the Interlocal Agreement, which grants exclusive authority to the City pursuant to Section 242.001(d)(1) of the Texas Local Government Code, and Section 242.001(a)(3) of the Texas Local Government Code, the City shall have and exercise exclusive jurisdiction over the review and approval of preliminary and final plats, amending plats, replats and minor replats for the Property and approval of plans for certain Public Infrastructure in accordance with this Agreement, and the County shall have and exercise no jurisdiction over such matters during the term of this Agreement.

Section 3.02 Plats and Plans Required. Subdivision of the Property shall require approval of preliminary and final plats by the City in accordance with the Governing Regulations and this Agreement.

(a) All Public Infrastructure constructed or caused to be constructed by Owners shall be designed and constructed in compliance with the Governing Regulations.

(b) The applicable Owner shall submit to the City plans and specifications for the Public Infrastructure prior to commencing construction, advertising for bids or requesting proposals for such improvements. No advertising for bids or requests for proposal shall be delivered and no construction shall commence until the related plans and specifications have been approved in writing by the City Engineer or designee.

(c) The City Engineer or designee shall approve or disapprove plans and specifications, including resubmittals, within thirty (30) days after receipt of a complete set of plans and supporting documents. In the event the City Engineer disapproves of any plans and specifications, the disapproval notice shall contain a detailed explanation of the reason(s) for disapproval, which shall be limited to the failure of such plans and specifications to comply with

one or more of the Governing Regulations or for life, safety, health or general welfare reasons which would require disapproval for a project in the City. If the plans or specifications do not comply with the Governing Regulations or the life, safety, health or general welfare reasons as stated in the disapproval notice, the applicable Owner shall revise the plans and specifications appropriately and resubmit to the City Engineer for review with any required additional review fee.

Section 3.03 Bonds, Insurance and Inspection of Public Infrastructure. When the plans and specifications have been approved and before any permit is issued for construction of Public Infrastructure on the Property, the applicable Owner shall submit to the City a Maintenance Bond, in a form acceptable to the City, in the sum of one hundred per cent (100%) of the total contract price for construction of such infrastructure and conditioned that the contractor will repair or replace all defects due to faulty material and/or workmanship that appear within two years from the date of final approval by the City. The applicable Owner shall procure and maintain in force public liability and property damage insurance with limits at least equal to the maximum amount of the City's statutory liability under Chapter 101 of the Civil Practice and Remedies Code, and with the City, its officers, employees, and agents listed as additional insured. All Public Infrastructure shall be inspected and tested for compliance with the Governing Regulations at the applicable Owner's cost by a City employee or third party inspector retained by the City.

Section 3.04 Building Permits; Inspection of Structures.

(a) Owner shall not construct, or allow to be constructed, on the portion of the Property owned by such Owner, a Structure until a permit is issued by the City certifying that the plans and specifications for the Structure are in compliance with the Building Codes and Development Standards (a "Building Permit").

(b) At the City's option, Building Permits may be issued by a City employee or a third party contractor retained by the City.

(c) Each Structure shall be inspected for compliance with the Building Permit issued for the Structure and the applicable plans and specifications, Codes and ordinances. At the City's option, inspections may be performed by a City employee or by a third party contractor retained by the City.

Section 3.05 Additional Property. To the extent the Owner, its successor or assign, an affiliated entity of the Owner or Bloomfield acquires additional property in the corporate limits or the extraterritorial jurisdiction of the City, or the Owner, its successor or assign, an affiliated entity of the Owner or Bloomfield acquires additional property within one (1) mile of the City's limits or greater than one (1) mile from the City limits but contiguous with the City's otherwise existing extraterritorial jurisdiction and petitions the City for inclusion of such additional property in the extraterritorial jurisdiction of the City or annexation of such additional property into the corporate limits of the City ("Additional Property"), Owner may request that the City Council allow such Additional Property to be subject to and developed in accordance with the specifications of this Agreement upon the execution of an amendment to this Agreement pursuant to Section 13.09 hereof. If the Additional Property added is not contiguous to the

boundaries of any existing PID, the City agrees to consider the creation of a separate PID over the Additional Property not contiguous to the boundaries of any existing PID.

ARTICLE IV.
DEVELOPMENT FEES

Section 4.01 Plat Review Fees. Development of the Property shall be subject to payment to the City of the reasonable and customary fees and charges applicable to the City's preliminary and final plat review and approval process (the "Plat Review Fees") according to the fee schedule adopted by the City Council and in effect on the date of submittal of each plat application. The fee schedule uniformly applicable to development within the corporate limits of the City shall be applicable to the Property.

Section 4.02 Plan Review Fees. Development of the Property shall be subject to payment to the City of the reasonable and customary fees and charges applicable to the City's review of plans and specifications for Public Infrastructure (the "Plan Review Fees") according to the fee schedule adopted by the City Council and in effect on the date of submittal of each set of plans and specifications. The fee schedule uniformly applicable to development within the corporate limits of the City shall be applicable to the Property. Owner will also be responsible for fees equal to 4% of the infrastructure cost for Public Infrastructure inspection by the City's designated inspector, plus laboratory and material testing deemed necessary by the City's inspector.

Section 4.03 Impact Fees. The City acknowledges and agrees that Bloomfield is providing the Water Tower Facilities to the City at the Actual Cost of the Bloomfield and, as consideration for the construction and funding of such Water Tower Facilities, no water impact fees shall be assessed or collected on the Timberbrook Property and the Bloomfield Property until the Bloomfield has been reimbursed for the Actual Cost of the Water Tower Facilities through such waiver. Such reimbursement for Actual Costs shall be calculated based upon the City's current water impact fee of \$3,554 multiplied by the number on single-family residences or equivalents multiplied by the number on single-family residences or equivalents for which a water impact fee would have been assessed or collected but for this Section 4.03. For each single-family residence or equivalent constructed on the Timberbrook Property and the Bloomfield Property in excess of thereof, the applicable Owner shall pay, at the then-current water impact fees charged by the City in accordance with Chapter 395, Texas Local Government Code.

Section 4.04 Park Land Dedication. Owners shall offer park land for dedication in the final plat to the City in accordance with the City's park dedication requirements in effect as of the Effective Date and the Owners' development plans in lieu of the payment of any park fees charged by the City. Owners agree to make such dedications at times the City may request to serve as a "match" to facilitate the acquisition of grant funds by the City from third parties.

Section 4.05 Payment of Fees. Except for the fees set out above, no fees or charges of any kind are due and payable to the City in connection with the development of the Property so long as it remains in the extraterritorial jurisdiction of the City. Except as provided in Section 4.03 above, when the Property is annexed into the City as provided in Article IX hereof, Owners

agree to pay the required fees of the City including Plat Review Fees, utility fees, building fees and all other normal and customary fees of the City required for development of property in the City in effect at the time of such annexation.

ARTICLE V.
PUBLIC INFRASTRUCTURE; RETAIL UTILITY SERVICE

Section 5.01 Water Infrastructure.

(a) Each Owner is responsible for design, installation, and construction of all water improvements necessary to serve the Owner's portion of the Property. Subject to the City's obligations under Section 8.04, the applicable Owner shall be responsible for the acquisition of any easements and other property acquisitions necessary for water facilities (the size and extent of each such easement or other property interest to be approved by the City) for all development upon and within the Property. The locations of said easements or other property interests shall be approved by the City's consulting engineer as part of the platting process.

(b) Bloomfield is responsible for design, installation, and construction of a 1,000,000 gallon capacity water tower and a 1,000,000 capacity ground storage facility (collectively, the "Water Tower Facilities"), which Water Tower Facilities have been oversized at the request of the City. The Actual Cost of the Water Tower Facilities shall be reimbursed as provide in Section 4.03 hereof, and the estimated costs of the Water Tower Facilities are included on Exhibit H hereto.

Section 5.02 Sewer. Each Owner is responsible for design, installation, and construction of all sewer improvements necessary to serve the Owner's portion of the Property. Subject to the City's obligations under Section 8.04, the applicable Owner shall be responsible for the acquisition of any easements and other property acquisitions necessary for sewer facilities (the size and extent of each such easement or other property interest to be approved by the City) for all development upon and within the Property. The locations of said easements or other property interests shall be approved by the City Engineer as part of the platting process.

Section 5.03 Roadways. Each Owner is responsible for design, installation, and construction of all road improvements necessary to serve the Owner's portion of the Property. The applicable Owner shall dedicate all right-of-way to the City and construct all internal roads within the boundaries of the Property in accordance with the Street Standards and the Drainage Standards (if applicable).

Section 5.04 Dedication, Ownership and Maintenance of Public Infrastructure; Capacity. Owners agree to take any action reasonably required by the City to transfer or otherwise dedicate or ensure the dedication of easements for the Public Infrastructure to the City and the public. From and after the inspection, approval and acceptance by the City of the Public Infrastructure (or any portion thereof) and any other dedications required under this Agreement, the City shall own, maintain and operate such Public Infrastructure.

Section 5.05 Oversized Infrastructure. The Public Infrastructure shall include, but not be limited to, all water, wastewater, drainage facilities, storm water facilities, roadway

infrastructure or other public infrastructure authorized by law necessary for, or for the service of and of benefit to, and located within the Property. Other than as provided in Section 5.01 of this Agreement with respect to the Water Tower Facilities, no Owner shall be required to construct or fund, nor shall the proceeds of PID Bonds be used to fund, any oversizing of Public Infrastructure necessary to provide a benefit to land outside the applicable Property or which exceeds the capacity needed to serve the applicable Property (“Oversized Public Infrastructure”), unless, by the commencement of construction, the City has made arrangements to finance the City’s portion of the costs of construction attributable to the oversizing requested by the City. In the event Developer constructs or causes the construction of any Oversized Public Infrastructure on behalf of the City, the City shall be solely responsible for all costs attributable to oversized portions of the Oversized Public Infrastructure.

Section 5.06 CCN Decertification. Bloomfield and Timberbrook, at their sole cost and expense, shall petition the PUC to decertify any applicable Bloomfield Property and Timberbrook Property that, as of the Effective Date, that is located within the area certified under Aqua’s water and sewer CCN so as to enable to the City to annex said area into the area certified under the City’s water and sewer CCN. The City shall cooperate fully with Bloomfield and Timberbrook’s efforts to decertify this area and shall support and take all action reasonably necessary to annex the same area into the City’s water and sewer CCN as contemplated by this paragraph.

Section 5.07 Retail Water Service. City retail water service shall be extended to the portions of the Property located within the City’s water CCN service area (either on the Effective Date or after the earlier of (i) such portion of the Property’s annexation into the City or (ii) such portion of the Property’s annexation into the City’s CCN as described in Section 5.08 hereof) and the rates for the water shall be at the City’s generally applicable in-city rates. Extension of the services shall be at the sole expense of the Owner and any Public Infrastructure constructed for such extension shall be eligible for acquisition or reimbursement through a PID; provided that, with respect to Tract E, a portion of such costs may be reimbursable by the MUD and the City shall not be required to reimburse an Owner for any costs reimbursed by the MUD.

Section 5.08 Retail Sewer Service. Sanitary sewer service shall be extended to the portions of the Property located within the City’s sewer CCN service area (either on the Effective Date or after the earlier of (i) such portion of the Property’s annexation into the City or (ii) such portion of the Property’s annexation into the City’s CCN as described in Section 5.08 hereof) and the rates for the sewer service shall be at the City’s generally applicable in-city rates. Extension of the services shall be at the sole expense of the Owner and any Public Infrastructure constructed for such extension shall be eligible for acquisition or reimbursement through a PID; provided that, with respect to Tract E, a portion of such costs may be reimbursable by the MUD and the City shall not be required to reimburse an Owner for any costs reimbursed by the MUD.

Section 5.09 No Limitation on City’s Rights as the Retail Water and Wastewater Provider. Nothing in this Article V is intended to limit any right the City has under its water and/or wastewater CCN as the retail provider of water and wastewater service to portions of the Property located within the City’s CCN.

Section 5.10 Public Infrastructure funding through PID Bonds or Assessments. The Owners will design, construct, and install the Public Infrastructure using funds advanced by Owners or the City will utilize lawfully available funds from PID Bond proceeds or Assessments for such construction; and the City will thereafter acquire the Public Infrastructure and reimburse the applicable Owner for any advances or, if PID Bond proceeds are available, the City will pay the estimated Public Infrastructure Costs for the construction of Public Infrastructure using the proceeds of PID Bonds issued by the City and secured solely by special assessments levied on Property within the applicable PID. However, this design, construction and installation in no way affects the rights of the City to determine and enforce the Governing Regulations, including but not limited to specifications as well as the inspection process. The Public Infrastructure to be funded with Assessments and/or proceeds of PID Bonds may consist of any projects authorized by the PID Act. The Parties understand that construction of the Public Infrastructure to be funded through Assessments are exempt from competitive bidding requirements pursuant to the Texas Local Government Code §252.022(a)(9).

ARTICLE VI.
PUBLIC IMPROVEMENT DISTRICTS; PID BONDS

Section 6.01 Creation and Levy of Assessments. The City shall use its best efforts to initiate and approve all necessary documents and ordinances required to effectuate this Agreement, to create any necessary PID or PIDs upon petition by the applicable Owner or its designees or assigns, and to levy the Assessments associated with such PID or PIDs. For each PID, the City will prepare or cause to be prepared, and the City will approve the Service and Assessment Plan and Assessment Roll providing for the levy of the Assessments on the Property within such PID. Promptly following preparation and approval of a preliminary Service and Assessment Plan acceptable to the applicable Owner and the City and subject to City Council making findings that the Public Infrastructure confers a special benefit on the applicable portion of the Property, the City Council shall consider an Assessment Ordinance for each PID. The City agrees to follow the statutory procedures to consider the resolutions and ordinances necessary to create and allow the operation of the PIDs located within the Property and retain qualified engineering, assessment and legal professionals. The expense of the professionals and the operations of each PID shall initially be borne by the applicable Owner and reimbursed or paid from the issuance of PID Bonds. Nothing contained in this Agreement, however, shall be construed as creating a contractual obligation that controls, waives, or supplants the City Council's legislative discretion or functions.

Section 6.02 Owner Obligations. Concurrently with the levy of the Assessment for any PID, the applicable Owner shall approve and accept in writing the levy of the Assessment on all land owned by such Owner in such PID and shall approve and accept in writing the associated Home Buyer Disclosure Program and shall cause to be recorded against the applicable Property covenants running with the land that will bind any and all current and successor owners and owners of the Property to: (i) pay the Assessments, with applicable interest and penalties thereon, as and when due and payable hereunder and that the purchasers of such land take their title subject to and expressly assume the terms and provisions of such assessments and the liens created thereby; and (ii) comply with the Home Buyer Disclosure Program.

Section 6.03 PID Bond Issuance. Subject to the satisfaction of conditions set forth in this Section, the City may issue PID Bonds solely for the purposes of acquiring or constructing Public Infrastructure or any other purposes authorized by the PID Act. An Owner may request issuance of PID Bonds by any PID by filing with the City a list of the Public Infrastructure to be funded with the PID Bonds and the estimated Public Infrastructure Costs of such Public Infrastructure. The Owners acknowledge that the City may require at that time a professional services agreement that obligates the applicable Owner to fund the costs of the City's professionals relating to the preparation for and issuance of PID Bonds, which amount shall be agreed to by the Parties and considered a cost payable from such PID Bonds. The City shall use its best efforts to issue, in multiple series, across all PIDs created pursuant to this Agreement, the principal amount of PID Bonds that (a) are necessary for the purpose of financing the Public Infrastructure Costs and paying associated costs as described herein, and (b) can be supported by assessments corresponding to an equivalent tax rate of up to \$1.00 per \$100 of assessed valuation within each PID, including the tax rate levied by the City, currently estimated to be a total equivalent aggregate tax rate of \$3.05 per \$100 of assessed valuation by all taxing entities and the PID or such other number agreed to by both the applicable Owner and the City Council, provided this estimate is not binding on the City Council in its establishment of an ad valorem tax rate annually for the City. The issuance of PID Bonds is subject to the following conditions:

- (a) the adoption or amendment of a Service and Assessment Plan, Assessment Roll, and an Assessment Ordinance;
- (b) each series of PID Bonds shall be in an amount estimated to be sufficient to fund the Public Infrastructure or portions thereof for which such PID Bonds are being issued;
- (c) delivery by the applicable Owner to the City of a certification or other evidence from an independent appraiser acceptable to the City confirming that the special benefits conferred on the properties being assessed for the Public Infrastructure increase the value of the property by an amount at least equal to the amount assessed against such property;
- (d) approval by the Texas Attorney General of the PID Bonds and registration of the PID Bonds by the Comptroller of Public Accounts of the State of Texas;
- (e) the applicable Owner is current on all taxes, assessments, fees and obligations to the City;
- (f) the applicable Owner is not in default under this Agreement;
- (g) no outstanding PID Bonds are in default and no reserve funds have been drawn upon that have not been replenished;
- (h) review and approval by the City of the plats and construction plans for the Public Infrastructure;

- (i) the PID Administrator has certified that the Public Infrastructure Costs to be paid from the proceeds of the PID Bonds are eligible to be paid with the proceeds of such PID Bonds;
- (j) the Public Infrastructure to be financed by the PID Bonds have been or will be constructed according to the approved design specifications and construction standards imposed by this Agreement including any applicable Governing Regulations, confirmed by an engineering report from the City Engineer;
- (k) the City has determined that the amount of proposed PID assessments and the structure, terms, conditions and timing of the issuance of the PID Bonds are reasonable for the project costs to be financed and the degree of development activity within the PID, and that there is sufficient security for the PID Bonds to be creditworthy;
- (l) the maximum maturity for PID Bonds shall not exceed 30 years from the date of delivery thereof;
- (m) unless otherwise agreed to by the City, the PID Bonds shall be offered and sold only to qualified institutional buyers or accredited investors as such investors are defined in compliance with applicable securities laws;
- (n) no information regarding the City, including without limitation financial information, shall be included in any offering document relating to PID Bonds without the consent of the City;
- (o) simultaneous with closing the PID Bonds, the applicable Owner shall either (i) fund or cause the funding of or (ii) provide evidence of sufficient funds (which may be in the form of a loan) to fund the Public Infrastructure to the extent that the Public Infrastructure has not already been completed and paid for by the applicable Owner or otherwise to the extent that the PID Bonds are insufficient to fund such Public Infrastructure; and
- (p) the applicable Owner agrees to provide periodic information and notices of material events regarding such Owner as it relates to the development of the Property within any PID in accordance with Securities and Exchange Commission Rule 15c2-12 and any continuing disclosure agreements executed by such Owner in connection with the issuance of PID Bonds.

ARTICLE VII.
PAYMENTS FOR PUBLIC INFRASTRUCTURE

Section 7.01 Reimbursement for Public Infrastructure. The City agrees to reimburse the applicable Owner for the Public Infrastructure Costs which may be reimbursed under the PID Act from the proceeds of PID Bonds or revenues from Assessments as provided herein.

Section 7.02 Improvement Account of the Project Fund. The Improvement Account of the Project Fund for each issue of PID Bonds shall be administered and controlled by the City

and funds in the Improvement Account of the Project Fund shall be deposited and disbursed in accordance with the terms of the Indenture associated with the PID Bonds issued to finance Public Infrastructure in such PID.

Section 7.03 Cost Overrun. If the total cost of the Public Infrastructure in the aggregate for a PID exceeds the total amount of monies on deposit in the Improvement Account of the Project Fund, the applicable Owner shall be solely responsible for the remainder of such Public Infrastructure Costs, except as provided in Section 7.04 below.

Section 7.04 Cost Underrun. Upon the final acceptance by City of any Public Infrastructure and payment of all outstanding invoices for such Public Infrastructure, if the actual Public Infrastructure Costs are less than the budgeted costs (a “Cost Underrun”), any remaining budgeted amount will be available to pay Cost Overruns on any other Public Infrastructure for the associated PID. The City shall promptly confirm to the trustee of the applicable PID Bonds issued to finance such Public Infrastructure that such remaining amounts are available to pay such Cost Overruns, and the City, with input from the applicable Owner, will decide how to use such moneys to secure the payment and performance of the work for other Public Infrastructure, if available.

Section 7.05 Remainder for Public Infrastructure. If funds remain in the Improvement Account of the Project Fund related to the PID Bonds issued by the City related to any PID after the completion of all Public Infrastructure in the applicable PID and the payment of all Public Infrastructure Costs for such PID, then such funds shall thereafter be the exclusive property of the City and shall be used by the City for the purpose of paying or retiring the PID Bonds as provided in the related Indenture, or any other use applicable and of benefit to the applicable Property as provided by the PID Act or other law.

ARTICLE VIII.

ADDITIONAL AGREEMENTS

Section 8.01 Provisions Relating to Tract D and Tract E.

- (a) The City acknowledges that Tract D currently owned by Timberbrook is located within the boundaries of the MUD and that Timberbrook currently intends to annex Tract D into the corporate limits of the City for the purpose providing contiguous property in connection with the annexation or inclusion of the Property hereunder into the ETJ or corporate limits of the City. Timberbrook does not intend to include Tract D on any filed plat.
- (b) The City acknowledges that Tract E currently owned by Timberbrook is located within the boundaries of the MUD and that Timberbrook currently intends to utilize the MUD for the reimbursement of any public infrastructure constructed within Tract E and, accordingly shall not be required to annex such property into the corporate limits of the City. Notwithstanding the foregoing, Timberbrook may elect to be excluded from the MUD and annex Tract E into the corporate limits of the City in accordance with this Agreement. Notwithstanding anything contained in this Agreement, Timberbrook and the City agree that any provisions relating to the reimbursement for Public Infrastructure

through the formation of a PID or the issuance of PID Bonds shall not be applicable to Tract E unless and until Timberbrook has submitted a petition for voluntary annexation of Tract E into the corporate limits of the City as provided in Article IX hereof.

- (c) The MUD, on behalf of Timberbrook (with respect to Tract D and E) and other owners in the MUD, is expected to submit (i) a Petition for Consent to Undertaking of Road Projects by the MUD and (ii) a Petition for Consent to the Future Division of the MUD (collectively, the “Petitions”) to the City within 45 days of the Effective Date of this Agreement. If the Petitions are submitted, the City agrees to consent to the undertaking of road projects by the MUD and to the future division of the MUD by adoption and execution of consent resolutions in a form acceptable to the MUD within 30 days of the City’s receipt of the Petitions.

Section 8.02 Provisions Relating to Royal Crest Property. Royal Crest currently intends to develop the Royal Crest Property as a gated community and construct certain Public Infrastructure to serve such community, and accordingly, such Public Infrastructure is not currently eligible for reimbursement through the use of a PID. Notwithstanding anything contained in this Agreement, Royal Crest and the City agree that any provisions relating to the reimbursement for Public Infrastructure relating to the Royal Crest Property through the formation of a PID or the issuance of PID Bonds shall not be applicable to the Royal Crest Property unless such property is not developed as a gated community.

Section 8.03 Eminent Domain. Notwithstanding any other provision of this Agreement, Owners agree to use commercially reasonable efforts to obtain all third-party rights-of-way, consents, or easements, if any, required for the Public Infrastructure. If, however, an applicable Owner is unable to obtain such third-party rights-of-way, consents, or easements within ninety (90) days of commencing efforts to obtain the needed easements and right-of-way, the City agrees to take reasonable steps to secure same (subject to City Council authorization after a finding of public necessity) through the use of the City’s power of eminent domain. The applicable Owner shall be responsible for funding all reasonable and necessary legal proceeding/litigation costs, attorney’s fees and related expenses, and appraiser and expert witness fees (collectively, “Eminent Domain Fees”) actually incurred by the City in the exercise of its eminent domain powers and shall escrow with a mutually agreed upon escrow agent the City’s reasonably estimated Eminent Domain Fees both in advance of the initiation of each eminent domain proceeding and as funds are needed by the City. Provided that the escrow fund remains appropriately funded in accordance with this Agreement, the City will use all reasonable efforts to expedite such condemnation procedures so that the Public Infrastructure can be constructed as soon as reasonably practicable. If the City’s Eminent Domain Fees exceed the amount of funds escrowed in accordance with this paragraph, the applicable Owner shall deposit additional funds as requested by the City into the escrow account within ten (10) days after written notice from the City. Any unused escrow funds will be refunded to the applicable Owner with thirty (30) days after any condemnation award or settlement becomes final and non-appealable. Nothing in this section is intended to constitute a delegation of the police powers or governmental authority of the City, and the City reserves the right, at all times, to control its proceedings in eminent domain.

Section 8.04 Vested Rights. This Agreement shall constitute a “permit” (as defined in Chapter 245) that is deemed filed with the City on the Effective Date. Except as expressly provided in this Agreement, Owner does not, by entering into this Agreement, waive any rights arising under Chapter 245, as amended, under Chapter 43 of the Local Government Code, as amended, or under any other provision of law.

ARTICLE IX.
ANNEXATION/ZONING

Section 9.01 Annexation and Zoning; Agreement for Services.

(a) Annexation. Except with respect to Tract D and Tract G, within thirty (30) days of the Effective Date, the applicable Owner shall submit voluntary irrevocable petitions for annexation of the Annexed Property to the City in compliance with Chapter 43, Texas Local Government Code, or other applicable law, as amended (each an “Annexation Petition”). Timberbrook shall submit an Annexation Petition for Tract D and Tract G within thirty (30) days after consent to annexation of Tract D is obtained from the MUD. Timberbrook shall submit an Annexation Petition for Tract E within thirty (30) days of the dissolution of the MUD or exclusion of Tract E from the MUD; provided that bifurcation of the MUD or other action which results in the inclusion of Tract E in any water district formed in accordance with Chapter 49 of the Texas Water Code shall not be considered an exclusion for the purposes hereof. Owners agree to execute and supply any and all instruments and/or other documentation necessary for the City to legally annex any portion of the Property for which an Annexation Petition is submitted into the City’s corporate limits. The City shall, in accordance with applicable statutory requirements, take all steps necessary to complete the annexation of the applicable portion of the Property within ninety (90) days following an Owner’s submission of the Annexation Petition. Should the City fail to complete the annexation of a portion of the Property in accordance with this Agreement with respect to such Property, the applicable Owner shall have the right to terminate this Agreement with notice to the City and, upon such termination, the Property shall be immune to involuntary annexation by the City for a period of thirty (30) years thereafter regardless of any change of law.

(b) Agreement for Services. Pursuant to Section 43.0672, Texas Local Government Code, this Agreement shall constitute an agreement for the provision of services to the Property and, except as expressly provided otherwise herein, the City shall, immediately upon the effective date of any annexation, provide the Property with all those municipal services currently offered within the City, including those which may be offered in the future, without discrimination.

(c) Zoning; Uses. As soon as is practicable, after or in conjunction with the annexation of any portion of the Property, the City shall consider planned development zoning for such Property consistent with the Development Standards, the Concept Plan, and this Agreement (each, the “PD Zoning”). Owners hereby consent to the PD Zoning of their respective portions of the Property, and an Owner shall not be required to submit a formal zoning application or required fees shall be required as a condition to proceed with zoning of their respective portion of the Property as contemplated by this Agreement. Any such zoning of the Property shall otherwise be in accordance with all procedures set forth in the applicable

Governing Regulations. Should the City fail to approve the PD Zoning, or at any time approve zoning on any portion of the Property that is in any way more restrictive than the PD Zoning without the respective Owner's consent, the respective Owner shall have the right to terminate this Agreement with respect to its portion of the Property with notice to the City. Within ninety (90) days following delivery of such termination notice, the City shall: (i) disannex the applicable portion of the Property from the City and such portion of the Property shall thereafter be immune to involuntary annexation by the City for a period of thirty (30) years.

(d) Survival. In the event an Owner terminates this Agreement with respect to its portion of the Property in accordance with this section, such Owner's rights and remedies under this section, including disannexation and such portion of the Property's immunity to future involuntary annexation, shall survive such termination.

Section 9.02 Conflicts. In the event of any direct conflict between this Agreement and any other ordinance, rule, regulation, standard, policy, order, guideline, or other City adopted or City enforced requirement expressly including, but without limitation, PD Zoning, whether existing on the Effective Date or thereafter adopted, this Agreement, including its exhibits, as applicable, shall control. In the event of a conflict between the Concept Plan and the Development Standards, the Development Standards shall control to the extent of the conflict.

ARTICLE X.

EVENTS OF DEFAULT; REMEDIES

Section 10.01 Events of Default. No Party shall be in default under this Agreement until notice of the alleged failure of such Party to perform has been given (which notice shall set forth in reasonable detail the nature of the alleged failure) and until such Party has been given a reasonable time to cure the alleged failure (such reasonable time determined based on the nature of the alleged failure, but in no event less than thirty (30) days after written notice of the alleged failure has been given). In addition, no Party shall be in default under this Agreement if, within the applicable cure period, the Party to whom the notice was given begins performance and thereafter diligently and continuously pursues performance until the alleged failure has been cured.

Section 10.02 Remedies. IF A PARTY IS IN DEFAULT, THE AGGRIEVED PARTY MAY, AT ITS OPTION AND WITHOUT PREJUDICE TO ANY OTHER RIGHT OR REMEDY UNDER THIS AGREEMENT, SEEK ANY RELIEF AVAILABLE AT LAW OR IN EQUITY, INCLUDING, BUT NOT LIMITED TO, AN ACTION UNDER THE UNIFORM DECLARATORY JUDGMENT ACT, SPECIFIC PERFORMANCE, MANDAMUS, AND INJUNCTIVE RELIEF. NOTWITHSTANDING THE FOREGOING, HOWEVER, NO DEFAULT UNDER THIS AGREEMENT SHALL:

- (a) entitle the aggrieved Party to terminate this Agreement; or
- (b) entitle the aggrieved Party to suspend performance under this Agreement unless the portion of the Property for which performance is suspended is the subject of the default (for example, the City shall not be entitled to suspend its performance with regard to the development of "Tract X" by "Owner A" based on the grounds that Owner A is in default with respect to any

other tract or based on the grounds that any other owner/developer is in default with respect to any other tract) unless the default is in the nature of the failure to undertake a shared obligation as between such tracts or owners/developers; or

- (c) adversely affect or impair the current or future obligations of the City to provide water service to any portion of the Property within its water CCN; or
- (d) entitle the aggrieved Party to seek or recover monetary damages of any kind; or
- (e) limit the Term.

ARTICLE XI.

ASSIGNMENT AND ENCUMBRANCE

Section 11.01 Assignment by any Owner to Successor Owners. Owners have the right (from time to time without the consent of the City, but upon written notice to the City) to assign this Agreement, in whole or in part, and including any obligation, right, title, or interest of such Owner under this Agreement, to any person or entity (an “Assignee”) that is or will become an owner of any portion of the Property or that is an entity that is controlled by or under common control with the applicable Owner. Each assignment shall be in writing executed by Owner and the Assignee and shall obligate the Assignee to be bound by this Agreement to the extent this Agreement applies or relates to the obligations, rights, title, or interests being assigned to such Assignee. A copy of each assignment shall be provided to all Parties. Provided that the Assignee assumes the liabilities, responsibilities, and obligations of the assignor under this Agreement as to the Property or portion of the Property in question, the applicable Owner will be released from any rights and obligations under this Agreement as to the portion of the Property involved in such assignment, effective upon receipt of a copy of the assignment by the City. No assignment by any Owner shall release such Owner from any liability that resulted from an act or omission by such Owner that occurred prior to the effective date of the assignment. Any Owner making an assignment as provided herein shall maintain true and correct copies of all assignments made by such Owner to Assignees, including a copy of each executed assignment and the Assignee’s Notice information as required by this Agreement.

Section 11.02 Assignment by the City. The City shall not assign this Agreement, in whole or in part, and including any obligation, right, title, or interest of the City under this Agreement, without the prior written approval of the Owners.

Section 11.03 Encumbrance by Owners and Assignees. Owners have the right, from time to time, to collaterally assign, pledge, grant a lien or security interest in, or otherwise encumber any of its rights, title, or interest under this Agreement for the benefit of its lenders without the consent of, but with prompt written notice to, the City. The collateral assignment, pledge, grant of lien or security interest, or other encumbrance shall not, however, obligate any lender to perform any obligations or incur any liability under this Agreement unless the lender agrees in writing to perform such obligations or incur such liability. Provided the City has been given a copy of the documents creating the lender’s interest, including Notice (hereinafter defined) information for the lender, then that lender shall have the right, but not the obligation, to cure any default under this Agreement and shall be given a reasonable time to do so in addition

to the cure periods otherwise provided to the defaulting Party by this Agreement; and the City agrees to accept a cure offered by the lender as if offered by the defaulting Party. A lender is not a Party to this Agreement unless this Agreement is amended to add the lender as a Party. Notwithstanding the foregoing, however, this Agreement shall continue to bind the Property and shall survive any transfer, conveyance, or assignment occasioned by the exercise of foreclosure or other rights by a lender, whether judicial or non-judicial. Any purchaser from or successor owner through a lender of any portion of the Property shall be bound by this Agreement and shall not be entitled to the rights and benefits of this Agreement with respect to the acquired portion of the Property until all defaults under this Agreement with respect to the acquired portion of the Property have been cured.

Section 11.04 Encumbrance by City. The City shall not collaterally assign, pledge, grant a lien or security interest in, or otherwise encumber any of its rights, title, or interest under this Agreement without Owners' prior written consent.

ARTICLE XII.

RECORDATION, RELEASES, AND ESTOPPEL CERTIFICATES

Section 12.01 Binding Obligations. Pursuant to the requirements of Section 212.172(c) of the Texas Local Government Code, this Agreement and all amendments hereto shall be recorded in the deed records of the County. In addition, all assignments of this Agreement shall be recorded in the deed records of the County and a copy of the recorded assignment shall be delivered to the City as a condition to the City having notice of the assignment or having the assignment binding upon the City. This Agreement, when recorded, shall be binding upon the Property, the Parties, and all successor Owners of all or any part of the Property, provided, however, this Agreement shall not be binding upon, and shall not constitute any encumbrance to title as to, any End-Buyer except for the land use and development regulations that apply to specific lots. An End-Buyer shall not be considered an Owner or Party hereto. For purposes of this Agreement, the Parties agree: (a) the term "End-Buyer" means any tenant, user, occupant, or owner that is intended to be a final user, of a fully developed and improved lot and does not include a builder; (b) the term "fully developed and improved lot" means any lot, regardless of proposed use, for which a final plat has been approved by the City and recorded in the County's real property records; and (c) the term "land use and development regulations that apply to specific lots" means all of the Governing Regulations.

Section 12.02 Releases. From time to time upon written request of any Owner, the Mayor and City Manager, or designee of their choice, shall execute, in recordable form, subject to approval as to form by the City Attorney, a partial release of this Agreement if the requirements of this Agreement have been met, subject to the continued application of the Building Codes and the Development Regulations.

Section 12.03 Estoppel Certificates. From time to time upon written request of any Owner, the Mayor and the City Manager, or a designee of their choice, will execute a written estoppel certificate, subject to approval as to form by the City Attorney, identifying any obligations of such Owner under this Agreement that are in default or, with the giving of notice or passage of time, would be in default; and stating, to the extent true, that to the best knowledge and belief of the City, such Owner is in compliance with its duties and obligations under this

Agreement, except as expressly identified. The City is entitled to recover all of the City's out-of-pocket expense for gathering the information required to sign the estoppel certificate, including professional and consulting fees and related expenses, and such expense shall be paid prior to the City releasing the estoppel certificate.

ARTICLE XIII.
MISCELLANEOUS PROVISIONS

Section 13.01 Term. The term of this Agreement shall be forty (40) years after the Effective Date or upon issuance of the final series of PID Bonds to finance Public Infrastructure, whichever is longer, unless extended by mutual agreement of the Owners and the City (as extended, the "Term"). Upon expiration of the Term, the City shall have no obligations under this Agreement with the exception of: (i) maintaining and operating the PID in accordance with the Service and Assessment Plan and the Indenture and (ii) the maintenance and operation of the Public Infrastructure.

Section 13.02 Mutual Termination of Agreement. This Agreement may be terminated as to any portion of the Property at any time by mutual written consent of the City and the applicable Owner.

Section 13.03 Recitals. The recitals contained in this Agreement: (a) are legislative findings by the City Council; (b) are true and correct as of the Effective Date; (c) contribute to the basis upon which the Parties negotiated and entered into this Agreement; and (d) reflect the final intent of the Parties as stated therein. In the event it becomes necessary to interpret any provision of this Agreement, the intent of the Parties, as evidenced by the recitals, shall be taken into consideration and, to the maximum extent possible, given full effect. The Parties have relied upon the recitals as part of the consideration for entering into this Agreement and, but for the intent of the Parties reflected by the recitals, would not have entered into this Agreement.

Section 13.04 Notices. All notices required or contemplated by this Agreement (or otherwise given in connection with this Agreement) (a "Notice") shall be in writing, shall be signed by or on behalf of the Party giving the Notice, and shall be effective as follows: (a) on or after the 5th business day after being deposited with the United States mail service, Certified Mail, Return Receipt Requested, with a confirming copy sent by e-mail; (b) on the day delivered by a private delivery or private messenger service (such as FedEx or UPS) as evidenced by a receipt signed by any person at the delivery address (whether or not such person is the person to whom the Notice is addressed); or (c) otherwise on the day actually received by the person to whom the Notice is addressed by delivery in person or by regular mail. Notices given pursuant to this section shall be addressed as follows:

To the City:

City of Justin
Attn: Mayor
415 North College Ave.
Justin, Texas 76247
e-mail: awoodall@cityofjustin.com

City of Justin

Attn: City Manager
415 North College Ave.
Justin, Texas 76247
e-mail: [CITY MANAGER]@cityofjustin.com

With a copy to: Matthew Boyle
Boyle Lowry
4201 Wingren, Suite 108
Irving, TX 75062
e-mail: mboyle@boyle-lowry.com

To the Owners:
Timberbrook: Justin Timberbrook, LLC
Donald J. Dykstra
1050 E. Highway 114, Suite 210
Southlake, TX 76092

Bloomfield: Bloomfield Homes, L.P.
Donald J. Dykstra
1050 E. Highway 114, Suite 210
Southlake, TX 76092

Royal Crest: Royal Crest Properties, LLC
Donald J. Dykstra
1050 E. Highway 114, Suite 210
Southlake, TX 76092

Each with a copy to: Drew Slone
Winstead PC
500 Winstead Building, 2728 N. Harwood St.
Dallas, Texas 75201
e-mail: dslone@winstead.com

Any Party may change its address or addresses for delivery of notice by delivering written notice of such change of address to the other Party.

Section 13.05 Payee Information. With respect to any and every type of payment/remittance due to be paid at any time by the City to an Owner constructing Public Infrastructure after the Effective Date under this Agreement, the name and delivery address of the payee for such payment shall be:

Justin Timberbrook, LLC Donald J. Dykstra, Manager 1050 E. Highway 114, Suite 210 Southlake, TX 76092	Bloomfield Homes, L.P. Donald J. Dykstra 1050 E. Highway 114, Suite 210 Southlake, TX 76092	Royal Crest Properties, LLC Donald J. Dykstra 1050 E. Highway 114, Suite 210 Southlake, TX 76092
--	--	---

An Owner may change the name of the payee and/or address set forth above by delivering written notice to the City designating a new payee and/or address or through an assignment of such Owner's rights hereunder.

Section 13.06 Waiver of Taking Claim. OWNERS EACH INDIVIDUALLY WAIVE ALL CLAIMS THAT ANY OBLIGATION INCURRED BY SUCH OWNER SET OUT IN THIS AGREEMENT CONSTITUTES A "TAKING", AN ILLEGAL EXACTION, OR INVERSE CONDEMNATION OF ALL OR ANY PORTION OF THE PROPERTY. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, OWNERS DO NOT, BY ENTERING INTO THIS AGREEMENT, WAIVE (AND OWNERS EXPRESSLY RESERVE) ANY RIGHTS AND CLAIMS THAT OWNERS MAY HAVE ARISING FROM ANY ACTION BY THE CITY AFTER THE EFFECTIVE DATE. THE CITY SHALL NOT BE REQUIRED TO DETERMINE ROUGH PROPORTIONALITY OR NECESSITY AS PROVIDED FOR IN SECTION 212.904 OF THE TEXAS LOCAL GOVERNMENT CODE FOR ANY DEDICATIONS OR IMPROVEMENTS REQUIRED UNDER THIS AGREEMENT, AS AMENDED, BY OWNERS.

Section 13.07 Authority and Enforceability. The City represents and warrants that this Agreement has been approved by the City Council in accordance with all applicable public notice requirements (including, but not limited to, notices required by the Texas Open Meetings Act) and that the individual executing this Agreement on behalf of the City has been duly authorized to do so. Owners represent and warrant, on their respective behalf, that this Agreement has been approved by appropriate action of Owner, and that the individuals executing this Agreement on behalf of Owners have been duly authorized to do so. Each Party acknowledges and agrees that this Agreement is binding upon such Party and enforceable against such Party in accordance with its terms and conditions and that the performance by the Parties under this Agreement is authorized by Section 212.171 et seq. of the Texas Local Government Code.

Section 13.08 Limited Waiver of Immunity. The Parties are entering into this Agreement in reliance upon its enforceability. Consequently, the City unconditionally and irrevocably waives all claims of sovereign and governmental immunity which it may have (including, but not limited to, immunity from suit and immunity to liability) to the extent, but only to the extent, that a waiver is necessary to enforce specific performance of this Agreement (including all of the remedies provided under this Agreement) and to give full effect to the intent of the Parties under this Agreement. Notwithstanding the foregoing, the waiver contained herein shall not waive any immunities that the City may have with respect to claims of injury to persons or property, which claims shall be subject to all of their respective immunities and to the provisions of the Texas Tort Claims Act. Further, the waiver of immunity herein is not enforceable by any party not a Party to this Agreement, or any party that may be construed to be a third-party beneficiary to this Agreement.

Section 13.09 Entire Agreement; Severability; Amendment. This Agreement constitutes the entire agreement between the Parties and supersedes all prior agreements, whether oral or written, covering the subject matter of this Agreement. This Agreement shall not be modified or amended except in writing signed by the City, Owners, and the owner of the portion of the Property affected by the amendment. If any provision of this Agreement is determined by a court

of competent jurisdiction to be unenforceable for any reason, then: (a) such unenforceable provision shall be deleted from this Agreement; (b) the unenforceable provision shall, to the extent possible, be rewritten to be enforceable and to give effect to the intent of the Parties; and (c) the remainder of this Agreement shall remain in full force and effect and shall be interpreted to give effect to the intent of the Parties. If it is determined by a judgment of a trial court with jurisdiction over the matter that any portion of the Property is not located within the City's ETJ, this Agreement shall remain in full force and effect with respect to the remainder of the Property unless Owner elects to terminate the Agreement pursuant to the terms hereof.

Section 13.10 Applicable Law; Venue. This Agreement is entered into under and pursuant to, and is to be construed and enforceable in accordance with, the laws of the State of Texas, and all obligations of the Parties are performable in Denton County. Venue and exclusive jurisdiction for any action to enforce or construe this Agreement shall be Denton County.

Section 13.11 No Waiver. Any failure by a Party to insist upon strict performance by another Party of any material provision of this Agreement shall not be deemed a waiver thereof, and the Party shall have the right at any time thereafter to insist upon strict performance of any and all provisions of this Agreement. No provision of this Agreement may be waived except by writing signed by the Party waiving such provision. Any waiver shall be limited to the specific purposes for which it is given. No waiver by any Party of any term or condition of this Agreement shall be deemed or construed to be a waiver of any other term or condition or subsequent waiver of the same term or condition.

Section 13.12 No Third Party Beneficiaries. Except as otherwise provided in this section, this Agreement only inures to the benefit of, and may only be enforced by, the Parties. An End-Buyer shall be considered a third-party beneficiary of this Agreement, but only for the limited purposes for which an End-Buyer is bound by this Agreement. No other person or entity shall have any right, title, or interest under this Agreement or otherwise be deemed to be a third-party beneficiary of this Agreement.

Section 13.13 Force Majeure. Each Party shall use good faith, due diligence and reasonable care in the performance of its respective obligations under this Agreement, and time shall be of the essence in such performance; however, in the event a Party is unable, due to force majeure, to perform its obligations under this Agreement, then the obligations affected by the force majeure shall be temporarily suspended. Within three business days after the occurrence of a force majeure, the Party claiming the right to temporarily suspend its performance shall give Notice to all the Parties, including a detailed explanation of the force majeure and a description of the action that will be taken to remedy the force majeure and resume full performance at the earliest possible time. The term "force majeure" shall include events or circumstances that are not within the reasonable control of the Party whose performance is suspended and that could not have been avoided by such Party with the exercise of good faith, due diligence and reasonable care. Any suspension of obligation(s) because of any force majeure shall terminate automatically sixty (60) days following the provision of the Notice described by this section, unless otherwise separately agreed by the affected Party(ies).

