

NEW ISSUE

NOT RATED

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

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

The Bonds will not be designated as “qualified tax-exempt obligations” for financial institutions.



\$2,935,000*

CITY OF TOMBALL, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024

(WOOD LEAF RESERVE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #2 PROJECT)

Interest to Accrue from Closing Date (defined below)

Due: September 15, as shown on the inside cover

The City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2024 (Wood Leaf Reserve Public Improvement District Improvement Area #2 Project) (the “Bonds”), are being issued by the City of Tomball, Texas (the “City”). The Bonds will be issued in fully registered form, without coupons. Beneficial ownership of the Bonds may be acquired in principal denominations of \$25,000 and in integral multiples of \$1,000 in excess thereof. The Bonds will bear interest at the rates set forth on the inside cover, calculated on the basis of a 360-day year of twelve 30-day months, payable on each March 15 and September 15, commencing September 15, 2024*, until maturity or earlier redemption. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). No physical delivery of the Bonds will be made to the beneficial owners thereof. For so long as the book-entry only system is maintained, the principal of and interest on the Bonds will be paid from the sources described herein by Wilmington Trust, N.A., 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”), and an Indenture of Trust (the “Indenture”), entered into by and between the City and the Trustee. ***Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.***

Proceeds of the Bonds will be used for the purpose of: (1) paying or reimbursing a portion of the costs of the Improvement Area #2 Projects, (2) funding the Bond Reserve Account of the Reserve Fund, (3) funding a portion of the Delinquency and Prepayment Reserve Account of the Reserve Fund, (4) paying capitalized interest on the Bonds, and (5) paying the costs of issuance of the Bonds. See “PLAN OF FINANCE” and “APPENDIX B – Form of Indenture.”

The Bonds, when issued and delivered, will constitute valid and binding special, limited obligations of the City payable solely from and secured by the Trust Estate, consisting primarily of revenue from the Improvement Area #2 Assessments to be levied against assessable properties in Improvement Area #2 of the District in accordance with a Service and Assessment Plan, and other funds comprising the Trust Estate, all to the extent and upon the conditions described 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 prices more fully described herein under the subcaption “DESCRIPTION OF THE BONDS – Redemption Provisions.”

The Bonds involve a significant degree of risk and are not suitable for all investors. The Underwriter is limiting this offering to Qualified Institutional Buyers and Accredited Investors. The limitation of the initial offering to Qualified Institutional Buyers and Accredited Investors does not denote restrictions on transfers in any secondary market for the Bonds. Prospective purchasers should carefully evaluate the risks and merits of an investment in the Bonds, should consult with their legal and financial advisors before considering a purchase of the Bonds, and should be willing to bear the risks of loss of their investment in the Bonds. The Bonds are not credit enhanced or rated and no application has been made for a rating on the Bonds. See “BONDHOLDERS’ RISKS” and “SUITABILITY FOR INVESTMENT.”

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

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

The Bonds are offered for delivery when, as, and if issued by the City and accepted by FMSbonds, Inc. (the “Underwriter”), subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of Bracewell LLP, Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See “APPENDIX D – Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, for the City by its counsel, Olson & Olson LLP, and for the Developer by Coats Rose, P.C., counsel to the Developer. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about July 30, 2024 (the “Closing Date”).



* Preliminary, subject to change.

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

CUSIP Prefix: _____ (a)

\$2,935,000*

CITY OF TOMBALL, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024

(WOOD LEAF RESERVE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #2 PROJECT)

\$ _____ % Term Bonds, Due September 15, 20__, Priced to Yield _____%; CUSIP No. _____ (a)(b)(c)(d)

\$ _____ % Term Bonds, Due September 15, 20__, Priced to Yield _____%; CUSIP No. _____ (a)(b)(c)(d)

(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 (“CGS”) and managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP® data herein is provided by CGS and is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the City’s Financial Advisor, or the Underwriter takes any responsibility for the accuracy of such numbers.

(b) The Bonds are subject to extraordinary optional redemption as described herein under “DESCRIPTION OF THE BONDS – Redemption Provisions.”

(c) The Bonds maturing on or after September 15, 20__, are also subject to redemption, in whole or in part, prior to stated maturity, at the option of the City, on any date on or after September 15, 20__, at the redemption price described herein under “DESCRIPTION OF THE BONDS – Redemption Provisions.”

(d) The Bonds are also subject to mandatory sinking fund redemption as described herein under “DESCRIPTION OF THE BONDS – Redemption Provisions.”

* Preliminary, subject to change.

**CITY OF TOMBALL, TEXAS
CITY COUNCIL**

<u>Name</u>	<u>Position</u>	<u>Term Expires</u> <u>(May)</u>
Lori Klein Quinn	Mayor	2025
John F. Ford	Council Position 1	2026
Paul Garcia	Council Position 2	2027
Dane Dunagin	Council Position 3/Mayor Pro Tem	2025
Lisa A. Covington	Council Position 4	2027
Randy Parr	Council Position 5	2026

CITY MANAGER
David Esquivel

ASSISTANT CITY MANAGER
Jessica Rogers

DIRECTOR OF FINANCE
Katherine Tapscott ⁽¹⁾

CITY SECRETARY
Tracy Garcia

ADMINISTRATOR
P3Works, LLC

FINANCIAL ADVISOR TO THE CITY
Hilltop Securities Inc.

BOND COUNSEL
Bracewell LLP

UNDERWRITER'S COUNSEL
Orrick, Herrington & Sutcliffe LLP

For additional information regarding the City, please contact:

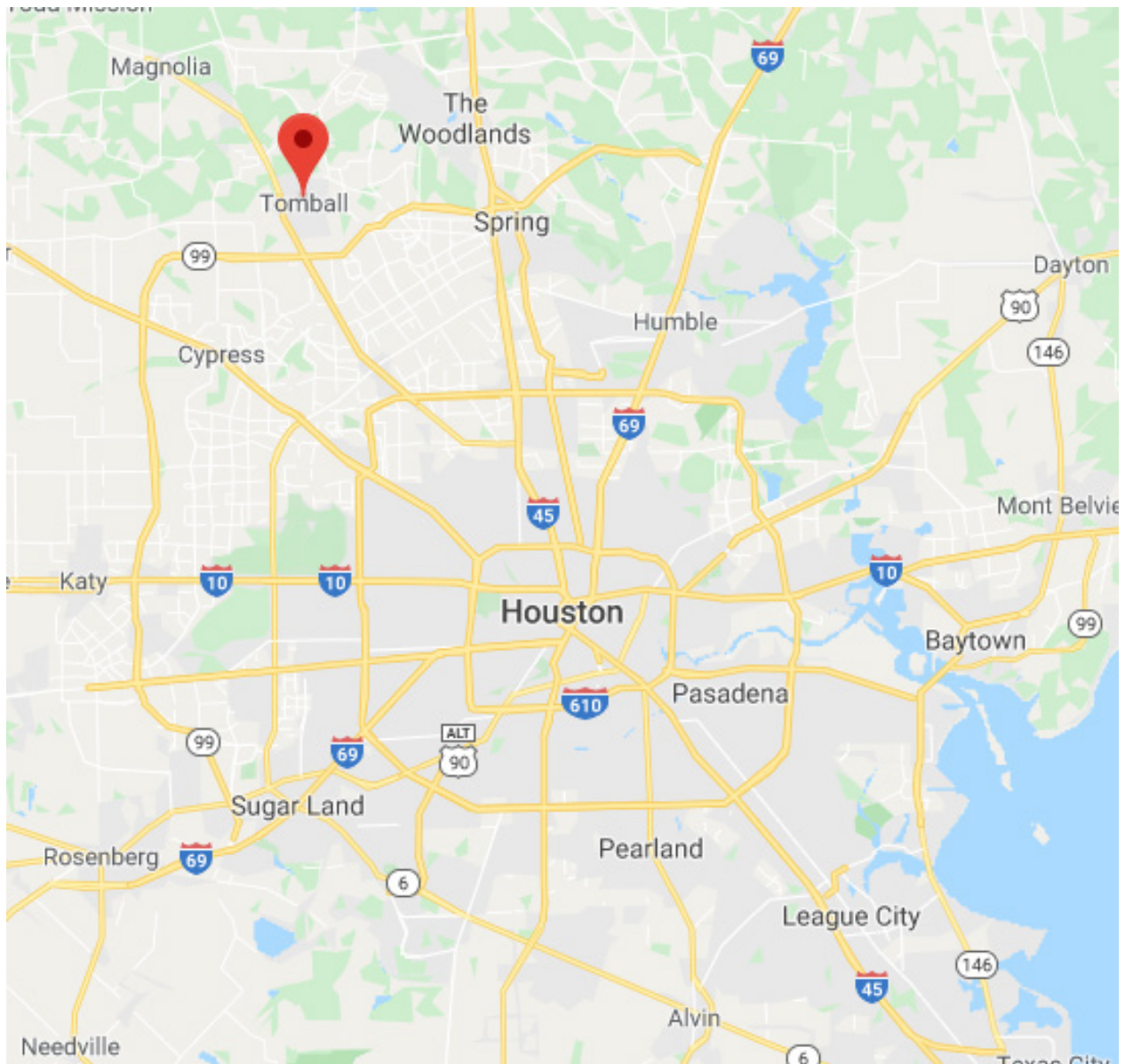
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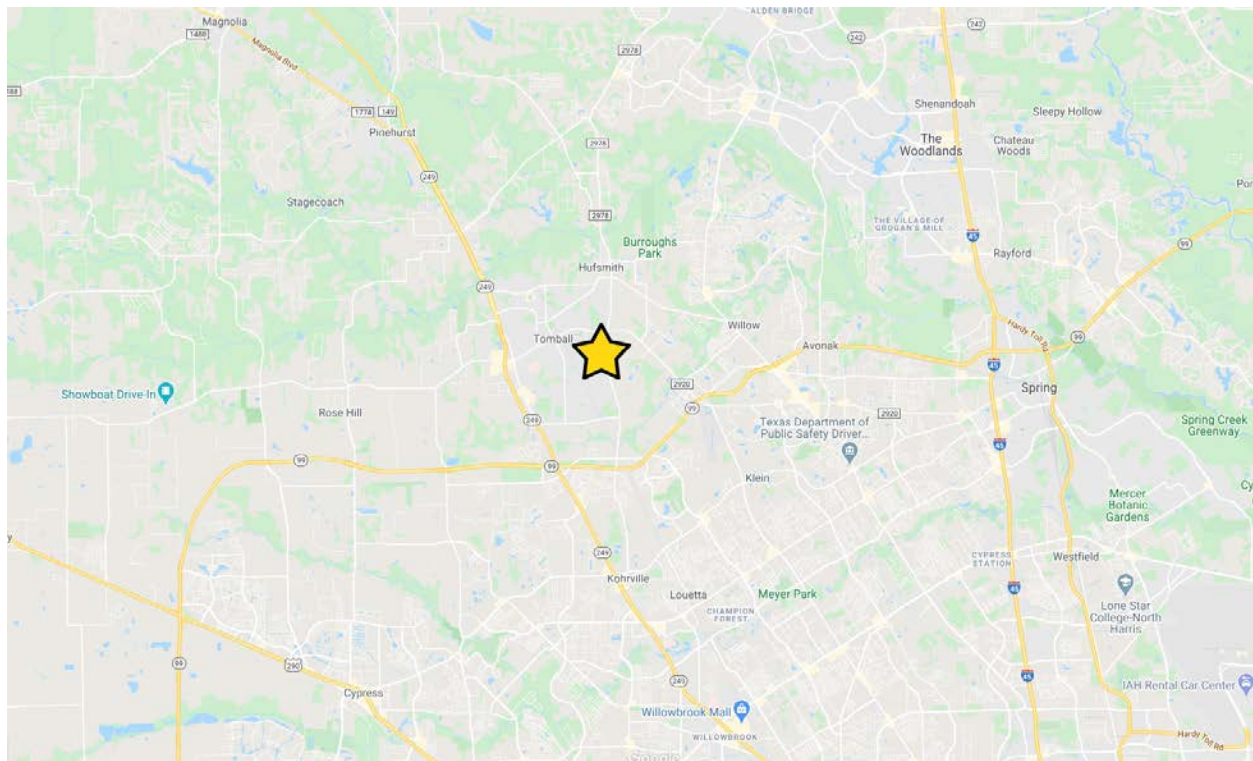
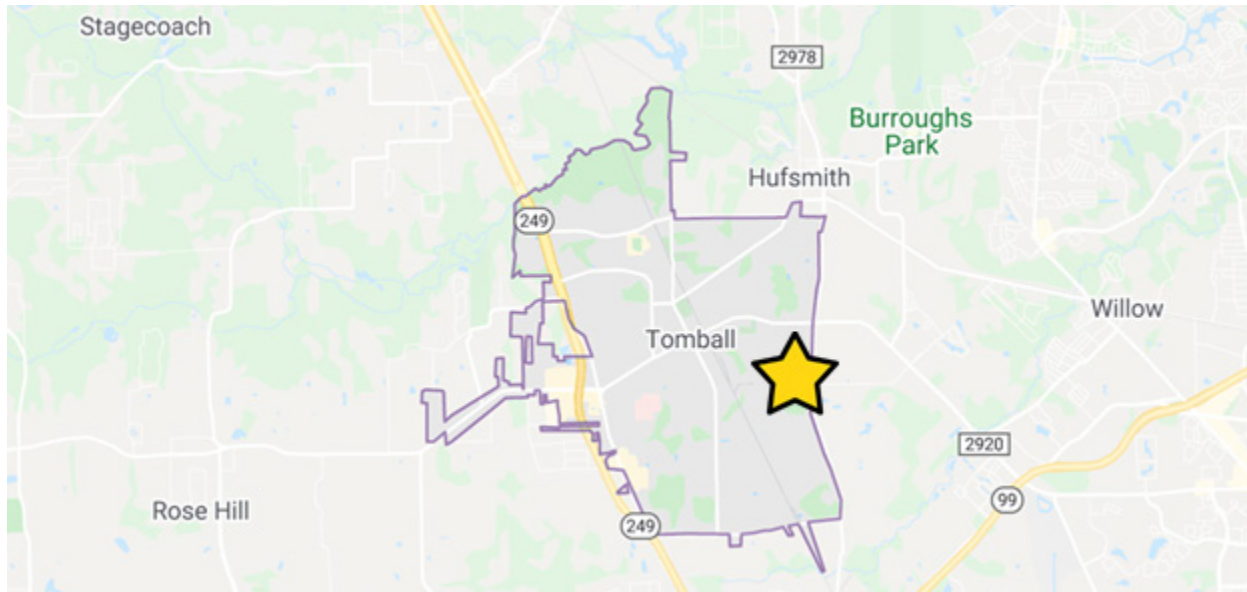
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(214) 953-8707
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⁽¹⁾ Katherine Tapscott's last day with the City is June 21, 2024. The job opening has been posted.

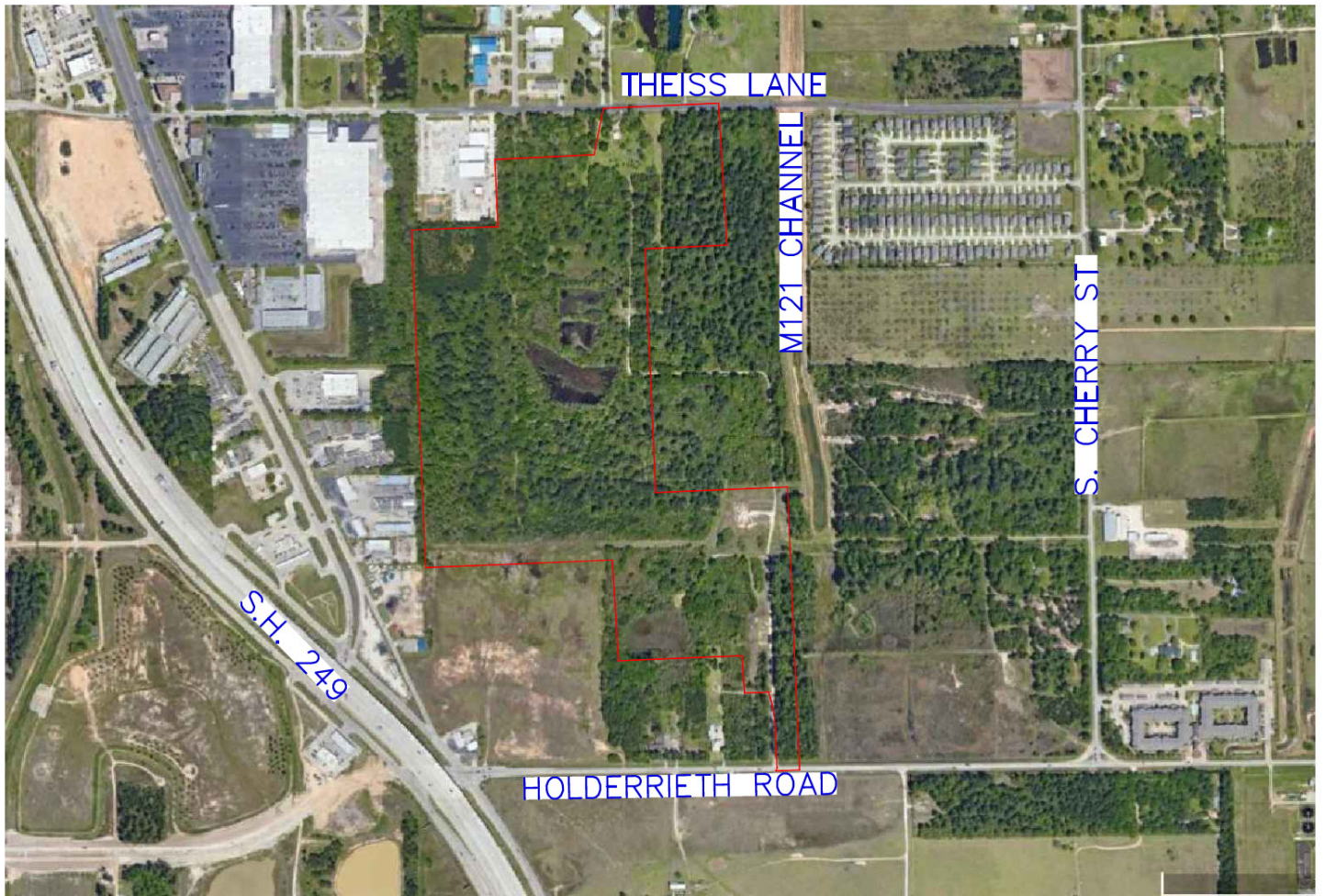
REGIONAL LOCATION MAP OF THE DISTRICT



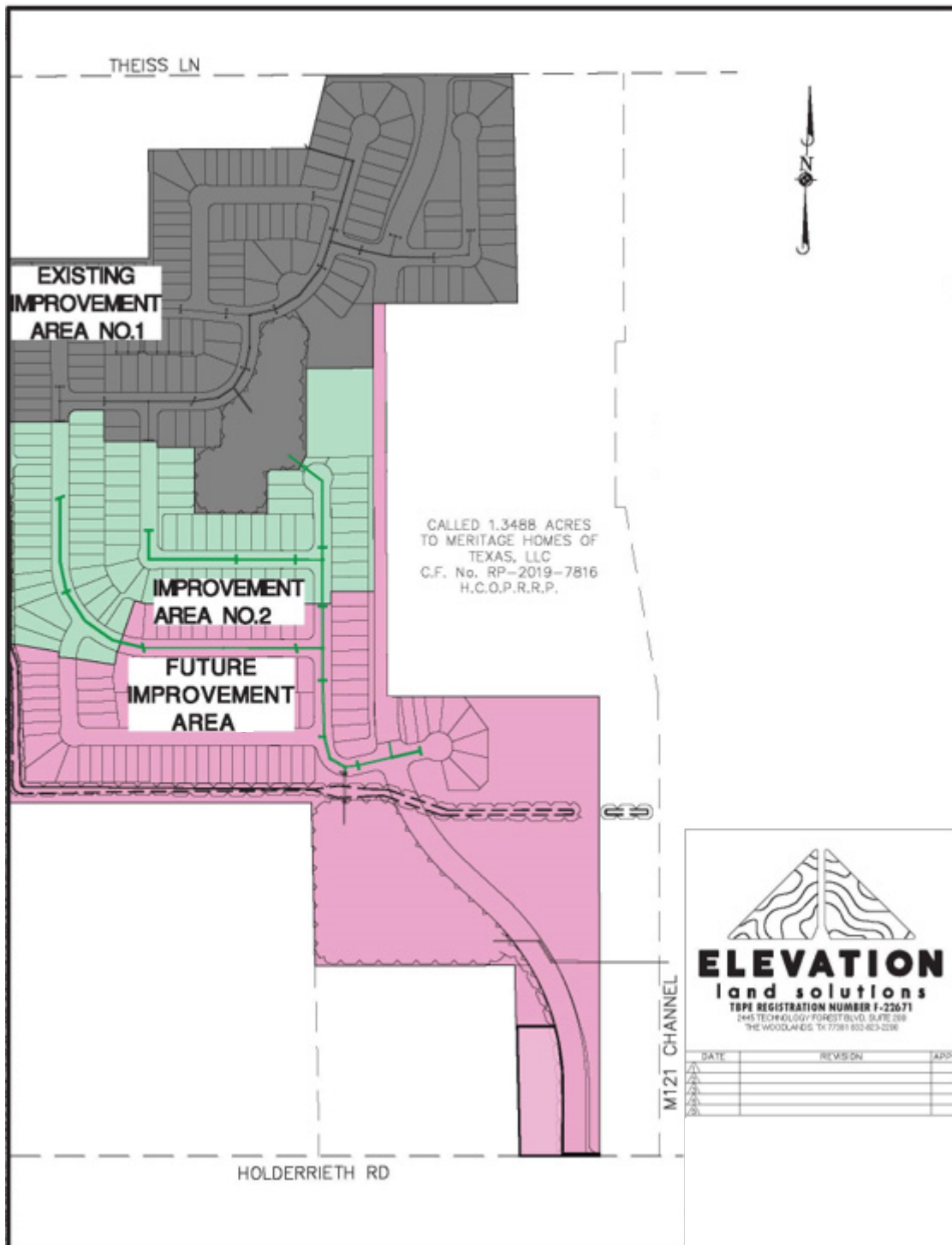
AREA LOCATION MAPS OF THE DISTRICT



MAP SHOWING BOUNDARIES OF THE DISTRICT



**MAP SHOWING BOUNDARIES OF IMPROVEMENT AREA #1, IMPROVEMENT AREA #2, AND
THE FUTURE IMPROVEMENT AREA OF THE DISTRICT**



• 惠顧請認明 •



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

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

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

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

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS LIMITED OFFERING MEMORANDUM CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE SECURITIES ACT OF 1933. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE TERMINOLOGY USED SUCH

AS “PLAN,” “EXPECT,” “ESTIMATE,” “PROJECT,” “ANTICIPATE,” “BUDGET” OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. NEITHER THE CITY NOR THE DEVELOPER PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF THEIR EXPECTATIONS (OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED) CHANGE, OTHER THAN AS DESCRIBED UNDER “CONTINUING DISCLOSURE – THE CITY” AND “– THE DEVELOPER,” RESPECTIVELY.

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

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

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

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PRELIMINARY LIMITED OFFERING MEMORANDUM

\$2,935,000*

CITY OF TOMBALL, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024

(WOOD LEAF RESERVE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #2 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 Tomball, Texas (the “City”), of its \$2,935,000* aggregate principal amount of Special Assessment Revenue Bonds, Series 2024 (Wood Leaf Reserve Public Improvement District Improvement Area #2 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. THE LIMITATION OF THE INITIAL OFFERING TO QUALIFIED INSTITUTIONAL BUYERS AND ACCREDITED INVESTORS DOES NOT DENOTE RESTRICTIONS ON TRANSFERS IN ANY SECONDARY MARKET FOR THE BONDS. PROSPECTIVE INVESTORS SHOULD BE AWARE OF CERTAIN RISK FACTORS, ANY OF WHICH, IF MATERIALIZED TO A SUFFICIENT DEGREE, COULD DELAY OR PREVENT PAYMENT OF PRINCIPAL OF, 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 (the “Indenture”), to be entered into by and between the City and Wilmington Trust, N.A., 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.”*

Payment of the Bonds is secured by a pledge of and a lien upon the Trust Estate, consisting primarily of revenue from Improvement Area #2 Assessments to be levied pursuant to the Assessment Ordinance against the Improvement Area #2 Assessed Property located within Improvement Area #2 of the District, all to the extent and upon the conditions described herein and in the Indenture. See “SECURITY FOR THE BONDS” and “IMPROVEMENT AREA #2 ASSESSMENT PROCEDURES.”

Set forth herein are brief descriptions of the City, the District, the Administrator, the Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan, the Development Agreement (defined herein), Chesmar Homes, LLC, a Texas limited liability company (together with its successors and assigns, the “Developer”), and the Appraisal (defined herein), together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the Underwriter, FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas 75034, telephone number 214-418-1588. The form of Indenture appears in “APPENDIX B – Form of Indenture” and the 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.

PLAN OF FINANCE

Development Plan

The Developer plans to develop the District in three phases (collectively, the “Development”). When completed, the District is expected to include 290 single-family lots. The first phase (“Improvement Area #1”) of the Development was completed in May 2022 and consists of 123 single-family residential lots on approximately 33.441 acres. The Developer was reimbursed by the City for a portion of the costs of the public improvements allocable to Improvement Area #1 from proceeds of the City’s Special Assessment Revenue Bonds, Series 2022 (Wood Leaf Reserve Public Improvement District Improvement Area #1) (the “Improvement Area #1 Bonds”).

The second phase (“Improvement Area #2”) of the Development is substantially complete and consists of 81 single-family residential lots on approximately 18 acres. A portion of the proceeds of the Bonds will be used to reimburse the Developer for costs of the public improvements that specifically benefit Improvement Area #2 (the “Improvement Area #2 Improvements”) and Improvement Area #2’s allocable share of the public improvements that benefit the entire District (the “Major Improvements”). The Improvement Area #2 Improvements and Improvement Area #2’s allocable share of the Major Improvements are collectively referred to herein as the “Improvement Area #2 Projects.”

Subsequent development is expected to include one additional phase to include public improvements similar to the Improvement Area #2 Projects, and necessary to serve the final phase of the Development (the “Future Improvement Area”). See “THE DEVELOPMENT – Overview.” The Developer began design of the Future Improvement Area of the District in February 2024 and expects to complete development of the lots in such phase by January 2025.

The boundaries of the District, Improvement Area #1, Improvement Area #2, and the Future Improvement Area are shown in “MAP SHOWING BOUNDARIES OF THE DISTRICT” and “MAP SHOWING BOUNDARIES OF IMPROVEMENT AREA #1, IMPROVEMENT AREA #2, AND THE FUTURE IMPROVEMENT AREA OF THE DISTRICT” on pages iv and v.

The total costs of the Improvement Area #2 Projects equal approximately \$4,820,056. Proceeds of the Bonds in the approximate amount of \$2,290,000* will be used to reimburse the Developer for costs of the Improvement Area #2 Projects. The remaining cost of the Improvement Area #2 Projects in the approximate amount of \$2,530,056* was funded by the Developer with available cash. Such remaining costs will not be reimbursed by the City. See “THE DEVELOPER – History and Financing of the District.”

The Developer expects to request that the City issue one additional series of bonds (the “Future Improvement Area Bonds”) to finance the costs of the public improvements necessary to serve the Future Improvement Area. The estimated costs of such improvements benefiting the Future Improvement Area will be determined as the Future Improvement Area is developed, and the Service and Assessment Plan will be updated to identify the costs to be financed by the Future Improvement Area Bonds. The Future Improvement Area Bonds will be secured by separate assessments levied pursuant to the PID Act on assessable property within the Future Improvement Area that benefit from the improvements being financed with the Future Improvement Area Bonds. See “THE DEVELOPMENT – Future Improvement Area and Future Improvement Area Bonds.”

Only the Bonds are offered pursuant to this Limited Offering Memorandum. The Bonds, the Improvement Area #1 Bonds, and any Future Improvement Area Bonds issued by the City are separate and distinct issues of securities secured by separate assessments. Neither the Improvement Area #1 Bonds nor any Future Improvement Area Bonds are offered pursuant to this Limited Offering Memorandum. Investors interested in purchasing such obligations should refer to the offering documents related thereto, when and if available.

Status of Lot Purchase Contract

The Developer and Shea Homes Houston, LLC, a Texas limited liability company (the “Homebuilder”), entered into a contract (the “Original Lot Purchase Contract”) pursuant to which the Homebuilder purchased 61 of the 123 lots in Improvement Area #1. The Developer is the homebuilder on the remaining 62 lots in Improvement Area #1. Pursuant to the Original Lot Purchase Contract, the Homebuilder has a right of first refusal with respect to the purchase of up to half of the lots in Improvement Area #2. The Developer and the Homebuilder are currently in negotiations regarding an amendment to the Original Lot Purchase Contract regarding the purchase of such lots. The Developer expects to build homes on the remaining 40-41 lots in Improvement Area #2.

If such amendment is approved, the Developer expects that the Homebuilder will purchase 10 40’ lots and 12 50’ lots (the “Initial Closing”) by August 2024. Following the Initial Closing, the Homebuilder is expected to purchase all remaining 40’ and 50’ lots within three (3) months from the date of the Initial Closing. The Developer expects to receive an earnest money deposit of approximately \$289,140 from the Homebuilder pursuant to such amendment.

If the amendment to the Original Lot Purchase Contract is not approved, the Developer will either seek another homebuilder to purchase lots or will build homes on all of the lots in Improvement Area #2. See “THE DEVELOPMENT” for more information concerning the status of lot sales and the status of development in the District.

The Bonds

Proceeds of the Bonds will be used for the purposes of: (1) paying or reimbursing a portion of the costs of the Improvement Area #2 Projects, (2) funding the Bond Reserve Account of the Reserve Fund, (3) funding a portion of the Delinquency and Prepayment Reserve Account of the Reserve Fund, (4) paying capitalized interest on the Bonds, and (5) paying the costs of issuance of the Bonds. See “SOURCES AND USES OF FUNDS,” “THE IMPROVEMENT AREA #2 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 revenue from the Improvement Area #2 Assessments to be levied against the Assessed Properties, all to the extent and upon the conditions described herein and in the Indenture. See “SECURITY FOR THE BONDS,” “IMPROVEMENT AREA #2 ASSESSMENT PROCEDURES,” and “APPENDIX B – Form of Indenture.”

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

LIMITATIONS APPLICABLE TO INITIAL PURCHASERS

Each initial purchaser is advised that the Bonds being offered pursuant to this Limited Offering Memorandum are being offered and sold only to “qualified institutional buyers” as defined in Rule 144A promulgated under the Securities Act of 1933, and “accredited investors” as defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933. The limitation of the initial offering to qualified institutional buyers and accredited investors does not denote restrictions on transfers in any secondary market for the Bonds. Each initial purchaser of the Bonds (each, an “Investor”) will be deemed to have acknowledged, represented, and warranted to the City as follows:

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

2. The Investor is an “accredited investor” under Rule 501 of Regulation D of the Securities Act of 1933 or a “qualified institutional buyer” under Rule 144A of the Securities Act of 1933, and, therefore, has sufficient

knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Bonds.

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

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

5. The Investor acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City, the Improvement Area #2 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 to the Trustee pursuant to the terms of the Indenture and the City shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of the City for amounts due under the Indenture. The Investor understands that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the City, the State or any political subdivision or taxing district thereof; that the Bonds will never represent or constitute a general obligation or a pledge of the full faith and credit of the City, the State or any political subdivision thereof; that no right will exist to have taxes levied by the State or any political subdivision thereof for the payment of principal and interest on the Bonds; and that the liability of the City and the State with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Indenture.

7. The Investor has made its own inquiry and analysis with respect to the Bonds and the security therefor. The Investor is aware that the development of the District involves certain economic and regulatory variables and risks that could adversely affect the security for the 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 in the inside cover page of this Limited Offering Memorandum. Interest on the Bonds will accrue from the Closing Date and will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds will be payable on each March 15 and September 15, commencing September 15, 2024* (each, an “Interest Payment Date”), until maturity or prior redemption. Wilmington Trust, N.A., is the initial Trustee and Paying Agent/Registrar for the Bonds.

The Bonds will be issued in fully registered form, without coupons. Beneficial ownership of the Bonds may be acquired in principal denominations of \$25,000 and in integral multiples of \$1,000 in excess thereof (“Authorized

* Preliminary, subject to change.

Denominations”). Upon initial issuance, the ownership of the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), and purchases of beneficial interests in the Bonds will be made in book-entry only form. See “BOOK-ENTRY ONLY SYSTEM” and “SUITABILITY FOR INVESTMENT.”

Redemption Provisions

Optional Redemption. The City reserves the option to redeem Bonds maturing on or after September 15, 20__, in whole or any part, before their respective scheduled maturity dates, on September 15, 20__, or on any date thereafter such redemption date or dates to be fixed by the City, at a redemption price equal to the principal amount of the Bonds called for redemption plus accrued and unpaid interest to the date fixed for redemption (the “Redemption Price”).

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

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

Notwithstanding the foregoing, the Trustee will not be required to make an extraordinary optional redemption pursuant to the Indenture unless it has at least \$5,000 available in the Redemption Fund with which to redeem the Bonds.

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

\$ _____ Term Bonds maturing September 15, 20__

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 20__	
September 15, 20__	
September 15, 20__†	

\$ _____ Term Bonds maturing September 15, 20__

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__†	

† Stated maturity.

At least forty-five (45) days prior to each scheduled mandatory redemption date and subject to any prior reduction authorized by the Indenture, the Paying Agent/Registrar shall select for redemption by lot, or by any other

customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as required by the Indenture.

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

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

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

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

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

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

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

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

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

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial

Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

Principal, interest, and all other payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Paying Agent/Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, the Paying Agent/Registrar or the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

NONE OF THE CITY, THE TRUSTEE, THE PAYING AGENT/REGISTRAR, THE CITY'S FINANCIAL ADVISOR, OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS OF THE BONDS. THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE PARTICIPANTS, OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON

A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM. THE CURRENT RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

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

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

The principal of, premium, if any, and interest on the Bonds are secured by a pledge of and a lien upon the Pledged Revenues and other assets of the Trust Estate, consisting primarily of revenues from the Improvement Area #2 Assessments to be levied against the assessable parcels or lots within Improvement Area #2 of the District, all to the extent and upon the conditions described in the Indenture. Improvement Area #2 contains approximately 18 acres within the District. Other than Non-Benefited Property (as defined in the Service and Assessment Plan), all of the property within Improvement Area #2 will be assessed. In accordance with the PID Act, the City has caused the preparation of a Service and Assessment Plan (as updated, amended and supplemented, the “Service and Assessment Plan”), which describes the special benefit received by the property within the District, including Improvement Area #2, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of the assessments (including the Improvement Area #2 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 Improvement Area #2 Annual Installments of Improvement Area #2 Assessments due in a given year. The determination by the City of the special assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See “APPENDIX C – Form of Service and Assessment Plan.”

Pledged Revenues

The City is authorized by the PID Act, the Assessment Ordinance, and other provisions of law to finance the Improvement Area #2 Projects by levying Improvement Area #2 Assessments upon properties in Improvement Area #2 of the District benefitted thereby. For a description of the assessment methodology and the amounts of Improvement Area #2 Assessments anticipated to be levied in each development phase of the District, see “IMPROVEMENT AREA #2 ASSESSMENT PROCEDURES” and “APPENDIX C – Form of Service and Assessment Plan.” The City will covenant in the Indenture that it will take and pursue all actions permissible under the PID Act, and all other laws or statutes, rules, or regulations, and any amendments thereto, of the State of Texas or of the United States (collectively, “Applicable Laws”) to cause the Improvement Area #2 Assessments to be collected and the liens thereof to be enforced continuously. See “– Pledged Revenue Fund,” “APPENDIX B – Form of Indenture,” and “APPENDIX C – Form of Service and Assessment Plan.”

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

“Additional Interest” means the 0.50% additional interest charged on the Improvement Area #2 Assessments pursuant to Section 372.018 of the PID Act and described in Section V of the Service and Assessment Plan.

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

“Delinquent Collection Costs” means the costs related to the foreclosure on an Improvement Area #2 Assessed Property and the costs of collection of a delinquent Improvement Area #2 Assessment, including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing Delinquent Penalties and Interest.

“Delinquent Penalties and Interest” means any delinquent interest and delinquent penalty interest collected on a delinquent Improvement Area #2 Assessment.

“Improvement Area #2 Annual Installment” means, with respect to each Improvement Area #2 Assessed Property, each annual payment of (i) the Improvement Area #2 Assessments as shown on the Improvement Area #2 Assessment Roll attached to the Service and Assessment Plan as Exhibit G-1 and related to the Bonds and the Improvement Area #2 Projects, including (i) principal; (ii) interest (iii) Annual Collection Costs and (iv) Additional Interest collected pursuant to Section V of the Service and Assessment Plan and deposited to the Delinquency and Prepayment Reserve Account as described in the Indenture.

“Improvement Area #2 Assessments” means an assessment (including interest thereon) levied against a Parcel within Improvement Area #2 of the District and imposed pursuant to the Assessment Ordinance and the provisions of the Service and Assessment Plan, as shown on the Improvement Area #2 Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions in the Service and Assessment Plan and the PID Act.

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

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

“Pledged Revenues” means the sum of (i) Improvement Area #2 Annual Installments (excluding the portion of the Improvement Area #2 Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs), (ii) the moneys held in any of the Pledged Funds and Accounts, and (iii) any additional revenues that the City may pledge to the payment of Bonds.

The PID Act provides that the Improvement Area #2 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. Pursuant to the PID Act, the Assessment Lien is effective from the date of the Assessment Ordinance until the Improvement Area #2 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 “IMPROVEMENT AREA #2 ASSESSMENT PROCEDURES.”

Collection and Deposit of Improvement Area #2 Assessments

The Improvement Area #2 Assessments on each parcel, tract, or lot which are to be collected in each year during the term of the Bonds are shown on the Improvement Area #2 Assessment Roll. The Improvement Area #2 Assessments, together with the interest thereon, will be deposited in the Pledged Revenue Fund for the payment of the principal of, premium, if any, and interest on the Bonds. See “– Pledged Revenue Fund” and “APPENDIX B – Form of Indenture.”

The Improvement Area #2 Assessments, together with interest thereon, are payable in Improvement Area #2 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 plus Additional Interest collected for the Delinquency and Prepayment Reserve Account of the Reserve Fund. An Improvement Area #2 Annual Installment of Improvement Area #2 Assessments has been made payable in the Assessment Ordinance in each Fiscal Year preceding the date of final maturity of the Bonds which, if collected, will be sufficient to pay the portion of the debt service requirements attributable to Improvement Area #2 Assessments in the Service and Assessment Plan. Each Improvement Area #2 Annual Installment is payable as provided in the Service and Assessment Plan and the Assessment Ordinance.

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

Unconditional Levy of Improvement Area #2 Assessments

The City will impose Improvement Area #2 Assessments on the property within Improvement Area #2 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 Improvement Area #2 Assessments are effective from the date, and strictly in accordance with the terms, of the Assessment Ordinance. Each Improvement Area #2 Assessment may be paid in full or in part at any time or in periodic Improvement Area #2 Annual Installments over a period of time equal to the term of the Bonds, which installments shall include interest on the Improvement Area #2 Assessments. Pursuant to the Assessment Ordinance, interest on the Improvement Area #2 Assessments for each lot within Improvement Area #2 and allocated to the Bonds begins to accrue on the date specified in the Service and Assessment Plan and bears interest at the rate of interest on the Bonds plus the 0.50% additional interest charged on Improvement Area #2 Assessments pursuant to Section 372.018 of the PID Act (the “Additional Interest Rate”). Each Improvement Area #2 Annual Installment, including the interest on the unpaid amount of Improvement Area #2 Assessments, will be determined by September 30 of each year and billed in October of each year. Each Improvement Area #2 Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year.

As authorized by Section 372.003(b)(14) of the PID Act, the City will calculate and collect each year while the Bonds are Outstanding and unpaid, as a part of the Improvement Area #2 Annual Installment, an amount to pay the Annual Collection Costs. The portion of each Improvement Area #2 Annual Installment of an Improvement Area #2 Assessment used to pay the Annual Collection Costs shall remain in effect from year to year until all Bonds are finally paid or until the City adjusts the amount after an annual review in any year pursuant to Section 372.015(d) of the PID Act. The amount collected to pay Annual Collection Costs shall be due in the manner set forth in the Assessment Ordinance and shall be billed as a part of the Improvement Area #2 Annual Installment in October of each year and shall be delinquent if not paid by February 1 of the following year. Amounts collected for Annual Collection Costs do not secure repayment of the Bonds.

There will be no split payment of Improvement Area #2 Assessments or discount for the early payment of Improvement Area #2 Assessments.

The PID Act provides that the Improvement Area #2 Assessments (including any reassessment, with interest, the expense of collection and reasonable attorney's fees, if incurred) are a first and prior lien (the "Assessment Lien") against the property within Improvement Area #2, 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 Improvement Area #2 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 "IMPROVEMENT AREA #2 ASSESSMENT PROCEDURES."

The Assessment Lien is superior to any homestead rights of a property owner that were properly claimed after the adoption of the Assessment Ordinance. However, an Assessment Lien may not be foreclosed upon if any homestead rights of a property owner were properly claimed prior to the adoption of the Assessment Ordinance ("Pre-existing Homestead Rights") for as long as such rights are maintained on the property. See "BONDHOLDERS' RISKS – Assessment Limitations." There are currently no properties within Improvement Area #2 that have claimed a homestead exemption.

Failure to pay an Improvement Area #2 Annual Installment when due shall not accelerate the payment of the remaining Improvement Area #2 Annual Installments of the Improvement Area #2 Assessments and such remaining Improvement Area #2 Annual Installments (including interest) shall continue to be due and payable at the same time and in the same amount and manner as if such default had not occurred.

Perfected Security Interest

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

Pledged Revenue Fund

On or before February 1 (provided that Pledged Revenues have been received by the City, or if not, then as soon as available) of each year while the Bonds are Outstanding, beginning February 1, 2025, the City shall deposit or cause to be deposited the Pledged Revenues (which excludes, for the avoidance of doubt, that portion of the Improvement Area #2 Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs, which shall be deposited to the Administrative Fund and the Delinquency and Prepayment Reserve

Account, respectively) into the Pledged Revenue Fund, which deposit shall be directed by the City to the Trustee pursuant to a City Certificate. Specifically, the Pledged Revenues shall be deposited to the Pledged Revenue Fund to be used in the following order of priority:

- (i) *first*, to the Bond Pledged Revenue Account of the Pledged Revenue Fund amounts sufficient to pay debt service on the Bonds coming due in the next Bond Year;
- (ii) *second*, to the Bond Reserve Account in an amount to cause the amount in the Bond Reserve Account to equal the Bond Reserve Account Requirement;
- (iii) *third*, amounts representing Additional Interest to the Delinquency and Prepayment Reserve Account of the Reserve Fund in an amount equal to the Delinquency and Prepayment Reserve Requirement; and
- (iv) *fourth*, in accordance with the written direction of the City, to pay other costs permitted by the PID Act.

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

From time to time as needed to pay the obligations relating to the Bonds, but no later than five (5) Business Days before each Interest Payment Date, the Trustee shall withdraw from the Bond Pledged Revenue Account of the Pledged Revenue Fund and transfer to the Principal and Interest Account of the Bond Fund, an amount, taking into account any amounts then on deposit in such Principal and Interest Account, 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, there are insufficient funds to make the payments provided above, the Trustee shall apply the available funds in the Principal and Interest Account first to the payment of interest, then to the payment of principal (including any Sinking Fund Installments) on the Bonds.

Notwithstanding the above described flow of funds, (a) the Trustee shall deposit Additional Interest to the Pledged Revenue Fund and shall transfer all or a portion of such Additional Interest to the Delinquency and Prepayment Reserve Account (up to the Delinquency and Prepayment Reserve Requirement); (b) the Trustee shall deposit Prepayments to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer such Prepayments to the Redemption Fund; and (c) the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds first to the Reserve Fund to restore any transfers from the applicable account of the Reserve Fund made with respect to the Improvement Area #2 Assessed Property to which the Foreclosure Proceeds relate; and second, to the Redemption Fund.

Notwithstanding the foregoing, any portion of Foreclosure Proceeds that are attributable to Annual Collection Costs shall be deposited to the Administrative Fund, and any portion of Foreclosure Proceeds attributable to Delinquent Penalties and Interest shall be deposited to the Delinquency and Prepayment Reserve Account of the Reserve Fund until the Delinquency and Prepayment Reserve Requirement is met and then to the Administrative Fund.

After satisfaction of the requirements to (i) provide for the payment of the principal of and interest on the Bonds, and (ii) to fund any deficiency that may exist in the Reserve Fund (including the funding of the Delinquency and Prepayment Reserve Account), the City may direct the Trustee by City Certificate to apply Improvement Area #2 Assessments for any lawful purposes permitted by the PID Act for which Improvement Area #2 Assessments may be paid.

Bond Fund

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

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

Moneys in the Capitalized Interest Account of the Bond Fund 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 15, 2024	\$

Any amounts on deposit in the Capitalized Interest Account of the Bond Fund after the payment of interest on the date and in the amount listed above shall be transferred, at the direction of the City, to the Project Improvement Account of the Project Fund, or 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 Improvement Area #2 Improvement Account and Costs of Issuance Account of the Project Fund shall be used for the purpose of paying a portion of the costs of the Improvement Area #2 Projects or costs of issuance of the Bonds, as applicable.

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.

Except as otherwise provided in the Indenture, money on deposit in the Improvement Area #2 Improvement Account of the Project Fund shall be used solely to pay the costs of the Improvement Area #2 Projects. Upon receipt of a reviewed and approved Certificate for Payment for any Improvement Area #2 Costs, the Trustee shall make payment from the Improvement Area #2 Improvement Account of the Project Fund.

Funds on deposit in the Improvement Area #2 Improvement Account of the Project Fund in the amount of \$1,235,000* shall be retained in the Project Fund and shall not be expended or used to pay the costs of the Improvement Area #2 Projects pursuant to a reviewed and approved Certificate for Payment until all of the following have occurred, as certified by the Developer to the City and the Trustee:

- (1) All of the Improvement Area #2 Projects have been constructed or installed and accepted by the City;
- (2) All of the lots in Improvement Area #2 which, on the Closing Date, are not subject to a lot purchase contract are either under contract with a third-party builder or are lots on which the Developer is building or expects to build homes; and
- (3) 12* single-family homes have been fully constructed within Improvement Area #2.

If the amount retained pursuant to the foregoing paragraph has not been released from the project Fund on or before September 15, 2027, any amounts remaining in the Project Fund may be transferred to the Redemption Fund to be used to redeem Bonds.

* Preliminary, subject to change.

If the City Representative determines in his or her sole discretion that amounts then on deposit in the Improvement Area #2 Improvement Account are not expected to be expended for purposes thereof due to the abandonment, or constructive abandonment, of the Improvement Area #2 Projects, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Area #2 Improvement Account will ever be expended for the purposes thereof, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Improvement Area #2 Improvement Account that are not expected to be used for purposes thereof. If such City Certificate is so filed, the amounts identified on the City Certificate currently on deposit in the Improvement Area #2 Improvement Account shall be transferred to the Redemption Fund to redeem Bonds on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture and the Improvement Area #2 Improvement Account shall be closed.

Upon the filing of a City Certificate stating that all Improvement Area #2 Projects have been completed and that all Improvement Area #2 Costs have been paid, or that any such costs are not required to be paid from the Improvement Area #2 Improvement Account pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining within the Improvement Area #2 Improvement Account to the Principal and Interest Account or to the Redemption Fund as directed by the City Representative in a City Certificate filed with the Trustee and shall close the Improvement Area #2 Improvement Account of the Project Fund.

Upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account of the Project Fund shall be transferred to 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.

Redemption Fund

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

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

The Trustee shall cause to be deposited to the Redemption Fund from Pledged Revenues and pursuant to any transfers made pursuant to the Indenture an amount sufficient to redeem Bonds pursuant to optional redemption, extraordinary optional redemption, or mandatory sinking fund redemption at the direction of the City.

Bond Reserve Account

Pursuant to the Indenture, a Bond Reserve Account will be created within the Reserve Fund for the benefit of the Bonds and will be held by the Trustee and funded with proceeds of the Bonds in the amount of the Bond Reserve Account Requirement. As of the Closing Date, the Bond Reserve Account Requirement is equal to \$_____.*

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

Whenever a transfer is made from the Bond Reserve Account to the Principal and Interest Account of the Bond Fund due to a deficiency in the Principal and Interest Account, the Trustee shall provide written notice thereof to the City specifying the amount withdrawn. Whenever, on any Interest Payment Date, or on any other date at the

* To be completed upon pricing.

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

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

At the final maturity of the Bonds, the amount on deposit in the Bond Reserve Account and the Delinquency and Prepayment Reserve Account of the Reserve Fund shall be transferred to the Principal and Interest Account of the Bond Fund and applied to the payment of the principal of the Bonds. If the amount held in the Bond Reserve Account, together with the amounts held in the Pledged Revenue Fund and the Principal and Interest Account and Redemption Fund, is sufficient to pay the principal amount of all Outstanding Bonds on the next Interest Payment Date, together with the unpaid interest accrued on such Bonds as of such Interest Payment Date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds as of such Interest Payment Date.

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

If the amount held in the Bond Reserve Account of the Reserve Fund, together with the amounts held in the Pledged Revenue Fund, Principal and Interest Account of 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 Bonds as of such Interest Payment Date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds as of such Interest Payment Date.

Delinquency and Prepayment Reserve Account

Pursuant to the Indenture, a Delinquency and Prepayment Reserve Account of the Reserve Fund will be created and held by the Trustee for the benefit of the Bonds. In addition to the initial deposit to the Delinquency and Prepayment Reserve Account of the Reserve Fund on the Closing Date, Additional Interest shall be deposited to the Delinquency and Prepayment Reserve Account of the Reserve Fund until such time that the amount on deposit in the Delinquency and Prepayment Reserve Account is at least equal to the Delinquency and Prepayment Reserve Requirement. Whenever, at the written request of the City Representative, on any Interest Payment Date or on any other date, the amount in the Delinquency and Prepayment Reserve Account exceeds the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess. The City shall direct the Trustee in writing to transfer the amounts of such excess in the Delinquency and Prepayment Reserve Account to (i) the Bond Reserve Account to restore any deficiency in the Bond Reserve Account up to the Bond Reserve Account Requirement, (ii) the Administrative Fund for payment of Annual Collection Costs (in compliance with the Indenture), or (iii) to the Redemption Fund to be used to redeem Bonds. The excess amounts transferred

from the Delinquency and Prepayment Reserve Account of the Reserve Fund to the Administrative Fund will be presumed to have been transferred, first, from sources other than Bond Proceeds (including investment earnings on such proceeds) and, second, from amounts that are Bond proceeds (including investment earnings on such proceeds). In the event that the Trustee does not receive a City Certificate directing the transfer of the excess Delinquency and Prepayment Reserve funds within forty-five (45) days of providing notice to the City of such excess Delinquency and Prepayment Reserve amount, the Trustee shall transfer the excess Delinquency and Prepayment Reserve amount to the Redemption Fund and provide the City with written notification of the transfer.

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

Administrative Fund

The City shall deposit or cause to be deposited to the Administrative Fund the amounts collected each year to pay Annual Collection Costs and Delinquent Collection Costs. The City or the Administrator, on behalf of the City, shall direct the Trustee pursuant to the City Certificate with respect to the portions of the Improvement Area #2 Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs to be deposited pursuant to the Indenture.

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

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

Defeasance

All Outstanding Bonds shall, prior to the Stated Maturity or redemption date thereof, be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Bonds are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided herein, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee at the same time, shall be sufficient to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant selected by the City verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if the Bonds are then rated, the Trustee shall have received written confirmation from each rating agency that such deposit will not result in the reduction or withdrawal of the rating on the Bonds. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to 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, only upon receipt by the Trustee of (i) a report by an independent certified public accountant selected by the City, after giving effect to such request, verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on the Bonds to become due on

such Bonds on and prior to the redemption date or maturity date thereof, as the case may be and (ii) an opinion of Bond Counsel stating that no adverse federal tax consequences will result from reinvesting such cash. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

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

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

Events of Default

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

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

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

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

Immediate Remedies for Default

Subject to the terms and provisions of the Indenture, upon the happening and continuance of any of the Events of Default described in the Indenture, the Owners of at least twenty-five percent (25%) aggregate outstanding principal

amount of the Bonds then Outstanding may proceed against the City for the purpose of protecting and enforcing the rights of the Owners under the Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained in the Indenture, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

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

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

Restriction on Owner's Actions

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

Subject to provisions of the Indenture with respect to certain liabilities of the 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 thereunder, and all rights, remedies, and powers of the Trustee shall continue as if no such proceedings had been taken.

Application of Revenues and Other Moneys After Event of Default

All moneys, securities, funds, and Pledged Revenues and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out the 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:

- (i) *First:* To the payment to the registered owners entitled thereto all installments of interest then due in the direct order of maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the registered owners entitled thereto, without any discrimination or preference; and
- (ii) *Second:* To the payment to the registered owners entitled thereto of the unpaid principal of Outstanding 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 registered owners entitled thereto, without any discrimination or preference.

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

In the event funds are not adequate to cure any of the Events of Default, 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 shall not extend to or affect any subsequent default under the Indenture or impair any right consequent thereon.