Section 13.14 Complete Agreement. This Agreement embodies the entire Agreement between the Parties and cannot be varied or terminated except as set forth in this Agreement, or

by written agreement of the Parties expressly amending the terms of this Agreement. By entering into this Agreement, any previous agreements or understanding between the Parties relating to the same subject matter are null and void.

Section 13.15 Interpretation. Each Party has been actively involved in negotiating this Agreement. Accordingly, a rule of construction that any ambiguities are to be resolved against the drafting Party will not apply to interpreting this Agreement. In the event of any dispute over the meaning or application of any provision of this Agreement, the provision will be interpreted fairly and reasonably and neither more strongly for nor against any Party, regardless of which Party originally drafted the provision.

Section 13.16 Time. In this Agreement, time is of the essence and compliance with the times for performance herein is required.

Section 13.17 Consideration. This Agreement is executed by the Parties hereto without coercion or duress and for substantial consideration, the sufficiency of which is hereby acknowledged.

Section 13.18 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument.

Section 13.19 Further Documents. Each Party shall, upon request of the other Party, execute and deliver such further documents and perform such further acts as may reasonably be requested to effectuate the terms of this Agreement and achieve the intent of the Parties.

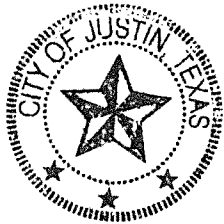
Section 13.20 Exhibits. The following Exhibits are attached to this Agreement and are incorporated herein for all purposes:

Exhibit A-1 – A-7	Metes and Bounds Description of Property
Exhibit B	Site Plan/Map of Property
Exhibit C	Concept Plans
Exhibit D	Development Standards
Exhibit E	Street Standards
Exhibit F	Water and Sewer Standards
Exhibit G	Miscellaneous Conditions
Exhibit H	Estimated Cost of Water Tower Facilities

EXECUTED BY THE PARTIES TO BE EFFECTIVE ON THE EFFECTIVE DATE:

CITY:

CITY OF JUSTIN, TEXAS



By: *Alan Woodall*

Name: Alan Woodall

Its: Mayor

Date: 4/26/21

ATTEST:

Brittany Andrews
City Secretary

APPROVED AS TO FORM:

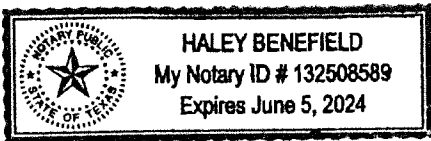
Brittany Andrews
City Secretary

STATE OF TEXAS §
COUNTY OF Denton §

This instrument was acknowledged before me, on the 26 day of April, 2021,
by Alan Woodall, Brittany Andrews for the City of Justin, Texas, on behalf of
said city.


[SEAL]

Haley Benefield
Notary Public, State of Texas



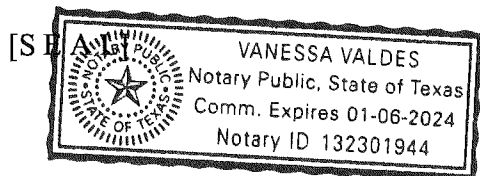
ROYAL CREST:


ROYAL CREST PROPERTIES LLC,
a Texas limited liability company

By: 
Donald J. Dykstra, Manager

STATE OF TEXAS §
COUNTY OF Tarrant §

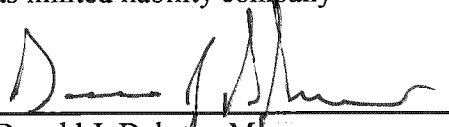
This instrument was acknowledged before me, on the 10 day of May, 2021,
by Donald J. Dykstra, Manager, on behalf of said limited liability company.




Notary Public, State of Texas

TIMBERBROOK:

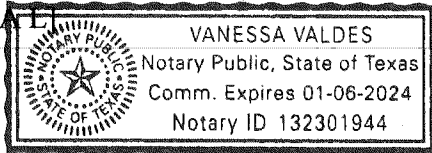
JUSTIN TIMBERBROOK, LLC,
a Texas limited liability company

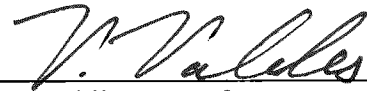
By: 
Donald J. Dykstra, Manager

STATE OF TEXAS §
COUNTY OF Tarrant §

This instrument was acknowledged before me, on the 10 day of May, 2021,
by Donald J. Dykstra, Manager, on behalf of said limited liability company.

[S E A L]

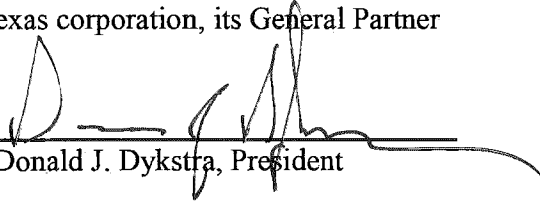



Notary Public, State of Texas

BLOOMFIELD:

BLOOMFIELD HOMES, L.P.,
a Texas limited partnership

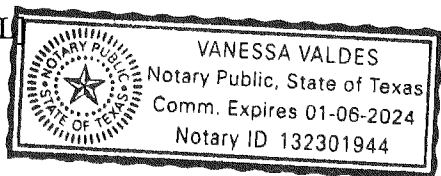
By: Bloomfield Properties, Inc.,
a Texas corporation, its General Partner

By: 
Donald J. Dykstra, President

STATE OF TEXAS §
COUNTY OF Tarrant §

This instrument was acknowledged before me, on the 10 day of May, 2021,
by Donald J. Dykstra, President of Bloomfield Properties, Inc., a Texas corporation, general
partner of Bloomfield Homes, L.P., on behalf of said partnership.

[S E A L]





Notary Public, State of Texas

EXHIBIT A -1

METES AND BOUNDS DESCRIPTION OF TRACT A

All that certain lot, tract, or parcel of land, situated in a portion of the W. C. Brookfield Survey, Abstract No. 34, the C. Boeger Survey, Abstract No. 121, and the M. Garnett Survey, Abstract No. 439, Denton County, Texas, being all of that certain called 241.210 acre tract described in a deed to Justin Timberbrook, LLC recorded in Document No. 2017-5803 of the Deed Records of Denton County, Texas (DRDCT), and being more completely described as follows, to-wit:

BEGINNING at a 5/8" iron rod found for the Southeast corner of said 241.210 acre tract, the Southwest corner of a called 411.268 tract described in a deed to Justin Timberbrook, LLC recorded in Document NO. 2016-55837 (DRDCT), and being in the North right-of-way line of FM Highway No. 407 (90' right-of-way);

THENCE South 89 deg. 20 min. 19 sec. West along the South line of said 241.210 acre tract and said North right-of-way line, a distance of 559.43 feet, from which a wood highway post bears North 77 deg. 58 min. 45 sec. East – 1.77 feet, said point being a Point of Curvature of a circular curve to the left, having a radius of 617.96 feet, a central angle of 21 deg. 56 min. 53 sec., and being subtended by a chord which bears South 78 deg. 21 min. 53 sec. West - 235.27 feet;

THENCE in a westerly direction along said curve to the left, the South line of said 241.210 acre tract, and said North right-of-way line, a distance of 236.72 feet, from which a 5/8" iron rod found bears South 55 deg. 10 min. 08 sec. West – 4.21 feet;

THENCE South 89 deg. 23 min. 23 sec. West departing said North right-of-way line and continue along South line of said 241.210 acre tract, at 225.25 feet pass a 5/8" iron rod found, continue a total distance of 256.24 feet to the most southerly Southwest corner of said 241.210 acre tract and being in the East line of a called 39.95 acre tract described in a deed to Tom Strader and Jan Strader recorded in Volume 3347, Page 942 (DRDCT);

THENCE North 00 deg. 34 min. 11 sec. West along the West line of said 241.210 acre tract and the East line of said 39.95 acre tract, a distance of 3,076.82 feet to a 5/8" iron rod found for an ell corner of said 241.210 acre tract and the Northeast corner of said 39.95 acre tract;

THENCE North 83 deg. 33 min. 51 sec. West along the South line of said 241.210 acre tract and the North line of said 39.95 acre tract, at 497.08 feet pass a 5/8" iron rod found for the Northwest corner of said 39.95 acre tract and the Northeast corner of a called 2.6145 acre tract described in a deed to Tom Strader recorded in Document No. 93-R0062001 (DRDCT), at 529.43 feet pass a 1/2" iron rod found (illegible) for the Northwest corner of said 2.6145 acre tract and the Northeast corner of Lot 1, Block A of Currie Addition recorded in Cabinet N, Slide 107 of the Plat Records of Denton County, Texas (PRDCT), continue a total distance of 609.90 feet, from which a railroad spike found bears North 35 deg. 02 min. 43 sec. East – 29.17 feet;

THENCE North 84 deg. 47 min. 51 sec. West along the South line of said 241.210 acre tract and the North line of said Currie Addition, the North line of a called 38.96 acre tract described in a deed to Kenneth R. Woodall, et ux recorded in Document no. 93-R0046959 (DRDCT), and the North line of Collingwood Estates recorded in Cabinet H, Slide 254 (PRDCT), a distance of 2,314.74 feet to the most westerly Southwest corner of said 241.210 acre tract, the Northwest corner of said Collingwood Estates, and being in the East line of a called 80.00 acre tract described in a deed to Pennington Family Trust recorded in Document No. 2001-R0044064 (DRDCT);

THENCE North 00 deg. 26 min. 13 sec. West along the West line of said 241.210 acre tract and the East line of said 80.00 acre tract, a distance of 1,038.78 feet to the most westerly Northwest corner of said 241.210 acre tract, the Northeast corner of said 80.00 acre tract, and being in the South line of a called 427.810 acre tract described as Tract 1 in a deed to Justin Timberbrook, LLC recorded in Document No. 2017-4977 (DRDCT);

THENCE South 85 deg. 07 min. 48 sec. East along the North line of said 241.210 acre tract and the South line of said 427.810 acre tract, a distance of 1,301.50 feet for an ell corner of said 241.210 acre tract, the most easterly

Southeast corner of said 427.810 acre tract, and being in the West line of a called 18.000 acre tract described in a deed to Keo Chanthalath, et al recorded in Document No. 2013-2597 (DRDCT);

THENCE South 00 deg. 37 min. 02 sec. East along the East line of said 241.210 acre tract and the West line of said 18.000 acre tract, a distance of 529.21 feet to an ell corner of said 241.210 acre tract and the Southwest corner of said 18.000 acre tract;

THENCE South 89 deg. 45 min. 15 sec. East along the North line of said 241.210 acre tract and the South line of said 18.000 acre tract, a distance of 406.88 feet to a 5/8" iron rod found for an ell corner of said 241.210 acre tract and the Southeast corner of said 18.000 acre tract;

THENCE North 00 deg. 16 min. 39 sec. West along the West line of said 241.210 acre tract and the East line of said 18.000 acre tract, a distance of 1,900.80 feet to a 5/8" iron rod found for the most northerly Northwest corner of said 241.210 acre tract, the Northeast corner of said 18.000 acre tract, and being in the South line of a called 52.65 acre tract described in a deed to Orville C. Rogers and Esther Beth Rogers recorded in Document No. 94-R0029773 (DRDCT);

THENCE South 89 deg. 45 min. 15 sec. East along the North line of said 241.210 acre tract and the South line of said 52.65 acre tract, a distance of 1,237.56 feet to a wood fence corner being in the South line of a called 120 acre tract described in a deed to Glen P. Shoop recorded in Document No. 94-R0029772 (DRDCT);

THENCE North 88 deg. 14 min. 56 sec. East along the North line of said 241.210 acre tract and the South line of said 120 acre tract, a distance of 1,016.54 feet to the Northeast corner of said 241.210 acre tract and the Northwest corner of said 411.268 acre tract, from which a 1" spiral square rebar found bears North 19 deg. 23 min. 00 sec. East – 5.42 feet;

THENCE South 00 deg. 25 min. 43 sec. East along the East line of said 241.210 acre tract and the West line of said 411.268 acre tract, at 180.48 feet pass a 1" spiral square rebar found for reference, continue a total distance of 5,622.31 feet to the **POINT OF BEGINNING**, containing 10,507,129 square feet or 241.210 acres of land, more or less.

Bearings are referenced to Texas State Plane Coordinate System, North Central Zone (4202), North American Datum of 1983 as derived from GPS observation.

EXHIBIT A-2
METES AND BOUNDS DESCRIPTION OF TRACT D

All that certain lot, tract, or parcel of land, situated in a portion of the W. C. Brookfield Survey, Abstract No. 34, Denton County, Texas, being part of that certain called 427.810 acre tract described as Tract 1 in a deed to Justin Timberbrook, LLC recorded in Document No. 2017-4977 of the Deed Records of Denton County, Texas (DRDCT), and being more completely described as follows, to-wit:

BEGINNING at a 1/2" capped iron rod stamped "COLEMAN 4001" for the Northwest corner of said 427.810 acre tract, the Southwest corner of a called 64.7 acre tract described as Fourth Tract in a deed to Glenn Shoop recorded in Document No. 1994-29773 (DRDCT), and being in the East line of a called 413 acre tract described in a deed to JNJDF, Ltd. recorded in Document No. 2008-85490 (DRDCT);

THENCE South 89 deg. 32 min. 11 sec. East along the North line of said 427.810 acre tract, the South line of said 64.7 acre tract, and the South line of a called 38.17 acre tract described as First Tract in said deed to Glenn Shoop, a distance of 5,409.33 feet to a 1/2" capped iron rod stamped "COLEMAN 4001" for the most northerly Northeast corner of said 427.810 acre tract, the Southeast corner of said 38.17 acre tract, and being in the West line of a called 52.65 acre tract described as Third Tract in said deed to Glenn Shoop;

THENCE South 00 deg. 36 min. 55 sec. West along the East line of said 427.810 acre tract and the West line of said 52.65 acre tract, a distance of 352.87 feet to a 1/2" capped iron rod stamped "OWEN SURV 5560" for an ell corner of said 427.810 acre tract and the Southwest corner of said 52.65 acre tract;

THENCE North 89 deg. 50 min. 05 sec. East along the North line of said 427.810 acre tract and the South line of said 52.65 acre tract, a distance of 651.55 feet to a 5" metal fence corner for the most easterly Northeast corner of said 427.810 acre tract and the Northwest corner of a called 18.000 acre tract described in a deed to Keo Chanthalath, et al recorded in Document No. 2013-2597 (DRDCT);

THENCE South 00 deg. 37 min. 02 sec. East along the East line of said 427.810 acre tract and the West line of said 18.000 acre tract, a distance of 1,371.73 feet to a 5" metal fence corner for the most easterly Southeast corner of said 427.810 acre tract and an ell corner of a called 241.210 acre tract described in a deed to Justin Timberbrook, LLC recorded in Document No. 2017-5803 (DRDCT);

THENCE North 85 deg. 09 min. 22 sec. West along the South line of said 427.810 acre tract and the North line of said 241.210 acre tract, a distance of 10.05 feet;

THENCE North 00 deg. 37 min. 02 sec. West departing said North and South lines, a distance of 1,360.85 feet;

THENCE South 89 deg. 50 min. 05 sec. West, a distance of 651.76 feet;

THENCE North 00 deg. 36 min. 55 sec. East, a distance of 352.98 feet;

THENCE North 89 deg. 32 min. 11 sec. West, a distance of 5,389.24 feet;

THENCE South 00 deg. 04 min. 25 sec. West, a distance of 5,231.47 feet to the South line of said 427.810 acre tract and being in the North right-of-way line of FM Highway No. 407 (90' right-of-way);

THENCE South 89 deg. 22 min. 34 sec. West along said South line and North right-of-way line, a distance of 10.00 feet to a 5/8" iron rod found for the Southwest corner of said 427.810 acre tract and the Southeast corner of said 413 acre tract;

THENCE North 00 deg. 04 min. 25 sec. East departing said North right-of-way line and continue along the West line of said 427.810 acre tract and the East line of said 413 acre tract, a distance of 5,241.66 feet to the **POINT OF BEGINNING**, containing 130,067 square feet or 2.986 acres of land, more or less.

Bearings are referenced to Texas State Plane Coordinate System, North Central Zone (4202), North American Datum of 1983 as derived from GPS observation.

EXHIBIT A -3
METES AND BOUNDS DESCRIPTION OF TRACT E

All that certain lot, tract, or parcel of land, situated in a portion of the W. C. Brookfield Survey, Abstract No. 34, Denton County, Texas, being part of that certain called 427.810 acre tract described as Tract 1 and a called 122.145 acre tract described as Tract 2 in a deed to Justin Timberbrook, LLC recorded in Document No. 2017-4977 of the Deed Records of Denton County, Texas (DRDCT), and being more completely described as follows, to-wit:

COMMENCING at a 5/8" iron rod found for the Southwest corner of said 427.810 acre tract, the Southeast corner of a called 413 acre tract described in a deed to JNJDF, Ltd recorded in Document No. 2008-85490 (DRDCT), and being in the North right-of-way line of FM Highway No. 407 (90' right-of-way);

THENCE North 89 deg. 22 min. 34 sec. East along the South line of said 427.810 acre tract and said North right-of-way line, a distance of 10.00 feet to the **TRUE POINT OF BEGINNING**;

THENCE North 00 deg. 04 min. 25 sec. East departing said South line and North right-of-way line, a distance of 5,231.47 feet;

THENCE South 89 deg. 32 min. 11 sec. East, a distance of 5,389.24 feet;

THENCE South 00 deg. 36 min. 55 sec. West, a distance of 352.98 feet;

THENCE North 89 deg. 50 min. 05 sec. East, a distance of 651.76 feet;

THENCE South 00 deg. 37 min. 02 sec. East, a distance of 1,360.85 feet to the South line of said 427.810 acre tract and being in the North line of a called 241.210 acre tract described in a deed to Justin Timberbrook, LLC recorded in Document No. 2017-5803 (DRDCT), from which a 5" metal fence corner for the most easterly Southeast corner of said 427.810 acre tract bears South 85 deg. 09 min. 22 sec. East – 10.05 feet;

THENCE North 85 deg. 09 min. 22 sec. West along the South line of said 427.810 acre tract, the North line of said 241.210 acre tract, and the North line of a called 80.00 acre tract described in a deed to Pennington Family Trust recorded in Document No. 2001-R0044064 (DRDCT), a distance of 2,088.05 feet to a 1/2" capped iron rod found stamped "COLEMAN 4001" for the Northeast corner of said 122.145 acre tract and the Northwest corner of said 80.00 acre tract;

THENCE South 00 deg. 19 min. 52 sec. East along the East line of said 122.145 acre tract and the West line of said 80.00 acre tract, a distance of 3,644.95 feet to a 1/2" capped iron rod found (illegible) for the Southeast corner of said 122.145 acre tract, the Southwest corner of said 80.00 acre tract, and being in the North right-of-way line of said FM Highway No. 407, said point being a Point of Curvature of a non-tangent circular curve to the left, having a radius of 617.96 feet, a central angle of 18 deg. 52 min. 10 sec., and being subtended by a chord which bears North 81 deg. 06 min. 32 sec. West - 202.60 feet;

THENCE in a westerly direction along said curve to the left, the South line of said 122.145 acre tract, and said North right-of-way line, a distance of 203.52 feet to a 1/2" capped iron rod found stamped "5439";

THENCE South 89 deg. 27 min. 23 sec. West along the South line of said 122.145 acre tract, the South line of said 427.810 acre tract, and said North right-of-way line, a distance of 1,876.41 feet to a 1/2" iron rod found;

THENCE South 89 deg. 22 min. 34 sec. West along the South line of said 427.810 acre tract and said North right-of-way line, a distance of 1,922.50 feet to the **POINT OF BEGINNING**, containing 23,827,601 square feet or 547.006 acres of land, more or less.

Bearings are referenced to Texas State Plane Coordinate System, North Central Zone (4202), North American Datum of 1983 as derived from GPS observation.

EXHIBIT A-4

METES AND BOUNDS DESCRIPTION OF TRACT H

All that certain lot, tract, or parcel of land, situated in a portion of the M. Garnett Survey, Abstract No. 439 and the W. M. Reed Survey, Abstract No. 1071, Denton County, Texas, being part of that certain called 411.268 acre tract described in a deed to Justin Timberbrook, LLC recorded in Document No. 2016-55837 of the Deed Records of Denton County, Texas (DRDCT), and being more completely described as follows, to-wit:

COMMENCING at a 5/8" iron rod found for the Southwest corner of said 411.268 acre tract, the Southeast corner of a called 241.210 acre tract described in a deed to Justin Timberbrook, LLC recorded in Document No. 2017-5803 (DRDCT), and being in the North right-of-way line of FM Highway No. 407 (90' right-of-way);

THENCE North 00 deg. 25 min. 43 sec. West departing said North right-of-way line and continue along the West line of said 411.268 acre tract and the East line of said 241.210 acre tract, a distance of 1,412.83 feet to the **TRUE POINT OF BEGINNING**;

THENCE North 00 deg. 25 min. 43 sec. West continuing along said East and West lines, at 4,028.99 feet pass a 1" spiral square rebar found for reference, continue a total distance of 4,209.48 feet to the Northwest corner of said 411.268 acre tract, and the Northeast corner of said 241.210 acre tract, said point being in the recognized North line of said M. Garnett Survey and the South line of J. Sutton Survey, Abstract No. 1151, from which a 1" spiral square rebar found bears North 19 deg. 23 min. 00 sec. East – 5.42 feet;

THENCE North 88 deg. 14 min. 56 sec. East along the North line of said 411.268 acre tract and said recognized North and South Survey lines, a distance of 655.06 feet to a point in Oliver Creek, said point being in the recognized North line of said M. Garnett Survey and the South line of said W. M. Reed Survey;

THENCE North 03 deg. 52 min. 41 sec. West departing said Survey lines and continue along the North line of said 411.268 acre tract, a distance of 134.57 feet to a 10" cedar fence corner post;

THENCE North 77 deg. 31 min. 56 sec. East along said North line, a distance of 74.88 feet to a 20" double pecan tree;

THENCE North 74 deg. 21 min. 14 sec. East along said North line, a distance of 163.65 feet to a Point of Curvature of a non-tangent circular curve to the left, having a radius of 2,640.00 feet, a central angle of 26 deg. 01 min. 14 sec., and being subtended by a chord which bears South 13 deg. 59 min. 29 sec. West - 1,188.66 feet;

THENCE in a southerly direction along said curve to the left, a distance of 1,198.94 feet;

THENCE South 00 deg. 25 min. 43 sec. East non-tangent to said curve, a distance of 2,736.00 feet to a Point of Curvature of a non-tangent circular curve to the left, having a radius of 2,640.00 feet, a central angle of 09 deg. 53 min. 45 sec., and being subtended by a chord which bears South 09 deg. 02 min. 00 sec. East - 455.41 feet;

THENCE in a southerly direction along said curve to the left, a distance of 455.97 feet;

THENCE South 82 deg. 33 min. 17 sec. West non-tangent to said curve, a distance of 654.96 feet to the **POINT OF BEGINNING**, containing 2,541,600 square feet or 58.347 acres of land, more or less.

Bearings are referenced to Texas State Plane Coordinate System, North Central Zone (4202), North American Datum of 1983 as derived from GPS observation.

EXHIBIT A-5
METES AND BOUND DESCRIPTION OF TRACT B

All that certain lot, tract, or parcel of land, situated in a portion of the Carl Boeger Survey, Abstract No. 121, the William C. Brookfield Survey, Abstract No. 34, Denton County, Texas, being all of that certain called 38.96 acre tract described in a deed to Kenneth R. Woodall and wife, Doris A. Woodall recorded in Document No. 93-R0046959 of the Deed Records of Denton County, Texas (DRDCT), and being more completely described as follows, to-wit:

BEGINNING at a 1/2" iron rod found for the Northeast corner of said 38.96 acre tract, the Northwest corner of Lot 1, Block A of Currie Addition recorded in Cabinet N, Page 107 of the Plat Records of Denton County, Texas (PRDCT), and being in the South line of a called 241.210 acre tract described in a deed to Justin Timberbrook, LLC recorded in Document No. 2017-5803 (DRDCT);

THENCE South 00 deg. 15 min. 42 sec. East departing said South line and continue along the East line of said 38.96 acre tract and the West line of said Lot 1, Block A, a distance of 815.68 feet, from which a 5/8" iron rod found for the most easterly Southeast corner of said 38.96 acre tract bears South 00 deg. 15 min. 42 sec. East – 820.06 feet;

THENCE South 89 deg. 43 min. 21 sec. West departing said East and West lines, a distance of 595.04 feet to the West line of said 38.96 acre tract and the West line of Collingwood Estates recorded in Cabinet H, Slide 254 (PRDCT);

THENCE North 00 deg. 16 min. 39 sec. West along said East and West lines, a distance of 873.21 feet to a 1/2" iron rod found in concrete for the Northwest corner of said 38.96 acre tract, the Northeast corner of said Collingwood Estates, and being in the South line of said 241.210 acre tract;

THENCE South 84 deg. 45 min. 25 sec. East along the North line of said 38.96 acre tract and the South line of said 241.210 acre tract, a distance of 598.04 feet to the **POINT OF BEGINNING**, containing 502,574 square feet or 11.538 acres of land, more or less.

EXHIBIT A-6

METES AND BOUNDS DESCRIPTIONS OF TRACT G

All that certain lot, tract, or parcel of land, situated in a portion of the William C. Brookfield Survey, Abstract No. 34, Denton County, Texas, being part of that certain called 191.8 acre tract described as Tract 1 in a deed to Margaret Turner DiNapoli, Sally Carolyn Turner Box, and Tommie R. Turner recorded in Volume 4522, Page 2063 (as to 1/3 interest), a deed to Margaret E. Turner, as Trustee of the ME Turner Revocable Trust recorded in Document No. 2019-16134 (as to 1/3 interest), a deed to 3 T's Partners Justin, LLC recorded in Document No. 2019-58550 (as to 1/3 interest), of the Deed Records of Denton County, Texas (DRDCT), and being more completely described as follows, to-wit:

BEGINNING at a 5/8" iron rod found for the Southeast corner of said 191.8 acre tract, an ell corner of a called 1023.4685 acre tract described as Tract 3 in a deed to Petrus Investments, L.P. recorded in Document No. 2009-1220 (DRDCT), in the West line of a called 16.754 acre tract described in a deed to Mark Anthony Eddleman recorded in Document No. 2011-58448 (DRDCT), being in the recognized South line of said William C. Brookfield Survey and the recognized North line of the William D. Redd Survey, Abstract No. 1125, said point being at a bend in Bill Cook Road, from which a 1/2" iron rod found for an ell corner of said 1023.4685 acre tract and the Southwest corner of said 16.754 acre tract bears South 00 deg. 20 min. 32 sec. East – 226.28 feet;

THENCE North 89 deg. 56 min. 02 sec. West along the South line of said 191.8 acre tract, the North line of said 1023.4685 acre tract, the South line of said William C. Brookfield Survey, the North line of said William D. Redd Survey, and the approximate centerline of said Bill Cook Road, a distance of 509.26 feet to a railroad spike found for the most westerly Northwest corner of said 1023.4685 acre tract, being the recognized Northwest corner of said William D. Redd Survey, and the recognized Northeast corner of the James C. Jack Survey, Abstract No. 679, said point being at the bend in Sam Reynolds Road;

THENCE North 89 deg. 50 min. 15 sec. West along the South line of said 191.8 acre tract, the South line of said William C. Brookfield Survey, the North line of said James C. Jack Survey, and the approximate centerline of said Sam Reynolds Road, a distance of 1,516.94 feet to a P.K. nail set with washer stamped "GOODWIN & MARSHALL" for the Southwest corner of said 191.8 acre tract, from which a railroad spike found for the Northwest corner of said James C. Jack Survey bears South 89 deg. 50 min. 15 sec. East – 10,760.70 feet;

THENCE North 00 deg. 28 min. 32 sec. West departing said Survey lines and centerline and continue long the West line of said 191.8 acre tract, at 30.41 feet pass a 1/2" capped iron rod found stamped "4561" for the Southeast corner of Lot 2, Block A of Tatum Building Addition recorded in Document No. 2010-195 of the Plat Records of Denton County, Texas (PRDCT), at 787.90 feet pass a 1/2" capped iron rod found stamped "4561" for the Northeast corner of said Lot 2, Block A, continue a total distance of 4,105.09 feet to a point for corner in the South right-of-way line of Farm-to-Market Highway No. 407 (90' right-of-way width) as described in a deed to the State of Texas recorded in Volume 348, Page 391 (DRDCT), from which a 1/2" iron rod found bears North 00 deg. 28 min. 32 sec. West - 2.93 feet;

THENCE North 89 deg. 22 min. 34 sec. East departing said West line and continue along said South right-of-way line, a distance of 2,017.84 feet to a point for corner for in the East line of said 191.8 acre tract and being in the approximate center of said Bill Cook Road, from which a 1/2" iron rod found in asphalt bears South 00 deg. 35 min. 24 sec. East - 1.55 feet, and from which a wood highway monument found bears North 89 deg. 22 min. 34 sec. East – 662.93 feet;

THENCE South 00 deg. 35 min. 24 sec. East departing said South right-of-way line and continue along the East line of said 191.8 acre tract and said centerline, a distance of 4,132.03 feet to the **POINT OF BEGINNING**, containing 8,328,171 square feet or 191.188 acres of land, more or less.

EXHIBIT A-7
METES AND BOUNDS DESCRIPTION OF TRACT C

All that certain lot, tract, or parcel of land, situated in a portion of the Carl Boeger Survey, Abstract No. 121, the William C. Brookfield Survey, Abstract No. 34, the Warren A. Ferris Survey, Abstract No. 419, Denton County, Texas, being part of that certain called 38.96 acre tract described in a deed to Kenneth R. Woodall and wife, Doris A. Woodall recorded in Document No. 93-R0046959 of the Deed Records of Denton County, Texas (DRDCT), and being more completely described as follows, to-wit:

BEGINNING at a 1/2" iron rod found for the most southerly Southeast corner of said 38.96 acre tract and being in the North right-of-way line of FM Highway No. 407 (90' right-of-way width);

THENCE North 89 deg. 54 min. 13 sec. West along the South line of said 38.96 acre tract and said North right-of-way line, a distance of 353.40 feet to Southwest corner of said 38.96 acre tract and the Southeast corner of Collingwood Estates recorded in Cabinet H, Slide 254 of the Plat Records of Denton County, Texas (PRDCT), from which a P.K. nail found in wood highway post bears North 89 deg. 54 min. 13 sec. West - 208.00 feet;

THENCE North 00 deg. 16 min. 39 sec. West departing said North right-of-way line and continue along the West line of said 38.96 acre tract and the East line of said Collingwood Estates, a distance of 2,821.48 feet, from which a 1/2" iron rod found in concrete for the Northwest corner of said 38.96 acre tract and the Northeast corner of said Collingwood Estates bears North 00 deg. 16 min. 39 sec. West - 873.21 feet;

THENCE North 89 deg. 43 min. 21 sec. East departing said East and West lines, a distance of 595.04 feet to the East line of said 38.96 acre tract and the West line of Lot 1, Block A of Currie Addition recorded in Cabinet N, Page 107 of the Plat Records of Denton County, Texas (PRDCT), from which a 1/2" iron rod found for the Northeast corner of said 38.96 acre tract and the Northwest corner of said Lot 1, Block A bears North 00 deg. 15 min. 42 sec. West - 815.68 feet;

THENCE South 00 deg. 15 min. 42 sec. East along said East and West lines, a distance of 820.06 feet to a 5/8" iron rod found for the most easterly Southeast corner of said 38.96 acre tract and the most northerly Northeast corner of a called 16.135 acre tract described in a deed to Mark H. Currie and wife, Cynthia Currie recorded in Document No. 2010-47456 (DRDCT);

THENCE South 89 deg. 58 min. 28 sec. West departing said West line and continue along a South line of said 38.96 acre tract and the North line of said 16.135 acre tract, a distance of 241.91 feet to a 3/4" iron rod found for an ell corner of said 38.96 acre tract and the Northwest corner of said 16.135 acre tract;

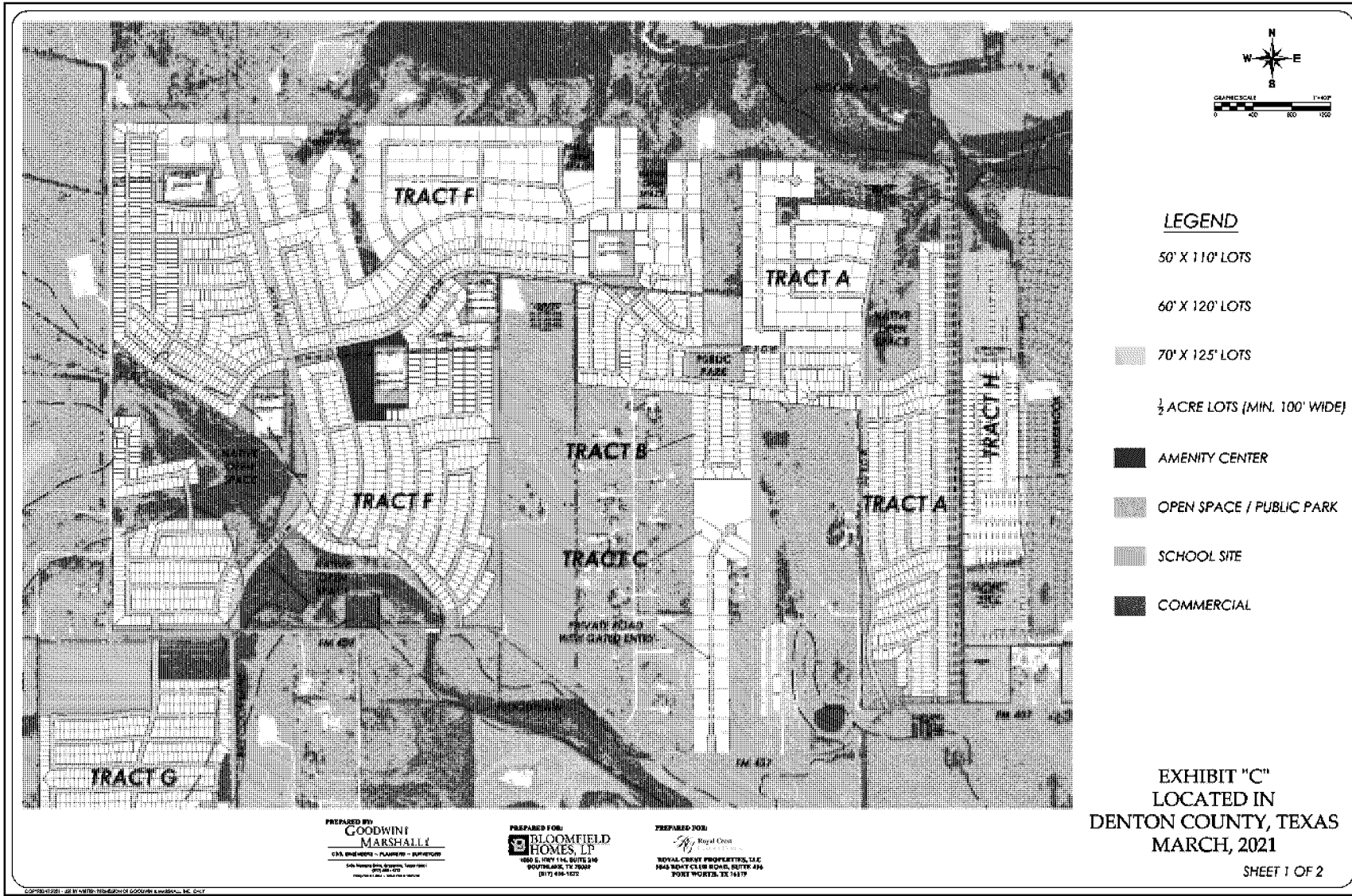
THENCE South 00 deg. 17 min. 30 sec. East along the East line of said 38.96 acre tract, the West line of said 16.135 acre tract, and the West line of Lot 1, Block 1 of Currie Addition recorded in Document No. 2014-31 (PRDCT), at 1,984.89 feet pass a 1/2" capped iron rod found stamped "5519 BLS" for the Southwest corner of said Lot 1, Block 1, continue a total distance of 2,004.80 feet to the **POINT OF BEGINNING**, containing 1,194,941 square feet or 27.432 acres of land, more or less.

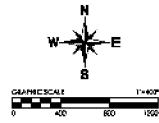
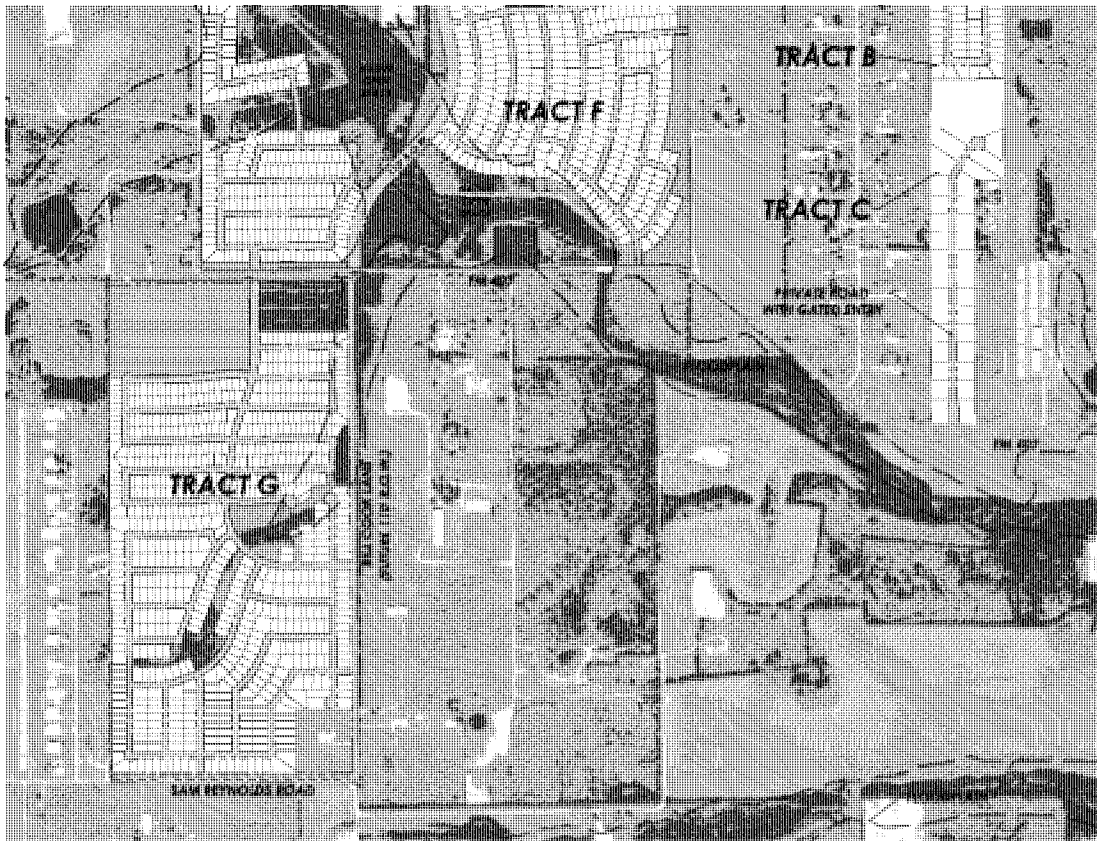
Bearings are referenced to Texas State Plane Coordinate System, North Central Zone (4202), North American Datum of 1983 as derived from GPS observation.

EXHIBIT B PROPERTY MAP



EXHIBIT C CONCEPT PLAN





LEGEND





- 50' X 110' LOTS
- 60' X 120' LOTS
- 1/2 ACRE LOTS (MIN. 100' WIDE)
-  AMENITY CENTER
-  OPEN SPACE / PUBLIC PARK
-  SCHOOL SITE
-  COMMERCIAL

EXHIBIT "C"
 LOCATED IN
 DENTON COUNTY, TEXAS
 MARCH, 2021

SHEET 2 OF 2

PREPARED BY:
GOODWIN MARSHALL
 CIVIL ENGINEERS - PLANNERS - SURVEYORS
 10000 W. PARKWAY, SUITE 1000
 FORT WORTH, TEXAS 76132
 WWW.GOODWINMARSHALL.COM

PREPARED FOR:
BLOOMFIELD HOMES, LP
 1000 E. HWY 114, SUITE 210
 SOUTHPLAGE, TX 76080
 (817) 416-1372

PREPARED FOR:
Royal Crest
 ROYAL CREST PROPERTIES, LLC
 3441 WEST CEM ROAD, SUITE 404
 FORT WORTH, TX 76104

COMPILED 11/2021. ALL RIGHTS RESERVED BY GOODWIN & MARSHALL, L.L.C. ©2021

11/2021 11/2021 11/2021 11/2021 11/2021 11/2021 11/2021 11/2021 11/2021 11/2021

**EXHIBIT D
DEVELOPMENT CONDITIONS**

CONDITIONS FOR DEVELOPMENT AGREEMENT

PD ZONING RESIDENTIAL STANDARDS	
Lot Size (Minimum)	
Lot Area (sq. ft.)	5,500
Lot Width (feet)	50*
Lot Width of Corner Lots (feet)	55*
Lot Depth (feet)	110**
Dwelling Regulations (Minimum Square Footage)	
Minimum Dwelling Floor Area	1,600***
Yard Requirements	
Front Yard minimum (feet)	20
Side Yard minimum (feet)	5
Side Yard of Corner Lots minimum (feet)	10
Side Yard of Corner Lots (feet) on key lots	20
Rear Yard minimum (feet)	15****
Lot Coverage Main Structure	50%
Home Requirements	
Main Structure maximum Height (feet)	40
Accessory Structure Height maximum (feet)	14
Masonry Percentage minimum	70%
Roof Pitch Minimum	6:12

*Lot Width for curvilinear lots shall be measured at the tangent of the curve at the front setback of the lot.

** Lot Depths for cul-de-sacs and knuckles may be less than minimum depth, while maintaining the minimum lot area (5,500 SF).

*** No more than 25% of dwelling units may be less than 2,000 S.F.

****Rear Yard setbacks for lots on cul-de-sacs and knuckles shall be 10' minimum.

SPECIAL CONDITIONS:

1. Three-tab roofing shall not be permitted.
2. No alleys shall be required and garage doors may face the street.
3. Developer shall install a minimum 6-foot masonry wall or a minimum 6-foot high decorative iron fence with living screen where lots back to a roadway with a 4-foot sidewalk back of curb. Lots which back onto parkland or open space shall provide a minimum 4-foot high decorative iron fence of uniform design. Lots which back onto park land shall provide a decorative iron fence of uniform design to be approved by the Owners and be installed by the homebuilder.

4. Hike & Bike Trails may be installed in the Flood Plain and Flood Way.
5. Homes shall be set back a minimum 150 feet from existing well heads.
6. Any trees in right-of-ways, easements, house pads, within 10 feet from any house pad, and future roads shall not be mitigated. Any trees planted on lots, medians, landscape buffers, and private or public open space should count for mitigated trees.
7. The only City Fees that will be paid with this project will be water fees and sewer fees (except to the extent waived pursuant to the Development Agreement), inspection fees, certificate of occupancy fees and building fees.
8. Water services shall be allowed to tap 12-inch diameter or smaller water lines.
9. Roll over curbs will be allowed.
10. All lot purchasers will be required by deed to be members of a Property Owners Association.
11. Type B Lot-to-Lot drainage split from the front or rear pad of the upstream lot will be allowed with defined side yard swales.
12. The concept plan attached as Exhibit "C" shall serve as the Preliminary Plat.
13. The owner reserves the right to modify the lot mix, street configuration, and layout for the development as presented on Exhibit "C" through the preliminary plat and final plat process, allowing up to a 10% increase or reduction in density for the single-family residential lots.

COMMERCIAL/RETAIL

As indicated on **Exhibit "C"**, the property indicated as commercial will conform to the **GENERAL BUSINESS & LOCAL RETAIL** zoning districts within the current City of Justin Zoning Ordinance. Uses, buildings, and structures within the commercial/retail parcels shall comply with Sections 12.900, 12.1000, 12.1006 and 12.1007 of the City of Justin Municipal Code for area, height, width, masonry construction, and design standards.

In addition to the approved uses listed for **GENERAL BUSINESS & LOCAL RETAIL**, the portions of the parcels along F.M. 407 divided by the north-south 110' Right-of-Way, shall allow the use and dedication of private open space for entry features and related landscaping to be maintained by the Property Owners Association as necessary.