Investment of Funds

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

clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund are held by or on behalf of each such Fund. If necessary, such investments shall be promptly sold to prevent any default. In the absence of investment instructions from the City, the Trustee shall hold monies held by it uninvested and shall have no obligation to invest or reinvest such monies. 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.

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

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

The Trustee will furnish the City monthly cash transaction statements which include detail for all investment transactions made by the Trustee under the Indenture; and the Trustee is not required to provide brokerage confirmations unless the Trustee receives a written request from the City. No monthly cash transaction statement need to be provided if no activity occurred during such month. The Trustee may conclusively rely on City Certificates that such an investment will comply with the City's investment policy and with the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

Against Encumbrances

Other than bonds issued to refund all or a portion of the Bonds, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance, or charge upon the Pledged Revenues, or upon any other property pledged under 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, the City shall not issue any bonds, notes, or other evidences of indebtedness, other than Bonds and Refunding Bonds issued to refund all or a portion of the Bonds, secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under the Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

Additional Obligations; Other Obligations or Other Liens

The City reserves the right, subject to the provisions of 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 Pledged Revenues.

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

Other than Refunding Bonds issued to refund all or a portion of the Bonds, the City will not create or voluntarily permit to be created any debt, lien, or charge on the Trust Estate, and will not do or omit to do or suffer to be or omitted to be done any matter or things whatsoever whereby the lien of the Indenture or the priority thereof might or could be lost or impaired; and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given

precedence over or any equality with the Indenture as a lien or charge upon the Pledged Revenues or Pledged Funds and Accounts; provided, however, that nothing shall require the City to apply, discharge, or make provision for any such lien, charge, claim, or demand so long as the validity thereof shall be contested by it in good faith, unless thereby, in the opinion of Bond Counsel or counsel to the Trustee, the same would adversely affect the ability of the City to timely pay the debt service due and owing on the Bonds.

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SOURCES AND USES OF FUNDS*

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

Sources of Funds:

Principal Amount	\$
TOTAL SOURCES	\$

Use of Funds:

Deposit to Improvement Area #2 Improvement Account of the Project Fund	\$
Deposit to Capitalized Interest Account of the Bond Fund	
Deposit to Bond Reserve Account of the Reserve Fund	
Deposit to Delinquency and Prepayment Reserve Account of the Reserve Fund	
Deposit to Administrative Fund	
Underwriter's Discount ⁽¹⁾	
Costs of Issuance	
TOTAL USES	\$

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

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DEBT SERVICE REQUIREMENTS*

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

Year Ending (September 30)	Principal	Interest	Total
2024	\$	\$	\$
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
2054			
Total			

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* To be completed upon pricing.

OVERLAPPING TAXES AND DEBT

The land within Improvement Area #2 of the District is located entirely within the corporate limits of the City. The land within Improvement Area #2 of the District has been, and is expected to continue to be, subject to taxes and assessments imposed by taxing entities other than the City. Such taxes are payable in addition to the Improvement Area #2 Assessments.

The City, Harris County, Harris County Department of Education, Harris County Flood Control District, Harris County Hospital District, Harris County Emergency Services District #8, Lone Star College System, Port of Houston Authority, and Tomball Independent School District ("Tomball ISD") may each levy ad valorem taxes upon land in Improvement Area #2 of the District for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes or assessments levied by any other taxing authorities.

The following table reflects the overlapping ad valorem tax rates levied on property located in Improvement Area #2 of the District.

Taxing Entity	Tax Year 2023 Ad Valorem Tax Rate ⁽¹⁾
The City	\$0.293320
Harris County	0.350070
Harris County Department of Education	0.004800
Harris County Flood Control District	0.031050
Harris County Hospital District	0.143430
Lone Star College System	0.107600
Port of Houston Authority	0.005740
Tomball ISD	1.065200
Harris County Emergency Service District #8	0.089818
Total Current Tax Rate	<u>\$2.091028</u>
Estimated Average Annual Improvement Area #2 Assessment in Improvement Area #2 as a Tax Rate Equivalent	<u>\$0.894326⁽²⁾</u>
Estimated Total Tax Rate and Average Annual Improvement Area #2 Assessment in Improvement Area #2 as a Tax Rate Equivalent	<u>\$2.985354⁽²⁾</u>

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

⁽²⁾ *Preliminary, subject to change.* Assumes completion of homes at values estimated by the Developer. Pursuant to the Development Agreement, the maximum projected annual assessment for each phase shall be no greater than \$0.90 per \$100 valuation at the time of issuance of each series of PID Bonds; the tax rate limit applies on an aggregate basis for the entire property within each phase or future improvement area and on an individual assessed parcel basis (including projected average sales price of the homes to be constructed on the lots).

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As noted above, Improvement Area #2 of the District includes territory located in other governmental entities that may issue or incur debt secured by the levy and collection of ad valorem taxes or assessments. Set forth below is an overlapping debt table showing the outstanding indebtedness payable from ad valorem taxes with respect to property within Improvement Area #2 of the District as of June 1, 2024, and City debt to be secured by the Improvement Area #2 Assessments:

Taxing or Assessing Entity	Gross Outstanding Debt as of June 1, 2024	Estimated Percentage Applicable ⁽¹⁾	Direct and Estimated Overlapping Debt ⁽¹⁾
The City (the Bonds)	\$ 2,935,000 ⁽²⁾	100.0000%	\$ 2,935,000 ⁽²⁾
The City (General Obligation)	67,565,000	0.940%	635,221
Harris County	1,709,146,319	0.005%	81,121
Harris County Department of Education	28,960,000	0.005%	1,379
Harris County Flood Control District	991,095,000	0.005%	48,076
Harris County Hospital District	65,285,000	0.005%	3,420
Lone Star College District	542,435,000	0.010%	54,268
Port of Houston Authority	426,134,397	0.005%	20,649
Tomball ISD	<u>855,775,000</u>	0.193%	<u>1,650,602</u>
	<u>\$4,689,330,716</u>		<u>\$5,429,736</u>

⁽¹⁾ Based on the Appraisal and on certified valuations for Tax Year 2023 for the taxing entities. The Appraisal assumes the completion of the Improvement Area #2 Projects, which occurred in February 2024.

⁽²⁾ Preliminary, subject to change.

If land is devoted principally to agricultural use, a landowner can apply for an agricultural valuation on the property and pay ad valorem taxes based on the land's agricultural use valuation with respect to its ad valorem taxes. Agricultural use includes production of crops or livestock. It also can include leaving the land idle for a government program or for normal crop or livestock rotation. See "BONDHOLDERS' RISKS – Agricultural Use Valuation and Redemption Rights."

If land qualified for an agricultural valuation but the land use changes to a non-agricultural use, "rollback taxes" are assessed for each of the previous five years in which the land received the lower agricultural valuation. The rollback tax is the difference between taxes paid on land's agricultural value and the taxes that the landowner would have paid if the land had been taxed on a higher market value plus interest charged for each year from the date on which taxes would have been due. If the land use changes to a non-agricultural use on only a portion of a larger tract, the landowner can fence off the remaining land and maintain the agricultural valuation on the remaining land. In this scenario, the landowner would only be responsible for rollback taxes on that portion of the land where use changed and not the entire tract.

The land within Improvement Area #2 is no longer subject to an agricultural valuation, and the Developer has paid all rollback taxes.

Homeowners' Association Dues

In addition, the Developer anticipates that each Lot owner in Improvement Area #2 of the District will pay a maintenance and operation fee and/or a property owner's association fee to the Wood Leaf Reserve Community Association (the "HOA") of approximately \$750 per year.

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IMPROVEMENT AREA #2 ASSESSMENT PROCEDURES

General

As required by the PID Act, when the City determines to defray a portion of the costs of the Improvement Area #2 Projects through Improvement Area #2 Assessments, it must adopt a resolution generally describing the Improvement Area #2 Projects and the land within Improvement Area #2 of the District to be subject to Improvement Area #2 Assessments to pay the costs therefor. The City has caused the Improvement Area #2 Assessment Roll to be prepared, which shows the land within Improvement Area #2 to be assessed, the amount of the benefit to and the Improvement Area #2 Assessment against each lot or parcel of land and the number of Improvement Area #2 Annual Installments into which the Improvement Area #2 Assessment is divided. The Improvement Area #2 Assessment Roll was 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 #2 Projects and funding the same with Improvement Area #2 Assessments. The City Council intends to consider a levy in the Improvement Area #2 Assessments and adoption of the Assessment Ordinance on July 1, 2024. After adoption of the Assessment Ordinance, the Improvement Area #2 Assessments will become legal, valid, and binding liens upon the property against which the Improvement Area #2 Assessments were made.

Under the PID Act, the costs of the Improvement Area #2 Projects to be defrayed through Improvement Area #2 Assessments may be assessed by the City against the assessable property in Improvement Area #2 of the District so long as the special benefit conferred upon the Improvement Area #2 Assessed Property by the Improvement Area #2 Projects equals or exceeds the Improvement Area #2 Assessments. The costs of the Improvement Area #2 Projects may be assessed using any methodology that results in the imposition of equal shares of cost on Improvement Area #2 Assessed Property similarly benefited. The allocation of benefits and assessments to the benefitted land within Improvement Area #2 of the District is presented in the Service and Assessment Plan, which should be read in its entirety. See “APPENDIX C – Form of Service and Assessment Plan.”

Improvement Area #2 Assessment Methodology

The Service and Assessment Plan describes the special benefit to be received by each parcel of assessable property within Improvement Area #2 as a result of the Improvement Area #2 Projects, provides the basis and justification for the determination that such special benefit exceeds the Improvement Area #2 Assessments being levied, and establishes the methodology by which the City allocates the special benefit of the Improvement Area #2 Projects to parcels in a manner that results in equal shares of costs being apportioned to parcels similarly benefited. As described in the Service and Assessment Plan, a portion of the costs of the Improvement Area #2 Projects are being funded with proceeds of the Bonds, which are payable from and secured by Pledged Revenues and other assets of the Trust Estate, including the Improvement Area #2 Assessments.

Method of Apportionment of Improvement Area #2 Assessments. As set forth in the Service and Assessment Plan, the City Council has determined to allocate the cost of the Improvement Area #2 Projects entirely to the Improvement Area #2 Assessed Property by spreading the entire Improvement Area #2 Assessment across all Improvement Area #2 Assessed Property based on the ratio of the Estimated Buildout Value of each parcel within Improvement Area #2 to the Estimated Buildout Value for all parcels within Improvement Area #2. See “APPENDIX C – Form of Service and Assessment Plan.”

Method of Allocation of Improvement Area #2 Assessments. As set forth in the Service and Assessment Plan, the City Council will initially allocate the Improvement Area #2 Assessments to all Improvement Area #2 Assessed Property by Lot Type. Lots within Improvement Area #2 are either Lot Type 3 Lots or Lot Type 4 Lots. Improvement Area #2 Assessments shall be allocated between Lot Type 3 Lots and Lot Type 4 Lots based on the ratio of the total Estimated Buildout Value of all such Lot Types to the Estimated Buildout Value for all Lots within Improvement Area #2. The Improvement Area #2 Assessments allocated to a Lot Type are then spread evenly across all Lots of such Lot Type within Improvement Area #2. All Lots of each Lot Type are equally benefitted by the Improvement Area #2 Projects. See Exhibit G-1, Improvement Area #2 Assessment Roll to “APPENDIX C – Form of Service and Assessment Plan.”

Estimated Home Prices in Improvement Area #2 and Value to Lien Ratios

Lot Size	Quantity	Base Lot Price ⁽¹⁾	Average Base Home Price ⁽²⁾	Maximum Improvement Area #2 Assessment per Lot ⁽³⁾	Estimated Ratio of Value of Average Base Lot Price to Improvement Area #2 Assessment ⁽³⁾	Estimated Ratio of Value of Average Base Home Price to Improvement Area #2 Assessment ⁽³⁾
40'	35	\$62,000	\$361,300	\$34,258	1.81 : 1	10.55 : 1
50'	46	77,500	398,000	37,738	2.05 : 1	10.55 : 1
Total	81					

⁽¹⁾ Based on the Appraisal. Assumes completion of the Improvement Area #2 Projects, which were completed in February 2024. See "APPRAISAL" and "APPENDIX G – APPRAISAL."

⁽²⁾ Based on the Service and Assessment Plan.

⁽³⁾ Preliminary, subject to change.

Method of Reallocation of Improvement Area #2 Assessments.

1. Upon Division Prior to Recording of Subdivision Plat

Upon the division of any Improvement Area #2 Assessed Property (without the recording of subdivision plat), the Administrator shall reallocate the Improvement Area #2 Assessment for the Improvement Area #2 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 Improvement Area #2 Assessment for the newly divided Improvement Area #2 Assessed Property

B = the Improvement Area #2 Assessment for the Improvement Area #2 Assessed Property prior to division

C = the Estimated Buildout Value of the newly divided Improvement Area #2 Assessed Property

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

The sum of the Improvement Area #2 Assessments for all newly divided Assessed Properties shall equal the Improvement Area #2 Assessment for the Improvement Area #2 Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Improvement Area #2 Assessed Property. The reallocation of an Improvement Area #2 Assessment for an Improvement Area #2 Assessed Property that is a homestead under Texas law may not exceed the Improvement Area #2 Assessment prior to the reallocation. Any reallocation pursuant to the above formula shall be reflected in an update to the Service and Assessment Plan approved by the City Council.

2. Upon Subdivision by a Recorded Subdivision Plat

Upon the subdivision of any Improvement Area #2 Assessed Property based on a recorded subdivision plat, the Administrator shall reallocate the Improvement Area #2 Assessment for the Improvement Area #2 Assessed Property prior to the subdivision among the new subdivided Parcel according to the following formula:

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

Where the terms have the following meanings:

A = the Improvement Area #2 Assessment for the newly subdivided Lot

B = the Improvement Area #2 Assessment for the Parcel prior to subdivision

C = the sum of the Estimated Buildout Value of all newly subdivided Lots with the same Lot Type
D = the sum of the Estimated Buildout Value for all the newly subdivided Lots excluding Non-Benefitted Property
E = the number of Lots with the same Lot Type

Prior to the recording of a subdivision plat, the Developer shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat.

The sum of the Improvement Area #2 Assessments for all newly subdivided Parcels shall not exceed the Improvement Area #2 Assessment for the portion of the Improvement Area #2 Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Improvement Area #2 Assessed Property. The reallocation of an Improvement Area #2 Assessment for an Improvement Area #2 Assessed Property that is a homestead under Texas law may not exceed the Improvement Area #2 Assessment prior to the reallocation. Any reallocation pursuant to the above formula shall be reflected in an update to the Service and Assessment Plan approved by the City Council.

3. Upon Consolidation

If two or more Assessed Properties are consolidated, the Administrator shall allocate the Improvement Area #2 Assessments against the Assessed Properties before the consolidation to the consolidated Improvement Area #2 Assessed Property, which allocation shall be approved by the City Council in the next Annual Service Plan Update.

The Improvement Area #2 Assessment for any resulting Lot will not exceed the Maximum Assessment, shown on Exhibit E to the Service and Assessment Plan for the applicable Lot Type, and compliance may require a mandatory Prepayment of Improvement Area #2 Assessments pursuant to Section VI.B of the Service and Assessment Plan.

True-up of Improvement Area #2 Assessments if Maximum Assessment Exceeded. Prior to the approval of a final subdivision plat, the Administrator shall certify that the final plat will not cause the Improvement Area #2 Assessment for any Lot Type to exceed the Maximum Assessment. If the subdivision of any Improvement Area #2 Assessed Property by a final subdivision plat causes the Improvement Area #2 Assessment per Lot for any Lot Type to exceed the applicable Maximum Assessment for such Lot Type, the owner must partially prepay the Improvement Area #2 Assessment for each Improvement Area #2 Assessed Property that exceeds the applicable Maximum Assessment for such Lot Type in an amount sufficient to reduce the Improvement Area #2 Assessment to the applicable Maximum Assessment for such Lot Type. The City's approval of a final subdivision plat without payment of such amounts does not eliminate the obligation of the person or entity filing the plat to pay such Improvement Area #2 Assessments.

Mandatory Prepayment of Improvement Area #2 Assessments. If Improvement Area #2 Assessed Property is transferred to a person or entity that is exempt from payment of the Improvement Area #2 Assessment, the owner transferring the Improvement Area #2 Assessed Property shall pay to the City the full amount of the Improvement Area #2 Assessment, plus Prepayment Costs and any Delinquent Collection Costs, prior to the transfer. If the owner of the Improvement Area #2 Assessed Property causes the Improvement Area #2 Assessed Property to become Non-Benefitted Property, the owner causing the change in status shall pay to the City the full amount of the Improvement Area #2 Assessment, plus Prepayment Costs and any Delinquent Collection Costs, prior to the change in status.

Reduction of Improvement Area #2 Assessments. If, as a result of cost savings or an Improvement Area #2 Project not being constructed, the Actual Costs of completed Improvement Area #2 Projects are less than the Improvement Area #2 Assessments, the City shall direct the Trustee to apply amounts on deposit in the Improvement Area #2 Improvement Account of the Project Fund that are not expected to be used to pay costs of Improvement Area #2 Projects to redeem outstanding Bonds, in accordance with the Indenture.

The City Council may reduce the Improvement Area #2 Assessments and the Improvement Area #2 Annual Installments for Improvement Area #2 Assessed Property (1) in an amount that represents the Improvement Area #2 Projects provided for each property; (2) by an equal percentage per Lot; or (3) in any other manner determined by the City Council to be the most fair and practical means of reducing the Improvement Area #2 Assessments for Improvement Area #2 Assessed Property, such that the sum of the resulting reduced Improvement Area #2 Assessments equals the amount required to repay the Bonds, including interest on the Bonds, Additional Interest, the Annual Collection Costs portion of the Improvement Area #2 Assessment, as reduced pursuant to the Service and Assessment Plan.

The Administrator shall update (and submit to the City Council for review and approval as part of the next Annual Service Plan Update) the Improvement Area #2 Assessment Roll and corresponding Improvement Area #2 Annual Installments to reflect the reduced Improvement Area #2 Assessments.

The following table provides the initial allocation of Improvement Area #2 Assessments to Improvement Area #2 Parcels by Lot Type.

Estimated Allocation of Improvement Area #2 Assessments

Lot Type	Lot Size	Number of Lots ⁽¹⁾	Estimated Buildout Value Per Lot ⁽²⁾	Estimated Maximum Improvement Area #2 Assessment Per Lot ⁽³⁾	Total Improvement Area #2 Assessment	Estimated Average Improvement Area #2 Annual Installment per Lot ⁽⁴⁾	Equivalent Tax Rate per \$100 Assessed Value ⁽³⁾
Lot Type 3	40' x 120'	35	\$361,300	\$34,258	\$1,199,042	\$3,231	\$0.894326
Lot Type 4	50' x 120'	46	398,000	37,738	1,735,958	3,559	0.894326
Total		81			\$2,935,000		

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

⁽²⁾ Based on the Service and Assessment Plan.

⁽³⁾ *Preliminary, subject to change.* Pursuant to the Service and Assessment Plan, the Maximum Assessment that can be levied on a Lot within Improvement Area #2 is the amount calculated pursuant to the assessment methodology described in Section V.A of, and shown in Exhibit E to, the Service and Assessment Plan. See "OVERLAPPING TAXES AND DEBT – Overlapping Taxes" and "APPENDIX C – Form of Service and Assessment Plan."

⁽⁴⁾ *Preliminary, subject to change.* Derived from information in the Service and Assessment Plan.

Collection and Enforcement of Improvement Area #2 Assessment Amounts

Under the PID Act, the Improvement Area #2 Annual Installments may be collected in the same manner and at the same time as ad valorem taxes of the City. The Improvement Area #2 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 Improvement Area #2 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 – Improvement Area #2 Assessment Limitations."

The City will covenant in the Indenture to collect, or cause to be collected, Improvement Area #2 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 Improvement Area #2 Annual Installments. Each Annual Service Plan Update shall include an updated Improvement Area #2 Assessment Roll and a calculation of the Improvement Area #2 Annual Installment for each Parcel. Annual Collection Costs shall be allocated among all Improvement Area #2 Assessed Property in proportion to the amount of the Improvement Area #2 Annual Installments for the Parcels.

The City will covenant, agree, and warrant in the Indenture that, for so long as any Bonds are Outstanding, that it will take and pursue all actions permissible under Applicable Laws to cause the Improvement Area #2 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 Improvement Area #2 Assessments.

To the extent permitted by law, and to the extent reasonably practicable, notice of the Improvement Area #2 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 Improvement Area #2 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 intends to determine or cause to be determined, no later than April 1 of each year, whether or not any Improvement Area #2 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 Improvement Area #2 Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Improvement Area #2 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 Improvement Area #2 Assessment or the corresponding Improvement Area #2 Assessed Property.

The City will generally implement the basic timeline and procedures for Improvement Area #2 Assessment collections and pursuit of delinquencies set forth in Exhibit D of the Continuing Disclosure Agreement of the Issuer set forth in APPENDIX E-1 hereof and to comply therewith to the extent that the City reasonably determines that such compliance is the most appropriate timeline and procedures for enforcing the payment of delinquent Improvement Area #2 Assessments.

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

Improvement Area #2 Annual Installments will be paid to the City or its agent. Improvement Area #2 Annual Installments are billed in each year and become delinquent on February 1 of the following year. In the event Improvement Area #2 Assessments are not timely paid, there are penalties and interest as set forth below:

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

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

Improvement Area #2 Assessment Amounts

Improvement Area #2 Assessment Amounts. The maximum amounts of the Improvement Area #2 Assessments have been established by the methodology described in the Service and Assessment Plan. The Improvement Area #2 Assessment Roll sets forth for each year the Improvement Area #2 Annual Installment for each parcel consisting of payment of (i) principal, (ii) interest, (iii) Annual Collection Costs, and (iv) Additional Interest. The Improvement Area #2 Annual Installments for Improvement Area #2 may not exceed the amounts shown on the Improvement Area #2 Assessment Roll. The Improvement Area #2 Assessments will be levied against the Parcels

comprising the Improvement Area #2 Assessed Property as indicated on the Improvement Area #2 Assessment Roll. See “APPENDIX C – Form of Service and Assessment Plan.”

The Improvement Area #2 Annual Installments shown on the Improvement Area #2 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. See “– Improvement Area #2 Assessment Methodology – Reduction of Improvement Area #2 Assessments.”

The Bonds are secured by a first lien on and pledge of the Trust Estate, including revenue from the Improvement Area #2 Assessments. See “SECURITY FOR THE BONDS” and “APPENDIX C – Form of Service and Assessment Plan.”

Prepayment of Improvement Area #2 Assessments

Voluntary Prepayments. Pursuant to the PID Act and the Indenture, the owner of any property assessed may voluntarily prepay (a “Prepayment”) all or part of any Improvement Area #2 Assessment levied against any Lot or Parcel, together with accrued interest to the date of payment, at any time. Upon receipt of such Prepayment, such amounts will be applied towards the redemption or payment of the Bonds. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of an Improvement Area #2 Assessment are not to be considered a Prepayment, but rather are to be treated as payment of regularly scheduled Improvement Area #2 Assessments.

Mandatory Prepayments. If (i) Improvement Area #2 Assessed Property is transferred to a person or entity that is exempt from the payment of the Improvement Area #2 Assessment under applicable law, or (ii) an owner of Improvement Area #2 Assessed Property causes the Improvement Area #2 Assessed Property to become Non-Benefited Property, the owner of such Improvement Area #2 Assessed Property shall pay to the City the full amount of the Improvement Area #2 Assessment, plus all Prepayment Costs and Delinquent Collection Costs, prior to any such transfer or act (a “Mandatory Prepayment”), in accordance with the Service and Assessment Plan.

Priority of Lien

The Improvement Area #2 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 Improvement Area #2 Assessment is paid and may be enforced by the City in the same manner as an ad valorem tax levied against real property may be enforced by the City. The owner of any property assessed may pay the entire Improvement Area #2 Assessment levied against any Lot or Parcel, together with accrued interest and any Prepayment Costs to the date of payment, at any time.

Foreclosure Proceedings

In the event of delinquency in the payment of any Improvement Area #2 Annual Installment, except for unpaid Improvement Area #2 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 Improvement Area #2 Annual Installment. In such action the real property subject to the delinquent Improvement Area #2 Annual Installments may be sold at judicial foreclosure sale for the amount of such delinquent Improvement Area #2 Annual Installments, plus penalties and interest.

Any sale of property for nonpayment of an installment or installments of an Improvement Area #2 Assessment will be subject to the lien established for remaining unpaid installments of the Improvement Area #2 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 Improvement Area #2 Assessments

against such property as they become due and payable. Judicial foreclosure proceedings are not mandatory. In the event a foreclosure is necessary, there could be a delay in payments to owners of the Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and in such event, there could be an additional delay in payment of the principal of and interest on Bonds or such payment may not be made in full. The City is not required under any circumstance to purchase or make payment for the purchase of the delinquent Improvement Area #2 Assessment on the corresponding Improvement Area #2 Assessed Property.

The City will covenant in the Indenture to take and pursue all actions permissible under Applicable Laws to cause the Improvement Area #2 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 Improvement Area #2 Assessments, provided that the City is not required to expend any funds for collection and enforcement of Improvement Area #2 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 Improvement Area #2 Assessments.

THE CITY

Location and Size

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

Population

The Federal Decennial Census information is provided below. The City estimates its 2024 population to be 12,810.

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

City Government

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

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

Transportation and Utilities

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

The City provides water and wastewater services to an area of approximately 19 square miles. A thorough analysis of historical and projected populations was completed in 2018 to provide the basis for projecting future utility demands.

The City's water distribution system currently consists of approximately 215 miles of water lines, two (2) elevated storage tanks: the Pine Street Water Plant and the FM 2920 Water Plant. Water is supplied by the City's five groundwater wells, and the distribution system operates on a single pressure plane. The City's 2023 Water and Wastewater Master Plan Update for improvements to the distribution system to ensure the water system accommodates growth contains minimal recommendations, with no major improvements in the five-year forecast. To ensure adequate supply, the City has been upsizing and replacing current water lines, as well as installing new lines, to improve connectivity and reduce dead-end water lines.

The City's 2023 Water and Wastewater Master Plan Update serves as a guide for 5-year, 10-year, and 25-year improvements to the wastewater collection and treatment system infrastructure, as well guidance for ongoing inflow and infiltration reduction efforts. The City's wastewater collection systems consist of two wastewater treatment plants with the collection system divided between the North and South service areas for each plant, and approximately 81 miles of gravity wastewater lines, nine miles of force mains, and ten lift stations. Recommendations in the Wastewater Master Plan for improvements to the collection system to ensure adequate service indicated no major improvements in the five-year forecast. The City has completed a rehabilitation project to one of the basins to limit the amount of infiltration in the collection system, as well as critical improvements to both treatment plants.

Based on the studies completed, the City is more than capable of providing the water and wastewater services needed by the District, and the City does not anticipate any issue with service.

Electricity is supplied to the District by CenterPoint and natural gas is supplied to the District by the City.

Education and Health Care

The City is served by the schools of Tomball ISD. According to its website, Tomball ISD spans 83 square miles in northwest Harris County and southwest Montgomery County, and over 18,000 students in grades pre-kindergarten through 12 across 20 campuses. The district operates two high schools, an early college high school, and a special programs high school, seven middle/intermediate schools, 11 elementary schools, and an early childcare center. According to the Texas Education Agency annual accountability rating program, Tomball ISD was rated as "A" for the 2021-2022 school year, the last year for which ratings are available due to pending litigation. (The categories for public school districts and public schools are A, B, C, or Not Rated).

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

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

City Regulation of Oil and Gas Wells

In 2008, the City enacted an ordinance prohibiting, without a permit, the drilling or deepening of any well, or the conducting of any seismic activity, within 1,000 feet of any residence, building, or other structure intended for human occupancy without a permit. This applies to wells drilled after September 2, 2008, and does not apply to any

fully drilled wells in existence prior to September 2, 2008. Accordingly, there are several producing wells within the City limits; although, none in the District. See also “THE DEVELOPMENT – Existing Mineral and Groundwater Rights.”

THE DISTRICT

General

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for certain improvements. The District was created by Resolution No. 2021-04 of the City adopted on January 18, 2021 (the “Creation Resolution”), in accordance with the PID Act for the purpose of undertaking and financing, in phases, the costs of certain public improvements within the District, including the Improvement Area #2 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. Maps of the property within the District are included on pages iii-v hereof.

Powers and Authority of the City

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

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake, or reimburse a developer for the costs of, the financing, acquisition, construction, or improvement of the Improvement Area #2 Projects. See “THE IMPROVEMENT AREA #2 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 improvements within the District, which include: (i) design, construction and other allowed costs related to street and roadway improvements, including related sidewalks, drainage, utility relocation, signalization, landscaping, lighting, signage, off-street parking and right-of-way; (ii) design, construction and other allowed costs related to improvement of parks and open space, together with any ancillary structures, features or amenities such as trails, playgrounds, walkways, lighting and any similar items located therein; (iii) design, construction and other allowed costs related to sidewalks and landscaping and hardscaping, fountains, lighting and signage; (iv) design, construction and other allowed costs related to gas, water, wastewater and drainage (including detention) improvements and facilities; (v) design, construction and other allowed costs related to projects similar to those listed in subsections (i) - (iv) above authorized by the PID Act, including similar off-site projects that provide a benefit to the property within the District; (vi) payment of costs associated with operating and maintaining the public improvements listed in subparagraphs (i) - (v) above; and (vii) payment of costs associated with developing and financing the public improvements listed in subparagraphs (i) - (v) above, and costs of establishing, administering and operating the District. The City has determined to finance a portion of the costs thereof through the issuance of the Bonds, and to provide for the payment of debt service on the Bonds from the Trust Estate. See “IMPROVEMENT AREA #2 ASSESSMENT PROCEDURES” and “APPENDIX C – Form of Service and Assessment Plan.”

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District Collection and Delinquency of Improvement Area #1 Assessments

Improvement Area #1. On September 19, 2022, the City levied an assessment (the “Improvement Area #1 Assessments”) on assessable property in Improvement Area #1 through the City Council’s adoption of an assessment ordinance and approval of the initial service and assessment plan for the District. The initial annual installments of Improvement Area #1 Assessments were billed in October of 2022 and became due and payable on or before January 31, 2023. The following table shows the collection and delinquency history of the Improvement Area #1 Assessments.

Collection and Delinquency History of Improvement Area #1 Assessments

Assessments <u>Due 1/31⁽¹⁾</u>	Total Annual Installments <u>Levied</u>	Parcels <u>Levied</u>	Delinquent Amount <u>as of 2/1</u>	Delinquent Percentage <u>as of 2/1</u>	Delinquent Amount <u>as of 9/1</u>	Delinquent Percentage <u>as of 9/1</u>	Total Annual Installments <u>Collected⁽²⁾</u>
2023	\$385,316.13	123	\$0.00	0.00%	\$0.00	0.00%	\$385,316.13
2024	\$380,205.42	123	\$25,863.03	6.80%	N/A	N/A	\$367,113.47 ⁽³⁾

⁽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 Improvement Area #1 Assessments.

⁽³⁾ Collections as of June 10, 2024.

THE COLLECTION AND DELINQUENCY HISTORY OF THE IMPROVEMENT AREA #1 ASSESSMENTS IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY; NO ASSURANCE CAN BE GIVEN THAT THE COLLECTION OF THE IMPROVEMENT AREA #2 ASSESSMENTS WILL MIRROR THE COLLECTION HISTORY OF THE IMPROVEMENT AREA #1 ASSESSMENTS. THE IMPROVEMENT AREA #1 ASSESSMENTS ARE NOT SECURITY FOR THE PAYMENT OF THE BONDS.

THE IMPROVEMENT AREA #2 PROJECTS

General

The Developer is developing the District in three phases. When completed, the District is expected to include 290 single-family lots. Improvement Area #1 of the Development was completed in May 2022 and consists of 123 single-family residential lots on approximately 33.441 acres. The Developer was reimbursed by the City for a portion of the costs of the public improvements in Improvement Area #1 from proceeds of the Improvement Area #1 Bonds.

Improvement Area #2 of the Development is substantially complete and consists of 81 single-family residential lots on approximately 18 acres. A portion of the proceeds of the Bonds will be used to reimburse the Developer or pay for costs of the Improvement Area #2 Projects.

Subsequent development is expected to include one additional phase to include public improvements similar to the Improvement Area #2 Projects, and necessary to serve the Future Improvement Area. See “THE DEVELOPMENT – Overview.” The Developer began design of the Future Improvement Area of the District in February 2024 and expects to complete development of the lots in such phase by January 2025.

The Improvement Area #2 Projects

Improvement Area #2 contains 35 forty-foot (40’) lots and 46 fifty-foot (50’) lots, for a total of 81 lots. The Developer completed construction of the Improvement Area #2 Projects in February 2024.

Pursuant to the Development Agreement, the Developer is responsible for the completion of the construction, acquisition, or purchase of the Improvement Area #2 Projects. The total costs of the Improvement Area Projects equal approximately \$4,820,056. Proceeds of the Bonds in the approximate amount of \$2,290,000* will be used to reimburse costs of the Improvement Area #2 Projects. The remaining cost of the Improvement Area #2 Projects is approximately

* Preliminary, subject to change.

\$2,530,056* and was funded by the Developer with available cash. Such remaining cost will not be reimbursed by the City. See “THE DEVELOPER – History and Financing of the District.”

The following table reflects the total expected costs of the Improvement Area #2 Projects. As of May 31, 2024, the Developer has spent approximately \$5,648,947 (excluding land) towards the costs of Improvement Area #2 Projects and other improvements and soft costs related to Improvement Area #2 of the District. See “APPENDIX C – Form of Service and Assessment Plan.”

<u><i>Improvement Area #2 Improvements</i></u>	
Streets	\$ 841,523
Water	205,635
Wastewater	306,289
Drainage and Detention	1,720,445
Natural Gas	123,377
Soft Costs	<u>911,221</u>
Total	\$4,108,490
 <u><i>Improvement Area #2's Pro-Rata Share of Major Improvements</i></u>	
Wastewater	\$ 77,555
Drainage and Detention	473,354
Soft Costs	<u>160,656</u>
Total	\$711,566
 Improvement Area #2 Projects	 <u>\$4,820,056</u>

The costs of the Improvement Area #2 Projects are based on information provided by the Developer and its engineer and reviewed by the City staff and by third-party consultants retained by the City and were approved by the City Council as part of the Service and Assessment Plan. See “APPENDIX C – Form of Service and Assessment Plan.”

The Improvement Area #2 Projects consist of the following:

Improvement Area #2 Improvements.

Street Improvements include subgrade stabilization (including excavation), concrete and reinforcing steel for roadways, testing, handicapped ramps, and streetlights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting, and re-vegetation of all disturbed areas within the right-of-way are included. The street improvements will provide street access to each lot within Improvement Area #2.

Water Improvements include trench excavation and embedment, trench safety, PVC piping, service connections, water mains, valves, fire hydrants, testing, earthwork, excavation, and erosion control. These lines will include the necessary appurtenances to be fully operational transmission lines extending water service to the limits of the improvement area. The water improvements will provide water service to each lot within Improvement Area #2.

Wastewater Improvements include trench excavation and embedment, trench safety, PVC piping, manholes, service connections, sewer mains, testing, related earthwork, excavation, and erosion control. These lines will include the necessary appurtenances to be fully operational extending wastewater service to the limits of the improvement area. The wastewater improvements will provide wastewater service to each lot within Improvement Area #2.

Drainage and Detention Improvements include earthen and concrete lined channels, swales, curb and drop inlets, storm sewer mains, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, a bypass channel, and testing, as well as all related earthwork, excavation, clearing, grading, and

erosion control necessary to drain storm water. The storm drainage improvements will manage storm drainage for each lot within Improvement Area #2.

Natural Gas Improvements include trench excavation and embedment, trench safety, plastic/metal piping, manholes, service connections, gas mains, valves, testing, earthwork, excavation, erosion control, and all necessary appurtenances required to provide natural gas service. The natural gas improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Soft Costs include costs related to engineering and design, construct inspection fees, geotechnical testing, governmental submittal fees, and 2% contractor completion bonds for the Improvement Area #2 Improvements described above.

Major Improvements.

Wastewater Improvements include trench excavation and embedment, trench safety, PVC piping, manholes, service connections and testing. These lines will include the necessary appurtenances to be fully operational extending wastewater service to the limits of the improvement area. The wastewater improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Drainage and Detention Improvements include clearing and grubbing and detention reinforced concrete piping into existing M121 channel.

Soft Costs include costs related to designing, constructing, and installing the Major Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, and contingency, and District Formation Expenses.

Ownership and Maintenance of Improvements

All Improvement Area #2 Projects were designed and constructed in accordance with City standards and will be owned and operated by the City. A homeowner's association will maintain the amenity components of the detention areas.

The Development Agreement

The Developer entered into a Wood Leaf Reserve Development Agreement, dated effective January 18, 2021, with the City (the "Development Agreement"), to establish provisions for the apportionment, levying, and collection of assessments on the property within the District, the construction of the Authorized Improvements, reimbursement, acquisition, ownership and maintenance of certain public improvements within the District, including the Improvement Area #2 Projects (collectively, the "Authorized Improvements"), and the issuance of one or more series of bonds secured by District assessments ("PID Bonds") for the financing of the Authorized Improvements benefitting the property within the District.

In the Development Agreement, the Developer has agreed to undertake or cause the undertaking of the design, development, construction, maintenance, management, use and operation of the Development, and to undertake the design, development, and construction of the Authorized Improvements. The Development Agreement provides that the Development will consist of the following elements: (i) up to 318 single-family homes; (ii) a minimum 1-acre recreational reserve, centrally located within the Development which may include a playground, picnic facilities and other recreational components, and (iii) a minimum 30% of the Development to be open space.

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

1. The maximum aggregate par amount of the PID Bonds to be issued by the City shall not exceed \$18,895,633.

2. The maximum “tax rate” for the projected annual assessment for each phase shall be no greater than \$0.90 per \$100 assessed valuation at the time of issuance of each series of PID Bonds; the tax rate limit applies on an individual assessed parcel basis based on the estimated build out value of each parcel.
3. Minimum value to lien ratio of at least 3:1 for each series of PID Bonds; such value shall be confirmed by an appraisal.*
4. The Developer or its affiliates shall own all property within a phase of the District prior to the levy of assessments for such phase.
5. The Developer must provide evidence reasonably acceptable to the City of an executed loan document and/or private equity in an amount sufficient to complete the amenities required for the Development described above.
6. The Developer shall not be in default under the Development Agreement.
7. A site plan including preliminary engineering is approved by City staff for the Authorized Improvements for the phase for which PID Bonds are being issued.

Under the Development Agreement, at closing on any series of PID Bonds intended to fund construction of Authorized Improvements that have not already been constructed by the Developer, the Developer is required to deposit with the trustee under the applicable Indenture an amount equal to the difference between the costs of the Authorized Improvements and the net proceeds of the applicable series of PID Bonds. Alternatively, the City has allowed the Developer to use cost expenditures for Improvement Area #2 Projects to qualify as part of a cash contribution.

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

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

* The par amount of the Bonds does not satisfy the 3:1 ratio. However, the Indenture requires that a portion of the proceeds of the Bonds be “held back” in the Project Fund until such time as the 3:1 ratio is satisfied. See “SECURITY FOR THE IMPROVEMENT AREA #2 BONDS – Project Fund.”

THE DEVELOPMENT

Overview

The Development is an approximately 90.54-acre master planned project that is currently located within the corporate limits of the City. The Development is located just east of State Highway 249 (Tomball Parkway) and north of State Highway 99 (The Grand Parkway) between Holderreith Road and Theis Lane. Plans for the Development currently include trails, open space, a lake with fountains and landscaping, and a park with a pavilion and playground. The Developer expects to complete the Development in two or three phases with full buildout estimated by March 2025.

Development Plan

The District is expected to include approximately 290 lots for single-family detached homes, consisting of the following lot types in each improvement area:

Actual/Expected Single-Family Lots within the District

	Improvement	Improvement	Future	Total number
<u>Lot Size</u>	<u>Area #1</u>	<u>Area #2</u>	<u>Improvement Area</u>	<u>of Lots ⁽¹⁾</u>
40'	66	35	24	125
50'	<u>57</u>	<u>46</u>	<u>62</u>	<u>165</u>
Total	123	81	86	290

⁽¹⁾ Includes four '50 model home lots.

The Developer's current expectations regarding buildout of the single-family lots and expected final sale dates are shown in the following tables.

Actual/Expected Buildout of Single-Family Lots within the District

Improvement			Actual/Expected	Actual/Expected Initial	Expected Final Sale
<u>Area</u>	<u>Lot Size</u>	<u>Number of Lots</u>	<u>Infrastructure Completion Date</u>	<u>Sale Date of Single-Family Lots to Homebuilders</u>	<u>Date of Single-Family Lots to Homebuilders</u>
1	40'	66	05.10.2022	05.31.2022	10.25.2023
	50'	57	05.10.2022	05.31.2022	10.25.2023
2	40'	35	02.15.2024	03.15.2024	08.31.2024
	50'	46	02.15.2024	03.15.2024	08.31.2024
3	40'	24	03.01.2025	04.01.2025	10.31.2025
	50'	<u>62</u>	03.01.2025	04.01.2025	10.31.2025
Total		290			

Status of Home Construction and Home Sales in Improvement Area #1

The following table shows the home construction and sales in Improvement Area #1 as of March 31, 2024.

Home Construction and Sales in Improvement Area #1

	Completed	Homes Under	Completed	Homes Closed	Expected Final
<u>Lot Size</u>	<u>Lots</u>	<u>Construction</u>	<u>Homes Under Contract with Homeowners</u>	<u>with Homeowners</u>	<u>Sale to Homeowners</u>
40'	66	17	14	1	44
50'	<u>57</u>	<u>5</u>	<u>6</u>	<u>2</u>	<u>33</u>
Total	123	22	20	3	77

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The following table shows home price information in Improvement Area #1 as of March 31, 2024.

Average Home Prices in Improvement Area #1

Homebuilder/ <u>Lot Size</u>	Average Home Prices
<i>Chesmar Homes</i>	
40'	\$360,000
50'	\$389,000
<i>Average</i>	<i>\$372,000</i>
<i>Shea Homes</i>	
40'	\$405,000
50'	\$436,000
<i>Average</i>	<i>\$420,000</i>

Expected Home Prices and Value to Lien Ratios in Improvement Area #2

The Developer's current expectations regarding home prices and value to lien ratios in Improvement Area #2 are as follows:

Estimated Home Prices in Improvement Area #2 and Value to Lien Ratios

Lot Size	Quantity	Base Lot Price ⁽¹⁾	Average Base Home Price ⁽²⁾	Maximum Improvement Area #2 Assessment per Lot ⁽³⁾	Estimated Ratio of Value of Average Base Lot Price to Improvement Area #2 Assessment ⁽³⁾	Estimated Ratio of Value of Average Base Home Price to Improvement Area #2 Assessment ⁽³⁾
40'	35	\$62,000	\$361,300	\$34,258	1.81 : 1	10.55 : 1
50'	46	77,500	398,000	37,738	2.05 : 1	10.55 : 1
Total	81					

⁽¹⁾ Based on the Appraisal. Assumes completion of the Improvement Area #2 Projects, which were completed in February 2024. See "APPRAISAL" and "APPENDIX G – APPRAISAL."

⁽²⁾ Based on the Service and Assessment Plan.

⁽³⁾ Preliminary, subject to change.

Status of Lot Purchase Contract

The Developer and the Homebuilder entered into the Original Lot Purchase Contract pursuant to which the Homebuilder purchased 61 of the 123 lots in Improvement Area #1. The Developer is the homebuilder on the remaining 62 lots in Improvement Area #1. Pursuant to the Original Lot Purchase Contract, the Homebuilder has a right of first refusal with respect to the purchase of up to half of the lots in Improvement Area #2. The Developer and the Homebuilder are currently in negotiations regarding an amendment to the Original Lot Purchase Contract regarding the purchase of such lots. The Developer expects to build homes on the remaining 40-41 lots in Improvement Area #2.

If such amendment is approved, the Developer expects that the Homebuilder will purchase 10 40' lots and 12 50' lots (the "Initial Closing") by August 2024. Following the Initial Closing, the Homebuilder is expected to purchase all remaining 40' and 50' lots within three (3) months from the date of the Initial Closing. The Developer expects to receive an earnest money deposit of approximately \$289,140 from the Homebuilder pursuant to such amendment.

If the amendment to the Original Lot Purchase Contract is not approved, the Developer will either seek another homebuilder to purchase lots or will build homes on all of the lots in Improvement Area #2.

Future Improvement Area and Future Improvement Area Bonds

The Developer expects to request that the City issue Future Improvement Area Bonds to finance the Actual Costs of Authorized Improvements within the Future Improvement Area of the District as the development proceeds. The Future Improvement Area Bonds, if any, will be secured by separate assessments, separate and distinct from the Improvement Area #2 Assessments, levied pursuant to the PID Act on assessable property within the Future Improvement Area that benefits from the Authorized Improvements being financed.

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

Photographs of the Development and Improvement Area #2



Entry from Theis Road into the Development

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Model Homes



Wood Leaf Reserve Park



40' Lots in Improvement Area #1



50' Lots in Improvement Area #1



Improvement Area #2 Facing South on Garden Arbor Lane



Improvement Area #2 Facing South on Elm Ridge Trail



Improvement Area #2 Facing East on Aspen Ridge Lane



Improvement Area #2 Facing North at Aspen Ridge Lane and Cold Stream Lane

Zoning/Permitting

Pursuant to the Development Agreement, the Developer has agreed that development of the District will be governed by the provisions of the City's Code of Ordinances, ordinances not codified, design standards, uniform and international building and construction codes, and other policies duly adopted by the City, including, but not limited to zoning ordinance No. 2020-19, a planned development ordinance created for the District ("Planned Development - 12"). In the Development Agreement, the Developer consented and agreed to the zoning of the District consistent with Planned Development - 12.

Amenities

Plans for the Development currently include the following amenities: a 1.1-acre park with pavilion and playground, a 3.7-acre lake with fountains and landscape, and walking/jogging trails. The Developer estimates the cost of such amenities to be approximately \$635,000, which the Developer expects to pay with cash. Construction of the playground, lake, fountains, and landscaping were completed in May 2022. Walking/jogging trails and enhancements to existing amenities are scheduled for construction in 2024. The HOA is expected to own and maintain the amenities.

Schools

The Development is located entirely within Tomball ISD. Students in the Development are expected to attend Tomball Elementary School (EE – 4) (approximately 2 miles from the Development), Tomball Intermediate School (5 – 6) (approximately 2 miles from the Development), Tomball Junior High School (7 – 8) (approximately 3 miles from the Development) and Tomball High School (9 – 12) (approximately 3 miles from the District).

GreatSchools.org currently rates Tomball Elementary School 7-out-of-10 (above average), and Tomball Intermediate School, Tomball Junior High School, and Tomball High School 6-out-of-10 (average). According to the Texas Education Agency annual accountability rating, Tomball Elementary was rated "B," Tomball Intermediate School was rated "A," Tomball Junior High School was rated as "B," and Tomball High School was rated "A" for 2021-2022 (the last year accountability ratings were issued due to pending litigation).

Environmental

Environmental Site Assessments performed prior to the Developer's purchase of the Development identified some isolated areas with elevated levels of metals, the chemicals benzene, toluene, ethylbenzene and xylene (BTEX), total petroleum hydrocarbons (TPH) and chlorides in the soils. The site was entered into a Voluntary Cleanup Program ("VCP") with the Texas Railroad Commission prior to Developer's purchase of the site. The Developer joined with the prior owner of the property in the VCP and has overseen, through DCH Environmental Consultants, LLC ("DCH"), an environmental consultant, the cleanup during development of the tract. All contaminated materials identified have been removed from the developed sections of the site and have been remediated. The VCP is now complete and the Texas Railroad Commission removed Improvement Area #1 from the VCP in October 2022, and is processing the closure of the VCP. The Developer cannot predict when the certificate will be issued or when or if Improvement Area #2 may be removed from the VCP.

DCH completed a post cleanup Phase I Environmental Site Assessment of the Development in March 2022. DCH recommended that the Development stay in the VCP until the final certificate of completion is received from the Texas Railroad Commission. No development restrictions or other action was recommended.

Utilities

Water and Wastewater Service. The City will provide both water and wastewater service to end users within the District. See "THE CITY – Transportation and Utilities."

Other Utilities. The Developer expects additional utilities to be provided by: (1) Electric – CenterPoint Energy; (2) Natural Gas – the City; and (3) Telecommunicates – AT&T and Comcast.

Existing Mineral and Groundwater Rights

The Developer owns the groundwater rights associated with the land within the District. Mineral rights within the District are owned by persons other than the Developer. There are two active wells and three inactive wells and associated pipelines in the Future Improvement Area. However, the Developer has obtained surface waivers for the entirety of the District except for designated drill sites and easements outside of the areas to be developed in the District. All five of the wells are located within land reserves. One of the inactive wells is within the primary detention pond for the District and was plugged and abandoned during development. The active wells are located on a 1.6-acre drill site and a 1.9-acre drill site, both shown on page vi.

Other than the two active wells, there is no exploration or production of oil, gas or other mineral or groundwater rights on the property within the District. However, exploration and/or production may be possible on adjacent properties. While adjacent properties may have developable mineral and groundwater rights, the City has enacted an ordinance regulating the drilling, production, and operation of oil and gas wells, the exploration associated with such operations, and the transport of hydrocarbons or wastes associated with these operations, within the regulated area of the City. Such ordinance may make it difficult for owners of such rights to develop same. See “THE CITY – City Regulation of Oil and Gas Wells.”

Although the Developer does not expect the above-described mineral rights, or the exercise of such rights or any other mineral rights or related real property rights in or around the District, to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District to pay Improvement Area #2 Assessments, the Developer makes no guarantee as to such expectation. See “BONDHOLDERS’ RISKS – Exercise of Mineral Rights.”

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. See “BONDHOLDERS’ RISKS – Dependence Upon Developer.”

Description of the Developer

Chesmar, LLC, and Chesmar Homes, LTD, were founded in 2005 and were converted to Chesmar Homes, LLC (the “Developer”) on or about November 11, 2018. As of July 1, 2022, the Developer is owned in its entirety by Chesmar Holdings, LLC, a Delaware limited liability company (“Chesmar Holdings”), the sole member of which is SH Residential Holdings, LLC, a Delaware limited liability company. The sole member of SH Residential Holdings, LLC, is Sekisui House US Holdings, LLC, a Delaware limited liability company, which is owned entirely by Sekisui House Ltd., a Japanese entity and one of Japan’s largest homebuilders. Sekisui House Ltd. is a publicly traded company listed on the NASDAQ stock exchange under the ticker symbol “SKHSF.”

Donald P. Klein is the founder of the Developer and was its Chief Executive Officer through December 31, 2023. Mr. Klein remains on the Board of Directors of the Developer. Additionally, Mr. Klein is the Manager and sole member of Affinity Development Company, LLC (“Affinity”), a land development company also founded in 2005.

Ken Trainer joined the Developer in 2009, serving initially as the Division President of Chesmar’s San Antonio Division and, since 2014, as the Chief Operating Officer of Chesmar Homes, LLC. Following Donald Klein’s retirement as Chief Executive Officer, Mr. Trainer became Regional President and Sole Manager of Chesmar and continues as its Chief Operating Officer. Prior to joining Chesmar, Mr. Trainer had a distinguished 20-year career with a national home builder. During his time at Chesmar, Mr. Trainer has overseen the growth of Chesmar into eight building divisions and was instrumental in the creation of Aspire, a Chesmar land company involved in the acquisition and development of single-family subdivisions in the Central Texas, Austin, and San Antonio markets.

In its second full year of operation ending in 2007, the Developer closed 357 homes and was the second fastest growing builder in the Houston market. Since that time, the Developer has grown to eight active building divisions in Houston, San Antonio, Central Texas, Austin, and Dallas with home closings totaling 1,903 in 2023.

Both the Developer and Affinity have been involved in land development projects since 2005. Combined, the companies have completed ten projects totaling 1,979 single-family residential lots and currently have two projects under development that will produce a combined 1,055 single-family lots at completion.

Development operations for both organizations in the Houston market have been managed by Ron Brooks since 2005. Mr. Brooks has been involved in residential development for more than 20 years, including 4 years with Lennar Homes of Texas where he was directly responsible for the development of seven communities totaling over 2,000 residential home sites. Mr. Brooks is a graduate of Texas A&M University, where he received a Bachelor of Science in Civil Engineering (1982) and a Master of Science in Land and Real Estate Development (1997).

Prior to the Development, the projects undertaken by the Developer and Affinity in the Houston market have primarily been within municipal utility districts, the most common financing vehicle in the Houston market. One development project was located in a tax increment reinvestment zone and was successfully completed in the City of Baytown.

The following table shows single-family residential communities within public improvement districts/special districts in the Houston area in which the Developer has completed lot development.

<u>Community Name</u>	<u>Location</u>	<u>Number of Lots</u>
Wood Leaf Reserve Section 1	Tomball	123
Seabourne Landing	Rosenberg	234
Towne Lake Greene	Cypress	290
Village of Sterling Ridge, Cheswood Manor	The Woodlands	52
Marvida Section 21	Cypress	176

History and Financing of the District

The Developer was formed for the purpose, among other things, of acquiring and developing property within the District. The Developer acquired the real property comprising the District in September 2020 for \$4,978,358 using a line of credit from Wood Forest Bank. That line of credit was subsequently terminated and moved to Wells Fargo Bank. In connection with the purchase of the Developer by Chesmar Holdings in 2022, such line of credit was terminated. All subsequent development within the District has been and will be funded with corporate funds. See “THE DEVELOPER – Description of the Developer.”