EXHIBIT E
STREET STANDARDS

The Subdivision Regulations shall apply to the development of the Property, except as modified as follows:

Tract F 110' R.O.W. coming off FM 407 (the "FM 407 Arterial Road") shall be two interior lanes (15 feet wide) and dedicated 12 foot left turn lanes with 110 feet of dedicated right-of-way for future expansion to the exterior of the road. All paving or other improvements for the 110' R.O.W. Road shall be financed by Assessments or the proceeds of PID Bonds to the extent allowed by law. The additional right-of-way necessary for the FM 407 Arterial Road shall also be financed by PID Assessments or the proceeds of PID Bonds to the extent allowed by law.

Tract G 110' R.O.W. Half Street improvements and right-of-way dedication for Bill Cook Lane along the eastern side of Tract G shall be 24' B-B for two 12 foot lanes. The owner shall dedicate 55 feet of right-of-way along the eastern side of Tract G from the existing center line of Bill Cook Lane. All paving or other improvements for the 110' R.O.W. Half Street shall be financed by Assessments or the proceeds of PID Bonds to the extent allowed by law. Additional right-of-way necessary for the intersection with FM 407 including pavement improvements for auxiliary lanes shall also be financed by PID Assessments or the proceeds of PID Bonds to the extent allowed by law.

60' R.O.W. through Tracts A and F shall be 37' B-B for two 12 foot lanes with a 12 foot center two way left turn lane. All paving or other improvements for the 60' R.O.W. road shall be financed by Assessments or the proceeds of PID Bonds to the extent allowed by law.

Owner shall dedicate 30' Feet for half of the Sam Reynolds Road right-of-way dedication along the south side of Tract G. No offsite improvements for Sam Reynolds Road shall be required as part of the development of Tract G.

In constructing the roads subject to the Agreement, the Owner shall comply with any applicable standards of the City, the County, the State of Texas, and the United States of America (including any agency thereof) with respect to safety requirements and compliance with the Americans with Disabilities Act in force at the time of construction of such road.

EXHIBIT F
WATER AND SEWER STANDARDS

The Subdivision Regulations shall apply to the development of the Property, except as modified as follows:

The Subdivision Regulations of the City of Justin shall apply to development of the Property, except as modified as follows:

All water and sanitary sewer plans shall comply with the City's water and sewer Master Plan and be approved by the City Engineer or designee.

All water and sanitary sewer plans, specifications, and construction shall comply with Texas Commission on Environmental Quality requirements 30 TAC Chapter 290, Subchapter D; Rules and Regulations for Public Water Systems (as amended) and Chapter 217: Design Criteria for Domestic Wastewater Systems (as amended)

WATER

Water lines designated as transmission lines 12" and larger located along FM 407, arterial, or collector roads that will benefit a larger service area for the City of Justin to be determined by detailed engineering analysis shall receive impact fee waivers, or city cost participation for upsizing. All other water lines 12" and smaller internal to the property shall be financed by Assessments or the proceeds of PID Bonds to the extent it is sized to provide service to the Property.

The twelve inch on-site water lines may be tapped to serve the Property.

SEWER

Sewer transmission lines along FM 407, streams, draws, force mains, or lift stations that will benefit a larger service area for the City of Justin to be determined by detailed engineering analysis shall receive impact fee waivers, or city cost participation for upsizing. All sewer lines internal to the property, not designated as transmission lines shall be financed by Assessments or the proceeds of PID Bonds to the extent allowed by law.

All sewer lines internal to the properties not considered transmission lines shall be financed by Assessments or the proceeds of PID Bonds to the extent allowed by law.

**EXHIBIT G
MISCELLANEOUS CONDITIONS**

Gas Wells

Must be set back at least 150 feet from existing well heads, homes and parks, and screened in compliance with the City's ordinances.

Park Land, Hike & Bike Trails

Owner shall offer park land for dedication in the final plat to the City in accordance with the City's park dedication requirements in effect as of the Effective Date and the Owner's development plan, in the Owner's sole discretion. Concrete hike and bike trails shall be installed at a width of 6' in the flood plain and flood way, along one side of any arterial or collector roadways, and other open space areas as determined by the Owner. The concrete hike and bike trails shall be paid for with Assessments on the Property within the PIDs to the extent allowed by law.

Screening

Owner shall, at Owner's sole discretion, install a 6-foot high masonry screening wall or wrought iron fence with living screen where lots back to a roadway, with a 4-foot sidewalk. Lots which back onto park land or open space shall provide a decorative iron fence of uniform design.

Development Fees

Pay all development fees including but not limited to: Zoning Fees, Plat Review Fees, Plan Review Fees, residential construction fees and inspection fees.

Municipal Site

Owner will negotiate the land conveyance to the City for construction of water towers or pump stations, fire stations, or other municipal needs as deemed necessary to provide city services to the property. The land that is conveyed shall be agreed to by the City. The school sites shall be negotiated with the Northwest Independent School District. Sites not acquired may be planned with the highest density lot size designation or as determined by the Owner.

Entry Features/Monumentation

Entry features, landscaping, and monumentation to identify the development may be installed within public right-of-way and medians. The homeowner's association shall be responsible for maintenance for these improvements within public right-of-way.

At-Risk Grading Permits

Early or At-Risk Grading shall be permitted by the Owner upon review and approval of mass grading and erosion control plans by staff. Any revisions to earthwork based on changes or conditions of final design shall be the responsibility of the Owner.

Early Building Permits

Building Permit applications and approvals shall be allowed upon substantial completion of paving improvements and operation of the water system for basic fire protection. No Certificate of Occupancy will be issued by the City, until such time as the subdivision improvements have been accepted by the City, and the maintenance bonds for the public improvements have been issued.

**EXHIBIT H
ESTIMATED COSTS OF WATER TOWER FACILITIES**

**Bloomfield Homes
Timberbrook Pump Station
Preliminary Engineer's Statement of Probable Cost
3/10/2021**

Pump Station, Ground Storage and Elevated Tank					
Item	Description	Quantity	Unit	Unit Price	Total Price
1	1,000,000 Gallon Elevated Storage Tank (180' Composite)	1	LS	\$2,800,000	\$2,800,000
2	4.2 MGD Pump Station	1	LS	\$3,400,000	\$3,400,000
3	1.0 MG Ground Storage Tank	1	LS	\$1,000,000	\$1,000,000
Construction Subtotal					\$7,200,000
Contingency				20%	\$1,440,000
Construction Total					\$8,640,000
Surveying					\$0
Geotechnical Engineering					\$0
Electrical Engineering					\$84,000
Engineering					\$820,000
General Consulting / Coordination					\$50,000
Inspection / Contract Administration					\$25,000
Inspection (Steel & Coating)					\$11,000
Total					\$9,630,000



Robert T. Childress III
3/10/21

APPENDIX G

FORM OF IMPROVEMENT AREA #1 CONSTRUCTION, FUNDING, AND ACQUISITION AGREEMENT

THIS PAGE IS LEFT BLANK INTENTIONALLY.

**TIMBERBROOK PUBLIC IMPROVEMENT DISTRICT NO. 2 IMPROVEMENT AREA
#1 CONSTRUCTION, FUNDING, AND ACQUISITION AGREEMENT**

THIS TIMBERBROOK PUBLIC IMPROVEMENT DISTRICT NO. 2 IMPROVEMENT AREA #1 CONSTRUCTION, FUNDING, AND ACQUISITION AGREEMENT (this “Agreement”), dated as of March 28, 2024, is by and between the **CITY OF JUSTIN, TEXAS**, a home-rule municipality of the State of Texas (the “City”), and **BLOOMFIELD HOMES, L.P.**, a Texas limited partnership, (the “Developer”).

**ARTICLE I
DEFINITIONS**

The following terms shall have the meanings ascribed to them in this Article I for purposes of this Agreement. Unless otherwise indicated, any other terms, capitalized or not, when used herein shall have the meanings ascribed to them in the Indenture (as hereinafter defined).

“**Act**” means the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended.

“**Actual Costs**” means the costs of the Improvement Area #1 Projects actually paid or incurred for construction and installation of the Improvement Area #1 Projects in accordance with the Service and Assessment Plan.

“**Administrator**” means, initially, P3 Works, LLC, or any other individual or entity designated by the City to administer the District.

“**Annual Service Plan Update**” means the annual update to the Service and Assessment Plan conducted by the Administrator pursuant to the Service and Assessment Plan and approved by ordinance adopted by the City.

“**Assessments**” shall have the meaning given to it in the Indenture.

“**Authorized Improvements**” means improvements authorized by Section 372.003(b) of the Act.

“**Bond Ordinance**” means the ordinance adopted by the City Council on March 28, 2024 authorizing the issuance of the Bonds pursuant to the Indenture.

“**Bonds**” means the City’s bonds designated "City of Justin, Texas, Special Assessment Revenue Bonds, Series 2024 (Timberbrook Public Improvement District No. 2 Improvement Area #1 Project)".

“**Budgeted Costs**” means the anticipated, agreed upon costs of the Improvement Area #1 Projects as shown in Exhibit B-1 of the Service and Assessment Plan.

“Certification for Payment” means a certificate, substantially in the form of **Exhibit B** hereto or such other form agreed to by the Developer, the Administrator and the City Representative, executed by an engineer, construction manager or other person or entity acceptable to the City, as evidenced by the signature of a City Representative, provided no more frequently than once per each month to the City Representative and the Trustee, specifying the amount of work performed and the amount charged for that work, including materials and labor costs, presented to the Trustee to request payment for Actual Costs of Improvement Area #1 Projects under the Indenture.

“City Inspector” means an individual employed by or an agent of the City whose job is, in part or in whole, to inspect infrastructure to be owned by the City for compliance with all rules and regulations applicable to the development and the infrastructure inspected.

“City Manager” means the City Manager of the City, or its designee.

“City Representative” means the City Manager, or any other official or agent of the City later authorized by the City to undertake the action referenced herein.

“Closing Disbursement Request” means the certificate, substantially in the form of **Exhibit A** hereto or such other form agreed to by the Developer, Administrator, and City Representative, executed by an engineer, construction manager or other person or entity acceptable to the City, as evidenced by the signature of a City Representative, specifying the amounts to be disbursed for the costs related to the creation of the District.

“Construction Contracts” means the contracts for the construction of an Improvement Area #1 Project. **“Construction Contract”** means any one of the Construction Contracts.

“Costs” means the Budgeted Costs or the Actual Costs of an Improvement Area #1 Project as reflected in a Construction Contract, if different than the Budgeted Costs.

“Costs of Issuance Account” means the account of such name in the Project Fund created under Section 6.1 of the Indenture.

“Cost Overrun” means, with respect to each Improvement Area #1 Project, the Actual Cost, as appropriate, of such Improvement Area #1 Project in excess of the Budgeted Cost.

“Cost Underrun” has the meaning assigned such term in Section 4.04 hereof

“Development Agreement” means that certain Development Agreement between the City, Justin Timberbrook, LLC, Royal Crest Properties, LLC and the Developer, effective as of May 10, 2021 and as the same may be amended from time to time.

“District” shall mean the Timberbrook Public Improvement District No. 2 created February 8, 2024.

“Final Completion” means completion of an Improvement Area #1 Project in compliance with existing City standards for dedication under the City’s ordinances and the Development Agreement.

“Improvement Area #1” means the initial improvement area to be developed and generally shown in Appendix A to the Service and Assessment Plan, as specifically depicted and described as the sum of all parcels shown in Exhibit F-1 to the Service and Assessment Plan.

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

“Improvement Area #1 Projects” mean (i) the pro rata portion of the Major Improvements allocable to Improvement Area #1, and (ii) the Improvement Area #1 Improvements.

“Improvement Area #1 Projects Account” means the account of such name in the Project Fund created under Section 6.1 of the Indenture.

“Indenture” means that certain Indenture of Trust between the City and Wilmington Trust, National Association, as trustee, dated as of April 1, 2024 relating to the Bonds.

“Major Improvements” means the Authorized Improvements which benefit all of the property within the District and as described in Section III.A of the Service and Assessment Plan.

“Plans” means the plans, specifications, schedules and related construction contracts for the Improvement Area #1 Projects, respectively, approved pursuant to the applicable standards, ordinances, procedures, policies and directives of the City, the Development Agreement, and any other applicable governmental entity.

“Project Fund” means the fund, including the accounts created and established under such fund, where monies from the proceeds of the sale of the Bonds, excluding those deposited in other funds in accordance with the Indenture, shall be deposited, and the fund by such name created under the Indenture.

“Service and Assessment Plan” means the Timberbrook Public Improvement District No. 2 Service and Assessment Plan adopted by a City ordinance on March 28, 2024 by the City Council, prepared pursuant to the Act.

“Substantial Completion” means the time at which the construction of an Improvement Area #1 Project (or specified segment, section or part thereof) has progressed to the point where such Improvement Area #1 Project (or a specified segment, section or part thereof) is sufficiently complete in accordance with the Construction Contracts related thereto so that such Improvement

Area #1 Project (or a specified segment, section or part thereof) can be utilized for the purposes for which it is intended.

ARTICLE II RECITALS

Section 2.01. The District and the Improvement Area #1 Projects.

(a) The City has created the District under the Act for the financing of, among other things, the acquisition, construction and installation of the Improvement Area #1 Projects.

(b) The City has authorized the issuance of the Bonds in accordance with the provisions of the Act, the Bond Ordinance and the Indenture, the proceeds of which Bonds shall be used, in part, to finance a portion of the Improvement Area #1 Projects in accordance with the terms and limitations of the Indenture, the Development Agreement, this Agreement, and the Service and Assessment Plan.

(c) All Improvement Area #1 Projects are eligible to be financed with proceeds of the Bonds and the Assessments to the extent specified herein.

(d) The proceeds from the issuance and sale of the Bonds shall be deposited in accordance with the Indenture.

(e) The Developer will undertake, oversee, or ensure the construction and development of the Improvement Area #1 Projects for acquisition and acceptance by the City, in accordance with the terms and conditions contained in the Development Agreement and this Agreement.

Section 2.02. Agreements. In consideration of the mutual promises and covenants set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Developer agree that the foregoing recitals, as applicable to each, are true and correct and further make the agreements set forth herein.

ARTICLE III FUNDING

Section 3.01. Bonds.

(a) The City, in connection with this Agreement, is proceeding with the issuance and delivery of the Bonds.

(b) The projects to be financed in part with the proceeds of the Bonds are the Improvement Area #1 Projects. The payment of Costs from the proceeds of the Bonds for such Improvement Area #1 Projects shall be made from the Improvement Area #1 Projects Account of the Project Fund established under the Indenture.

(c) The City's obligation with respect to the payment of the Costs of the Improvement Area #1 Projects shall be limited to the lesser of the Actual Costs or Budgeted Costs, and shall be payable solely from amounts on deposit for the payment of such Costs as provided herein and in the Indenture. The Developer agrees and acknowledges that it is responsible for all Cost Overruns and all expenses related to the Improvement Area #1 Projects, qualified, however, by the distribution of Cost Underrun monies, as detailed in Section 4.04.

(d) The City shall have no responsibility whatsoever to the Developer with respect to the investment of any funds held in the Project Fund by the Trustee under the provisions of the Indenture, including any loss of all or a portion of the principal invested or any penalty for liquidation of an investment.

(e) The Developer acknowledges that any lack of availability of amounts in the funds or accounts established in the Indenture to pay the Costs of the Improvement Area #1 Projects shall in no way diminish any obligation of the Developer with respect to the construction of or contributions for the Improvement Area #1 Projects required by this Agreement, the Development Agreement, or any other agreement to which the Developer is a party or any governmental approval to which the Developer or any land within the District is subject.

Section 3.02 Funds and Accounts. All disbursements from the Improvement Area #1 Projects Account of the Project Fund shall be made by the City in accordance with provisions of the Development Agreement, the Service and Assessment Plan, this Agreement and the Indenture.

ARTICLE IV CONSTRUCTION OF THE IMPROVEMENT AREA #1 PROJECTS

Section 4.01. Duty of Developer to Construct.

(a) All Improvement Area #1 Projects shall be constructed by or at the direction of the Developer in accordance with the Plans and in accordance with this Agreement and the Development Agreement. The Developer shall perform, or cause to be performed, all of its obligations and shall conduct, or cause to be conducted, all operations with respect to the construction of Improvement Area #1 Projects in a good, workmanlike and commercially reasonable manner, with the standard of diligence and care normally employed by duly qualified persons utilizing their commercially reasonable efforts in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken. The Developer shall employ at all times adequate staff or consultants with the requisite experience necessary to administer and coordinate all work related to the design, engineering, acquisition, construction and installation of all Improvement Area #1 Projects, to be acquired and accepted by the City, from the Developer as provided in this Agreement.

(b) The Developer shall not be relieved of its obligation to construct or cause to be constructed each Improvement Area #1 Project and, upon completion, inspection, and acceptance, convey each such Improvement Area #1 Project to the City, in accordance with the terms hereof,

even if there are insufficient funds in the Project Fund or other funds or account created under the Indenture to pay the Actual Costs thereof. In any event, this Agreement shall not affect any obligation of the Developer under any other agreement to which the Developer is a party or any governmental approval to which the Developer or any land within the District is subject, with respect to the Improvement Area #1 Projects required in connection with the development of the land within the District.

Section 4.02. No Competitive Bidding. The Improvement Area #1 Projects shall not require competitive bidding pursuant to Section 252.022(a)(9) of the Texas Local Government Code, as amended.

Section 4.03. Independent Contractor. In performing this Agreement, the Developer is an independent contractor and not the agent or employee of the City with respect to the Improvement Area #1 Projects.

Section 4.04. Remaining Funds After Completion of an Improvement Area #1 Project. Upon the Final Completion of any Improvement Area #1 Project (or any segment or section thereof) and payment of all outstanding invoices for such Improvement Area #1 Project (or segment or section thereof), if the Actual Cost of such Improvement Area #1 Project (or segment or section thereof) is less than the Budgeted Cost of such Improvement Area #1 Project (a “Cost Underrun”), any remaining Budgeted Cost may be made available to pay Cost Overruns on any other Improvement Area #1 Project, including Improvement Area #1 Projects in a different improvement category shown in the Service and Assessment Plan. Any Cost Underrun for any Improvement Area #1 Project is available to pay Cost Overruns on any other Improvement Area #1 Project. If, upon Final Completion of all Improvement Area #1 Projects in any improvement category, there are funds remaining in any improvement categories, those funds can then be used to reimburse the Developer for any qualifying costs of Improvement Area #1 Projects that have not been previously paid.

The Administrator shall confirm that such remaining amounts are available to pay such Cost Overruns, and the Developer, the Administrator and the City Representative shall promptly agree on how to apply such moneys to the costs of other Improvement Area #1 Projects. The use of such moneys shall be included in the next Annual Service Plan Update.

Section 4.05. Contracts and Change Orders. The Developer shall be responsible for entering into all contracts and any supplemental agreements (herein referred to as “change orders”) required for the construction of the Improvement Area #1 Projects. Developer or its contractors may approve and implement any change orders, even if such change order would increase the Cost of an Improvement Area #1 Project, but the Developer shall be solely responsible for payment of any Cost Overruns resulting from such change orders except to the extent amounts are available pursuant to Section 4.04. If any change order is for work that requires changes to be made by an engineer to the construction and design documents and plans previously approved under Section

4.01, then such revisions made by an engineer must be submitted to the City for approval by the City's engineer prior to execution of the change order.

ARTICLE V ACQUISITION, CONSTRUCTION, AND PAYMENT

Section 5.01. Payment Requests for Disbursements at Closing. In order to receive the disbursement from the Costs of Issuance Account of the Project Fund or the Improvement Area #1 Projects Account of the Project Fund at closing of the Bonds, related to costs of issuance of the Bonds or costs incurred in the creation of the District, the Developer shall execute a Closing Disbursement Request, substantially in the form of **Exhibit A** hereto or otherwise acceptable and agreed to by the City, to be delivered to the City no less than five (5) business days prior to the scheduled Closing Date for the Bonds for payment in accordance with the provisions of the Indenture. In order to receive the disbursement for an Improvement Area #1 Project from the Improvement Area #1 Projects Account of the Project Fund at closing of the Bonds, the Developer shall execute a Certification for Payment, substantially in the form of **Exhibit B** hereto or otherwise agreed to by the City, to be delivered to the City no later than five (5) business days prior to the scheduled Closing Date for the Bonds for payment in accordance with the provisions of the Indenture. Upon approval by the City, the City shall submit a Closing Disbursement Request or a Certification for Payment, as applicable, to the Trustee for disbursement to be made from the Costs of Issuance Account of the Project Fund or the Improvement Area #1 Projects Account of the Project Fund, as applicable.

Section 5.02. Certification for Payment for an Improvement Area #1 Project.

(a) No payment hereunder shall be made from the Project Fund to the Developer for work on an Improvement Area #1 Project until a Certification for Payment is received from the Developer. Upon receipt of a Certification for Payment substantially in the form of **Exhibit B** hereto (and all accompanying documentation required by the City) from the Developer, the City Inspector shall conduct a review in order to confirm that such request is complete, that the work with respect to such Improvement Area #1 Project identified therein for which payment is requested was completed in accordance with all applicable governmental laws, rules and regulations and applicable Plans therefor and with the terms of this Agreement, the Development Agreement, and to verify and approve the Actual Cost of such work specified in such Certification for Payment (collectively, the "Developer Compliance Requirements"). The City Inspector and/or the City Representative shall also conduct such review as is required in his discretion to confirm the matters certified in the Certification for Payment. The Developer agrees to cooperate with the City Inspector and/or City Representative in conducting each such review and to provide the City Inspector and/or City Representative with such additional information and documentation as is reasonably necessary for the City Inspector and/or City Representative to conclude each such review.

(b) Within fifteen (15) business days of receipt of any Certification for Payment, the City Representative shall either (i) approve and execute the Certification for Payment and forward the same to the Administrator for approval and delivery to the Trustee for payment to the Developer in accordance with Section 5.03(a) hereof or (ii) in the event the City Representative disapproves the Certification for Payment, give written notification to the Developer of the City Representative's disapproval, in whole or in part, of such Certification for Payment, specifying the reasons for such disapproval and the additional requirements to be satisfied for approval of such Certification for Payment. If a Certification for Payment seeking reimbursement is approved only in part, the City Representative shall specify the extent to which the Certification for Payment is approved and shall deliver such partially approved Certification for Payment to the Administrator for approval in accordance with Section 5.03 hereof and delivery to the Developer in accordance with Section 5.02(c) hereof, and any such partial work shall be processed for payment under Section 5.03 notwithstanding such partial denial.

(c) If the City Representative denies the Certification for Payment, the denial must be in writing, stating the reason(s) for denial. The denial may be appealed to the City Council by the Developer in writing within thirty (30) days of being denied by the City Representative. Denial of the Certification for Payment by the City Council shall be attempted to be resolved by half-day mediation between the parties in the event an agreement is not otherwise reached by the parties, with the mediator's fee being paid by Developer. The Certification for Payment shall not be forwarded to the Trustee for payment until the dispute is resolved by the City and the Developer.

(d) The Developer shall deliver the approved or partially approved Certification for Payment to the Trustee for payment and the City shall direct the Trustee to make such payment from the Project Fund in accordance with Section 5.03 below.

Section 5.03. Payment for Improvement Area #1 Project.

(a) Upon receipt of a reviewed and approved Certification for Payment, the Trustee shall make payment from the Improvement Area #1 Projects Account of the Project Fund pursuant to the terms of the Certification for Payment and the Indenture in an amount not to exceed the Budgeted Cost for the particular Improvement Area #1 Project, unless a Cost Overrun amount has been approved for a particular Improvement Area #1 Project. If a Cost Overrun amount has been approved, then the amount reimbursed shall not exceed the Budgeted Amount plus the approved Cost Overrun amount.

(b) Approved Certifications for Payment that await reimbursement shall not accrue interest.

(c) Notwithstanding any other provisions of this Agreement, when payment is made, the City shall direct the Trustee to make payment directly to the general contractor or supplier of materials or services or jointly to Developer (or any permitted assignee of such Developer) and

the general contractor or supplier of materials or services, as indicated in an approved Certification for Payment, out of available and appropriate funds in the Project Fund. If the request for payment results in ninety percent (90%) or more of the Budgeted Costs for such Improvement Area #1 Project identified in such request for payment being paid, then the City shall direct the Trustee to hold the payment until work with respect to that Improvement Area #1 Project has been completed and accepted by the City. If an unconditional lien release related to the items referenced in the Certification for Payment is attached to such Certification for Payment, the City shall direct the Trustee to make such payment to the Developer or any permitted assignee of the Developer. In the event the Developer provides a general contractor's or supplier of materials' unconditional lien release for a portion of the work covered by a Certification for Payment, the City shall direct the Trustee to make such payment directly to the Developer or any permitted assignee of the Developer to the extent of such lien release.

(d) Withholding Payments.

Nothing in this Agreement shall be deemed to prohibit the Developer or the City from contesting in good faith the validity or amount of any mechanics or materialman's lien and/or judgment nor limit the remedies available to the Developer or the City with respect thereto, including the withholding of any payment that may be associated with the exercise of such remedy, so long as such delay in performance shall not subject the Improvement Area #1 Project to foreclosure, forfeiture, or sale. In the event that any such mechanics or materialman's lien and/or judgment with respect to any Improvement Area #1 Project is contested, the Developer shall post or cause delivery of a surety bond in the amount determined by the City or City may decline to accept the Improvement Area #1 Projects until such mechanics or materialman's lien and/or judgment is satisfied.

ARTICLE VI
OWNERSHIP AND TRANSFER OF IMPROVEMENT AREA #1 PROJECT

Section 6.01. Improvement Area #1 Project to be Owned by the City– Title Evidence. If required by the City, the Developer shall furnish to the City a preliminary title report for land with respect to an Improvement Area #1 Project to be acquired and accepted by the City from the Developer and not previously dedicated or otherwise conveyed to the City for review and approval at least thirty (30) calendar days prior to the transfer of title of an Improvement Area #1 Project to the City. The City shall approve the preliminary title report unless it reveals a matter which, in the reasonable judgment of the City, could materially affect the City's clean title or use and enjoyment of any part of the property or easement covered by the preliminary title report. In the event the City does not approve the preliminary title report, the City shall not be obligated to accept title to the Improvement Area #1 Project until the Developer has cured such objections to title to the satisfaction of the City.

Section 6.02. Improvement Area #1 Project Constructed on City Land or Developer Land. If the Improvement Area #1 Project is on land owned by the City, the City hereby grants to the Developer a license to enter upon such land for purposes related to construction (and maintenance pending acquisition and acceptance) of the Improvement Area #1 Project. If the Improvement Area #1 Project is on land owned by the Developer, the Developer hereby grants to the City an easement to enter upon such land for purposes related to inspection and maintenance (pending acquisition and acceptance) of the Improvement Area #1 Project. The grant of the permanent easement shall not relieve the Developer of any obligation to grant the City title to property and/or easements related to the Improvement Area #1 Project as required by the Development Agreement or as should in the City's reasonable judgment be granted to provide for convenient access to and routine and emergency maintenance of such Improvement Area #1 Project. The provisions for inspection and acceptance of such Improvement Area #1 Project otherwise provided herein shall apply.

ARTICLE VII REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 7.01. Representations, Covenants and Warranties of the Developer. The Developer represents and warrants for the benefit of the City as follows:

(a) Organization. The Developer is a limited partnership duly formed, organized and validly existing under the laws of the State of Texas, is in compliance with the laws of the State of Texas, and has the power and authority to own its properties and assets and to fulfill its obligations in this Agreement and the Development Agreement and to carry on its business in the State of Texas as now being conducted as hereby contemplated.

(b) Authority. The Developer has the power and authority to enter into this Agreement and has taken all action necessary to cause this Agreement to be executed and delivered, and this Agreement has been duly and validly executed and delivered by the Developer.

(c) Binding Obligation. This Agreement is a legal, valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms, subject to bankruptcy and other equitable principles.

(d) Compliance with Law. The Developer shall not commit, suffer or permit any act to be done in, upon or to the lands in the District or the Improvement Area #1 Projects in violation of any law, ordinance, rule, regulation or order of any governmental authority or any covenant, condition or restriction now or hereafter affecting the lands in the District or the Improvement Area #1 Projects.

(e) Requests for Payment. The Developer represents and warrants that (i) it will not request payment from the Project Fund for the acquisition construction or installation of any improvements that are not part of the Costs associated with the Improvement Area #1 Projects,

and (ii) it will diligently follow all procedures set forth in this Agreement with respect to the Certification for Payments.

(f) Financial Records. For a period of two years after completion of the Improvement Area #1 Projects, the Developer covenants to maintain proper books of record and account for the construction of the Improvement Area #1 Projects and all Costs related thereto. Such accounting books shall be maintained in accordance with generally accepted accounting principles, and shall be available for inspection by the City or its agents at any reasonable time during regular business hours on reasonable notice.

(g) Plans. The Developer represents that it has obtained or will obtain approval of the Plans from all appropriate departments of the City and from any other public entity or public utility from which such approval must be obtained. The Developer further agrees that, subject to the terms hereof, the Improvement Area #1 Projects have been or will be constructed in full compliance with such Plans and any change orders thereto consistent with the Act, this Agreement and the Development Agreement. Developer shall provide as-built plans for all Improvement Area #1 Projects to the City.

(h) Additional Information. The Developer agrees to cooperate with all reasonable written requests for nonproprietary information by the initial purchaser of the Bonds, the City Manager and the City Representative related to the status of construction of the Improvement Area #1 Projects within the District, the anticipated completion dates for future improvements and any other matter that the initial purchaser of the Bonds or City Representative deems material to the investment quality of the Bonds.

(i) Continuing Disclosure Agreement. The Developer agrees to provide the information required pursuant to the Continuing Disclosure Agreement of the Developer executed by the Developer in connection with the Bonds.

(j) Tax Certificate. The City will deliver a certificate relating to the Bonds (such certificate, as it may be amended and supplemented from time to time, being referred to herein as the “Tax Certificate”) containing covenants and agreements designed to satisfy the requirements of 26 U.S. Code Sections 103 and 141 through 150, inclusive, and the federal income tax regulations issued thereunder relating to the use of the proceeds of the Bonds or of any monies, securities or other obligations on deposit to the credit of any of the funds and accounts created by the Indenture or this Agreement or otherwise that may be deemed to be proceeds of the Bonds within the meaning of 26 U.S. Code Section 148 (collectively, “Bond Proceeds”).

The Developer covenants to provide, or cause to be provided, such facts and estimates as the City reasonably considers necessary to enable it to execute and deliver its Tax Certificate. The Developer further covenants that (i) such facts and estimates will be based on its reasonable expectations on the date of issuance of the Bonds and will be, to the best of the knowledge of the officers of the Developer providing such facts and estimates, true, correct and complete as of that

date, and (ii) the Developer will make reasonable inquires to ensure such truth, correctness and completeness. The Developer covenants that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use or investment of the Bond Proceeds (including, but not limited to, the use of the Improvement Area #1 Projects) that would cause any of the covenants or agreements of the City contained in the Tax Certificate to be violated or that would otherwise have an adverse effect on the tax-exempt status of the interest payable on the Bonds for federal income tax purposes.

(k) Financial Resources. The Developer represents and warrants that it has the financial resources, or the ability to obtain sufficient financial resources, to meet its obligations under this Agreement, the Service and Assessment Plan and the Development Agreement.

Section 7.02. Indemnification and Hold Harmless. THE DEVELOPER SHALL INDEMNIFY AND HOLD HARMLESS THE CITY INSPECTOR, THE CITY, ITS OFFICIALS, EMPLOYEES, OFFICERS, REPRESENTATIVES AND AGENTS (EACH AN “INDEMNIFIED PARTY”), FROM AND AGAINST ALL ACTIONS, DAMAGES, CLAIMS, LOSSES OR EXPENSE OF EVERY TYPE AND DESCRIPTION TO WHICH THEY MAY BE SUBJECTED OR PUT: (I) BY REASON OF, OR RESULTING FROM THE BREACH OF ANY PROVISION OF THIS AGREEMENT BY THE DEVELOPER; (II) THE NEGLIGENT DESIGN, ENGINEERING, AND/OR CONSTRUCTION BY THE DEVELOPER OR ANY ARCHITECT, ENGINEER OR CONTRACTOR HIRED BY THE DEVELOPER OF ANY OF THE IMPROVEMENT AREA #1 PROJECTS ACQUIRED FROM THE DEVELOPER HEREUNDER; (III) THE DEVELOPER’S NONPAYMENT UNDER CONTRACTS BETWEEN THE DEVELOPER AND ITS CONSULTANTS, ENGINEERS, ADVISORS, CONTRACTORS, SUBCONTRACTORS AND SUPPLIERS IN THE PROVISION OF THE IMPROVEMENT AREA #1 PROJECTS; (IV) ANY CLAIMS OF PERSONS EMPLOYED BY THE DEVELOPER OR ITS AGENTS TO CONSTRUCT THE IMPROVEMENT AREA #1 PROJECTS; OR (V) ANY CLAIMS AND SUITS OF THIRD PARTIES, INCLUDING BUT NOT LIMITED TO DEVELOPER’S RESPECTIVE PARTNERS, OFFICERS, DIRECTORS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, ASSIGNEES, VENDORS, GRANTEEES AND/OR TRUSTEES, REGARDING OR RELATED TO THE IMPROVEMENT AREA #1 PROJECTS OR ANY AGREEMENT OR RESPONSIBILITY REGARDING THE IMPROVEMENT AREA #1 PROJECTS, INCLUDING CLAIMS AND CAUSES OF ACTION WHICH MAY ARISE OUT OF THE SOLE OR PARTIAL NEGLIGENCE OF AN INDEMNIFIED PARTY (THE “CLAIMS”). NOTWITHSTANDING THE FOREGOING, NO INDEMNIFICATION IS GIVEN HEREUNDER FOR ANY ACTION, DAMAGE, CLAIM, LOSS OR EXPENSE DETERMINED BY A COURT OF COMPETENT JURISDICTION TO BE DIRECTLY ATTRIBUTABLE TO THE WILLFUL MISCONDUCT OF ANY INDEMNIFIED PARTY, DEVELOPER IS EXPRESSLY REQUIRED TO DEFEND CITY AGAINST ALL SUCH CLAIMS, AND CITY IS REQUIRED TO REASONABLY COOPERATE AND ASSIST DEVELOPER IN PROVIDING SUCH DEFENSE.

IN ITS REASONABLE DISCRETION, THE CITY SHALL HAVE THE RIGHT TO APPROVE OR SELECT DEFENSE COUNSEL TO BE RETAINED BY THE DEVELOPER IN FULFILLING ITS OBLIGATIONS HEREUNDER TO DEFEND AND INDEMNIFY THE INDEMNIFIED PARTIES, UNLESS SUCH RIGHT IS EXPRESSLY WAIVED BY THE CITY IN WRITING. THE INDEMNIFIED PARTIES RESERVE THE RIGHT TO PROVIDE A PORTION OR ALL OF THEIR/ITS OWN DEFENSE, AT THEIR/ITS SOLE COST; HOWEVER, INDEMNIFIED PARTIES ARE UNDER NO OBLIGATION TO DO SO. ANY SUCH ACTION BY AN INDEMNIFIED PARTY IS NOT TO BE CONSTRUED AS A WAIVER OF THE DEVELOPER'S OBLIGATION TO DEFEND INDEMNIFIED PARTIES OR AS A WAIVER OF THE DEVELOPER'S OBLIGATION TO INDEMNIFY INDEMNIFIED PARTIES, PURSUANT TO THIS AGREEMENT. THE DEVELOPER SHALL RETAIN CITY-APPROVED DEFENSE COUNSEL WITHIN SEVEN (7) BUSINESS DAYS OF WRITTEN NOTICE FROM AN INDEMNIFIED PARTY THAT IT IS INVOKING ITS RIGHT TO INDEMNIFICATION UNDER THIS AGREEMENT. IF THE DEVELOPER FAILS TO RETAIN COUNSEL WITHIN SUCH TIME PERIOD, INDEMNIFIED PARTIES SHALL HAVE THE RIGHT TO RETAIN DEFENSE COUNSEL ON ITS OWN BEHALF, AND THE DEVELOPER SHALL BE JOINTLY AND SEVERALLY LIABLE FOR ALL REASONABLE COSTS INCURRED BY INDEMNIFIED PARTIES.

THIS SECTION 7.02 SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

THE PARTIES AGREE AND STIPULATE THAT THIS INDEMNIFICATION COMPLIES WITH THE CONSPICUOUSNESS REQUIREMENT AND THE EXPRESS NEGLIGENCE TEST, AND IS VALID AND ENFORCEABLE AGAINST THE DEVELOPER.

Section 7.03. Use of Monies by City; Changes to Indenture. The City agrees not to take any action or direct the Trustee to take any action to expend, disburse or encumber the monies held in the Project Fund and any monies to be transferred thereto for any purpose other than the purposes permitted by the Indenture. Prior to the acceptance of all the Improvement Area #1 Projects, the City agrees not to modify or supplement the Indenture without the approval of the Developer if as a result or as a consequence of such modification or supplement: (a) the amount of monies that would otherwise have been available under the Indenture for disbursement for the Costs of the Improvement Area #1 Projects is reduced, delayed or deferred, (b) the obligations or liabilities of the Developer is or may be substantially increased or otherwise adversely affected in any manner, or (c) the rights of the Developer is or may be modified, limited, restricted or otherwise substantially adversely affected in any manner.

Section 7.04. No Reduction of Assessments. The Developer agrees not to take any action or actions to reduce the total amount of such Assessments to be levied as of the effective date of this Agreement.

ARTICLE VIII TERMINATION

Section 8.01. Mutual Consent. This Agreement may be terminated by the mutual, written consent of the City and the Developer, in which event the City may either execute contracts for or perform any remaining work related to the Improvement Area #1 Projects not accepted by the City or other appropriate entity and use all or any portion of funds on deposit in the Project Fund or other amounts transferred to the Project Fund under the terms of the Indenture to pay for same, and the Developer shall have no claim or right to any further payments for the Costs of an Improvement Area #1 Project hereunder, except as otherwise may be provided in such written consent.

Section 8.02. City's Election for Cause.

(a) The City, upon notice to the Developer and the passage of the cure period identified in subsection (b) below, may terminate this Agreement, without the consent of the Developer if the Developer shall breach any material covenant or default in the performance of any material obligation hereunder.

(b) If any such event described in Section 8.02(a) occurs, the City shall give written notice of its knowledge of such event to the Developer, and the Developer agrees to promptly meet and confer with the City Inspector and other appropriate City staff and consultants as to options available to assure timely completion, subject to the terms of this Agreement, of the Improvement Area #1 Projects. Such options may include, but not be limited to, the termination of this Agreement by the City. If the City elects to terminate this Agreement, the City shall first notify the Developer (and any mortgagee or trust deed beneficiary specified in writing by the Developer to the City to receive such notice) of the grounds for such termination and allow the Developer a minimum of 45 days to eliminate or to mitigate to the satisfaction of the City the grounds for such termination. Such period may be extended, at the sole discretion of the City, if the Developer, to the reasonable satisfaction of the City, is proceeding with diligence to eliminate or mitigate such grounds for termination. If at the end of such period (and any extension thereof), as determined reasonably by the City, the Developer has not eliminated or completely mitigated such grounds to the satisfaction of the City, the City may then terminate this Agreement. In the event of the termination of this Agreement, the Developer is entitled to payment for work accepted by the City related to an Improvement Area #1 Project only as provided for under the terms of the Indenture and this Agreement prior to the termination date of this Agreement. Notwithstanding the foregoing, so long as the Developer has breached any material covenant or defaulted in the performance of any material obligation hereunder, notice of which has been given by the City to the Developer, and such event has not been cured or otherwise eliminated by the Developer, the City may in its discretion cause the Trustee to cease making payments for the Actual Costs of Improvement Area #1 Projects, provided that the Developer shall receive payment of the Actual Costs of any Improvement Area #1 Projects that were accepted by the City at the time of the

occurrence of such breach or default by the Developer upon submission of the documents and compliance with the other applicable requirements of this Agreement.

(c) If this Agreement is terminated by the City for cause, the City may either execute contracts for or perform any remaining work related to the Improvement Area #1 Projects not accepted by the City and use all or any portion of the funds on deposit in the Project Fund or other amounts transferred to the Project Fund and the Developer shall have no claim or right to any further payments for the Improvement Area #1 Projects hereunder, except as otherwise may be provided upon the mutual written consent of the City and the Developer. The City shall have no obligation to perform any work related to an Improvement Area #1 Project or to incur any expense or cost in excess of the remaining balance of the Project Fund.

Section 8.03. Termination Upon Redemption or Defeasance of Bonds. This Agreement will terminate automatically and with no further action by the City or the Developer upon the redemption or defeasance of all outstanding Bonds (including any refunding bonds issued to refund the Bonds) issued under the Indenture.

Section 8.04. Construction of the Improvement Area #1 Projects Upon Termination of this Agreement. Notwithstanding anything to the contrary contained herein, upon the termination of this Agreement pursuant to this Article VIII, the Developer shall perform its obligations with respect to the Improvement Area #1 Projects in accordance with this Agreement and the Development Agreement.

Section 8.05. Force Majeure. Whenever performance is required of a party hereunder, that party shall use all due diligence and take all necessary measures in good faith to perform, but if completion of performance is delayed by reasons of floods, earthquakes or other acts of God, war, civil commotion, riots, strikes, picketing or other labor disputes, damage to work in progress by casualty or by other cause beyond the reasonable control of the party (financial inability excepted) (“Force Majeure”), then the specified time for performance shall be extended by the amount of the delay actually so caused. The extension of time to perform allowed by this Section 8.05 shall not apply unless, upon the occurrence of an event of Force Majeure, the party needing additional time to perform notifies the other party of the event of Force Majeure and the amount of additional time reasonably required within ten (10) business days of the occurrence of the event of Force Majeure.

ARTICLE IX MISCELLANEOUS

Section 9.01. Limited Liability of City. The Developer agrees that any and all obligations of the City arising out of or related to this Agreement are special obligations of the City, and the City’s obligations to make any payments hereunder are restricted entirely to the moneys, if any, in the Project Fund and from no other source. Neither the City, the City Inspector, City

Representative nor any other City employee, officer, official or agent shall incur any liability hereunder to the Developer or any other party in their individual capacities by reason of their actions hereunder or execution hereof.

Section 9.02. Audit. The City Inspector, City Representative or a finance officer of the City shall have the right, during normal business hours and upon the giving of three business days' prior written notice to a Developer, to review all books and records of the Developer pertaining to costs and expenses incurred by the Developer with respect to any of the Improvement Area #1 Projects and any bids taken or received for the construction thereof or materials therefor.

Section 9.03. Notices. Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to any party shall be deemed to have been received when personally delivered or transmitted by telecopy or facsimile transmission (which shall be immediately confirmed by telephone and shall be followed by mailing an original of the same within 24 hours after such transmission) or 72 hours following deposit of the same in any United States Post Office, registered or certified mail, postage prepaid, addressed as follows:

To the City:	Attn: City Manager City of Justin, Texas 415 N. College Avenue Justin, Texas 76247
With a copy to:	Boyle & Lowry LLP Attn: Matthew Boyle 4201 Wingren, Suite 108 Irving, Texas 75062
And to:	Attn: Bond Counsel Robert Dransfield Norton Rose Fulbright US LLP 2200 Ross Avenue, Suite 3600 Dallas, Texas 75201-7932

To the Developer: Attn: Don Dykstra
 Bloomfield Homes, L.P.
 1050 E. Highway 114, Suite 210
 Southlake, Texas 76092

With a copy to: Attn: Drew Slone
 Locke Lord LLP
 2200 Ross Avenue
 Suite 2800
 Dallas, Texas 75201

Any party may change its address or addresses for delivery of notice by delivering written notice of such change of address to the other party.

The City shall advise the Developer of the name and address of any person who is to receive any notice or other communication pursuant to this Agreement.

Section 9.04. Severability. If any part of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent possible.

Section 9.05. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto. Any receivables due under this Agreement may be assigned by the Developer without the consent of, but upon written notice to the City pursuant to Section 9.03 of this Agreement. The obligations, requirements, or covenants of this Agreement shall be able to be assigned to an affiliate or related entity of the Developer, or any lien holder on the Property, without prior written consent of the City. The obligations, requirements, or covenants of this Agreement shall not be assigned by the Developer to a non-affiliate or non-related entity of the Developer without prior written consent of the City Manager, except pursuant to a collateral assignment to any person or entity providing construction financing to the Developer for an Improvement Area #1 Project, provided such person or entity expressly agrees to assume all obligations of the Developer hereunder if there is a default under such financing and such Person elects to complete the Improvement Area #1 Project. No such assignment shall be made by the Developer or any successor or assignee of the Developer that results in the City being an “obligated person” within the meaning of Rule 15c2-12 of the United States Securities and Exchange Commission without the express written consent of the City. In connection with any consent of the City, the City may condition its consent upon the acceptability of the financial condition of the proposed assignee, upon the assignee’s express assumption of all obligations of the Developer hereunder and/or upon any other reasonable factor which the City deems relevant in the circumstances. In any event, any such assignment shall be in writing, shall clearly identify the scope of the rights and/or obligations assigned. The City may assign by a separate writing certain rights as described in this Agreement and in the Indenture, to the Trustee and the Developer hereby consents to such assignment.