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THE PID ADMINISTRATOR

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

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

The Administrator's duties will include:

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

APPRAISAL

Barletta & Associates, Inc. (the "Appraiser"), prepared an appraisal report for the City dated November 3, 2023, based upon a physical inspection of the District, including specifically Improvement Area #2, conducted on November 1, 2023 (the "Appraisal"). The Appraisal was prepared at the request of the City and is addressed solely to the Underwriter for use in preparing an estimated value of property in connection with the issuance of the Bonds. The estimates of value presented in the Appraisal are no indication of the appraised property's actual market value and do not address the value or benefit of the Authorized Improvements. Investors should not assume that the disposition of the lots in Improvement Area #2 in the event of default would provide sufficient funds to pay the principal of Bonds outstanding at that time. The Appraisal does not constitute a recommendation to any person to purchase or sell the Bonds. The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to Improvement Area #2 of the District. The Appraisal is attached hereto as APPENDIX G 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 G – Appraisal."

The Appraiser estimated the "upon completion" bulk market value of the fee simple interest in the lots within Improvement Area #2 (described as "Section 2" in the Appraisal) of the District by gathering comparable market data and conducting a study of the market area for the purpose of providing the Appraiser's opinion of the "Upon Completion" bulk market value of the 81 proposed lots in Improvement Area #2.

The sales comparison approach was used to conclude the market values of the bulk and retail revenue of the existing and proposed residential lots. An income approach – discounted bulk market value analysis was then employed to derive the indicated "upon completion" bulk market values of the proposed lots in Improvement Area #2. See "APPENDIX G – Appraisal."

The value estimate for the assessable property within Improvement Area #2 of the District using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal is \$5,100,000, based on an effective date of December 1, 2023.

None of the City, the Developer, or the Underwriter makes any representation as to the accuracy, completeness, assumptions, or information contained in the Appraisal. The assumptions or qualifications with respect to the Appraisal are contained therein. There can be no assurance that any such assumptions will be realized, and the City, the Developer, and the Underwriter make no representation as to the reasonableness of such assumptions.

In connection with the preparation of the Appraisal, the Appraiser may have reviewed the information supplied or otherwise made available to it by the City for reasonableness, has assumed and relied upon the accuracy and completeness of all such information and of all information supplied or otherwise made available to it by any other party, and did not undertake any duty or responsibility to verify independently any of such information. The Appraiser has not made or obtained, nor will it make or obtain, an independent valuation or appraisal of any other assets or liabilities (contingent or otherwise) other than the property in Improvement Area #2. With respect to operating or financial forecasts and other information and data provided to or otherwise reviewed by or discussed with the Appraiser, the Appraiser has assumed that such forecasts and other information and data were reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of the City's employees, representatives, and advisors, as well as any corrections or updates to such forecasts and other information and data.

In performing its analyses, the Appraiser has made numerous other assumptions with respect to general business, economic and regulatory conditions, and other matters, many of which are beyond the Appraiser's control and the City's control, as well as certain factual matters. For example, the Appraiser assumed that the Developer has clear and marketable title to the property in the District, that no title defects exist unless the Appraiser was specifically informed to the contrary, that improvements were made in accordance with law, that no hazardous materials are present or were present previously, that no deed restrictions exist, and that no changes to zoning ordinances or regulations governing use, density or shape are pending or being considered. Furthermore, the Appraiser's analysis, opinions and conclusions are necessarily based upon market, economic, financial and other circumstances and conditions existing prior to the valuation. The foregoing is a summary of the standard assumptions, qualifications and limitations that generally apply to the Appraiser's appraisal reports.

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

Caution should be exercised in the evaluation and use of appraisal results. An appraisal is an estimate of market value as of a specified date based upon assumptions and limiting conditions and any extraordinary assumptions specific to the relevant valuation. It is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The valuation set forth in the Appraisal is based on various assumptions of future expectations and while the Appraiser's internal forecasts of net operating income for the properties in Improvement Area #2 is considered by the Appraiser to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future.

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

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

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

General

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 #2 of the District to pay Improvement Area #2 Assessments levied by the City, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against property within Improvement Area #2 of the District, (c) general and local economic conditions that may impact real property values, the ability to liquidate real property holdings and the overall value of real property development projects, and (d) general economic conditions which may impact the general ability to market and sell property within 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 the District is directly related to the vitality of the residential housing industry. In the event that the sale of the lots within Improvement Area #2 of the District should proceed more slowly than expected and the Developer is unable to pay the Improvement Area #2 Assessments, only the value of the lots, 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 #2. 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 each 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 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 the District could also be affected adversely by changes in governmental policies, including, but not limited to, governmental policies to restrict or control development. Any approvals needed in the future for the Development must come from the City. There can be no assurances that other similar projects will not be developed in the future or that existing projects will not be upgraded or otherwise able to compete with the Development. A slowdown of the development process and the related absorption rate within the Development because of any or all of the foregoing could affect adversely land values. 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 IMPROVEMENT AREA #2 ASSESSMENTS WHEN DUE. ANY OR ALL OF THE FOREGOING COULD REDUCE THE WILLINGNESS AND THE ABILITY OF SUCH OWNERS TO PAY THE IMPROVEMENT AREA #2 ASSESSMENTS AND COULD GREATLY REDUCE THE VALUE OF PROPERTY WITHIN IMPROVEMENT AREA #2 IN THE EVENT SUCH PROPERTY HAS TO BE FORECLOSED UPON. 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 Developer 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 will be able to achieve its anticipated absorption rates. Failure to achieve the absorption rate estimates will adversely affect the estimated value of the lots being assessed, could impair the economic viability of the Development, and could reduce the ability or desire of property owners to pay the Improvement Area #2 Assessments.

The Developer plans to construct homes on approximately half of the Lots in Improvement Area #2. Consequently, the Developer will not be able to affect or control the absorption rate of homes within approximately half of Improvement Area #2.

Improvement Area #2 Assessment Limitations

Improvement Area #2 Annual Installments of the Improvement Area #2 Assessments are billed to property owners of Improvement Area #2 Assessed Property. Improvement Area #2 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 “IMPROVEMENT AREA #2 ASSESSMENT PROCEDURES.” Additionally, Improvement Area #2 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, the Additional Interest, and amounts due pursuant to a reimbursement agreement. See “IMPROVEMENT AREA #2 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 Improvement Area #2 Annual Installments of Improvement Area #2 Assessments in the future.

In order to pay debt service on the Bonds, it is necessary that Improvement Area #2 Annual Installments are paid in a timely manner. Due to the lack of predictability in the collection of Improvement Area #2 Annual Installments in Improvement Area #2 of the District, the City has established a Bond Reserve Account in the Reserve Fund, to be funded from the proceeds of the Bonds, to cover delinquencies. The Improvement Area #2 Annual Installments are secured by the Assessment Lien. However, there can be no assurance that foreclosure proceedings will occur in a timely manner so as to avoid depletion of the Bond Reserve Account and delay in payments of debt service on the Bonds. See “BONDHOLDERS’ RISKS – Bondholders’ Remedies and Bankruptcy.”

Upon an ad valorem tax lien foreclosure event of a property within Improvement Area #2, any Improvement Area #2 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 Improvement Area #2 Assessments, the liens securing such delinquent ad valorem taxes and delinquent Improvement Area #2 Assessments would likely be extinguished. Any remaining unpaid balance of the delinquent Improvement Area #2 Assessments would then be an unsecured personal liability of the original property owner.

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

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

Under State law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Ordinance, no such homestead rights had been claimed. Furthermore, the Developer will own 100% of the property within Improvement Area #2 at the time the Improvement Area #2 Assessments are levied, and is not eligible to claim homestead rights. Consequently, there are and can be no homestead rights on the Improvement Area #2 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 Improvement Area #2 Annual Installments when due, depletion of the Bond Reserve Account and Delinquency and Prepayment Reserve Account, delay in foreclosure proceedings, or the inability of the City to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of Improvement Area #2 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 IMPROVEMENT AREA #2 ASSESSMENTS CONSTITUTE A FIRST AND PRIOR LIEN AGAINST THE IMPROVEMENT AREA #2 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 #2 OF THE DISTRICT.

Bankruptcy

The payment of Improvement Area #2 Assessments and the ability of the City to foreclose on the lien of a delinquent unpaid Improvement Area #2 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 Improvement Area #2 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 Improvement Area #2 Assessments might not be paid in full.

Direct and Overlapping Indebtedness, Improvement Area #2 Assessments and Taxes

The ability of an owner of property within Improvement Area #2 of the District to pay the Improvement Area #2 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 #2 of the District currently impose ad valorem taxes on the property within Improvement Area #2 of the District and will likely do so in the future. Such entities could also impose assessment liens on the property within Improvement Area #2 of the District. The imposition of additional liens, whether from taxes, assessments, or private financing, may reduce the ability or willingness of the landowners to pay the Improvement Area #2 Assessments. See "OVERLAPPING TAXES AND DEBT."

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

Failure of the owners of property within the District to pay the Improvement Area #2 Assessments when due could result in the rapid, total depletion of the accounts in the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Bonds if sufficient amounts are not available in the Reserve Fund. The Delinquency and Prepayment Reserve Account of the Reserve Fund is only partially funded from the proceeds of the Bonds. The remainder of the Delinquency and Prepayment Reserve Requirement of the Delinquency and Prepayment Reserve Account is accumulated over the course of approximately 10 years by the mechanism described in "SECURITY FOR THE BONDS – Delinquency and Prepayment Reserve Account of the Reserve Fund." The Indenture provides that if, after a withdrawal from the Bond Reserve Account of the Reserve Fund, the amount in the Bond Reserve Account of the Reserve Fund is less than the Bond Reserve Account Requirement or the Delinquency and Prepayment Reserve Requirement, as applicable, the Trustee shall transfer an amount from the Pledged Revenue Fund to the Bond Reserve Account of the Reserve Fund sufficient to cure such deficiency, as

described under “SECURITY FOR THE BONDS – Bond Reserve Account” and “– Delinquency and Prepayment Reserve Account.”

Hazardous Substances

While governmental taxes, assessments and charges are a common claim against the value of a parcel, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value that may be realized to the assessment is a claim with regard to a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act,” is the most well-known and widely applicable of these laws. It is likely that, should any of the parcels of land located in Improvement Area #2 of 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 #2 of the District does not take into account the possible liability of the owner for the remedy of a hazardous substance condition of a parcel. The City has not independently verified, and is not aware, that the Developer has such a current liability with respect to any 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 #2 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 a parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a parcel that is realizable upon a delinquency.

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

Regulation

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

Recent Changes in State Law Regarding Public Improvement Districts

The 87th Legislature passed HB 1543, which became effective September 1, 2021, and requires a person who proposes to sell or otherwise convey real property within a public improvement district to provide to the purchaser of the property, before the execution of a binding contract of purchase and sale, written notice of the obligation to pay public improvement district assessments, in accordance with Section 5.014, Texas Property Code, as amended. In the event a contract of purchase and sale is entered into without the seller providing the notice, the intended purchaser is entitled to terminate the contract of purchase and sale. If the Developer or homebuilders within Improvement Area #2 do not provide the required notice and prospective purchasers of property within Improvement Area #2 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 Improvement Area #2 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 homebuilders within Improvement Area #2 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.

500-Year Flood Plain and Severe Weather Events

According to the Federal Emergency Management Agency’s flood map 48201C0230L, effective June 2007, none of Improvement Area #2 is located within the 500-year flood plain.

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

In February 2021, much of Texas, including the City, was impacted by Winter Storm Uri, which resulted in disruptions in the Electric Reliability Council of Texas power grid and prolonged blackouts throughout the State. It is impossible to predict whether similar events will occur in the future and the impact they may have on the City, including land within the District.

Exercise of Mineral Rights

As described under “THE DEVELOPMENT – Existing Mineral and Groundwater Rights,” there are certain mineral rights, royalty interests, and easement reservations located within the District that are not owned by the Developer. There may also be additional mineral rights and related real property rights reflected in the chain of title for the real property within the District recorded in the real property records of Harris County.

The Developer does not expect the existence or exercise of any mineral rights or related real property rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within Improvement Area #2 of the District to pay Improvement Area #2 Assessments. However, none of the City, the Financial Advisor, or the Underwriter provide any assurances as to such Developer expectations.

Bondholders' Remedies and Bankruptcy

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

The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City's obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so its use rests within the discretion of the court but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The owners of the Bonds cannot themselves foreclose or sell property within Improvement Area #2 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 Improvement Area #2 Assessments, or delinquent ad valorem taxes, against such property owner.

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

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

sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgment, is justiciable against a municipality.

The City is not aware of any 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 #2 of the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property. See "OVERLAPPING TAXES AND DEBT." Collection of delinquent taxes, assessments and the Improvement Area #2 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 #2 of the District subject to the Improvement Area #2 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 ("Chapter 9"). The City may proceed under Chapter 9 if it (1) is generally not paying its debts, or unable to meet its debts, as they become due, (2) desires to effect a plan to adjust such debts, and (3) has either obtained the agreement of or negotiated in good faith with its creditors, is unable to negotiate with its creditors because negotiation is impracticable, or reasonably believes that a creditor may attempt to obtain a preferential transfer.

If the City decides in the future to proceed voluntarily under Chapter 9, the City would develop and file a plan for the adjustment of its debts, and the Bankruptcy Court would confirm the plan if (1) the plan complies with the applicable provisions of Chapter 9, (2) all payments to be made in connection with the plan are fully disclosed and reasonable, (3) the City is not prohibited by law from taking any action necessary to carry out the plan, (4) administrative expenses are paid in full, (5) all regulatory or electoral approvals required under 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 or new officers in management positions may not have comparable experience in projects comparable to the Development.

Tax-Exempt Status of the Bonds

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

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

As further described in "TAX MATTERS" below, failure of the City to comply with the requirements of the Internal Revenue Code of 1986 (the "Code") and the related legal authorities, or changes in the federal tax law or its application, could cause interest on the Bonds to be included in the gross income of owners of the Bonds for federal income tax purposes, possibly from the date of original issuance of the Bonds. Further, the opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of interest on the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. The IRS has an ongoing program of auditing obligations that are issued and sold as bearing tax-exempt interest to determine whether, in the view of the IRS, interest

on such obligations is included in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted if this IRS focus could lead to an audit of the Bonds or what the result would be of any such audit. If an audit of the Bonds is commenced, under current procedures parties other than the City would have little, if any, right to participate in the audit process. Moreover, because achieving judicial review in connection with an audit of tax-exempt obligations is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees may not be practicable. Any action of the IRS, regardless of the outcome, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of obligations presenting similar tax issues, may affect the market price for, or the marketability of, the Bonds. Finally, if the IRS ultimately determines that the interest on the Bonds is not excluded from the gross income of Bondholders for federal income tax purposes, the City may not have the resources to settle with the IRS, the Bonds are not required to be redeemed, and the interest rate on the Bonds will not increase.

General Risks of Real Estate Investment and Development

The Developer may, in certain limited circumstances, have the right to modify or change its plan for development of the District, 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 and homebuilders to develop lots and sell single-family residential homes within Improvement Area #2 of the District may be affected by unforeseen changes in general economic conditions, fluctuations in the real estate market and other factors beyond the control of the owner of the single-family residential lots. In the event that a large number of single-family projects are constructed outside of the District and compete with the Development, the demand for residential housing within the District could be reduced, thereby adversely affecting the continued development of the Development, or its attraction to residents.

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

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

A slowdown of the development process and the related absorption rate within the Development because of any or all of the foregoing could affect adversely land values. The timely payment of the Bonds depends on the willingness and ability of the Developer, the homebuilders, and any subsequent owners to pay the Improvement Area #2 Assessments when due. Any or all of the foregoing could reduce the willingness and ability of such owners to pay the Improvement Area #2 Assessments and could greatly reduce the value of the property within Improvement Area

#2 of the District in the event such property has to be foreclosed. If Improvement Area #2 Annual Installments of Improvement Area #2 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 #2 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 high 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 #2 Projects. The Developer expects to finance a portion of the costs of the Improvement Area #2 Projects from proceeds of the Bonds. If the Actual Costs of the Improvement Area #2 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 #2 Projects or pay the Improvement Area #2 Assessments when due. If the costs of material continue to increase, it may affect the ability of the Developer and homebuilders to construct homes within Improvement Area #2 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 any financial institution that is placed into receivership by the FDIC may be unable to access undrawn amounts.

Risks Related to Exposure to the Oil and Gas Industry

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

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Competition

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

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

Project Name	Number of Units	Units Remaining	Proximity to District	Developer	Start of Home Construction	Prices
Raburn Reserve	391	140	1.5 miles	Hines	2020	\$368,000 - \$444,000
Cherrywood Estates	65	37	0.5 miles	Chesmar	2021	\$408,000 - \$459,000
Cherry Pines	303	7	Adjacent	Meritage	2020	\$333,000 - \$459,000
Pine Trails	50	42	2 miles	David Weekley	2022	\$397,000 - \$487,000

⁽¹⁾ Provided by the Developer from Zonda. Except for Cherrywood Estates and Cherry Pines, all of such projects are located either in a public improvement district or municipal utility district.

Availability of Utilities

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

Dependence Upon Developer

Initial Liability for Improvement Area #2 Assessments. The Developer, as the sole owner of assessable property within Improvement Area #2 of the District, has the obligation for the payment of all of the Improvement Area #2 Assessments. The Developer will construct homes on some or all of the lots in Improvement Area #2. Until the Developer completes and sells homes on such lots, and until the Developer closes on the sale of the remaining lots to the Homebuilder or other third-parties, the ability of the Developer to make full and timely payment of the Improvement Area #2 Assessments will directly affect the ability of the City to meet its debt service obligations with respect to the Bonds. See "THE DEVELOPMENT – Status of Lot Purchase Contract."

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

Agricultural Use Valuation and Redemption Rights

None of the property in the District is currently entitled to valuation for ad valorem tax purposes based upon its agricultural use. Under State law, an owner of land that is entitled to an agricultural valuation has the right to redeem such property after a tax sale for a period of two years after the tax sale by paying to the tax sale purchaser a twenty-five percent (25%) premium, if redeemed during the first year, or a 50% premium, if redeemed during the second year, over the purchase price paid at the tax sale and certain qualifying costs incurred by the purchaser. Although the Improvement Area #2 Assessments are not considered a tax under State law, the PID Act provides that the lien for Improvement Area #2 Assessments may be enforced in the same manner as a lien for ad valorem taxes. This shared enforcement mechanism raises the possibility that the right to redeem agricultural valuation property may

be available following a foreclosure of a lien for Improvement Area #2 Assessments, though there is no indication in State law that such redemption rights would be available in such a case.

TAX MATTERS

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

Tax Exemption

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

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

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

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

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

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Additional Federal Income Tax Considerations

Collateral Tax Consequences

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

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

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

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

Tax Accounting Treatment of Original Issue Premium

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

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

Tax Accounting Treatment of Original Issue Discount

If the issue price of a maturity of the Bonds is less than the stated redemption price payable at maturity of such Bonds (the “OID Bonds”), the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount

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

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

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

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

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

Tax Legislative Changes

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

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General 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.

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

Legal Opinions

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

Except as noted below, Bond Counsel did not take part in the preparation of the Limited Offering Memorandum, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Limited Offering Memorandum under the captions or subcaptions "PLAN OF FINANCE – The Bonds," "DESCRIPTION OF THE BONDS," "SECURITY FOR THE BONDS," "IMPROVEMENT AREA #2 ASSESSMENT PROCEDURES" (except for the subcaptions "Improvement Area #2 Assessment Methodology" and "Improvement Area #2 Assessment Amounts"), "THE DISTRICT," "TAX MATTERS," "LEGAL MATTERS – Legal Proceedings" (except for the final paragraph thereof), and "– Legal Opinions" (except for the final paragraph thereof), "CONTINUING DISCLOSURE – The City," "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," "APPENDIX B," and "APPENDIX D," and such firm is of the opinion that the information relating to the Bonds, the Bond Ordinance, the Assessment Ordinance, and the Indenture and legal issues contained under such captions and subcaptions 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 Improvement Area #2 Assessments securing the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Assessment Ordinance, the Indenture, any action of the City contemplated by any of the said documents, or the collection or application of the Trust Estate, or in any way contesting the completeness or accuracy of this Limited Offering Memorandum or any amendment or supplement thereto, or contesting the powers of the City or its authority with respect to the Bonds or any action of the City contemplated by any documents relating to the Bonds.

Litigation – The Developer

At the time of delivery and payment for the Bonds, the Developer will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory body, public board or body pending, or, to the best knowledge of the Developer, threatened against or affecting the Developer wherein an unfavorable decision, ruling, or finding would have a material adverse effect on the financial condition or operations of Developer or its officers or would adversely affect (1) the transactions contemplated by, or

the validity or enforceability of, the Bonds, the Indenture, the Bond Ordinance, the Service and Assessment Plan, the Development Agreement, or the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (2) the tax-exempt status of interest on the Bonds (individually or in the aggregate, a “Material Adverse Effect”). The Developer and its affiliates have been and are parties to pending and threatened litigation related to their commercial and real estate development activities. According to the Developer, such litigation occurs in the ordinary course of business and is not expected to have a Material Adverse Effect.

SUITABILITY FOR INVESTMENT

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

ENFORCEABILITY OF REMEDIES

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

NO RATING

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

CONTINUING DISCLOSURE

The City

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), the City, the Administrator, and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc. (the “Dissemination Agent”) have entered 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's Compliance with Prior Undertakings

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

The Developer

The Developer, the Administrator, and the Dissemination Agent, will, in connection with the issuance of the Bonds, enter into a Continuing Disclosure Agreement (the "Disclosure Agreement of 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 Improvement Area #2 and the Improvement Area #2 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 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 Administrator, which consultant will prepare and provide such updated information in report form and (ii) notices of certain specified events, only as provided in the Disclosure Agreement of 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

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

UNDERWRITING

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

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified

under the securities acts of any other jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

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

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

INVESTMENTS

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

Legal Investments

Under State law, the City is authorized to 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 (10) years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

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

through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

Investment Policies

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.

Additional Provisions

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

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

Additional information about the Trustee may be found at its website at www.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 Improvement Area #2 Projects generally and, in particular, the information included in the sections captioned "PLAN OF FINANCE – Development Plan" and "– Status of Builder Contract," "THE IMPROVEMENT AREA #2 PROJECTS," "THE DEVELOPMENT," "THE DEVELOPER," "BONDHOLDERS' RISKS" (only as it pertains to the Developer, the Improvement Area #2 Projects, and the Development), "LEGAL MATTERS – Litigation – The Developer," and "CONTINUING DISCLOSURE – The Developer" and "– The Developer's Compliance with Prior Undertakings" has been provided by the Developer.

Experts

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

The information regarding the Appraisal in this Limited Offering Memorandum, which is subject to the assumptions, hypothetical conditions and qualifications set forth therein, has been provided by the Appraiser, and has been included in reliance upon the authority of such firm as experts in the field of the appraisal of real property.

Updating of Limited Offering Memorandum

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

FORWARD-LOOKING STATEMENTS

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

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

AUTHORIZATION AND APPROVAL

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

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY AND SURROUNDING AREA

The City is located in Harris County and is approximately 32 miles northwest of the City of Houston on FM Road 2920. The City covers approximately 12.32 square miles. The City's 2020 population was 12,341. The City estimates its 2024 population is 12,810.

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

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

The following information has been provided for informational purposes only.

	2024 ⁽¹⁾	2023	2022	2021	2020
Civilian Labor Force	3,682,507	3,621,778	3,512,744	3,437,621	3,401,400
Total Employed	3,524,220	3,469,061	3,362,820	3,220,354	3,106,692
Total Unemployed	158,287	152,717	149,924	217,267	294,708
Unemployment Rate	4.3%	4.2%	4.3%	6.3%	8.7%

⁽¹⁾ As of March 2024.

Source: Texas Workforce Commission

Major Employers in the City

The major employers in the City for 2023 are set forth in the table below.

<u>Employer</u>	<u>Employees</u>
Tomball ISD	2,800
HCA (Previously Tomball Regional)	1,500
Lone Star College – Tomball	601
HEB	390
Walmart	280
City of Tomball	254
Lowe's	250
Kroger	132
Houston Poly Bad, Ltd.	120
Target	107

Source: The City's Annual Comprehensive Financial Report Fiscal Year Ended September 30, 2023

REGIONAL EMPLOYMENT

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

City of Jersey Village, TX (2022)		City of Conroe, TX (2023)		City of Houston, TX (2021)		The Woodlands Township (2021)	
Approximately 27 Miles		Approximately 28 Miles		Approximately 32 Miles		Approximately 18 Miles	
Employer	Employees	Employer	Employees	Employer	Employees	Employer	Employees
Jersey Village High School	315	Conroe ISD	5,776	Memorial Hermann Healthcare System	35,360	Conroe ISD	4,596
Joe Myers Toyota	215	Montgomery County	3,170	Wal-Mart	29,797	Memorial Hermann The Woodlands Hosp.	2,974
Joe Myers Ford	175	HCA Houston Healthcare Conroe	990	H-E-B	29,657	St. Luke's Health	1,857
Sonic – LS Chevrolet	150	City of Conroe	946	Houston Methodist	26,098	Houston Methodist, The Woodlands Hosp.	1,850
Sam's East Inc.	149	Steris	700	Univ. of TX MD Anderson Cancer Center	21,576	Alright Solutions	1,530
City of Jersey Village	148	National Oilwell Varco	690	HCA Houston Healthcare	15,000	Lone Star College	1,362
Post Elementary School	117	Tri-County Behavioral Healthcare	422	Kroger Company	14,868	Texas Children's Hospital	1,148
Foundry Methodist	65	Wal-Mart Supercenter	387	ExxonMobil	13,000	Chevron Phillips Chemical	1,070
CEMEX	62	Consolidated Communications	332	United Airlines	11,900	Woodforest National Bank	1,029
Champion Forest Baptist	37	McKesson	287	Schlumberger Limited	11,700	Entergy Texas	977

City of Katy, TX (2021)	
Approximately 20 Miles	
Employer	Employees
Katy Mills	2,900
Katy ISD	1,827
Amazon	1,300
Igloo	1,061
Typhoon Texas	755
Wal-Mart	388
HEB Grocery/Gas	340
Costco	292
City of Katy	265
American Furniture Warehouse	252

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

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

APPENDIX B
FORM OF INDENTURE

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INDENTURE OF TRUST

By and Between

CITY OF TOMBALL, TEXAS

and

Wilmington Trust, National Association

as Trustee

DATED AS OF July 1, 2024

SECURING

CITY OF TOMBALL, TEXAS

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(WOOD LEAF RESERVE PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #2 PROJECT)

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INDENTURE OF TRUST

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

WHEREAS, a petition (the "Petition") was submitted and filed with the City Secretary requesting the establishment of a public improvement district pursuant to Chapter 372, Texas Local Government Code, as amended, (the “PID Act”) to be known as the Wood Leaf Reserve Public Improvement District (the "District" or “PID”); and

WHEREAS the Petition was submitted by the record owners of taxable real property representing more than fifty percent (“50%”) of the appraised value of the real property liable for assessment (as determined by the most recent certified appraisal roll for Harris County) in the proposed PID and the record owners of taxable real property that constitute more than 50% of all of the area of all taxable real property that is liable for assessment in the proposed PID; and

WHEREAS, on November 16, 2020, the City Council accepted the Petition and called a public hearing for December 21, 2020, on the creation of the PID and the advisability of the improvements; and

WHEREAS, notice of the hearing was published in a newspaper of general circulation in the City in which the District is to be located on November 25, 2020; and,

WHEREAS, on November 20, 2020, notice to the owners of property within the proposed District was sent by first-class mail to the owners of 100% of the property subject to assessment under the proposed District containing the information required by the Act such that such owners had actual knowledge of the public hearing to be held on December 21, 2020; and

WHEREAS, on November 20, 2020, notice to the owners of property within the proposed District was sent by first-class mail to the owners of 100% of the property subject to assessment under the proposed District containing the information required by the Act such that such owners had actual knowledge of the public hearing to be held on December 21, 2020; and

WHEREAS, the City Council opened and continued such public hearing on the advisability of the improvements and the creation of the District until January 18, 2021; and

WHEREAS, on January 18, 2021 the City Council continued such public hearing on the creation of the District and heard any comments or objection thereto;

WHEREAS, the City Council approved the creation of the PID by Resolution approved on January 18, 2021 (the "Creation Resolution") and published the Creation Resolution as authorized by the 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 such publication; and

WHEREAS, the City approved a Resolution calling a public hearing for June 17, 2024 (the “Assessment Hearing”) on the levy of Improvement Area #2 Assessments (as defined herein) in Improvement Area #2 of the District; and

WHEREAS, notice of such public hearing was published in a newspaper of general circulation and mailed to the owners of 100% of the property subject to assessment under the in Improvement Area #2 of the District; and

WHEREAS, the City Council convened the Assessment Hearing on June 17, 2024 and at such public hearing all persons who appeared, or requested to appear, in person or through a representative acting on their behalf, were given the opportunity to contend for or contest the proposed Improvement Area #2 Assessment Roll for Improvement Area #2 of the District and the Improvement Area #2 Assessments, and to offer testimony pertinent to any issue presented on the amount of the Improvement Area #2 Assessments, the allocation of the Improvement Area #2 Costs (as defined herein), the purposes of the Improvement Area #2 Assessments, the special benefits of the Improvement Area #2 Assessments, and the penalties and interest on Improvement Area #2 Annual Installments and on delinquent Improvement Area #2 Annual Installments of the Improvement Area #2 Assessments; and

WHEREAS, at the Assessment Hearing, there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of Improvement Area #2 Costs, the Improvement Area #2 Assessment Roll, and the levy of the Improvement Area #2 Assessments; and

WHEREAS, on June 17, 2024, the City Council closed the Assessment Hearing, and, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the City, and

WHEREAS on second reading on July 1, 2024, the City approved and accepted the Service and Assessment Plan in conformity with the requirements of the PID Act and adopted the Assessment Ordinance and therein approved the Improvement Area #2 Assessment Roll and levied the Improvement Area #2 Assessments; and

WHEREAS, the City Council is authorized by the PID Act to issue its revenue bonds payable from the Improvement Area #2 Assessments for the purpose of (i) paying or reimbursing a portion of the costs of the Improvement Area #2 Projects, (ii) funding a reserve fund for payment of principal and interest on the revenue bonds, (iii) funding a portion of the Delinquency and Prepayment Reserve Account, (iv) paying a portion of the costs incidental to the organization of the District, and (v) paying costs of issuance; and

WHEREAS, the City Council now desires to issue revenue bonds, in accordance with the PID Act, such bonds to be entitled “City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2024 (Wood Leaf Reserve Public Improvement District Improvement Area #2 Project)” (the “Bonds”), such Bonds being payable solely from the Pledged Revenues (defined herein) and other funds pledged under this Indenture to the payment of the Bonds 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;

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

FIRST GRANTING CLAUSE

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

SECOND GRANTING CLAUSE

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

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

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

PROVIDED, HOWEVER, that if and to the extent Improvement Area #2 Assessments have been prepaid, the lien on real property associated with such Improvement Area #2 Assessment prepayment shall be released from the Trust Estate and shall no longer constitute a part of the Trust Estate;

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

IN ADDITION, the Bonds are special obligations of the City payable solely from the Trust Estate, as and to the extent provided in this Indenture. The Bonds do not give rise to a charge

against the general credit or taxing powers of the City and are not payable except as provided in this Indenture. Notwithstanding anything to the contrary herein, the Owners of the Bonds shall never have the right to demand payment thereof out of any funds of the City other than the Trust Estate. The City shall have no legal or moral obligation to pay for the Bonds out of any funds of the City other than the Pledged Revenues.

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

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

ARTICLE 1

DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.1 Definitions.

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

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

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

“Additional Interest” means the 0.50% additional interest charged on the Improvement Area #2 Assessments pursuant to Section 372.018 of the PID Act and described in Section V of the Service and Assessment Plan.

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

“Additional Obligations” means any bonds or obligations, including specifically, any installment contracts, reimbursement agreements, temporary note or time warrant secured in whole or in part by an assessment, other than the Improvement Area #2 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 5.10 hereof.

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

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

“Annual Debt Service” means, for each Bond Year, the sum of (i) the interest due on the 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 Service Plan Update” means the annual review and update of the Service and Assessment Plan required by the PID Act and the Service and Assessment Plan.

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

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

“Assessment Ordinance” means that certain ordinance adopted by the City Council on July 1, 2024, that levied the Improvement Area #2 Assessments on each Improvement Area #2 Assessed Property.

“Authorized Denomination” means \$25,000 and any integral multiple of \$1,000 in excess of \$25,000, or a smaller denomination, if any, resulting from a partial redemption of Bonds as determined in accordance with Section 4.5 hereof or as a result of any partial defeasance of the Bonds.

“Authorized Improvements” means the public improvements authorized by Section 372.003 of the PID Act, including Bonds Issuance Costs as set forth in Section III to the Service and Assessment Plan.

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

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

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

“Bond Ordinance” means the ordinance adopted by the City Council on July 1, 2024 authorizing the Indenture.

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

“Bond Reserve Account Requirement” means the least of: (i) Maximum Annual Debt Service on the Bonds as of the Closing Date, (ii) 125% of average Annual Debt Service on the Bonds as of the Closing Date, or (iii) 10% of the stated principal amount of the Bonds as of the Closing Date; provided, however that subsequent to the Closing Date of the Bonds, such Bond Reserve Account Requirement shall be recalculated for compliance with the above upon (a) any transfers made pursuant to Section 6.7(c), (b) a mandatory sinking fund redemption pursuant to the terms of this Indenture, (c) an optional redemption pursuant to the terms of this Indenture or (d) an extraordinary optional redemption pursuant to the terms of a this Indenture

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

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

“Certificate for Payment” means a certificate substantially in the form of Exhibit B attached hereto approved by the Developer and the City Representative executed by a Person approved by the City Representative, delivered to the City Representative and the Trustee specifying the

amount of work performed with respect to the Improvement Area #2 Projects and the Actual Costs thereof, and requesting payment for such costs from money on deposit in the Project Fund as further described in Section 6.5 herein.

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

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

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

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

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

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

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

“Delinquency and Prepayment Reserve Requirement” means an amount equal to 5.5% of the principal amount of the Outstanding Bonds which may be funded from Bond proceeds and revenues received from the payment of Improvement Area #2 Assessments deposited to the Pledged Revenue Fund.

“Delinquent Collection Costs” means the costs related to the foreclosure on an Improvement Area #2 Assessed Property and the costs of collection of a delinquent Assessment, including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing Delinquent Penalties and Interest.

“Delinquent Penalties and Interest” means any delinquent interest and delinquent penalty interest collected on a delinquent Improvement Area #2 Assessment.

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

“Developer” means Chesmar Homes, LLC a Texas limited liability company, and its respective successors and assigns.

“Development Agreement” means the Wood Leaf Reserve Development Agreement, between the City and the Developer relating to the Bonds, effective as of January 18, 2021, as amended from time to time.

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

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

“Foreclosure Proceeds” means the proceeds, including Delinquent Penalties and Interest, received by the City from the enforcement of the Improvement Area #2 Assessments against any Improvement Area #2 Assessed Property, whether by foreclosure of lien or otherwise, but excluding and net of all Delinquent Collection Costs.

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

“Improvement Account” means the Account by such name established within the Project Fund pursuant to Section 6.1.

“Improvement Area #2” means the property to be developed within the District identified as Improvement Area #2 and depicted in Exhibit A-3 to the Service and Assessment Plan.

“Improvement Area #2 Annual Installment” means, with respect to each Improvement Area #2 Assessed Property, each annual payment of the Improvement Area #2 Assessments as shown on the Improvement Area #2 Assessment Roll attached to the Service and Assessment Plan as Exhibit G-1 and related to the Bonds and the Improvement Area #2 Projects, including (i) principal of the Improvement Area #2 Assessments; (ii) interest on the Improvement Area #2 Assessments (iii) Annual Collection Costs and (iv) Additional Interest collected pursuant to Section V of the Service and Assessment Plan and deposited to the Delinquency and Prepayment Reserve Account as described in Section 6.8 herein.

“Improvement Area #2 Assessment” means an assessment (including interest thereon) levied against a Parcel within Improvement Area #2 of the District and imposed pursuant to the Assessment Ordinance and the provisions of the Service and Assessment Plan, as shown on the Improvement Area #2 Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions in the Service and Assessment Plan and the PID Act.

“Improvement Area #2 Assessed Property” means all Parcels within Improvement Area #2 of the District and shown in the Improvement Area #2 Assessment Roll against which an Improvement Area #2 Assessment relating to the Improvement Area #2 Improvements is levied in accordance with the Service and Assessment Plan.

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

“Improvement Area #2 Improvements” means those Authorized Improvements described in the Service and Assessment Plan that benefit only Improvement Area #2.

“Improvement Area #2 Costs” means costs of the Improvement Area #2 Projects as set forth in the Service and Assessment Plan.

“Improvement Area #2 Projects” means the Improvement Area #2 Improvements, Improvement Area #2’s allocable share of the Major Improvements being financed by the issuance of the Bonds and Bond Issuance Costs as defined and set forth in the Service and Assessment Plan.

“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 attached hereto.

“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 March 15 and September 15 of each year, commencing September 15, 2024.

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

“Major Improvements” means those Authorized Improvements described in Section III.B of the Service and Assessment Plan that benefit all areas within the District.

“Maximum Annual Debt Service” means the largest amount of Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding 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 4, and (iii) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to Section 3.10 herein.

“Owner” means the Person who is the registered owner of a Bond 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” has the meaning given such term in the Service and Assessment Plan.

“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, Improvement Districts in Municipalities and Counties, Subchapter A, Public Improvement Districts, as amended.

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

“Pledged Revenue Fund” means the Fund by such name established pursuant to Section 6.1 and administered pursuant to Section 6.3 hereof.

“Pledged Revenues” means the sum of (i) Improvement Area #2 Annual Installments (excluding the portion of the Improvement Area #2 Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs), (ii) the moneys held in any of the Pledged Funds and Accounts, and (iii) any additional revenues that the City may pledge to the payment of Bonds.

“Prepayment” means the payment of all or a portion of an Improvement Area #2 Assessment before the due date thereof.

“Principal and Interest Account” means the Account by such name established within the Bond Fund established pursuant to Section 6.1.

“Project Fund” means that Fund by 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 Fund” means that Fund by such name established pursuant to Section 6.1 and administered pursuant to Section 6.9 herein.

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

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

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

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

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

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

“Service and Assessment Plan” means the document, including the Improvement Area #2 Assessment Roll, which is attached as Exhibit A to the Assessment Ordinance, as may be updated, amended, and supplemented from time to time.

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

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

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

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

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

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

Section 1.2 Findings.

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

Section 1.3 Table of Contents, Titles and Headings.

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

Section 1.4 Interpretation.

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

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

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

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

ARTICLE 2

THE BONDS

Section 2.1 Security for the Bonds.

The Bonds, as to both principal and interest, 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. 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 2.2 Limited Obligations.

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

Section 2.3 Authorization for Indenture.

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

Section 2.4 Contract with Owners and Trustee.

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

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

ARTICLE 3

AUTHORIZATION; GENERAL TERMS AND
PROVISIONS REGARDING THE BONDS

Section 3.1 Authorization.

The Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly the PID Act. The Bonds shall be issued in the aggregate principal amount of \$_____ for the purpose of (i) paying or reimbursing a portion of the costs of the Improvement Area #2 Projects, (ii) funding the Bond Reserve Account of the Reserve Fund, (iii) funding a portion of the Delinquency and Prepayment

Reserve Account, (iv) paying capitalized interest on the Bonds, and (v) paying the costs of issuance of the Bonds.

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

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

(b) Interest shall accrue and be paid on each Bond from the later of the date of initial delivery of the Bonds or the most recent Interest Payment Date to which interest has been paid or provided for, at the rate per annum set forth below until the principal thereof has been paid on the maturity date specified below or otherwise provided for. Such interest shall be payable semiannually on March 15 and September 15 of each year, commencing September 15, 2024 computed on the basis of a 360-day year of twelve 30-day months.

(c) The Bonds shall mature on September 15 in the years and in the principal amounts and shall bear interest as set forth below:

<u>Term Bonds</u>		
<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
20__	\$	
20__		
20__		

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

Section 3.3 Conditions Precedent to Delivery of Bonds.

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

- (a) a copy of the executed Assessment Ordinance;
- (b) a copy of the executed Bond Ordinance;
- (c) a copy of this Indenture executed by the Trustee and the City;
- (d) an executed General Certificate;
- (e) an executed opinion of Bond Counsel; and

(f) the approving opinion of the Attorney General of the State and the State Comptroller's registration certificate.

Section 3.4 Medium, Method and Place of Payment.

(a) Principal of and interest on the Bonds 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 thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner 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, first class United States mail, postage prepaid, by the Paying Agent/Registrar to each Owner at the address of each as such appears in the Register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the Owner; provided, however, the Owner shall bear all risk and expense of such other banking arrangement.

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

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

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

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

Section 3.5 Execution and Registration of Bonds.

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

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

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

(d) On the Closing Date, 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 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 as is acceptable to the Paying Agent/Registrar, in accordance with this Indenture. The Paying Agent/Registrar represents and warrants that it will maintain a copy of the Register and shall cause the Register to be current with all registration and transfer information as from time to time may be applicable.

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

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

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

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

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

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

Section 3.8 Cancellation.

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

Section 3.9 Temporary Bonds.

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

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

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

Section 3.10 Replacement Bonds.

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

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Trustee, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and

deliver a replacement Bond of like tenor and principal amount bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

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

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

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

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

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

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

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

Section 3.11 Book-Entry Only System.

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

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any Person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the

records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other Person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other Person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Indenture to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the Person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners as shown in the Register, as provided in this Indenture, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Indenture. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Indenture with respect to interest checks or drafts being mailed to the registered owner at the close of business on the relevant Record Date, the word "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

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

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

Section 3.13 Payments to Cede & Co.

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

ARTICLE 4

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.1 Limitation on Redemption.

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

Section 4.2 Mandatory Sinking Fund Redemption.

(a) The Bonds are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a Redemption Price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Principal and Interest Account pursuant to Article 6 of the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

\$_____ Term Bonds maturing September 15, 20__

Redemption Date	Sinking Fund Installment Amount
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__ *	
*maturity	

\$_____ Term Bonds maturing September 15, 20__

Redemption Date	Sinking Fund Installment Amount
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__ *	
*maturity	

\$_____ Term Bonds maturing September 15, 20__

Redemption Date	Sinking Fund Installment Amount
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__ *	

*maturity

(b) At least forty-five (45) days prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.6.

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

Section 4.3 Optional Redemption.

(a) The City reserves the option to redeem Bonds maturing on or after September 15, 20__ in whole or any part, before their respective scheduled maturity dates, on September 15, 20__, or on any date thereafter such redemption date or dates to be fixed by the City, at a Redemption Price equal to the principal amount of the Bonds called for redemption plus accrued and unpaid interest to the date fixed for redemption.

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

Section 4.4 Extraordinary Optional Redemption.

(a) Notwithstanding any provision in this Indenture to the contrary, but subject to the provisions of Section 4.6(d), the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, on any Business Day, at a Redemption Price of 100% of the principal amount of such Bonds, or portions thereof, to be redeemed plus accrued and unpaid interest to the date of redemption from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund as provided

in Section 6.7(h)) or any other transfers to the Redemption Fund under the terms of this Indenture, including from transfers of Foreclosure Proceeds and transfers pursuant to Section 6.5(e), 6.5(f), 6.5(h) and section 6.3. The City direction for such redemption shall include details with regard to a corresponding reduction in the Bond Reserve Account Requirement, as contemplated by the definition thereof.

(b) Notwithstanding the foregoing, the Trustee will not be required to make an extraordinary optional redemption pursuant to this Section 4.4 unless it has at least \$5,000 available in the Redemption Fund with which to redeem the Bonds.

Section 4.5 Partial Redemption.

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

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

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

Section 4.6 Notice of Redemption to Owners.

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

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

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

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

Section 4.7 Payment Upon Redemption.

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

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

Section 4.8 Effect of Redemption.

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

ARTICLE 5

FORM OF THE BONDS

Section 5.1 Form Generally.

(a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas to appear on the Initial Bond, and the Certificate of the Trustee and the Assignment to appear on each of the Bonds, (i) shall be substantially in the form set forth in Exhibit A to this Indenture 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 Global Services, managed by CUSIP Global Services on behalf of the American Bankers Association, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof; and, none of the City, the Trustee, or the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds. The City prohibits any Bond to be issued in a denomination of less than an Authorized Denomination and further prohibits the assignment of a CUSIP number to any Bond with a denomination of less than an Authorized Denomination and any attempt to accomplish either of the foregoing shall be void and of no effect. The Trustee may include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners of the Bonds and that neither the City nor the Trustee shall be liable for any inaccuracies of such numbers.

Section 5.3 Legal Opinion.

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

ARTICLE 6

FUNDS AND ACCOUNTS

Section 6.1 Establishment of Funds and Accounts.

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

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

(b) Creation of Accounts.

(1) The following Accounts are hereby created within the Pledged Revenue Fund:

- (A) Bond Pledged Revenue Account; and

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

- (A) Principal and Interest Account.

(3) The following Accounts are hereby created and established within the Project Fund:

- (A) Improvement Area #2 Improvement Account;
- (B) Capitalized Interest Account; and
- (C) Costs of Issuance Account.

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

- (A) Bond Reserve Account; and

(B) Delinquency and Prepayment Reserve Account.

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

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

Section 6.2 Initial Deposits to Funds and Accounts.

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

- (1) to the Bond Reserve Account: _____.
- (2) to the Costs of Issuance Account: _____.
- (3) to the Administrative Fund: _____.
- (4) to the Delinquency and Prepayment Reserve Account _____.
- (5) to the Capitalized Interest Account _____.
- (6) to the Improvement Area #2 Improvement Account: \$_____.

Section 6.3 Pledged Revenue Fund.

(a) On or before February 1 (provided that Pledged Revenues have been received by the City, or if not, then as soon available) while the Bonds are Outstanding, beginning February 1, 2025, the City shall deposit or cause to be deposited the Pledged Revenues (which excludes, for the avoidance of doubt that portion of the Improvement Area #2 Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs, which shall be deposited pursuant to Section 6.10 hereof) into the Pledged Revenue Fund which deposit shall be directed by the City to the Trustee pursuant to a City Certificate. Specifically, except as set forth in Section 6.3(e), the Pledged Revenues shall be deposited to the Pledged Revenue Fund to be used in the following order of priority:

- (1) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund amounts sufficient to pay debt service on the Bonds coming due on each Interest Payment Date in the next Bond Year.
- (2) second, to the Bond Reserve Account in an amount to cause the amount in the Bond Reserve Account to equal the Bond Reserve Account Requirement as described in Section 6.7(a) and Section 6.7(e),

(3) third, amounts representing Additional Interest to the Delinquency and Prepayment Reserve Account in an amount equal to the Delinquency and Prepayment Reserve Requirement, and

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

(b) Notwithstanding the foregoing, if any funds remain on deposit in the Pledged Revenue Fund after the transfers required by clauses (1) through (3) above are made, the City shall have the option, in its sole and absolute discretion, to transfer such excess funds into the Redemption Fund to redeem Bonds as provided in Article 4.

(c) The City or the Administrator on behalf of the City shall direct the Trustee in writing with respect to the portions of the Pledged Revenues to be deposited pursuant to Section 6.3(e) as Additional Interest, Prepayments or Foreclosure Proceeds. For the avoidance of doubt, all portions of the Improvement Area #2 Annual Installment collected as Additional Interest shall be deposited pursuant only to (1), (2) and (3) above.

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

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

(f) Notwithstanding Section 6.3(a) above:

(1) the Trustee shall deposit Additional Interest to the Pledged Revenue Fund and shall transfer all or a portion of such Additional Interest to the Delinquency and Prepayment Reserve Account as set forth in 6.3(a) above and as otherwise directed by Section 6.8(a) hereof.

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

(3) the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds first to the Reserve Fund, to restore any transfers from the applicable account of the Reserve Fund made with respect to the Improvement Area #2 Assessed Property to which the Foreclosure Proceeds relate, and second, to the Redemption Fund. Notwithstanding the foregoing, any

portion of Foreclosure Proceeds that are attributable to Annual Collection Costs (as identified to the Trustee in writing) shall be deposited to the Administrative Fund, and any portion of Foreclosure Proceeds attributable to Delinquent Penalties and Interest (as identified to the Trustee in writing) shall be deposited to the Delinquency and Prepayment Reserve Account of the Reserve Fund until the Delinquency and Prepayment Reserve Requirement is met and then to the Administrative Fund.

(g) After satisfaction of the requirements to (i) provide for the payment of the principal and interest on the Bonds and (ii) to fund any deficiency that may exist in the Reserve Fund (including the funding of the Delinquency and Prepayment Reserve Account), the City may direct the Trustee by City Certificate to apply Improvement Area #2 Assessments for any lawful purposes permitted by the PID Act for which Improvement Area #2 Assessments may be paid.

(h) Improvement Area #2 Assessments representing Delinquent Penalties and Interest (as identified to the Trustee in writing) shall be deposited first to the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Account Reserve Requirement is met and then to the Administrative Fund.

(i) Any Improvement Area #2 Assessments remaining after satisfying the foregoing payments may be used for any lawful purpose for which Improvement Area #2 Assessments may be used under the PID Act and such payments shall be applied in accordance with written direction from a City Representative to the Trustee.

Section 6.4 Bond Fund.

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

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

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

<u>Date</u>	<u>Amount</u>
September 15, 2024	

(d) 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 shall be transferred, at the direction of the City, to (i) the applicable subaccount of the Improvement Area #2 Improvement Account of the Project Fund, or (ii) 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 Improvement Area #2 Improvement Account, and Costs of Issuance Account shall be used for the purposes specified in Section 3.1 hereof.

(b) Disbursements from the Costs of Issuance Account shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to one or more City Certificates.

(c) Except as otherwise provided herein, money on deposit in the Improvement Area #2 Improvement Account, shall be used solely to pay the costs of the Improvement Area #2 Projects. Upon receipt of a reviewed and approved Certificate for Payment for any Improvement Area #2 Costs, the Trustee shall make payment from the Improvement Area #2 Improvement Account. Except as provided in Sections 6.5(d), 6.5(f), 6.5(h) and 6.5(i), money on deposit in the Improvement Area #2 Improvement Account shall be used solely to pay the Improvement Area #2 Costs as set forth in the applicable Certificate for Payment.

(d) Funds on deposit in the Improvement Area #2 Improvement Account in the amount of \$1,235,000 shall be retained in the Project Fund and shall not be expended or used to pay the costs of the Improvement Area #2 Projects pursuant to a reviewed and approved Certificate for Payment until all of the following have occurred, as certified by the Developer to the City and the Trustee:

(1) All of the Improvement Area #2 Projects have been constructed or installed and accepted by the City, to the extent applicable;

(2) All of the lots in Improvement Area #2 which, on the Closing Date, are not subject to a lot purchase contract, are either under contract with a third-party builder or are lots on which the Developer is building or expects to build homes; and

(3) 12 single-family homes have been fully constructed within Improvement Area #2.

(e) If the amount retained pursuant to (d) above have not been released from the project Fund on or before September 15, 2027, any amounts remaining in the Project Fund may be transferred to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.4 herein.

(f) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Improvement Area #2 Improvement Account are not expected to be expended for purposes thereof due to the abandonment, or constructive abandonment, of the Improvement Area #2 Projects, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Area #2 Improvement Account will ever be expended for the purposes thereof, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Improvement Area #2 Improvement Account that are not expected to be used for purposes thereof. If such City Certificate is so filed, the amounts identified on the City Certificate currently on deposit in the Improvement Area #2 Improvement Account shall be transferred to the Redemption Fund to redeem Bonds on the earliest practicable date after notice of redemption has been provided in accordance with this Indenture.

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

(h) Upon the filing of a City Certificate stating that all Improvement Area #2 Projects have been completed and that all Improvement Area #2 Costs have been paid, or that any such costs are not required to be paid from the Improvement Area #2 Improvement Account pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining within the Improvement Area #2 Improvement Account to the Principal and Interest Account or to the Redemption Fund as directed by the City Representative in a City Certificate filed with the Trustee and shall close the Improvement Area #2 Improvement Account of the Project Fund.

(i) Upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to 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) Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds as provided in Article 4.

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

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

Section 6.7 Bond Reserve Account.

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

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

(c) Whenever, on any Interest Payment Date, or on any other date at the request of a City Representative, the amount in the Bond Reserve Account exceeds the Bond Reserve Account Requirement, the Trustee shall provide written notice to the City Representative and the Administrator of the amount of the excess. Upon receipt of a City Certificate, the Trustee shall transfer such excess to (i) the Principal and Interest Account, (ii) the Redemption Fund or (iii) the Administrative Fund (in compliance with Section 6.13(d) herein), as set forth in the City Certificate. The excess amounts transferred from the Bond Reserve Account to the Administrative Fund will be presumed to have been transferred, first, from sources other than Bond proceeds (including investment earnings on such proceeds) and, second, from amounts that are Bond proceeds (including investment earnings on such proceeds).

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

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

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

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

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

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

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

Section 6.8 Delinquency and Prepayment Reserve Account.

(a) In addition to the initial deposit to the Delinquency and Prepayment Reserve Account pursuant to Section 6.2, Additional Interest shall be deposited to the Delinquency and Prepayment Reserve Account pursuant to Section 6.3 herein until such time that the amount on deposit in the Delinquency and Prepayment Reserve Account is at least equal to the Delinquency and Prepayment Reserve Requirement. Whenever, at the written request of the City Representative, on any Interest Payment Date or on any other date, the amount in the Delinquency and Prepayment Reserve Account exceeds the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess. The City shall direct the Trustee in writing to transfer the amounts of such excess in the Delinquency and Prepayment Reserve Account to (i) the Bond Reserve Account to restore any deficiency in the Bond Reserve Account up to the Bond Reserve Account Requirement, (ii) the Administrative Fund for payment of Annual Collection Costs (in compliance with Section 6.13(d) herein), or (iii) to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.3. The excess amounts transferred from the Delinquency and Prepayment Reserve Account of the Reserve Fund to the Administrative Fund will be presumed to have been transferred, first, from sources other than Bond proceeds (including investment earnings on such proceeds) and, second, from amounts that are Bond proceeds (including investment earnings on such proceeds). In the event that the Trustee does not receive a City Certificate directing the transfer of the excess Delinquency and Prepayment Reserve funds within forty-five (45) days of providing notice to the City of such excess Delinquency and Prepayment Reserve amount, the Trustee shall transfer the excess Delinquency and Prepayment Reserve amount to the Redemption Fund and provide the City with written notification of the transfer. The Trustee shall incur no liability for the accuracy or validity of the transfer if compliant with this section.

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

Section 6.9 Rebate Fund.

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

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

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

(d) If, after the payment to the federal government of any amounts required to be paid in compliance with section 8.6, the amount on deposit in the Rebate Fund exceeds the amount required to be rebated to the federal government, the City may direct the Trustee, pursuant to a City Certificate, to transfer the amount in excess of the amount required to be rebated to the federal government to the Bond Fund.

Section 6.10 Administrative Fund.

(a) The City shall deposit or cause to be deposited to the Administrative Fund the amounts collected each year to pay Annual Collection Costs and Delinquent Collection Costs. The City or the Administrator, on behalf of the City, shall direct the Trustee pursuant to the City Certificate with respect to the portions of the Improvement Area #2 Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs to be deposited pursuant to this section.

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

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

Section 6.11 Investment of Funds.

(a) Money in any Fund established pursuant to this Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) Business Days in advance of the making of such investment in time deposits, other bank deposit products, or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act Chapter 2256 Texas Government Code, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times set forth in this Indenture. Such investments shall be valued each year in terms of current market value as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds may be invested in common investments of the kind described above, or in a common pool of such investments which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund are held by or on behalf of each such Fund. If necessary, such investments shall be promptly sold to prevent any default. In the absence of investment instructions from the City, the Trustee shall hold monies held by it uninvested and shall have no obligation to invest or reinvest such monies.

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

(c) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment and may receive compensation in connection with any investment if authorized by the City Representative in writing. The Trustee shall not incur any liability for losses arising from any investments made pursuant to this Section. The Trustee shall not be required to determine the suitability or legality of any investments and may conclusively rely on the City's written instructions as to the directed investments. The parties acknowledge that the Trustee is not providing investment supervision, recommendations, or advice.

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

(e) The Trustee will furnish the City, upon the City's written request, periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder. Upon the City's election, such statements will be delivered via the Trustee's online service and, upon electing such service, paper statements will be provided only upon request. The Trustee is not required to provide brokerage confirmations unless the Trustee receives a written request from the City. No monthly cash transaction statement need be furnished if no activity occurred during such month.

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

Section 6.12 Investment Income.

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

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

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

Section 6.13 Security of Funds.

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

ARTICLE 7

COVENANTS

Section 7.1 Confirmation of Improvement Area #2 Assessments.

The City hereby confirms, covenants, and agrees that, in the Assessment Ordinance, it has levied the Improvement Area #2 Assessments against each Improvement Area #2 Assessed Property from which the Pledged Revenues will be collected and received.

Section 7.2 Collection and Enforcement of Improvement Area #2 Assessments.

(a) For so long as any Bonds are Outstanding, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Improvement Area #2 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 Improvement Area #2 Assessments.

(b) The City will determine or cause to be determined, no later than April 1 of each year, whether or not any Improvement Area #2 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 Improvement Area #2 Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Improvement Area #2 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 Improvement Area #2 Assessment or the corresponding Improvement Area #2 Assessed Property.

Section 7.3 Against Encumbrances.

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

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

Section 7.4 Records, Accounts, Accounting Reports.

The City hereby covenants and agrees that so long as any of the Bonds or Outstanding Bonds or any interest thereon remain outstanding and unpaid and the obligation to the Developer to reimburse it for funds it has contributed to pay Improvement Area #2 Costs remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Improvement Area #2 Assessments. The Trustee and holder or holders of any Bonds or any duly authorized agent or agents of such holders shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds during the City's regular business hours and on a mutually agreeable date not later than thirty (30) days after the City receives such request.

ARTICLE 8

FEDERAL INCOME TAX MATTERS

Section 8.1 General.

The City covenants not to take any action or omit to take any action that, if taken or omitted, would cause the interest the Bonds to be includable in gross income for federal income tax purposes. In furtherance thereof, the City covenants to comply with sections 103 and 141 through 150 of the Code and the provisions set forth in the Tax Certificate.

Section 8.2 No Private Activity Bonds.

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

Section 8.3 No Federal Guarantee.

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

Section 8.4 No Hedge Bonds.

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

Section 8.5 No-Arbitrage Bonds.

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

Section 8.6 Required Rebate.

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

Section 8.7 Information Reporting.

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

Section 8.8 Record Retention.

The City covenants to retain all material records relating to the expenditure of the proceeds (including investment income) of the Bonds and the use of the property financed, directly or indirectly, thereby until three years after the last Bond is redeemed or paid at maturity (or such

other period as provided by subsequent guidance issued by the Department of the Treasury) in a manner that ensures their complete access throughout such retention period.

Section 8.9 Registration.

The Bonds will be issued in registered form.

Section 8.10 Favorable Opinion of Bond Counsel.

Notwithstanding the foregoing, the City will not be required to comply with any of the federal tax covenants set forth above if the City has received an opinion of Bond Counsel that noncompliance with such covenant will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes.

Section 8.11 Continuing Obligation.

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

ARTICLE 9

LIABILITY OF CITY

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

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

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

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

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

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

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

ARTICLE 10

THE TRUSTEE

Section 10.1 Trustee as Registrar and Paying Agent.

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

Section 10.2 Trustee Entitled to Indemnity.

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

Section 10.3 Responsibilities of the Trustee.

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

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

(1) the Trustee undertakes to perform only those duties and obligations which are set forth specifically 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

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

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

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

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

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

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

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

(5) This subparagraph shall not be construed to affect Trustee's immunities and protections from liability and its right to indemnification as otherwise provided for in this Indenture.

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

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

others in accordance with this Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; (iv) any calculation of arbitrage or rebate under the Code, or (v) to undertake any other action unless specifically authorized pursuant to a written direction provided by the City or pursuant to this Indenture.

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

(f) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct. In no event shall the Trustee be responsible or liable for incidental, indirect, punitive, special or consequential losses or damages in connection with or arising from this Indenture for the existence, furnishing or use of the Improvement Area #2 Projects irrespective of whether the Trustee has been advised of the likelihood of such losses or damages and regardless of the form of action.

(g) The Trustee shall have no responsibility or liability for any action taken, or errors in judgment made in good faith by it or any of its officers, agents or employees unless it shall have been negligent in employing such agent or in ascertaining the pertinent facts.

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

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

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

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

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

(4) insurance of the Improvement Area #2 Projects or collection of insurance money,

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

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

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

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

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

(m) 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.

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

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

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

(q) 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.

(r) 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.

(s) 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.

(t) The Trustee shall not be responsible or liable for the environmental condition or any contamination of the Improvement Area #2 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 #2 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.

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

(v) In the event that any of the Trust Estate shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting such assets, the Trustee is hereby expressly authorized, in its sole discretion, to respond as it deems appropriate or to comply with all writs, orders or decrees so entered or issued, or which it is advised by legal counsel of its own choosing 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.

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

or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility on the date a transfer of funds is required.

Section 10.4 Property Held in Trust.

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

Section 10.5 Trustee Protected in Relying on Certain Documents.

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

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

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

Section 10.6 Compensation.

From time to time, the Trustee shall determine and the Trustee shall provide the City Representative with an invoice setting forth the reasonable compensation for all services rendered by it hereunder, including its services as Paying Agent/Registrar, together with all its reasonable expenses, charges, and other disbursements and those of its counsel, agents and employees,

incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by a specific agreement, if any, and the Trustee shall have a lien therefor on any and all funds at any time held by it hereunder prior to any Bonds Outstanding. Unless written objection is made invoice received by the City within ten (10) days of its delivery to the City, the Trustee shall transfer from the Administrative Fund the amount set forth thereon. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it. If the City shall fail to make any payment required by this Section, the Trustee may make such payment from lawfully available funds under the Indenture (other than funds designated by the City for arbitrage rebate purposes) in its possession under the provisions of this Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

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

Section 10.7 Permitted Acts.

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

Section 10.8 Resignation of Trustee.

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

Section 9.10 or the appointment of a successor trustee by a court of competent jurisdiction pursuant to Section 9.10 hereof and the acceptance of such appointment by such successor.

Section 10.9 Removal of Trustee.

The Trustee may be removed at any time upon at least thirty (30) days prior written notice by (i) the Owners of at least a majority of the aggregate outstanding principal of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or by their attorneys-in-fact, duly authorized and delivered to the City, or (ii) so long as the City is not in default under this Indenture, the City. Copies of each such instrument shall be delivered by the City to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the City or the Owners of not less than 10% of the aggregate outstanding principal of the Bonds.

Section 10.10 Successor Trustee.

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

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

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

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

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

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

Section 10.11 Transfer of Rights and Property to Successor Trustee.

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

Section 10.12 Merger, Conversion or Consolidation of Trustee.

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

Section 10.13 Trustee to File Continuation Statements.

If necessary, the Trustee shall file or cause to be filed, such continuation statements as are delivered to the Trustee by the City, or on behalf of the City, and which may be required by the

Texas Uniform Commercial Code, as from time to time in effect (the “UCC”), in order to continue perfection of the security interest of the Trustee in such items of tangible or intangible personal property and any fixtures as may have been granted to the Trustee pursuant to this Indenture in the time, place and manner required by the UCC. The Trustee shall only be responsible for making such filings upon written direction from the City.

Section 10.14 Accounts, Periodic Reports and Certificates.

The Trustee shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Funds and Accounts established by this Indenture and which shall at all times be subject to inspection by the City, and the Owner or Owners of not less than 10% in aggregate outstanding principal amount of any Bonds then Outstanding or their representatives duly authorized in writing.

Section 10.15 Construction of Indenture.

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

ARTICLE 11

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 11.1 Amendments Permitted.

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

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

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

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

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

(4) to make such additions, deletions or modifications as may be necessary or desirable to assure of the excludability of interest on the Bonds for federal income tax purposes.

Section 11.2 Owners' Meetings.

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

Section 11.3 Procedure for Amendment with Written Consent of Owners.

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

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

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 11.3 to be filed with the Trustee, shall be proof of the matters therein stated until

the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds at the expiration of ninety (90) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such ninety-day period.

Section 11.4 Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article 10, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, and obligations under this Indenture of the City, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 11.5 Endorsement or Replacement of Bonds Issued After Amendments.

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

Section 11.6 Amendatory Endorsement of Bonds.

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

Section 11.7 Execution of Supplemental Indenture.

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

ARTICLE 12

DEFAULT AND REMEDIES

Section 12.1 Events of Default.

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

- (1) The failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;
- (2) The failure of the City to enforce the collection of the Improvement Area #2 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 thirty (30) days; and
- (4) Default in the performance or observance of any covenant, agreement or obligation of the City under this Indenture and the continuation thereof for a period of ninety (90) days after written notice to the City by the Trustee, or by the Owners of at least 25% of the aggregate outstanding principal of the Bonds with a copy to the Trustee, specifying such default by the Owners of at least 25% of the aggregate outstanding principal amount of the Bonds at the time Outstanding requesting that the failure be remedied.

Section 12.2 Immediate Remedies for Default.

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

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

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

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

(d) Whenever moneys are to be applied pursuant to this Article 12, irrespective of and whether other remedies authorized under this Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or places, and at such time or times and upon such notice and terms, as the Trustee may deem appropriate, and as may be required by Applicable Laws and apply the proceeds thereof in accordance with the provisions of this Section. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or proper for the purpose which may be designated in such request.

Section 12.3 Restriction on Owner's Action.

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

(b) Subject to Article 9, nothing in this Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond issued hereunder to

the respective Owners thereof at the time and place, from the source and in the manner expressed herein and in the Bonds.

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

Section 12.4 Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 12.2 hereof, 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 registered owners entitled thereto all installments of interest then due in the direct order of maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the registered owners entitled thereto, without any discrimination or preference; and

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

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

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

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

Section 12.5 Effect of Waiver.

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

Section 12.6 Evidence of Ownership of Bonds.

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

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

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

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

Section 12.7 Waiver of Default.

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

Section 12.8 No Acceleration.

In the event of the occurrence of an Event of Default under Section 12.1 hereof, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Indenture is expressly denied.

Section 12.9 Mailing of Notice.

Any provision in this Article for the mailing of a notice or other document to Owners shall be fully complied with if it is mailed, first class postage prepaid, only to each Owner at the address appearing upon the Register.

Section 12.10 Exclusion of Bonds.

Bonds owned or held by or for the account of the City will not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Indenture, and the City shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Indenture.

ARTICLE 13

GENERAL COVENANTS AND REPRESENTATIONS

Section 13.1 Representations as to Pledged Revenues.

(a) The City represents and warrants that Applicable Laws authorize the City to issue the Bonds, to execute and deliver this Indenture and to pledge the Pledged Revenues in the manner and to the extent provided in this Indenture, and that the Pledged Revenues are and will be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

(b) The City shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Pledged Revenues and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) Subject to available funds, the City will take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Improvement Area #2 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 Improvement Area #2 Annual Installments shall be sent by, or on behalf of the City and to the extent reasonably practical, to the affected property owners on the same statement or such other mechanism that is used by the City, so that such Improvement Area #2 Annual Installments are collected simultaneously with ad valorem taxes and shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies as are provided for ad valorem taxes of the City. Notwithstanding the foregoing, if the City is unable in every year to send notice of the Improvement Area #2 Annual Installment

on the same statement as ad valorem taxes, the City shall send or shall cause to be sent, a separate notice of the Improvement Area #2 Annual Installment in a timely fashion such that the Improvement Area #2 Annual Installment can be collected in the same time frame as ad valorem taxes.

Section 13.2 General.

The City shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the City under the provisions of this Indenture.

ARTICLE 14

SPECIAL COVENANTS

Section 14.1 Further Assurances; Due Performance.

(a) At any and all times the City will duly execute, acknowledge and deliver, or will cause to be done, executed and delivered, all and every such further acts, conveyances, transfers, and assurances in a manner as the Trustee shall reasonably require for better conveying, transferring, pledging, and confirming unto the Trustee, all and singular, the revenues, Funds, Accounts and properties constituting the Pledged Revenues, and the Trust Estate hereby transferred and pledged, or intended so to be transferred and pledged.

(b) The City will duly and punctually keep, observe and perform each and every term, covenant and condition on its part to be kept, observed and performed, contained in this Indenture.

Section 14.2 Additional Obligations; Other Obligations or Other Liens.

(a) The City reserves the right, subject to the provisions contained in this Section 14.2, to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from Pledged Revenues.

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

(c) Other than Refunding Bonds issued to refund all or a portion of the Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will not do or omit to do or suffer to be or omitted to be done any matter or things whatsoever whereby the lien of this Indenture or the priority hereof might or could be lost or impaired; and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with this Indenture as a lien or charge upon the Pledged Revenues or Pledged Funds and Accounts; provided, however, that nothing in this Section shall require the City to apply, discharge, or make provision for any such lien, charge, claim, or demand so long as

the validity thereof shall be contested by it in good faith, unless thereby, in the opinion of Bond Counsel or counsel to the Trustee, the same would adversely affect the ability of the City to timely pay the debt service due and owing on the Bonds.

Section 14.3 Books of Record.

(a) The City shall cause to be kept full and proper books of record and accounts, in which full, true and proper entries will be made of all dealing, business and affairs of the City, which relate to the Pledged Revenues, the Pledged Funds and Accounts, and the Bonds.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 14.3 except to receive and retain same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture. Specifically, but without limitation, the Trustee shall have no duty to review such information, is not considered to have notice of the contents of such information or a default based on such contents, and has no duty to verify the accuracy of such information.

ARTICLE 15

PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE

Section 15.1 Trust Irrevocable.

The trust created by the terms and provisions of this Indenture is irrevocable until the Bonds secured hereby are fully paid or provision is made for their payment as provided in this Article 14.

Section 15.2 Satisfaction of Indenture.

If the City shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the Bonds, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the City to the Owners of such Bonds, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have evidencing that principal of and interest on all of the Bonds has been paid so that the City may determine if the Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the Funds and Accounts held hereunder to the Person entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the City.

Section 15.3 Bonds Deemed Paid.

All Outstanding Bonds shall prior to the Stated Maturity or redemption date thereof be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Bonds are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided herein, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of

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

ARTICLE 16

MISCELLANEOUS

Section 16.1 Benefits of Indenture Limited to Parties.

Nothing in this Indenture, expressed or implied, is intended to give to any Person other than the City, the Trustee and the Owners, any right, remedy, or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Trustee. This Indenture and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written.

Section 16.2 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 16.3 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 16.4 Waiver of Personal Liability.

No member of the City Council of the City, or any officer, agent, or employee of the City, shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the 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 16.5 Notices to and Demands on City and Trustee.

(a) Except as otherwise expressly provided in this Indenture, all notices or other instruments required or permitted under this Indenture, including any City Certificate or Certificate for payment shall be in writing and shall be delivered by hand, mailed by first class mail, postage prepaid, or transmitted by facsimile or e-mail and addressed as follows:

If to the City:

City of Tomball, Texas
401 Market St.
Tomball, Texas 77375
Attn: City Manager

With a copy to:

And:

Bracewell LLP
Attn: Julie Partain
1445 Ross Ave.
Suite 3800
Dallas, Texas 75202
Email: julie.partain@bracewell.com
(214) 758-1606

If to the Trustee, also acting in the capacity of
Paying Agent/Registrar:

Wilmington Trust, National Association
Attention: Parker Merritt
15950 North Dallas Parkway, Suite 200
Dallas, TX 75248
(714)384-4174
pmerritt@wilmingtontrust.com

Any such notice, demand, or request may also be transmitted to the appropriate party by telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change. Notices and consents given by mail in accordance with this Section shall be deemed to have been given five (5) Business Days after the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

(b) The Trustee shall mail to each Owner of a Bond notice of (i) any substitution of the Trustee; or (ii) the redemption or defeasance of all Bonds Outstanding.

(c) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to the Indenture and delivered using Electronic Means ("Electronic Means" means the following communications methods: email, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized

Officers transmit such Instructions to the Trustee and the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 16.6 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 16.7 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. The parties hereby (i) irrevocably submit to the exclusive jurisdiction of any federal or state court sitting in 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.

Section 16.8 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 16.9 Counterparts.

This Indenture may be executed in counterparts, each of which shall be deemed an original.

Section 16.10 Statutory Verifications. The Trustee 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 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.

Section 16.11 Form 1295 Exemption. The Trustee represents that it is a wholly owned subsidiary of M&T Bank Corporation, a publicly traded business entity, and therefore this Indenture is exempt from Section 2252.908, Texas Government Code, as amended.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the City and the Trustee have caused this Indenture of Trust to be executed all as of the date hereof.

CITY OF TOMBALL, TEXAS

By: _____
Mayor

ATTEST:

City Secretary

[CITY SEAL]

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.

THE TRANSFER OF THIS BOND IS SUBJECT TO THE TERMS AND RESTRICTIONS DESCRIBED HEREIN.

REGISTERED
No. _____

REGISTERED
\$ _____

United States of America
State of Texas

CITY OF TOMBALL, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(WOOD LEAF RESERVE PUBLIC IMPROVEMENT
DISTRICT IMPROVEMENT AREA #2 PROJECT)

<u>INTEREST RATE</u> _____%	<u>MATURITY DATE</u> September 15, ____	<u>DATE OF DELIVERY</u> _____	<u>CUSIP NUMBER</u> _____
--------------------------------	--	----------------------------------	------------------------------

The City of Tomball, Texas (the “City”), for value received, hereby promises to pay, solely from the Trust Estate, to

or registered assigns, on the Maturity Date, as specified above, the sum of

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually commencing on September 15, 2024, and on each March 15 and September 15 thereafter until maturity or prior redemption.

Capitalized terms appearing herein that are defined terms in the Indenture defined below, have the meanings assigned to them in the Indenture. Reference is made to the Indenture for such definitions and for all other purposes.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas (the “Designated Payment/Transfer Office”), of Wilmington Trust, National Association, a national banking association, as trustee and paying agent/registrar (the “Trustee,” which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall be the Person in whose name this Bond is registered at the close of business on the “Record Date,” which shall be the last calendar day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for thirty (30) days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the “Special Payment Date,” which shall be 15 days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the “Bonds”), dated July 1, 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 July 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 Improvement Area #2 Costs, (ii) funding a debt service reserve fund for payment of principal and interest on the Bonds, (iii) funding a portion of the Delinquency and Prepayment Reserve Account, (iv) paying capitalized interest on the Bonds, and (v) paying the costs of 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 denominations of \$25,000, or any integral multiple of \$1,000 in excess thereof ("Authorized Denominations"), subject to the partial redemption provisions of the Indenture authorizing redemptions of less than \$25,000 in denominations of \$1,000 and any multiple of \$1,000 in excess thereof.

The Bonds are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a Redemption Price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article 6 of the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

\$_____ Term Bonds maturing September 15, 20__

Redemption Date	Sinking Fund Installment Amount
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__ *	

*maturity

\$_____ Term Bonds maturing September 15, 20__

Redemption Date	Sinking Fund Installment Amount
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__ *	

*maturity

\$_____ Term Bonds maturing September 15, 20__

Redemption Date	Sinking Fund Installment Amount
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__ *	

*maturity

At least forty-five (45) days prior to each sinking fund redemption date, the Trustee shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Bonds of such maturity equal to the Sinking Fund Installments of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in the Indenture.

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

The City reserves the right and option to redeem Bonds maturing on or after September 15, 20__ before their scheduled maturity dates, in whole or in part, on any date, on or after September 15, 20__, such redemption date or dates to be fixed by the City, at a price of par plus accrued and unpaid interest to the date of redemption:

Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on any Business Day, at a Redemption Price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption from amounts on deposit in the Redemption Fund as a result of Prepayments, other transfers to the Redemption Fund pursuant to the Indenture, or any other transfers to the Redemption Fund permitted in the Indenture.

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

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

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the City and the rights of the holders of the Bonds under the Indenture at any time Outstanding affected by such modification. The Indenture also contains provisions permitting the holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the holders of all the Bonds, to waive compliance by the City with certain past defaults under the Bond Ordinance or the Indenture and their consequences. Any such consent or waiver by the holder of this Bond or any predecessor Bond evidencing the same debt shall be conclusive and binding upon such holder and upon all future holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

As provided in the Indenture, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer, and upon delivery to the Trustee of such certifications and/or opinion of counsel as may be required under the Indenture for the transfer of this Bond. Upon satisfaction of such

requirements, one or more new fully registered Bonds of the same Stated Maturity, of Authorized Denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the City nor the Trustee shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within forty-five (45) calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

The City, the Trustee, and any other Person may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the Person in whose name this Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the City nor the Trustee shall be affected by notice to the contrary.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF TOMBALL, TEXAS; HARRIS COUNTY, TEXAS; THE STATE OF TEXAS; OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the City, including the Bonds, does not exceed any Constitutional or statutory limitation.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be executed under the official seal of the City.

City Secretary, City of Tomball, Texas

Mayor, City of Tomball, Texas

[City Seal]

(b) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on each Initial Bond:

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS § REGISTER NO. _____
THE STATE OF TEXAS §

I HEREBY CERTIFY THAT there is on file and of record in my office an opinion to the effect that the Attorney General of the State of Texas has approved this Bond, and that this Bond has been registered this day by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____.

Comptroller of Public Accounts of the
State of Texas

[SEAL]

(c) Form of Certificate of Trustee.

CERTIFICATE OF TRUSTEE

It is hereby certified that this is one of the Bonds of the series of Bonds referred to in the within mentioned Indenture.

Wilmington Trust, National Association, as
Trustee

By: _____
Authorized Signatory

DATED: _____

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and Zip Code of transferee): _____

(Social Security or other identifying number: _____) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed By:

Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Trustee.

(e) The Initial Bond shall be in the form set forth in paragraphs (a), (b) and (d) of this section, except for the following alterations:

(i) immediately under the name of the Bond the heading “INTEREST RATE” and “MATURITY DATE” shall both be completed with the expression “As Shown Below,” and the reference to the “CUSIP NUMBER” shall be deleted;

(ii) in the first paragraph of the Bond, the words “on the Maturity Date specified above” shall be deleted and the following will be inserted: “on September 15 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rates”</u>
--------------	-------------------------------	------------------------

b. (Information to be inserted from Section 3.2(c) hereof); and

(iii) the Initial Bond shall be numbered T-1.

EXHIBIT B

FORM OF PAYMENT CERTIFICATE

PAYMENT CERTIFICATE NO. ____

Reference is made to that certain Indenture of Trust by and between the City and the Trustee dated as of July 1, 2024 (the “Indenture”) relating to the “City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2024 (Wood Leaf Reserve Public Improvement District Improvement Area #2 Project)” (the “Bonds”). Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Indenture.

The undersigned is an agent for Chesmar Homes, LLC a Texas limited liability company (the “Developer”) and requests payment to the Developer (or to the person designated by the Developer) from:

_____ the Improvement Area #2 Improvement Account of the Project Fund from _____, (the “Trustee”), in the amount of _____ (\$_____) for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Improvement Area #2 Projects providing a special benefit to property within Improvement Area #2 of the Wood Leaf Reserve Public Improvement District.

In connection with the above referenced payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certificate for Payment Form on behalf of the Developer and is knowledgeable as to the matters set forth herein.
2. The itemized payment requested for the below referenced Improvement Area #2 Projects 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 #2 Projects below is a true and accurate representation of the Improvement Area #2 Projects associated with the creation, acquisition, or construction of said Improvement Area #2 Projects and such costs (i) are in compliance with the Development Agreement, and (ii) are consistent with and within the cost identified for such Improvement Area #2 Projects as set forth in the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Development Agreement, the Indenture, and the Service and Assessment Plan.
5. The Developer has timely paid all ad valorem taxes and Improvement Area #2 Annual Installments of Improvement Area #2 Assessments it owes or an entity the Developer controls owes, located in the Wood Leaf Reserve Public Improvement District and has no outstanding delinquencies for such Improvement Area #2 Assessments.

6. All conditions set forth in the Indenture and the Development Agreement for the payment hereby requested have been satisfied.

7. The work with respect to Improvement Area #2 Projects referenced below (or its completed segment) has been completed, and the City has inspected such Improvement Area #2 Projects.

8. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

9. The amount of this request when combined with all previous Certificates for Payment submitted by the Developer, [check one] (i) _____ does not exceed an amount that would leave \$_____ remaining in the Improvement Area #2 Improvement Account of the Project Fund or (ii) _____ the Developer hereby certifies the following:

(1) All of the Improvement Area #2 Projects have been construction or installed and accepted by the City;

(2) All of the 6__ lots in Improvement Area #2 on which the Developer does not, on the Closing Date, expect to build single-family homes are either under contract with a third-party builder or are lots on which the Developer is building or expects to build homes; and

(3) __ single family homes have been constructed within Improvement Area #2.

Payments requested are as follows:

Payee / Description of Improvement Area #2 Projects	Total Cost of Improvement Area #2 Projects	Budgeted Cost of Improvement Area #2 Projects	Amount requested be paid from the Improvement Area #2 Improvement Account

Attached hereto are receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments. Also attached hereto are "bills paid" affidavits and supporting documentation in the standard form for City construction projects.

Pursuant to the Development Agreement, after receiving this payment request, the City has inspected the Improvement Area #2 Projects (or completed segment) and confirmed that said work

has been completed in accordance with approved plans and all applicable governmental laws, rules, and regulations.

Payments requested hereunder shall be made as directed below:

- a. X amount to Person or Account Y for Z goods or services.
- b. Payment instructions

I hereby declare that the above representations and warranties are true and correct.

**Chesmar Homes, LLC a Texas limited
liability company**

By: _____

Name: _____

Title: _____

APPROVAL OF REQUEST

The City is in receipt of the attached Certificate for Payment, acknowledges the Certificate for Payment, and finds the Certificate for Payment to be in order. After reviewing the Certificate for Payment, the City approves the Certificate for Payment and authorizes and directs payment of the amounts set forth below by Trustee from the Project Fund to the Developer or other person designated by the Developer as listed and directed on such Certificate for Payment. The City's approval of the Certificate for Payment shall not have the effect of estopping or preventing the City from asserting claims under the Development Agreement, the Indenture, the Service and Assessment Plan, or any other agreement between the parties or that there is a defect in the Improvement Area #2 Projects.

Amount of Payment Certificate Request	Amount to be Paid by Trustee from Improvement Area #2 Improvement Account
\$ _____	\$ _____

CITY OF TOMBALL, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

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APPENDIX C

FORM OF SERVICE AND ASSESSMENT PLAN

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Wood Leaf Reserve Public Improvement District

2024 AMENDED & RESTATED SERVICE AND ASSESSMENT PLAN

JULY 1, 2024, VERSION 1



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INTRODUCTION

Capitalized terms used in this Service and Assessment Plan shall have the meanings given to them in **Section I** unless otherwise defined in this 2024 Amended and Restated Service and Assessment Plan or unless the context in which a term is used clearly requires a different meaning. Unless otherwise defined, a reference to a “Section” or an “Exhibit” shall be a reference to a Section of this 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 January 18, 2021, the City passed and approved Resolution No. 2021-04 authorizing the creation of the District in accordance with the PID Act, as amended, which authorization was effective upon publication as required by the PID Act.

On September 19, 2022, the City Council approved the 2022 Service and Assessment Plan for the District by adopting the 2022 Assessment Ordinance, which approved the levy of Assessments on Assessed Property within Improvement Area #1 of the District and approved the Improvement Area #1 Assessment Roll.

On August 7, 2023, the City Council approved the 2023 Service and Assessment Plan Update for the District by adopting the 2023 Assessment Ordinance, which approved the levy of Assessments on Assessed Property within Improvement Area #1 of the District and approved the Improvement Area #1 Assessment Roll.

The purpose of the District is to finance the Actual Costs of the Authorized Improvements for the benefit of property within the District. The District contains approximately 90.54 acres, which at the time of the initial assessment levy will be within the corporate limits of the City, as described legally by metes and bounds on **Exhibit K-1** and as depicted by the map on **Exhibit A-1**.

The PID Act requires a Service Plan covering a period of at least five years and defining the annual indebtedness and projected cost of the Authorized Improvements and including 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**.

The PID Act requires that the Service Plan include an assessment plan that assesses the Actual Costs of the Authorized Improvements against Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements. The Assessment Plan is contained in **Section V**.

The PID Act requires an Assessment Roll that states the Assessment against each Parcel determined by the method chosen by the City. The Assessment against each Assessed Property

must be sufficient to pay the share of the Actual Costs apportioned to the Assessed Property and cannot exceed the special benefit conferred on the Assessed Property by the Authorized Improvements. The updated Improvement Area #1 Assessment Roll is contained in **Exhibit F-1**. The Improvement Area #2 Assessment Roll is contained in **Exhibit G-1**.

SECTION I: DEFINITIONS

“2022 Assessment Ordinance” means Ordinance No. 2022-31, approved and adopted by the City Council on September 19, 2022, which levied the Improvement Area #1 Assessment against Improvement Area #1.

“2022 Service and Assessment Plan” means the Wood Leaf Reserve Public Improvement District Service and Assessment Plan approved by City Council on September 19, 2022 by the 2022 Assessment Ordinance, as updated annually, and which is to be replaced in its entirety by this 2024 Amended and Restated Service and Assessment Plan.

“Actual Costs” mean, with respect to Authorized Improvements, the Developer’s demonstrated, reasonable, allocable, and allowable costs of constructing such Authorized Improvements, as specified in a payment request in a form that has been reviewed and approved by the City and in an amount not to exceed the amount for each Authorized Improvement as set forth in this Service and Assessment Plan, except for authorized reallocations, which include Cost Underruns (as defined in the Development Agreement) in any category of Authorized Improvements being reallocated to cover Cost Overruns (as defined in the Development Agreement) in any different category of Authorized Improvements as approved by the City. Actual Costs may include: (1) the costs incurred by, caused to be incurred by, or on behalf of the Developer (either directly or through affiliates) for the design, planning, administration/management, acquisition, installation, construction and/or implementation of such Authorized Improvements; (2) the fees paid for obtaining permits, licenses, or other governmental approvals for such Authorized Improvements; (3) construction management fees equal to 4% of cost of the Authorized Improvements; (4) the costs incurred by or on behalf of the Developer for external professional costs, such as engineering, geotechnical, surveying, land planning, architectural landscapers, appraisals, legal, accounting, and similar professional services; (5) all labor, bonds, and materials, including equipment and fixtures, by contractors, builders, and materialmen in connection with the acquisition, construction, or implementation of the Authorized Improvements; and (6) all related permitting and public approval expenses, architectural, engineering, and consulting fees, taxes, and governmental fees and charges.

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

“Additional Interest Rate” means an amount not to exceed 0.50% additional interest charged on Assessments pursuant to Section 372.018 of the PID Act.

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

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

“Annual Installment” means the annual installment payment on the Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest, as applicable.

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

“Apportionment of Costs” means an amount allocated by this Service and Assessment Plan to a Parcel within the District for future Authorized Improvement costs, other than Non-Benefitted Property and Non-Assessed Property, subject to a future levy of Assessments by the City 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 and does not include Non-Benefitted Parcels.

“Assessment” means an assessment (including interest thereon) levied against a Parcel within the District and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on an Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and the PID Act.

“Assessment Ordinance” means one or more ordinance(s), adopted by the City Council in accordance with the PID Act that levies an Assessment.

“Assessment Plan” means the methodology employed to assess the Actual Costs of the Authorized Improvements against the District based on the special benefits conferred on the District by the Authorized Improvements, more specifically described in **Section V**.

“Assessment Roll” means any assessment roll for the Assessed Property, including the Improvement Area #1 Assessment Roll and Improvement Area #2 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 the issuance of PID Bonds, or in any Annual Service Plan Update.

“Authorized Improvements” means improvements authorized by Section 372.003 of the PID Act, including Bond Issuance Costs, as described in **Section III**.

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

“City” means the City of Tomball, Texas.

“City Council” means the governing body of the City.

“County” means Harris County, Texas.

“Delinquent Collection Costs” mean costs related to the foreclosure of the lien on Assessed Property and the costs of collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under this 2024 Amended and Restated Service and Assessment Plan including penalties and reasonable attorney’s fees to the extent permitted by law, but excluding amounts representing interest and penalty interest.

“Developer” means Chesmar Homes, LLC, a Texas limited liability corporation and any successor developer of property in the District or any portion thereof.

“Development Agreement” means that certain Wood Leaf Reserve Development Agreement between the City and the Developer effective January 18, 2021, as may be amended.

“District” means the Wood Leaf Reserve Public Improvement District containing approximately 90.54 acres located within the City as shown on **Exhibit A-1** and more specifically described on **Exhibit K-1**.

“District Formation Expenses” means costs incurred in the formation of the District and the levy of Assessments including attorney fees, financial consultant fees, and other fees.

“Estimated Buildout Value” means the estimated buildout value of an Assessed Property 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**.

“Future Improvement Area” means the property within the District, excluding Improvement Area #1 and Improvement Area #2. Future Improvement Areas may be developed in phases after Improvement Area #1 and Improvement Area #2.

“Future Improvement Area Apportioned Property” means any Parcel within the Future Improvement Area against which a portion of the Actual Costs of the Major Improvements are Apportioned based on special conferred benefit, and against which an Assessment is expected to be levied, but not yet levied.

“Future Improvement Area Apportionment of Costs” means an Apportionment of Costs against a Parcel within the Future Improvement Area for the Future Improvement Area Projects, as shown on Exhibit B-2, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

“Future Improvement Area Assessed Property” means any and all Parcels within the Future Improvement Area other than Non-Benefited Property.

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

“Future Improvement Area Bonds” means bonds issued to fund Future Improvement Area Improvements (or a portion thereof) in a Future Improvement Area that are secured by Assessments levied on Assessed Property within such Future Improvement Area, if such bonds are issued.

“Future Improvement Area Improvements” means those certain Authorized Improvements which only benefit the Future Improvement Area Assessed Property within the applicable Future Improvement Area.

“Future Improvement Area Projects” means the Future Improvement Area Improvements and the Future Improvement Area’s allocable share of the Major Improvements.

“Improvement Area” means specifically defined and designated portions of the District that are developed in phases, including Improvement Area #1, Improvement Area #2 and each area within the Future Improvement Areas that is specifically defined and designated as a phase of the District.

“Improvement Area #1” means approximately 33.4418 acres located within the District, as described in **Exhibit A-2** and more specifically detailed on **Exhibit K-2**.

“Improvement Area #1 2022 Bonds” means those certain “City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2022 (Wood Leaf Reserve Public Improvement District Improvement Area #1)”, that are secured by Improvement Area #1 Assessments.

“Improvement Area #1 Annual Installment” means the annual installment payment on the Improvement Area #1 Assessment as calculated by the Administrator and approved by the City Council that includes: (1) principal, (2) interest, (3) Annual Collection Costs, and (4) Additional Interest, as applicable.

“Improvement Area #1 Assessed Property” means any Parcel within Improvement Area #1 against which an Improvement Area #1 Assessment is levied.

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

“Improvement Area #1 Assessment Roll” means the assessment roll for Improvement Area #1 Assessed Property included in this Service and Assessment Plan as **Exhibit F-1**.

“Improvement Area #1 Authorized Improvements” means the Improvement Area #1 Projects, District Formation Expenses, First Year Annual Collection Costs, and Bond Issuance Costs relating to the Improvement Area #1 Initial Bonds and Improvement Area #1 Additional Bonds, if such bonds are issued.

“Improvement Area #1 Improvements” means those certain Authorized Improvements that only benefit Improvement Area #1, as depicted on **Exhibit H-1**.

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

“Improvement Area #2” means the second area to be developed within the District as generally depicted on **Exhibit A-3**, and described on **Exhibit K-3**, consisting of approximately 18.02 acres.

“Improvement Area #2 Annual Installment” means the Annual Installment of the Improvement Area #2 Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs related to Improvement Area #2; and (4) Additional Interest related to the Improvement Area #2 Bonds, as shown on **Exhibit G-2**.

“Improvement Area #2 Assessed Property” means any Parcel within Improvement Area #2 against which an Improvement Area #2 Assessment is levied.

“Improvement Area #2 Assessment” means the Assessment levied against Improvement Area #2 Assessed Property and imposed pursuant to the 2024 Assessment Ordinance and the

provisions herein, as shown on the Improvement Area #2 Assessment Roll, subject to reallocation or reduction according to the provisions herein and in the PID Act.

“Improvement Area #2 Assessment Roll” means the Assessment Roll for the Improvement Area #2 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 Annual Service Plan Updates. The Improvement Area #2 Assessment Roll is included in this 2024 Amended and Restated Service and Assessment Plan as **Exhibit G-1**.

“Improvement Area #2 Bonds” means those certain “City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2024 (Wood Leaf Reserve Public Improvement District Improvement Area #2 Projects)”, that are secured by Improvement Area #2 Assessments.

“Improvement Area #2 Improvements” means the Authorized Improvements which only benefit the Improvement Area #2 Assessed Property as further described in **Section III.C** and depicted on **Exhibit H-3**.

“Improvement Area #2 Initial Parcel” means the all property located within Improvement Area #2, which is described on **Exhibit K-3**, and generally depicted on **Exhibit A-3**, against which the entire Improvement Area #2 Assessment is levied as shown on the Improvement Area #2 Assessment Roll attached hereto as **Exhibit G-1**.

“Improvement Area #2 Projects” means collectively, (1) the Improvement Area #2 Improvements; (2) Improvement Area #2’s share of the Major Improvements; and (3) Bond Issuance Costs incurred in connection with the issuance of Improvement Area #2 Bonds.

“Indenture” means one or more Indenture(s) of Trust entered into in connection with the issuance of PID Bonds, as amended from time to time, between the City and a Bond Trustee setting forth 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 and approved by the City Council. In the case of single-family residential Lots, the Lot Type shall be further defined by classifying the residential Lots by the Estimated Buildout Value

of the Lot as provided by the Developer, and confirmed by the City Council, as shown on **Exhibit E**.

“Lot Type 1” means a single family residential Lot within Improvement Area #1 marketed to homebuilders as a 40’ Lot and identified as such on the Improvement Area #1 Assessment Roll attached as **Exhibit F-1**.

“Lot Type 2” means a single family residential Lot within Improvement Area #1 marketed to homebuilders as a 50’ Lot and identified as such on the Improvement Area #1 Assessment Roll attached as **Exhibit F-1**.

“Lot Type 3” means a Lot within Improvement Area #2 marketed to homebuilders as a 40’ Lot, with an Estimated Buildout Value of \$361,300 as of the date of adoption of this 2024 Amended and Restated Service and Assessment Plan.

“Lot Type 4” means a Lot within Improvement Area #2 marketed to homebuilders as a 50’ Lot, with an Estimated Buildout Value of \$398,000 as of the date of adoption of this 2024 Amended and Restated Service and Assessment Plan.

“Major Improvements” means those Authorized Improvements described in **Section III.B** that benefit all areas within the District.

“Maximum Assessment” means, for each Lot Type, an Assessment equal to the lesser of (1) the amount calculated pursuant to **Section VI.A**, or (2) the amount shown on **Exhibit E**.

“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.

“Owner” means the person in whom is vested the ownership, dominion, or title of property.

“Parcel(s)” means a specific property within the District identified by either a tax map parcel identification number assigned by the Harris 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. This term is used in this 2024 Amended and Restated Service and Assessment Plan to collectively refer to: (1) the Improvement Area #1 Bonds, and (2) the Improvement Area #2 Bonds, including any bonds issued to refund these bonds.

“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.

“Reimbursement Agreement” means any reimbursement agreement between the City and the Developer pursuant to which the City agrees to levy Assessments on an Improvement Area and all or a portion of such Assessments are paid to the Developer to reimburse the Actual Costs related to such Improvement Area.

“Reimbursement Obligation” means the amount to be paid to the Developer pursuant to a Reimbursement Agreement.

“Service Plan” means the plan described in **Section IV** and covers a period of at least five years and defines the annual indebtedness and projected costs of the Authorized Improvements.

“Trustee” means a trustee or successor trustee under an Indenture.

SECTION II: THE DISTRICT

The District includes approximately 90.54 contiguous acres located within the City, as more particularly described by metes and bounds on **Exhibit K-1** and depicted on **Exhibit A-1**. Development of the District is anticipated to include approximately 290 single-family homes.

Improvement Area #1 includes approximately 33.414 acres as more particularly described on **Exhibit K-2** and depicted on **Exhibit A-2**. Development of Improvement Area #1 is anticipated to contain 123 single-family homes.

Improvement Area #2 includes approximately 18.02 acres as described on **Exhibit K-3**, and depicted on **Exhibit A-3**. Development of Improvement Area #2 is anticipated to contain 81 single-family homes.

It is anticipated there will be one additional Future Improvement Areas within the District. As Future Improvement Areas are developed and in connection with the issuance of any Future Improvement Area Bonds, or the levy of Assessments in a Future Improvement Area pursuant to a Reimbursement Agreement, this Service and Assessment Plan will be amended to update the Exhibits. A map of the property that will comprise the Future Improvement Areas is depicted on **Exhibit A-4**.

SECTION III: AUTHORIZED IMPROVEMENTS

The City Council, based on information provided by the Developer and its engineer and reviewed by the City staff and by third-party consultants retained by the City, has determined that the costs described below are costs of Authorized Improvements, as defined by the PID Act, that confer a special benefit on the Assessed Property. The budget for the Authorized Improvements is shown on **Exhibit B-1**.

A. Improvement Area #1 Improvements

All Improvement Area #1 Improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

■ *Streets*

Improvements include subgrade stabilization (including excavation and drainage), concrete and reinforcing steel for roadways, handicapped ramps, and street lights. Intersections, signage, lighting, and re-vegetation of all disturbed areas within the right of way are included. These roadway improvements include streets that will provide street

access to each Lot. These projects will provide access to community roadways and state highways. The street improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Water*

Improvements include trench excavation and embedment, trench safety, PVC piping, service connections, and testing. These lines will include the necessary appurtenances to be fully operational transmission lines extending water service to the limits of the improvements. The water improvements will be designed and constructed in accordance with City standards and specifications will be owned and operated by the City.

- *Wastewater*

Improvements include trench excavation and embedment, trench safety, PVC piping, manholes, service connections and testing. These lines will include the necessary appurtenances to be fully operational extending wastewater service to the limits of the improvement area. The wastewater improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Detention & Drainage*

Improvements include clearing and grubbing, trench excavation and embedment, trench safety, reinforced concrete piping, manholes, inlets, channels/swales and ponds including spreading and compaction of excavated materials. These will include the necessary appurtenances to be fully operational to convey stormwater to the limits of the improvement area. The drainage improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Natural Gas*

Improvements including trench excavation and embedment, trench safety, plastic/metal piping, manholes, service connections, gas mains, valves, testing, earthwork, excavation, erosion control, and all necessary appurtenances required to provide natural gas service. The natural gas improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Soft Costs*

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

B. Major Improvements

- *Wastewater*

Improvements include trench excavation and embedment, trench safety, PVC piping, manholes, service connections and testing. These lines will include the necessary appurtenances to be fully operational extending wastewater service to the limits of the improvement area. The wastewater improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Drainage and Detention*

Include clearing and grubbing, detention excavation, and reinforced concrete piping into existing M121 channel.

- *Soft Costs*

Costs related to designing, constructing, and installing the Major Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, and District Formation Expenses.

C. Improvement Area #2 Improvements

All Improvement Area #2 Improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Streets*

Improvements including subgrade stabilization (including excavation), concrete and reinforcing steel for roadways, testing, handicapped ramps, and streetlights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included. The street improvements will provide street access to each Lot within Improvement Area #2.

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, service connections, water mains, valves, fire hydrants, testing, earthwork, excavation, and erosion control. These lines will include all necessary appurtenances to be fully operational transmission lines extending water service to the limits of the Improvement Area. The water improvements will provide water service to each Lot within Improvement Area #2.

- *Wastewater*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, sewer mains, testing, related earthwork, excavation, and erosion control. These lines will include the necessary appurtenances to be fully operational extending wastewater service to the limits of the improvement area. The wastewater improvements will provide wastewater service to each Lot within Improvement Area #2.

- *Drainage and Detention*

Improvements including earthen and concrete lined channels, swales, curb and drop inlets, storm sewer mains, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, a bypass channel, and testing as well as all related earthwork, excavation, clearing, grading and erosion control necessary to provide storm water. The storm drainage improvements will manage storm drainage for the Lots within Improvement Area #2.

- *Natural Gas*

Improvements including trench excavation and embedment, trench safety, plastic/metal piping, manholes, service connections, gas mains, valves, testing, earthwork, excavation, erosion control, and all necessary appurtenances required to provide natural gas service. The natural gas improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Soft Costs*

Improvements including engineering and design, construction inspection fees, geotechnical testing, governmental submittal fees, and 2% contractor completion bonds for the Improvement Area #2 Improvements described above.

D. Future Improvement Area Improvements

As Future Improvement Areas are developed and Assessments are levied on Assessed Property within the Future Improvement Areas, this Amended and Restated Service and Assessment Plan will be amended to identify the specific Future Improvement Area Improvements that confer a special benefit to the Assessed Property inside each Future Improvement Area.

E. Bond Issuance Costs

- *Debt Service Reserve Fund*

Equals the amount required to fund a reserve 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 plus a fee for underwriter's counsel.

- *Cost of Issuance*

Includes costs associated with issuing PID Bonds, including but not limited to attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, City costs, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of PID Bonds.

F. Other Costs

- *Deposit to Administrative Fund*

Includes District Annual Collection Costs for the first year immediately following the issuance of a 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 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 Service Plan for the District. Per the PID Act and Section 5.014 of the Texas Property Code, as amended, this 2024 Amended and Restated Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosures for the District. The buyer disclosures are attached hereto as **Appendix B**.

Exhibit D summarizes the sources and uses of funds required to construct the Authorized 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 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 2024 Amended and Restated 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 engineers and reviewed by the City staff and by third-party consultants retained by the City, the City Council has determined that the Improvement Area #1 Projects and Improvement Area #2 Projects shall be allocated between Improvement Area #1, Improvement Area #2 and the Future Improvement Area as follows:

- Improvement Area #1 Projects shall be allocated 100% to Improvement Area #1 Assessed Property.
- Improvement Area #2 Projects shall be allocated 100% to Improvement Area #2 Assessed Property.
- Major Improvements are allocated, as shown in **Exhibit B-1**, between Improvement Area #1, Improvement Area #2 and the Future Improvement Area based on Estimated Buildout Value.

B. Assessments

Improvement Area #1 Assessments were levied on the Improvement Area #1 Assessed Property according to the Improvement Area #1 Assessment Roll, attached hereto as **Exhibit F-1**. The projected Improvement Area #1 Annual Installments are shown on **Exhibit F-2**, subject to revisions made during any Annual Service Plan Update.

Improvement Area #2 Assessments will be levied on the Improvement Area #2 Initial Parcel according to the Improvement Area #2 Assessment Roll, attached hereto as **Exhibit G-1**. The projected Improvement Area #2 Annual Installments are shown on **Exhibit G-2**, subject to revisions made during any Annual Service Plan Update.

When, and if, Future Improvement Areas are developed and the levy of Assessments on Future Improvement Areas is contemplated, this 2024 Amended and Restated Service and Assessment Plan will be amended to determine the Assessment and Annual Installment associated with the costs of Future Improvement Area Improvements on each Lot located within a Future Improvement Area. The Assessment shall not exceed the benefit received by the Assessed Property.

C. Findings of Special Benefit

The City Council, acting in its legislative capacity based on information provided by the Developer and its engineer and reviewed by the City staff and by third-party consultants retained by City, has found and determined:

- *Improvement Area #1*
 - The total costs of the Improvement Area #1 Projects equal \$6,393,667 as shown on **Exhibit B-1**; and
 - The Improvement Area #1 Assessed Property receives special benefit from Improvement Area #1 Projects equal to or greater than the Actual Costs of the Improvement Area #1 Projects; and
 - The Improvement Area #1 Assessed Property was allocated 100% of the Improvement Area #1 Assessments levied for the Improvement Area #1 Projects, which was equal to \$4,406,000 as shown on the Improvement Area #1 Assessment Roll, attached as **Exhibit F-1**; and
 - The special benefit (\geq \$6,393,667) received by the Improvement Area #1 Assessed Property from Improvement Area #1 Projects is greater than the amount of the Improvement Area #1 Assessments (\$4,406,000) levied on the Improvement Area #1 Assessed Property.
 - At the time the City Council approved the Assessment Ordinance levying the Improvement Area #1 Assessments, the property owners within Improvement Area #1 acknowledged that Improvement Area #1 Projects, confer a special benefit on the Improvement Area #1 Assessed Property and consented to the imposition of the Improvement Area #1 Assessments to pay for Actual Costs associated therewith. The property owners within Improvement Area #1 ratified, confirmed, accepted, agreed to, and approved (1) the determinations and findings by the City Council as to the special benefits described herein and in the Assessment Ordinance, (2) the 2022 Service and Assessment Plan and the applicable Assessment Ordinance, and (3) the levying of the Improvement Area #1 Assessments on the Improvement Area #1 Assessed Property.

- *Improvement Area #2*
 - The total costs of the Improvement Area #2 Projects equal \$5,465,056 as shown on **Exhibit B-1**; and
 - The Improvement Area #2 Assessed Property receives special benefit from Improvement Area #2 Projects equal to or greater than the Actual Costs of the Improvement Area #2 Projects; and
 - The Improvement Area #2 Assessed Property was allocated 100% of the Improvement Area #2 Assessments levied for the Improvement Area #2 Projects, which equal \$2,935,000 as shown on the Improvement Area #2 Assessment Roll, attached as **Exhibit G-1**; and
 - The special benefit (\geq \$5,465,056) received by the Improvement Area #2 Assessed Property from Improvement Area #2 Projects is greater than the amount of the Improvement Area #2 Assessments (\$2,935,000) levied on the Improvement Area #2 Assessed Property.
 - At the time the City Council approved the Assessment Ordinance levying the Improvement Area #2 Assessments, the property owners within Improvement Area #2 acknowledged that Improvement Area #2 Projects, confer a special benefit on the Improvement Area #2 Assessed Property and consented to the imposition of the Improvement Area #2 Assessments to pay for Actual Costs associated therewith. The property owners within Improvement Area #2 ratified, confirmed, accepted, agreed to, and approved (1) the determinations and findings by the City Council as to the special benefits described herein and in the Assessment Ordinance, (2) the Service and Assessment Plan and the Assessment Ordinance, and (3) the levying of the Improvement Area #2 Assessments on the Improvement Area #2 Assessed Property.