Section 9.06. Other Agreements. The obligations of the Developer hereunder shall be those of a party hereto and not as an owner of property in the District. Nothing herein shall be construed as affecting the City's or the Developer's rights or duties to perform their respective obligations under other agreements, use regulations, ordinances or subdivision requirements relating to the development of the lands in the District, including the applicable Construction Contracts and the Development Agreement. To the extent there is a conflict between this Agreement and the Development Agreement, the Development Agreement shall control. To the extent there is a conflict between this Agreement and the Indenture, the Indenture shall control.

Section 9.07. Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by any other party, or the failure by a party to exercise its rights upon the default of any other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by such other party with the terms of this Agreement thereafter.

Section 9.08. Merger. No other agreement, statement or promise made by any party or any employee, officer or agent of any party with respect to any matters covered hereby that is not in writing and signed by all the parties to this Agreement shall be binding.

Section 9.09. Parties in Interest. Nothing in this Agreement, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or entity other than the City and the Developer any rights, remedies or claims under or by reason of this Agreement or any covenants, conditions or stipulations hereof, and all covenants, conditions, promises and agreements in this Agreement contained by or on behalf of the City or the Developer shall be for the sole and exclusive benefit of the City and the Developer.

Section 9.10. Amendment. This Agreement may be amended upon agreement of the parties, from time to time in a manner consistent with the Act, the Indenture, and the Bond Ordinance by written supplement hereto and executed in counterparts, each of which shall be deemed an original.

Section 9.11. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

Section 9.12. Effective Date. This Agreement has been dated as of the date first above written solely for the purpose of convenience of reference and shall become effective upon its execution and delivery, on the Closing Date of the Bonds, by the parties hereto. All representations and warranties set forth therein shall be deemed to have been made on the Closing Date of the Bonds.

Section 9.13. Term. The term of this Agreement, other than the provisions contained in Section 7.02, which shall survive the termination of this Agreement, shall be thirty (30) years or upon redemption or defeasance of the Bonds (including any refunding bonds issued to refund the

Bonds) issued under the Indenture. If the Developer defaults under this Agreement or the Development Agreement, this Agreement and the Development Agreement shall not terminate with respect to the Costs of the Improvement Area #1 Projects that have been approved by the City pursuant to a Certification for Payment prior to the date of default.

Section 9.14 No Waiver of Powers or Immunity. The City does not waive or surrender any of its governmental powers, immunities, or rights except as necessary to allow Developer to enforce its remedies under this Agreement.

Section 9.15. Statutory Verifications. The Developer 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 Agreement. As used in such verifications, “affiliate” means an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Agreement, notwithstanding anything in this Agreement to the contrary.

a. Not a Sanctioned Company. The Developer represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Developer and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

b. No Boycott of Israel. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. 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 Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. 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 Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

[Execution pages to follow]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of March 28, 2024.

CITY OF JUSTIN, TEXAS

By: _____
James Clark
Mayor

ATTEST:

Brittany Andrews
City Secretary

(City Seal)

DEVELOPER:

BLOOMFIELD HOMES, L.P.,
a Texas limited partnership

By: Bloomfield Properties, Inc.,
a Texas corporation, its General Partner

By: _____
Donald J. Dykstra, President

Exhibit A

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for Bloomfield Homes, L.P., (the “Developer”) and requests payment from:

[the Costs of Issuance Account of the Project Fund][the Improvement Area #1 Projects Account of the Project Fund] (as defined in the Timberbrook Public Improvement District No. 2 Improvement Area #1 Construction, Funding, and Acquisition Agreement) from Wilmington Trust, National Association, (the “Trustee”) in the amount of _____ DOLLARS (\$ _____) for costs incurred in the establishment, administration, and operation of the Timberbrook Public Improvement District No. 2 (the “District”), as follows:

Closing Costs Description	Cost	PID Allocated Cost
TOTAL		

In connection to the above referenced payments, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Closing Disbursement Request on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The payment requested for the above referenced establishment, administration, and operation of the District at the time of the delivery of the Bonds has not been the subject of any prior payment request submitted to the City.
3. The amount listed for the above itemized costs is a true and accurate representation of the Actual Costs incurred by Developer with the establishment of the District at the time of the delivery of the Bonds, and such costs are in compliance with the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Timberbrook Public Improvement District Improvement Area #1 Construction, Funding, and Acquisition Agreement, the Development Agreement, and the Service and Assessment Plan.
5. All conditions set forth in the Indenture (as defined in the Timberbrook Public Improvement District Improvement Area #1 Construction, Funding, and Acquisition Agreement) for the payment hereby requested have been satisfied.

6. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

Payments requested hereunder shall be made as directed below:

- a. X amount to Person or Account Y for Z goods or services.
- b. Etc.

I hereby declare that the above representations and warranties are true and correct.

BLOOMFIELD HOMES OF TEXAS, L.P.

By: _____

Name: _____

Title: _____

Date: _____

APPROVAL OF REQUEST BY CITY

The City is in receipt of the attached Closing Disbursement Request. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request and shall include said payments in the City Certificate submitted to the Trustee directing payments to be made from the Costs of Issuance Account of the Project Fund or the Improvement Area #1 Projects Account of the Project Fund, as applicable, upon delivery of the Bonds. The City's approval of the Closing Disbursement Request shall not have the effect of estopping or preventing the City from asserting claims under the Timberbrook Public Improvement District No. 2 Improvement Area #1 Construction, Funding and Acquisition Agreement, the Development Agreement, the Service and Assessment Plan, any other agreement between the parties or that there is a defect in an Improvement Area #1 Project.

CITY OF JUSTIN, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

Exhibit B

CERTIFICATION FOR PAYMENT FORM – IMPROVEMENT AREA #1 PROJECTS

CERTIFICATION FOR PAYMENT NO. _____

The undersigned is a lawfully authorized representative for Bloomfield Homes of Texas, L.P., (the “Developer”) and requests payment from the Improvement Area #1 Projects Account of the Project Fund from Wilmington Trust, National Association (the “Trustee”) in the amount of _____ for labor, materials, fees, and/or other general costs related to the construction and installation of the following Improvement Area #1 Projects related to the Timberbrook Public Improvement District No. 2:

[insert specific Improvement Area #1 Project this request is for here]

Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Timberbrook Public Improvement District No. 2 Improvement Area #1 Construction, Funding, and Acquisition Agreement.

In connection with this Certification for Payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certification for Payment on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The payment requested herein for the Improvement Area #1 Project(s) has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.
3. The itemized amounts listed for the Improvement Area #1 Project(s) below are a true and accurate representation of the Actual Costs incurred by Developer with the construction and installation of said Improvement Area #1 Project(s) identified above, and such costs are (i) in compliance with the Timberbrook Public Improvement District No. 2 Improvement Area #1 Construction, Funding, and Acquisition Agreement, and (ii) consistent with the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Timberbrook Public Improvement District No. 2 Improvement Area #1 Construction, Funding, and Acquisition Agreement, the Development Agreement, and the Service and Assessment Plan.
5. All conditions set forth in the Indenture for the payment hereby requested have been satisfied.

6. The work with respect to the Improvement Area #1 Project(s) identified above (or its completed segment, portion or segment) has been completed and the City has inspected or may begin inspection of the Improvement Area #1 Project(s). If this request for payment results in ninety percent (90%) or more of the Budgeted Costs for the Improvement Area #1 Project(s) identified above being paid, then the work with respect to the Improvement Area #1 Project(s) have been completed and the City has inspected AND accepted the Improvement Area #1 Project(s).

7. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

Payments requested are as follows:

Payee / Description of Improvement Area #1 Project	Total Cost of Improvement Area #1 Project	Budgeted Cost of Improvement Area #1 Project	Amount to be paid from Improvement Area #1 Projects Account of the Project Fund

Attached hereto, are receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments or Actual Costs incurred.

Pursuant to the Timberbrook Public Improvement District No. 2 Improvement Area #1 Construction, Funding, and Acquisition Agreement, after receiving this Payment Request, the City is authorized to inspect the Improvement Area #1 Project (or completed segment, portion or segment) and confirm that said work has been completed in accordance with all applicable governmental laws, rules, and Plans.

I hereby declare that the above representations and warranties are true and correct.

BLOOMFIELD HOMES, L.P.

By: _____

Name: _____

Title: _____

Date: _____

APPROVAL OF REQUEST BY CITY

The City is in receipt of the attached Certification for Payment. After reviewing the Certification for Payment, the City approves the Certification for Payment and shall include said payments in the City Certificate submitted to the Trustee directing payments to be made from the appropriate Project Fund account. The City's approval of the Certification for Payment shall not have the effect of estopping or preventing the City from asserting claims under the Timberbrook Public Improvement District No. 2 Improvement Area #1 Construction, Funding, and Acquisition Agreement, the Development Agreement, the Service and Assessment Plan, any other agreement between the parties or that there is a defect in the Improvement Area #1 Projects.

CITY OF JUSTIN, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

APPENDIX H
APPRAISAL

THIS PAGE IS LEFT BLANK INTENTIONALLY.

Integra Realty Resources

Dallas

Appraisal of Real Property

Timberbrook Public Improvement District No. 2, Improvement Area #1 (Phase 7 Project)

A Master-Planned Subdivision

North side of FM-407, west of Timberbrook Parkway

Justin, Denton County, Texas 76247

Prepared For:

FMSbonds, Inc.

Date of the Report:

March 14, 2024

Report Format:

Appraisal Report

IRR - Dallas

File Number: 191-2023-0878



Subject Photographs



Timberbrook Public Improvement District No. 2, Improvement Area #1 (Phase 7 Project)
North side of FM-407, west of Timberbrook Parkway
Justin, Denton County, Texas

Overall Concept Plan





March 14, 2024

Mr. R. R. "Tripp" Davenport, III
Director
FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, TX 75034

SUBJECT: Market Value Appraisal
 Timberbrook Public Improvement District No. 2, Improvement Area #1 (Phase
 7 Project)
 North side of FM-407, west of Timberbrook Parkway
 Justin, Denton County, Texas 76247
 IRR - Dallas File No. 191-2023-0878

Dear Mr. Davenport, III:

Integra Realty Resources – Dallas is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop the following fee simple opinion of value:

- Prospective Market Value As Completed (Timberbrook PID No. 2, IA #1, Phase 7 Project) as of March 31, 2025

The client for the assignment is FMSbonds, Inc., and the intended use is for the underwriting of a proposed public improvement district bond transaction. This appraisal is not for purposes of determining the amount of any assessments to be levied by the City nor is it the basis upon which a determination of the benefit any constructed or installed public improvements will have on properties within Timberbrook Public Improvement District No. 2, Improvement Area #1, Phase 7 Project; provided that it is acknowledged that this appraisal will be included in a limited offering memorandum for PID bonds.

The subject represents a tract of undeveloped land containing an area of 46.162 acres or 2,010,808 square feet which is planned as Improvement Area #1 (Phase 7) within the Timberbrook Public Improvement District No. 2 (the "PID") in the City of Justin, Denton County, Texas. The proposed Improvement Area #1 (Phase 7) project is part of the Timberbrook master-planned development. The PID, including the subject Improvement Area #1 (Phase 7) is zoned under the guidelines of the PD-749 (SF-2), Planned Development-749 (Single-Family 2) District which allows for single-family residential use in the PID according to the approved concept plan. Improvement Area #1 (Phase 7) in the PID is platted and planned to be developed with two typical lot types (119 lots - 50' x 110' or 5,500 square feet and 36 lots - 60' x 120' or 7,200 square feet). All of the lots are designed for front access and are located in the Northwest ISD. Substantial completion of Improvement Area #1 (Phase 7) in the PID is expected by March 31, 2025. The unit mix for the subject phase follows:

Timberbrook PID No. 2, IA #1 (Phase 7)						
Phase	Acres	Density		Typical Lot Dimensions		Expected
		Per Acre	50' x 110'	60' x 120'	Total Lots	Completion Date
7	46.162	3.4	119	36	155	March 31, 2025
			77%	23%	100%	

The appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, and applicable state appraisal regulations.

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis that were used to develop the opinion of value.

Based upon the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, the concluded opinion of value is as follows:

Value Conclusion			
Premise	Interest Appraised	Date of Value	Value Conclusion
Prospective Market Value As Completed	Fee Simple	March 31, 2025	\$15,100,000



Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. All information relative to the subject property including land areas, lot totals, lot sizes, and other pertinent data that was provided by GM Civil Engineering & Surveying, Bloomfield Homes, LP (developer/owner), the city of Justin, and the Denton Central Appraisal District is assumed to be correct.
2. The subject is proposed construction. Therefore, this report contains a prospective opinion of value. As such, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable events that alter market conditions prior to this prospective effective date.
3. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of March 31, 2025, the effective appraisal date.
4. The value presented within this report is prospective in nature. As such, we assume that local and regional lending institutions appear to remain active within the subject's market for specific projects. Therefore, we specifically assume that the financial markets will continue to function in a competitive, efficient fashion.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

The opinions of value expressed in this report are based on estimates and forecasts which are prospective in nature and subject to considerable risk and uncertainty. Events may occur which could cause the performance of the property to differ materially from the estimates contained herein, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, the concluded opinions and forecasts are based partly on data obtained from interviews and third-party sources, which are not always completely reliable. Although the findings are considered reasonable based on available evidence, IRR is not responsible for the effects of future, unforeseen occurrences.



Mr. R. R. "Tripp" Davenport, III
FMSbonds, Inc.
March 14, 2024
Page 4

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

Integra Realty Resources - Dallas



Shelley Sivakumar
Director
State Licensed Real Estate Appraiser
Texas Certificate # TX 1333354-L
Telephone: (972) 696-0687
Email: ssivakumar@irr.com



Jimmy H. Jackson, MAI
Senior Managing Director
Certified General Real Estate Appraiser
Texas Certificate # TX 1324004-G
Telephone: (972) 725-7724
Email: jhackson@irr.com



Ernest Gatewood
Senior Director
Certified General Real Estate Appraiser
Texas Certificate # TX 1324355 G
Telephone: (972) 725-7755
Email: egatewood@irr.com



Table of Contents

Quality Assurance	1	Highest and Best Use	57
Executive Summary	2	Valuation	59
Identification of the Appraisal Problem	5	Valuation Methodology	59
Subject Description	5	Sales Comparison Approach	60
Sale History	5	50' Frontage Lots (50' x 110'; 5,500 SF)	61
Pending Transactions	6	60' Frontage Lots (60' x 120'; 7,200 SF)	69
Appraisal Purpose	6	Summary of Land Values	77
Value Type Definitions	6	Cumulative Retail Lot Value	78
Appraisal Premise Definitions	7	Summary of Net/Gross Value Analysis	79
Property Rights Definitions	7	Conclusion	79
Client and Intended User(s)	7	Subdivision Development Analysis (As Complete)	81
Intended Use	8	Discount Rate	84
Applicable Requirements	8	Reconciliation and Conclusion of Prospective Value	88
Report Format	8	Conclusion	89
Prior Services	8	Exposure Time	90
Appraiser Competency	8	Marketing Time	90
Scope of Work	9	Certification	91
Economic Analysis	11	Assumptions and Limiting Conditions	93
Denton County Area Analysis	11	Addenda	
Surrounding Area Analysis	20	A. Appraiser Qualifications	
Residential Analysis	26	B. IRR Quality Assurance Survey	
Federal Reserve Rate Increases Impact on Current Valuations	35	C. Definitions	
Property Analysis	39	D. Property Information	
Land Description and Analysis	39	E. Comparable Data	
General Description - Timberbrook Public Improvement District No. 2, Improvement Area #1 (Phase 7 Project)	42	Land Sales - 50' Frontage Lots	
Allocation of Authorized Improvements	49	Land Sales - 60' Frontage Lots	
Real Estate Taxes	56		



Quality Assurance

IRR Quality Assurance Program

At IRR, delivering a quality report is a top priority. Integra has an internal Quality Assurance Program in which managers review material and pass an exam in order to attain IRR Certified Reviewer status. By policy, every Integra valuation assignment is assessed by an IRR Certified Reviewer who holds the MAI designation, or is, at a minimum, a named Director with at least ten years of valuation experience.

This quality assurance assessment consists of reading the report and providing feedback on its quality and consistency. All feedback from the IRR Certified Reviewer is then addressed internally prior to delivery. The intent of this internal assessment process is to maintain report quality.

Designated IRR Certified Reviewer

The IRR Certified Reviewer who provided the quality assurance assessment for this assignment is Jimmy H. Jackson, MAI.

Executive Summary

Property Name	Timberbrook Public Improvement District No. 2, Improvement Area #1 (Phase 7 Project)
Address/Location	North side of FM-407, west of Timberbrook Parkway Justin, Denton County, Texas 76247
Property Type	Land - Single Family Development Land
Owner of Record	Bloomfield Homes LP
Tax ID	Part of 1025473
School District	Northwest ISD
Land Area	46.162 acres; 2,010,808 SF
Total Proposed Lots	155 lots
50' Frontage Lots	119 lots: 50' x 110'; 5,500 SF
60' Frontage Lots	36 lots: 60' x 120'; 7,200 SF
Zoning Designation	PD-749 (SF-2), Planned Development-749 (Single-Family 2)
Highest and Best Use	Single-family residential use
Exposure Time; Marketing Period	9 - 12 months; 9 - 12 months
Effective Date of the Appraisal	March 31, 2025
Date of the Report	March 14, 2024
Property Interest Appraised	Fee Simple

Value Conclusions		
50' Frontage Lots	\$100,000	(\$2,000/Front Footage)
60' Frontage Lots	\$120,000	(\$2,000/Front Footage)
Cumulative Retail Value*	\$16,220,000	(\$104,645/Lot)

***It should be clearly understood that the summation of lot values does not represent our opinion of the market discounted/bulk value, as if the lots are all sold in bulk in a single transaction.**

Value Conclusion			
Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Prospective Market Value As Completed	Fee Simple	March 31, 2025	\$15,100,000

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than FMSbonds, Inc. may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.



Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. All information relative to the subject property including land areas, lot totals, lot sizes, and other pertinent data that was provided by GM Civil Engineering & Surveying, Bloomfield Homes, LP (developer/owner), the city of Justin, and the Denton Central Appraisal District is assumed to be correct.
2. The subject is proposed construction. Therefore, this report contains a prospective opinion of value. As such, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable events that alter market conditions prior to this prospective effective date.
3. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of March 31, 2025, the effective appraisal date.
4. The value presented within this report is prospective in nature. As such, we assume that local and regional lending institutions appear to remain active within the subject's market for specific projects. Therefore, we specifically assume that the financial markets will continue to function in a competitive, efficient fashion.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Strengths, Weaknesses, Opportunities, Threats (SWOT Analysis)

The analyses presented in this report consider the internal strengths and weaknesses of the subject property, as well as opportunities and external threats. The overall valuation influences are summarized in the following table.

Valuation Influences

Strengths

- Limited amount of available developed lots in market area
- Continued demand for residential lots in market area
- The property is located in a fast-growing area.
- Easy access to major thoroughfares
- Close proximity to employment centers
- The property is located within a Public Improvement District.
- Increasing population base

Weaknesses

- Potential competition from other developments
- Large supply of vacant undeveloped land

Opportunities

- Profit from lot sales
- Demand for new housing remains relatively strong.
- Development possibilities

Threats

- Inflation has risen in the past year as the economy recovers from the pandemic economic shutdowns and demand shocks. This may tend to inflate operating costs diminishing profit on the project.
 - Although Federal Reserve Chairman Powell remains non-committal, it is widely believed that the Federal Reserve will keep rates stable through the remainder of this year and into 2024. However, there is still upward pressure on lending rates and capitalization rates for both improved properties and developable land.
 - Continued economic downturn/inflation pressures testing the U.S. and local economies
-

Identification of the Appraisal Problem

Subject Description

The subject represents a tract of undeveloped land containing an area of 46.162 acres or 2,010,808 square feet which is planned as Improvement Area #1 (Phase 7) within the Timberbrook Public Improvement District No. 2 (the "PID") in the City of Justin, Denton County, Texas. The proposed Improvement Area #1 (Phase 7) project is part of the Timberbrook master-planned development. The PID, including the subject Improvement Area #1 (Phase 7) is zoned under the guidelines of the PD-749 (SF-2), Planned Development-749 (Single-Family 2) District which allows for single-family residential use in the PID according to the approved concept plan. Improvement Area #1 (Phase 7) in the PID is platted and planned to be developed with two typical lot types (119 lots - 50' x 110' or 5,500 square feet and 36 lots - 60' x 120' or 7,200 square feet). All of the lots are designed for front access and are located in the Northwest ISD. Substantial completion of Improvement Area #1 (Phase 7) in the PID is expected by March 31, 2025. A legal description of the property is provided in the addendum.

Property Identification

Property Name	Timberbrook Public Improvement District No. 2, Improvement Area #1 (Phase 7 Project)
Address	North side of FM-407, west of Timberbrook Parkway Justin, Texas 76247
Tax ID	Part of 1025473
Owner of Record	Bloomfield Homes LP

Sale History

The most recent closed sale of the subject is summarized as follows:

Sale Date	June 26, 2023
Seller	Justin Timberbrook LLC
Buyer	Bloomfield Homes LP
Sale Price	\$28,350,000
Recording Instrument Number	2023-66798
Expenditures Since Purchase	The purchase price equates to \$2.17/SF based on a land size of 299.874 acres.

It is noted this is a sale between interrelated entities and represents a non-arm's length transaction. No other known sales or transfers of ownership have taken place within a three-year period prior to the effective appraisal date.

Pending Transactions

To the best of our knowledge, the property, as a whole, is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date. However, the proposed lots are contracted as follows:

Lot Contract Summary - Timberbrook PID No. 2, IA #1, Phase 7 Project										
Home Builder	Phase	Typical Lot Dimensions			Base Lot Prices		Base Prices/FF		Absorption/ Month	Total Absorption Period (Months ±)
		50' x 110'	60' x 120'	Total Lots	50'	60'	50'	60'		
K. Hovnanian Homes - DFW, L.L.C.	7	60	18	78	\$100,000	\$120,000	\$2,000	\$2,000	4.7	16.5
Pacesetter Homes, L.L.C.	7	59	18	77	\$100,000	\$120,000	\$2,000	\$2,000	4.7	16.3
Totals		119	36	155					9.4	

It is noted that each of the lot contracts indicate a total of approximately 188 lots in both Phases 7 and 8 of the PID and a portion of Phase 7 in Timberbrook Public Improvement District No. 1, with a total of 102 lots (60 - 50' lots and 42 - 60' lots) in the subject Phase 7 of the PID and a portion of Phase 7 in Timberbrook Public Improvement District No. 1 to be delivered to homebuilders. Our contract summary has adjusted the lot count to reflect the actual total platted and being developed in the subject Phase 7 (119 - 50' lots and 36 - 60' lots), which are to be distributed as equally as possible between the two homebuilders.

All lots are contracted with an annual escalation based upon the Prime Rate with a \$1,500/lot a amenity fee and a \$1,000/lot marketing fee.

The contracted lot pricing is supported by comparable lot sales as well as our opinions of value (\$100,000/50' lot and \$120,000/60' lot).

Appraisal Purpose

The purpose of the appraisal is to develop the following opinion of value:

- Prospective Market Value As Completed (Timberbrook PID No. 2, IA #1, Phase 7 Project) as of March 31, 2025

The date of the report is March 14, 2024. The appraisal is valid only as of the stated effective date or dates.

Value Type Definitions

The definitions of the value types applicable to this assignment are summarized below.

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and



5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

Appraisal Premise Definitions

The definitions of the appraisal premises applicable to this assignment are specified as follows.

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

(Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. [Chicago: Appraisal Institute, 2022])

Prospective Market Value As Completed

The market value of a property as of a future date when all construction is expected to be completed. It is based on market conditions forecasted to exist as of the completion date. This value premise assumes the project is complete and ready to lease to individual tenants.²

Property Rights Definitions

The property rights appraised which are applicable to this assignment are defined as follows.

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.³

Client and Intended User(s)

The client and intended user is FMSbonds, Inc. No other party(s) is intended to rely on the information, opinions, and conclusions contained in this report; provided that it is acknowledged that this appraisal will be used in a limited offering memorandum for PID bonds.

¹ Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also, Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472

² Compiled and summarized from several industry sources

³ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

Intended Use

The intended use of the appraisal is for the underwriting of a proposed public improvement district bond transaction. This appraisal is not for purposes of determining the amount of any assessments to be levied by the City nor is it the basis upon which a determination of the benefit any constructed or installed public improvements will have on properties within the Timberbrook Public Improvement District No. 2, Improvement Area #1, Phase 7 Project (the "PID"). The appraisal is not intended for any other use.

Applicable Requirements

This appraisal report conforms to the following requirements and regulations:

- Uniform Standards of Professional Appraisal Practice (USPAP)
- Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute
- Applicable state appraisal regulations

Report Format

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis used to develop the opinion of value.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.

Appraiser Competency

No steps were necessary to meet the competency provisions established under USPAP. The assignment participants have appraised several properties similar to the subject in physical, locational, and economic characteristics, and are familiar with market conditions and trends; therefore, appraiser competency provisions are satisfied for this assignment. Appraiser qualifications and state credentials are included in the addenda of this report.

Scope of Work

Introduction

The appraisal development and reporting processes require gathering and analyzing information about the assignment elements necessary to properly identify the appraisal problem. The scope of work decision includes the research and analyses necessary to develop credible assignment results, given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.

To determine the appropriate scope of work for the assignment, the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors were considered. The concluded scope of work is described below.

Research and Analysis

The type and extent of the research and analysis conducted are detailed in individual sections of the report. The steps taken to verify comparable data are disclosed in the addenda of this report. Although effort has been made to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Subject Property Data Sources

The legal and physical features of the subject property, including size of the site, flood plain data, seismic zone designation, property zoning, existing easements and encumbrances, access and exposure were confirmed and analyzed.

Inspection

Details regarding the property inspection conducted as part of this appraisal assignment are summarized as follows:

Property Inspection		
Party	Inspection Type	Inspection Date
Shelley Sivakumar	On-site	November 25, 2023
Jimmy H. Jackson, MAI	None	N/A
Ernest Gatewood	On-site	November 25, 2023

Valuation Methodology

Three approaches to value are typically considered when developing a market value opinion for real property. These are the cost approach, the sales comparison approach, and the income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach - (Subdivision Development Analysis)	Applicable	Utilized

The Sales Comparison Approach involves research, verification, and comparison of sales of other vacant lots. The sales are then adjusted for value-related differences. Because Texas is not a full disclosure state, sales prices must be obtained from grantors, grantees, brokers, lenders, other persons involved in the transaction, or other appraisers when the information is believed to be reliable. In many cases, the sources of the information wish to remain anonymous and are not included; however, the sale data is used only if the data is believed to be accurate, and the sources of the information are kept on file.

The Cost Approach involves research, verification, and comparison of sales of other vacant land with the subject land. The sales are then adjusted for value-related differences. Because Texas is not a full disclosure state, sales prices must be obtained from grantors, grantees, brokers, lenders, other persons involved in the transaction, or other appraisers when the information is believed to be reliable. In many cases, the sources of the information wish to remain anonymous and are not included; however, the sale data is used only if the data is believed to be accurate, and the sources of the information are kept on file. Cost figures were obtained from the developer and compared to cost figures on competing developments. The cost figures are based on actual costs provided by the developer. Developer's profit is based on profit expectations reported by developers as well as actual profit on similar developments. The Cost Approach is judged to be inapplicable and is not utilized.

In the Income Capitalization Approach, specific appraisal techniques are applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.

In the Subdivision Development Approach, the retail value of the lots has been estimated. The individual lot values are based on lot sales in competing developments. The absorption rates, expenses, and discount rates are also based on competing developments. The indicated value by the Income Capitalization Approach is based on the sellout of the lots with deductions for holding costs and discounted to a net present value.

Economic Analysis

Denton County Area Analysis

Denton County is 878 square miles in size and has a population density of 1,112 persons per square mile. Denton County is part of the Dallas-Fort Worth-Arlington, TX Metropolitan Statistical Area, hereinafter called the Dallas MSA, as defined by the U.S. Office of Management and Budget.

Population

Denton County has an estimated 2023 population of 977,184, which represents an average annual 2.5% increase over the 2020 census of 906,422. Denton County added an average of 23,587 residents per year over the 2020-2023 period, and its annual growth rate exceeded the Dallas MSA rate of 1.3%.

Looking forward, Denton County's population is projected to increase at a 1.7% annual rate from 2023-2028, equivalent to the addition of an average of 17,223 residents per year. Denton County's growth rate is expected to exceed that of the Dallas MSA, which is projected to be 1.0%.

	Population			Compound Ann. % Chng	
	2020 Census	2023 Estimate	2028 Projection	2020 - 2023	2023 - 2028
Denton County, TX	906,422	977,184	1,063,301	2.5%	1.7%
Dallas-Fort Worth-Arlington, TX Metro	7,637,387	7,933,171	8,329,332	1.3%	1.0%
Texas	29,145,505	30,065,904	31,310,079	1.0%	0.8%
USA	331,449,281	334,500,069	341,662,969	0.3%	0.4%

Source: Claritas

Employment

Total employment in Denton County was estimated at 287,273 jobs as of June 2022. Between year-end 2012 and 2022, employment rose by 97,504 jobs, equivalent to a 51.4% increase over the entire period. There were gains in employment in nine out of the past ten years. Denton County's rate of employment growth over the last decade surpassed that of the Dallas MSA, which experienced an increase in employment of 26.0% or 791,091 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Denton County unemployment rate has been consistently lower than that of the Dallas MSA, with an average unemployment rate of 4.2% in comparison to a 4.7% rate for the Dallas MSA. A lower unemployment rate is a positive indicator.

Recent data shows that the Denton County unemployment rate is 2.9% in comparison to a 3.3% rate for the Dallas MSA, a positive sign that is consistent with the fact that Denton County has outperformed the Dallas MSA in the rate of job growth over the past two years.

Employment Trends

Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Denton County	% Change	Dallas MSA	% Change	Denton County	Dallas MSA
2012	189,769		3,044,114		5.7%	6.5%
2013	199,183	5.0%	3,127,712	2.7%	5.4%	6.2%
2014	211,482	6.2%	3,254,583	4.1%	4.5%	5.1%
2015	224,936	6.4%	3,360,668	3.3%	3.6%	4.1%
2016	233,551	3.8%	3,441,839	2.4%	3.4%	3.9%
2017	244,353	4.6%	3,526,930	2.5%	3.4%	3.7%
2018	253,596	3.8%	3,606,436	2.3%	3.2%	3.6%
2019	267,253	5.4%	3,719,023	3.1%	3.0%	3.3%
2020	267,588	0.1%	3,595,494	-3.3%	6.5%	7.1%
2021	290,438	8.5%	3,829,259	6.5%	4.4%	5.1%
2022*	287,273	-1.1%	3,835,205	0.2%	3.1%	3.6%
Overall Change 2012-2022	97,504	51.4%	791,091	26.0%		
Avg Unemp. Rate 2012-2022					4.2%	4.7%
Unemployment Rate - November 2022					2.9%	3.3%

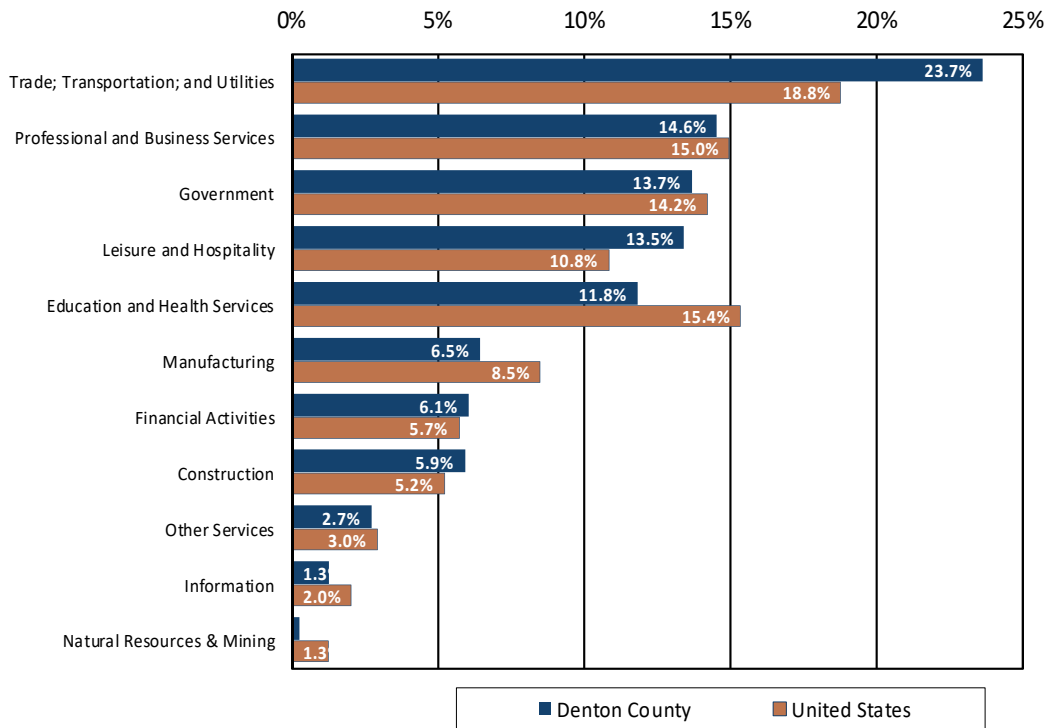
*Total employment data is as of June 2022; unemployment rate data reflects the average of 11 months of 2022.

Source: U.S. Bureau of Labor Statistics and Moody's Analytics. Employment figures are from the Quarterly Census of Employment and Wages (QCEW). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Employment Sectors

The composition of the Denton County job market is depicted in the chart below. A complete data set is not available for the Dallas MSA, so Denton County will be compared to the United States. Total employment for the two areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Denton County jobs in each category.

Employment Sectors - 2022



Source: U.S. Bureau of Labor Statistics and Moody's Analytics

Denton County has greater concentrations than the United States in the following employment sectors:

1. Trade; Transportation; and Utilities, representing 23.7% of Denton County payroll employment compared to 18.8% for the nation overall. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
2. Leisure and Hospitality, representing 13.5% of Denton County payroll employment compared to 10.8% for the nation overall. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.
3. Financial Activities, representing 6.1% of Denton County payroll employment compared to 5.7% for the nation overall. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.
4. Construction, representing 5.9% of Denton County payroll employment compared to 5.2% for the nation overall. This sector includes construction of buildings, roads, and utility systems.



Denton County is underrepresented in the following sectors:

1. Professional and Business Services, representing 14.6% of Denton County payroll employment compared to 15.0% for the nation overall. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
2. Government, representing 13.7% of Denton County payroll employment compared to 14.2% for the nation overall. This sector includes employment in local, state, and federal government agencies.
3. Education and Health Services, representing 11.8% of Denton County payroll employment compared to 15.4% for the nation overall. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
4. Manufacturing, representing 6.5% of Denton County payroll employment compared to 8.5% for the nation overall. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.

Major Employers

Major employers in Denton County are shown in the following table.

Major Employers - Denton County, TX	
Name	Number of Employees
1 Peterbilt Motors	3,075
2 Texas Health Presbyterian Hospital Denton	1,076
3 Medical City - Denton	950
4 Sally Beauty Company, Inc.	950
5 Safran Electrical & Power	700
6 Flowers Baking Company	480
7 Jostens, Inc.	450
8 ESAB Victor Technologies	450
9 Tetra Pak Materials, L.P.	425
10 Fastenal	380

Source: <https://dentonedp.com/business/major-employers>

Major employers in the DFW metro area are shown in the following table.

Major Employers - DFW Metro	
Name	Number of Employees
1 AMR Corporation	24,700
2 Bank of America Corporation	20,000
3 Texas Health Resources Inc.	19,230
4 Dallas ISD	18,314
5 Baylor Health Care System	17,097
6 AT&T	15,800
7 Lockheed Martin Aeronautics	14,126
8 JP Morgan Chase & Co.	13,500
9 UT-Southwestern Medical Center	13,122
10 City of Dallas	12,836

Source: <http://www.destinationdfw.com/Largest-Employers-in-Dallas-Fort-Worth-Texas/>

Gross Domestic Product

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area, and annual changes in Gross Domestic Product (GDP) are a gauge of economic growth.

Economic growth, as measured by annual changes in GDP, has been considerably higher in Denton County than the Dallas MSA overall during the past decade. Denton County has grown at a 6.4% average annual rate while the Dallas MSA has grown at a 3.5% rate. Denton County continues to perform better than the Dallas MSA. GDP for Denton County rose by 8.2% in 2021 while the Dallas MSA's GDP rose by 6.9%.

Denton County has a per capita GDP of \$40,194, which is 39% less than the Dallas MSA's GDP of \$66,238. This means that Denton County industries and employers are adding relatively less value to the economy than their counterparts in the Dallas MSA.

Gross Domestic Product				
Year	(\$,000s) Denton County	% Change	(\$,000s) Dallas MSA	% Change
2011	20,269,416		365,601,169	
2012	21,336,311	5.3%	377,846,407	3.3%
2013	22,803,464	6.9%	388,536,307	2.8%
2014	24,756,191	8.6%	402,787,824	3.7%
2015	26,705,082	7.9%	422,048,089	4.8%
2016	28,377,505	6.3%	435,497,728	3.2%
2017	30,280,682	6.7%	450,467,241	3.4%
2018	31,446,463	3.8%	469,741,026	4.3%
2019	33,230,943	5.7%	486,572,160	3.6%
2020	34,968,093	5.2%	480,618,181	-1.2%
2021	37,848,696	8.2%	513,979,216	6.9%
Compound % Chg (2011-2021)		6.4%		3.5%
GDP Per Capita 2021	\$40,194		\$66,238	

Source: U.S. Bureau of Economic Analysis and Moody's Analytics; data released December 2022.

The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2012 dollars.

Household Income

Denton County is more affluent than the Dallas MSA. Median household income for Denton County is \$102,095, which is 25.9% greater than the corresponding figure for the Dallas MSA.

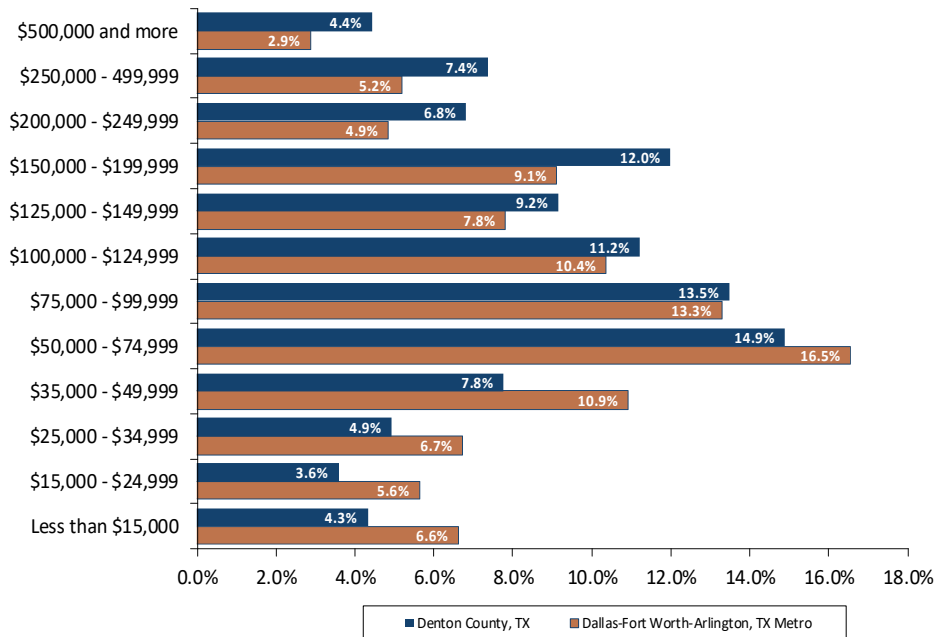
Median Household Income - 2023

	Median
Denton County, TX	\$102,095
Dallas-Fort Worth-Arlington, TX Metro	\$81,082
Comparison of Denton County, TX to Dallas-Fort Worth-Arlington	+ 25.9%

Source: Claritas

The following chart shows the distribution of households across twelve income levels. Denton County has a greater concentration of households in the higher income levels than the Dallas MSA. Specifically, 65% of Denton County households are at the \$75,000 or greater levels in household income as compared to 54% of Dallas MSA households. A lesser concentration of households is apparent in the lower income levels, as 13% of Denton County households are below the \$35,000 level in household income versus 19% of Dallas MSA households.

Household Income Distribution - 2023



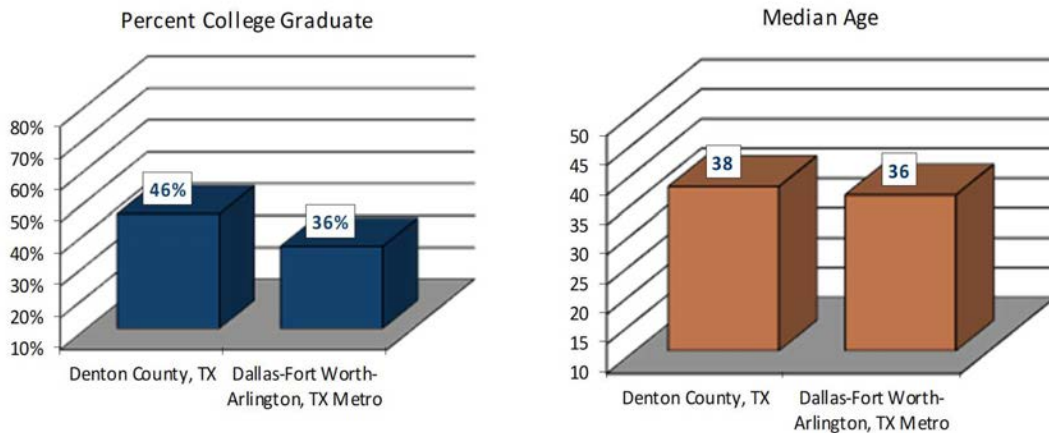
Source: Claritas



Education and Age

Residents of Denton County have a higher level of educational attainment than those of the Dallas MSA. An estimated 46% of Denton County residents are college graduates with four-year degrees, versus 36% of Dallas MSA residents. People in Denton County are older than their Dallas MSA counterparts. The median age for Denton County is 38 years, while the median age for the Dallas MSA is 36 years.

Education & Age - 2023



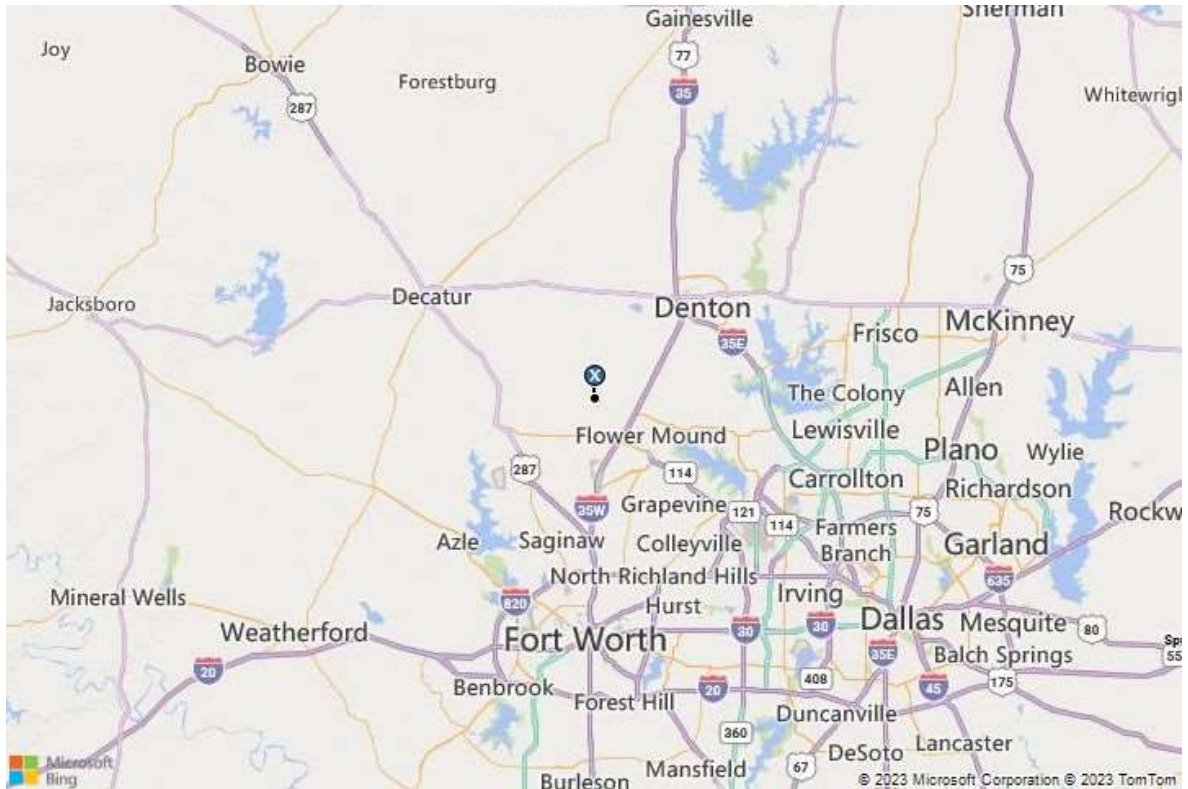
Source: Claritas

Conclusion

The Denton County economy will benefit from a growing population base and higher income and education levels. Denton County experienced growth in the number of jobs and has maintained a consistently lower unemployment rate than the Dallas MSA over the past decade. It is anticipated that the Denton County economy will improve, and employment will grow, strengthening the demand for real estate.