D. Annual Collection Costs

The Annual Collection Costs shall be paid for on a pro rata basis by each Assessed Property based on the amount of outstanding Assessments remaining on the Assessed Property. The Annual Collection Costs shall be collected as part of Annual Installments in the amounts shown on **Exhibit F-2**, which may be revised based on Actual Costs incurred in Annual Service Plan Updates.

E. Additional Interest

The interest rate on Assessments securing PID Bonds may exceed the interest rate on the PID Bonds by the Additional Interest Rate. Interest at the rate of the PID Bonds and the Additional Interest shall be collected as part of each Annual Installment and shall be deposited pursuant to the applicable Indenture.

SECTION VI: TERMS OF THE ASSESSMENTS

A. Reallocation of Assessments

1. *Upon Division Prior to Recording of Subdivision Plat*

Upon the division of any Assessed Property (without the recording of subdivision plat), the Administrator shall reallocate the Assessment for the Assessed Property prior to the division among the newly divided Assessed Properties according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

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

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

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

2. *Upon Subdivision by a Recorded Subdivision Plat*

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

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

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

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

E = the number of Lots with the same Lot Type

Prior to the recording of a subdivision plat, the Developer shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat.

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

3. Upon Consolidation

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

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

B. True-up of Assessments if Maximum Assessment Exceeded

Prior to the approval of a final subdivision plat, the Administrator shall certify that the final plat will not cause the Assessment for any Lot Type to exceed the Maximum Assessment. If the subdivision of any Assessed Property by a final subdivision plat causes the Assessment per Lot for any Lot Type to exceed the applicable Maximum Assessment for such Lot Type, the Owner must partially prepay the Assessment for each Assessed Property that exceeds the applicable Maximum Assessment for such Lot Type. The City's approval of a final subdivision plat without payment of such amounts does not eliminate the obligation of the Developer to pay such Assessments.

C. Mandatory Prepayment of Assessments

If Assessed Property is transferred to a person or entity that is exempt from payment of the Assessment, the Owner transferring the Assessed Property shall pay to the City the full amount of the Assessment, plus Prepayment Costs and Delinquent Collection Costs, prior to the transfer. If the Owner of the Assessed Property causes the Assessed Property to become Non-Benefited Property, the Owner causing the change in status shall pay to the City the full amount of the Assessment, plus Prepayment Costs and Delinquent Collection Costs, prior to the change in status.

D. Reduction of Assessments

If as a result of cost savings or an Authorized Improvement not being constructed, the Actual Costs of completed Authorized Improvements are less than the Assessments, (i) in the event PID Bonds are not issued, the Assessments and the Reimbursement Obligation shall be reduced on a pro-rata basis such that the sum of the resulting reduced Assessments for all Assessed Property equals the reduced Actual Costs, or (ii) in the event that PID Bonds have been issued, the City shall direct the Trustee to apply amounts on deposit in the applicable account of the project fund, relating to the applicable series of PID Bonds, that are not expected to be used for purposes of the project fund, to redeem outstanding PID Bonds, or as otherwise directed, in accordance with the applicable Indenture.

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

E. Prepayment of Assessments

The Owner of the Assessed Property may pay, at any time, all or any portion 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 and the Assessment Roll to be revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit to the City Council for review and approval as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment and corresponding Annual Installments shall terminate; and (4) the City shall provide the Owner with a recordable "Notice of PID Assessment Termination," a form of which is attached hereto as **Exhibit I**.

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 to be revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit to the City Council for review and approval as part of the next Annual Service Plan Update; 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 Annual Installments for Improvement Area #1 and **Exhibit G-2** shows the

estimated Annual Installments for Improvement Area #2. 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-Benefitted Property or non-assessed property, as shown by Harris 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 updated Assessment Rolls 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. To the extent permitted by the PID Act or other applicable law, the City Council may provide for other means of collecting Annual Installments, but in no case shall the City take any action, or fail to take any action, that would cause it to be in default under any Indenture.

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 Improvement Area #2 Assessments shall be due when billed and shall be delinquent if not paid prior to February 1, 2025.

G. Prepayment as a result of Eminent Domain Proceeding or Taking

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

For the Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Assessed Property (the Assessed Property less the Taken Property) (the “Remaining Property”) following the reclassification of the Taken Property as Non-Benefited Property, subject to an adjustment of the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. The Owner of the Remaining Property will remain liable to pay in Annual Installments, or payable as otherwise provided by this 2024 Amended and Restated Service and Assessment Plan, as updated, or the PID Act, the Assessment that remains due on the Remaining Property, subject to an adjustment in the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. Notwithstanding the foregoing, if that remains due on the Remaining Property exceeds the applicable Maximum Assessment, the Owner of the Remaining Property will be required to make a Prepayment in an amount necessary to ensure that the Assessment against the Remaining Property does not exceed such Maximum Assessment, in which case the Assessment applicable to the Remaining Property will be reduced by the amount of the partial Prepayment. If the City receives all or a portion of the eminent domain proceeds (or payment made in an agreed sale in lieu of condemnation), such amount shall be credited against the amount of Prepayment, with any remainder credited against the Assessment on the Remaining Property.

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

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

Notwithstanding the previous paragraphs in this subsection, the Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service 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. Improvement Area #1 began collecting Annual Installments in 2022 (delinquent if not paid by January 31, 2023).

The Improvement Area #2 Assessment Roll is attached as **Exhibit G-1**. The Administrator shall prepare and submit to the City Council for review and approval proposed revisions to the Improvement Area #2 Assessment Roll and Improvement Area #2 Annual Installments for each Parcel as part of each Annual Service Plan Update. Improvement Area #2 will begin collecting Annual Installments in 2024 (delinquent if not paid by January 31, 2025).

As Future Improvement Areas are developed, this 2024 Amended and Restated Service and Assessment Plan will be amended to determine the Assessment for each Lot located within such Future Improvement Areas.

SECTION VIII: ADDITIONAL PROVISIONS

A. Calculation Errors

If the Owner of a Parcel claims that an error has been made in any calculation required by this Service and Assessment Plan, including, but not limited to, any calculation made as part of any Annual Service Plan Update, the Owner's sole and exclusive remedy shall be to submit a written notice of error to the Administrator by December 1st of each year following City Council'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 after receipt of such a written notice or 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 2024 Amended and Restated 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; (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 PID 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 adversely affected by the interpretation. Appeals shall be decided at a meeting of the City Council at which all interested parties have an opportunity to be heard. Decisions by the City Council shall be final and binding on the owners and their successors and assigns.

D. Form of Buyer Disclosure; Filing in Real Property Records

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 of this Service and Assessment Plan, or any future Annual Service Plan Updates shall be filed and recorded in their entirety.

E. Severability

If any provision of this Service and Assessment Plan is determined by a governmental agency or court to be unenforceable, the unenforceable provision shall be deleted and, to the maximum extent possible, shall be rewritten to be enforceable. Every effort shall be made to enforce the remaining provisions.

LIST OF EXHIBITS

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 Improvement Area #2
Exhibit A-4	Map of Future Improvement Area
Exhibit B-1	Project Costs
Exhibit B-2	Future Improvement Area 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	Improvement Area #2 Assessment Roll
Exhibit G-2	Improvement Area #2 Annual Installments
Exhibit H-1	Maps of Improvement Area #1 Improvements
Exhibit H-2	Maps of Major Improvements
Exhibit H-3	Maps of Improvement Area #2 Improvements
Exhibit I	Form of Notice of PID Assessment Termination
Exhibit J-1	Debt Service Schedule for Improvement Area #1 Bonds
Exhibit J-2	Debt Service Schedule for Improvement Area #2 Bonds
Exhibit K-1	District Boundary Description
Exhibit K-2	Improvement Area #1 Boundary Description
Exhibit K-3	Improvement Area #2 Boundary Description
Exhibit L	Improvement Area #2 Plat

APPENDICES

The following Appendices are attached to and made a part of this 2024 Amended and Restated Service and Assessment Plan for all purposes:

Appendix A Improvement Area #2 Engineer's Report

Appendix B Buyer Disclosures

EXHIBIT A-1 – MAP OF THE DISTRICT

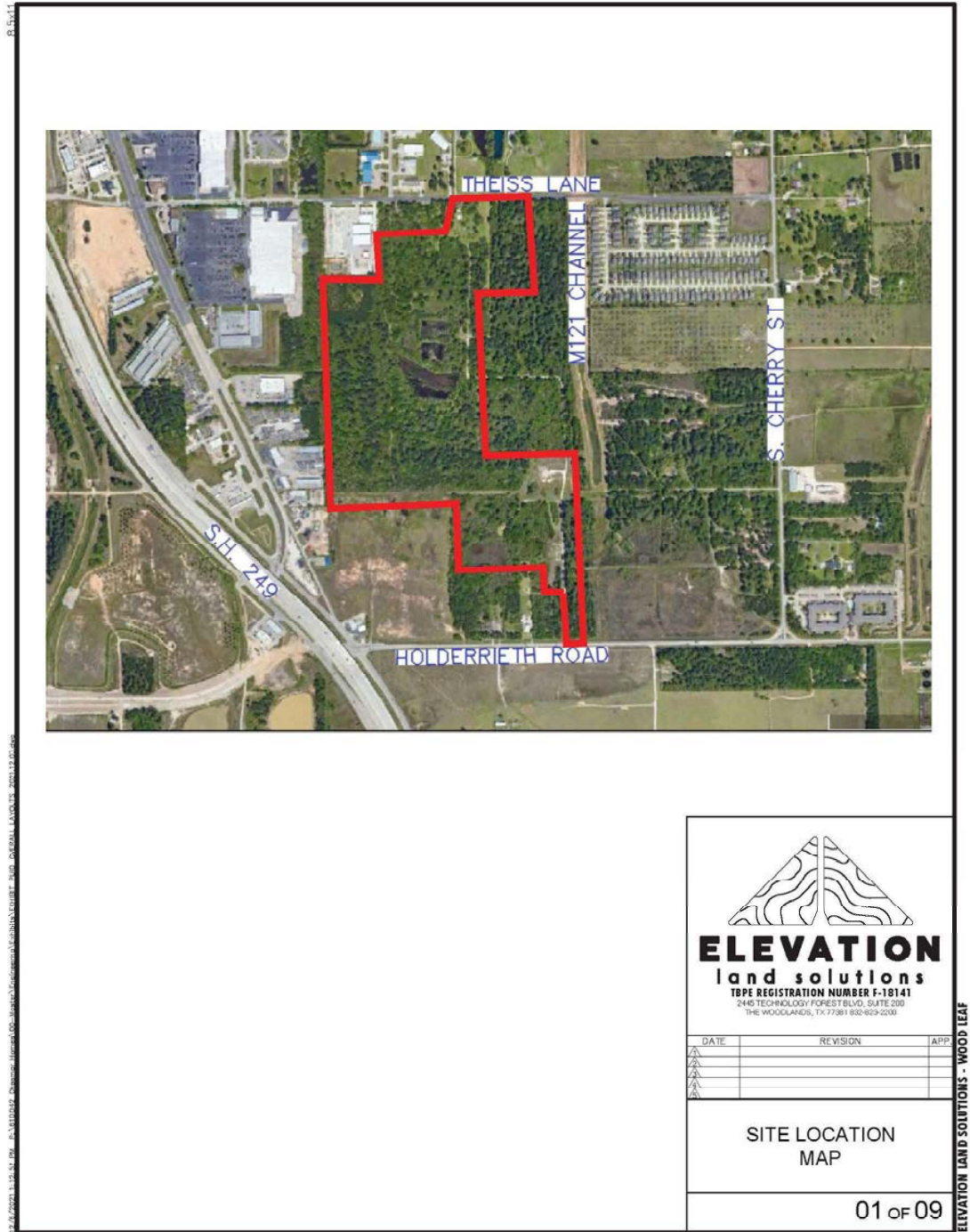


EXHIBIT A-2 – MAP OF IMPROVEMENT AREA #1

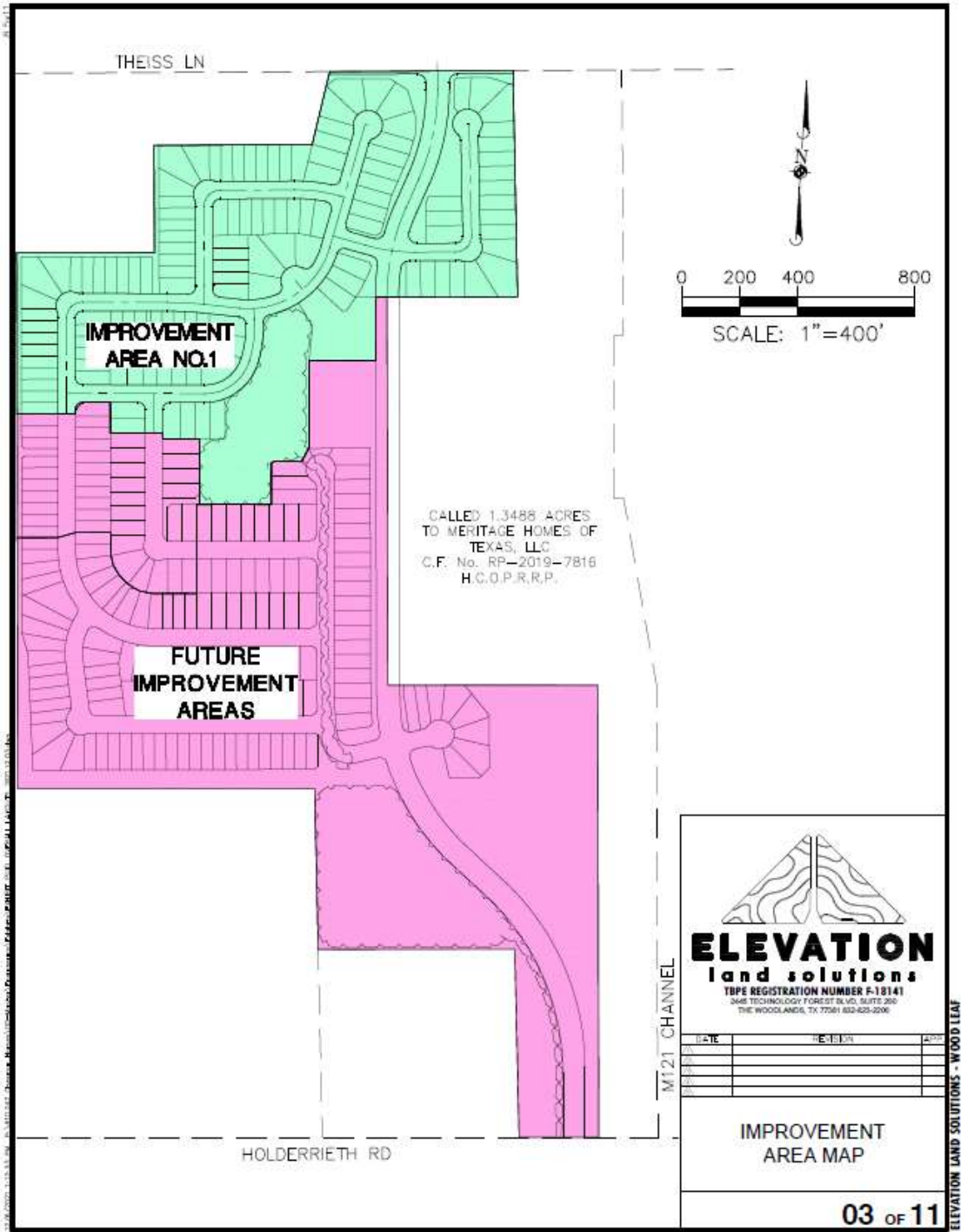


EXHIBIT A-3 – MAP OF IMPROVEMENT AREA #2

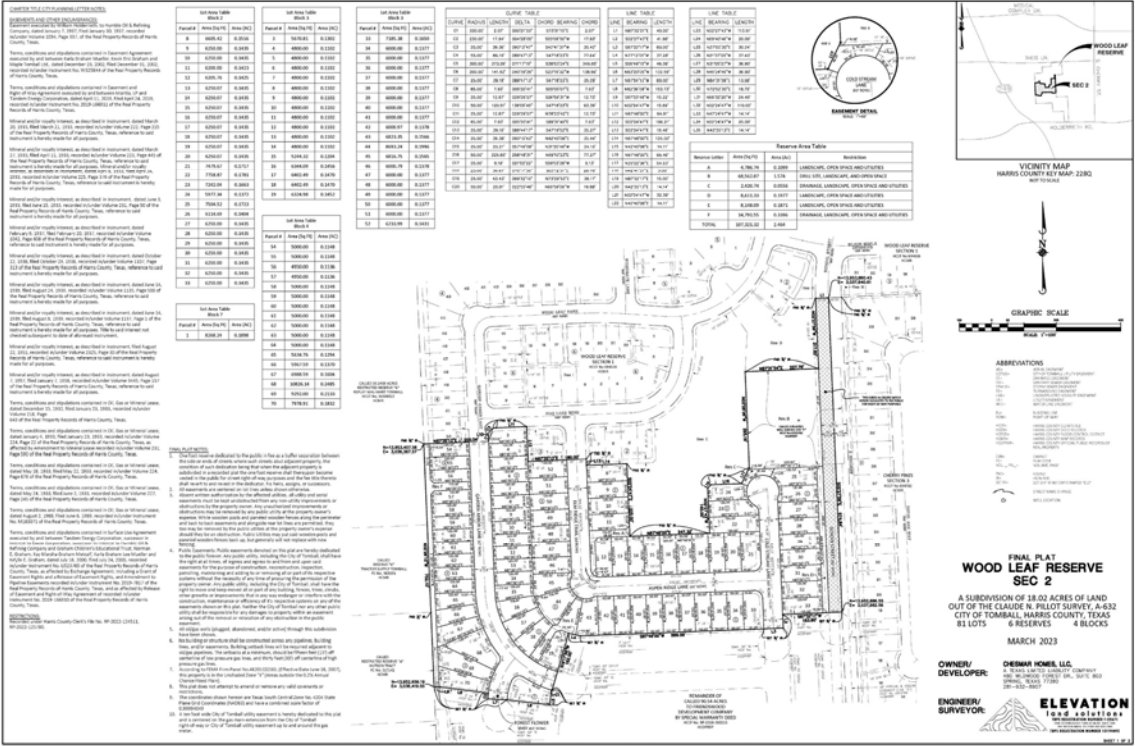
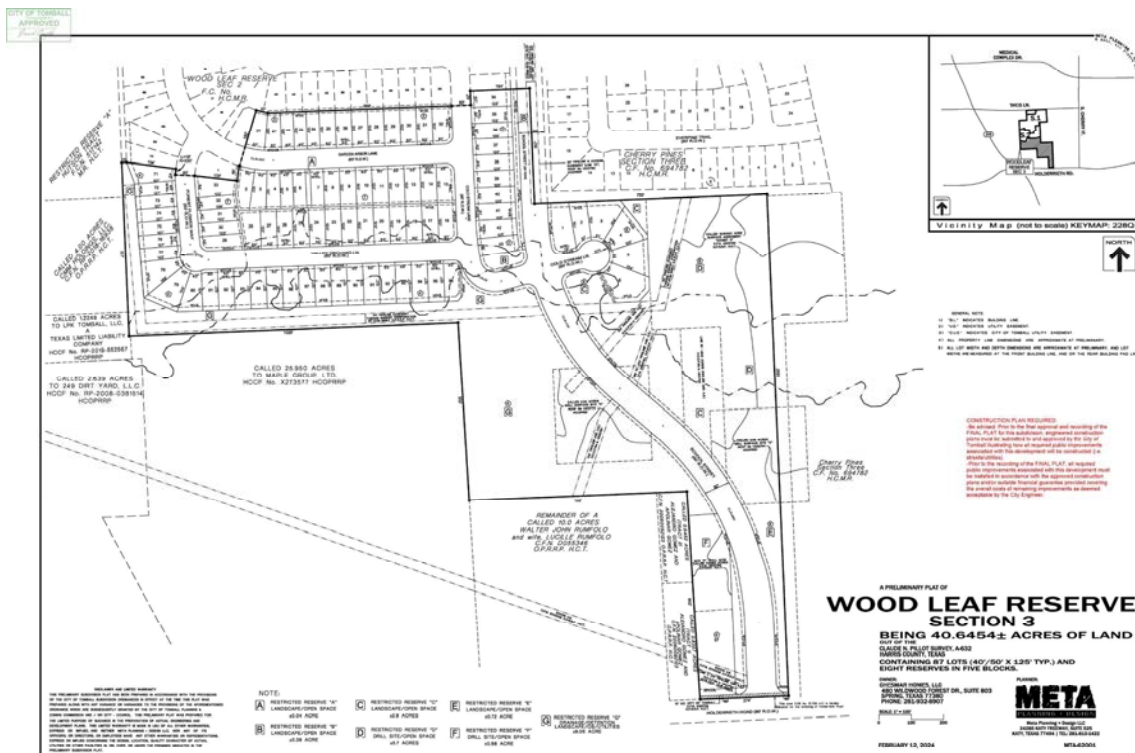


EXHIBIT A-4 – MAP OF FUTURE IMPROVEMENT AREA



**WOOD LEAF RESERVE PUBLIC IMPROVEMENT DISTRICT
2024 AMENDED AND RESTATED SERVICE AND ASSESSMENT PLAN**

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EXHIBIT B-1 – PROJECT COSTS

	Total Costs ^[a]		Improvement Area #1		Improvement Area #2		Future Improvement Area ^[c]
		% ^[b]	Costs	% ^[b]	Cost	% ^[b]	Cost
<i>Improvement Area #1 Improvements</i>							
Streets	\$ 1,716,477	100.00%	\$1,716,477	0.00%	\$ -	0.00%	\$ -
Water	389,092	100.00%	389,092	0.00%	-	0.00%	-
Wastewater	439,062	100.00%	439,062	0.00%	-	0.00%	-
Drainage	651,950	100.00%	651,950	0.00%	-	0.00%	-
Natural Gas	259,329	100.00%	259,329	0.00%	-	0.00%	-
Soft Costs	1,090,359	100.00%	1,090,359	0.00%	-	0.00%	-
	<u>\$ 4,546,269</u>		<u>\$4,546,269</u>		<u>\$ -</u>		<u>\$ -</u>
<i>Major Improvements</i>							
Wastewater	\$ 274,320	41.27%	\$ 113,212	28.27%	\$ 77,555	30.46%	\$ 83,553
Drainage and Detention ^[d]	1,674,296	41.27%	690,982	28.27%	473,354	30.46%	\$ 509,960
Soft Costs	568,255	41.27%	234,519	28.27%	160,656	30.46%	\$ 173,080
	<u>\$ 2,516,871</u>		<u>\$1,038,713</u>		<u>\$ 711,566</u>		<u>\$ 766,593</u>
<i>Improvement Area #2 Improvements</i>							
Streets	841,523	0.00%	-	100.00%	841,523	0.00%	-
Water	205,635	0.00%	-	100.00%	205,635	0.00%	-
Wastewater	306,289	0.00%	-	100.00%	306,289	0.00%	-
Drainage and Detention ^[d]	1,720,445	0.00%	-	100.00%	1,720,445	0.00%	-
Natural Gas	123,377	0.00%	-	100.00%	123,377	0.00%	-
Soft Costs	911,221	0.00%	-	100.00%	911,221	0.00%	-
	<u>\$ 4,108,490</u>		<u>\$ -</u>		<u>\$4,108,490</u>		<u>\$ -</u>
<i>Series 2022 Bond Issuance Costs</i>							
Debt Service Reserve Fund	\$ 317,826		\$ 317,826		\$ -		\$ -
Underwriter Discount	138,120		138,120		-		-
Delinquency & Prepayment Reserve	22,030		22,030		-		-
Cost of Issuance	285,640		285,640		-		-
	<u>\$ 763,616</u>		<u>\$ 763,616</u>		<u>\$ -</u>		<u>\$ -</u>
<i>Series 2024 Bond Issuance Costs</i>							
Debt Service Reserve Fund	\$ 217,698		\$ -		\$ 217,698		\$ -
Capitalized Interest	\$ 48,171		-		48,171		-
Underwriter Discount	\$ 108,700		-		108,700		-
Delinquency & Prepayment Reserve	\$ 14,675		-		14,675		-
Cost of Issuance	\$ 210,757		-		210,757		-
	<u>\$ 600,000</u>		<u>\$ -</u>		<u>\$ 600,000</u>		<u>\$ -</u>
<i>Other Costs</i>							
Deposit to Administrative Fund	90,000		45,000		45,000		-
	<u>\$ 90,000</u>		<u>\$ 45,000</u>		<u>\$ 45,000</u>		<u>\$ -</u>
Total	\$ 12,625,246		\$6,393,598		\$5,465,056		\$ 766,593

Footnotes:

Appendix A.

[b] Costs of the Major Improvements are allocated pro rata between Improvement Area #1 Assessed Property, Improvement Area #2 Assessed Property and the Future Improvement Area Assessed Property.

[c] Improvement Area #3 Costs (Future Improvement Area) will be updated based on Estimated Buildout Value in a future SAP Update.

[d] Includes clearing & grubbing, excavation, and grading.

EXHIBIT B-2 – FUTURE IMPROVEMENT AREA APPORTIONMENT OF COSTS

Improvement Area	Units ¹	Estimated Buildout Value	Major Improvements ²		Total Apportionment for Future Funding ¹
			%	Costs	
Improvement Area #1	123	\$ 42,870,000	41.27%	\$ 1,038,713	
Improvement Area #2	81	\$ 30,953,500	28.27%	\$ 711,566	
Future Improvement Area	86	\$ 33,347,200	30.46%	\$ 766,593	\$ 766,593
Total	290	\$ 107,170,700	100.00%	\$ 2,516,871	

Footnotes:

- 1) Reimbursable in part or in full from future Assessments levied in the Future Improvement Area.
- 2) The costs of the Major Improvements apportioned pro rata based on Estimated Buildout Value between Improvement Area #1, Improvement Area #2 and the Future Improvement Area.

EXHIBIT C – SERVICE PLAN

Improvement Area #1						
Annual Installment Due		1/31/2025	1/31/2026	1/31/2027	1/31/2028	1/31/2029
Principal		\$ 73,000	\$ 76,000	\$ 79,000	\$ 82,000	\$ 86,000
Interest		243,454	239,986	236,376	232,624	228,421
	(1)	\$ 316,454	\$ 315,986	\$ 315,376	\$ 314,624	\$ 314,421
Annual Collection Costs	(2)	\$ 47,754	\$ 48,709	\$ 49,684	\$ 50,677	\$ 51,691
Additonal Interest	(3)	\$ 21,225	\$ 20,860	\$ 20,480	\$ 20,085	\$ 19,675
Total Annual Installment	(4) = (1) + (2) + (3)	\$ 385,433	\$ 385,556	\$ 385,540	\$ 385,386	\$ 385,787

Improvement Area #2						
Annual Installment Due		1/31/2025	1/31/2026	1/31/2027	1/31/2028	1/31/2029
Principal		\$ 46,000	\$ 48,000	\$ 50,000	\$ 52,000	\$ 55,000
Interest		\$ 171,698	\$ 169,007	\$ 166,199	\$ 163,274	\$ 160,232
Capitalized Interest		\$ -	\$ -	\$ -	\$ -	\$ -
	(1)	\$ 217,698	\$ 217,007	\$ 216,199	\$ 215,274	\$ 215,232
Annual Collection Costs	(2)	45,000.00	45,900.00	46,818.00	47,754.36	48,709.45
Additional Interest	(3)	14,675.00	14,445.00	14,205.00	13,955.00	13,695.00
Total Annual Installment	(4) = (1) + (2) + (3)	\$277,372.50	\$277,351.50	\$277,221.50	\$276,982.86	\$277,635.95

EXHIBIT D – SOURCES AND USES OF FUNDS

	Improvement Area #1	Improvement Area #2	Future Improvement Area ^{[b],[c]}	Total
Sources of Funds				
Improvement Area #1 Bonds	\$ 4,406,000	\$ -	\$ -	\$ 4,406,000
Improvement Area #2 Bonds	\$ -	\$ 2,935,000	\$ -	\$ 2,935,000
Owner Contribution ^[a]	\$ 1,987,598	\$ 2,530,056	\$ 766,593	\$ 5,284,246
Total Sources	\$ 6,393,598	\$ 5,465,056	\$ 766,593	\$ 12,625,246
Uses of Funds				
Improvement Area #1 Improvements	\$ 4,546,269	\$ -	\$ -	\$ 4,546,269
Major Improvements	\$ 1,038,713	\$ 711,566	\$ 766,593	\$ 2,516,871
Improvement Area #2 Improvements	\$ -	\$ 4,108,490	\$ -	\$ 4,108,490
	\$ 5,584,982	\$ 4,820,056	766,593	\$ 11,171,630
<i>Series 2022 Bond Issuance Costs</i>				
Debt Service Reserve Fund	\$ 317,826	\$ -	\$ -	\$ 317,826
Underwriter Discount	138,120	-	-	138,120
Delinquency & Prepayment Reserve	22,030	-	-	22,030
Cost of Issuance	285,640	-	-	285,640
	\$ 763,616	\$ -	\$ -	\$ 763,616
<i>Series 2024 Bond Issuance Costs</i>				
Debt Service Reserve Fund	\$ -	\$ 217,698	\$ -	\$ 217,698
Capitalized Interest	-	48,171	-	48,171
Underwriter Discount	-	108,700	-	108,700
Delinquency & Prepayment Reserve	-	14,675	-	14,675
Cost of Issuance	-	210,757	-	210,757
	\$ -	\$ 600,000	\$ -	\$ 600,000
<i>Other Costs</i>				
Deposit to Administrative Fund	\$ 45,000	\$ 45,000	\$ -	\$ 90,000
	\$ 45,000	\$ 45,000	\$ -	\$ 90,000
Total Uses	\$ 6,393,598	\$ 5,465,056	\$ 766,593	\$ 12,625,246

Footnotes:

[a] Non-reimbursable to Owner through PID Bonds or PID Assessments.

[b] Costs of the Major Improvements are allocated pro rata between Improvement Area #1 Assessed Property, Improvement Area #2 Assessed Property and the Future Improvement Area Assessed Property.

[c] Additional costs of Future Improvement Area Projects will be determined as Future Improvement Areas are developed and this 2024 Amended and Restated Service and Assessment Plan will be amended.

EXHIBIT E – MAXIMUM ASSESSMENT AND TAX RATE EQUIVALENT

		Estimated Buildout Value		Improvement Area #1 Assessment		Improvement Area #2 Assessment		Total Maximum Assessment		Average Annual Installment		Value to Lien	Gross PID TRE
Lot Type	Units	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	per Finished Lot Value	
Improvement Area #1													
One	66	\$ 330,000	\$ 21,780,000	\$33,916	\$2,238,458	\$ -	\$ -	\$33,916	\$ 2,238,458	\$ 2,970	\$ 195,995	1.4742	\$ 0.8999
Two	57	\$ 370,000	\$ 21,090,000	\$38,027	\$2,167,542	\$ -	\$ -	\$38,027	\$ 2,167,542	\$ 3,330	\$ 189,785	1.6436	\$ 0.8999
Subtotal	123	\$ 42,870,000		\$ 4,406,000		\$ -		\$ 4,406,000		\$ 385,780		1.5589	
Improvement Area #2													
Three	35	\$ 361,300	\$ 12,645,500	\$ -	\$ -	\$ 34,258	\$ 1,199,042	\$34,258	\$ 1,199,042	\$ 3,231	\$ 113,092	1.8098	\$ 0.8943
Four	46	\$ 398,000	\$ 18,308,000	\$ -	\$ -	\$ 37,738	\$ 1,735,958	\$37,738	\$ 1,735,958	\$ 3,559	\$ 163,733	2.0536	\$ 0.8943
Subtotal	81	\$ 30,953,500		\$ -		\$ 2,935,000		\$ 2,935,000		\$ 276,825		1.9317	
Total/Weighted Average	204	\$ 73,823,500		\$ 4,406,000		\$ 2,935,000		\$ 7,341,000		\$ 662,605		1.7453	

EXHIBIT F-1 – IMPROVEMENT AREA #1 ASSESSMENT ROLL

			Improvement Area #1 ^(c)						
			Outstanding Assessment ^(b)	Principal	Interest	Additional Interest	Annual Collection Costs ^(d)	Annual Installment Due 1/31/25 ^(d)	
Property ID	Legal Description	Lot Type							
1443500010001	Block 1 Lot 1	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500010002	Block 1 Lot 2	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500010003	Block 1 Lot 3	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500010004	Block 1 Lot 4	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500010005	Block 1 Lot 5	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500010006	Block 1 Lot 6	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500010007	Block 1 Lot 7	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500010008	Block 1 Lot 8	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500010009	Block 1 Lot 9	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500010010	Block 1 Lot 10	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500010011	Block 1 Lot 11	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500010012	Block 1 Lot 12	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500010013	Block 1 Lot 13	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500010014	Block 1 Lot 14	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500010015	Block 1 Lot 15	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500010016	Block 1 Lot 16	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500010017	Block 1 Lot 17	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500010018	Block 1 Lot 18	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500010019	Block 1 Lot 19	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500010020	Block 1 Lot 20	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500010021	Block 1 Lot 21	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500020001	Block 2 Lot 1	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500020002	Block 2 Lot 2	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500020003	Block 2 Lot 3	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500020004	Block 2 Lot 4	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500020005	Block 2 Lot 5	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500020006	Block 2 Lot 6	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500020007	Block 2 Lot 7	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500030001	Block 3 Lot 1	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500030002	Block 3 Lot 2	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500040001	Block 4 Lot 1	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500040002	Block 4 Lot 2	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500040003	Block 4 Lot 3	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500040004	Block 4 Lot 4	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500040005	Block 4 Lot 5	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500040006	Block 4 Lot 6	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500040007	Block 4 Lot 7	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500040008	Block 4 Lot 8	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500040009	Block 4 Lot 9	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500040010	Block 4 Lot 10	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	

Footnotes:

[a] The Annual Collection Costs include a \$60 per Lot Administrative Fee for the City of Tomball that equates to \$7,380 for Improvement Area #1.

[b] Outstanding Assessment prior to 1/31/2025 Annual Installment.

[c] Totals may not match the total Outstanding Assessment and Annual Installment due to rounding.

[d] The Annual Installment covers the period September 15, 2024 to September 14, 2025, and is due by January 31, 2025.

			Improvement Area #1 ^(c)						
			Outstanding Assessment ^(b)	Principal	Interest	Additional Interest	Annual Collection Costs ^(a)	Annual Installment Due 1/31/25 ^(d)	
Property ID	Legal Description	Lot Type							
1443500040011	Block 4 Lot 11	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500040012	Block 4 Lot 12	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500040013	Block 4 Lot 13	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500040014	Block 4 Lot 14	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500040015	Block 4 Lot 15	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500040016	Block 4 Lot 16	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040017	Block 4 Lot 17	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040018	Block 4 Lot 18	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040019	Block 4 Lot 19	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040020	Block 4 Lot 20	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040021	Block 4 Lot 21	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040022	Block 4 Lot 22	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040023	Block 4 Lot 23	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040024	Block 4 Lot 24	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040025	Block 4 Lot 25	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040026	Block 4 Lot 26	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040027	Block 4 Lot 27	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040028	Block 4 Lot 28	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040029	Block 4 Lot 29	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040030	Block 4 Lot 30	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040031	Block 4 Lot 31	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040032	Block 4 Lot 32	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040033	Block 4 Lot 33	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040034	Block 4 Lot 34	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040035	Block 4 Lot 35	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040036	Block 4 Lot 36	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040037	Block 4 Lot 37	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040038	Block 4 Lot 38	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040039	Block 4 Lot 39	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040040	Block 4 Lot 40	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040041	Block 4 Lot 41	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040042	Block 4 Lot 42	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040043	Block 4 Lot 43	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040044	Block 4 Lot 44	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040045	Block 4 Lot 45	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040046	Block 4 Lot 46	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040047	Block 4 Lot 47	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040048	Block 4 Lot 48	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040049	Block 4 Lot 49	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040050	Block 4 Lot 50	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	

Footnotes:

[a] The Annual Collection Costs include a \$60 per Lot Administrative Fee for the City of Tomball that equates to \$7,380 for Improvement Area #1.

[b] Outstanding Assessment prior to 1/31/2025 Annual Installment.

[c] Totals may not match the total Outstanding Assessment and Annual Installment due to rounding.

[d] The Annual Installment covers the period September 15, 2024 to September 14, 2025, and is due by January 31, 2025.

			Improvement Area #1 ^[c]						
			Outstanding Assessment ^[b]	Principal	Interest	Additional Interest	Annual Collection Costs ^[a]	Annual Installment Due 1/31/25 ^[d]	
Property ID	Legal Description	Lot Type							
1443500040051	Block 4 Lot 51	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040052	Block 4 Lot 52	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500040053	Block 4 Lot 53	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500050001	Block 5 Lot 1	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500050002	Block 5 Lot 2	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500050003	Block 5 Lot 3	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500050004	Block 5 Lot 4	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500050005	Block 5 Lot 5	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500050006	Block 5 Lot 6	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500050007	Block 5 Lot 7	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500050008	Block 5 Lot 8	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500050009	Block 5 Lot 9	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500050010	Block 5 Lot 10	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500050011	Block 5 Lot 11	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500050012	Block 5 Lot 12	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500050013	Block 5 Lot 13	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500050014	Block 5 Lot 14	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500050015	Block 5 Lot 15	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500050016	Block 5 Lot 16	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500050017	Block 5 Lot 17	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500050018	Block 5 Lot 18	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500060001	Block 6 Lot 1	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500060002	Block 6 Lot 2	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500060003	Block 6 Lot 3	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500060004	Block 6 Lot 4	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500060005	Block 6 Lot 5	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500060006	Block 6 Lot 6	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500060007	Block 6 Lot 7	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500060008	Block 6 Lot 8	Lot Type 2	\$ 36,637.51	\$ 630.04	\$ 2,101.19	\$ 183.19	\$ 412.16	\$ 3,326.57	
1443500060009	Block 6 Lot 9	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500060010	Block 6 Lot 10	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500060011	Block 6 Lot 11	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500060012	Block 6 Lot 12	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500060013	Block 6 Lot 13	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500060014	Block 6 Lot 14	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500060015	Block 6 Lot 15	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500060016	Block 6 Lot 16	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500060017	Block 6 Lot 17	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500060018	Block 6 Lot 18	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	
1443500060019	Block 6 Lot 19	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94	

Footnotes:

[a] The Annual Collection Costs include a \$60 per Lot Administrative Fee for the City of Tomball that equates to \$7,380 for Improvement Area #1.

[b] Outstanding Assessment prior to 1/31/2025 Annual Installment.

[c] Totals may not match the total Outstanding Assessment and Annual Installment due to rounding.

[d] The Annual Installment covers the period September 15, 2024 to September 14, 2025, and is due by January 31, 2025.

			Improvement Area #1 ^(c)					
Property ID	Legal Description	Lot Type	Outstanding Assessment ^(b)	Principal	Interest	Additional Interest	Annual Collection Costs ^(a)	Annual Installment Due 1/31/25 ^(d)
1443500060020	Block 6 Lot 20	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94
1443500060021	Block 6 Lot 21	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94
1443500060022	Block 6 Lot 22	Lot Type 1	\$ 32,676.70	\$ 561.93	\$ 1,874.03	\$ 163.38	\$ 367.60	\$ 2,966.94
1443500010022	Landscape/Open Space and Utilities	Non-Benefited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1443500010023	Landscape/Open Space and Utilities	Non-Benefited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1443500020008	Landscape/Open Space and Utilities	Non-Benefited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1443500020009	Park	Non-Benefited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1443500020010	Lake/Detention	Non-Benefited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1443500040054	Landscape/Open Space and Utilities	Non-Benefited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1443500040055	Landscape/Open Space and Utilities	Non-Benefited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1443500040056	Landscape/Open Space and Utilities	Non-Benefited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1443500060023	Landscape/Open Space and Utilities	Non-Benefited	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total			\$ 4,245,000.00	\$ 73,000.00	\$ 243,453.76	\$ 21,225.00	\$ 47,754.36	\$ 385,433.12

Footnotes:

[a] The Annual Collection Costs include a \$60 per Lot Administrative Fee for the City of Tomball that equates to \$7,380 for Improvement Area #1.

[b] Outstanding Assessment prior to 1/31/2025 Annual Installment.

[c] Totals may not match the total Outstanding Assessment and Annual Installment due to rounding.

[d] The Annual Installment covers the period September 15, 2024 to September 14, 2025, and is due by January 31, 2025.

EXHIBIT F-2 – IMPROVEMENT AREA #1 TOTAL ANNUAL INSTALLMENTS

Annual Installments Due	Improvement Area #1 2022 Bonds			Annual Collection Costs [c]	Total Installment [d]
	Principal	Interest [a]	Additional Interest [b]		
1/31/2025	73,000.00	243,453.76	21,225.00	47,754.36	385,433.12
1/31/2026	76,000.00	239,986.26	20,860.00	48,709.45	385,555.71
1/31/2027	79,000.00	236,376.26	20,480.00	49,683.64	385,539.90
1/31/2028	82,000.00	232,623.76	20,085.00	50,677.31	385,386.07
1/31/2029	86,000.00	228,421.26	19,675.00	51,690.86	385,787.12
1/31/2030	90,000.00	224,013.76	19,245.00	52,724.67	385,983.43
1/31/2031	94,000.00	219,401.26	18,795.00	53,779.17	385,975.43
1/31/2032	98,000.00	214,583.76	18,325.00	54,854.75	385,763.51
1/31/2033	102,000.00	209,561.26	17,835.00	55,951.84	385,348.10
1/31/2034	108,000.00	203,568.76	17,325.00	57,070.88	385,964.64
1/31/2035	114,000.00	197,223.76	16,785.00	58,212.30	386,221.06
1/31/2036	120,000.00	190,526.26	16,215.00	59,376.54	386,117.80
1/31/2037	126,000.00	183,476.26	15,615.00	60,564.08	385,655.34
1/31/2038	133,000.00	176,073.76	14,985.00	61,775.36	385,834.12
1/31/2039	140,000.00	168,260.00	14,320.00	63,010.86	385,590.86
1/31/2040	148,000.00	160,035.00	13,620.00	64,271.08	385,926.08
1/31/2041	156,000.00	151,340.00	12,880.00	65,556.50	385,776.50
1/31/2042	165,000.00	142,175.00	12,100.00	66,867.63	386,142.63
1/31/2043	174,000.00	132,481.26	11,275.00	68,204.99	385,961.25
1/31/2044	183,000.00	122,258.76	10,405.00	69,569.09	385,232.85
1/31/2045	194,000.00	111,507.50	9,490.00	70,960.47	385,957.97
1/31/2046	205,000.00	100,110.00	8,520.00	72,379.68	386,009.68
1/31/2047	216,000.00	88,066.26	7,495.00	73,827.27	385,388.53
1/31/2048	229,000.00	75,376.26	6,415.00	75,303.82	386,095.08
1/31/2049	242,000.00	61,922.50	5,270.00	76,809.89	386,002.39
1/31/2050	256,000.00	47,705.00	4,060.00	78,346.09	386,111.09
1/31/2051	270,000.00	32,665.00	2,780.00	79,913.01	385,358.01
1/31/2052	286,000.00	16,802.50	1,430.00	81,511.27	385,743.77
Total	\$ 4,245,000.00	\$ 4,409,995.18	\$ 377,510.00	\$ 1,769,356.84	\$10,801,862.02

Footnotes:

[a] The Interest Rate equals the rate of the IA#1 2022 Bonds.

[b] Additional Interest is calculated at a rate of .50%.

[c] Includes a \$60 per lot (\$7,380 for Improvement Area #1) for costs incurred by City staff for administering the PID.

[d] The figures shown above are estimates only and subject to change in annual service plan updates. Changes in administrative expenses, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT G-1 – IMPROVEMENT AREA #2 ASSESSMENT ROLL

[illegible]

Footnotes:

[a] The Annual Collection Costs include a \$60 per Lot Administrative Fee for the City of Tomball that equates to \$4,860 for Improvement Area #2.

[b] Outstanding Assessment prior to 1/31/2025 Annual Installment.

[c] Totals may not match the total Outstanding Assessment and Annual Installment due to rounding.

[d] The Annual Installment covers the period September 15, 2024 to September 14, 2025, and is due by January 31, 2025.

EXHIBIT G-2 – IMPROVEMENT AREA #2 TOTAL ANNUAL INSTALLMENTS

Installment Due 1/31	Improvement Area #2 2024 Bonds				Annual Collection Costs	Total Installment [c]
	Principal	Interest [a]	Capitalized Interest	Additional Interest [b]		
2024	-	48,170.69	(48,170.69)	-	-	-
2025	46,000.00	171,697.50	-	14,675.00	45,000.00	277,372.50
2026	48,000.00	169,006.50	-	14,445.00	45,900.00	277,351.50
2027	50,000.00	166,198.50	-	14,205.00	46,818.00	277,221.50
2028	52,000.00	163,273.50	-	13,955.00	47,754.36	276,982.86
2029	55,000.00	160,231.50	-	13,695.00	48,709.45	277,635.95
2030	57,000.00	157,014.00	-	13,420.00	49,683.64	277,117.64
2031	60,000.00	153,679.50	-	13,135.00	50,677.31	277,491.81
2032	62,000.00	150,169.50	-	12,835.00	51,690.86	276,695.36
2033	65,000.00	146,542.50	-	12,525.00	52,724.67	276,792.17
2034	68,000.00	142,740.00	-	12,200.00	53,779.17	276,719.17
2035	72,000.00	138,762.00	-	11,860.00	54,854.75	277,476.75
2036	75,000.00	134,550.00	-	11,500.00	55,951.84	277,001.84
2037	79,000.00	130,162.50	-	11,125.00	57,070.88	277,358.38
2038	82,000.00	125,541.00	-	10,730.00	58,212.30	276,483.30
2039	86,000.00	120,744.00	-	10,320.00	59,376.54	276,440.54
2040	91,000.00	115,713.00	-	9,890.00	60,564.08	277,167.08
2041	95,000.00	110,389.50	-	9,435.00	61,775.36	276,599.86
2042	100,000.00	104,832.00	-	8,960.00	63,010.86	276,802.86
2043	105,000.00	98,982.00	-	8,460.00	64,271.08	276,713.08
2044	110,000.00	92,839.50	-	7,935.00	65,556.50	276,331.00
2045	116,000.00	86,404.50	-	7,385.00	66,867.63	276,657.13
2046	122,000.00	79,618.50	-	6,805.00	68,204.99	276,628.49
2047	128,000.00	72,481.50	-	6,195.00	69,569.09	276,245.59
2048	135,000.00	64,993.50	-	5,555.00	70,960.47	276,508.97
2049	142,000.00	57,096.00	-	4,880.00	72,379.68	276,355.68
2050	150,000.00	48,789.00	-	4,170.00	73,827.27	276,786.27
2051	158,000.00	40,014.00	-	3,420.00	75,303.82	276,737.82
2052	166,000.00	30,771.00	-	2,630.00	76,809.89	276,210.89
2053	175,000.00	21,060.00	-	1,800.00	78,346.09	276,206.09
2054	185,000.00	10,822.50	-	925.00	79,913.01	276,660.51
Total	\$ 2,935,000.00	\$ 3,313,289.69	\$ (48,170.69)	\$ 279,070.00	\$ 1,825,563.56	\$ 8,304,752.56

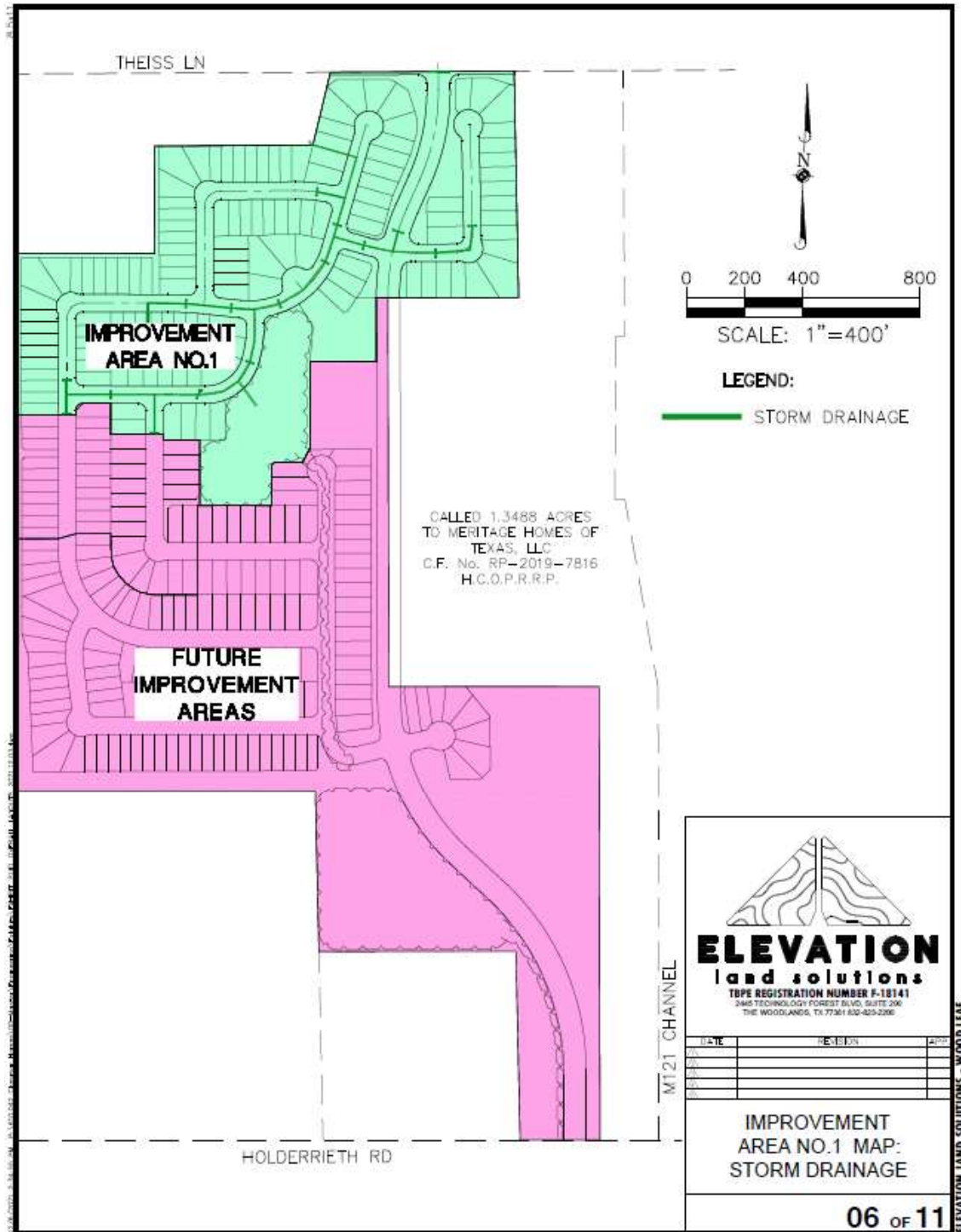
Footnotes:

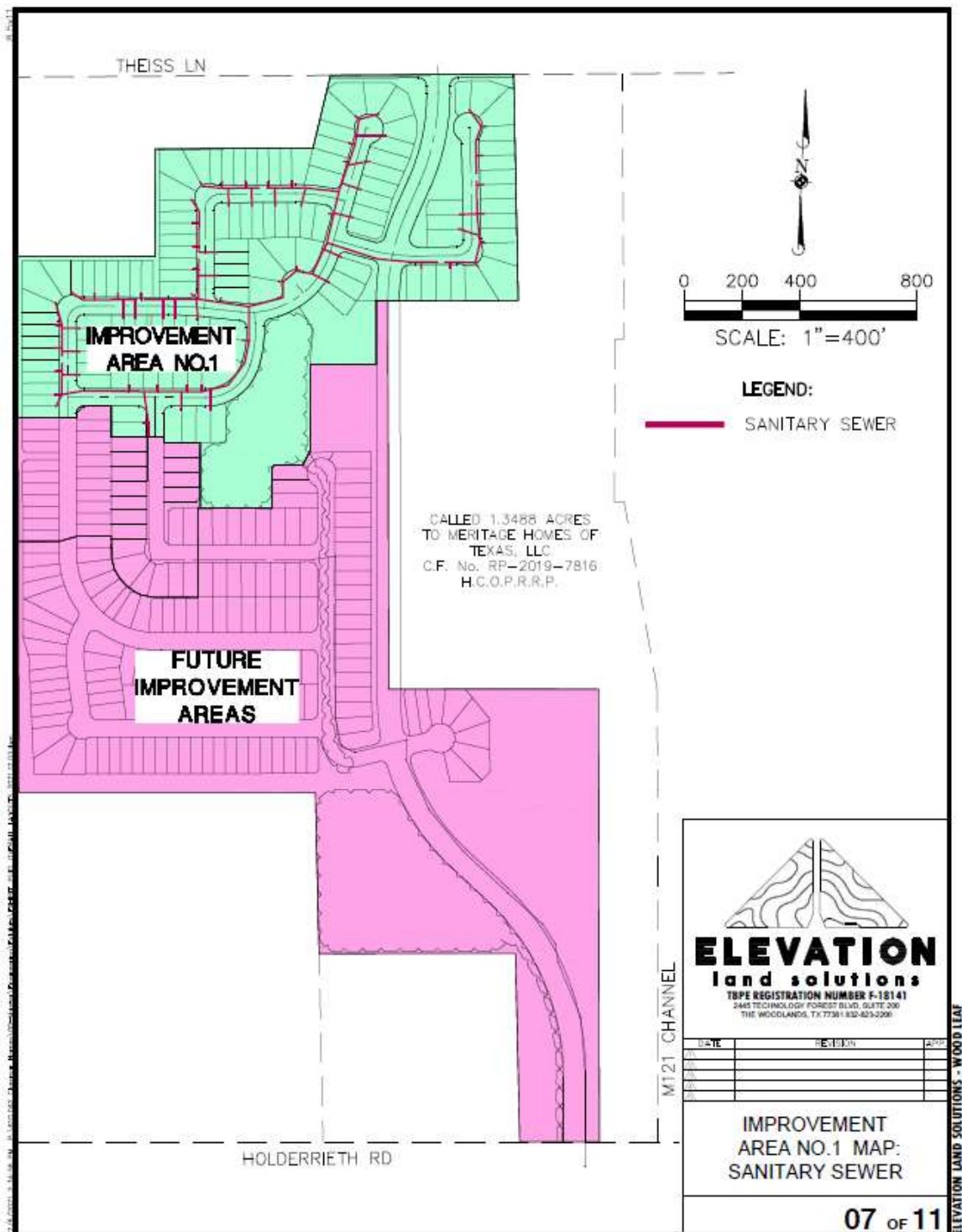
[a] Interest is calculated at a 5.85% rate.

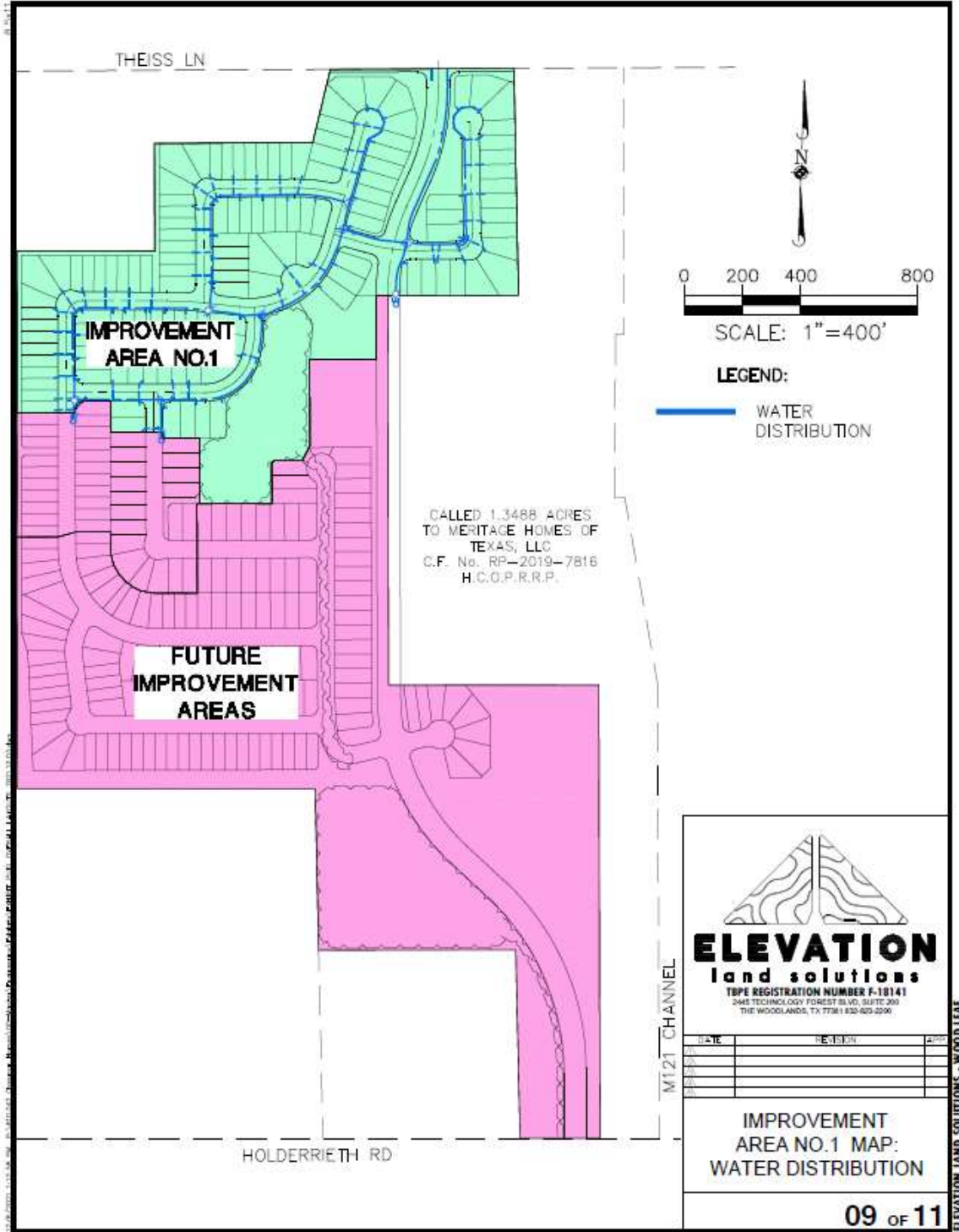
[b] Additional Interest is calculated at a \$0.50 rate.

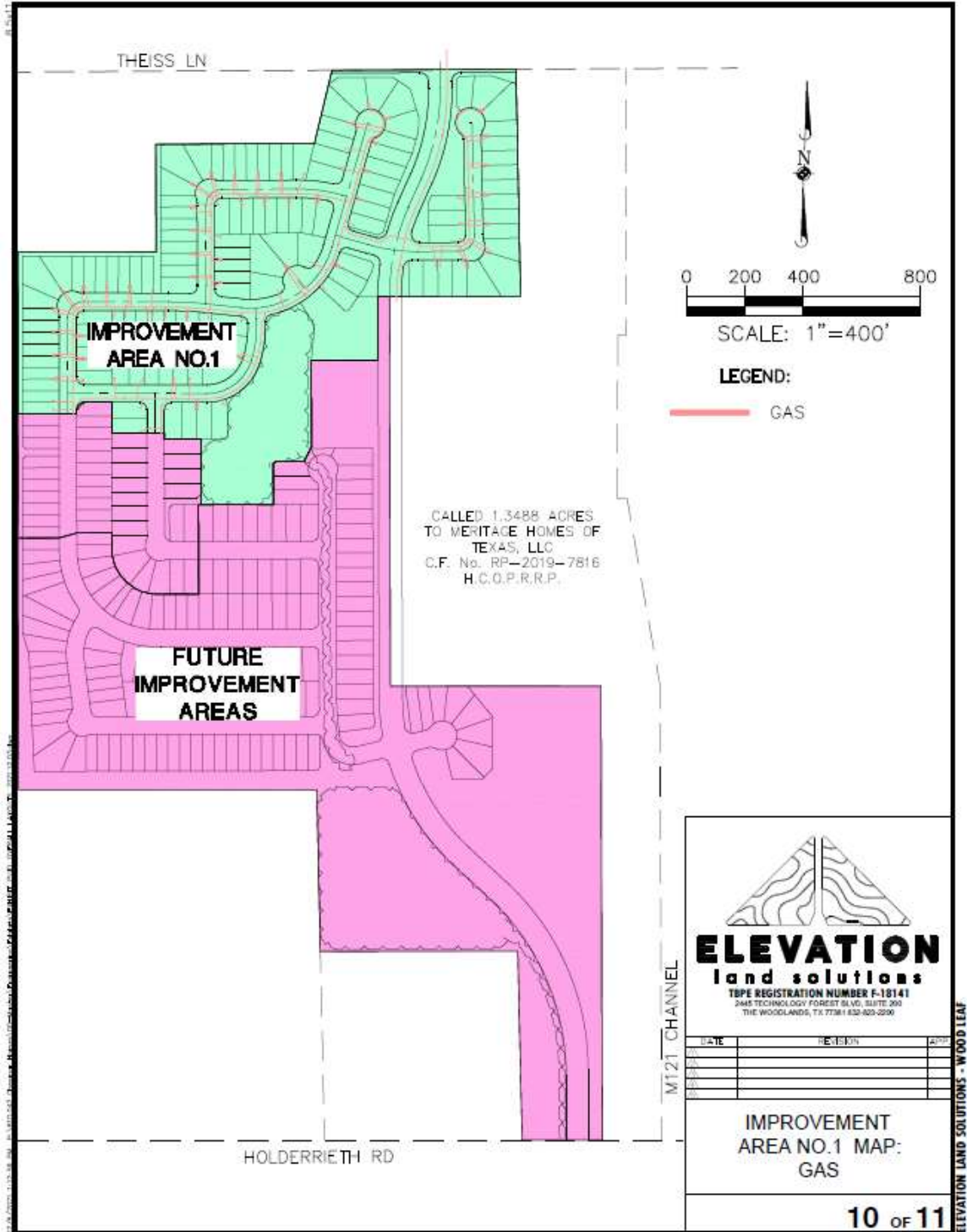
[c] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT H-1 – MAPS OF IMPROVEMENT AREA #1 IMPROVEMENTS









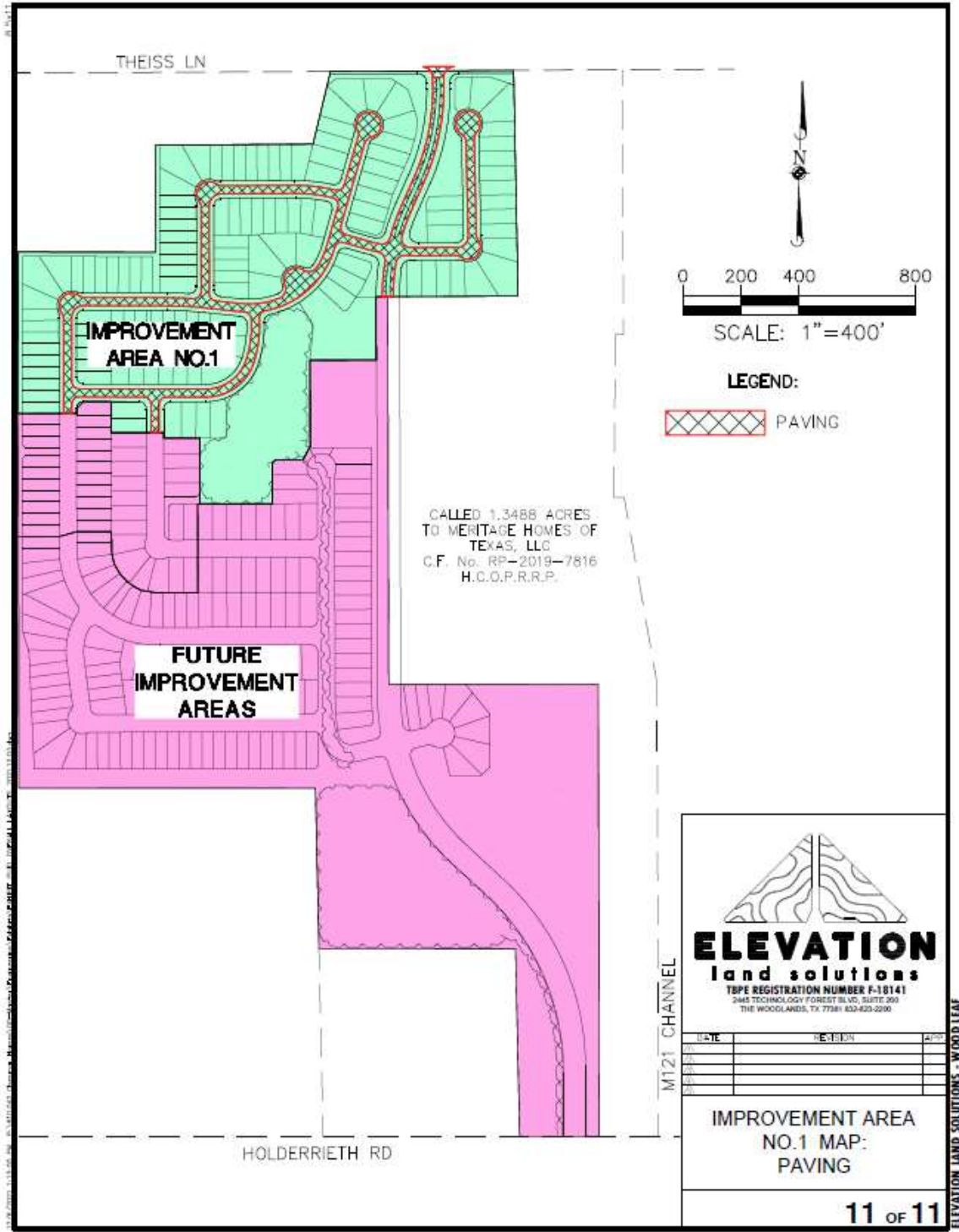
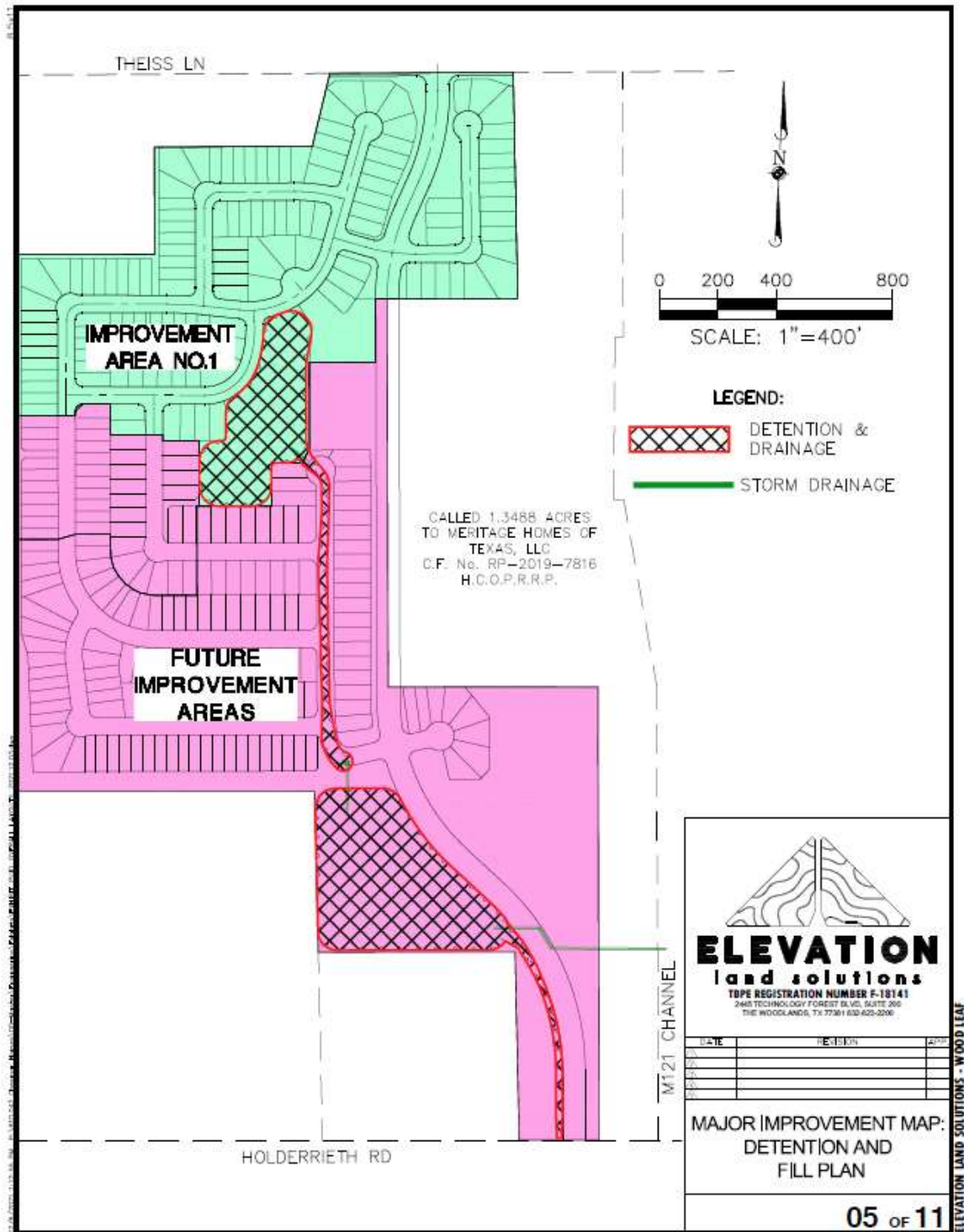


EXHIBIT H-2 – MAPS OF MAJOR IMPROVEMENTS



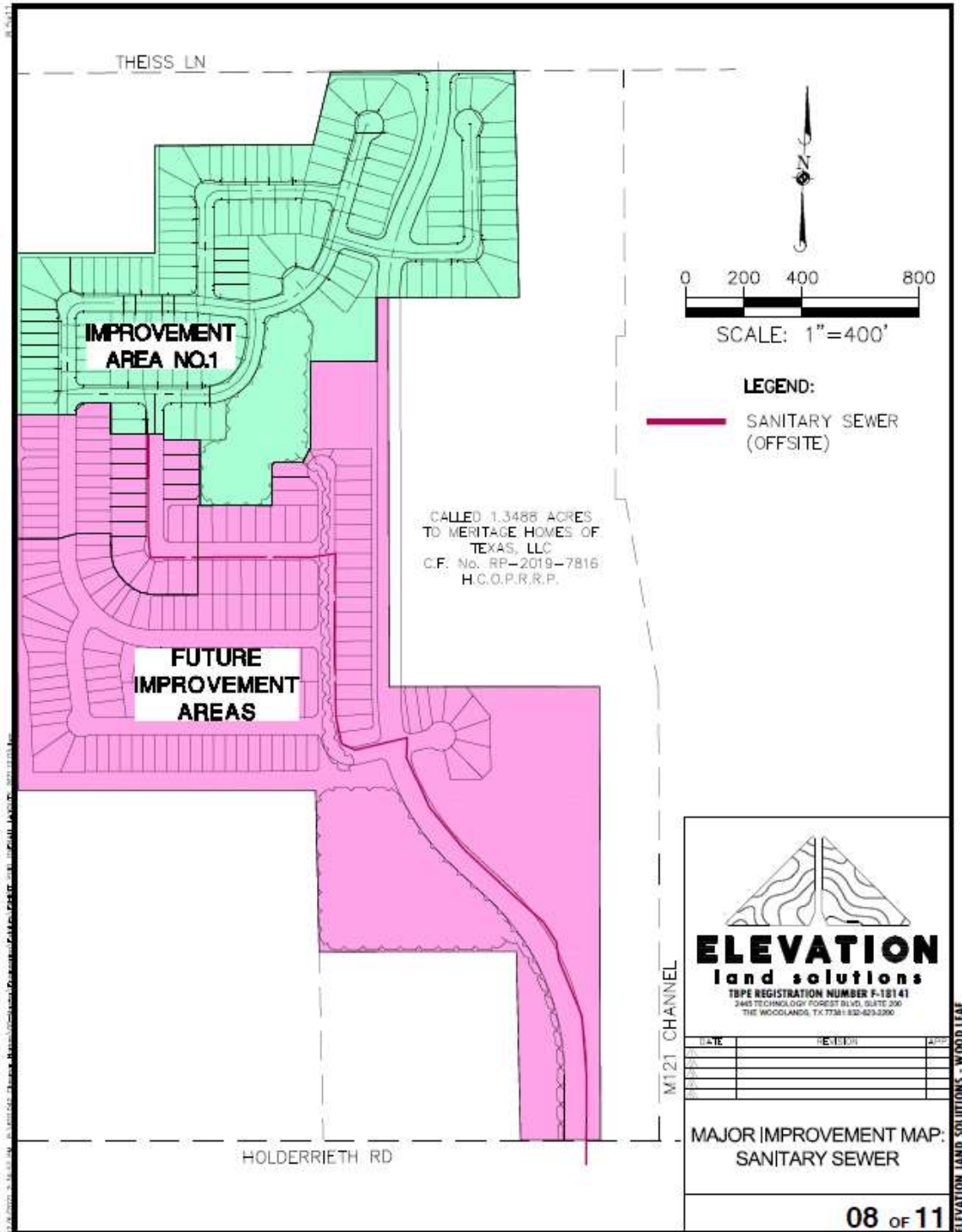
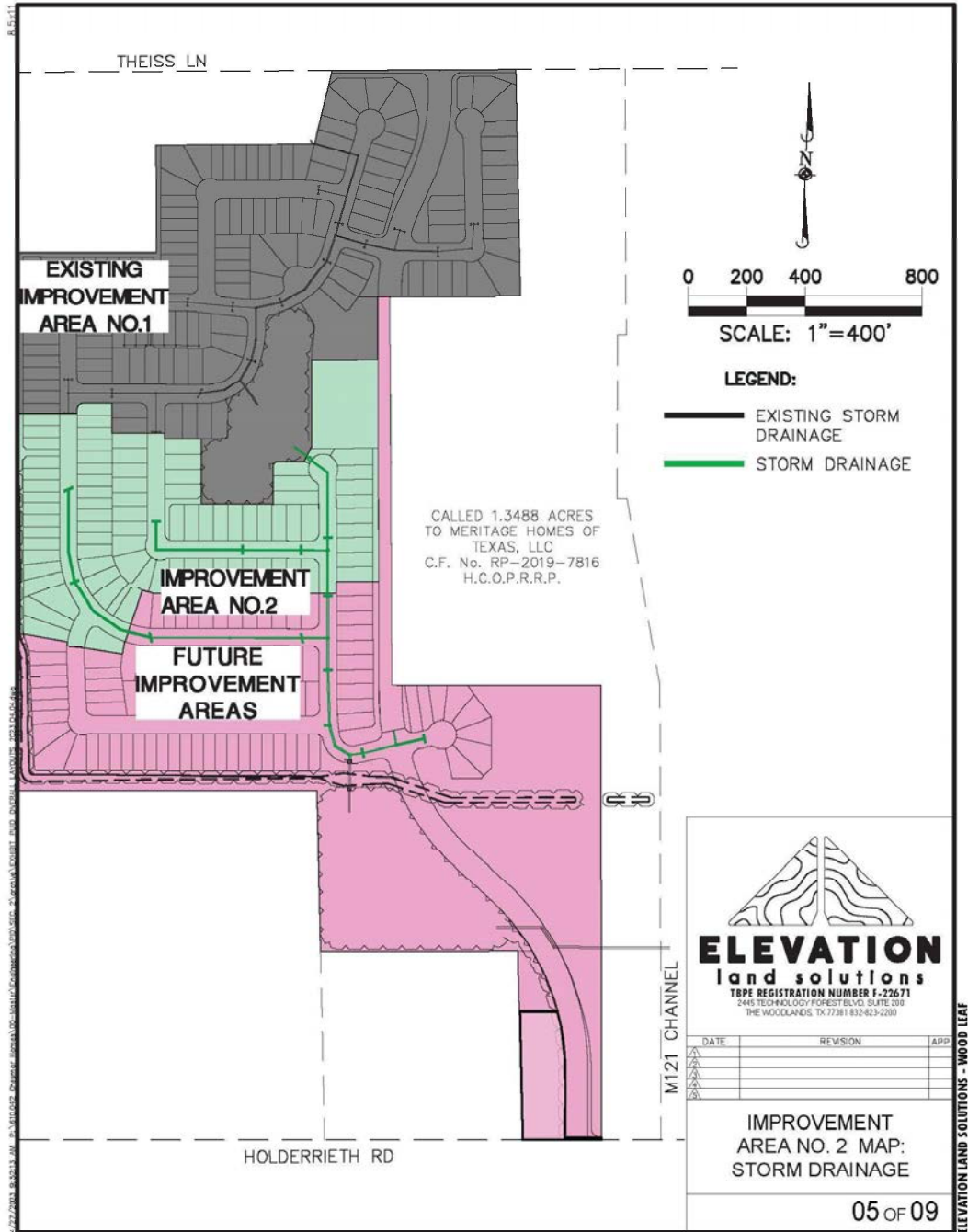
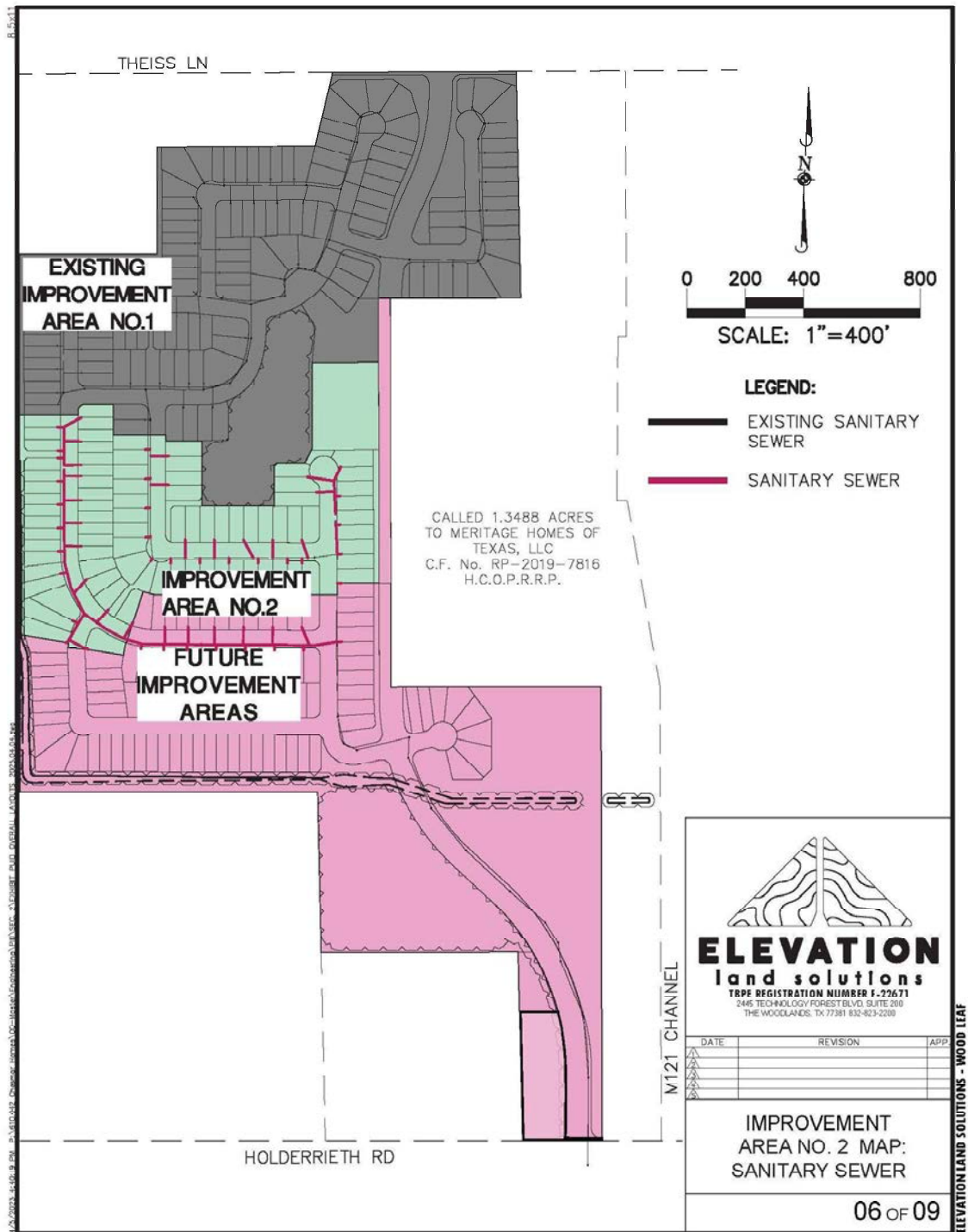
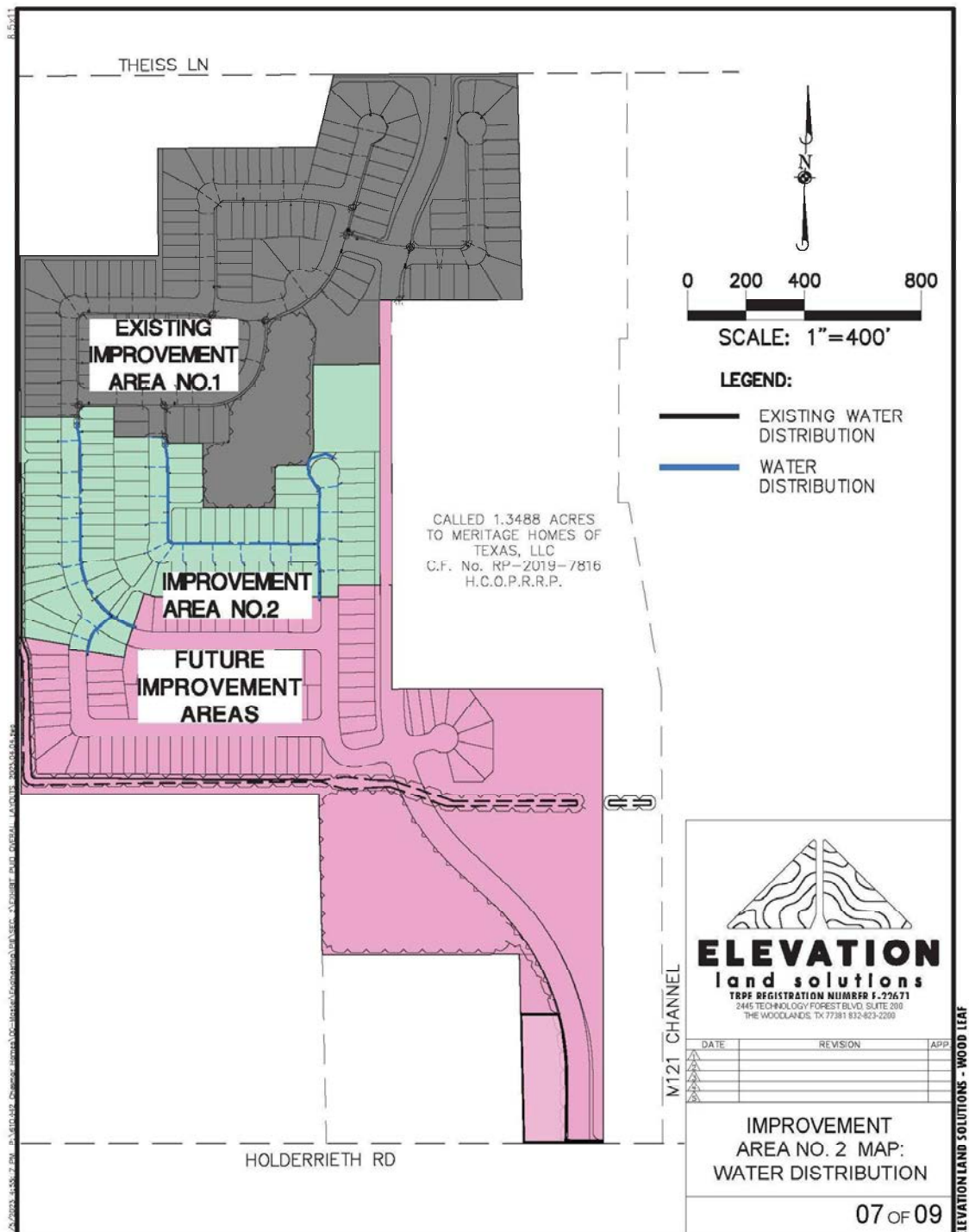
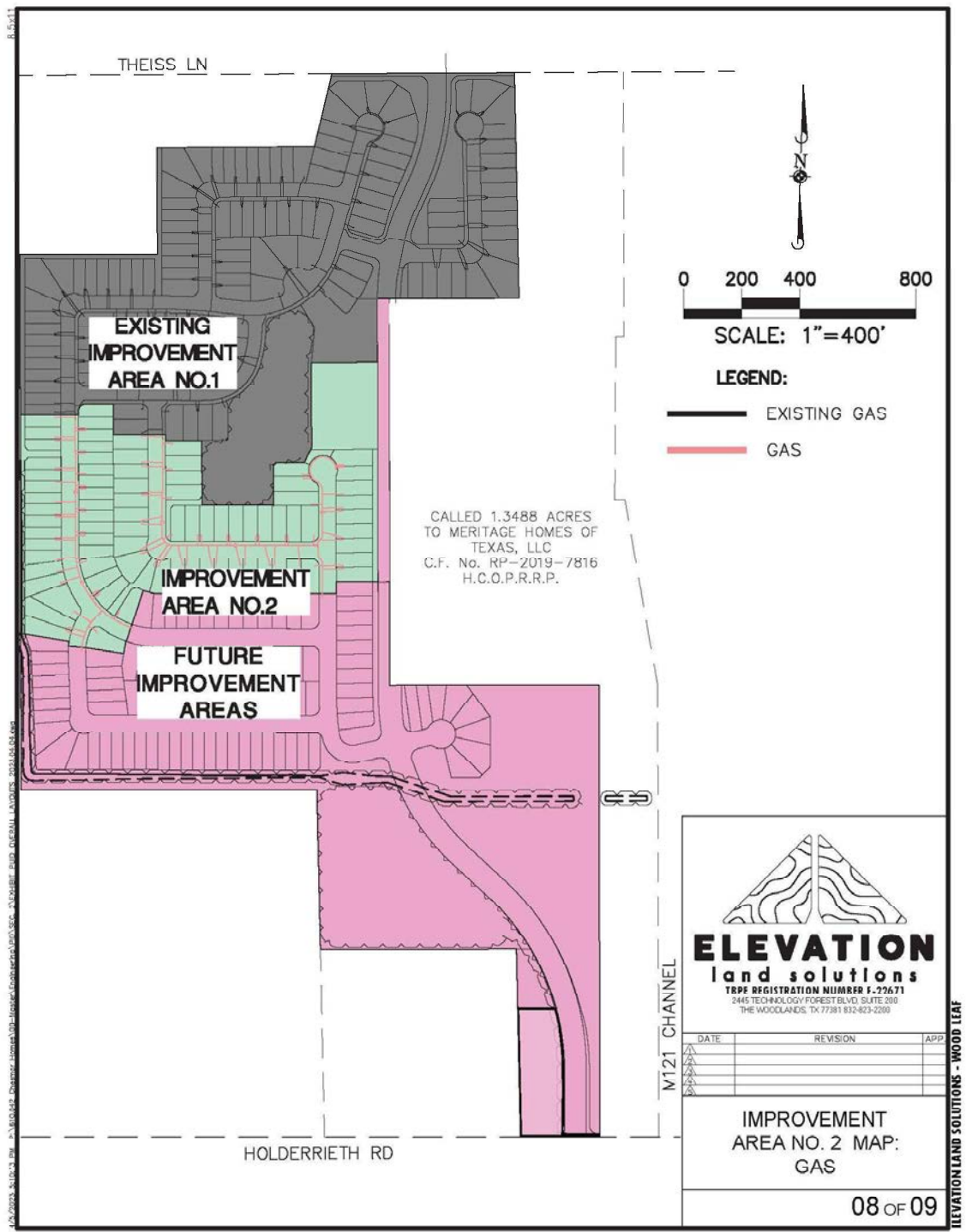


EXHIBIT H-3 – MAPS OF IMPROVEMENT AREA #2 IMPROVEMENTS









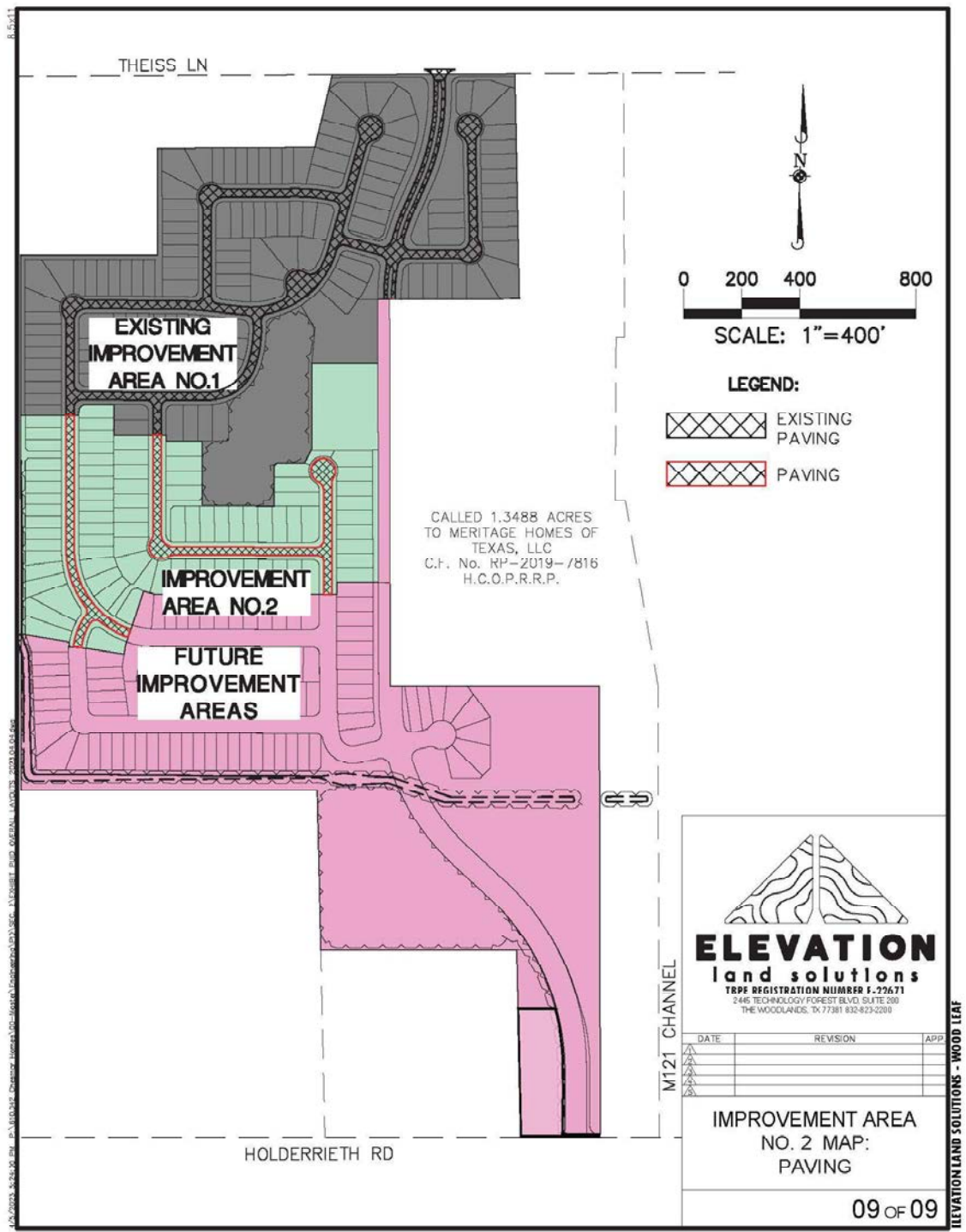


EXHIBIT I – NOTICE OF PID ASSESSMENT TERMINATION



P3Works, LLC
9284 Huntington Square, Suite 100
North Richland Hills, TX 76182

[Date]
Harris County Civil Courthouse
Honorable [County Clerk Name]
201 Caroline, Suite 310
Houston, Texas 77002

Re: City of Tomball Lien Release documents for filing

Dear Ms./Mr. [County Clerk Name],

Enclosed is a lien release that the City of Tomball is requesting to be filed in your office. Lien release for [insert legal description]. Recording Numbers: [Plat]. Please forward copies of the filed documents below:

City of Tomball
Attn: [City Secretary]
401 Market Street
Tomball, Texas 77375

Please contact me if you have any questions or need additional information.

Sincerely,
[Signature]

P3Works, LLC
P: (817)393-0353
admin@p3-works.com

AFTER RECORDING RETURN TO:

[City Secretary]
City of Tomball
401 Market Street
Tomball, Texas 77375

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 HARRIS	§	

THIS FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN (this "Full Release") is executed and delivered as of the Effective Date by the City of Tomball, Texas.

RECITALS

WHEREAS, the governing body (hereinafter referred to as the "City Council") of the City of Tomball, Texas (hereinafter referred to as the "City"), is authorized by Chapter 372, Texas Local Government Code, as amended (hereinafter referred to as the "Act"), to create public improvement districts within the corporate limits and extraterritorial jurisdiction of the City; and

WHEREAS, on or about January 18, 2021, the City Council for the City, approved Resolution No. 2021-04, creating the Wood Leaf Reserve Public Improvement District; and

WHEREAS, the Wood Leaf Reserve Public Improvement District consists of approximately 90.54 contiguous acres located within the City; and

WHEREAS, on or about____, ____, 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 Wood Leaf Reserve Public Improvement District; and

WHEREAS, the Assessment Ordinance imposed an assessment in the amount of \$____.____ (hereinafter referred to as the "Lien Amount") for the following property:

[legal description], a subdivision in Harris County, Texas, according to the map or plat of record in Document/Instrument No. _____ of the Plat Records of Harris County, Texas (hereinafter referred to as the "Property"); and

WHEREAS, the property owners of the Property have paid unto the City the Lien Amount.

RELEASE

NOW THEREFORE, the City, the owner and holder of the Lien, as established by Ordinance No. _____, which levied the Assessment 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 TOMBALL, TEXAS,

By: _____
[Name], [Title]

ATTEST:

[Secretary Name], City Secretary

STATE OF TEXAS	§
	§
COUNTY OF HARRIS	§

This instrument was acknowledged before me on the ____ day of _____, 20__, by [Name], [Title] for the City of Tomball, Texas, on behalf of said municipality.

Notary Public, State of Texas

EXHIBIT J-1 – DEBT SERVICE SCHEDULE FOR IMPROVEMENT AREA #1 BONDS

DEBT SERVICE REQUIREMENTS

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

Year Ending (September 30)	Principal	Interest	Total
2023	\$ 90,000.00	\$ 227,386.14	\$ 317,386.14
2024	71,000.00	246,826.26	317,826.26
2025	73,000.00	243,453.76	316,453.76
2026	76,000.00	239,986.26	315,986.26
2027	79,000.00	236,376.26	315,376.26
2028	82,000.00	232,623.76	314,623.76
2029	86,000.00	228,421.26	314,421.26
2030	90,000.00	224,013.76	314,013.76
2031	94,000.00	219,401.26	313,401.26
2032	98,000.00	214,583.76	312,583.76
2033	102,000.00	209,561.26	311,561.26
2034	108,000.00	203,568.76	311,568.76
2035	114,000.00	197,223.76	311,223.76
2036	120,000.00	190,526.26	310,526.26
2037	126,000.00	183,476.26	309,476.26
2038	133,000.00	176,073.76	309,073.76
2039	140,000.00	168,260.00	308,260.00
2040	148,000.00	160,035.00	308,035.00
2041	156,000.00	151,340.00	307,340.00
2042	165,000.00	142,175.00	307,175.00
2043	174,000.00	132,481.26	306,481.26
2044	183,000.00	122,258.76	305,258.76
2045	194,000.00	111,507.50	305,507.50
2046	205,000.00	100,110.00	305,110.00
2047	216,000.00	88,066.26	304,066.26
2048	229,000.00	75,376.26	304,376.26
2049	242,000.00	61,922.50	303,922.50
2050	256,000.00	47,705.00	303,705.00
2051	270,000.00	32,665.00	302,665.00
2052	286,000.00	16,802.50	302,802.50
Total	<u>\$4,406,000.00</u>	<u>\$4,884,207.58</u>	<u>\$9,290,207.58</u>

EXHIBIT J-2 – DEBT SERVICE SCHEDULE FOR IMPROVEMENT AREA #2 BONDS

Installment Due 1/31	Improvement Area #2 2024 Bonds				Annual Collection Costs	Total Installment [c]
	Principal	Interest [a]	Capitalized Interest	Additional Interest [b]		
2024	-	48,170.69	(48,170.69)	-	-	-
2025	46,000.00	171,697.50	-	14,675.00	45,000.00	277,372.50
2026	48,000.00	169,006.50	-	14,445.00	45,900.00	277,351.50
2027	50,000.00	166,198.50	-	14,205.00	46,818.00	277,221.50
2028	52,000.00	163,273.50	-	13,955.00	47,754.36	276,982.86
2029	55,000.00	160,231.50	-	13,695.00	48,709.45	277,635.95
2030	57,000.00	157,014.00	-	13,420.00	49,683.64	277,117.64
2031	60,000.00	153,679.50	-	13,135.00	50,677.31	277,491.81
2032	62,000.00	150,169.50	-	12,835.00	51,690.86	276,695.36
2033	65,000.00	146,542.50	-	12,525.00	52,724.67	276,792.17
2034	68,000.00	142,740.00	-	12,200.00	53,779.17	276,719.17
2035	72,000.00	138,762.00	-	11,860.00	54,854.75	277,476.75
2036	75,000.00	134,550.00	-	11,500.00	55,951.84	277,001.84
2037	79,000.00	130,162.50	-	11,125.00	57,070.88	277,358.38
2038	82,000.00	125,541.00	-	10,730.00	58,212.30	276,483.30
2039	86,000.00	120,744.00	-	10,320.00	59,376.54	276,440.54
2040	91,000.00	115,713.00	-	9,890.00	60,564.08	277,167.08
2041	95,000.00	110,389.50	-	9,435.00	61,775.36	276,599.86
2042	100,000.00	104,832.00	-	8,960.00	63,010.86	276,802.86
2043	105,000.00	98,982.00	-	8,460.00	64,271.08	276,713.08
2044	110,000.00	92,839.50	-	7,935.00	65,556.50	276,331.00
2045	116,000.00	86,404.50	-	7,385.00	66,867.63	276,657.13
2046	122,000.00	79,618.50	-	6,805.00	68,204.99	276,628.49
2047	128,000.00	72,481.50	-	6,195.00	69,569.09	276,245.59
2048	135,000.00	64,993.50	-	5,555.00	70,960.47	276,508.97
2049	142,000.00	57,096.00	-	4,880.00	72,379.68	276,355.68
2050	150,000.00	48,789.00	-	4,170.00	73,827.27	276,786.27
2051	158,000.00	40,014.00	-	3,420.00	75,303.82	276,737.82
2052	166,000.00	30,771.00	-	2,630.00	76,809.89	276,210.89
2053	175,000.00	21,060.00	-	1,800.00	78,346.09	276,206.09
2054	185,000.00	10,822.50	-	925.00	79,913.01	276,660.51
Total	\$ 2,935,000.00	\$ 3,313,289.69	\$ (48,170.69)	\$ 279,070.00	\$ 1,825,563.56	\$ 8,304,752.56

Footnotes:

[a] Interest is calculated at a 5.85% rate.

[b] Additional Interest is calculated at a \$0.50 rate.

[c] 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 K-1 – DISTRICT BOUNDARY DESCRIPTION

A **METES & BOUNDS** description of a certain 90.54 acre (3,943,901 square feet) tract of land situated in the Claude N. Pilot Survey, Abstract No. 632 in Harris County, Texas, being all of the remainder of a called 2.84 acre tract (Tract I) conveyed to Chesmar Homes, LLC, by deed recorded in Clerk's File No. RP- 2020-405995, Harris County Official Public Records of Real Property, also being all of the remainder of a called 5.00 acre tract (Tract II) conveyed to Chesmar Homes, LLC, by deed recorded in Clerk's File No. RP-2020-405995, Harris County Official Public Records of Real Property, also being all of a called 1.13 acre tract (Tract III) conveyed to Chesmar Homes, LLC, by deed recorded in Clerk's File No. RP-2020-405995, Harris County Official Public Records of Real Property, also being all of a called 18.334 acre tract (Tract IV) conveyed to Chesmar Homes, LLC, by deed recorded in Clerk's File No. RP-2020-405995, Harris County Official Public Records of Real Property, also being all of a called 4.990 acre tract (Tract V) conveyed to Chesmar Homes, LLC, by deed recorded in Clerk's File No. RP-2020-405995, Harris County Official Public Records of Real Property, also being a portion of a called 61.013 acre tract conveyed to Chesmar Homes, LLC, by deed recorded in Clerk's File No. RP-2020-407771, Harris County Official Public Records of Real Property; said 90.54 acre (3,943,901 square feet) tract of land being more particularly described as follows with all bearings being based on the Texas Coordinate System, South Central Zone, NAD 83, 2001 Adjustment:

BEGINNING at a 2-inch iron pipe found, being the most westerly northwest corner of the herein described tract, being the most westerly northwest corner of said called 61.013 acre tract, also being the southwest corner of a called 6.7133 acre tract conveyed to Worldwide Rock Enterprises, L.P., by deed recorded in Clerk's File No. 20150562448, Harris County Official Public Records of Real Property, also being on the east line of Restricted Reserve "A", Replat of Wal-Mart Tomball, by plat recorded in Clerk's File No. W008922, Harris County Map Records;

THENCE, North 87°45'25" East, 472.90 feet along the south line of said called 6.7133 acre tract to a 1-inch iron pipe found, being the southeast corner of said called 6.7133 acre tract;

THENCE, North 02°26'51" West, 368.19 feet along the east line of said called 6.7133 acre tract to a 5/8-inch iron rod (with cap) found, being the most northerly northwest corner of said called 61.013 acre tract;

THENCE, North 87°17'42" East, 542.42 feet to a 5/8-inch iron rod (with cap) found, being the southeast corner of a called 1.167 acre tract (Tract 2) conveyed to Alejandro and Apolinar Gomez by deed recorded in Clerk's File No. RP-2020-410875, Harris County Official Public Records of Real Property;

THENCE, North 11°11'31" East, 257.21 feet to a point for corner, being the northeast corner of said called 1.167 acre tract (Tract 2), from which a 5/8-inch iron rod (with cap) found bears North 11°11'31" East, 0.41 feet;

THENCE, North 87°21'24" East, 629.28 feet to a point for the northeast corner of the herein described tract, being the northeast corner of said Tract V, also being the northwest corner of a called 39.03 acre tract conveyed to Meritage Homes of Texas, LLC, by deed recorded in Clerk's File No. RP-2019-7816, Harris County Official Public Records of Real Property, from which a 5/8-inch iron rod (with cap) found bears North 03°29'29" West, 0.92 feet;

THENCE, along the west line of said called 39.03 acre tract, the following five (5) courses and distances:

1. South 03°29'29" East, 776.09 feet to a 1/2-inch iron rod found;

2. South 87°21'07" West, 448.18 feet to a 5/8-inch iron rod found;

3. South 02°27'59" East, 1,331.96 feet to a 1/2-inch iron rod found;

4. North 87°39'22" East, 720.29 feet to a 1/2-inch iron rod found;

5. South 02°27'41" East, 1,545.47 feet to a 5/8-inch iron rod (with cap stamped "Manhard") set for the southeast corner of the herein described tract, being 10 feet north of and parallel to the north right-of-way line of Holderrieth Road (width varies per Volume 816, Page 359, and Volume 1036, Page 256, Harris County Deed Records);

THENCE, South 87°39'37" West, 10 feet north of and parallel to said north right-of-way line of Holderrieth Road, 129.42 feet to a 5/8-inch iron rod (with cap stamped "Manhard") set, being the beginning of a curve to the left;

THENCE, along said curve to the left in a northerly direction, with a radius of 30.00 feet, a central angle of 40°10'02", an arc length of 21.03 feet, and a chord bearing of North 17°44'38" East, 20.60 feet to a 5/8-inch iron rod (with cap stamped "Manhard") set;

THENCE, North 02°20'23" West, 198.70 feet to a 5/8-inch iron rod (with cap stamped "Manhard") set, being the beginning of a curve to the left;

THENCE, along said curve to the left in a northerly direction, with a radius of 810.05 feet, a central angle of 15°17'16", an arc length of 216.14 feet, and a chord bearing of North 09°59'01" West, 215.50 feet to a 5/8-inch iron rod (with cap stamped "Manhard") set;

THENCE, South 87°39'37" West, 132.30 feet to a 5/8-inch iron rod (with cap stamped "Manhard") set, being on the east line of a called 0.6462 acre tract (Tract 2) conveyed to Alejandro Gomez and

Apolinar Gomez by deed recorded in Clerk's File No. 20060092123, Harris County Official Public Records of Real Property;

THENCE, North 03°36'41" West, 204.00 feet along said east line of said called 0.6462 acre tract to the northeast corner of said called 0.6462 acre tract, from which a 1-inch iron pipe found bears North 22°52'28" West, 1.14 feet;

THENCE, South 87°37'15" West, along the north line of said called 0.6462 acre tract, at a distance of 100.11 feet passing a 1/2-inch iron rod found, being the northwest corner of said called 0.6462 acre tract, also being the northeast corner of the remainder of a called 10.0 acre tract conveyed to Walter John Rumfolo and wife, Lucille Rumfolo, by deed recorded in Clerk's File No. D055346, Harris County Official Public Records, continuing along the north line of said called 10.0 acre tract for a total distance of 675.32 feet to a 3/8-inch iron rod found, being the northwest corner of said remainder of said called 10.0 acre tract, also being on the east line of a called 25.950 acre tract conveyed to Maple Group, Ltd., by deed recorded in Clerk's File No. X273577, Harris County Official Public Records of Real Property;

THENCE, North 03°35'52" West, 551.72 feet along said east line of said called 25.950 acre tract to a 5/8-inch iron rod (with cap) found, being the northeast corner of said called 25.950 acre tract;

THENCE, South 87°39'58" West, 1,019.61 feet along the north line of said called 25.950 acre tract to a point for corner, being the northwest corner of said called 25.950 acre tract, also being on the east line of a called 1.3488 acre tract conveyed to Gordon Bruce Glanville by deed recorded in Clerk's File No. P064837, Harris County Official Public Records of Real Property, from which a 5/8-inch iron rod (with cap) found bears South 87°39'58" West, 1.07 feet;

THENCE, North 02°26'12" West, at a distance of 766.87 feet passing a 1/2-inch iron rod found, being the northeast corner of a called 5.0074 acre tract conveyed to Alvin W. Theis and wife, Thelma Theis, by deed recorded in Clerk's File No. J142169, Harris County Official Public Records of Real Property, also being the southeast corner of a called 4.9837 acre tract conveyed to Tractor Supply Co. of Texas, LP, by deed recorded in Clerk's File No. 20140022360, Harris County Official Public Records of Real Property, at a distance of 1,726.03 feet passing a 1/2-inch iron rod inside of a 2" iron pipe found on said east line of Restricted Reserve "A", Replat of Wal-Mart Tomball, in all a distance of 1,844.67 feet to the **POINT OF BEGINNING, CONTAINING** 90.54 acres (3,943,901 square feet) of land in Montgomery County, Texas, filed in the office of Manhard Consulting, Ltd. In The Woodlands, Texas.