Area Map



Surrounding Area Analysis

Boundaries

The subject Improvement Area #1 (Phase 7) is located in the city of Justin in far southwest Denton County, Texas and is located within the Timberbrook PID No. 2. This area is generally delineated as follows:

Boundaries & Delineation	
Boundaries	
Market Area	Dallas-Fort Worth, TX
Submarket	FortWorth
Area Type	Suburban
Delineation	
North	US-380
South	SH-114
East	IH-35W
West	US-287

A map identifying the location of the property follows this section.

Access and Linkages

Access & Linkages	
Vehicular Access	
Major Highways	IH-35W, SH-114, US-380, US-287
Primary Corridors	FM-407, FM-156, FM-1384
Vehicular Access Rating	Average
Public Transit	
Providers	Denton County Transportation Authority (DCTA)
Transit Access Rating	Average
Airport(s)	
Name	Dallas/Fort Worth International Airport
Distance	27 miles
Driving Time	45 minutes
Primary Transportation Mode	Automobile

Demographic Factors

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics					
	5-Minute Drive Time	10-Minute Drive Time	15-Minute Drive Time	Denton County, TX	Dallas-Fort Worth-Arlington, TX Metro
2023 Estimates					
Population 2020	1,861	11,104	40,481	906,422	7,637,387
Population 2023	2,209	12,740	46,013	977,184	7,933,171
Population 2028	2,654	14,867	53,122	1,063,301	8,329,332
Compound % Change 2020-2023	5.9%	4.7%	4.4%	2.5%	1.3%
Compound % Change 2023-2028	3.7%	3.1%	2.9%	1.7%	1.0%
Households 2020	615	3,610	13,920	328,884	2,760,991
Households 2023	758	4,171	15,800	354,595	2,867,378
Households 2028	931	4,883	18,215	386,074	3,013,369
Compound % Change 2020-2023	7.2%	4.9%	4.3%	2.5%	1.3%
Compound % Change 2023-2028	4.2%	3.2%	2.9%	1.7%	1.0%
Median Household Income 2023	\$94,108	\$94,553	\$107,719	\$102,095	\$81,082
Average Household Size	2.7	3.1	2.9	2.7	2.7
College Graduate %	30%	32%	39%	46%	36%
Median Age	43	40	42	38	36
Owner Occupied %	86%	85%	83%	65%	60%
Renter Occupied %	14%	15%	17%	35%	40%
Median Owner Occupied Housing Value	\$312,616	\$317,441	\$375,236	\$393,418	\$318,993
Median Year Structure Built	2003	2005	2008	2001	1990
Average Travel Time to Work in Minutes	35	36	36	32	31

Source: Claritas

As shown above, the current population within a 10-minute drive time of the subject is 12,740, and the average household size is 3.1. Population in the area has grown since the 2020 census, and this trend is projected to continue over the next five years. Compared to Denton County overall, the population within a 10-minute drive time is projected to grow at a faster rate.

Median household income is \$94,553, which is lower than the household income for Denton County. Residents within a 10-minute drive time have a considerably lower level of educational attainment than those of Denton County, while median owner-occupied home values are considerably lower.

Land Use

In the immediate vicinity of the subject, predominant land uses are single-family residential and rural homesites. Other land use characteristics are summarized as follows:

Surrounding Area Land Uses

Character of Area	Suburban
Predominant Age of Improvements	New - 50± years
Predominant Quality and Condition	Average
Approximate Percent Developed	70%
Infrastructure/Planning	Average

Subject's Immediate Surroundings



Development Activity and Trends

During the last five years, development has been predominantly single-family residential with supportive commercial along major thoroughfares. The pace of development has generally accelerated over this time. The subject neighborhood contains or is heavily influenced by several high-profile developments. The most important are discussed as follows:

Timberbrook is a master-planned community featuring miles of walking trails, tree-lined parks and green spaces, a playground, and a community pool. The development is within the Northwest ISD. A total of 1,967 home sites are planned with 762 developed as of Third Quarter 2023. The development is within a public improvement district.

Northwest Independent School District encompasses 234 square miles and is one of the largest school districts in the area spanning three counties (Tarrant, Denton, and Wise) and 14 municipalities. NISD operates 22 elementary schools, seven (7) middle schools, and four high schools. Total student enrollment exceeds 30,000 students. The district's growth is a result of several factors including the size of the school district, the number of active housing developments, and the housing, retail, and business industries in the immediate area. The district offers an aquatic center with space to accommodate five high school swim teams.

Harvest is a 1,150-acre master-planned, mixed-use development in Northlake, Texas being developed by Hillwood Communities. Located at the northwest corner of IH-35W and FM-407, Harvest is located within the Argyle Northwest ISD with on-site elementary schools. There are approximately 3,200 single-family homes planned with five homebuilders, David Weekley Homes, Highland Homes, Horizon Homes, DR Horton Homes, and Plantation Homes. Amenities include "Harvest Farms" – a community garden, orchard, and private farm operation, resort pools, a 1.5-mile Central Park, Harvest Lake, historic Farmhouse Coffee House. This development was named "master-planned community of the year" for 2017, 2019, and 2022 and the "people's choice community of the year for 2022" by the Dallas Builders Association.

Canyon Falls is a 1,242-acre master-planned community located in the Towns of Flower Mound, Northlake, and the Town of Argyle (ETJ) and is within a municipal utility district. This community is located between US-377 on the east, IH-35W on the west, FM-1171 on the south, and the Town of Argyle on the north. Approximately 173 acres of the development is within the Town of Argyle ETJ adjacent to the Town's southern boundary. A total of 2,264 homes are planned in the development (1,023 lots in Northlake, 900 lots in Flower Mound, and 341 lots in Argyle).

Texas Motor Speedway is a speedway located in the northernmost portion of Fort Worth, Texas in Denton County. The reconfigured track measures 1.5 miles and is a quad-oval design. The track is owned by Speedway Motorsports, Inc. Nicknamed "The Great American Speedway", the racetrack facility is one of the largest motorsports venues in the world capable of hosting crowds in excess of 200,000 spectators.

Buc-ee's, located at the southwest quadrant of IH-35W and SH-114, is one of an American chain of country stores, gas stations, and electric vehicle charges created and owned by Arch "Beaver" Aplin, III.

The Golf Club at Champions Circle is an 18-hole Jay Morris designed golf course located south of SH-114, west of IH-35W in Fort Worth as part of the Marriott Hotel.

Alliance is an 18,000-acre master-planned development located within Denton County and Tarrant County, Texas. It includes parts of the cities of Haslet, Fort Worth, Westlake, Northlake, Denton, and Roanoke. Alliance offers a variety of commercial, industrial, office, retail and single/multi-family development opportunities.

- **Business** – Alliance is home to the branches of more than 500 companies, of which 69 are Fortune 500 corporations and employs approximately 61,602 people in various positions.
- **Residential** – Alliance contains seven (7) major developments: Heritage, Saratoga, Harvest, Chisholm Ridge, Creekwood, Park Glen, and Pecan Square. There are over 10,000 single-family homes located within these communities, plus 2,100 apartment units and 200 hotel rooms.
- **Transportation** – Alliance is served by a logistics hub, including the BNSF Railway’s Alliance Intermodal Rail Hub and Fort Worth Alliance Airport for rail and air cargo. IH-35W, Alliance Gateway Freeway, US-377, SH-114, SH-170, and FM-156 all run through the community.

Perot Field Fort Worth Alliance Airport is a public airport 14 miles north of the central business district of Fort Worth, Texas. The airport is owned by the City of Fort Worth and managed by Alliance Air Services, a subsidiary of Hillwood Development and is, in size, the second largest airport facility in North Te4xas, behind only Dallas/Fort Worth International Airport. The airport is mainly focused on cargo operations and serves as a southern regional hub for FedEx Express and focus city for Amazon Air. It provides no major commercial passenger airline service.

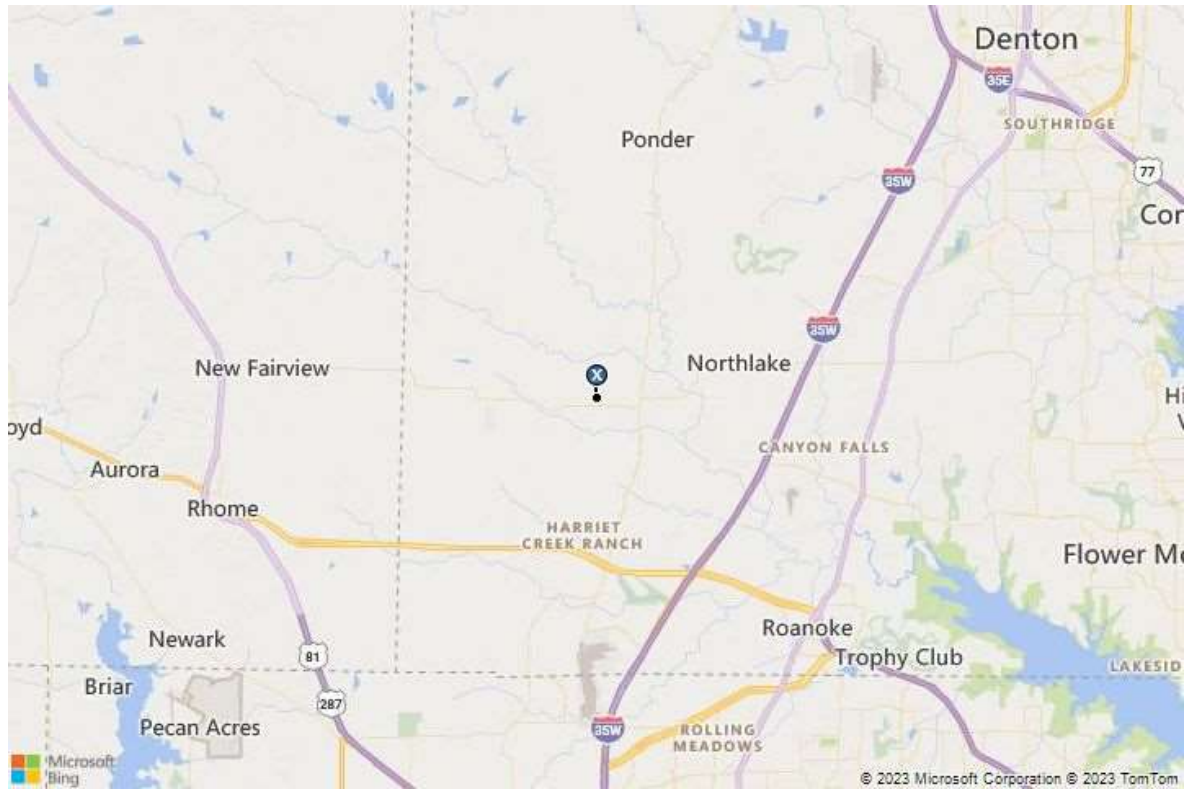
Alliance Advanced Technology Center is located northeast of Fort Worth Alliance Airport and is bisected by IH-35W. Designed to create a new advanced-technology corridor, the 1,400-acre center offers an existing high-capacity voice and data fiber optic network in place. Valeo Electronics has completed a new 65,000 square-foot electronics manufacturing facility. Intel Corporation’s planned \$1.3 billion advanced-logic wafer fabrication plant to be built on 532 acres is presently on hold until economic conditions improve.

Alliance Town Center, located at Sage Meadow Trail in Fort Worth, is a large shopping center with a wide range of retail shops, eateries, and services, plus a movie theater.

Outlook and Conclusions

The area is in the growth stage of its life cycle. Given the history of the area and the growth trends, it is anticipated that property values will increase in the near future.

Surrounding Area Map

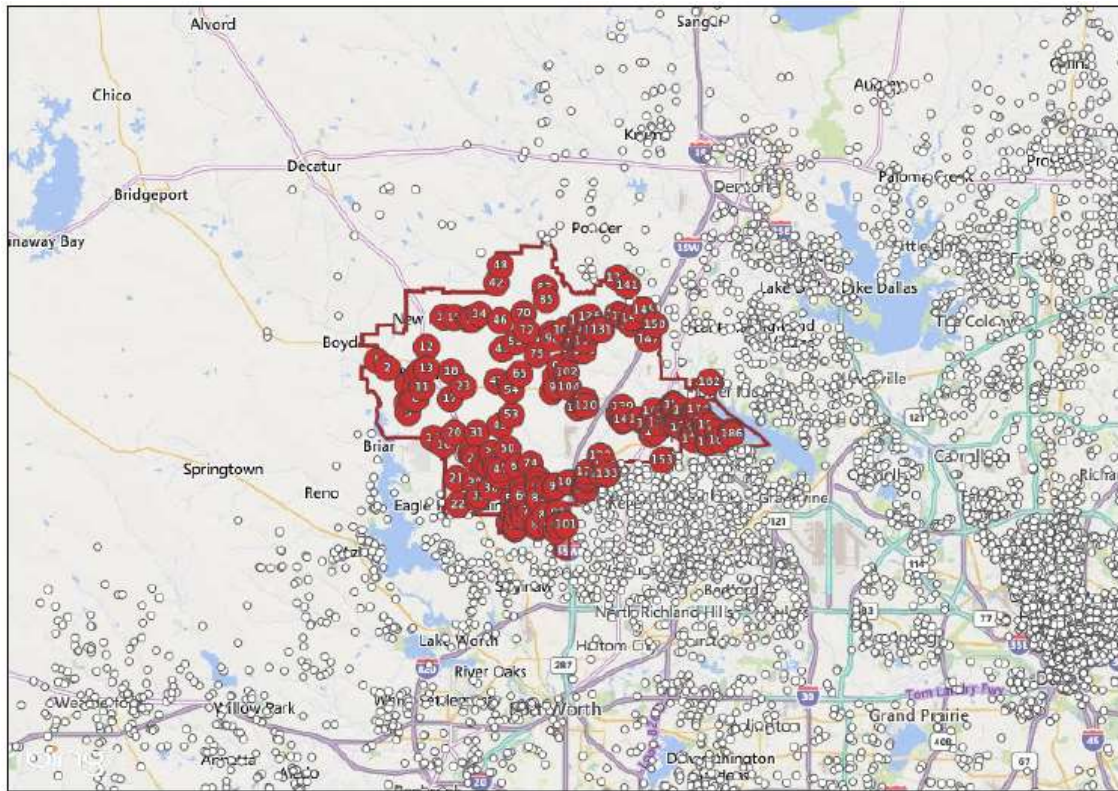


Residential Analysis

When analyzing the financially feasible and maximally productive use of the site, all of the uses that are both physically possible and legally permissible must be considered. For the subject, the primary potential use is considered to be single-family residential development. As mentioned, the subject is proposed to be developed with single-family lots. Thus, an important factor affecting development of the subject is the surrounding land usage. The neighborhood is predominantly vacant land that is being developed into single-family residential uses. The immediate area surrounding the subject is residential in nature.

During the past decade, the residential real estate market has seen many positive changes. With the steady increase in multifamily residential rental rates, coupled with the low interest rates and the large numbers pertaining to job growth, there has been a trend of individuals choosing to purchase homes rather than to rent apartments and multifamily housing. Furthermore, with the decline in the availability of vacant developable land, population growth has quickly expanded into the suburban areas of the Dallas/Fort Worth area. As such, the proposed absorption of single-family home lots in the subject's neighborhood will be analyzed using historical absorption data provided by Metrostudy/Zonda, a nationally recognized information provider, as well as information obtained from area market participants and developers. It is important to note that our absorption data is based on historical trends. Inasmuch as we are forecasting an economy for this area that is at least equal to recent trends, using these historical trends is felt to be quite justifiable. The subject development is physically located within the city of Justin in Denton County and is within the Northwest Independent School District. Therefore, data obtained from Metrostudy/Zonda as of Third Quarter 2023 for the defined area of "Northwest ISD", as shown in the following map, will be analyzed with a summary of the details following.

Defined Submarket Map Area – Northwest ISD



TX | Denton Co. (3Q23)
Copyright Metrostudy

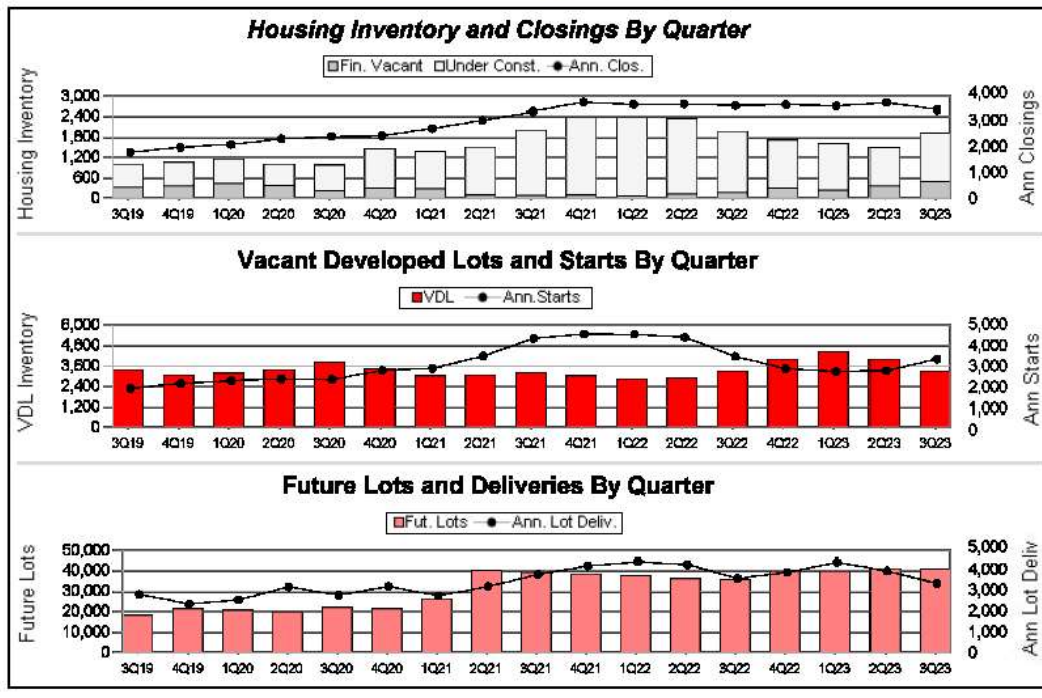
metrostudy
Sales: 1-800-227-8839 A Homequest Company

Following is a chart provided by Metrostudy/Zonda summarizing the historical home/lot absorption from the past several years for the defined submarket area:



Historical Housing Chart – Northwest ISD

Historical Housing Activity Summary													
<i>Current Selections</i>													
Qtr	Qtr Clos	Ann Clos	Model	FinVac	UC	Total Inv	Total Supply	Qtr Starts	Ann Starts	VDL	VDL Supply	Fut Lots	Ann Lot Deliv
3Q19	513	1,792	58	325	682	1,065	7.1	600	1,965	3,404	20.8	18,415	2,826
4Q19	562	1,980	65	365	692	1,122	6.8	619	2,197	3,068	16.8	21,398	2,355
1Q20	512	2,090	76	441	721	1,238	7.1	628	2,337	3,198	16.4	20,682	2,561
2Q20	711	2,298	77	388	622	1,087	5.7	560	2,407	3,400	17.0	20,115	3,180
3Q20	607	2,392	73	229	754	1,056	5.3	576	2,383	3,801	19.1	22,049	2,780
4Q20	593	2,423	81	297	1,152	1,530	7.6	1,067	2,831	3,434	14.6	21,526	3,197
1Q21	786	2,697	77	283	1,104	1,464	6.5	720	2,923	3,027	12.4	26,430	2,752
2Q21	1,023	3,009	81	105	1,410	1,596	6.4	1,155	3,518	3,077	10.5	40,139	3,195
3Q21	923	3,325	75	83	1,924	2,082	7.5	1,409	4,351	3,226	8.9	39,170	3,776
4Q21	935	3,667	71	100	2,269	2,440	8.0	1,293	4,577	3,035	8.0	38,549	4,178
1Q22	698	3,579	77	74	2,291	2,442	8.2	700	4,557	2,846	7.5	37,699	4,376
2Q22	1,041	3,597	75	129	2,212	2,416	8.1	1,015	4,417	2,901	7.9	36,167	4,241
3Q22	867	3,541	72	168	1,796	2,036	6.9	487	3,495	3,312	11.4	35,833	3,581
4Q22	967	3,573	69	298	1,406	1,773	6.0	704	2,906	4,000	16.5	39,717	3,871
1Q23	652	3,527	70	243	1,367	1,680	5.7	559	2,765	4,427	19.2	39,664	4,346
2Q23	1,159	3,645	81	365	1,140	1,586	5.2	1,065	2,815	4,022	17.1	41,175	3,936
3Q23	618	3,396	81	494	1,430	2,005	7.1	1,037	3,365	3,293	11.7	40,872	3,346



Dallas/Ft. Worth Residential Survey (3Q23)
Copyright Metrostudy



Defined Submarket Area

As shown in the chart on the previous page, the absorption of homes/lots within the submarket area increased dramatically between 2019 to 2021. Absorption leveled off in 2022. According to Metrostudy/Zonda, the submarket area absorbed the following total homes/lots from 2019 to Third Quarter 2023:

MetroStudy Analysis	Historical Absorption	
	Annual	Past 3 QTR
Year 1 (2019)	2,197	
Year 2 (2020)	2,831	
Year 3 (2021)	4,577	
Year 4 (2022)	2,906	
Past 12 Months	3,365	2,661
Historical Annual Average		3,194
Existing VDL	3,293	
Historical Absorption Average	3,194	
Past 12 Months	3,365	
Lot Supply (4.75± Year Historical)	1.0	Years Supply
Lot Supply (12 Months)	1.0	Years Supply

As can be seen, since 2019 (4.75 years), the annual average of homes/lots absorbed was 3,194 homes/lots. Utilizing the more recent 12-month absorption of homes/lots, the number of homes/lots absorbed increased slightly to 3,365 homes/lots in the submarket. According to Metrostudy/Zonda, the existing supply of available housing is currently below ideal levels in the submarket. The number of vacant developed lots in the submarket increased to a high of 4,427 lots in First Quarter 2023 from the prior year's lowest level of 2,846 lots in First Quarter 2022 as developers try to meet demand. The current vacant lot level is 3,293 as of Third Quarter 2023.

Based upon the Metrostudy/Zonda absorption figures of the past 4.75 years, there is currently only a 1.0±-year (3,293 lots ÷ 3,194 lots = 1.0±-years) total supply of existing lots available in the submarket. This total supply is considered to be well below the optimum lot supply levels of 2.0 to 2.5 years per Metrostudy/Zonda. Also, when utilizing the more current 12-month absorption of 3,365 home/lots, the total supply of existing lots available in the subject's defined submarket remains at 1.0±-years (3,293 lots ÷ 3,365 lots/year = 1.0±-years), which is substantially below the low end of optimum lot supply levels in the submarket.

Thus, the total lot supply within the subject's submarket is estimated to be 1.0±-years. Currently, this total lot supply is considered to be well below the optimum supply levels. Also, taking into consideration that new developments require a typical nine to 12-month construction period, with increasing demand and dwindling lot supply, it appears that additional lot product in the submarket is feasible at the current time.

We will now narrow our residential analysis to the absorption history of specific competing subdivisions in the subject's market area with similar lot features and amenities relative to the subject to determine the projected absorption and feasibility of the subject's proposed lots as follows.

Subject Market Area

The similarities considered to be most important are lot size, home price range, and amenity features. The tables that follow detail the active subdivisions that are considered to compete with the subject's lots. Our analysis will be presented beginning with the 50' frontage lots followed by the 60' frontage lots. All data is per Metrostudy/Zonda as of Third Quarter 2023.

Competitive Supply – 50' Frontage Lots

The competitive supply presented recognizes residential developments which are located in the subject's immediate and surrounding vicinity. The lot sizes, home prices, and amenities in the subdivisions shown are generally similar relative to the subject's 50' frontage lots. Thus, the competing residential developments are considered to be the immediate competition for the subject's proposed lots and are believed to accurately reflect the potential absorption levels for the subject's lots at this time.

Competitive Supply	50' Frontage Lots				
	School District	Home Prices (000's)	Available Lots	Typical Lot Dimensions	Typical Lot SF
<u>Avalon at Argyle</u> Argyle, Texas	Northwest	\$444-\$524	83	50' x 120'	6,000
<u>Blue Stem</u> Rhome, Texas	Northwest	\$331-\$417	49	50' x 120'	6,000
<u>Bridgeview</u> Haslet, Texas	Northwest	\$349-\$439	81	50' x 120'	6,000
<u>Elizabeth Creek</u> Justin, Texas	Northwest	\$323-\$399	9	50' x 115'	5,750
<u>Liberty Trails</u> Justin, Texas	Northwest	\$312-\$428	32	50' x 110'	5,500
<u>Northstar</u> Haslet, Texas	Northwest	\$339-\$500	275	50'/55' x 120'	6,000 - 6,600
<u>Pecan Square</u> Justin, Texas	Northwest	\$362-\$584	58	50' x 110'	5,500
<u>Sendera Ranch</u> Haslet, Texas	Northwest	\$328-\$500	7	50' x 110'/115'	5,500 - 5,750
<u>Shale Creek</u> Rhome, Texas	Northwest	\$267-\$307	122	50' x 100'/120'	5,000 - 6,000
<u>Trails of Elizabeth</u> Justin, Texas	Northwest	\$377-\$473	33	50' x 110'	5,500
<u>Wildflower Ranch</u> Justin, Texas	Northwest	\$360-\$630	177	50' x 120'/125'	6,000 - 6,250
Total			926		
Subject: Timberbrook PID 2, IA#1 (Ph. 7)	Northwest ISD			50' x 110'	5,500
Source: Metrostudy as of Third Quarter 2023					

Having addressed the immediate competition, we will estimate the approximate absorption time frame for the subject by analyzing absorption trends of the previously shown developments.

Absorption Analysis – 50' Frontage Lots

The following table outlines the monthly absorption of the residential developments listed in the competitive supply. It should be noted that all data is as of Third Quarter 2023.

Subdivisions	50' Frontage Lots				
	Available Lots	Building Starts	No. Months	Units/Month	Months Supply
Avalon at Argyle	83	156	12	13.0	6.4
Blue Stem	49	198	12	16.5	3.0
Bridgeview	81	158	12	13.2	6.2
Elizabeth Creek	9	86	12	7.2	1.3
Liberty Trails	32	261	12	21.8	1.5
Northstar	275	281	12	23.4	11.7
Pecan Square	58	181	12	15.1	3.8
Sendera Ranch	7	182	12	15.2	0.5
Shale Creek	122	51	6	8.5	14.4
Trails of Elizabeth	33	267	12	22.3	1.5
Wildflower Ranch	177	89	12	7.4	23.9
Totals/Averages	926	1,910		163.4	5.7
Average Units/Month				14.9	

Subject: Timberbrook PID 2, IA#1 (Ph. 7)
Source: Metrostudy as of Third Quarter 2023

Based upon the number of available lots and average absorption per month, the 926 lots remaining within these residential developments indicates only a 5.7±-month supply (0.5± years). This appears to be representative of a significant under-supply of lots within the subject's projected price/lot size range.

Overall, the competing residential developments indicate an absorption range of 7.2 units to 23.4 units per month, with an overall average of 14.9 units per month. To summarize, it is important to note the following facts:

- Ten of the 11 residential developments presented (except for Wildflower) are projected to be sold out within 14.4± months. Thus, it is reasonable that the subject, upon completion, may capture a portion of the demand that these projects currently enjoy.
- The subject's competitive supply is significantly under-supplied with only a 5.7± month-supply of developed lots.
- At the effective date of this appraisal, all of the subject's 50' lots are under contract to two volume homebuilders (K. Hovnanian Homes – DFW, L.L.C. and Pacesetter Homes, L.L.C.). The lot contracts are summarized as follows:

Lot Contract Summary - Timberbrook PID No. 2, IA #1, Phase 7 Project										
Home Builder	Phase	Typical Lot Dimensions			Base Lot Prices		Base Prices/FF		Absorption/ Month	Total Absorption Period (Months ±)
		50' x 110'	60' x 120'	Total Lots	50'	60'	50'	60'		
K. Hovnanian Homes - DFW, L.L.C.	7	60	18	78	\$100,000	\$120,000	\$2,000	\$2,000	4.7	16.5
Pacesetter Homes, L.L.C.	7	59	18	77	\$100,000	\$120,000	\$2,000	\$2,000	4.7	16.3
Totals		119	36	155					9.4	

It is noted that each of the lot contracts indicate a total of approximately 188 lots in both Phases 7 and 8 of the PID and a portion of Phase 7 in Timberbrook Public Improvement District No. 1, with a total of 102 lots (60 - 50' lots and 42 - 60' lots) in the subject Phase 7 of the PID and a portion of Phase 7 in Timberbrook Public Improvement District No. 1 to be delivered to homebuilders. Our contract summary has adjusted the lot count to reflect the actual total platted and being developed in the subject Phase 7 (119 - 50' lots and 36 - 60' lots), which are to be distributed as equally as possible between the two homebuilders.

All lots are contracted with an annual escalation based upon the Prime Rate with a \$1,500/lot amenity fee and a \$1,000/lot marketing fee.

- The overall lot supply within the defined submarket (Northwest ISD) is estimated to be 1.0± year which is well below equilibrium lot supply levels of 2.0 – 2.5 years.

Absorption Projection – 50'

The preceding data supports a projected absorption for the subject's lots with 50' frontages at 15.0 units per month which is supported by the overall average of the competitive supply (14.9 upm). It is noted that no 50' lots were developed in the Timberbrook development in the initial phases. As such, our absorption projection is considered reasonable based upon the lot supply and demand levels within the subject's submarket area for 50' frontage lots.

Competitive Supply – 60' Frontage Lots

The competitive supply presented below recognizes residential developments which are located in the subject's immediate and surrounding vicinity. The lot sizes, home prices, and amenities in the subdivisions shown are generally similar relative to the subject's 60' frontage lots. Thus, the competing residential developments are considered to be the immediate competition for the subject's proposed lots and are believed to accurately reflect the potential absorption levels for the subject's lots at this time.

Competitive Supply	60' Frontage Lots				
	School District	Home Prices (000's)	Available Lots	Typical Lot Dimensions	Typical Lot SF
Northstar Haslet, Texas	Northwest	\$338-\$495	20	60' x 120'	7,200
Pecan Square Justin, Texas	Northwest	\$560-\$756	72	60' x 120'	7,200
Sendera Ranch Haslet, Texas	Northwest	\$350-\$550	57	63' x 120'	7,560
Watercress Haslet, Texas	Northwest	\$518-\$718	38	65' x 135'	8,775
Wildflower Ranch Justin, Texas	Northwest	\$550-\$650	97	60' x 125'	7,500
Timberbrook Justin, Texas	Northwest	\$300-\$547	290	60' x 130'	7,800
Madero Haslet, Texas	Northwest	\$450-\$666	124	60' x 120'	7,200
Total			698		
Subject: Timberbrook PID 2, IA#1 (Ph. 7)	Northwest ISD			60' x 120'	7,200
Source: Metrostudy as of Third Quarter 2023					

Having addressed the immediate competition, we will estimate the approximate absorption time frame for the subject by analyzing absorption trends of the previously shown developments.

Absorption Analysis – 60' Frontage Lots

The following table outlines the monthly absorption of the residential developments listed in the competitive supply. It should be noted that all data is as of Third Quarter 2023.

Monthly Absorption Performance	60' Frontage Lots				
	Available Lots	Building Starts	No. Months	Units/Month	Months Supply
Northstar	20	25	12	2.1	9.6
Pecan Square	72	103	12	8.6	8.4
Sendera Ranch	57	124	12	10.3	5.5
Watercress	38	48	12	4.0	9.5
Wildflower Ranch	97	65	12	5.4	17.9
Timberbrook	290	13	3	4.3	66.9
Madero	124	35	3	11.7	10.6
Totals/Averages	698	413		46.4	15.0
Average Units/Month				6.6	
Subject: Timberbrook PID 2, IA#1 (Ph. 7)					
Source: Metrostudy as of Third Quarter 2023					

Based upon the number of available lots and average absorption per month, the 698 lots remaining within these residential developments indicates only a 15.0±-month supply (1.3± years). This appears to be representative of a significant under-supply of lots within the subject's projected price/lot size range.

Overall, the competing residential developments indicate an absorption range of 2.1 units to 11.7 units per month, with an overall average of 6.6 units per month. To summarize, it is important to note the following facts:

- Five of the seven residential developments presented (except for Timberbrook and Wildflower Ranch) are projected to be sold out within 10.6± months. Thus, it is reasonable that the subject, upon completion, may capture a portion of the demand that these projects currently enjoy.
- The subject's competitive supply is significantly under-supplied with only a 15.0± month-supply of developed lots.
- At the effective date of this appraisal, all of the subject's 60' lots are under contract to two volume homebuilders (K. Hovnanian Homes – DFW, L.L.C. and Pacesetter Homes, L.L.C.). The lot contracts are summarized as follows:

Lot Contract Summary - Timberbrook PID No. 2, IA #1, Phase 7 Project										
Home Builder	Phase	Typical Lot Dimensions			Base Lot Prices		Base Prices/FF		Absorption/ Month	Total Absorption Period (Months ±)
		50' x 110'	60' x 120'	Total Lots	50'	60'	50'	60'		
K. Hovnanian Homes - DFW, L.L.C.	7	60	18	78	\$100,000	\$120,000	\$2,000	\$2,000	4.7	16.5
Pacesetter Homes, L.L.C.	7	59	18	77	\$100,000	\$120,000	\$2,000	\$2,000	4.7	16.3
Totals		119	36	155					9.4	

It is noted that each of the lot contracts indicate a total of approximately 188 lots in both Phases 7 and 8 of the PID and a portion of Phase 7 in Timberbrook Public Improvement District No. 1, with a total of 102 lots (60 - 50' lots and 42 - 60' lots) in the subject Phase 7 of the PID and a portion of Phase 7 in Timberbrook Public Improvement District No. 1 to be delivered to homebuilders. Our contract summary has adjusted the lot count to reflect the actual total platted and being developed in the subject Phase 7 (119 - 50' lots and 36 - 60' lots), which are to be distributed as equally as possible between the two homebuilders.

All lots are contracted with an annual escalation based upon the Prime Rate with a \$1,500/lot amenity fee and a \$1,000/lot marketing fee.

- The overall lot supply within the defined submarket (Northwest ISD) is estimated to be 1.0± year which is well below equilibrium lot supply levels of 2.0 – 2.5 years.

Absorption Projection – 60'

Thus, the preceding data supports a projected absorption for the subject's lots with 60' frontages at 5.0 units per month which is below the overall average of the competitive supply (6.6 upm) yet is near the historical absorption within earlier phases within the subject's master-planned development. As such, our absorption projection is considered reasonable based upon the lot supply and demand levels within the subject's submarket area for 60' frontage lots.

Overall Absorption Summary Projection

Our monthly absorption projections are summarized as follows for the subject:

Projected Monthly Absorption Summary										Total Aborp. Period
Lot Type	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Lots	(Months±)
50' Lots	15	15	15	15	15	15	15	14	119	7.9
60' Lots	5	5	5	5	5	5	5	1	36	7.2
Totals	20	20	20	20	20	20	20	15	155	

As shown, the overall absorption for the subject's 155 lots is estimated to be 7.9± months (50' lots) and 7.2± months (60' lots).

Federal Reserve Rate Increases Impact on Current Valuations

Transaction indicators are the best measure of any impact on values due to the recent Federal Reserve increases. Since the beginning of the rate increase in mid-year 2022, many transactions were tabled, and market data has been scarce. Since that time period, price discovery has occurred in many markets across different property types and transactions are getting done. However, market instability remains a factor on various levels. Based on discussions and interviews with a wide range of market participants including brokers, lenders, asset managers, owners, property managers and others, a variety of concerns, and opportunities, are apparent.

Interest Rates

In 2016, the Federal Reserve began slowly raising rates as the economy recovered. Subsequently, the Federal Reserve fed funds rate steadily rose from 0.25% - 0.50% to 2.25% - 2.50% between December 2016 and December 2018. During 2019, inflation was well below the central bank's 2% target, and in response, the rate was lowered three times from 2.0%-2.50% to 1.50%-1.75%. In January 2020, the Federal Open Market Committee (FOMC) released a policy statement in January 2020 indicating that the labor market remains strong, and that economic activity has been rising at a moderate rate. Within weeks, the Covid-19 pandemic spread across the globe and in March of 2020 the target range dropped back to 0.0% to 0.25%. However, with the COVID-19 pandemic basically over, employment rate sub 4.0% nationally and inflation at 40-year highs, the Federal reserve began rapidly increasing the fed funds rate steadily from 0.25% - 0.50% in March of 2022 to 4.25% - 4.50% as of December 2022 pushing borrowing costs to the highest level since 2007. In addition, no FOMC participants anticipated that it would be appropriate to begin reducing the federal funds rate target in 2023. At their July 25-26 meeting, FOMC issued a statement that "Recent indicators suggest that economic activity has been expanding at a moderate pace. Job gains have been robust in recent months, and the unemployment rate has remained low. Inflation remains elevated. The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. In support of these goals, the Committee decided to raise the target range for the federal funds rate to 5-1/4 to 5-1/2 percent."

Macro-Economic Impacts

Not surprisingly, the markets have reacted accordingly. The markets experienced a notable change in 2022, as the economic environment was altered due to a significant increase in interest rates and a continuing increase in the inflation rate. While this had a clear impact on fixed-income investments, stocks were not immune to the effects of the changing environment. Major "repricing" took place in the stock market, and the Standard & Poor's 500 stock index, moved into a bear market, with a decline of 20% from its peak value, as did other major market indices.

As interest rates remain high, personal savers can benefit from elevated earnings on their balances. But the most recent rate hike means that borrowers will continue to see higher interest rates too, on mortgages, credit card debt, and personal loans. Higher prices combined with high-priced debts have consumers and experts still concerned about the future of the job market and the recession possibilities.

Real gross domestic product (GDP) increased at an annual rate of 2.4 percent in the second quarter of 2023, according to the "advance" estimate. In the first quarter, real GDP increased 2.0 percent. The increase in the second quarter primarily reflected increases in consumer spending and business investment that were partly offset by a decrease in exports. Imports, which are a subtraction in the calculation of GDP, decreased. Compared to the first quarter, the acceleration in GDP in the second quarter primarily reflected an upturn in private inventory investment and an acceleration in nonresidential fixed investment. These movements were partly offset by a downturn in exports, and decelerations in consumer spending, federal government spending, and state and local government spending. Imports decreased \$80.1 billion or 4.0 percent.

Per the latest estimate the GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the third quarter of 2023 is 5.1 percent on October 10, up from 4.9 percent on October 5. After last week's employment situation release from the US Bureau of Labor Statistics and this morning's wholesale trade report from the US Census Bureau, the nowcasts of third quarter real gross private domestic investment growth and third-quarter real government spending growth increased from 5.9 percent and 2.2 percent, respectively, to 6.7 percent and 3.0 percent.

Rates of Return and Valuation Methodology

Offsetting the increased risk due to uncertainty in the property markets is the Federal Reserve's monetary policy of increasing rates down to get a grip on inflation and cooling down the economy. While many financial institutions have raised their loan to value ratios as a risk management tool, the cost of borrowing is at recent historic highs. The result is downward pressure on rates of return where leverage is attainable. As transactions continue to occur, the overall impact on rates of return, by property type and location, is becoming apparent.

Some market participants believe the impact on market value is reflected in capitalization rates while others believe rates are not moving. Instead, the value impact is limited to cash flow loss plus profit until re-stabilization occurs. Once again, the answers vary by property type and location.

The valuation herein reflects our analysis of current market data.

Market Sentiment/Participant Interviews

In addition to transaction data, which is slowly materializing, we look to market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. Following is a summary of key interviews undertaken:

MarketParticipantSurvey		
	Respondent	Commentary
Date of Survey	Fourth Quarter 2023	
Name	Mr. Ben Caballero	The outlook for the DFW and statewide homebuilding markets is promising. The strength I'm seeing in new home production and sales this fall indicates that 2024 looks strong for Texas homebuilders.
Role/Title	Founder/CEO	
Company	HomesUSA.Com	
Date of Survey	Fourth Quarter 2023	
Name	Mr. Tom Cawthon	There are just so many folks that are locked in on their low interest rate mortgages from a couple of years ago, call it the pandemic era, that unless they just have to move, they're not going to move because rates have appreciated so much," Honestly, it's really been a boon to builders such as ourselves. Because we have inventory, we're able to partner with our lender partner and offer forward commitments and closing cost assistance and so forth, so it's really helped volume builders quite a bit."
Role/Title	Dallas Division President	
Company	Taylor Morison Homes	
Date of Survey	Third Quarter 2023	
Name	Mr. Tripp Davenport, III	Activity has surprisingly picked up. Despite rate increases, once stabilization occurred, both developers and builders appear to be moving forward on existing and new projects.
Role/Title	Investment Banker/Director	
Company	FMSbonds, Inc.	
Date of Survey	Third Quarter 2023	
Name	Mr. Don Dykstra	Sales are strong and we have been actively acquiring lots and land.
Role/Title	Developer/CEO	
Company	Bloomfield Properties, Inc.	
Date of Survey	Fourth Quarter 2023	
Name	Bill Ackman	Thinks the Fed might start cutting rates as early as Q1 of 2024
Role/Title	CEO	
Company	Pershing Square Capital Management	
Date of Survey	Third Quarter 2023	
Name	Mr. Pfil Hunt	We saw minor slowdown when mortgage rates first spiked in Fall 2022 when we had 8 or 9 developers in Florida and Texas ask us to slow down special district creation or financing. However, by the 3rd week of January 2023, every one of them said take the brakes off and let's go. Since then, we have continued to see very steady volume with no slowdown. The developer and homebuilder clients continue to have steady demand for pods, finished lots, and houses.
Role/Title	Owner/Partner	
Company	Wrathell Hunt & Associates	

Conclusion

Considering the subject's relative sensitivity to inherent risks as of the effective date of the valuation, the following valuation considerations were developed:

Valuation Approach Implications		Comment
Sales Comparison Approach		
Market conditions adjustment?	Yes	An annual market conditions adjustment of 6% was applied to the lot sales.
Transaction evidence?	Yes	
Marketing Time		
Has marketing time been adjusted?	Yes	Increase of three months from 6 – 9 months to 9 – 12 months

Property Analysis

Land Description and Analysis

Location

The subject Improvement Area #1 (Phase & in the Timberbrook PID No. 2, is located on the north side of FM-407, west of Timberbrook Parkway in the city of Justin, Denton County, Texas.

Land Area

The following table summarizes the subject's land area for Phase 7:

Land Area Summary		
Parcel	SF	Acres
Timberbrook PID 2, IA #1, Phase 7 Project	2,010,808	46.162
Source: Engineering Report		

Shape and Dimensions

The site is irregular in shape, with site utility based upon shape and dimensions considered to be average.

Topography

The site is generally level and at street grade. The topography does not result in any particular development limitations.

Drainage

No particular drainage problems were observed or disclosed at the time of field inspection. This appraisal assumes that surface water collection, both on-site and in public streets adjacent to the subject, is adequate.

Environmental Hazards

An environmental assessment report was not provided for review, and during the inspection, no obvious signs of contamination on or near the subject were observed. However, environmental issues are beyond the scope of expertise of the assignment participants. It is assumed the property is not adversely affected by environmental hazards.

Flood Hazard Status

The following table indicates applicable flood hazard information for the subject property, as determined by review of available flood maps obtained from the Federal Emergency Management Agency (FEMA).

Flood Hazard Status	
Community Panel Number	48121C0480G
Date	April 18, 2011
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No

Ground Stability

A soils report was not provided for review. Based on the viewing of the subject and development on nearby sites, there are no apparent ground stability problems. However, soils analyses are beyond the scope of expertise of the assignment participants. It is assumed the subject's soil bearing capacity is sufficient to support a variety of uses, including those permitted by zoning.

Streets, Access and Frontage

Details pertaining to street access and frontage are provided in the following table.

Streets, Access and Frontage	
Street	FM-407
Frontage Feet	Not provided
Paving	Asphalt
Curbs	None
Sidewalks	None
Lanes	2 way, 1 lane each way
Direction of Traffic	East/West
Condition	Average
Traffic Levels	Low
Signals/Traffic Control	None
Access/Curb Cuts	Yes
Visibility	Average

Utilities

Utilities available to the subject are summarized below.

Utilities	
Service	Provider
Water	City of Justin, Texas
Sewer	City of Justin, Texas

Zoning

The PID is zoned under the guidelines of the Planned Development-749 (Single-Family 2) District, which is intended to allow for single-family residential use in the PID according to the approved concept plan. The following table summarizes the applicable zoning requirements affecting the subject and the PID.

Zoning Summary

Zoning Jurisdiction	City of Justin, Texas
Zoning Designation	PD-749 (SF-2)
Description	Planned Development-749 (Single-Family 2)
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	Single-family residential use in the PID is limited to single-family residential use according to the accepted concept plan

According to the local planning department, there are no pending or prospective zoning changes. Interpretation of zoning ordinances is beyond the scope of expertise of the assignment participants. An appropriately qualified land use attorney should be engaged if a determination of compliance is required.

Other Land Use Regulations

There are no other known land use regulations that would affect the property.

Easements, Encroachments and Restrictions

Based upon a review of the preliminary plat, there are no apparent easements, encroachments, or restrictions that would adversely affect value. This valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

Conclusion of Site Analysis

Overall, the physical characteristics and the availability of utilities result in a functional site, suitable for a variety of uses including those permitted by zoning. Uses permitted by zoning include single-family residential use in the PID limited to single-family residential use according to the accepted concept plan. No other restrictions on development are apparent.

General Description - Timberbrook Public Improvement District No. 2, Improvement Area #1 (Phase 7 Project)

The subject represents a tract of undeveloped land containing an area of 46.162 acres or 2,010,808 square feet which is planned as Improvement Area #1 (Phase 7) within the Timberbrook Public Improvement District No. 2 (the "PID") in the City of Justin, Denton County, Texas. The proposed Improvement Area #1 (Phase 7) project is part of the Timberbrook master-planned development. The PID, including the subject Improvement Area #1 (Phase 7) is zoned under the guidelines of the PD-749 (SF-2), Planned Development-749 (Single-Family 2) District which allows for single-family residential use in the PID according to the approved concept plan. Improvement Area #1 (Phase 7) in the PID is platted and planned to be developed with two typical lot types (119 lots - 50' x 110' or 5,500 square feet and 36 lots - 60' x 120' or 7,200 square feet). All of the lots are designed for front access and are located in the Northwest ISD. Substantial completion of Improvement Area #1 (Phase 7) in the PID is expected by March 31, 2025.

Improvements will also include concrete streets with curbs and gutters, streetlights, landscaping, and an entry feature.

The Timberbrook PID No. 2, IA #1, Phase 7 Project is summarized in the following exhibit:

Timberbrook PID No. 2, IA #1 (Phase 7 Project)

Phase	Acres	Density		Typical Lot Dimensions		Expected	
		Per Acre	50' x 110'	60' x 120'	Total Lots	Completion Date	
7	46.162	3.4	119	36	155	March 31, 2025	
			77%	23%	100%		





Entrance Signage/Timberbrook Parkway



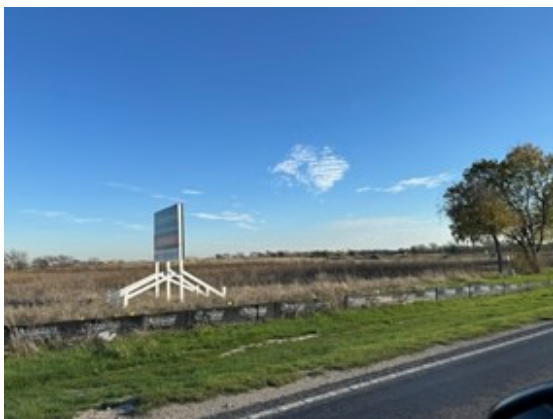
Subject



Subject



Intersection of FM-407 and Timberbrook Parkway

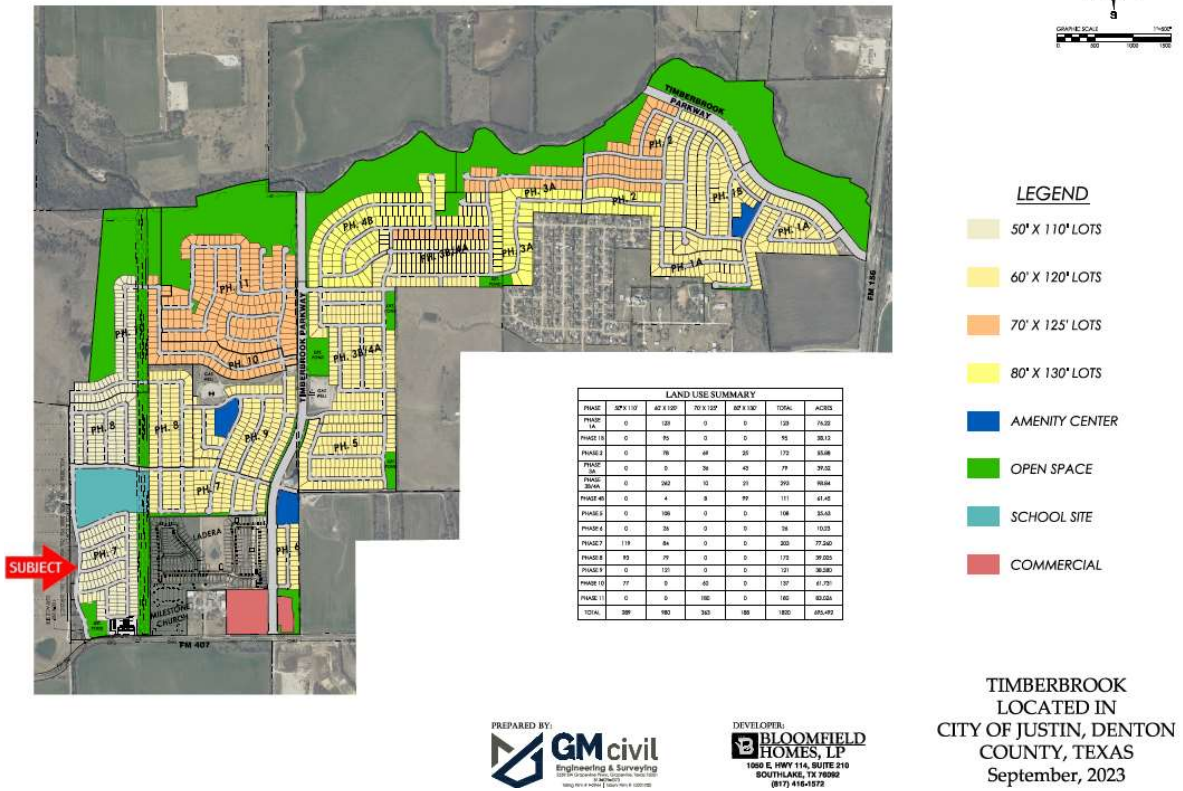


Subject



FM-407

Overall Timberbrook PID No. 2 & Timberbrook PID No. 1 Land Use Plan



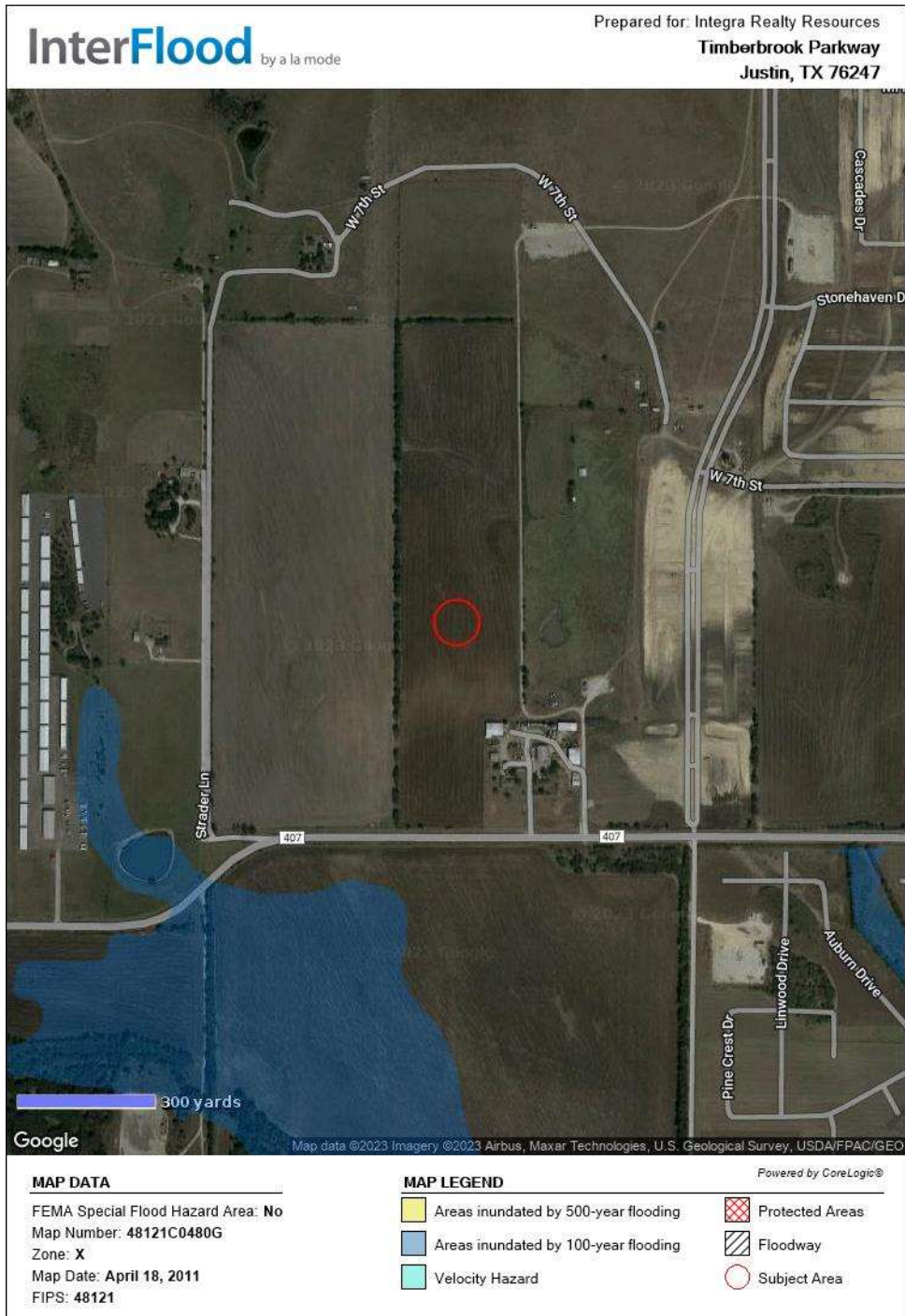
Phase Map Plan – Timberbrook PID No. 2 & Portions of Timberbrook PID No. 1



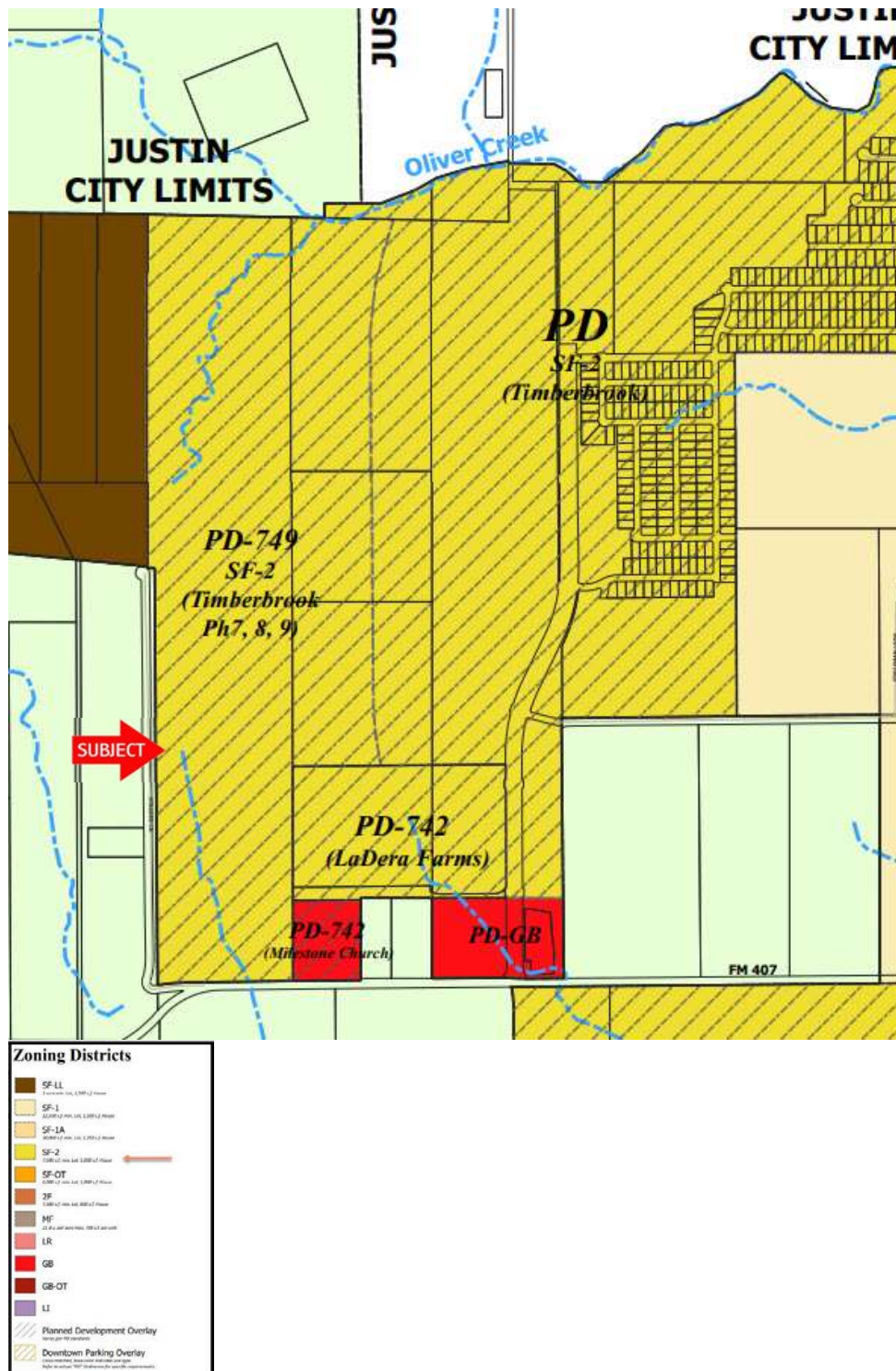
Site Plan – PID (Phase 7 Project)



Flood Hazard Map



Zoning Map - PID



Allocation of Authorized Improvements

Authorized Improvements will be designed and constructed in accordance with the City's standards and specifications and will be owned and operated by the City. The budget and allocation for the Authorized Improvements is shown on **Exhibit B-1** and **Exhibit B-2**.

A. Major Improvements

- *Paving*

Improvements including subgrade stabilization (including lime treatment and compaction), concrete and reinforcing steel for roadways, handicapped ramps, and streetlights. All related earthwork, clearing and grubbing, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included. The street improvements will provide street access to each Lot within the District.

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, and erosion control all necessary appurtenances required to provide water service to all Lots within the District.

- *Sanitary Sewer*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, related earthwork, excavation, and erosion control all necessary appurtenances required to provide wastewater service to all Lots within the District.

- *Storm Drainage*

Improvements including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, and erosion control necessary to provide storm drainage for all Lots in the District.

- *Soft Costs*

Improvements including engineering and design, construction inspection fees, geotechnical testing and governmental submittal fees for the costs associated with the street, water, sanitary sewer and storm drainage improvements as described above.

- *District Formation Costs*

Costs associated with forming the District, including, but not limited to, attorney fees, and any other cost or expense incurred by the City or the Developer(s) directly associated with the establishment of the District.

B. Improvement Area #1**▪ Paving**

Improvements including subgrade stabilization (including lime treatment and compaction), concrete and reinforcing steel for roadways, handicapped ramps, and streetlights. All related earthwork, clearing and grubbing, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included. The street improvements will provide street access to each Lot within Improvement Area #1.

▪ Water

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, and erosion control all necessary appurtenances required to provide water service to all Lots within Improvement Area #1.

▪ Sanitary Sewer

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, related earthwork, excavation, and erosion control all necessary appurtenances required to provide wastewater service to all Lots within Improvement Area #1.

▪ Storm Drainage

Improvements including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, and erosion control necessary to provide storm drainage for all Lots in Improvement Area #1.

▪ Soft Costs

Improvements including engineering and design, construction inspection fees, geotechnical testing and governmental submittal fees for the costs associated with the street, water, sanitary sewer and storm drainage improvements as described above.

EXHIBIT B-1 – PROJECT COSTS

	Total ^[a]	Non-Assessed Property ^[b]	Private	District Eligible Costs	Improvement Area #1		Remainder Area	
					%	Cost	%	Cost
<i>Major Improvements^{[d],[e]}</i>								
Paving	\$ 2,077,031	\$ 171,975	\$ -	\$ 1,905,056	32.45%	\$ 618,247	67.55%	\$ 1,286,809
Water	804,560	66,616	-	737,944	32.45%	239,485	67.55%	498,459
Sanitary Sewer	960,810	79,553	-	881,257	32.45%	285,994	67.55%	595,263
Storm Drainage	1,960,525	162,328	-	1,798,197	32.45%	583,568	67.55%	1,214,628
Soft Costs ^[c]	2,026,589	167,798	-	1,858,791	32.45%	603,233	67.55%	1,255,558
	<u>\$ 7,829,514</u>	<u>\$ 648,270</u>	<u>\$ -</u>	<u>\$ 7,181,244</u>		<u>\$ 2,330,528</u>		<u>\$ 4,850,716</u>
<i>Improvement Area #1 Improvements</i>								
Paving	\$ 1,757,148	\$ -	\$ -	\$ 1,757,148	100%	\$ 1,757,148	0.00%	\$ -
Water	763,191	-	-	763,191	100%	763,191	0.00%	-
Sanitary Sewer	492,430	-	-	492,430	100%	492,430	0.00%	-
Storm Drainage	1,188,748	-	-	1,188,748	100%	1,188,748	0.00%	-
Soft Costs ^[c]	1,436,397	-	-	1,436,397	100%	1,436,397	0.00%	-
	<u>\$ 5,637,913</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,637,913</u>		<u>\$ 5,637,913</u>		<u>\$ -</u>
<i>Private Improvements^[f]</i>								
Private Improvements	\$ 702,998	\$ -	\$ 702,998	\$ -		\$ -		\$ -
	<u>\$ 702,998</u>	<u>\$ -</u>	<u>\$ 702,998</u>	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>
<i>Bond Issuance Costs^[g]</i>								
Debt Service Reserve Fund	\$ 418,920	\$ -	\$ -	\$ 418,920		\$ 418,920		\$ -
Capitalized Interest	176,398	-	-	176,398		176,398		-
Underwriter's Discount	161,040	-	-	161,040		161,040		-
Cost of Issuance	348,920	-	-	348,920		348,920		-
	<u>\$ 1,105,278</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,105,278</u>		<u>\$ 1,105,278</u>		<u>\$ -</u>
<i>Other Costs</i>								
Deposit to Administrative Fund	40,000	-	-	40,000		40,000		-
	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,000</u>		<u>\$ 40,000</u>		<u>\$ -</u>
Total	\$ 15,315,703	\$ 648,270	\$ 702,998	\$ 13,964,435		\$ 9,113,719		\$ 4,850,716

Footnotes:

- [a] As provided in the Engineer's Report dated 11/10/2023 and subject to change. Authorized Improvement costs are estimates and will be updated with each Annual Service Plan Update, or Amended and Restated Service and Assessment Plan as appropriate.
- [b] The Developer has agreed to pay for the allocable share of the Actual Costs of these Authorized Improvements that benefit the Non-Assessed Property and is shown as Developer Contribution - Non-Assessed Property on **Exhibit D**.
- [c] Soft Costs includes engineering, surveying, testing, platting, inspection, construction management, and District Formation Costs.
- [d] The Major Improvements are allocated and/or apportioned to Improvement Area #1 and the Remainder Area pro rata based on Estimated Buildout Value after removing Non-Assessed Property allocation, as described herein.
- [e] The Non-Assessed Property is allocated a portion of the Major Improvements pro rata based on acreage to the Non-Assessed Property and the District total acreage (the Non-Assessed Property is 14.018 acres, the District is 155.285 acres, therefore the Non-Assessed Property is allocated 8.28% of the Major Improvements costs, and the District is allocated the remainder of the Major Improvements costs, as described herein).
- [f] Costs required to complete Improvement Area #1 Improvements and reach final lot completion; non-reimbursable to the Developer from Assessments or PID Bonds.
- [g] Bond Issuance Costs associated with a particular series of PID Bonds are estimates only and will be determined at the time the PID Bonds are issued in the future. In the event the PID Bonds are not sold in a reasonable time frame, the portion of the assessment relating to these costs will be released.



EXHIBIT B-2 – APPORTIONMENT OF MAJOR IMPROVEMENT COSTS

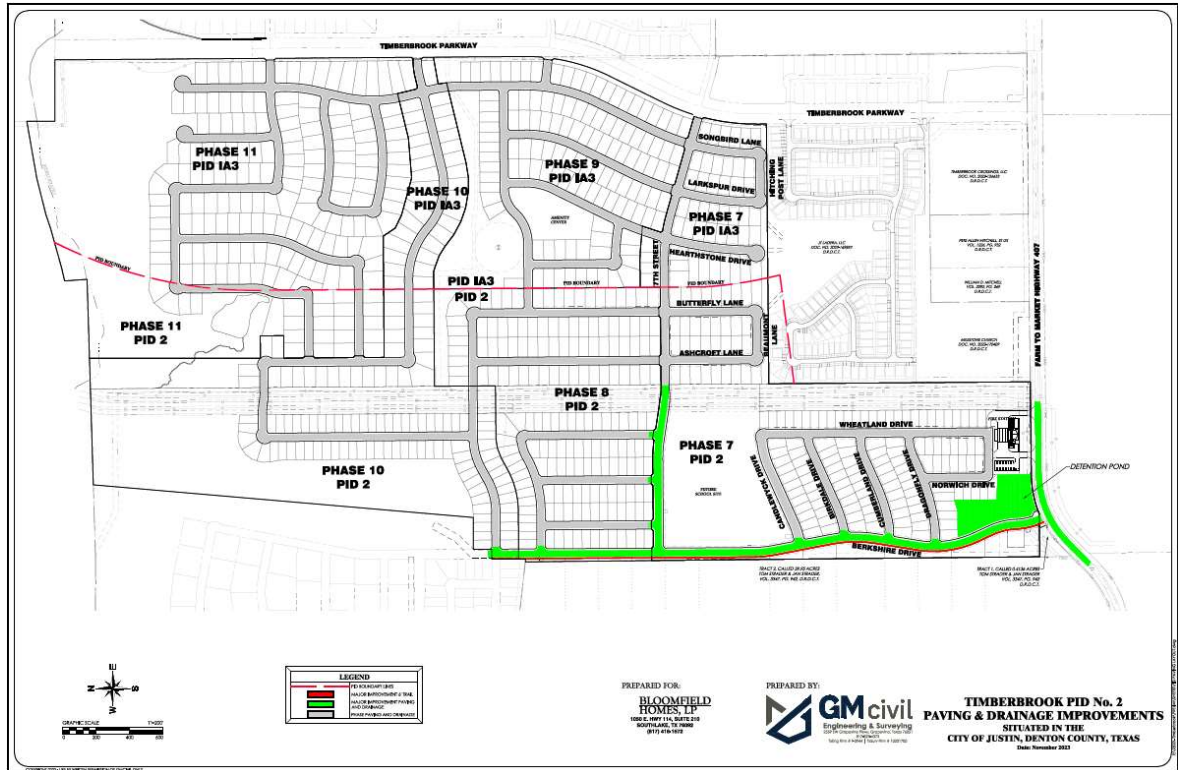
Improvement Area	Units	Estimated Buildout Value	Major Improvements ^[a]		Total Apportionment for Future Funding ^[b]
			%	Costs	
Improvement Area #1	155	\$ 81,100,000	32.45%	\$ 2,330,528	
Remainder Area	301	\$ 168,800,000	67.55%	\$ 4,850,716	\$ 4,850,716
Total	456	\$ 249,900,000	100.00%	\$ 7,181,244	\$ 4,850,716

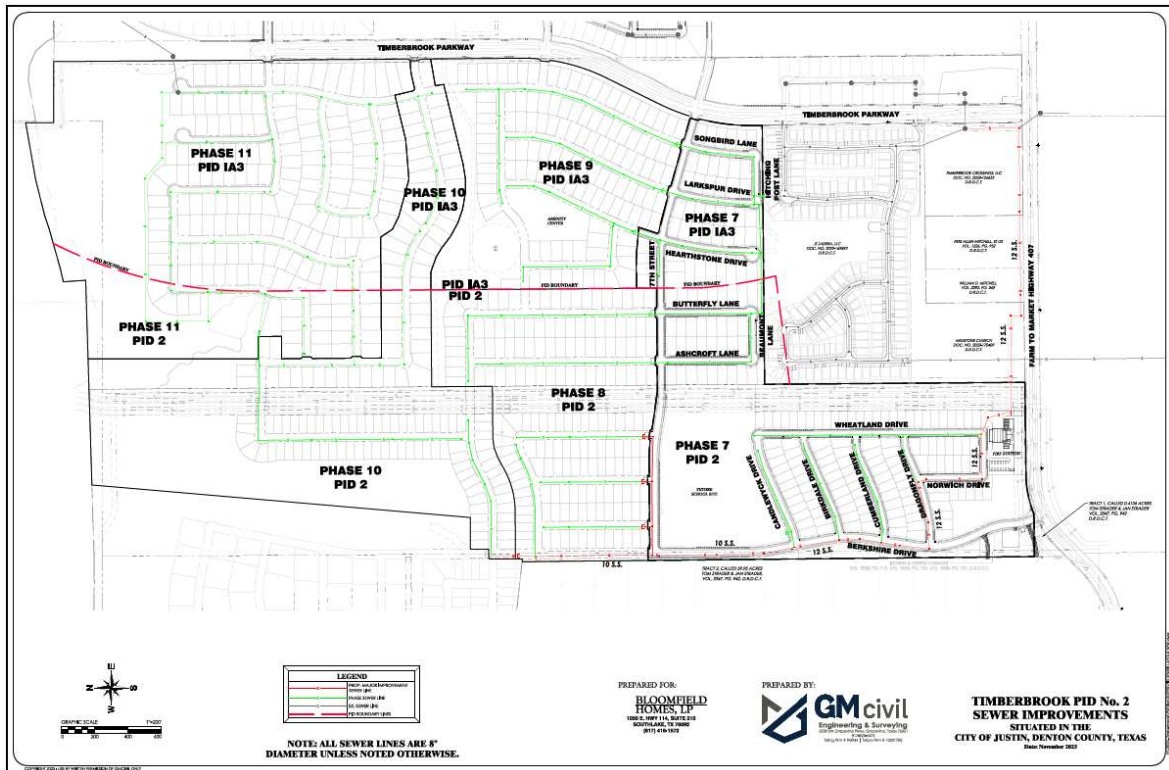
Footnotes:

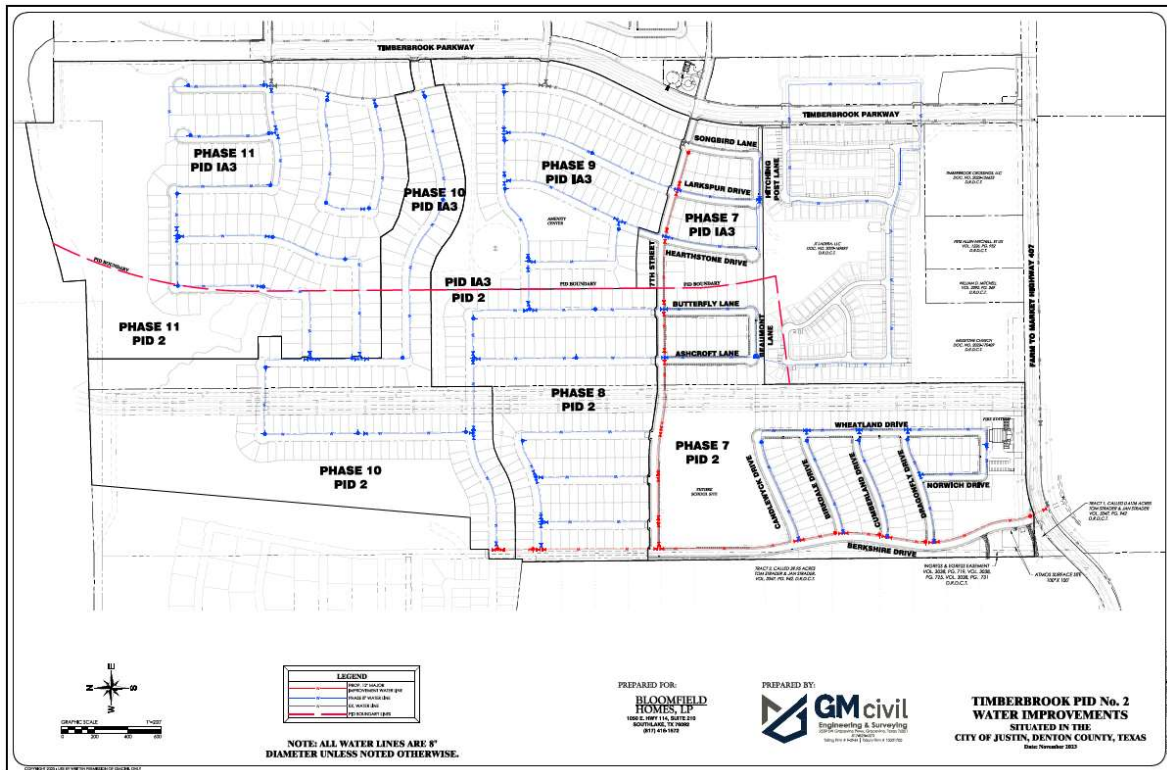
[a] The costs of the Major Improvements are allocated and/or apportioned to Improvement Area #1 and the Remainder Area pro rata based on Estimated Buildout Value, as defined herein.

[b] Reimbursable in part or in full from future Assessments levied on the Remainder Area.

Improvement Exhibits







Real Estate Taxes

Real estate tax assessments are administered by the Denton Central Appraisal District and are estimated by jurisdiction on a county basis for the subject. Real estate taxes in this state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to value. The tax rates are certified in October. Real estate taxes and assessments for the current tax year are shown in the following table.

Taxes and Assessments - 2024									
Tax ID	Total Acres	Assessed Value			Taxes and Assessments				
		Land	Improvements	Total	Tax Rate	Ad Valorem Taxes	Agriculture Assessment	Total	
1025473	114.0913	N/A	\$0	\$0	N/A	N/A	\$0	N/A	

The subject property is currently assessed by the tax district as part of a larger tract of land being 114.0913 acres. However, the tax district has not determined an assessed value for 2024. Furthermore, the assessed value as vacant land is irrelevant to our prospective valuation as developed lots. The estimated taxes for the subject’s developed lots will be based upon our market value opinions within the discounted cash flow statements within this report.

Texas is a non-disclosure State with a mandate to assess property at 100% of market value. Some Texas County Assessors are more successful at achieving the mandate than others. In Texas Counties with little or no transaction activity, values can lag the market. However, there is no limit on increases in the event of a re-assessment.

Property owners in Texas may protest ad valorem assessments using the one of two tests, 1) Market Value or 2) "Equal Appraisal". Market Value is self-explanatory. "Equal Appraisal" means there is a burden on the District's Assessor to ensure mass appraisal methods produce consistent results from property to property. To measure equality, the Appraisal Review Board will consider the assessed values of competing properties in the District. The process involves generation of "ratio study" in which, after appropriate adjustments, the "median value" is the conclusion of "Equal Appraisal".



Highest and Best Use

The highest and best use of a property is the reasonably probable use resulting in the highest value and represents the use of an asset that maximizes its productivity.

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as though vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

As Though Vacant

First, the property is evaluated as though vacant, with no improvements.

Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

Legally Permissible

The PID is zoned under the guidelines of the PD-749 (SF-2), Planned Development-749 (Single-Family 2) District. Permitted uses include single-family residential use in the PID limited to single-family residential use according to the accepted concept plan. There are no apparent legal restrictions, such as easements or deed restrictions, effectively limiting the use of the property. Given prevailing land use patterns in the area, only single-family residential use is given further consideration in determining highest and best use of the site, as though vacant.

Financially Feasible

Based on the accompanying analysis of the market, there is currently adequate demand for single-family residential use in the subject's area. It appears a newly developed single-family residential use on the site would have a value commensurate with its cost. Therefore, single-family residential use is considered to be financially feasible.

Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than single-family residential use. Accordingly, single-family residential use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

Conclusion

Development of the site for single-family residential use is the only use which meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property.

Most Probable Buyer

Taking into account the characteristics of the site, as well as area development trends, the probable buyer is a developer / homebuilder.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach - (Subdivision Development Analysis)	Applicable	Utilized

Sales Comparison Approach

To develop an opinion of the subject's lot values within the subject, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties.

As discussed previously, the property is divided for valuation purposes relative to the two lot types on the subject's 46.162 acres, being 50-foot and 60-foot in lot width summarized as follows:

Land Parcels				
Name	SF	Acres	Units	Unit of Comparison
50' Frontage Lots	5,500	0.126	50	Front Footages
60' Frontage Lots	7,200	0.165	60	Front Footages

50' Frontage Lots (50' x 110'; 5,500 SF)

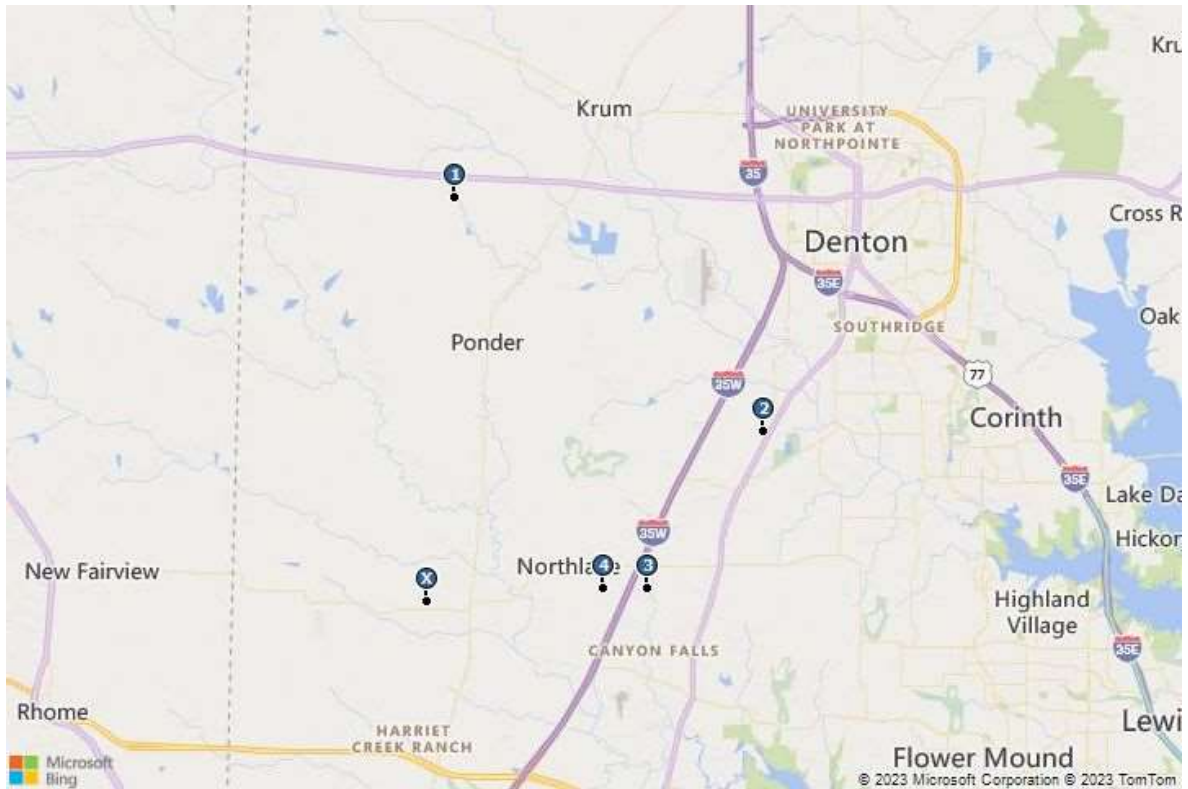
To apply the sales comparison approach to the 50' Frontage Lots, the research focused on transactions within the following parameters:

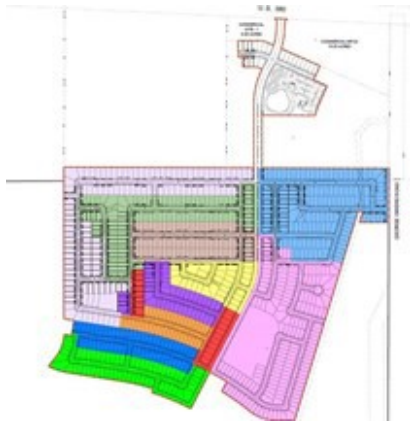
- Location: General Market Area of Denton County, Texas
- Size: 50' frontage lots
- Use: Residential
- Transaction Date: January 2023+

For this analysis, price per front footage is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table:

Summary of Comparable Land Sales - 50' Frontage Lots								
No.	Name/Address	Sale Date; Status	Effective Sale Price	SF; Acres	Front Footage	Zoning	\$/Front Footage	\$/SF Land
1	Tabor Ranch, Phase 1 - 50' Lots Southwest quadrant of US-380 and George Owens Road Denton ETJ Denton County TX Comments: Lots in this proposed development are located in the Ponder ISD. a total of 395 50' lots are contracted between Lillian Custom Homes, First Texas Homes, Starlight Homes Texas, Meritage Homes of Texas, and CastleRock Communities.	Jan-25 In-Contract	\$79,900	6,000 0.14	50	None - ETJ	\$1,598	\$13.32
2	Sagebrook Addition, Phase 1 - 50' Lots South side of Bluestem Boulevard, west of US-377 Denton Denton County TX Comments: Lots in this development are located in the Denton ISD. Home prices are ranging from \$323,000 to \$491,00.	Nov-23 Closed	\$94,432	6,000 0.14	50	PD	\$1,889	\$15.74
3	Avalon at Argyle, Phase 1 - 50' Lots East side of Avalon Boulevard, south of FM-407W Argyle Denton County TX Comments: This is a new phase being developed by Centurion American. The 50' and 60' lots are contracted to D.R. Horton Homes. Lots are within the Northwest ISD.	Dec-24 In-Contract	\$110,000	6,000 0.14	50	Development Agreement	\$2,200	\$18.33
4	Pecan Square, Phase 3A - 50' Lots East side of Horizon Way, south of Elm Place Northlake Denton County TX Comments: This lot sale was part of a bulk purchase of 50' lots. The lots are located in the Northwest ISD.	Apr-23 Closed	\$97,500	6,000 0.14	50	PD	\$1,950	\$16.25
	Subject Timberbrook Public Improvement District No. 2, Improvement Area #1 (Phase 7 Project) Justin, TX			5,500 0.13	50	PD-749 (SF-2)		

Comparable Land Sales Map – 50' Frontage Lots





Sale 1
Tabor Ranch, Phase 1 - 50' Lots



Sale 2
Sagebrook Addition, Phase 1 - 50' Lots



Sale 3
Avalon at Argyle, Phase 1 - 50' Lots



Sale 4
Pecan Square, Phase 3A - 50' Lots

Analysis and Adjustment of Sales

Adjustments are based on a rating of each comparable sale in relation to the subject. The adjustment process is typically applied through either quantitative or qualitative analysis, or a combination of both analyses. Quantitative adjustments are often developed as dollar or percentage amounts and are most credible when there is sufficient data to perform a paired sales analysis.

While percentage adjustments are presented in the adjustment grid, they are based on qualitative judgment rather than empirical research, as there is not sufficient data to develop a sound quantitative estimate. Although the adjustments appear to be mathematically precise, they are merely intended to illustrate an opinion of typical market activity and perception. With the exception of market conditions, the adjustments are based on a scale, with a minor adjustment in the range of 1-5% and a substantial adjustment considered to be 20% or greater.

The rating of each comparable sale in relation to the subject is the basis for the adjustments. If the comparable is superior to the subject, its sale price is adjusted downward to reflect the subject's relative attributes; if the comparable is inferior, its price is adjusted upward.

Transactional adjustments are applied for property rights conveyed, financing, conditions of sale, expenditures made immediately after purchase, and market conditions. In addition, property adjustments include – but are not limited to – location, access/exposure, size, quality, effective age, economic and legal characteristics, and non-realty components of value. Adjustments are considered for the following factors, in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

The opinion of value in this report is based on a fee simple estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat, as well as non-detrimental easements, community facility districts, and conditions, covenants and restrictions (CC&Rs). All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

In analyzing the comparables, it is necessary to adjust for financing terms that differ from market terms. Typically, if the buyer retained third-party financing (other than the seller) for the purpose of purchasing the property, a cash price is presumed and no adjustment is required. However, in instances where the seller provides financing as a debt instrument, a premium may have been paid by the buyer for below-market financing terms, or a discount may have been demanded by the buyer if the financing terms were above market. The premium or discounted price must then be adjusted to a cash equivalent basis. The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

Adverse conditions of sale can account for a significant discrepancy from the sale price actually paid, compared to that of the market. This discrepancy in price is generally attributed to the motivations of the buyer and the seller. Certain conditions of sale are considered non-market and may include the following:

- a seller acting under duress (e.g., eminent domain, foreclosure);
- buyer motivation (e.g., premium paid for assemblage, certain 1031 exchanges);
- a lack of exposure to the open market;
- an unusual tax consideration;
- a sale at legal auction.

Sales 3, 4, and 5 are tied to earlier contracts at lower base lot pricing and were adjusted upward for this inferior attribute. Adjustments are not necessary for Sales 1 and 2.

Expenditures Made Immediately After Purchase

This category considers expenditures incurred immediately after the purchase of a property. There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

It is noted that most all lot contracts still contain interest carry clauses providing for increased sale prices through the take down period. The most current take down contracts found in the market area still include from 5-6% interest carry with some contracts reportedly renegotiated to include up to 8.5% carry in exchange for extended absorption periods. As such, we have included a market conditions adjustment of 6% through the date of valuation. The sales took place from April 2023 to November 2023 with two sales under contract for closing expected by December 2024 and January 2025. Thus, the adjustment grid accounts for this trend with upward adjustments through the date of valuation.

Property Adjustments***Location***

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

Sales 2, 3 and 4 are adjusted downward for superior location. Sale 1 is adjusted upward for inferior location.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

All of the comparables are similar to the subject. No adjustments are necessary.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

All of the comparables are similar to the subject. No adjustments are necessary.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PD-749 (SF-2) - Planned Development-749 (Single-Family 2).