EXHIBIT K-2 – IMPROVEMENT AREA #1 BOUNDARY DESCRIPTION

Chesmar Homes, LLC
33.4418 acres

Claude N. Pillot Survey
Abstract No. 632

STATE OF TEXAS §

COUNTY OF HARRIS §

A **METES & BOUNDS** description of a certain 33.4418 acre (1,456,725 square feet) tract of land situated in the Claude N. Pillot Survey, Abstract No. 632, in Harris County, Texas, being all of Wood Leaf Reserve Section 1 according to the plat thereof recorded in Clerk's File No. RP-2021-200807, Harris County Official Public Records of Real Property, being a portion of the remainder of a called 2.84 acre tract (Tract I) conveyed to Chesmar Homes, LLC, a Texas Limited Liability Company by deed recorded in Clerk's File No. RP-2020-405995, Harris County Official Public Records of Real Property, being a portion of the remainder of a called 5.00 acre tract (Tract II) conveyed to Chesmar Homes, LLC, a Texas Limited Liability Company by deed recorded in Clerk's File No. RP-2020-405995, Harris County Official Public Records of Real Property, being a portion of a called 18.334 acre tract (Tract IV) conveyed to Chesmar Homes, LLC, a Texas Limited Liability Company by deed recorded in Clerk's File No. RP-2020-405995, Harris County Official Public Records of Real Property, being all of a called 4.990 acre tract (Tract V) conveyed to Chesmar Homes, LLC, a Texas Limited Liability Company by deed recorded in Clerk's File No. RP-2020-405995, Harris County Official Public Records of Real Property, and being a portion of a called 61.013 acre tract conveyed to Chesmar Homes, LLC, a Texas Limited Liability Company by deed recorded in Clerk's File No. RP-2020-407771, Harris County Official Public Records of Real Property; said 33.4418 acre (1,456,725 square feet) tract of land being more particularly described as follows with all bearings being based on the Texas Coordinate System, South Central Zone, NAD 83, 2001 Adjustment:

BEGINNING at a 5/8-inch iron rod (with cap) found, being the northwest corner of said called 61.013 acre tract and being on the east line of a called 6.7133 acre tract conveyed to Worldwide Rock Enterprises, L.P. by deed recorded in Clerk's File No. 20150562448, Harris County Official Public Records;

THENCE, North 87°17'42" East, 542.42 feet to a 5/8-inch iron rod (with cap) found, being the southeast corner of a called 1.167 acre tract (Tract 2) conveyed to Maritia LP, an Arizona Limited Partnership, by deed recorded in Clerk's File No. RP-2020-410875, Harris County Official Public Records of Real Property;

THENCE, North 11°11'31" East, 257.21 feet to a 5/8-inch iron rod (with cap) found, being the northeast corner of said called 1.167 acre tract and being on the south right-of-way line of Theis Lane (60 foot right-of way per based on a width of 60 feet) recorded in Clerk's File No. J558545 and Clerk's File No. S551096, Harris County Official Public Records of Real Property;

THENCE, along the south right-of-way line of said Theis Lane, North 87°21'24" East, 629.28 feet to a 5/8-inch iron rod (with cap) found, being the northeast corner of said called 4.990 acre tract (Tract V), being the northwest corner of a called 39.03 acre tract conveyed to Meritage Homes of Texas, LLC by deed recorded in Clerk's File No. RP-2019-7816, Harris County Official Public Records of Real Property, and being the northeast corner of the herein described tract;

THENCE, South 03°29'29" East, 776.09 feet to a 1/2-inch iron rod found, being the southeast corner of said called 4.990 acre tract (Tract V);

THENCE, South 87°21'07" West, 408.18 feet to a 5/8-inch iron rod (with cap) found, being on an interior line of said called 18.334 acre tract (Tract IV);

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Chesmar Homes, LLC
33.4418 acres

Claude N. Pillot Survey
Abstract No. 632

THENCE, South 87°32'01" West, at 40.00 feet passing a 5/8-inch iron rod found, being an exterior corner of said called 39.0554 acre tract and being an interior corner of said called 18.334 acre tract (Tract IV), and continuing for a total distance of 80.00 feet to a 5/8-inch iron rod (with cap) found, being on the north line of the remainder of said called 18.334 acre tract (Tract IV);

THENCE, along the north line of the remainder of said called 18.334 acre tract (Tract IV), the following nine (9) courses and distances:

1. South 02°27'59" East, 217.82 feet to a 5/8-inch iron rod (with cap) found;
2. South 87°31'54" West, 227.76 feet to a 5/8-inch iron rod (with cap) found;
3. South 02°28'06" East, 295.16 feet to a 5/8-inch iron rod (with cap) found;
4. South 25°22'36" West, 54.93 feet to a 5/8-inch iron rod (with cap) found;
5. South 87°48'00" West, 95.46 feet to a 5/8-inch iron rod (with cap) found;
6. South 42°40'08" West, 14.11 feet to a 5/8-inch iron rod (with cap) found;
7. South 02°27'43" East, 140.00 feet to a 5/8-inch iron rod (with cap) found;
8. South 87°48'00" West, 247.32 feet to a 5/8-inch iron rod (with cap) found;
9. North 02°24'47" West, 225.00 feet to a 5/8-inch iron rod (with cap) found, being on the north line of the remainder of said called 61.013 acre tract;

THENCE, along the north line of the remainder of said called 61.013 acre tract, the following eight (8) courses and distances:

1. South 87°48'00" West, 125.00 feet to a 5/8-inch iron rod (with cap) found;
2. North 02°24'47" West, 19.46 feet to a 5/8-inch iron rod (with cap) found;
3. South 87°35'13" West, 180.00 feet to a 5/8-inch iron rod (with cap) found;
4. North 02°24'47" West, 106.21 feet to a 5/8-inch iron rod (with cap) found;
5. South 87°48'00" West, 94.91 feet to a 5/8-inch iron rod (with cap) found, being the beginning of a curve to the left;
6. Along said curve to the left in a southwesterly direction, with a radius of 25.00 feet, a central angle of 90°12'47", an arc length of 39.36 feet, and a chord bearing South 42°41'37" West, 35.42 feet to a 5/8-inch iron rod (with cap) found;
7. South 02°24'47" East, 15.69 feet to a 5/8-inch iron rod (with cap) found;

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Chesmar Homes, LLC
33.4418 acres

Claude N. Pillot Survey
Abstract No. 632

8. South 87°35'13" West, 200.54 feet to a 5/8-inch iron rod (with cap) found, being on the west line of said called 61.013 acre tract, being on the east line of Restricted Reserve "A" of Replat Wal-Mart Tomball recorded in Film Code No. 519114, Harris County Map Records, and being the southwest corner of the herein described tract;

THENCE, North 02°26'12" West, 555.32 feet to a 2-inch iron pipe found, being on the east line of said Restricted Reserve "A", being an exterior corner of said called 61.013 acre tract, and being the southwest corner of said called 6.7133 acre tract;

THENCE, North 87°45'25" East, 472.90 feet to a 1-inch iron pipe found, being the southeast corner of said called 6.7133 acre tract, being an interior corner of said called 61.013 acre tract;

THENCE, North 02°26'51" West, 368.19 feet to the **POINT OF BEGINNING, CONTAINING 33.4418 acres** (1,456,725 square feet) of land in Harris County, Texas, filed in the offices of Elevation Land Solutions in The Woodlands, Texas.

Elevation Land Solutions
2445 Technology Forest Blvd, Suite #200
The Woodlands, Texas 77381
(832) 823-2200
*Texas Board of Professional Engineers &
Land Surveyors Firm Reg. No. 10194692*


Acting By/Through Joel K. Nalley
Registered Professional Land Surveyor
No. 6525
jnalley@elevationlandsolutions.com



12/17/2021

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EXHIBIT K-3 – IMPROVEMENT AREA #2 BOUNDARY DESCRIPTION

Chesmar Homes, LLC
18.02 acres Wood Leaf Reserve Section 2

Claude N. Pillot Survey
Abstract No. 632

STATE OF TEXAS §

COUNTY OF HARRIS §

A **METES & BOUNDS** description of a certain 18.02 acre (784,734 square feet) tract of land situated in the Claude N. Pillot Survey, Abstract No. 632, in Harris County, Texas, being a portion of a called 1.13 acre tract (Tract III) conveyed to Chesmar Homes, LLC, a Texas limited liability company, by deed recorded in Clerk's File No. RP-2020405995, Harris County Official Public Records of Real Property, being a portion of the remainder of a called 61.013 acre tract conveyed to Chesmar Homes, LLC, a Texas limited liability company, by deed recorded in Clerk's File No. RP-2020-407771, Harris County Official Public Records of Real Property, and being a portion of the remainder of a called 18.334 acre tract (Tract IV) conveyed to Chesmar Homes, LLC, a Texas limited liability company, by deed recorded in Clerk's File No. RP-2020-405995, Harris County Official Public Records of Real Property; said 18.02 acre (784,734 square feet) tract of land being more particularly described as follows with all bearings being based on the Texas Coordinate System, South Central Zone, NAD 83, 2001 Adjustment:

BEGINNING at a 5/8-inch iron rod (with cap) found, being the southwest corner of Restricted Reserve F of Wood Leaf Reserve Section 1 according to the plat thereof recorded in Film Code No. 694636, Harris County Map Records, being on the west line of said called 61.013 acre tract, being on the east line of Restricted Reserve "A" of Wal-Mart Tomball according to the plat thereof recorded in Film Code No. 519114, Harris County Map Records, and being the northwest corner of the herein described tract;

THENCE, along the south line of said Wood Leaf Reserve Section 1, the following eighteen (18) courses and distances:

1. North 87°35'13" East, 200.54 feet to a 5/8-inch iron rod (with cap) found;
2. North 02°24'47" West, 15.69 feet to a 5/8-inch iron rod (with cap) found, being the beginning of a curve to the right;
3. Along said curve to the right in a northeasterly direction, with a radius of 25.00 feet, a central angle of 90°12'47", an arc length of 39.36 feet, and a chord bearing North 42°41'37" East, 35.42 feet to a 5/8-inch iron rod (with cap) found;
4. North 87°48'00" East, 94.91 feet to a 5/8-inch iron rod (with cap) found;
5. South 02°24'47" East, 106.21 feet to a 5/8-inch iron rod (with cap) found;
6. North 87°35'13" East, 180.00 feet to a 5/8-inch iron rod (with cap) found;
7. South 02°24'47" East, 19.46 feet to a 5/8-inch iron rod (with cap) found;
8. North 87°48'00" East, 125.00 feet to a 5/8-inch iron rod (with cap) found;
9. South 02°24'47" East, 225.00 feet to a 5/8-inch iron rod (with cap) found;

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10. North 87°48'00" East, 247.32 feet to a 5/8-inch iron rod (with cap) found;
11. North 02°27'43" West, 140.00 feet to a 5/8-inch iron rod (with cap) found;
12. North 42°40'08" East, 14.11 feet to a 5/8-inch iron rod (with cap) found;
13. North 87°48'00" East, 95.46 feet to a 5/8-inch iron rod (with cap) found;
14. North 25°22'36" East, 54.93 feet to a 5/8-inch iron rod (with cap) found;
15. North 02°28'06" West, 295.16 feet to a 5/8-inch iron rod (with cap) found;
16. North 87°31'54" East, 227.76 feet to a 5/8-inch iron rod (with cap) found;
17. North 02°27'59" West, 217.82 feet to a 5/8-inch iron rod (with cap) found;
18. North 87°32'01" East, 40.00 feet to a 5/8-inch iron rod (with cap) found, being on the east line of said called 18.334 acre tract (Tract IV), being in the centerline of School Street (based on a width of 80-feet) recorded in Film Code No. 694636, Harris County Map Records, being on the west right-of-way line of School Road (based on a width of 40-feet) recorded in Film Code No. 694782, Harris County Map Records, and being the northeast corner of the herein described tract;

THENCE, South 02°27'59" East, along the east line of said called 18.334 acre tract (Tract IV) and along the west right-of-way line of said School Road, 974.84 feet to a 5/8-inch iron rod (with cap stamped "ELS") set, and being the southeast corner of the herein described tract;

THENCE, South 87°32'17" West, 183.90 feet to a 5/8-inch iron rod (with cap stamped "ELS") set;

THENCE, South 02°27'43" East, 41.98 feet to a 5/8-inch iron rod (with cap stamped "ELS") set;

THENCE, South 87°32'17" West, 60.00 feet to a 5/8-inch iron rod (with cap stamped "ELS") set;

THENCE, South 87°48'00" West, 569.09 feet to a 5/8-inch iron rod (with cap stamped "ELS") set;

THENCE, North 77°12'01" West, 37.28 feet to a 5/8-inch iron rod (with cap stamped "ELS") set;

THENCE, South 16°17'58" West, 182.00 feet to a 5/8-inch iron rod (with cap stamped "ELS") set, being the beginning of a curve to the right;

THENCE, along said curve to the right in a westerly direction, with a radius of 330.00 feet, a central angle of 00°21'33", an arc length of 2.07 feet, and a chord bearing North 73°31'15" West, 2.07 feet to a 5/8-inch iron rod (with cap stamped "ELS") set;

THENCE, South 06°49'15" West, 46.06 feet to a 5/8-inch iron rod (with cap stamped "ELS") set;

Chesmar Homes, LLC
18.02 acres Wood Leaf Reserve Section 2

Claude N. Pillot Survey
Abstract No. 632

THENCE, North 83°20'05" West, 132.59 feet to a 5/8-inch iron rod (with cap stamped "ELS") set;

THENCE, North 87°04'13" West, 60.00 feet to a 5/8-inch iron rod (with cap stamped "ELS") set, being the beginning of a curve to the right;


THENCE, along said curve to the right in a northerly direction, with a radius of 230.00 feet, a central angle of 04°28'05", an arc length of 17.94 feet, and a chord bearing North 05°09'50" East, 17.93 feet to a 5/8-inch iron rod (with cap stamped "ELS") set;

THENCE, North 82°36'08" West, 153.73 feet to a 5/8-inch iron rod (with cap stamped "ELS") set;

THENCE, South 87°33'48" West, 15.22 feet to a 5/8-inch iron rod (with cap stamped "ELS") set, being the southwest corner of the herein described tract;

THENCE, North 02°26'12" West, along west line of said called 61.013 acre tract, 752.10 feet to the **POINT OF BEGINNING, CONTAINING 18.02 acres (784,734 square feet)** of land in Harris County, Texas, filed in the offices of Elevation Land Solutions in The Woodlands, Texas.

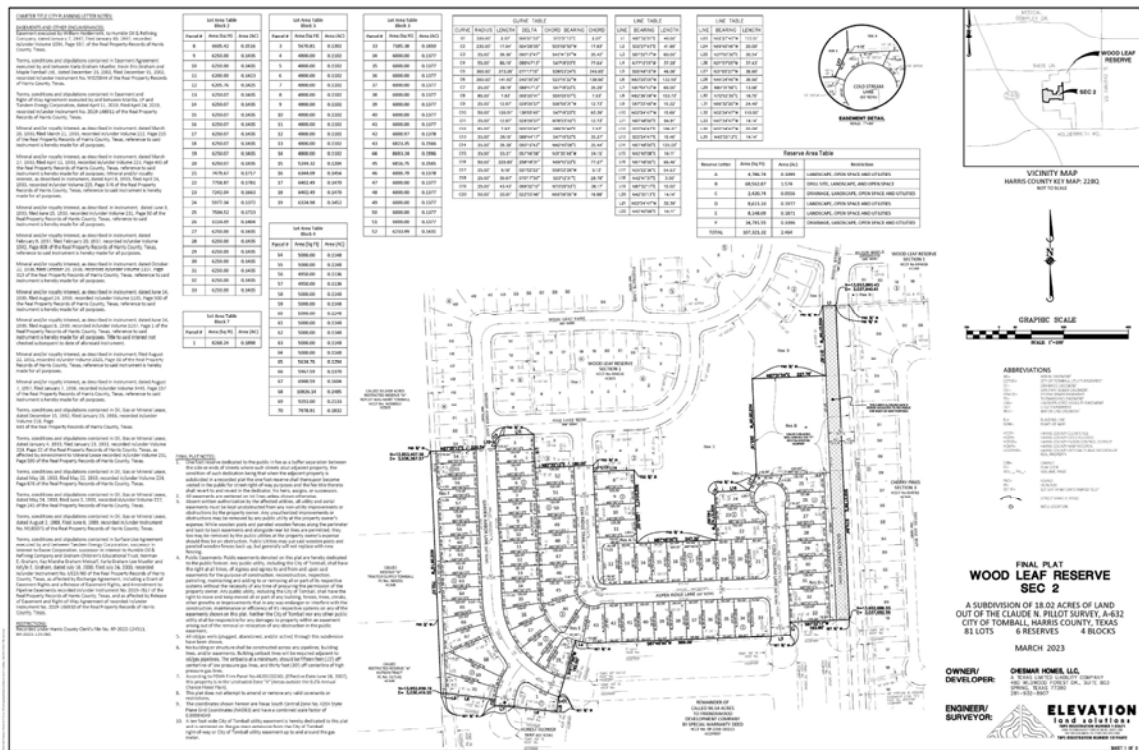
Elevation Land Solutions
2445 Technology Forest Blvd, Suite #200
The Woodlands, Texas 77381
(832) 823-2200
Texas Board of Professional Engineers &
Land Surveyors Firm Reg. No. 10194692


James Augustine Ladwig
Acting By/Through J. Augustine Ladwig
Registered Professional Land Surveyor
No. 6835
gladwig@elevationlandsolutions.com
03/06/2023

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18.02 acres Wood Leaf Reserve Section 2 m&b.doc

EXHIBIT L – IMPROVEMENT AREA #2 PLAT



APPENDIX A – IMPROVEMENT AREA #2 ENGINEER’S REPORT



**ENGINEERING REPORT
FOR
WOOD LEAF RESERVE PUBLIC IMPROVEMENT DISTRICT
FOR
CITY OF TOMBALL
HARRIS COUNTY, TEXAS**

Walker W. Burgess
4/8/2024



Texas Board of Professional Engineers Registration No. F-22671 | Texas Board of Professional Land Surveying Registration No. 10194692
2445 Technology Forest Blvd., Suite 200, The Woodlands, TX 77381 | 832.823.2200 | elevationlandsolutions.com



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- Appendix 2 – Engineers’ Opinion of Probable Cost
- Appendix 3 – Improvement Area Map
- Appendix 4 – Major Improvements Map: Clearing and Grubbing, Channel and Detention Drainage, and Road Improvement’s Plan
- Appendix 5 – Improvement Area No. 2 Map: Storm Drainage
- Appendix 6 – Improvement Area No. 2 Map: Sanitary Sewer
- Appendix 7 – Improvement Area No. 2 Map: Water Distribution
- Appendix 8 – Improvement Area No. 2 Map: Gas
- Appendix 9 – Improvement Area No. 2 Map: Paving

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Introduction

The Wood Leaf Reserve development is a proposed single-family residential development tract located in the City of Tomball, Texas located approximately 1,750 feet east of State Highway 249 , north of Holderrieth Road and south of Theiss Lane. The development encompasses approximately 95-acre tract of land that allows for construction of up to 299 single-family residential homes. A site location map has been included in **Appendix 1**.

This report includes supporting documentation for the formation of the PID and the issuance of bonds by the City. The bonds are anticipated to be used to finance public infrastructure projects vital for the development within the PID.

Development Costs

The Wood Leaf Sec. 2 Water, Sanitary, Drainage, Gas, & Paving project was bid 03/09/2023 and the project cost have been provided as **Appendix 2**.

Development Improvements

Development improvements have been defined as Improvement Areas #1 - #3. Improvement Area #1 consists of Wood Leaf Reserve Section 1. Improvement Area #2 consists of Wood Leaf Reserve Section 2. Improvement Area #3 consists of Wood Leaf Reserve Section 3.

Development Improvements will be designed and constructed in accordance with City of Tomball standards and specifications and will be owned and operated by the City unless otherwise indicated. Development improvements include:

- **Streets**

Major Improvements include median modifications from existing Improvement Area #1 and refresh topcoat of existing gravel road east of Wood Leaf Reserve and west M121 Drainage Channel. Improvement Areas #2 include subgrade stabilization (including excavation and drainage), concrete and reinforcing steel for roadways, handicapped ramps, and streetlights. Intersections, signage, lighting, and re-vegetation of all disturbed areas within the right of way are included. These roadway improvements include streets that will provide street access to each Lot. These projects will provide access to community roadways and state highways. The street improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- **Drainage**

Major Improvements include clearing and grubbing, a bypass channel, and detention reinforced concrete piping into existing M121 channel. Improvement Areas # 2 include trench excavation and embedment, trench safety, reinforced concrete piping, manholes, and inlets. These will include the necessary appurtenances to be fully operational to convey stormwater to the limits of the improvement area. The drainage improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.



- **Water**

Improvements include trench excavation and embedment, trench safety, PVC piping, service connections, and testing. These lines will include the necessary appurtenances to be fully operational transmission lines extending water service to the limits of the improvements. The water improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- **Wastewater**

Improvements include trench excavation and embedment, trench safety, PVC piping, manholes, service connections, and testing. These lines will include the necessary appurtenances to be fully operational extending wastewater service to the limits of the improvement area. The wastewater improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- **Gas**

Improvements include trench excavation and embedment, trench safety, PVC piping, service connections, and testing. These lines will include the necessary appurtenances to be fully operational transmission lines extending water service to the limits of the improvements. The water improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Development areas and improvements are depicted within **Appendix 3** through **Appendix 9**.

Development Schedule

Design Stage

Detention and the Fill Plans for Wood Leaf Reserve (Improvement Area #1) construction plans have been approved by the City of Tomball as of July 9, 2021. Wood Leaf Reserve, Section 1, underground utilities and paving (of Improvement Area #1) construction plans have been approved by the City of Tomball as of August 23, 2020.

Improvement Area #2, Wood Leaf Reserve, Section 2 construction plans are estimated to be approved by the City of Tomball May 2023.

Improvement Area #3, Wood Leaf Reserve, Section 3 construction plans are estimated to be submitted to the City of Tomball for review in August 2023.



Construction Stage

Detention and Mass Grading for Wood Leaf Reserve Improvement Area #1 is completed. Wood Leaf Reserve Section 1 of Improvement Area #1 has been completed and home construction has started.

Improvement Area #2, Wood Leaf Reserve, Section 2 is estimated to begin construction in May 2023 with final acceptance estimated in October 2023.

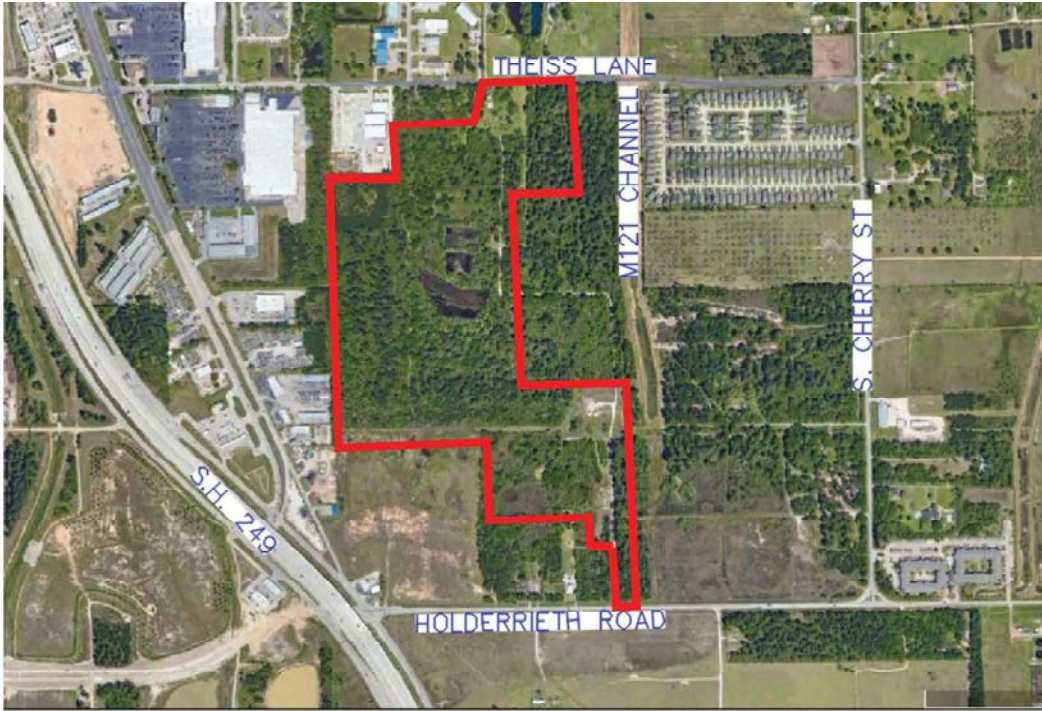
Improvement Area #3, Wood Leaf Reserve, Section 3 is estimated to begin construction in October 2023 with final acceptance estimated March 2024.

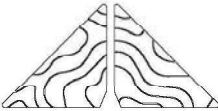
APPENDIX



APPENDIX 1 SITE LOCATION MAP

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2445 Technology Forest Blvd., Suite 200, The Woodlands, TX 77381 | 832.823.2200 | elevationlandsolutions.com





ELEVATION
land solutions
TSPS REGISTRATION NUMBER F-18141
2445 TECHNOLOGY FOREST BLVD, SUITE 200
THE WOODLANDS, TX 77381 932-922-2200

DATE	REVISION	APP

**SITE LOCATION
MAP**

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APPENDIX 2 ENGINEER'S OPINION OF PROBABLE COST

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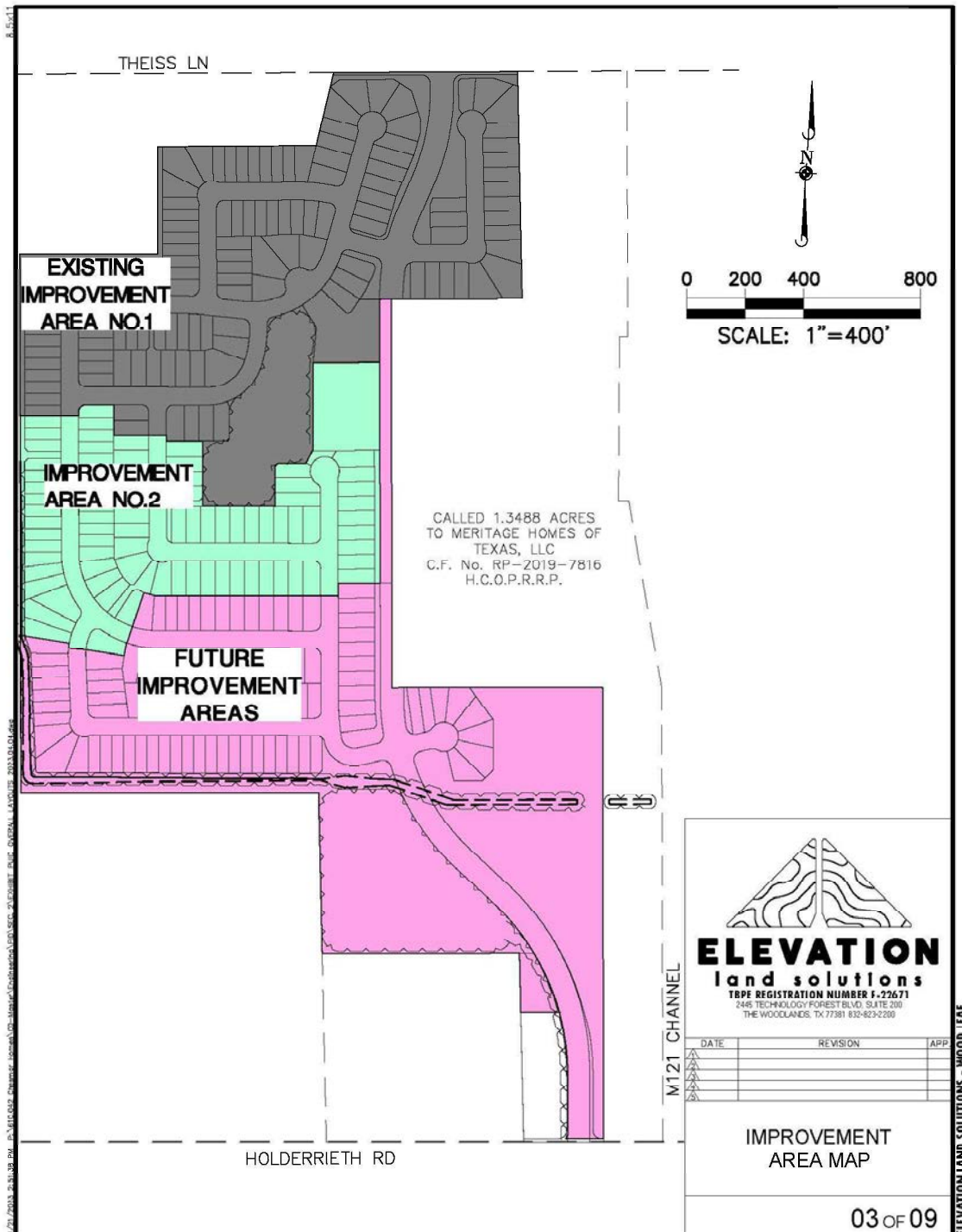
**Wood Leaf Reserve
Project Costs
Improvement Area 2**

Item	
Improvement Area 2	SA-2
Hard Cost	
Clearing and Grubbing and Site Preparation	\$ 73,591
Streets	\$ 841,523
Water	\$ 205,635
Wastewater	\$ 306,289
Drainage	\$ 1,246,386
Excavating Grading and Detention	\$ 400,468
Gas Improvements	\$ 123,377
Additional Items (per contract)	\$ -
Construction - IA2	\$ 3,197,269
Soft Cost	
Detention Impact Fees	\$ -
Preliminary Engineering	\$ -
Construction Staking	\$ -
SWPPP	\$ 47,959
Geotech & CMT Services	\$ 63,945
Engineering	\$ 479,590
Contingencies	\$ 319,727
Construction Permit	\$ -
Drainage Study	\$ -
Traffic Impact Analysis	\$ -
Project Management Fee	\$ -
Developer District Formation Expenses	\$ -
Soft Cost - IA2	\$ 911,221
Total - Improvement Area 2	\$ 4,108,490
Major Improvements:	
Wastewater Collection System (Off-Site)	\$ 75,250
Clearing and Grubbing and Site Preparation	\$ 459,281
Offsite Drainage	\$ -
Excavation, Grading and Detention	\$ -
Construction Cost - Major Improvements	\$ 534,531
SWPPP	\$ 6,905
Geotech & CMT Services	\$ 4,912
Engineering	\$ 41,797
Contingencies	\$ 53,453
Project Management Fee	\$ 21,381
Developer District Formation Expenses	\$ 27,431
Soft Cost - Major Improvements	\$ 155,880
Total - Major Improvements	\$ 690,411
GRAND TOTAL - IA2 and Major Improvements	\$ 4,798,901



APPENDIX 3 IMPROVEMENT AREA MAP

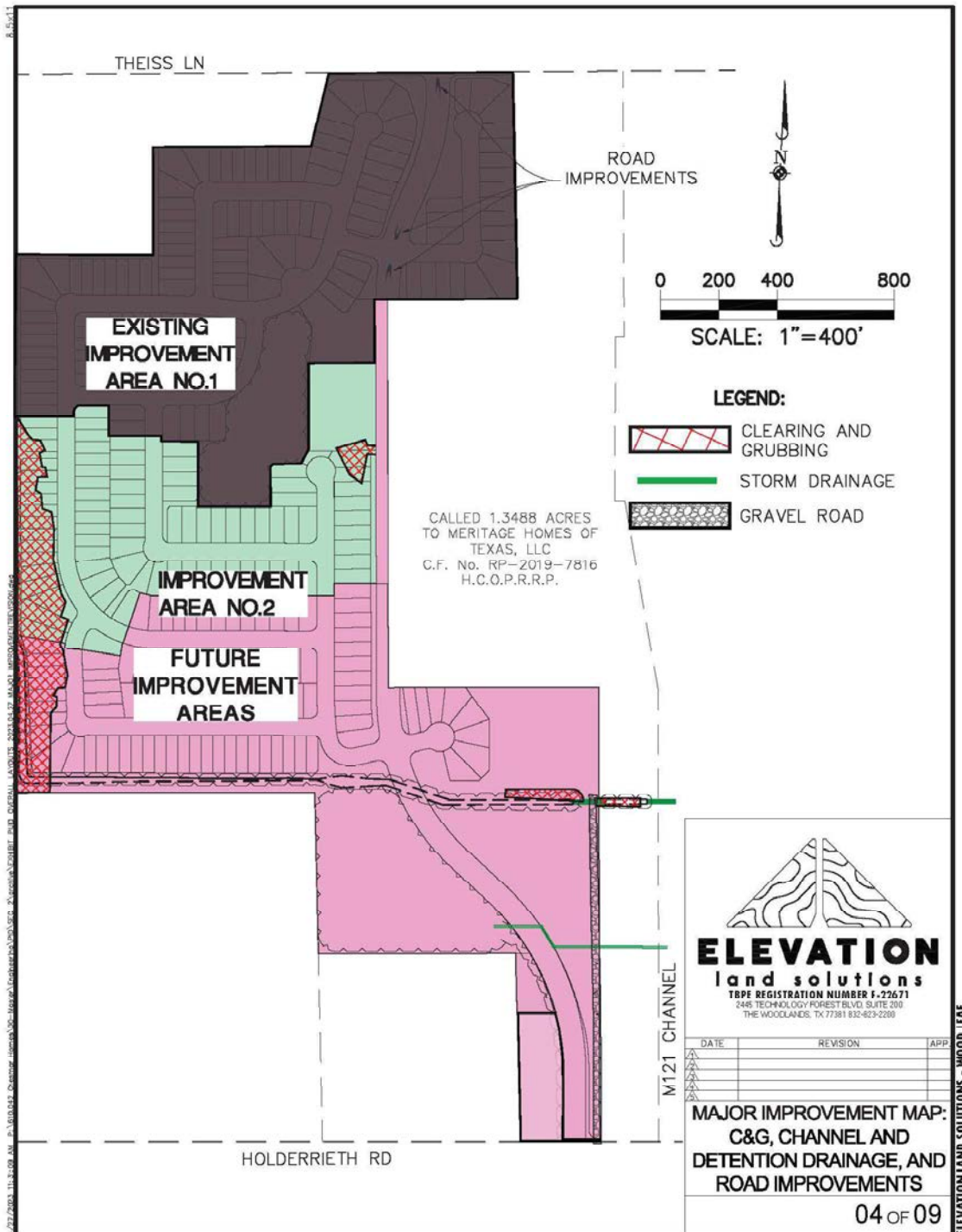
Texas Board of Professional Engineers Registration No. F-22671 | Texas Board of Professional Land Surveying Registration No. 10194692
2445 Technology Forest Blvd., Suite 200, The Woodlands, TX 77381 | 832.823.2200 | elevationlandsolutions.com





APPENDIX 4
MAJOR IMPROVEMENT AREA MAP: CLEARING AND GRUBBING, CHANNEL
AND DETENTION DRAINAGE, AND ROAD IMPROVEMENTS PLAN

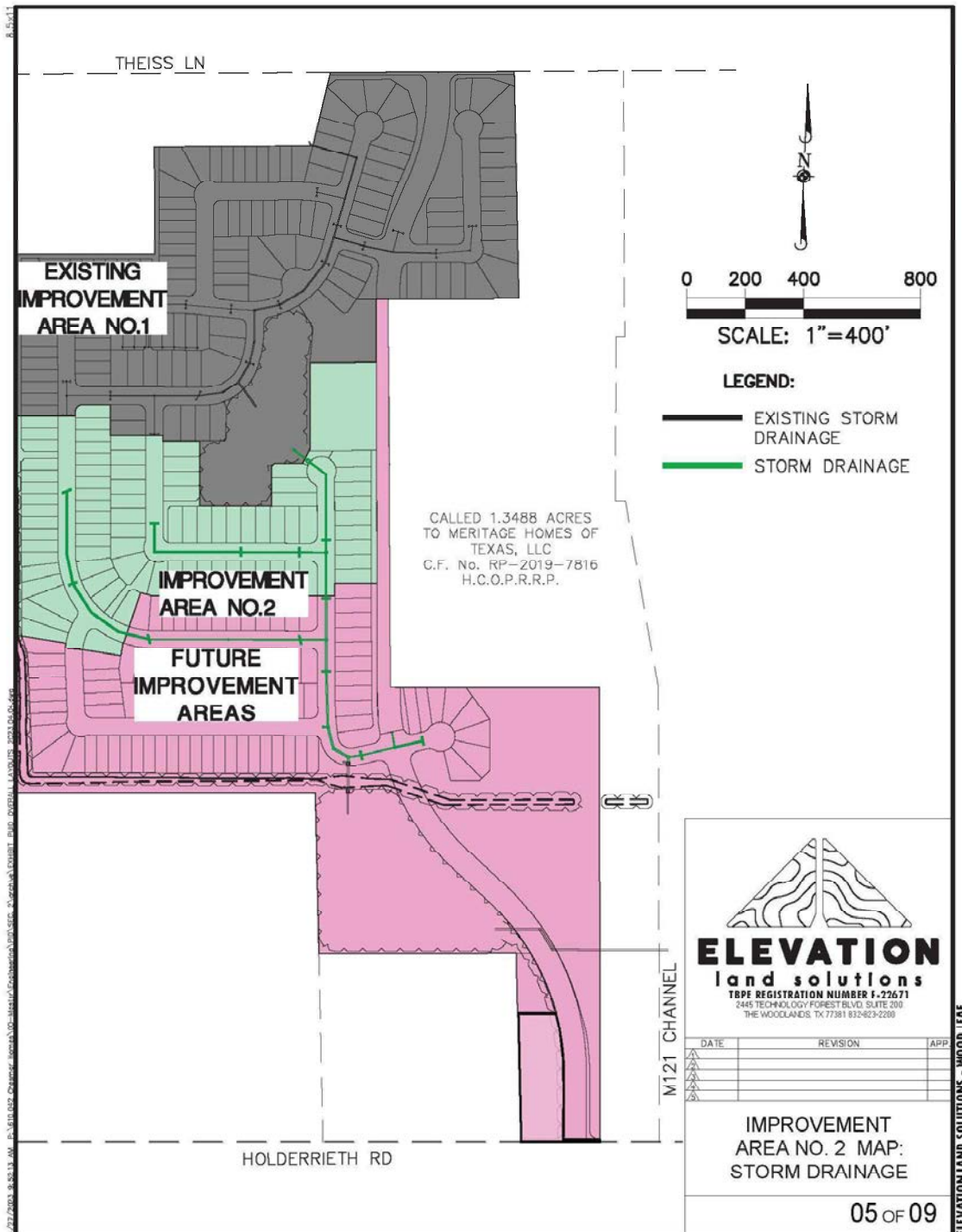
Texas Board of Professional Engineers Registration No. F-22671 | Texas Board of Professional Land Surveying Registration No. 10194692
2445 Technology Forest Blvd., Suite 200, The Woodlands, TX 77381 | 832.823.2200 | elevationlandsolutions.com





APPENDIX 5 IMPROVEMENT AREA NO. 2 MAP: STORM DRAINAGE

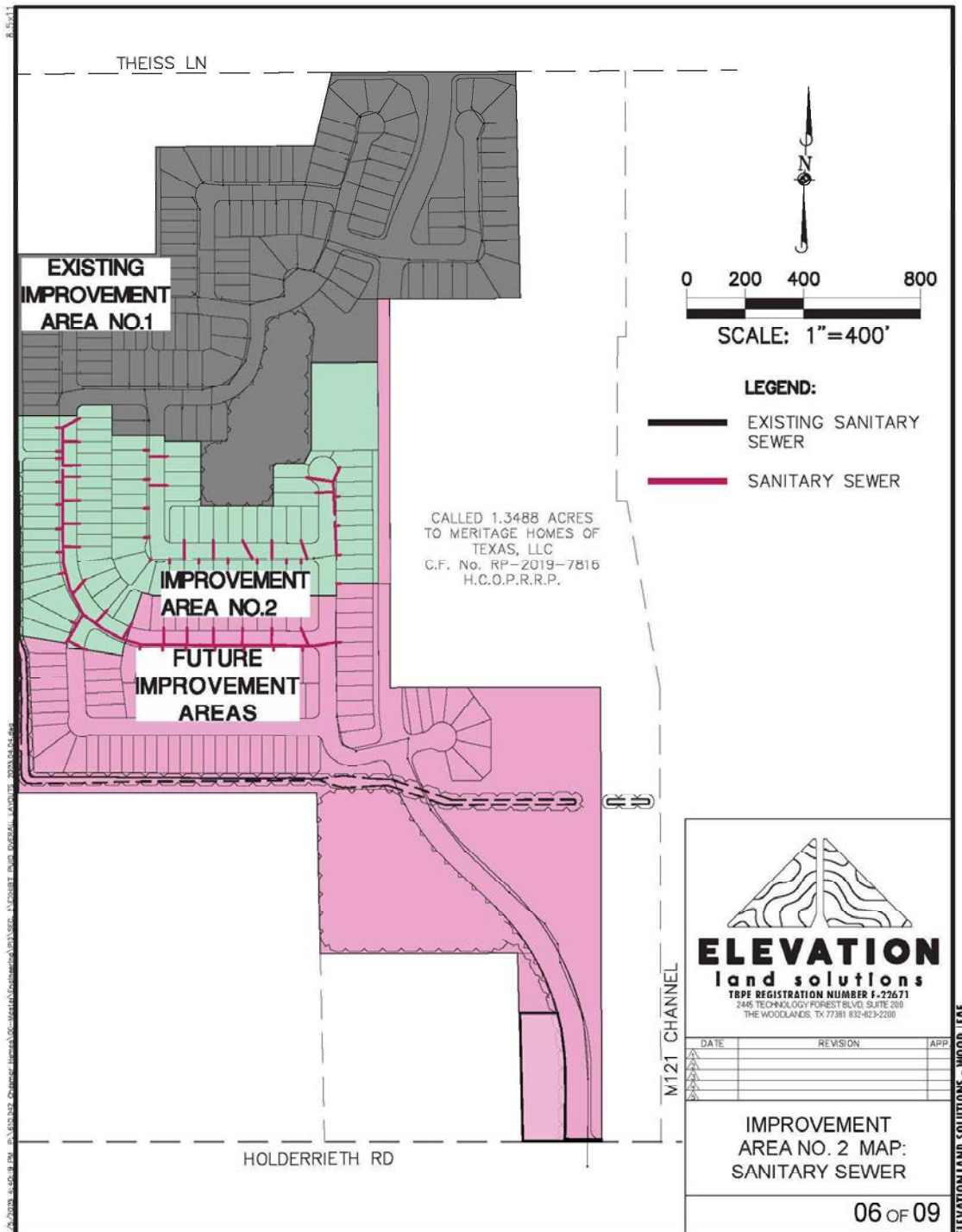
Texas Board of Professional Engineers Registration No. F-22671 | Texas Board of Professional Land Surveying Registration No. 10194692
2445 Technology Forest Blvd., Suite 200, The Woodlands, TX 77381 | 832.823.2200 | elevationlandsolutions.com





APPENDIX 6 IMPROVEMENT AREA NO. 2 MAP: SANITARY SEWER

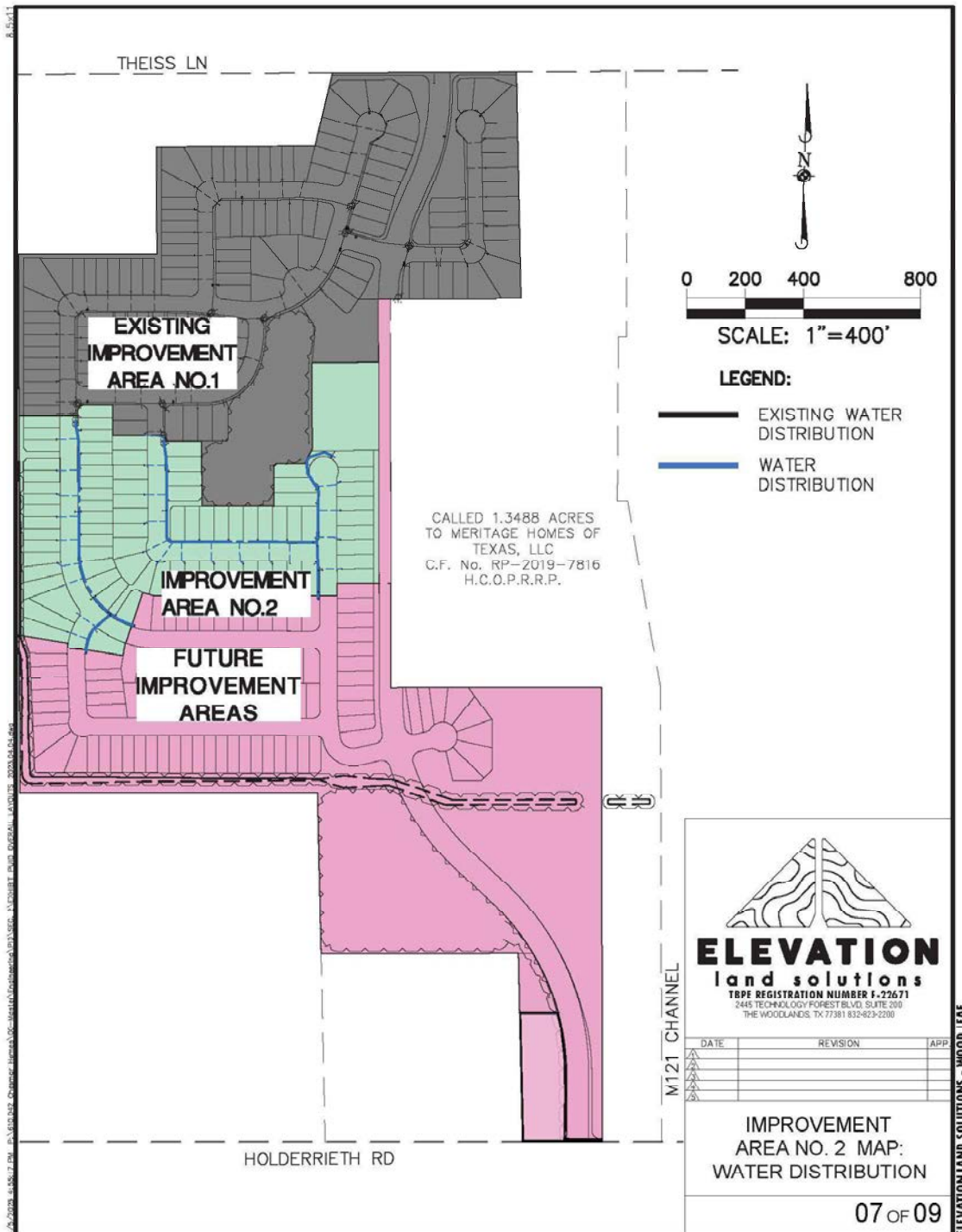
Texas Board of Professional Engineers Registration No. F-22671 | Texas Board of Professional Land Surveying Registration No. 10194692
2445 Technology Forest Blvd., Suite 200, The Woodlands, TX 77381 | 832.823.2200 | elevationlandsolutions.com





APPENDIX 7 IMPROVEMENT AREA NO. 2: WATER DISTRIBUTION

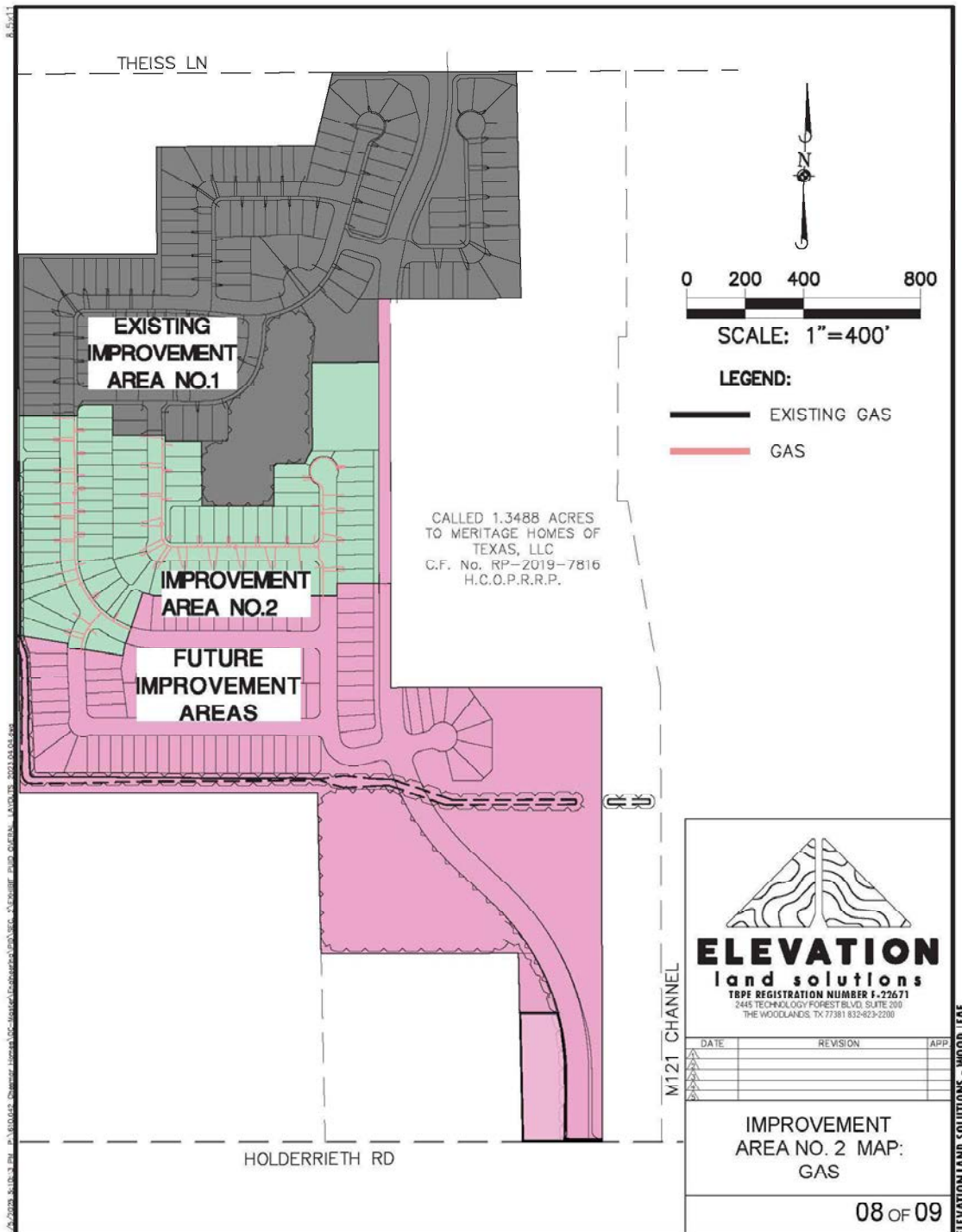
Texas Board of Professional Engineers Registration No. F-22671 | Texas Board of Professional Land Surveying Registration No. 10194692
2445 Technology Forest Blvd., Suite 200, The Woodlands, TX 77381 | 832.823.2200 | elevationlandsolutions.com





APPENDIX 8 IMPROVEMENT AREA NO. 2 MAP: GAS

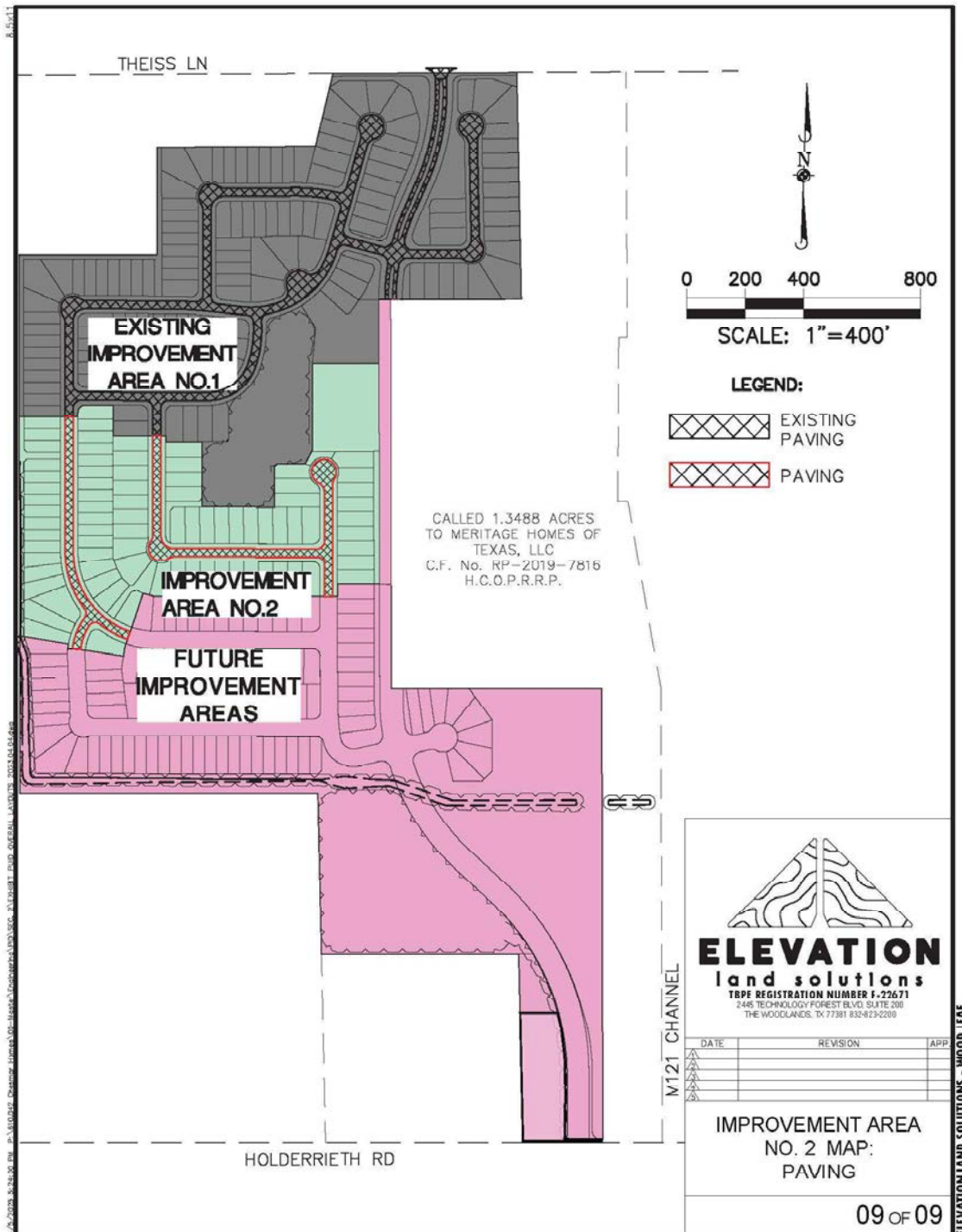
Texas Board of Professional Engineers Registration No. F-22671 | Texas Board of Professional Land Surveying Registration No. 10194692
2445 Technology Forest Blvd., Suite 200, The Woodlands, TX 77381 | 832.823.2200 | elevationlandsolutions.com





APPENDIX 9 IMPROVEMENT AREA NO. 2 MAP: PAVING

Texas Board of Professional Engineers Registration No. F-22671 | Texas Board of Professional Land Surveying Registration No. 10194692
2445 Technology Forest Blvd., Suite 200, The Woodlands, TX 77381 | 832.823.2200 | elevationlandsolutions.com



APPENDIX B – BUYER DISCLOSURES

Forms of the buyer disclosures for the following Lot Types are found in this Appendix:

- Improvement Area #1
 - Lot Type 1
 - Lot Type 2
- Improvement Area #2
 - Improvement Area #2 Initial Parcel
 - Lot Type 3
 - Lot Type 4

<p style="text-align: center;">WOOD LEAF RESERVE PUBLIC IMPROVEMENT DISTRICT BUYER DISCLOSURE LOT TYPE 1</p>

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.0035), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
TOMBALL, TEXAS
CONCERNING THE FOLLOWING PROPERTY

PROPERTY ADDRESS

LOT TYPE 1 PRINCIPAL ASSESSMENT: \$32,676.70

As the purchaser of the real property described above, you are obligated to pay assessments to Tomball, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Wood Leaf Reserve Public Improvement District*** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Tomball. The exact amount of each annual installment will be approved each year by the Tomball City Council in the annual service plan update for the district. More information about the assessments, including the amounts and due dates, may be obtained from the City of Tomball.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

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 Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER]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 HARRIS

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]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 Harris County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER

STATE OF TEXAS

§

§

COUNTY OF HARRIS

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]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 Harris County.