All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - 50' Frontage Lots

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Name	Timberbrook Public Improvement District No. 2, Improvement Area #1 (Phase 7 Project)	Tabor Ranch, Phase 1 - 50' Lots	Sagebrook Addition, Phase 1 - 50' Lots	Avalon at Argyle, Phase 1 - 50' Lots	Pecan Square, Phase 3A - 50' Lots
Address	North side of FM- 407, west of Timberbrook Parkway	Southwest quadrant of US- 380 and George Owens Road	South side of Bluestem Boulevard, west of US-377	East side of Avalon Boulevard, south of FM-407W	East side of Horizon Way, south of Elm Place
City	Justin	Denton ETJ	Denton	Argyle	Northlake
County	Denton	Denton	Denton	Denton	Denton
State	Texas	TX	TX	TX	TX
Sale Date		Jan-25	Nov-23	Dec-24	Apr-23
Sale Status		In-Contract	Closed	In-Contract	Closed
Sale Price		\$79,900	\$94,432	\$110,000	\$97,500
Effective Sale Price		\$79,900	\$94,432	\$110,000	\$97,500
Square Feet	5,500	6,000	6,000	6,000	6,000
Number of Front Footages	50	50	50	50	50
Price per Front Footage		\$1,598	\$1,889	\$2,200	\$1,950
Transactional Adjustments					
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		-	-	-	-
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		-	-	-	-
Conditions of Sale					
% Adjustment		-	-	-	5%
Expenditures Made Immediately After Purchase					
\$ Adjustment		-	-	-	-
Market Conditions	3/31/2025	Jan-25	Nov-23	Dec-24	Apr-23
Annual % Adjustment	6%	1%	8%	2%	12%
Cumulative Adjusted Price		\$1,614	\$2,040	\$2,244	\$2,293
Property Adjustments					
Location		25%	-5%	-5%	-5%
Access/Exposure		-	-	-	-
Size		-	-	-	-
Shape and Topography		-	-	-	-
Zoning		-	-	-	-
Net Property Adjustments (\$)		\$403	-\$102	-\$112	-\$115
Net Property Adjustments (%)		25%	-5%	-5%	-5%
Final Adjusted Price		\$2,017	\$1,938	\$2,132	\$2,179
Range of Adjusted Prices		\$1,938 - \$2,179			
Average		\$2,066			
Indicated Value		\$2,000			

Land Value Conclusion – 50' Frontage Lots

Prior to adjustments, the sales reflect a range of \$1,598 - \$2,200 per front footage. After adjustment, the range is narrowed to \$1,938 - \$2,179 per front footage, with an average of \$2,066 per front footage. To arrive at an indication of value, equal weight is given to all sales.

Based upon the preceding analysis, the land value conclusion for the subject is presented as follows:

Land Value Conclusion

Indicated Value per Front Footage	\$2,000
Subject Front Footages	<u>50</u>
Indicated Value	\$100,000
Rounded	\$100,000

60' Frontage Lots (60' x 120'; 7,200 SF)

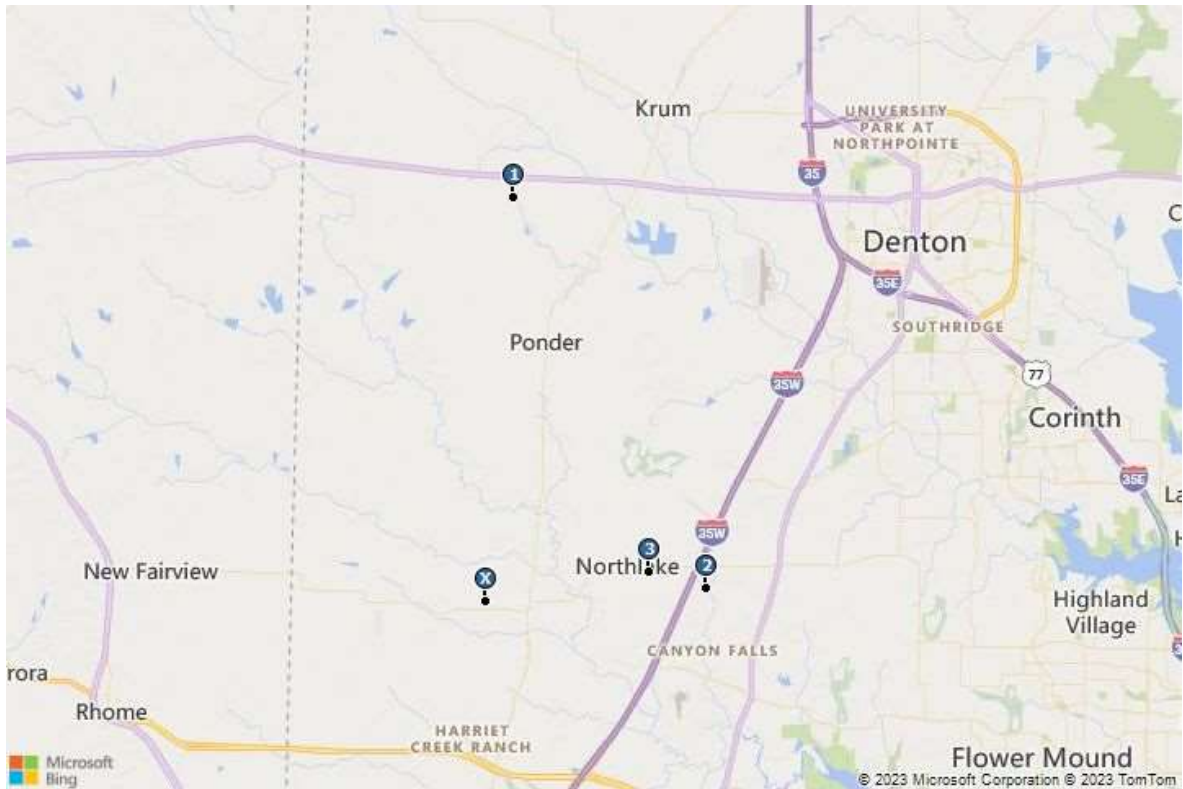
To apply the sales comparison approach to the 60' Frontage Lots, the research focused on transactions within the following parameters:

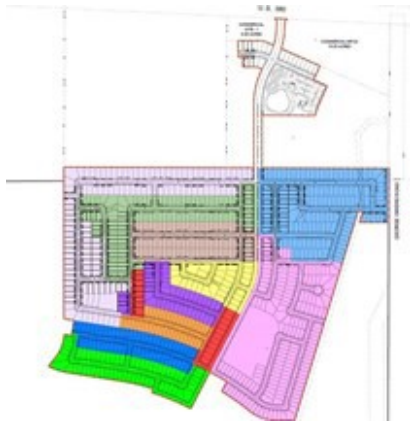
- Location: General Market Area in Denton County, Texas
- Size: 60' frontage lots
- Use: Residential
- Transaction Date: January 2023+

For this analysis, price per front footage is used as the appropriate unit of comparison. The most relevant sales are summarized in the following table.

Summary of Comparable Land Sales - 60' Frontage Lots								
No.	Name/Address	Sale Date; Status	Effective Sale Price	SF; Acres	Front Footage	Zoning	\$/Front Footage	\$/SF Land
1	Tabor Ranch, Phase 1 - 60' Lots Southwest quadrant of US-380 and George Owens Road Denton ETJ Denton County TX	Jan-25 In-Contract	\$89,900	7,200 0.17	60	None - ETJ	\$1,498	\$12.49
<i>Comments: Lots in this proposed development are located in the Ponder ISD. A total of 150 lots are contracted between Lillian Custom Homes, Meritage Homes of Texas, and CastleRock Communities.</i>								
2	Avalon at Argyle, Phase 1 - 60' Lots East side of Avalon Boulevard, south of FM-407W Argyle Denton County TX	Dec-24 In-Contract	\$132,000	7,200 0.17	60	PD	\$2,200	\$18.33
<i>Comments: This is a new phase being developed by Centurion American. The 50' and 60' lots are contracted to D.R. Horton Homes. Lots are within the Northwest ISD.</i>								
3	Pecan Square, Phase 3C - 60' Lots East side of N. Pecan Parkway, south of FM-407 Northlake Denton County TX	Jul-23 Closed	\$135,000	7,200 0.17	60	Development Agreement	\$2,250	\$18.75
<i>Comments: Lots in this multiphase development are located in the Northwest ISD.</i>								
Subject				7,200	60	PD-749 (SF-2)		
Timberbrook Public Improvement District No. 2, Improvement Area #1 (Phase 7 Project) Justin, TX				0.17				

Comparable Land Sales Map – 60' Frontage Lots

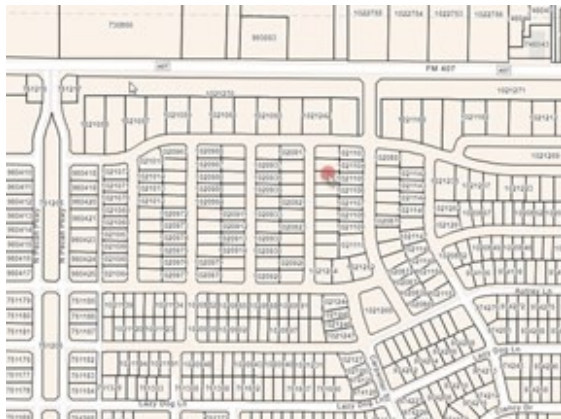




Sale 1
Tabor Ranch, Phase 1 - 60' Lots



Sale 2
Avalon at Argyle, Phase 1 - 60' Lots



Sale 3
Pecan Square, Phase 3C - 60' Lots

Analysis and Adjustment of Sales

Adjustments are considered for the following factors in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

Adverse conditions of sale can account for a significant discrepancy from the sale price actually paid, compared to that of the market. This discrepancy in price is generally attributed to the motivations of the buyer and the seller. Certain conditions of sale are considered non-market and may include the following:

- a seller acting under duress (e.g., eminent domain, foreclosure);
- buyer motivation (e.g., premium paid for assemblage, certain 1031 exchanges);
- a lack of exposure to the open market;
- an unusual tax consideration;
- a sale at legal auction.

Sales 3 and 4 are tied to earlier contracts at lower base lot pricing and were adjusted upward for this inferior attribute. Adjustments are not necessary for Sales 1 and 2.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

It is noted that most all lot contracts still contain interest carry clauses providing for increased sale prices through the take down period. The most current take down contracts found in the market area still include from 5-6% interest carry with some contracts reportedly renegotiated to include up to 8.5% carry in exchange for extended absorption periods. As such, we have included a market conditions adjustment of 6% through the date of valuation. The closed sale took place in July 2023 with two lots under contract for closing in December 2024 and January 2025. Thus, the adjustment grid accounts for this trend with upward adjustments through the date of valuation.

Property Adjustments

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

Sales 2 and 3 are adjusted downward for superior location. Sale 1 is adjusted upward for inferior location.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

All of the comparables are similar to the subject. No adjustments are necessary.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

All of the comparables are similar to the subject. No adjustments are necessary.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable

density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PD-749 (SF-2) - Planned Development-749 (Single-Family 2).

All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - 60' Frontage Lots

	Subject	Comparable 1	Comparable 2	Comparable 3
Name	Timberbrook Public Improvement District No. 2, Improvement Area #1 (Phase 7 Project)	Tabor Ranch, Phase 1 - 60' Lots	Avalon at Argyle, Phase 1 - 60' Lots	Pecan Square, Phase 3C - 60' Lots
Address	North side of FM-407, west of Timberbrook Parkway	Southwest quadrant of US-380 and George Owens Road	East side of Avalon Boulevard, south of FM-407W	East side of N. Pecan Parkway, south of FM-407
City	Justin	Denton ETJ	Argyle	Northlake
County	Denton	Denton	Denton	Denton
State	Texas	TX	TX	TX
Sale Date		Jan-25	Dec-24	Jul-23
Sale Status		In-Contract	In-Contract	Closed
Sale Price		\$89,900	\$132,000	\$135,000
Effective Sale Price		\$89,900	\$132,000	\$135,000
Square Feet	7,200	7,200	7,200	7,200
Number of Front Footages	60	60	60	60
Price per Front Footage		\$1,498	\$2,200	\$2,250
Transactional Adjustments				
Property Rights		Fee Simple	Fee Simple	Fee Simple
% Adjustment		-	-	-
Financing Terms		Cash to seller	Cash to seller	Cash to seller
% Adjustment		-	-	-
Conditions of Sale		-	-	-
% Adjustment		-	-	-
Expenditures Made Immediately After Purchase		-	-	-
\$ Adjustment		-	-	-
Market Conditions	3/31/2025	Jan-25	Dec-24	Jul-23
Annual % Adjustment	6%	1%	2%	10%
Cumulative Adjusted Price		\$1,513	\$2,244	\$2,475
Property Adjustments				
Location		30%	-5%	-5%
Access/Exposure		-	-	-
Size		-	-	-
Shape and Topography		-	-	-
Zoning		-	-	-
Net Property Adjustments (\$)		\$454	-\$112	-\$124
Net Property Adjustments (%)		30%	-5%	-5%
Final Adjusted Price		\$1,967	\$2,132	\$2,351
Range of Adjusted Prices				
		\$1,967 - \$2,351		
Average		\$2,150		
Indicated Value		\$2,000		

Land Value Conclusion – 60' Frontage Lots

Prior to adjustments, the sales reflect a range of \$1,498 - \$2,250 per front footage. After adjustment, the range is narrowed to \$1,967 - \$2,351 per front footage, with an average of \$2,150 per front footage. To arrive at an indication of value, equal weight is given to all sales.

Based upon the preceding analysis, the land value conclusion is as follows:

Land Value Conclusion

Indicated Value per Front Footage	\$2,000
Subject Front Footages	60
Indicated Value	\$120,000
Rounded	\$120,000

Summary of Land Values

Based upon this analysis, the individual values are summarized as follows:

Summary of Land Values				
Parcel	Units	Indicated Unit Value	Indicated Value	Rounded
50' Frontage Lots	50	\$2,000	\$100,000	\$100,000
60' Frontage Lots	60	\$2,000	\$120,000	\$120,000

Cumulative Retail Lot Value

Following is the calculation for the total cumulative retail lot value for the subject's 155 proposed lots.

Cumulative Retail Lot Value Calculation				
Total Lots	Front Footage	Average Price/Lot	Price/FF	Total Cumulative Retail Value
119	50	\$100,000	\$2,000	\$11,900,000
36	60	\$120,000	\$2,000	\$4,320,000
155		\$104,645		\$16,220,000

As shown, the total cumulative retail lot value equates to \$16,220,000 or \$104,645/lot average.

It should be clearly understood that the summation of lot values does not represent our opinion of the market discounted/bulk value, as if the lots are all sold in bulk in a single transaction.

Summary of Net/Gross Value Analysis Conclusion

The preceding value was based on a retail sale of small batches of lots (less than 20 lots at a time). However, frequently entire subdivisions are sold to builders, or other investors, at a discount. These builders will then warehouse the land themselves, or the investors will resell the lots to builders over a longer-term takedown schedule. Thus, to determine the appropriate discount for the subject, we have assembled a number of bulk sales of other developed subdivision lots located throughout North Texas. The comparables presented represent the bulk sale of developed lots to homebuilders and/or investors. As shown below, the discount for the sales presented ranged from 3.9% to 18.6% of the retail value from 2019 to First Quarter 2023. The data indicates that discounts for bulk lot sales were decreasing through 2022 in many submarket areas. However, with the recent rise in interest rates suggest that larger discounts may be supportable.

Our bulk sale comparables from 2019 – First Quarter 2023 are listed in the following summary table.

Bulk Lot Sale Summary							
Subdivision	Date of Sale	Total Lots	Lot Dimensions	Total SF	Bulk Price/Lot	Retail Price/Lot	N/G Ratio
Sutton Fields	Jul-19	100	50' x 115'	5,750	\$50,000	\$61,000	82.0%
Celina, Texas		85	60' x 115'	6,900	\$57,000	\$70,000	81.4%
LakePointe	Jul-19	114	50' x 120'	6,000	\$47,500	\$51,000	93.1%
Lavon, Texas		109	60' x 120'	7,200	\$54,900	\$58,000	94.7%
Massey Meadows, Ph. 1	May-19	186	70' x 120'	8,400	\$70,000	\$77,000	90.9%
Midlothian, Texas							
Ventana, Ph. 2	May-20	62	50' x 120'	6,000	\$60,000	\$66,250	90.6%
Fort Worth, Texas							
Inspiration, Ph. 9	Mar-20	125	50' x 120'	6,000	\$76,125	\$79,170	96.1%
St. Paul, Texas							
The Highlands	Feb-21	34	50' x 140'	7,000	\$109,000	\$115,000	94.8%
Rockwall, Texas							
LakePointe, Phase 2	Dec-21	118	50' x 120'	6,000	\$48,825	\$52,500	93.0%
Lavon, Texas		142	60' x 120'	7,200	\$56,265	\$60,500	93.0%
Painted Tree Village	Oct-22	74	40' x 110'	4,400	\$84,000	\$94,000	89.4%
McKinney, Texas		111	50' x 118'	5,900	\$105,000	\$117,500	89.4%
Northlake Estates, Phase 3	Jan-23	92	65' x 125'	8,125	\$85,000	\$104,000	81.7%
Little Elm ETJ, Texas							

Source: Developers 2019-2023

Thus, when consideration is given to the subject's projected marketing periods of 7.9± months (50' lots) and 7.2± months (60' lots), a net to gross sales price ratio (average bulk sale value per lot/average retail sales price per lot) of 95% is deemed appropriate for the subject, as proposed.

Net/Gross Value Analysis Conclusion

Based upon the preceding, it is our opinion that the net/gross market value for the subject utilizing overall average retail lot value of \$104,645/lot and a net/gross ratio of 95% is \$15,410,000 (R), or an overall average of \$99,419/lot.

Net/Gross Ratio Market Value Summary	
Average Lot Value	\$104,645
Total Lots	155
N/G Ratio %	95%
Total Market Value (R)	\$15,410,000
Average/Lot	\$99,419

Subdivision Development Analysis (As Complete)

Having completed the retail valuation section of the assignment, we will now provide an opinion of the market value of the property to a single purchaser, as of this date. Obviously, this value will include a provision for compensating the developer/sponsor, i.e., profit for risk and expenditure of time. This value contemplates that the developer/sponsor of the subject would sell the subject property to another developer who would in turn sell the developed lots on a retail basis. This value represents the concept of market value to a single purchaser as of this date, wherein a portion of the overall real property rights or physical asset would typically be sold to its ultimate users over some future time period. Valuations involving such properties must fully reflect all appropriate deductions and discounts as well as the anticipated cash flows to be derived from the disposition of the asset over time. Appropriate deductions and discounts are considered to be those which reflect all expenses associated with the disposition of the realty, as of the date of completion, as well as the cost of capital and entrepreneurial profit. This latter item of entrepreneurial profit is accounted for herein as part of the discount rate. Based on our experience, profit is not expensed as a line item as it is not realized until the project's expenses (including debt) are paid.

The various assumptions necessary to complete our subdivision development analysis (discounted cash flow analysis) for the developed subject subdivision are discussed in detail in the following paragraphs.

Absorption

As discussed in detail in the "Single-Family Analysis" section of our analysis, we have projected the overall absorption for the subject to be 7.9± months (50' lots) and 7.2± months (60' lots).

Our monthly absorption projection is summarized as follows:

Projected Monthly Absorption Summary										Total Aborp. Period
Lot Type	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Lots	(Months±)
50' Lots	15	15	15	15	15	15	15	14	119	7.9
60'Lots	5	5	5	5	5	5	5	1	36	7.2
Totals	20	20	20	20	20	20	20	15	155	

Price/Value Increases Over the Sellout Period

Texas has had some of the strongest housing appreciation rates in the country over the past decade. Over the past decade, Texas housing prices have risen 125.74 percent, which equates to an annual home appreciation rate of 8.48 percent, according to the data collected by NeighborhoodScout. If you are a house buyer or real estate investor, Texas has been one of the finest long-term real estate investments in the United States over the past decade.

In Dallas, Texas, housing prices are expected to decrease by 0.1% as of April 2023, followed by a further decline of 0.3% in June 2023, but are projected to increase by 0.7% by March 2024. Although house sales have slowed in Texas, this is not always an indication of demand but rather of supply. Numerous analysts believe that the number of homes sold in Texas in 2021 and 2022 could have been higher if there had been a greater supply of homes for sale. As newly constructed homes enter the market, this might increase overall sales. Overall, the Texas housing market will likely continue robust, although not to the same extent as in 2021.

In conclusion, the Texas economy is currently facing some challenges, but it remains relatively strong compared to other states. The energy sector continues to be a major driver of growth, but it is subject to volatility. The housing market is showing signs of weakness, but it remains relatively stable. Employment growth has been strong, but there are signs that it may be slowing. Overall, the economic outlook for Texas remains positive, but some potential headwinds could cause problems in the future.

Trends in National Inflation and Interest Rates

Year	U.S. Prime Rate	Increase in	
		U.S. CPI	Real Rate of Return
2013	3.25%	1.50%	1.75%
2014	3.25%	1.30%	1.95%
2015	3.50%	0.70%	2.80%
2016	3.75%	1.40%	2.35%
2017	4.25%	2.11%	2.14%
2018	5.50%	1.95%	3.55%
2019	4.75%	2.29%	2.46%
2020	3.25%	0.13%	3.12%
2021	3.25%	0.07%	3.18%
2022	7.50%	6.06%	1.44%
09/23*	8.50%	3.70%	4.80%

Source: Federal Reserve Bank of St. Louis, U.S. Financial Data

*Increase is compared to the previous year-to-year figures

As shown in the preceding table, CPI increases ranged from 0.70% to 6.06% from 2013 through September 2023 with prime rates ranging from 3.25% to 8.50% resulting in real annual rates of returns ranging from 1.44% - 4.80% (with the most current real rate of return at 4.80% with an 8.50% prime rate). Thus, the real rates of return are substantially affected with fluctuations in the prime rates and the increases/decreases in the consumer price index. (The increase is calculated relative to the previous year-to-year index rates).

Historically, in the sales contracts of the volume lot sales in the marketplace, the lot prices are typically adjusted upward at rates ranging from 6.0% to the prime rate (8.5%). Thus, for valuation purposes herein, we have estimated an annual escalation on the sale of the subject units at 6% per year for the subject lots. This is considered reasonable given the supply of available housing product in the area and the historical collection of interest carry/appreciation by developers within the Dallas/Fort Worth and surrounding market areas.

Expenses

Cost of Sales has been estimated at 2.5% of gross sales proceeds for various closing costs and title policies.

Taxes are paid by the developer annually. The estimation of taxes paid per period is based upon the premise that taxes are prorated at closing and are paid in arrears. Therefore, we have deducted taxes based upon the estimated retail market value of the unsold lots. The taxes are prorated in each calendar year based upon the projected sales in each period. Based upon our experience and information gathered from numerous reputable builders/ developers and taxing authorities, this methodology and percentage estimate (2.0%) is well founded. Rollback taxes are not deducted herein.

Marketing expense is not included in this analysis as the subject lots are contracted to two volume homebuilders who traditionally provide for marketing.

HOA Dues – In a newly constructed subdivision, the developer controls the property until a certain percentage of lots are sold, then the fees are turned over to the HOA. As such, new home buyers pay HOA, but not the developers. There may be minimal maintenance fees over the absorption period, but this would not significantly affect value.

Management Expense/Entrepreneurial Coordination/Remuneration: The last major deduction is that for Entrepreneurial (i.e., the developer/sponsor)/coordination talent expenditure. The Dictionary of Real Estate Appraisal defines entrepreneurial profit as a market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. Inasmuch as the discount rate will include a provision for return on the equity investment, this deduction will be for actual time and expenses only.

Typically, the developer will allow a budgeted line item equal to 0.5% to 2.0% of sales and/or costs, depending on the size of the project, expertise required, and management developmental time involved. Based upon these items, an expense of 0.5% is deemed appropriate and will be a direct line-item deduction from the gross sales proceeds.

Discount Rate

According to the Dictionary of Real Estate Appraisal, 7th Addition, Discount Rate is defined as “a rate of return on capital used to convert future payments or receipts into present value.” The discount rate may or may not be the same as the internal rate of return (IRR), or yield rate, depending on how it is extracted from the market and/or used in the analysis. Furthermore, Internal Rate of Return (IRR) is defined as “the annualized yield rate or rate of return on capital that is generated within an investment or portfolio over a period of ownership.” The IRR is the rate of discount that makes the net present value of the investment equal to zero. The IRR discounts all returns from the investment, including returns from its reversion, to equal the original capital outlay. This rate is similar to the equity yield rate. As a measure of investment performance, the IRR is the rate of discount that produces a profitability index of one and a net present value of zero. It may be used to measure profitability after income taxes, i.e., the after-tax equity yield rate. In other words, it is a rate of profit (or loss) or a measure of performance. It is literally, an interest rate. The effective interest rate on a real estate investment is the equity investor's IRR. The yield to maturity on a bond is the bond holder's IRR, when the bond is held for its full term. The IRR is the rate of return on capital expressed as a ratio per unit of time; for example, 10% per annum. The discount rate utilized herein is essentially an anticipated IRR for the subject property, as estimated from investment performance realized by market participants. Although the investment vehicle being analyzed herein is real property, competition for investment dollars in other investment media is intense, and the prudent investment manager must carefully consider all options. Because of the element of risk involved in real estate investment versus alternative investment vehicles, the prudent investment manager must compare rates of return. The performance of real estate is dependent upon and could fluctuate with the degree of quality of management, unexpected competition, disasters, or economic cycles, particularly in the subject's market area. Therefore, it entails a greater degree of risk than instruments such as government-backed bonds or fixed-rate mortgages.

Following is a summary of yield comparisons as of July 1, 2023, provided by PwC Real Estate Investor, as published by PricewaterhouseCoopers.

YIELD COMPARISON
July 1, 2023

	2018 AVERAGE	2019 AVERAGE	2020 AVERAGE	2021 AVERAGE	2022 AVERAGE	2023 JANUARY	2023 APRIL	2023 JULY
PwC Yield Indicator (PYI) ^a	7.58%	7.47%	7.56%	7.51%	7.43%	7.91%	8.13%	8.39%
Long-Term Mortgages ^b	4.95%	4.71%	3.95%	4.53%	5.61%	6.57%	7.56%	7.39%
10-Year Treasuries ^c	2.79%	2.21%	0.97%	1.40%	2.64%	3.79%	3.43%	3.86%
Consumer Price Index Change ^d	2.60%	1.76%	1.19%	6.09%	7.54%	1.55%	6.61%	3.07%
SPREAD TO PYI (Basis Points)								
Long-Term Mortgages	263	276	361	298	182	134	57	100
10-Year Treasuries	479	526	659	611	479	412	470	453
Consumer Price Index Change	508	571	755	142	(11)	636	252	532

a. A composite IRR average of all markets surveyed (excluding hotels, development land, self storage, and student housing).
 b. Source: Survey; Select Commercial Funding; Commercial Loan Direct; conventional funding, 60% to 80% LTV loans; fixed rates; 6- to 30-year terms.
 c. Source: Federal Reserve; the annual average change is the mean of the four corresponding quarters.
 d. Source: U.S. Department of Labor; quarterly changes are annualized based on the index change from the prior quarter; the annual average change is the mean of the four corresponding quarters.



The subject's discount rate should be less than a typical land project, as the value to be determined is for a fully developed project that is available for immediate resale, and which will ultimately possess less risk than that of the total development process. Therefore, a "risk-adjusted discount rate" is deemed appropriate herein.

RealtyRates.com in their most recent Second Quarter 2023 "Developer Survey" with First Quarter 2023 data summarizes discount rates for conventionally financed (interest-only interim or construction financing) subdivisions and Planned Development Districts (PUDs) in the State of Texas. Actual Rates are historical rates achieved by survey respondents, while Pro-Forma Rates reflect forward-looking revenue and development costs. Subdivision rates do include provisions for developer's profit, i.e., profit is not treated as a line-item expense.

RealtyRates.com DEVELOPER SURVEY - 2nd Quarter 2023*						
Texas - Subdivisions & PUDs						
	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
Site-Built Residential	15.05%	32.90%	22.24%	14.44%	31.58%	21.35%
-100 Units	15.05%	28.36%	21.27%	14.44%	27.23%	20.42%
100-500 Units	15.42%	31.20%	22.38%	14.80%	29.95%	21.48%
500+ Units	15.80%	32.61%	22.75%	15.17%	31.31%	21.84%
Mixed Use	16.17%	32.90%	22.57%	15.53%	31.58%	21.67%
Manufactured Housing	15.36%	35.92%	23.78%	14.75%	34.48%	22.83%
-100 Units	15.36%	31.23%	22.83%	14.75%	29.98%	21.92%
100-500 Units	15.75%	34.35%	24.05%	15.12%	32.98%	23.09%
500+ Units	16.13%	35.92%	24.46%	15.49%	34.48%	23.48%
Business Parks	15.33%	33.35%	22.61%	14.72%	32.01%	21.70%
-100 Acres	15.33%	29.00%	21.72%	14.72%	27.84%	20.85%
100-500 Acres	15.72%	31.90%	22.85%	15.09%	30.62%	21.94%
500+ Acres	16.10%	33.35%	23.24%	15.46%	32.01%	22.31%
Industrial Parks	15.41%	28.91%	20.64%	14.80%	27.75%	19.81%
-100 Acres	15.41%	25.14%	19.87%	14.80%	24.13%	19.07%
100-500 Acres	15.80%	27.65%	20.85%	15.17%	26.54%	20.02%
500+ Acres	16.18%	28.91%	21.19%	15.54%	27.75%	20.34%

*1st Quarter 2023 Data

Copyright 2023 RealtyRates.com™

As shown above, the minimum actual rates in Texas be 15.05% for less than 100 units; 15.42% for 100 to 500+ units; and 15.80% for 500+ units with minimum pro-forma rates ranging from 14.44% to 15.17%.

The 7th Edition of the Dictionary of Real Estate Appraisal defines this term as “a discount rate that is adjusted to offset one or more risk factors, i.e., when a future downswing in the business cycle is likely, the risk associated with a project may increase near the end of its term, necessitating a special adjustment to the discount rate. Such discount rates include all of the elements of risk associated with an income stream for a specified period adjusted to offset additional term risk”.⁴ Thus, it is our opinion that a potential purchaser would expect to receive a much lower return on his investment for a completed project similar to the subject, which has a purchaser of the end product relative to that of a vacant tract of land awaiting eventual development (higher risk of escalating costs to site development and of the eventual timing of completion).

Based upon the preceding, an IRR that is slightly below the minimum rates provided by the RealtyRates “Developer Survey” for Texas of 15.05% for less than 100 units; 15.42% for 100 to 500+ units; and 15.80% for 500+ units with minimum pro-forma rates ranging from 14.44% to 15.17% is considered reasonable for the subject. Hence, taking into consideration the supply and demand levels within the subject’s submarket area, we have selected a discount rate of 14% for the subject which takes into consideration the degree of risk and developer profit. It should be noted that our cash flow also deducts a straight 0.5% entrepreneurial coordination/remuneration (management cost) from all sales proceeds, which effectively increases the discount rate to approximately 14.5%. To be consistent with the timing of the cash flows, the annual income stream is discounted quarterly. With each of the required elements now identified, we are able to analyze the subject in the DCF analysis as shown on the following page.

Subdivision Development Analysis – Timberbrook Public Improvement District No. 2, Improvement Area #1 (Phase 7 Project)

Based upon the preceding, and the cash flow presented on the following page, our prospective opinion of value as complete for the PID is \$15,100,000, or an overall average of \$97,419/lot.

⁴ The Dictionary of Real Estate Appraisal, 7th Edition, the Appraisal Institute, Chicago, Illinois

Timberbrook PID No. 2, IA #1 (Phase 7)

Timberbrook PID 2, IA #1 (Ph. 7)		Prepared By: S. Sivakumar																	
Justin, Texas		Number of Units: 155																	
Scenario: As Complete		Periods: Monthly		Period 3		Period 4		Period 5		Period 6		Period 7		Period 8					
Cash Flows Beginning		Mar-2025		Apr-2025		May-2025		Jun-2025		Jul-2025		Aug-2025		Sep-2025		Oct-2025		Project Totals	
Inventory		Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.
Average/50' Lot		\$100,000	15	\$100,500	15	\$101,003	15	\$101,508	15	\$102,015	15	\$102,525	15	\$103,038	15	\$103,553	14	\$12,108,560	119
Average/60' Lot		\$120,000	5	\$120,600	5	\$121,203	5	\$121,809	5	\$122,418	5	\$123,030	5	\$123,645	5	\$124,264	1	\$4,387,791	36
Appreciation ->		0.50%		0.50%		0.50%		0.50%		0.50%		0.50%		0.50%		0.50%			
Revenues		\$2,100,000	20	\$2,110,500	20	\$2,121,053	20	\$2,131,658	20	\$2,142,316	20	\$2,153,028	20	\$2,163,793	20	\$1,574,005	15	\$16,496,351	155
Expenses		Period 1		Period 2		Period 3		Period 4		Period 5		Period 6		Period 7		Period 8			
TAXES ON DEVELOPED LOTS		\$19,833		\$17,420		\$14,982		\$12,519		\$10,031		\$7,519		\$4,980		\$2,416		\$89,700	
TAXES ON DEVELOPED LOTS		\$7,200		\$6,231		\$5,252		\$4,263		\$3,264		\$2,256		\$1,236		\$207		\$29,909	
COST OF SALES 2.5%		\$52,500		\$52,763		\$53,026		\$53,291		\$53,558		\$53,826		\$54,095		\$39,350		\$412,409	
MARKETING 0.0%		\$0		\$0		\$0		\$0		\$0		\$0		\$0		\$0		\$0	
REMUNERATION 0.5%		\$10,500		\$10,553		\$10,605		\$10,658		\$10,712		\$10,765		\$10,819		\$7,870		\$82,482	
Total Expenses		\$90,033		\$86,966		\$83,866		\$80,732		\$77,564		\$74,366		\$71,130		\$49,843		\$614,500	
Net Income		\$2,009,967		\$2,023,534		\$2,037,187		\$2,050,926		\$2,064,752		\$2,078,662		\$2,092,663		\$1,524,162		\$15,881,852	
Annual Discount Rate: 14.00%		0.98847		0.97707		0.96580		0.95466		0.94365		0.93277		0.92201		0.91138			
Discounted Value		\$1,986,788		\$1,977,132		\$1,967,517		\$1,957,944		\$1,948,411		\$1,938,917		\$1,929,466		\$1,389,093		\$15,095,269	
Net Present Value		\$15,095,269																	
Rounded		\$15,100,000																	

Powered by @Value Software - www.atvalue.com



Reconciliation and Conclusion of Prospective Value

Reconciliation involves the weighting of alternative value indications, based on the judged reliability and applicability of each approach to value, to arrive at a final value conclusion. Reconciliation is required because different value indications result from the use of multiple approaches and within the application of a single approach.

In the previous sections, we have provided an opinion of the market value of the fee simple interest in the subject's Phase 7 of the PID using three approaches. Following is a summary of the values indicated by these approaches.

The first approach used was the sales comparison approach to value the subject property by developed lot. This approach is based on the theory of substitution and implies that a purchaser would pay no more for an individual property/lot than it would cost to buy, or build, a substitute property. This approach is the most common technique for valuing individual lots, and it is the preferred method when comparable sales are available and is considered to provide a very good indication of value.

As previously discussed, the Cost Approach is judged to be inapplicable and is not utilized.

The third approach used was the net/gross ratio approach to value. This is also sometimes known as a sales ratio study. This is a ratio study that uses sales prices as proxies for market values. In this instance we utilized market data to estimate value as a percentage of gross (or retail) sales price.

The final approach used was the subdivision development analysis (discounted cash flow analysis) utilizing a projection of the future individual lot sales, historical absorption data upon the development, and deducting taxes on the developed lots, costs of sales, marketing, and management expenses. In conclusion, the subdivision development analysis is considered to provide a generally good indication of value for the subject.

The values indicated by our analyses are as follows:

Summary of Prospective Market Value at Completion Indications	
Net/Gross Ratio Market Value	\$15,410,000
Subdivision Development Analysis	\$15,100,000
Final Opinion of Prospective Market Value As Completed	\$15,100,000

Conclusion

Based upon the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, the concluded opinion of value is as follows:

Value Conclusion

Premise	Interest Appraised	Date of Value	Value Conclusion
Prospective Market Value As Completed	Fee Simple	March 31, 2025	\$15,100,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.

1. All information relative to the subject property including land areas, lot totals, lot sizes, and other pertinent data that was provided by GM Civil Engineering & Surveying, Bloomfield Homes, LP (developer/owner), the city of Justin, and the Denton Central Appraisal District is assumed to be correct.
2. The subject is proposed construction. Therefore, this report contains a prospective opinion of value. As such, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable events that alter market conditions prior to this prospective effective date.
3. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of March 31, 2025, the effective appraisal date.
4. The value presented within this report is prospective in nature. As such, we assume that local and regional lending institutions appear to remain active within the subject’s market for specific projects. Therefore, we specifically assume that the financial markets will continue to function in a competitive, efficient fashion.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from the stated estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, these opinions and forecasts are based partly on data obtained from interviews and third-party sources, which are not always completely reliable. Although the findings are considered reasonable based on available evidence, the assignment participants are not responsible for the effects of future occurrences that cannot reasonably be foreseen at this time.



Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Based on review of recent sales transactions for similar properties and analysis of supply and demand in the local land market, the probable exposure time for the subject at the concluded market value stated previously is 9 - 12 months.

Marketing Time

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. As no significant changes in market conditions are foreseen in the near term, a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, the subject's marketing period is estimated at 9 - 12 months.

Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Shelley Sivakumar has made a personal inspection of the property that is the subject of this report. Jimmy H. Jackson, MAI has not personally inspected the subject. Ernest Gatewood has personally inspected the subject.
12. No one provided significant real property appraisal assistance to the persons signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

14. As of the date of this report, Jimmy H. Jackson, MAI, has completed the continuing education program for Designated Members of the Appraisal Institute.
15. As of the date of this report, Ernest Gatewood has completed the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.



Shelley Sivakumar
Director
State Licensed Real Estate Appraiser
Texas Certificate # TX 1333354-L
Telephone: (972) 696-0687
Email: ssivakumar@irr.com



Jimmy H. Jackson, MAI
Senior Managing Director
Certified General Real Estate Appraiser
Texas Certificate # TX 1324004-G
Telephone: (972) 725-7724
Email: jhjackson@irr.com



Ernest Gatewood
Senior Director
Certified General Real Estate Appraiser
Texas Certificate # TX 1324355 G
Telephone: (972) 725-7755
Email: egatewood@irr.com

Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.

6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report, but which may have been omitted from this list of Assumptions and Limiting Conditions.

17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. IRR - Dallas, Integra Realty Resources, Inc., and their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. We are not a building or environmental inspector. The Integra Parties do not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.

24. **IRR - Dallas is an independently owned and operated company. The parties hereto agree that Integra shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR - Dallas. In addition, it is expressly agreed that in any action which may be brought against the Integra Parties arising out of, relating to, or in any way pertaining to the engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.**
25. IRR - Dallas is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. All information relative to the subject property including land areas, lot totals, lot sizes, and other pertinent data that was provided by GM Civil Engineering & Surveying, Bloomfield Homes, LP (developer/owner), the city of Justin, and the Denton Central Appraisal District is assumed to be correct.
2. The subject is proposed construction. Therefore, this report contains a prospective opinion of value. As such, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable events that alter market conditions prior to this prospective effective date.
3. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of March 31, 2025, the effective appraisal date.
4. The value presented within this report is prospective in nature. As such, we assume that local and regional lending institutions appear to remain active within the subject's market for specific projects. Therefore, we specifically assume that the financial markets will continue to function in a competitive, efficient fashion.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Addendum A

Appraiser Qualifications



Jimmy H. Jackson, MAI

Experience

Senior Managing Director with the Dallas, Lubbock/West Texas and Oklahoma City offices of Integra Realty Resources, a full-service real estate consulting and appraisal firm.

Jimmy H. Jackson, MAI has over 38 years of experience as a commercial appraiser as well as years of experience as a seasoned real estate investor. Prior to joining Integra Realty Resources, Jackson was one of the original two founding partners of Jackson Claborn, Inc. (JCI), a real estate consulting/valuation firm that was established in 1992. JCI grew to have one of the largest staffs of commercial and residential appraisers in the Southwest and has performed valuation and consulting on a vast number of commercial property types across Texas as well as the United States. Mr. Jackson holds the MAI designation and has been involved in the analysis of virtually all types of commercial and residential properties. Mr. Jackson has experience in state and federal courts as an expert witness. Testimony has involved such varied issues as bankruptcy, taxation and condemnation. Mr. Jackson has also been involved in numerous real estate developments and personal real estate investments.

A major philanthropic achievement for Mr. Jackson was consulting with and influencing family members to provide the start-up expertise as well as the seed funding in 1994 for the formation of The Parent Project for Muscular Dystrophy/PPMD (www.parentprojectmd.org). The PPMD organization has developed into a worldwide non-profit centered to provide research funds for children suffering from Duchenne Muscular Dystrophy. Since inception, the PPMD organization has directly funded more than \$50 million in direct research and assisted and helped leverage more than \$500 million of other research related to other genetic diseases through government grants and other private funding sources. In 2008, Mr. Jackson received a Humanitarian Award from Texas Gov. Rick Perry for charitable work associated with National Jewish Hospital/NJH in Denver. Mr. Jackson currently serves as a national trustee for NJH which is the #1 respiratory care hospital in the world.

Mr. Jackson graduated from Texas Tech University in 1984 with a B.B.A. in Finance with a Real Estate Emphasis. Mr. Jackson has served on numerous professional boards, including serving on the Ethics and Counseling Panel of the North Texas Chapter of the Appraisal Institute as well as serving on the Board of Directors as well as being Chair and Co-Chair of the Public Relations Committee.

As a college student, Mr. Jackson was a member of Phi Delta Theta social fraternity and the Texas Tech Finance Association. Mr. Jackson served for eight (8) years on the Advisory Board for the Jerry Rawls College of Business Administration (COBA) at Texas Tech University. Mr. Jackson has also served as a guest lecturer on real estate entrepreneurship to upper-level COBA students at Texas Tech over the years.



Integra Realty Resources - Dallas

1100 Mira Vista Boulevard
Suite 300
Plano, TX 75093

T 972.881.7191
F 972.733.1403

Integra Realty Resources - Lubbock

6309 Indiana Avenue
Suite A
Lubbock, TX 79413

T 806.656.3058

Integra Realty Resources - Oklahoma

13913 Technology Drive
Suite A1
Oklahoma City, OK, 73134

T 405.422.0718

irr.com

jhjackson@irr.com - 972.725.7724

Timberbrook Public Improvement District No. 2, Improvement Area #1 (Phase 7 Project)



Jimmy H. Jackson, MAI

Experience (Cont'd)

Basic Core Real Estate Appraisal Services

Feasibility Studies, Absorption Studies & Demographic Studies
Highest & Best Use Studies for All Property Types
3rd Party Appraisal Reviews
Detrimental Conditions Valuation & Consulting
Encroachment Analysis
Land Use Studies & Planning/Zoning Studies
Litigation/Litigation Support
In-Depth Market Analysis for All Property Types
Tax Assessment & Mass Appraisal Analysis
Fair & Equitable Appraisal Analysis
Right of Way Analysis Appraisals
Mediation, Arbitration, & Dispute Resolution
Portfolio Valuation & Analysis
Retrospective Valuation Opinions

Appraisal of all property types including the following:

Residential

High-Rise Condominium and Garden-Style Multi-Family and Townhome Projects
High-End Residential Property
Historical Residential Property
All types of Single-Family Appraisals (Conventional, Relocation, Unique / Historical Property)

Land

Acreage (Commercial Mixed-Use)
Subdivided Land (Mixed-Use, Commercial and Industrial)
Standard Single-Family Subdivision Lot development appraisals
PID/MUD Single-Family Subdivision Lot development appraisals

Commercial, Office & Retail

Branch Banks / Financial Building
Convenience Stores / Service Stations
Convention Center / Hotel / Resort /Motel
Office Building (High Rise, over three stories)
Office Building (Low Rise, three stories or less)
Parking Facility (Lot or Garage)
Retail (Single Tenant or Free Standing)
Shopping Center (Local, Strip, Neighborhood, Community, Etc.)
Shopping Center (Power Center, Outlet Center, Lifestyle, Etc.)
Shopping Center (Super Regional, Regional Mall)

Integra Realty Resources - Dallas

1100 Mira Vista Boulevard
Suite 300
Plano, TX 75093

T 972.881.7191
F 972.733.1403

Integra Realty Resources - Lubbock

6309 Indiana Avenue
Suite A
Lubbock, TX 79413

T 806.656.3058

Integra Realty Resources - Oklahoma

13913 Technology Drive
Suite A1
Oklahoma City, OK, 73134

T 405.422.0718

irr.com

jhackson@irr.com - 972.725.7724

Timberbrook Public Improvement District No. 2, Improvement Area #1 (Phase 7 Project)



Jimmy H. Jackson, MAI

Experience (Cont'd)

Industrial

Industrial (Heavy (Manufacturing))
Industrial (Small Office Warehouse / Mfg.)
Industrial Light (Distribution, Storage)

Special Purpose

Automobile Dealerships
Church Facilities
Collegiate Student Housing
Self-Serve and Full-Service Car Wash Facilities
Self-Storage Facilities

Professional Activities & Affiliations

Appraisal Institute, Member (MAI) Appraisal Institute

Licenses

Texas, Certified General Real Estate Appraiser, TX 1324004 G, Expires November 2024
Oklahoma, Certified General Real Estate Appraiser, 13279CGA, Expires September 2026
New Mexico, Certified General Real Estate Appraiser, 03819-G, Expires April 2025

Education

Mr. Jackson is a graduate of Texas Tech University where he received a Bachelor of Business Administration in Finance with a Real Estate Emphasis.

Miscellaneous

Member of Region 8 Ethics and Counseling Regional Panel (1992-1995)
Chair - Public Relations North Texas Chapter (2003, 2004)
Co-Chair - Public Relations North Texas Chapter (2005)
Board Member - North Texas Chapter (2005-2007)

Integra Realty Resources - Dallas

1100 Mira Vista Boulevard
Suite 300
Plano, TX 75093

T 972.881.7191
F 972.733.1403

Integra Realty Resources - Lubbock

6309 Indiana Avenue
Suite A
Lubbock, TX 79413

T 806.656.3058

Integra Realty Resources - Oklahoma

13913 Technology Drive
Suite A1
Oklahoma City, OK, 73134

T 405.422.0718

irr.com

jhackson@irr.com - 972.725.7724

Timberbrook Public Improvement District No. 2, Improvement Area #1 (Phase 7 Project)





Shelley Sivakumar

Experience

Shelley Sivakumar has over 23 years of experience as a commercial appraiser representing Jackson Claborn, Inc. and later Integra Realty Resources. This extensive experience has formed a knowledge of the Texas real estate market with an understanding of the dynamics of market forces in both increasing, as well as declining markets. After graduating from the University of Texas at Dallas with a Bachelor of Science degree with a double major of Accounting/Finance, Ms. Sivakumar began her career in tax accounting. For the next 20 years, she managed a private multi-million-dollar individual asset portfolio. Since 1998, she has specialized in appraising master-planned residential developments and subdivisions including Public Improvement Districts in the Dallas/Fort Worth metroplex as well as outlying areas in Dallas, Collin, Rockwall, Ellis, Tarrant, Grayson, and Denton Counties. Ms. Sivakumar's appraisal experience also includes single and multi-tenant office/medical buildings, retail developments, industrial facilities, educational centers, religious facilities, townhome developments, right-of-ways (road), as well as vacant land.

In her spare time, Ms. Sivakumar enjoys equestrian riding and working out. She has competed in the 100-mile "Hotter'N Hell Hundred bike ride, one of the oldest and largest cycling events in the nation held in Wichita Falls, Texas every August.

Licenses

Texas, Licensed Residential Real Estate Appraiser, 1333354-L, Expires February 2026

Education

University of Texas at Dallas, Dallas, Texas: Bachelor of Science 1978

University of North Texas, Denton, Texas 1977

Marshall University, Huntington, West Virginia: Associate of Science 1974

Appraisal Institute Courses

A Review of Disciplinary Cases

Workfile Documentation for Appraisers

Basic Appraisal Procedures

General Appraiser Market Analysis Highest and Best Use

General Appraiser Sales Comparison Approach

General Report Writing and Case Studies

A Review of Disciplinary Cases

Workfile Documentation for Appraisers

Appraising Residential Properties

Income Property Appraisal

Real Estate Appraisal

Basic Income Capitalization

Appraisal Math & Statistics

Owner-Occupied Commercial Properties

Residential Report Writing

Modern Green Building Concepts

Ad Valorem Tax Consultation

ssivakumar@irr.com - 972.696.0687 x232

Timberbrook Public Improvement District No. 2, Improvement Area #1 (Phase 7 Project)



Integra Realty Resources - Dallas

1100 Mira Vista Boulevard
Suite 300
Plano, TX 75093

T 972.732.0051

F 972.733.1403

irr.com



Shelley Sivakumar

Integra Realty Resources - Dallas

Education (Cont'd)

The Dirty Dozen
Essential Elements of Disclosure & Disclaimer
Land & Site Valuation
Commercial Clients Want Appraisers to Know

1100 Mira Vista Boulevard
Suite 300
Plano, TX 75093

T 972.732.0051
F 972.733.1403

Market Analysis/STDB
USPAP
Expert Witness for Commercial Appraisers
General Appraiser Site Valuation
& Cost Approach
Commercial Appraisal Review
Fair Housing, Bias & Discrimination
Market Analysis/STDB
USPAP
Environmental Issues
Texas Real Estate Contracts
Texas Real Estate Agency
Modern Real Estate Practice in Texas
Statistics, Modeling and Finance
General Appraiser Income Approach
Market Disturbances in Atypical Markets & Cycles

irr.com



ssivakumar@irr.com - 972.696.0687 x232

Timberbrook Public Improvement District No. 2, Improvement Area #1 (Phase 7 Project)



Ernest Gatewood

Experience

Senior Director PID/MUD/SF Lot Development Valuation Specialist with the Dallas office of Integra Realty Resources DFW, a full-service real estate consulting and appraisal firm.

Mr. Gatewood has been in the appraisal field for over 40 years. This extensive experience has formed knowledge of the Texas real estate market as well as select areas throughout the entire United States. This experience has formed an understanding of the dynamics of market forces in both increasing, as well as declining markets. Mr. Gatewood began his appraisal career in 1980 at Crosson Dannis, Inc. where he spent 10 years specializing in master-planned communities. Mr. Gatewood's appraisals were utilized in the funding of Legacy Business Park in Plano, Texas as well as Stonebridge Ranch in McKinney, Texas. In 1991, Mr. Gatewood joined Heartland (Seattle, Washington) as Acquisitions Director for Texas. In this role, Mr. Gatewood was key to the development of several single-family subdivisions, a property type which he still specializes into this day. From 1992 until 2017, Mr. Gatewood represented Jackson Claborn, Inc. as the Vice President of the Commercial Division where he has helped manage the production of the commercial appraisal practice which has enhanced JCI's strong commitment to client services.

Mr. Gatewood has experience in appraising commercial, industrial, multifamily, and investment-grade real property and related tangible assets to provide opinions of value for purposes of mortgage lending, sale or purchase, financial reporting, federal tax, capital lease testing, litigation support, allocation of purchase price, estate tax planning/settlement, ad valorem taxation, property exchange, internal planning, and partial taking/just compensation by eminent domain agencies.

Property types include vacant land, agricultural land, rights of way (road and pipeline), shopping centers, single-tenant retail buildings, CBD and suburban office projects, air rights, truck terminals, light industrial facilities, heavy manufacturing plants, corporate headquarters, hospitals, surgery centers, medical office buildings, self-storage facilities, religious facilities, hotels, mixed-use developments, apartment projects, convenience stores, and single-family subdivision analyses.

Licenses

Texas, Certified General Real Estate Appraiser, TX 1324355 G, Expires December 2024
Texas, Licensed Real Estate Salesman, 277705, Expires December 2023

Education

Richland Junior College, Dallas, Texas
The University of North Texas, Denton, Texas

Miscellaneous

An affiliate of the Appraisal Institute



1100 Mira Vista Boulevard
Plano, TX 75093

T 972.881.7191
F 972.733.1403

irr.com

egatewood@irr.com - 972.725.7755





About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

Local Expertise...Nationally!

irr.com



Addendum B

IRR Quality Assurance Survey



IRR Quality Assurance Survey

We welcome your feedback!

At IRR, providing a quality work product and delivering on time is what we strive to accomplish. Our local offices are determined to meet your expectations. Please reach out to your local office contact so they can resolve any issues.

Integra Quality Control Team

Integra does have a Quality Control Team that responds to escalated concerns related to a specific assignment as well as general concerns that are unrelated to any specific assignment. We also enjoy hearing from you when we exceed expectations! You can communicate with this team by clicking on the link below. If you would like a follow up call, please provide your contact information and a member of this Quality Control Team will call contact you.

Link to the IRR Quality Assurance Survey: quality.irr.com

Addendum C

Definitions



Definitions

The source of the following definitions is the Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022), unless otherwise noted.

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Effective Date

1. The date on which the appraisal opinion applies. (SVP)
2. The date to which an appraiser's analysis, opinions, and conclusions apply; also referred to as *date of value*. (USPAP, 2020-2021 ed.)
3. The date that a lease goes into effect.

Entitlement

In the context of ownership, use, or development of real estate, governmental approval for annexation, zoning, utility extensions, number of lots, total floor area, construction permits, and occupancy or use permits.

Entrepreneurial Incentive

The amount an entrepreneur expects or wants to receive as compensation for providing coordination and expertise and assuming the risks associated with the development of a project. Entrepreneurial incentive is the expectation of future reward as opposed to the profit actually earned on the project.

Entrepreneurial Profit

1. A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a past project to compensate for his or her time, effort, knowledge, and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovation change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.
2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

Exposure Time

1. The time a property remains on the market.
2. An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

Highest and Best Use

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (ISV)

3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)

Investment Value

1. The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.
2. The value of an asset to the owner or a prospective owner given individual investment or operational objectives (may also be known as worth). (IVS)

Lease

A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Estate

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Marketing Time

An opinion of the amount of time to sell a property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which precedes the effective date of an appraisal.

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their own best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value opinion.”

Definition of Aggregate of Retail Values

The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Bulk Sale

The sale of multiple parcels of real estate to one buyer in one transaction. A bulk sale may include dissimilar properties in different locations or a group of lots or units in the same project. Typically, the bulk sale price is less than the sum of the values of the individual parcels.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Bulk Value

The value of multiple units, subdivided plots, or properties in a portfolio as though sold together in a single transaction.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Development Procedure

In land valuation, a technique for valuing undeveloped acreage that involves discounting the cost of development and the probable proceeds from the sale of developed sites.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Subdivision Development Method

A method of estimating land value when subdividing and developing a parcel of land is the highest and best use of that land. When all direct and indirect costs and entrepreneurial incentive are deducted from an estimate of the anticipated gross sales price of the finished lots (or the completed improvements on those lots), the resultant net sales proceeds are then discounted to present value at a market-derived rate over the development and absorption period to indicate the value of the land.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Allocation

1) The process of separating the contributory value of a component or part of an asset from the total value of the asset. 2) A method of estimating land value in which sales of improved properties are analyzed to establish a typical ratio of land value to total property value and this ratio is applied to the property being appraised or the comparable sale being analyzed.”

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Extraction

1) A method of estimating land value in which the depreciated cost of the improvements on an improved property is calculated and deducted from the total sale price to arrive at an estimated sale price for the land. 2) A method of deriving capitalization rates from property sales when sale price and net operating income are known.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Residual

The quantity left over; in appraising, a term used to describe the result of an appraisal procedure in which known components of value are accounted for, thus solving for the quantity that is left over, such as land residual or building residual.

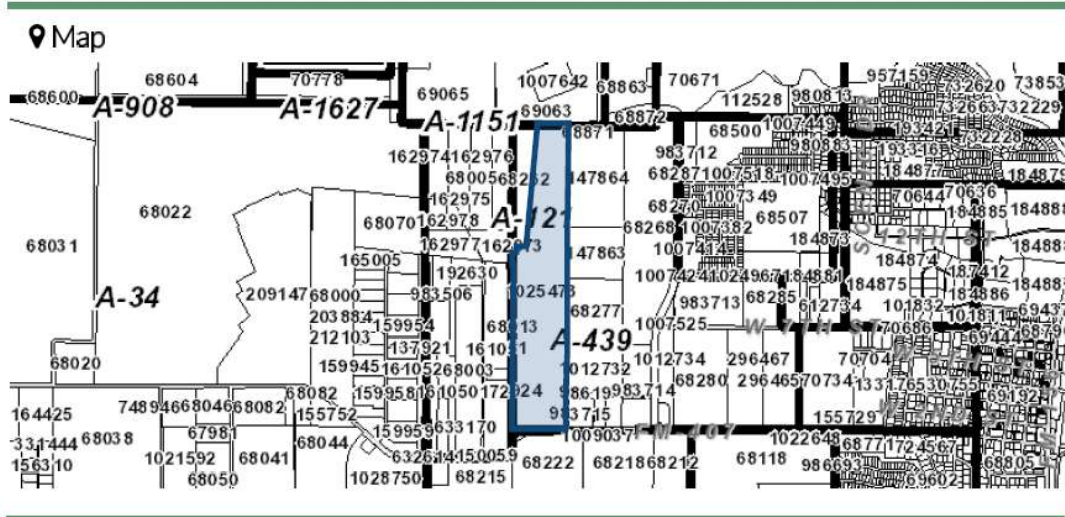
(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Addendum D

Property Information



Tax Data – Subject is Part of #1025473



Property Details

Account		
Property ID:	1025473	Geographic ID: A0439A-000-0004-000A
Type:	Real	Zoning:
Property Use:		Condo:
Location		
Situs Address:		
Map ID:	NW04	Mapsco:
Legal Description:	A0439A M. GARNETT, TR 4A, 114.0913 ACRES, (85% IN PID86)	
Abstract/Subdivision:	A0439A - M. GARNETT	
Neighborhood:	DS11PASTUR	
Owner		
Owner ID:	586834	
Name:	BLOOMFIELD HOMES LP	
Agent:		
Mailing Address:	1050 E STATE HIGHWAY 114 STE 210 SOUTHLAKE, TX 76092-5255	
% Ownership:	100.0%	
Exemptions:	For privacy reasons not all exemptions are shown online.	



Property Values

Improvement Homesite Value:	N/A (+)
Improvement Non-Homesite Value:	N/A (+)
Land Homesite Value:	N/A (+)
Land Non-Homesite Value:	N/A (+)
Agricultural Market Valuation:	N/A (+)
Market Value:	N/A (=)
Agricultural Value Loss:	\$0 (-)
Appraised Value:	N/A (=)
Homestead Cap Loss:	N/A (-)
Assessed Value:	N/A
Ag Use Value:	N/A

Information provided for research purposes only. Legal descriptions and acreage amounts are for appraisal district use only and should be verified prior to using for legal purpose and or documents. Please contact the Appraisal District to verify all information for accuracy.



Property Taxing Jurisdiction

Owner: BLOOMFIELD HOMES LP %Ownership: 100.0%

Entity	Description	Tax Rate	Market Value	Taxable Value	Estimated Tax	Freeze Ceiling
C09	JUSTIN CITY OF	N/A	N/A	N/A	N/A	N/A
CAD	DENTON CENTRAL APPRAISAL DISTRICT	N/A	N/A	N/A	N/A	N/A
G01	DENTON COUNTY	N/A	N/A	N/A	N/A	N/A
PID86	TIMBERBROOK PID NO 2	N/A	N/A	N/A	N/A	N/A
S11	NORTHWEST ISD	N/A	N/A	N/A	N/A	N/A

Total Tax Rate: N/A

Estimated Taxes With Exemptions: N/A

Estimated Taxes Without Exemptions: N/A

Property Land

Type	Description	Acres	Sqft	Eff Front	Eff Depth	Market Value	Prod. Value
C2	CROPLAND II	66.0000	2,874,960.00	0.00	0.00	N/A	N/A
PN 2	NATIVE PASTURE II	48.0913	2,094,857.03	0.00	0.00	N/A	N/A

Property Roll Value History

Year	Improvements	Land Market	Ag Valuation	Appraised	HS Cap Loss	Assessed
2024	N/A	N/A	N/A	N/A	N/A	N/A

Property Deed History

Deed Date	Type	Description	Grantor	Grantee	Volume	Page	Number
6/26/2023	SW	SPECIAL WD	JUSTIN TIMBERBROOK LLC	BLOOMFIELD HOMES LP			2023-66798

Legal Description

TIMBERBROOK PID No. 2, IMPROVEMENT AREA No. 1

All that certain lot, tract, or parcel of land, situated in a portion of the Carl Boeger Survey, Abstract No. 121, the Margaret Garnett Survey, Abstract No. 439, City of Justin, Denton County, Texas, being part of that certain called 299.874 acre tract described in a deed to Bloomfield Homes, L.P. recorded in Document No. 2023-66798 of the Deed Records of Denton County, Texas (DRDCT), and being more completely described as follows, to-wit:

BEGINNING at a 5/8" iron rod found for the most southerly Southeast corner of said 299.874 acre tract, the Southwest corner of a called 9.001 acre tract described in Milestone Church recorded in Document No. 2022-170409 (DRDCT), and being in the North right-of-way line of Farm-to-Market Highway No. 407 (90' right-of-way width);

THENCE South 89 deg. 20 min. 19 sec. West along the South line of said 299.874 acre tract and said North right-of-way line, a distance of 559.43 feet to a 1/2" capped iron rod found stamped "GMcivil", from which a wood highway post bears North 77 deg. 58 min. 45 sec. East – 1.77 feet, said point being a Point of Curvature of a circular curve to the left, having a radius of 617.96 feet, a central angle of 21 deg. 56 min. 53 sec., and being subtended by a chord which bears South 78 deg. 21 min. 53 sec. West - 235.27 feet;

THENCE in a westerly direction along said curve to the left, the South line of said 299.874 acre tract, and said North right-of-way line, a distance of 236.72 feet to a 1/2" capped iron rod found stamped "GMcivil", from which a 5/8" iron rod found bears South 55 deg. 10 min. 08 sec. West – 4.21 feet;

THENCE South 89 deg. 23 min. 23 sec. West non-tangent to said curve, departing said North right-of-way line and continue along said South line, a distance of 77.33 feet;

THENCE North 23 deg. 54 min. 56 sec. East departing said South line, a distance of 19.29 feet to a Point of Curvature of a non-tangent circular curve to the right, having a radius of 430.00 feet, a central angle of 15 deg. 33 min. 29 sec., and being subtended by a chord which bears North 11 deg. 18 min. 24 sec. West - 116.40 feet;

THENCE in a northerly direction along said curve to the right, a distance of 116.76 feet;

THENCE North 03 deg. 31 min. 40 sec. West, a distance of 13.88 feet to a Point of Curvature of a circular curve to the left, having a radius of 370.00 feet, a central angle of 21 deg. 09 min. 57 sec., and being subtended by a chord which bears North 14 deg. 06 min. 38 sec. West - 135.91 feet;

THENCE in a northerly direction along said curve to the left, a distance of 136.68 feet;

THENCE North 24 deg. 41 min. 36 sec. West tangent to said curve, a distance of 101.19 feet to a Point of Curvature of a circular curve to the right, having a radius of 630.00 feet, a central angle of 33 deg. 46 min. 31 sec., and being subtended by a chord which bears North 07 deg. 48 min. 21 sec. West - 366.02 feet;

THENCE in a northerly direction along said curve to the right, a distance of 371.38 feet;

THENCE North 09 deg. 04 min. 55 sec. East tangent to said curve, a distance of 248.67 feet to a Point of Curvature of a circular curve to the left, having a radius of 770.00 feet, a central angle of 19 deg. 56 min. 14 sec., and being subtended by a chord which bears North 00 deg. 53 min. 12 sec. West - 266.59 feet;

THENCE in a northerly direction along said curve to the left, a distance of 267.94 feet;

THENCE North 10 deg. 51 min. 19 sec. West tangent to said curve, a distance of 335.04 feet to a Point of Curvature of a circular curve to the right, having a radius of 830.00 feet, a central angle of 10 deg. 29 min. 14 sec., and being subtended by a chord which bears North 05 deg. 36 min. 43 sec. West - 151.71 feet;

THENCE in a northerly direction along said curve to the right, a distance of 151.92 feet;

THENCE North 00 deg. 22 min. 06 sec. West tangent to said curve, a distance of 594.51 feet;

THENCE North 89 deg. 37 min. 54 sec. East, a distance of 60.00 feet;

THENCE South 45 deg. 22 min. 06 sec. East, a distance of 14.14 feet;

THENCE North 89 deg. 37 min. 54 sec. East, a distance of 94.40 feet;

THENCE North 44 deg. 36 min. 11 sec. East, a distance of 14.14 feet;

THENCE North 89 deg. 37 min. 54 sec. East, a distance of 50.00 feet;

THENCE South 45 deg. 23 min. 49 sec. East, a distance of 14.15 feet;

THENCE North 89 deg. 37 min. 54 sec. East, a distance of 200.00 feet;

THENCE North 44 deg. 36 min. 11 sec. East, a distance of 14.14 feet;

THENCE North 89 deg. 37 min. 54 sec. East, a distance of 50.00 feet;

THENCE South 45 deg. 23 min. 49 sec. East, a distance of 14.15 feet;

THENCE North 89 deg. 41 min. 43 sec. East, a distance of 100.00 feet to a Point of Curvature of a non-tangent circular curve to the right, having a radius of 830.00 feet, a central angle of 06 deg. 56 min. 08 sec., and being subtended by a chord which bears South 85 deg. 57 min. 50 sec. East - 100.41 feet;

THENCE in an easterly direction along said curve to the right, a distance of 100.47 feet;

THENCE North 48 deg. 42 min. 42 sec. East non-tangent to said curve, a distance of 13.08 feet;

THENCE South 81 deg. 29 min. 31 sec. East, a distance of 50.61 feet;

THENCE South 40 deg. 57 min. 03 sec. East, a distance of 15.20 feet;

THENCE South 81 deg. 28 min. 35 sec. East, a distance of 123.43 feet to a Point of Curvature of a circular curve to the left, having a radius of 770.00 feet, a central angle of 02 deg. 44 min. 14 sec., and being subtended by a chord which bears South 82 deg. 50 min. 41 sec. East - 36.78 feet;

THENCE in an easterly direction along said curve to the left, a distance of 36.78 feet to a Point of Curvature of a reverse circular curve to the right, having a radius of 300.00 feet, a central angle of 04 deg. 55 min. 01 sec., and being subtended by a chord which bears South 81 deg. 45 min. 18 sec. East - 25.74 feet;

THENCE in an easterly direction along said curve to the right, a distance of 25.74 feet to a Point of Curvature of a reverse circular curve to the left, having a radius of 300.00 feet, a central angle of 11 deg. 07 min. 56 sec., and being subtended by a chord which bears South 84 deg. 51 min. 45 sec. East - 58.20 feet;

THENCE in an easterly direction along said curve to the left, a distance of 58.29 feet;

THENCE North 89 deg. 34 min. 17 sec. East tangent to said curve, a distance of 131.79 feet;

THENCE North 44 deg. 34 min. 17 sec. East, a distance of 14.14 feet;

THENCE North 89 deg. 34 min. 17 sec. East, a distance of 50.00 feet;

THENCE South 45 deg. 25 min. 43 sec. East, a distance of 14.14 feet;

THENCE North 89 deg. 34 min. 17 sec. East, a distance of 220.00 feet;

THENCE North 44 deg. 34 min. 17 sec. East, a distance of 14.14 feet;

THENCE North 89 deg. 34 min. 17 sec. East, a distance of 50.00 feet;

THENCE South 45 deg. 25 min. 43 sec. East, a distance of 14.14 feet;

THENCE North 89 deg. 34 min. 17 sec. East, a distance of 111.92 feet;

THENCE South 00 deg. 25 min. 43 sec. East, a distance of 265.62 feet to a Point of Curvature of a non-tangent circular curve to the left, having a radius of 2,640.00 feet, a central angle of 08 deg. 17 min. 28 sec., and being subtended by a chord which bears South 08 deg. 13 min. 52 sec. East - 381.70 feet;

THENCE in a southerly direction along said curve to the left, a distance of 382.03 feet to the South line of said 299.874 acre tract and the North line of a

called 32.216 acre tract described in a deed to JT Ladera, LLC recorded in Document No. 2022-169892 (DRDCT);

THENCE South 89 deg. 27 min. 48 sec. West non-tangent to said curve and continue along said North and South lines, a distance of 633.74 feet to a 1/2" capped iron rod found stamped "McADAMS" for the Northwest corner of said 32.210 acre tract and an ell corner of said 299.874 acre tract;

THENCE South 00 deg. 25 min. 43 sec. East along the East line of said 299.874 acre tract, the West line of said 32.210 acre tract, and the West line of said 9.001 acre tract, a distance of 1,563.76 feet to the **POINT OF BEGINNING**, containing 2,621,449 square feet or 60.180 acres of land, more or less.

EXCEPT FROM THEREOF:

All that certain lot, tract, or parcel of land, situated in a portion of the Margaret Garnett Survey, Abstract No. 439, City of Justin, Denton County, Texas, being part of that certain called 299.874 acre tract described in a deed to Bloomfield Homes, L.P. recorded in Document No. 2023-66798 of the Deed Records of Denton County, Texas (DRDCT), and being more completely described as follows, to-wit:

COMMENCING at a 5/8" iron rod found for the most southerly Southeast corner of said 299.874 acre tract, the Southwest corner of a called 9.001 acre tract described in a deed to Milestone Church recorded in Document No. 2022-170409 (DRDCT) and being in the North right-of-way line of Farm-to-Market Road No. 407 (90' width right-of-way);

THENCE North 00 deg. 25 min. 43 sec. West departing said North right-of-way line and continue along the East line of said 299.874 acre tract and the West line of said 9.001 acre tract, at 680.15 feet pass a 1/2" capped iron rod found stamped "McADAMS" for the Northwest corner of said 9.001 acre tract and the Southwest corner of a called 32.216 acre tract described in a deed to JT Ladera, LLC recorded in Document No. 2022-169892 (DRDCT), continue along said East line and the West line of said 32.216 acre tract, at 1,563.75 feet pass a 1/2" capped iron rod found stamped "McADAMS" for the Northwest corner of said 32.216 acre tract and an ell corner of said 299.874 acre tract, continue a total distance of 1,620.02 feet to a 1/2" capped iron rod set stamped "GMCIVIL" hereinafter referred to as 1/2" capped iron rod set, said point being the **TRUE POINT OF BEGINNING**;

THENCE South 89 deg. 34 min. 28 sec. West, a distance of 274.63 feet to a 1/2" capped iron rod set for a Point of Curvature of a non-tangent circular curve to the left, having a radius of 50.00 feet, a central angle of 96 deg. 29 min. 26 sec., and being subtended by a chord which bears North 77 deg. 28 min. 33 sec. West - 74.60 feet;

THENCE in a westerly direction along said curve to the left, a distance of 84.20 feet to a 1/2" capped iron rod set for a Point of Curvature of a non-tangent circular curve to the left, having a radius of 535.00 feet, a central angle of 18 deg. 47 min. 58 sec., and being subtended by a chord which bears South 75 deg. 13 min. 40 sec. West - 174.75 feet;

THENCE in a westerly direction along said curve to the left, a distance of 175.54 feet to a 1/2" capped iron rod set;

THENCE South 65 deg. 49 min. 41 sec. West tangent to said curve, a distance of 354.36 feet to a 1/2" capped iron rod set for a Point of Curvature of a circular curve to the right, having a radius of 465.00 feet, a central angle of 12 deg. 04 min. 33 sec., and being subtended by a chord which bears South 71 deg. 51 min. 57 sec. West - 97.82 feet;

THENCE in a westerly direction along said curve to the right, a distance of 98.00 feet to a 1/2" capped iron rod set;

THENCE North 56 deg. 10 min. 04 sec. West non-tangent to said curve, a distance of 14.06 feet to a 1/2" capped iron rod set;

THENCE North 10 deg. 51 min. 19 sec. West, a distance of 109.87 feet to a 1/2" capped iron rod set for a Point of Curvature of a circular curve to the right, having a radius of 770.00 feet, a central angle of 10 deg. 29 min. 14 sec., and being subtended by a chord which bears North 05 deg. 36 min. 43 sec. West - 140.74 feet;

THENCE in a northerly direction along said curve to the right, a distance of 140.94 feet to a 1/2" capped iron rod set;

THENCE North 00 deg. 22 min. 06 sec. West tangent to said curve, a distance of 514.51 feet to a 1/2" capped iron rod set;

THENCE North 44 deg. 37 min. 54 sec. East, a distance of 14.14 feet to a 1/2" capped iron rod set;

THENCE North 89 deg. 37 min. 54 sec. East, a distance of 520.83 feet to a 1/2" capped iron rod set for a Point of Curvature of a circular curve to the right, having a radius of 770.00 feet, a central angle of 08 deg. 53 min. 31 sec., and being subtended by a chord which bears South 85 deg. 55 min. 20 sec. East - 119.38 feet;

THENCE in an easterly direction along said curve to the right, a distance of 119.50 feet to a 1/2" capped iron rod set;

THENCE South 81 deg. 28 min. 35 sec. East tangent to said curve, a distance of 179.26 feet to a 1/2" capped iron rod set for a Point of Curvature of a circular curve to the left, having a radius of 830.00 feet, a central angle of 03 deg. 12 min. 52 sec., and being subtended by a chord which bears South 83 deg. 05 min. 01 sec. East - 46.56 feet;

THENCE in an easterly direction along said curve to the left, a distance of 46.57 feet to a 1/2" capped iron rod set for a Point of Curvature of a compound circular curve to the left, having a radius of 300.00 feet, a central angle of 10 deg. 48 min. 17 sec., and being subtended by a chord which bears North 89 deg. 54 min. 25 sec. East - 56.49 feet;

THENCE in an easterly direction along said curve to the left, a distance of 56.57 feet to a 1/2" capped iron rod set for a Point of Curvature of a reverse circular curve to the right, having a radius of 300.00 feet, a central angle of 05 deg. 04 min. 00 sec., and being subtended by a chord which bears North 87 deg. 02 min. 17 sec. East - 26.52 feet;

THENCE in an easterly direction along said curve to the right, a distance of 26.53 feet to a 1/2" capped iron rod set;

THENCE North 89 deg. 34 min. 17 sec. East tangent to said curve, a distance of 21.79 feet to a 1/2" capped iron rod set;

THENCE South 00 deg. 25 min. 43 sec. East, a distance of 538.71 feet to the **POINT OF BEGINNING**, containing 610,641 square feet or 14.018 acres of land, more or less.

LEAVING A NET AREA OF 2,010,808 SQUARE FEET OR 46.162 ACRES OF LAND, MORE OR LESS.

Bearings are referenced to Texas State Plane Coordinate System, North Central Zone (4202), North American Datum of 1983 as derived from GPS observation.



Addendum E

Comparable Data



Land Sales - 50' Frontage Lots



Location & Property Identification

Property Name: Tabor Ranch, Phase 1 - 50' Lots
 Sub-Property Type: Residential, Finished SFR Lots
 Address: Southwest quadrant of US-380 and George Owens Road
 City/State/Zip: Denton ETJ, TX 76259
 County: Denton
 Submarket: Ponder
 Market Orientation: Suburban
 IRR Event ID: 3176444



Sale Information

Sale Price: \$79,900
 Effective Sale Price: \$79,900
 Sale Date: 01/01/2025
 Sale Status: In-Contract
 \$/Acre(Gross): \$580,247
 \$/Land SF(Gross): \$13.32
 \$/Acre(Usable): \$580,247
 \$/Land SF(Usable): \$13.32
 \$/Unit (Potential): \$1,598 /Unit
 Grantor/Seller: Alluvium Development, Inc.
 Grantee/Buyer: Meritage Homes of Texas, LLC

Property Rights: Fee Simple
 Financing: Cash to seller
 Terms of Sale Comments: The base lot price was set at \$79,900 (\$1,598/FF) in September 2023 for substantial completion in January 2025. Annual escalation is set at 6%.

Document Type: Contract of Sale

Verified By: Shelley Sivakumar
 Verification Date: 11/28/2023
 Confirmation Source: Terry Jobe
 Verification Type: Confirmed-Seller

Improvement and Site Data

Legal/Tax/Parcel ID: S. Winfrey Survey, Abstract No. 1319/Tax ID as vacant land part of 64342, 1552631 159065, 64340, 64338
 Acres(Usable/Gross): 0.14/0.14
 Land-SF(Usable/Gross): 6,000/6,000
 Usable/Gross Ratio: 1.00
 No. of Units (Potential): 50
 Shape: Rectangular
 Topography: Level
 Frontage Feet: 50
 Frontage Desc.: 50' x 120'
 Zoning Code: None - ETJ
 Zoning Desc.: None - ETJ
 Flood Plain: No
 Utilities: Water Public, Sewer
 Source of Land Info.: Engineering Report

Comments

Tabor Ranch, Phase 1 - 50' Lots



Comments (Cont'd)

Lots in this proposed development are located in the Ponder ISD. a total of 395 50' lots are contracted between Lillian Custom Homes, First Texas Homes, Starlight Homes Texas, Meritage Homes of Texas, and CastleRock Communities.

Location & Property Identification

Property Name:	Sagebrook Addition, Phase 1 - 50' Lots
Sub-Property Type:	Residential, Finished SFR Lots
Address:	South side of Bluestem Boulevard, west of US-377
City/State/Zip:	Denton, TX 76226
County:	Denton
Submarket:	Lantana
Market Orientation:	Suburban
Property Location:	3921 Bluestem Boulevard
IRR Event ID:	3174471



Sale Information

Sale Price:	\$94,432
Effective Sale Price:	\$94,432
Sale Date:	11/06/2023
Sale Status:	Closed
\$/Acre(Gross):	\$685,782
\$/Land SF(Gross):	\$15.74
\$/Unit (Potential):	\$1,889 /Unit
Grantor/Seller:	Sagebrook Denton, LP
Grantee/Buyer:	Castlerock Communities, LLC
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	2023-119880
Verified By:	Ms. Caitlin Duncan
Verification Date:	11/24/2023
Confirmation Source:	Michelle Weber
Verification Type:	Confirmed-Seller

Shape:	Rectangular
Topography:	Level
Corner Lot:	No
Frontage Feet:	50
Frontage Desc.:	50' x 120'
Frontage Type:	2 way, 1 lane each way
Traffic Control at Entry:	None
Traffic Flow:	Low
AccessibilityRating:	Average
Visibility Rating:	Average
Zoning Code:	PD
Zoning Desc.:	Planned Development
Flood Plain:	No
Comm. Panel No.:	48121C0370G
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Comments

Lots in this development are located in the Denton ISD. Home prices are ranging from \$323,000 to \$491,00.

Improvement and Site Data

Legal/Tax/Parcel ID:	Lot 8, Block J, Sagebrook, Phase 1/Tax ID 987902
Acres(Gross):	0.14
Land-SF(Gross):	6,000
No. of Units (Potential):	50

Sagebrook Addition, Phase 1 - 50' Lots



Location & Property Identification

Property Name: Avalon at Argyle, Phase 1 - 50' Lots
 Sub-Property Type: Residential, Single Family Residence Site
 Address: East side of Avalon Boulevard, south of FM-407W
 City/State/Zip: Argyle, TX 76226
 County: Denton
 Submarket: Lantana
 Market Orientation: Suburban
 IRR Event ID: 3178686



Sale Information

Sale Price: \$110,000
 Effective Sale Price: \$110,000
 Sale Date: 12/15/2024
 Sale Status: In-Contract
 \$/Acre(Gross): \$798,838
 \$/Land SF(Gross): \$18.33
 \$/Acre(Usable): \$798,838
 \$/Land SF(Usable): \$18.33
 \$/Unit (Potential): \$2,200 /Unit
 Grantor/Seller: CADG Avalon at Argyle LLC
 Grantee/Buyer: D.R. Horton Homes
 Property Rights: Fee Simple
 Financing: Cash to seller
 Terms of Sale Comments: The base lot price was set in 12/23 for substantial completion in 12/24 with an annual 6% escalation.
 Document Type: Contract of Sale
 Verified By: Shelley Sivakumar
 Verification Date: 12/06/2023
 Confirmation Source: Elaine Edinger (214-808-0669)

Verification Type: Confirmed-Seller

Improvement and Site Data

Legal/Tax/Parcel ID: F. Thorton Survey, Abstract No. 1244/Tax ID as vacant land 69059
 Acres(Usable/Gross): 0.14/0.14
 Land-SF(Usable/Gross): 6,000/6,000
 Usable/Gross Ratio: 1.00
 No. of Units (Potential): 50
 Shape: Rectangular
 Topography: Level
 Frontage Feet: 50
 Frontage Desc.: 50' x 120'
 Zoning Code: PD
 Zoning Desc.: Planned Development
 Flood Plain: No
 Utilities: Water Public, Sewer
 Source of Land Info.: Public Records

Comments

This is a new phase being developed by Centurion American. The 50' and 60' lots are contracted to D.R. Horton Homes. Lots are within the Northwest ISD.

Comments (Cont'd)



Location & Property Identification

Property Name:	Pecan Square, Phase 3A - 50' Lots
Sub-Property Type:	Residential, Finished SFR Lots
Address:	East side of Horizon Way, south of Elm Place
City/State/Zip:	Northlake, TX 76247
County:	Denton
Submarket:	FortWorth
Market Orientation:	Suburban
Property Location:	2000 Drover Street
IRR Event ID:	3178782



Sale Information

Sale Price:	\$97,500
Effective Sale Price:	\$97,500
Sale Date:	04/19/2023
Sale Status:	Closed
\$/Acre(Gross):	\$708,061
\$/Land SF(Gross):	\$16.25
\$/Acre(Usable):	\$708,061
\$/Land SF(Usable):	\$16.25
\$/Unit (Potential):	\$1,950 /Unit
Grantor/Seller:	Pecan Square 3A LLC
Grantee/Buyer:	DR Horton Texas LTD PS
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale Comments:	Represents a bulk purchase at \$1,950/front footage for 50' lots.
Document Type:	Deed
Recording No.:	2023-39960
Verified By:	Shelley Sivakumar
Verification Date:	12/06/2023
Confirmation Source:	Kim Comiskey (Hillwood)
Verification Type:	Confirmed-Seller

Improvement and Site Data

Legal/Tax/Parcel ID:	Pecan Square, Phase 3A, Block 3A, Lot 6/Tax ID 1014831
Acres(Usable/Gross):	0.14/0.14
Land-SF(Usable/Gross):	6,000/6,000
Usable/Gross Ratio:	1.00
No. of Units (Potential):	50
Shape:	Rectangular
Topography:	Level
Frontage Feet:	50
Frontage Desc.:	50' x 120'
Zoning Code:	PD
Zoning Desc.:	Planned Development
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Comments

This lot sale was part of a bulk purchase of 50' lots. The lots are located in the Northwest ISD.

Land Sales - 60' Frontage Lots



Location & Property Identification

Property Name: Tabor Ranch, Phase 1 - 60' Lots
 Sub-Property Type: Residential, Finished SFR Lots
 Address: Southwest quadrant of US-380 and George Owens Road
 City/State/Zip: Denton ETJ, TX 76259
 County: Denton
 Submarket: Ponder
 Market Orientation: Suburban
 IRR Event ID: 3176446



Sale Information

Sale Price: \$89,900
 Effective Sale Price: \$89,900
 Sale Date: 01/01/2025
 Sale Status: In-Contract
 \$/Acre(Gross): \$543,860
 \$/Land SF(Gross): \$12.49
 \$/Acre(Usable): \$543,860
 \$/Land SF(Usable): \$12.49
 \$/Unit (Potential): \$1,498 /Unit
 Grantor/Seller: Alluvium Development, Inc.
 Grantee/Buyer: Meritage Homes of Texas, LLC
 Property Rights: Fee Simple
 Financing: Cash to seller
 Terms of Sale Comments: The base lot price was set at \$89,900/lot (\$1,498/FF) in September 2023 for substantial completion by January 2025. The annual appreciation is set at 6%.

Document Type: Contract of Sale

Verified By: Shelley Sivakumar
 Verification Date: 11/28/2023
 Confirmation Source: Terry Jobe
 Verification Type: Confirmed-Seller

Improvement and Site Data

Legal/Tax/Parcel ID: S. Winfrey Survey, Abstract No. 1319/Tax ID as vacant land part of 64342, 1552631 159065, 64340, 64338
 Acres(Usable/Gross): 0.17/0.17
 Land-SF(Usable/Gross): 7,200/7,200
 Usable/Gross Ratio: 1.00
 No. of Units (Potential): 60
 Shape: Rectangular
 Topography: Level
 Frontage Feet: 60
 Frontage Desc.: 60' x 120'
 Zoning Code: None - ETJ
 Zoning Desc.: None - ETJ
 Flood Plain: No
 Utilities: Water Public, Sewer
 Source of Land Info.: Engineering Report

Comments

Tabor Ranch, Phase 1 - 60' Lots



Comments (Cont'd)

Lots in this proposed development are located in the Ponder ISD. A total of 150 lots are contracted between Lillian Custom Homes, Meritage Homes of Texas, and CastleRock Communities.



Location & Property Identification

Property Name: Avalon at Argyle, Phase 1 - 60' Lots
 Sub-Property Type: Residential, Single Family Residence Site
 Address: East side of Avalon Boulevard, south of FM-407W
 City/State/Zip: Argyle, TX 76226
 County: Denton
 Submarket: Lantana
 Market Orientation: Suburban
 IRR Event ID: 3178691



Sale Information

Sale Price: \$132,000
 Effective Sale Price: \$132,000
 Sale Date: 12/15/2024
 Sale Status: In-Contract
 \$/Acre(Gross): \$798,548
 \$/Land SF(Gross): \$18.33
 \$/Acre(Usable): \$798,548
 \$/Land SF(Usable): \$18.33
 \$/Unit (Potential): \$2,200 /Unit
 Grantor/Seller: CADG Avalon at Argyle LLC
 Grantee/Buyer: D.R. Horton Homes
 Property Rights: Fee Simple
 Financing: Cash to seller
 Terms of Sale Comments: The base lot price was set in 12/23 with substantial completion in 12/24 with an annual 6% escalation.
 Document Type: Contract of Sale
 Verified By: Shelley Sivakumar
 Verification Date: 12/06/2023
 Confirmation Source: Elaine Edinger (214-808-0669)

Verification Type: Confirmed-Seller

Improvement and Site Data

Legal/Tax/Parcel ID: F. Thorton Survey, Abstract No. 1244/Tax ID as vacant land 69059
 Acres(Usable/Gross): 0.17/0.17
 Land-SF(Usable/Gross): 7,200/7,200
 Usable/Gross Ratio: 1.00
 No. of Units (Potential): 60
 Shape: Rectangular
 Topography: Level
 Frontage Feet: 60
 Frontage Desc.: 60' x 120'
 Zoning Code: PD
 Zoning Desc.: Planned Development
 Flood Plain: No
 Utilities: Water Public, Sewer
 Source of Land Info.: Public Records

Comments

This is a new phase being developed by Centurion American. The 50' and 60' lots are contracted to D.R. Horton Homes. Lots are within the Northwest ISD.

Comments (Cont'd)



Location & Property Identification

Property Name:	Pecan Square, Phase 3C - 60' Lots
Sub-Property Type:	Residential, Finished SFR Lots
Address:	East side of N. Pecan Parkway, south of FM-407
City/State/Zip:	Northlake, TX 76247
County:	Denton
Submarket:	FortWorth
Market Orientation:	Suburban
Property Location:	221 Shetland Lane
IRR Event ID:	3178788



Sale Information

Sale Price:	\$135,000
Effective Sale Price:	\$135,000
Sale Date:	07/17/2023
Sale Status:	Closed
\$/Acre(Gross):	\$816,697
\$/Land SF(Gross):	\$18.75
\$/Acre(Usable):	\$816,697
\$/Land SF(Usable):	\$18.75
\$/Unit (Potential):	\$2,250 /Unit
Grantor/Seller:	CND-Pecan Square II LLC
Grantee/Buyer:	Weekley Homes LLC
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale Comments:	The base lot price was based upon \$2,250/front footage with an annual 6% escalation.
Document Type:	Deed
Recording No.:	2023-75603
Verified By:	Shelley Sivakumar
Verification Date:	12/06/2023
Confirmation Source:	Kim Comiskey (Hillwood)
Verification Type:	Confirmed-Seller

Improvement and Site Data

Legal/Tax/Parcel ID:	Pecan Square, Phase 3C, Block 3U, Lot 15/Tax ID 1021185
Acres(Usable/Gross):	0.17/0.17
Land-SF(Usable/Gross):	7,200/7,200
Usable/Gross Ratio:	1.00
No. of Units (Potential):	60
Shape:	Rectangular
Topography:	Level
Frontage Feet:	60
Frontage Desc.:	60' x 120'
Zoning Code:	PD
Zoning Desc.:	Planned Development
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Comments

Lots in this multiphase development are located in the Northwest ISD.



THIS PAGE IS LEFT BLANK INTENTIONALLY.



JUSTIN
— 1887 —



Printed by: ImageMaster, LLC
www.imagemaster.com