Seller Signature Page to Final Notice with Current Information
of Obligation to Pay Improvement District Assessment

ANNUAL INSTALLMENTS - LOT TYPE 1

Lot Type 1 - Improvement Area #1 2022 Bonds					
Installments Due	Principal	Interest [a]	Additional Interest [b]	Annual Collection Costs [c]	Total Installment [d]
1/31/2025	561.93	1,874.03	163.38	367.60	2,966.94
1/31/2026	585.02	1,847.34	160.57	374.95	2,967.89
1/31/2027	608.12	1,819.55	157.65	382.45	2,967.77
1/31/2028	631.21	1,790.67	154.61	390.10	2,966.58
1/31/2029	662.00	1,758.32	151.45	397.90	2,969.67
1/31/2030	692.79	1,724.39	148.14	405.86	2,971.18
1/31/2031	723.58	1,688.88	144.68	413.98	2,971.12
1/31/2032	754.37	1,651.80	141.06	422.25	2,969.49
1/31/2033	785.16	1,613.14	137.29	430.70	2,966.29
1/31/2034	831.35	1,567.01	133.36	439.31	2,971.04
1/31/2035	877.54	1,518.17	129.21	448.10	2,973.01
1/31/2036	923.72	1,466.61	124.82	457.06	2,972.22
1/31/2037	969.91	1,412.34	120.20	466.20	2,968.66
1/31/2038	1,023.79	1,355.36	115.35	475.53	2,970.03
1/31/2039	1,077.68	1,295.21	110.23	485.04	2,968.16
1/31/2040	1,139.26	1,231.90	104.84	494.74	2,970.74
1/31/2041	1,200.84	1,164.97	99.15	504.63	2,969.59
1/31/2042	1,270.12	1,094.42	93.14	514.73	2,972.41
1/31/2043	1,339.40	1,019.80	86.79	525.02	2,971.01
1/31/2044	1,408.68	941.11	80.09	535.52	2,965.40
1/31/2045	1,493.35	858.35	73.05	546.23	2,970.99
1/31/2046	1,578.03	770.62	65.58	557.16	2,971.38
1/31/2047	1,662.70	677.91	57.69	568.30	2,966.60
1/31/2048	1,762.77	580.22	49.38	579.67	2,972.04
1/31/2049	1,862.84	476.66	40.57	591.26	2,971.33
1/31/2050	1,970.61	367.22	31.25	603.08	2,972.16
1/31/2051	2,078.38	251.45	21.40	615.15	2,966.37
1/31/2052	2,201.54	129.34	11.01	627.45	2,969.34
Total	\$ 32,676.70	\$ 33,946.78	\$ 2,905.96	\$ 13,619.96	\$ 83,149.39

Footnotes:

[a] Interest on the Improvement Area #1 Bonds is calculated at the actual rate of the PID Bonds.

[b] Additional Interest is calculated at a rate of .50%.

[c] Includes a \$60 per lot (\$7,380 for Improvement Area #1) is budgeted for costs incurred by City staff for administering the PID.

[d] The figures shown are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

Annual Installment Schedule to Notice
of Obligation to Pay Improvement District Assessment

<p>WOOD LEAF RESERVE PUBLIC IMPROVEMENT DISTRICT BUYER DISCLOSURE LOT TYPE 2</p>

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.0035), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
TOMBALL, TEXAS
CONCERNING THE FOLLOWING PROPERTY

PROPERTY ADDRESS

LOT TYPE 2 PRINCIPAL ASSESSMENT: \$36,637.51

As the purchaser of the real property described above, you are obligated to pay assessments to Tomball, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Wood Leaf Reserve Public Improvement District*** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Tomball. The exact amount of each annual installment will be approved each year by the Tomball City Council in the annual service plan update for the district. More information about the assessments, including the amounts and due dates, may be obtained from the City of Tomball.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

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 Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER]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 HARRIS

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]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 Harris County.

Purchaser Signature Page to Final Notice with Current Information
of Obligation to Pay Improvement District Assessment

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER

STATE OF TEXAS

§

§

COUNTY OF HARRIS

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]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 Harris County.

ANNUAL INSTALLMENTS - LOT TYPE 2

Lot Type 2 - Improvement Area #1 2022 Bonds					
Installments Due	Principal	Interest [a]	Additional Interest [b]	Annual Collection Costs [c]	Total Installment [d]
1/31/2025	630.04	2,101.19	183.19	412.16	3,326.57
1/31/2026	655.94	2,071.26	180.04	420.40	3,327.63
1/31/2027	681.83	2,040.10	176.76	428.81	3,327.50
1/31/2028	707.72	2,007.72	173.35	437.38	3,326.17
1/31/2029	742.24	1,971.45	169.81	446.13	3,329.63
1/31/2030	776.77	1,933.41	166.10	455.05	3,331.32
1/31/2031	811.29	1,893.60	162.21	464.15	3,331.26
1/31/2032	845.81	1,852.02	158.16	473.44	3,329.43
1/31/2033	880.34	1,808.67	153.93	482.91	3,325.84
1/31/2034	932.12	1,756.95	149.53	492.56	3,331.16
1/31/2035	983.90	1,702.19	144.87	502.42	3,333.38
1/31/2036	1,035.69	1,644.38	139.95	512.46	3,332.48
1/31/2037	1,087.47	1,583.54	134.77	522.71	3,328.49
1/31/2038	1,147.89	1,519.65	129.33	533.17	3,330.04
1/31/2039	1,208.30	1,452.21	123.59	543.83	3,327.94
1/31/2040	1,277.35	1,381.22	117.55	554.71	3,330.83
1/31/2041	1,346.40	1,306.18	111.16	565.80	3,329.54
1/31/2042	1,424.07	1,227.08	104.43	577.12	3,332.70
1/31/2043	1,501.75	1,143.41	97.31	588.66	3,331.13
1/31/2044	1,579.43	1,055.18	89.80	600.43	3,324.85
1/31/2045	1,674.36	962.39	81.91	612.44	3,331.10
1/31/2046	1,769.30	864.02	73.53	624.69	3,331.55
1/31/2047	1,864.24	760.08	64.69	637.18	3,326.19
1/31/2048	1,976.44	650.55	55.37	649.93	3,332.29
1/31/2049	2,088.64	534.44	45.48	662.93	3,331.49
1/31/2050	2,209.47	411.73	35.04	676.19	3,332.43
1/31/2051	2,330.30	281.92	23.99	689.71	3,325.93
1/31/2052	2,468.39	145.02	12.34	703.50	3,329.26
Total	\$ 36,637.51	\$ 38,061.54	\$ 3,258.19	\$ 15,270.87	\$ 93,228.11

Footnotes:

[a] Interest on the Improvement Area #1 Bonds is calculated at the actual rate of the PID Bonds.

[b] Additional Interest is calculated at a rate of .50%.

[c] Includes a \$60 per lot (\$7,380 for Improvement Area #1) is budgeted for costs incurred by City staff for administering the PID.

[d] The figures shown 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.

**WOOD LEAF RESERVE PUBLIC IMPROVEMENT DISTRICT BUYER DISCLOSURE LOT
TYPE 3**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.0035), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
TOMBALL, TEXAS
CONCERNING THE FOLLOWING PROPERTY

PROPERTY ADDRESS

LOT TYPE 3 PRINCIPAL ASSESSMENT: \$34,258.34

As the purchaser of the real property described above, you are obligated to pay assessments to Tomball, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Wood Leaf Reserve Public Improvement District*** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Tomball. The exact amount of each annual installment will be approved each year by the Tomball City Council in the annual service plan update for the district. More information about the assessments, including the amounts and due dates, may be obtained from the City of Tomball.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

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 Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER]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 HARRIS

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]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 Harris County.

Purchaser Signature Page to Final Notice with Current Information
of Obligation to Pay Improvement District Assessment

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER

STATE OF TEXAS

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COUNTY OF HARRIS

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]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 Harris County.

ANNUAL INSTALLMENTS - LOT TYPE 3

Lot Type 3 - Improvement Area #2 2024 Bonds						
Installments Due 1/31	Principal	Interest ^[a]	Capitalized Interest	Additional Interest ^[b]	Annual Collection Costs	Total Installment ^[c]
2024	-	562.27	(562.27)	-	-	-
2025	536.93	2,004.11	-	171.29	525.26	3,237.59
2026	560.27	1,972.70	-	168.61	535.76	3,237.34
2027	583.62	1,939.93	-	165.81	546.48	3,235.83
2028	606.96	1,905.78	-	162.89	557.41	3,233.04
2029	641.98	1,870.28	-	159.85	568.55	3,240.66
2030	665.32	1,832.72	-	156.64	579.92	3,234.61
2031	700.34	1,793.80	-	153.32	591.52	3,238.98
2032	723.69	1,752.83	-	149.81	603.35	3,229.68
2033	758.70	1,710.49	-	146.20	615.42	3,230.81
2034	793.72	1,666.11	-	142.40	627.73	3,229.96
2035	840.41	1,619.68	-	138.43	640.28	3,238.80
2036	875.43	1,570.51	-	134.23	653.09	3,233.26
2037	922.12	1,519.30	-	129.85	666.15	3,237.42
2038	957.13	1,465.36	-	125.24	679.47	3,227.21
2039	1,003.82	1,409.37	-	120.46	693.06	3,226.71
2040	1,062.18	1,350.64	-	115.44	706.92	3,235.19
2041	1,108.87	1,288.50	-	110.13	721.06	3,228.57
2042	1,167.23	1,223.64	-	104.58	735.48	3,230.94
2043	1,225.60	1,155.35	-	98.75	750.19	3,229.89
2044	1,283.96	1,083.65	-	92.62	765.20	3,225.43
2045	1,353.99	1,008.54	-	86.20	780.50	3,229.24
2046	1,424.03	929.33	-	79.43	796.11	3,228.90
2047	1,494.06	846.03	-	72.31	812.03	3,224.43
2048	1,575.77	758.63	-	64.84	828.28	3,227.51
2049	1,657.47	666.44	-	56.96	844.84	3,225.72
2050	1,750.85	569.48	-	48.67	861.74	3,230.75
2051	1,844.23	467.06	-	39.92	878.97	3,230.18
2052	1,937.61	359.17	-	30.70	896.55	3,224.03
2053	2,042.66	245.82	-	21.01	914.48	3,223.97
2054	2,159.38	126.32	-	10.80	932.77	3,229.28
Total	\$ 34,258.34	\$ 38,673.87	\$ (562.27)	\$ 3,257.40	\$ 21,308.61	\$ 96,935.96

Footnotes:

[a] Interest is calculated at a 5.85% rate.

[b] Additional Interest is calculated at a \$0.50 rate.

[c] The figures shown above are estimates only and subject to change in Annual Service PULan pdates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

**WOOD LEAF RESERVE PUBLIC IMPROVEMENT DISTRICT BUYER DISCLOSURE LOT
TYPE 4**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.0035), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
TOMBALL, TEXAS
CONCERNING THE FOLLOWING PROPERTY

PROPERTY ADDRESS

LOT TYPE 4 PRINCIPAL ASSESSMENT: \$37,738.22

As the purchaser of the real property described above, you are obligated to pay assessments to Tomball, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Wood Leaf Reserve Public Improvement District*** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Tomball. The exact amount of each annual installment will be approved each year by the Tomball City Council in the annual service plan update for the district. More information about the assessments, including the amounts and due dates, may be obtained from the City of Tomball.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

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 Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER]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 HARRIS

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]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 Harris County.

Purchaser Signature Page to Final Notice with Current Information
of Obligation to Pay Improvement District Assessment

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER

STATE OF TEXAS

§

§

COUNTY OF HARRIS

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]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 Harris County.

ANNUAL INSTALLMENTS - LOT TYPE 4

Lot Type 4 - Improvement Area #2 2024 Bonds						
Installments Due 1/31	Principal	Interest ^[a]	Capitalized Interest	Additional Interest ^[b]	Annual Collection Costs	Total Installment ^[c]
2024	-	619.38	(619.38)	-	-	-
2025	591.47	2,207.69	-	188.69	578.61	3,566.45
2026	617.18	2,173.09	-	185.73	590.18	3,566.18
2027	642.90	2,136.98	-	182.65	601.99	3,564.51
2028	668.62	2,099.37	-	179.43	614.03	3,561.44
2029	707.19	2,060.26	-	176.09	626.31	3,569.84
2030	732.91	2,018.89	-	172.55	638.83	3,563.18
2031	771.48	1,976.01	-	168.89	651.61	3,567.99
2032	797.20	1,930.88	-	165.03	664.64	3,557.75
2033	835.77	1,884.24	-	161.05	677.93	3,558.99
2034	874.34	1,835.35	-	156.87	691.49	3,558.05
2035	925.78	1,784.20	-	152.50	705.32	3,567.80
2036	964.35	1,730.04	-	147.87	719.43	3,561.69
2037	1,015.78	1,673.63	-	143.05	733.82	3,566.27
2038	1,054.36	1,614.21	-	137.97	748.49	3,555.02
2039	1,105.79	1,552.53	-	132.69	763.46	3,554.47
2040	1,170.08	1,487.84	-	127.17	778.73	3,563.81
2041	1,221.51	1,419.39	-	121.32	794.31	3,556.52
2042	1,285.80	1,347.93	-	115.21	810.19	3,559.13
2043	1,350.09	1,272.71	-	108.78	826.40	3,557.98
2044	1,414.38	1,193.73	-	102.03	842.93	3,553.06
2045	1,491.53	1,110.99	-	94.96	859.78	3,557.26
2046	1,568.68	1,023.73	-	87.50	876.98	3,556.89
2047	1,645.82	931.97	-	79.66	894.52	3,551.96
2048	1,735.83	835.69	-	71.43	912.41	3,555.35
2049	1,825.84	734.14	-	62.75	930.66	3,553.38
2050	1,928.70	627.33	-	53.62	949.27	3,558.92
2051	2,031.56	514.50	-	43.97	968.26	3,558.29
2052	2,134.43	395.65	-	33.82	987.62	3,551.52
2053	2,250.15	270.79	-	23.14	1,007.37	3,551.46
2054	2,378.73	139.16	-	11.89	1,027.52	3,557.30
Total	\$ 37,738.22	\$ 42,602.27	\$ (619.38)	\$ 3,588.28	\$ 23,473.09	\$ 106,782.48

Footnotes:

[a] Interest is calculated at a 5.85% rate.

[b] Additional Interest is calculated at a \$0.50 rate.

[c] The figures shown above are estimates only and subject to change in Annual Service PULan pdates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

Annual Installment Schedule to Notice
of Obligation to Pay Improvement District Assessment

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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[Form of Bond Counsel Opinion]

[Date]

\$ _____

CITY OF TOMBALL, TEXAS

SPECIAL ASSESSMENT REVENUE BONDS SERIES 2024

(WOOD LEAF RESERVE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #2 PROJECT)

We have represented the City of Tomball, Texas (the "Issuer"), as its bond counsel in connection with an issue of assessment revenue bonds (the "Bonds") described as follows:

CITY OF TOMBALL, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024 (WOOD LEAF RESERVE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #2 PROJECT), dated [Date of Delivery], issued in the principal amount of \$ _____.

In such capacity, we have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. The scope of our engagement as bond counsel extends solely to an examination of the facts and law incident to rendering the opinions specifically expressed herein.

The Bonds have been authorized and issued pursuant to Texas Local Government Code, Chapter 372, as amended (the "Act") and an Ordinance adopted by the Issuer on July 1, 2024 (the "Ordinance"). The Bonds are issued pursuant to a Trust Indenture, dated as of July 1, 2024 (the "Indenture"), by and between the Issuer and Wilmington Trust, N.A., as Trustee (the "Trustee").

Unless the context clearly indicates otherwise, each capitalized term used in this opinion shall have the same meaning as set forth in the Indenture.

We have represented the Issuer as bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the excludability of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Issuer's Limited Offering Memorandum prepared for use in connection with the sale of the Bonds has been limited as described therein. We express no opinion herein regarding the accuracy, adequacy or completeness of the Limited Offering Memorandum relating to the Bonds.

In our capacity as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer; customary certificates of officers, agents and representatives of the Issuer and other public officials, and other certified showings relating to the authorization and issuance of the Bonds. We also have analyzed such laws, regulations,

guidance, documents and other materials as we have deemed necessary to render the opinions herein. We have also examined executed Bond No. 1 of this issue.

In providing the opinions set forth herein, we have relied on representations and certifications of the Issuer and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the Issuer and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Indenture, including, but not limited to, covenants relating to the tax-exempt status of the Bonds.

Based on such examination and in reliance on such representations, certifications and assumptions, it is our opinion that:

- (1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding obligations of the Issuer payable solely from the Pledged Revenues as and to the extent provided in the Indenture.
- (2) Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Bonds is not an item of tax preference for purposes of the alternative minimum tax on individuals, but we observe that such interest is taken into account in computing the alternative minimum tax on certain corporations.

The rights of the owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally and may be limited by general principles of equity which permit the exercise of judicial discretion.

We express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Bonds. This opinion is specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America. Further, in the event that the representations of the Issuer and other parties upon which we have relied are determined to be inaccurate or incomplete or the Issuer fails to comply with the covenants of the Ordinance, interest on the Bonds could become includable in gross income for federal income tax purposes from the date of the original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Our opinions are based on existing law and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.

APPENDIX E-1

FORM OF DISCLOSURE AGREEMENT OF ISSUER

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**CITY OF TOMBALL, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(WOOD LEAF RESERVE PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #2 PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF ISSUER

This Continuing Disclosure Agreement of Issuer, dated as of July 1, 2024 (this “Disclosure Agreement”), is executed and delivered by and among the City of Tomball, 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 (Wood Leaf Reserve Public Improvement District Improvement Area #2 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 July 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 Chesmar Homes, LLC, a Texas limited liability company, and its designated successors and assigns.

“Disclosure Agreement of Developer” shall mean the Continuing Disclosure Agreement of Developer relating to the Bonds, dated as of July 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 Wood Leaf Reserve Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System currently available on the internet at <http://emma.msrb.org>.

“Final Assessment Payment Date” shall mean the calendar day preceding the Delinquency Date.

“Financial Obligation” shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean the Issuer’s fiscal year, currently the twelve-month period from October 1 through September 30.

“Improvement Area #2” 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.

“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.

“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;

(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 (beginning with the Fiscal Year ending September 30, 2024), 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 #2 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 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 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 #2, 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 #2, 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, 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 #2, 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 TOMBALL, 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 Tomball, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024
(Wood Leaf Reserve Public Improvement District Improvement
Area #2 Project) (the “Bonds”)
CUSIP Nos. [insert CUSIP Nos.]
Date of Delivery: _____, 20__

NOTICE IS HEREBY GIVEN that the City of Tomball, 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 July 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
Tomball, Texas
(as Dissemination Agent)

By: _____

Title: _____

cc: City of Tomball, Texas

EXHIBIT B

CITY OF TOMBALL, TEXAS, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024 (WOOD LEAF RESERVE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #2 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⁾ According to account balance statement dated as of [insert date] as 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 #2 ⁽¹⁾

<u>Property Owner</u>	<u>No. of Parcels/Lots</u>	<u>Percentage of</u> <u>Parcels/Lots</u>	<u>Outstanding</u> <u>Assessments</u>	<u>Percentage of Total</u> <u>Assessments</u>
-----------------------	----------------------------	---	--	--

⁽¹⁾ Does not include those owing less than one percent (1%) of total Assessments; may be fewer than five.

Assessed Value of Improvement Area #2 of the District

The [YEAR] certified total assessed value for the Assessed Property in Improvement Area #2 of the District is approximately \$[AMOUNT] according to the Harris Central Appraisal District.

Foreclosure History Related to the Assessments for the Past Five Fiscal Years

<u>Fiscal Year Ended (9/30)</u>	<u>Delinquent Assessment Amount not in Foreclosure Proceedings</u>	<u>Parcels in Foreclosure Proceedings</u>	<u>Delinquent Assessment Amount in Foreclosure Proceedings</u>	<u>Foreclosure Sales</u>	<u>Foreclosure Proceeds Received</u>
20__	\$		\$		\$
20__					
20__					
20__					
20__					

[insert any necessary footnotes]

Collection and Delinquency History of Annual Installments for the Past Five Fiscal Years

<u>Fiscal Year Ended (9/30)</u>	<u>Total Annual Installment Billed</u>	<u>Parcels Levied⁽¹⁾</u>	<u>Delinquent Amount as of 3/1</u>	<u>Delinquent % as of 3/1</u>	<u>Delinquent Amount as of [9/1]</u>	<u>Delinquent % as of [9/1]</u>	<u>Total Assessments Collected⁽²⁾</u>
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__		
20__		
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 TOMBALL, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(WOOD LEAF RESERVE PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #2 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 Proceedings	Parcels in Foreclosure Proceedings	Delinquent Annual Installment Amount in Foreclosure Proceedings	<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⁾

Succeeding Fiscal Year 20__	Total Annual Installments <u>Levied</u> \$	Parcels <u>Levied</u> ⁽²⁾	Delinquent Amount as <u>of 3/1</u> \$	Delinquent % <u>as of 3/1</u> %	Total Annual Installments <u>Collected</u> ⁽³⁾ \$
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⁽¹⁾ Period covered includes 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⁾

Succeeding Fiscal Year	Number of <u>Prepayments</u>	Amount of <u>Prepayments</u> \$	<u>Bond Call Date</u>	Amount of Bonds <u>Redeemed</u> \$
---------------------------	---------------------------------	---------------------------------------	-----------------------	---

⁽¹⁾ Period covered includes 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	Upon receipt, Issuer forwards payment to Trustee for all collections received, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter. Issuer and/or Administrator should be aware of actual and specific delinquencies. Administrator should be aware if Reserve Fund needs to be utilized for debt service payments during the corresponding Fiscal Year. 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.
March 15	43/44	Trustee pays bond interest payments to Owners.
April 1	59/60	At this point, if total delinquencies are under 5% and if there is adequate funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account for full September payments, no further action is anticipated for collection of Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure deficiency. Issuer, or the Trustee on behalf of the Issuer, to notify Dissemination Agent in writing of the occurrence of draw on the Reserve Fund and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw or the Reserve Fund.
July 1	152/153	If there are over 5% delinquencies or if there is insufficient funding in the Pledged Revenue Fund for

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.

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.

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APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF DEVELOPER

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**CITY OF TOMBALL, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(WOOD LEAF RESERVE PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #2 PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER

This Continuing Disclosure Agreement of Developer dated as of July 1, 2024 (this “Disclosure Agreement”), is executed and delivered by and among Chesmar Homes, LLC, a Texas limited liability company (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 _____, 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 #2 of the District and is controlled by, controls, or is under common control with the Developer, which may include any Homebuilder.

“Amenities” shall mean the following: a park with pavilion and playground, a lake with fountains and landscape, and walking/jogging trails, to be constructed by the Developer within the District and to be owned and/or operated by a homeowners’ association.

“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.

“Developer” shall mean Chesmar Homes, LLC, a Texas limited liability company, 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 Wood Leaf Reserve Public Improvement District.

“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 #2” shall have the meaning assigned to such term in the Indenture.

“Improvement Area #2 Projects” shall have the meaning assigned to such term in the Indenture.

“Issuer” shall mean the City of Tomball, Texas.

“Listed Events” shall mean, collectively, Developer Listed Events and Significant Homebuilder Listed Events.

“Lot Purchase Agreement” shall mean, with respect to lots or land within Improvement Area #2 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.

“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 four or more of the single family residential lots within Improvement Area #2.

“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 September 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 #2 on a parcel owned by the Developer; provided, however, that the exercise of any right of the Developer as a landowner within Improvement Area #2 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 #2, including the Improvement Area #2 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 #2 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 #2 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 #2, 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 #2 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 #2 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 #2 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 #2 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 #2 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 four or more single family residential lots within Improvement Area #2, 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 four or more single family residential lots within Improvement Area #2, 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 #2, 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 #2, 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:

Chesmar Homes, LLC, a Texas limited liability
company

By: _____
Scott Merovitch, City President

P3Works, LLC,
Administrator

By:_____

Name:_____

Title:_____

EXHIBIT A

**CITY OF TOMBALL, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(WOOD LEAF RESERVE PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #2 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 #2
PROJECTS: \$_____

Of the budgeted costs for Improvement Area #2 Projects shown in the Service and Assessment
Plan:

1. Actual costs drawn from the Improvement Area #2 Projects Account:
\$_____

II. Status of Improvement Area #2 Projects

Projected/actual completion date of the Improvement Area #2 Projects

1. Actual/Expected date of completion of the Improvement Area #2 Projects:

2. If applicable, explanation of any delay/change in projected completion date since last
Quarterly Report was filed: _____

III. Unit Mix in Improvement Area #2

Product Type	Number of Units
Single Family 40'	
Single Family 50'	

IV. Lot Status in Improvement Area #2

Of the 81 lots in Improvement Area #2, what is the status:

1. Planned lots as of the date of issuance of the Bonds: 81
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 #2 (if incomplete):

V. Ownership of Lots/Units in Improvement Area #2

PLANNED LOTS IN IMPROVEMENT AREA #2: 81

Of the 81 lots in Improvement Area #2:

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 #2

PLANNED HOMES IN IMPROVEMENT AREA #2: 81

Of the 81 homes planned for Improvement Area #2:

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. **Reserved.**
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 Tomball, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024 (Wood Leaf Reserve Public Improvement District Improvement Area #2 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 Chesmar Homes, LLC, a Texas limited liability company (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 Tomball, Texas

⁴ If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT C

TERMINATION NOTICE

[DATE]

Name of Issuer: City of Tomball, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024 (Wood Leaf Reserve Public Improvement District Improvement Area #2 Project) (the “Bonds”)
CUSIP Numbers. [insert CUSIP Numbers]
Date of Delivery: _____, 20__

FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034

HTS Continuing Disclosure Services, a division of
Hilltop Securities, Inc.

City of Tomball, Texas
415 N. College Avenue
Tomball, Texas 76247

Chesmar Homes, LLC
480 Wildwood Forest Dr., Suite 800
The Woodlands, Texas 77380

[Significant Homebuilder]

NOTICE IS HEREBY GIVEN that that _____, a _____ (the [“Developer”] [“Significant Homebuilder”]) is no longer responsible for providing [any Quarterly Information][the Quarterly Report] with respect to the Bonds, thereby terminating such party’s reporting obligations under the Continuing Disclosure Agreement of Developer related to such Bonds, by and among Chesmar Homes, LLC, a Texas limited liability company (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 Tomball, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024 (Wood Leaf Reserve Public Improvement District Improvement Area #2 Project)
CUSIP Numbers: [insert CUSIP Numbers]
Quarterly Ending Date: _____, 20__

Re: Quarterly Report for Wood Leaf Reserve Public Improvement District – Improvement Area #2

To whom it may concern:

Pursuant to the Continuing Disclosure Agreement of Developer related to the captioned Bonds by and among Chesmar Homes, LLC, a Texas limited liability company¹ (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.

Chesmar Homes, LLC, a Texas limited liability company

By: _____
Scott Merovitch, City 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: Wood Leaf Reserve Public Improvement District – Improvement Area #2 – 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 #2 Projects or Amenities (as those terms are defined in the Disclosure Agreement of Developer (as defined herein) within Improvement Area #2 of the Wood Leaf Reserve Public Improvement District (the “District”).

Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer (the “Disclosure Agreement of Developer”) by and among Chesmar Homes, LLC, a Texas limited liability company (the “Developer”), P3Works, LLC (the “Administrator”), and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc. (the “Dissemination Agent”), with respect to the “City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2024 (Wood Leaf Reserve Public Improvement District Improvement Area #2 Project),” any person that, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Improvement Area #2 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,

Chesmar Homes, LLC, a Texas limited liability
company

By: _____
Scott Merovitch, City 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: Wood Leaf Reserve Public Improvement District – Improvement Area #2 – Continuing Disclosure Obligation

Dear _____,

As of _____, 20__, you own ____ lots within Improvement Area #2 of Wood Leaf Reserve Public Improvement District (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 Chesmar Homes, LLC, a Texas limited liability company (the “Developer”), P3Works, LLC (the “Administrator”), and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc. (the “Dissemination Agent”), with respect to the “City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2024 (Wood Leaf Reserve Public Improvement District Improvement Area #2 Project),” any entity that owns four or more of the single family residential lots within Improvement Area #2 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,

Chesmar Homes, LLC, a Texas limited liability
company

By: _____
Scott Merovitch, City President

Acknowledged by:

[INSERT ASSIGNEE NAME]

By: _____

Title: _____

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APPENDIX F

DEVELOPMENT AGREEMENT

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WOOD LEAF RESERVE
DEVELOPMENT AGREEMENT
BETWEEN
CHESMAR HOMES, LLC
and
THE CITY OF TOMBALL, TEXAS
Dated: January 18, 2021

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WOOD LEAF RESERVE DEVELOPMENT AGREEMENT

This Wood Leaf Reserve Development Agreement (this “**Agreement**”), dated as of January 18, 2021 (the “**Effective Date**”), is entered into between Chesmar Homes, LLC a Texas limited liability company (the “**Developer**”), and the City of Tomball, Texas (the “**City**”), a home-rule city and municipal corporation, acting by and through its duly authorized representative.

Recitals:

WHEREAS, unless otherwise defined: (1) all references to “sections” shall mean to sections of this Agreement; (2) all references to “exhibits” shall mean exhibits to this Agreement which are incorporated as part of this Agreement for all purposes; and (3) all references to “ordinances” or “resolutions” shall mean ordinances or resolutions adopted by the City Council of the City of Tomball (the “City Council”); and

WHEREAS the Developer currently has under contract to purchase and plans to acquire and to develop, in phases, approximately 90.54 acres of real property depicted on Exhibit A attached hereto (the “Property”) within the corporate limits of the City as a single-family residential development, in accordance with the applicable City Regulations and the Concept Plan (the “Project”); and

WHEREAS, in order to incentivize the development of the Property and encourage and support economic development within the City and to promote employment, the City desires to facilitate the development of the Property through the financing of certain public infrastructure (the “Public Improvements” as defined herein) and constructing additional public improvements within the Property; and

WHEREAS, in order to finance the Public Improvements, the City Council intends to create a public improvement district that is coterminous with the boundaries of the Property (the “PID”) in accordance with Chapter 372 Texas Local Government Code, as amended (the “PID Act”); and

WHEREAS, the City recognizes that financing of the Public Improvements confers a special benefit to the Property within the PID; and

WHEREAS, the City intends to (upon satisfaction of the conditions and in accordance with the terms set forth in this Agreement), adopt the Assessment Ordinance (as defined herein) and adopt the SAPs (as defined herein) which provide for the construction, and financing of the Public Improvements pursuant to the Service and Assessment Plan (“SAP”), payable in whole or in part by and from Assessments levied against property within the PID (whether through a cash reimbursement or through an issuance of PID Bonds); and

WHEREAS, upon satisfaction of the conditions and in accordance with the terms set forth in this Agreement, the City intends to levy Assessments on all benefitted property located within the PID and issue PID Bonds (as defined herein) up to a maximum aggregate principal amount of \$18,895,633.00 for payment or reimbursement of the Public Improvements included in the SAP; and

WHEREAS the payment and reimbursement for the Public Improvements shall be solely from the installment payments of Assessments and/or proceeds of the PID Bonds and the City shall never be responsible for the payment of the Public Improvements or the PID Bonds from its general fund or its ad valorem tax collections, past or future or any other source of City revenue or any assets of the City of whatsoever nature; and

WHEREAS, the City recognizes the positive impact that the construction and installation of the Public Improvements for the PID will bring to the City and will promote state and local economic development; to stimulate business and commercial activity in the City; for the development and diversification of the economy of the State; development and expansion of commerce in the State, and elimination of employment or underemployment in the State;

NOW, THEREFORE, for and in consideration of the mutual agreements, covenants, and conditions contained herein, and other good and valuable consideration, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in this Article have the meanings assigned to them in the Recitals or this Article, and all such terms include the plural as well as the singular.

“Actual Costs” is defined in the Service and Assessment Plan.

“Affiliates” of Chesmar Homes, LLC. means any other person directly controlling, or directly controlled by or under direct common control with the Developer. As used in this definition, the term “control,” “controlling” or “controlled by” shall mean the possession, directly, of the power either to (a) vote fifty percent (50%) or more of the securities or interests having ordinary voting power for the election of directors (or other comparable controlling body) of the Developer, or (b) direct or cause the direction of management or policies of the Developer, whether through the ownership of voting securities or interests, by contract or otherwise, excluding in each case, any lender of the Developer or any affiliate of such lender.

“Agreement” has the meaning stated in the first paragraph of this Agreement.

“Annual Installments” means with respect to each parcel subject to Assessments, each annual payment of the Assessments, including any applicable interest, as set forth and calculated in the SAP.

“Applicable Law” means any statute, law, treaty, rule, code, ordinance, regulation, permit, interpretation, certificate or order of any Governmental Authority, or any judgment, decision, decree, injunction, writ, order or like action of any court, arbitrator or other Governmental Authority. Applicable Laws shall include, but not be limited to, City Regulations.

“Appraisal” means an appraisal of the property to be assessed in each PID by a licensed MAI Appraiser, such Appraisal to include as-complete improvements, including the Public

Improvements to be financed in part with PID Bonds (i.e., “as-complete”) and the construction and installation of the Private Improvements, necessary to get a Final Lot Value.

“Assessment Ordinance” means one or more of the City’s ordinances approving the SAP and levying Assessments on the benefitted Property within the PID.

“Assessments” means those certain assessments levied by the City pursuant to the PID Act and on benefitted parcels within the PID for the purpose of paying the costs of the Public Improvements, which Assessments shall be structured to be amortized over 30 years, including interest, all as set forth in or modified by the Service and Assessment Plan.

“Building Regulations” means those requirements for construction within the District set forth in Exhibit D.

“City Regulations” mean provisions of the City’s Code of Ordinances, ordinances not codified, design standards, uniform and international building and construction codes, and other policies duly adopted by the City, which shall be applied to the Development, including zoning, the Building Regulations and the City’s Planned Development - 12.

“City Representative” means the City Manager or designee which may include a third party inspector or representative.

“City” means the City of Tomball, Texas.

“Closing Disbursement Request” means the Closing Disbursement Request described in Section 4.06, the form of which is attached as Exhibit G.

“Commencement of Construction” shall mean that (i) the plans have been prepared and all approvals thereof required by applicable governmental authorities have been obtained for construction of the applicable improvement, or portion thereof, as the case may be, on the Property; (ii) all necessary permits for the initiation of construction of the improvement, or portion thereof, as the case may be, on the Property pursuant to the respective plans therefore having been issued by all applicable governmental authorities; and (iii) grading of the Property for the construction of the applicable improvement, or portion thereof, as the case may be, has commenced.

“Completion of Construction” shall mean that (i) the construction of the applicable Public Improvement, or portion or segment thereof, as the case may be, benefitting the Property has been substantially completed pursuant to the City’s determination; and (ii) the City has with respect to applicable Public Improvements accepted the respective Public Improvements.

“Completed Lots” means Fully Developed and Improved Lots for which (i) water, sanitary sewer, drainage and roads have been extended, and (ii) the City has authorized that a building permit may be obtained for construction on each lot.

“Concept Plan” means that concept plan for the Development set forth in Exhibit K, as may be amended or changed upon approval of the City.

“Construction Agreements” mean the contracts for the construction of the Public Improvements.

“Cost Overruns” means those Public Improvement Project Costs that exceed the budget cost set forth in the SAP(s) plus the Developer Cash Contribution.

“Cost Underruns” means Public Improvement Project Costs that are less than the budgeted cost set forth in the SAP(s).

“Delinquent Collection Costs” shall be defined in the SAP(s).

“Developer Cash Contribution” means that portion of the Public Improvement Project Costs that the Developer is contributing to initially fund the Public Improvements for each series of PID Bonds, as set forth in the SAP.

“Developer” means Chesmar Homes, LLC. its successors and permitted assigns.

“Development” means that single-family residential development consisting of approximately 300 single family homes to be developed and constructed on the Property pursuant to the City Regulations.

“Effective Date” means the date set forth in the first paragraph of this Agreement.

“End Buyer” means any developer, homebuilder, tenant, user, or owner of a Fully Developed and Improved Lot.

“Estimated Build Out Value” means the estimated value of an assessed property with fully constructed buildings, as provided by the Developer and confirmed by the City 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.

“Final Lot Value” means the developed lot values established by an Appraisal.

“Force Majeure” means any act that (i) materially and adversely affects the affected Party’s ability to perform the relevant obligations under this Agreement or delays such affected Party’s ability to do so, (ii) is beyond the reasonable control of the affected Party, (iii) is not due to the affected Party’s fault or negligence and (iv) could not be avoided, by the Party who suffers it, by the exercise of commercially reasonable efforts. “Force Majeure” shall include: (a) natural phenomena, such as storms, floods, lightning and earthquakes; (b) wars, civil disturbances, revolts, insurrections, terrorism, sabotage and threats of sabotage or terrorism; (c) transportation disasters, whether by ocean, rail, land or air; (d) strikes or other labor disputes that are not due to the breach of any labor agreement by the affected Party; (e) fires; and (f) actions or omissions of a Governmental Authority (including the actions of the City in its capacity as a Governmental Authority) that were not voluntarily induced or promoted by the affected Party, or brought about by the breach of its obligations under this Agreement or any Applicable Law or failure to comply with City Regulations; provided, however, that under no circumstances shall Force Majeure include any of the following events: (g) economic hardship; (h) changes in market condition; (i)

any strike or labor dispute involving the employees of the Developer or any Affiliate of the Developer, other than industry or nationwide strikes or labor disputes; (j) weather conditions which could reasonably be anticipated by experienced contractors operating the relevant location; (k) the occurrence of any manpower, material or equipment shortages; or (l) any delay, default or failure (financial or otherwise) of the general contractor or any subcontractor, vendor or supplier of the Developer, or any construction contracts for the Project Improvement and Public Improvements.

“Fully Developed and Improved Lot” means any lot in the Property, regardless of proposed use, intended to be served by the Public Improvements and for which a final plat has been approved by the City and recorded in the Real Property Records of Harris County, Texas.

“Governmental Authority” means any Federal, state or local governmental entity (including any taxing authority) or agency, court, tribunal, regulatory commission or other body, whether legislative, judicial or executive (or a combination or permutation thereof) and any arbitrator to whom a dispute has been presented under Applicable Law, pursuant to the terms of this Agreement or by agreement of the Parties.

“Home or Property Buyer Disclosure Program” means the disclosure program, as set forth in a document in the form of Exhibit H that establishes a mechanism to disclose to each End Buyer the terms and conditions under which their lot is burdened by the PID.

“Impact Fees” means all utility impact fees relating to the Public Improvements in each case assessed, imposed and collected by the City on the Property in accordance with the City Regulations adopted by the City, as may be revised or amended from time to time.

“Impositions” shall mean all taxes, assessments, use and occupancy taxes, sales taxes, charges, excises, license and permit fees, and other charges by public or governmental authority, which are or may be assessed, charged, levied, or imposed by any public or governmental authority on Developer, or any property or any business owned by Developer within City.

“Indenture(s)” means the applicable trust indenture pursuant to which PID Bonds are issued.

“Landowner Consent” means a consent by the applicable owner(s) of the Property consenting to the formation of the PID and the levy of Assessments in the form attached hereto as Exhibit E.

“Net Bond Proceeds” means the proceeds of the PID Bonds issued pursuant to Sections 3.02, net of costs of issuance, capitalized interest, reserve funds and other financing costs, that are deposited to the project fund for such bonds.

“Parties” or “Party” means the City and the Developer as parties to this Agreement.

“Payment Certificate” means a Payment Certificate as set forth in Section 9.03, the form of which is attached as Exhibit F.

“Phase” means a phase of development of the Property. The Development will consist of three (3) phases.

“Phase A” means the first phase of development in the PID, consisting of approximately 143 lots, as depicted on Exhibit I.

“Phase A Public Improvement Financing Date” means the date the City approves a bond purchase agreement and sells the first series of PID Bonds for Phase A of the Property, such date to be no later than October 1, 2021, which date may be extended by written agreement of the Developer and the City.

“Phase B” means the second phase of development in the PID, consisting of approximately 80 lots, as depicted on Exhibit I.

“Phase B Public Improvement Financing Date” means the date the City approves a bond purchase agreement and sells the first series of PID Bonds for Phase B of the Property, such date to be no more than three (3) years after the Completion of Construction of the Public Improvements in Phase A.

“Phase C” means the third phase of development in the PID, consisting of approximately 95 lots, as depicted on Exhibit I.

“Phase C Public Improvement Financing Date” means the date the City approves a bond purchase agreement and sells the first series of PID Bonds for Phase C of the Property, such date to be no more than three (3) years after the Completion of Construction of the Public Improvement in Phase B.

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

“PID Bond Proceeds” means the proceeds of the PID Bonds, net of costs of issuance, capitalized interest, reserve funds and other financing costs, that are deposited to the Project Fund.

“PID Bonds” means one or more series special assessment revenue bonds issued by the City pursuant to the PID Act for the payment and/or reimbursement of the Public Improvement Project Costs, including bonds issued to fund construction of the Public Improvements, and, if any, issued to reimburse the Developer for a portion of the costs of the Public Improvements, not previously funded with bond proceeds.

“PID” means the Wood Leaf (PID No. 11) Public Improvement District.

“Plans and Specifications” means the plans and specifications for Public Improvements approved by the City.

Planned Development – 12” means that certain zoning ordinance No. 2020-19 of the City set forth in Exhibit B.

“Private Improvements” means those horizontal improvements described in the Plans and Specifications submitted to the City as part of the zoning process, other than the Public Improvements, being constructed in each Phase to get to a Final Lot Value.

“Project Fund” means the fund by that name created under each Indenture into which PID Bond Proceeds shall be deposited.

“Property” means approximately 90.54 acres of real property located within the City described in Exhibit A.

“Public Improvement Completion Date” means a date that is no later than eighteen (18) months after Commencement of Construction for the Public Improvements funded for such phase by each series of PID Bonds.

“Public Improvement Project Costs” means the estimated cost of the Public Improvements to be constructed to benefit the land within the PID as set forth in Exhibit C, as may be amended pursuant to this Agreement, such costs to be eligible “project costs,” as defined in the PID Act.

“Public Improvements” means public improvements to be developed and constructed or caused to be developed or constructed inside and outside the PID by the Developer to benefit the PID and the Property, which will include improvements described in Exhibit C.

“Reimbursement Agreement(s)” means the agreement(s) between the City and the Developer in which Developer agrees to fund the certain costs of Public Improvements and the City agrees to reimburse the Developer for a portion of such costs of the Public Improvements from the proceeds of Assessments pursuant to the SAP(s) or from future PID Bond proceeds, if any.

“Reimbursement Cap” means the total amount of reimbursement and/or payment to the Developer for the Public Improvement Project Costs from any source, including the proceeds of PID Bonds, or Assessment Revenues; such amount shall be no more than \$10,000,000 in Net Bond Proceeds.

“Service and Assessment Plan” or “SAP” means the service and assessment plans drafted pursuant to the PID Act for the PID and any amendments or updates thereto, adopted and approved by the City that identifies and allocates the Assessments on benefitted parcels within the PID and sets forth the method of assessment, the parcels assessed, the amount of the Assessments, the Public Improvements and the method of collection of the Assessment.

“Trustee” means the trustee under the Indenture.

“Waiver of Liens” means a complete, final and unconditional waiver of all liens with respect to the Public Improvements.

ARTICLE II

THE DEVELOPMENT

Section 2.01. Scope of Agreement. This Agreement establishes provisions for the apportionment, levying, and collection of Assessments on the Property within the PID, the construction of the Public Improvements, reimbursement, acquisition, ownership and maintenance

of the Public Improvements, and the issuance of PID Bonds for the financing of the Public Improvements benefitting the property within the PID.

Section 2.02. Project Overview – The Development.

(a) The Developer will undertake or cause the undertaking of the design, development, construction, maintenance, management, use and operation of the Development, and will undertake the design, development and construction of the Public Improvements. The Development will consist of the following elements:

(i) Up to 318 single family homes;

(ii) A minimum 1-acre recreational reserve, centrally located within the development which may include playground, picnic facilities and other recreational components.

(iii) A minimum 30% of the Development to be open space.

(b) Subject to the terms and conditions set forth in this Agreement, the Developer shall plan, design, construct, and complete or cause the planning, designing, construction and completion of the Public Improvements to the City's standards and specifications and subject to the City's approval as provided herein and in accordance with City Regulations, the Concept Plan and Applicable Law.

(c) Upon completion and acceptance by the City, the City shall own and maintain all of the Public Improvements.

ARTICLE III

PUBLIC IMPROVEMENT DISTRICT

Section 3.01. Creation.

The Developer intends to request the creation of the PID that in total, encompasses the Property, by submitting a petition to the City that contain a list of the Public Improvements to be funded or acquired with the PID Bond Proceeds and the estimated or actual costs of such Public Improvements. Such petition shall also allow for the City's levy of Assessments for maintenance purposes and for administration of the PID. Upon receipt and acceptance of such petition, the City has held a public hearing to consider the creation of the PID in accordance with the PID Act. Developer agrees that the City may require at any time a professional services agreement that obligates Developer to fund the costs of the City's professionals relating to the preparation for and issuance of PID Bonds, which amount shall be agreed to by the Parties and considered a cost payable from PID Bond Proceeds. The Developer agrees to enter into any such agreement upon request by the City.

Section 3.02. Issuance of PID Bonds.

(a) Subject to the terms and conditions set forth in this Article III, the City intends to authorize the issuance of PID Bonds in one or more series (each to coincide with the Developer's phased development of the Property) up to an aggregate principal amount of \$18,895,633.00 to construct, reimburse or acquire the Public Improvements benefitting the Property. The Public Improvements to be constructed and funded in connection with the PID Bonds are detailed in Exhibit C, which may be amended from time to time, and in the Service and Assessment Plan for the PID or any updates thereto. The net proceeds from the sale of each series of PID Bonds (i.e., net of costs and expenses of issuance of each series of PID Bonds and amounts for debt service reserves and capitalized interest) will be used to pay for, reimburse or acquire the Public Improvements. Notwithstanding the foregoing, the issuance of PID Bonds is a discretionary action by the City Council and is further conditioned upon the adequacy of the bond security and the financial ability and obligation of the Developer to pay the Developer Cash Contribution and perform its obligations hereunder.

(b) The Developer shall complete all Public Improvements within each phase in the PID and such Public Improvements shall be completed by the applicable Public Improvement Completion Date.

(c) The issuance of PID Bonds is subject to the discretion of the City Council and each series of PID Bonds shall be issued with the terms deemed appropriate by the City Council at the time of issuance, if at all.

(d) The following conditions must be satisfied prior to the City's consideration of the sale of PID Bonds:

(i) The maximum aggregate par amount of the PID Bonds to be issued by the City shall not exceed \$18,895,633.00.

(ii) The maximum "tax rate" for the projected annual assessment for each Phase shall be no greater than \$0.90 per \$100 of assessed value at the time of the levy of the Assessment on each PID Phase based on the Estimated Build Out Value of each parcel; such rate limit for each PID Phase as determined at the time of the levy of the Assessments applies on an individual assessed parcel basis by Lot Type based on Estimated Build Out Value, as will be set forth in more detail in the Service and Assessment Plan.

(iii) the total assessment value to lien ratio is at least 3:1 at the time of the levy of assessments and the total assessment value to lien ratio of each series of PID Bonds for each PID Phase is at least 3:1 at the time of the issuance of PID Bonds for each PID Phase; such values shall be confirmed by appraisal from licensed MAI appraiser.

(iv) The Developer or its Affiliates shall own all property within a Phase of the PID prior to the levy of Assessments for such Phase.

(v) The Developer must provide evidence reasonably acceptable to the City of an executed loan document and/or private equity in an amount sufficient to complete the amenities set forth in 2.02(a)(ii) above.

(vi) no Event of Default by the Developer has occurred or no event has occurred which but for notice, the lapse of time or both, would constitute an Event of Default by the Developer pursuant to this Agreement;

(vii) a site plan including preliminary engineering is approved by City staff for the Public Improvements for the Phase for which PID Bonds are being issued; and

(viii) all offsite easements (meaning offsite to the Property) not owned by the Developer that is necessary to construct the Public Improvements in each Phase have been acquired by the Developer and dedicated to the City, or dedicated by the City.

(e) In no event shall the Developer be paid and/or reimbursed for all Public Improvement Project Costs in an amount in excess of the Reimbursement Cap.

Section 3.03. Apportionment and Levy of Assessments.

(a) The City intends to levy Assessments on property located within the PID in accordance herewith and with the Service and Assessment Plans (as such plans are amended supplemented or updated from time to time) and the Assessment Ordinances on or before such time as each series of PID Bonds are issued. The City's apportionment and levy of Assessments shall be made in accordance with the PID Act.

(b) Concurrently with the levy of the Assessments on each Phase, the Developer and its Affiliates shall execute and deliver a Landowner Consent in the form attached as Exhibit E for all land owned or controlled by Developer or its Affiliates, or otherwise evidence consent to the creation of the and the levy of Assessments therein and shall record evidence and notice of the Assessments in the real property records of Harris County. The City shall not levy Assessments on property within the PID without an executed Landowner Consent from each landowner within the PID whose property is being assessed.

Section 3.04. Developer Cash Contribution. At closing on any series of PID Bonds intended to fund construction of Public Improvements that have not already been constructed by the Developer, Developer shall deposit into a designated account with the Trustee under the applicable Indenture a pro-rata amount of the Developer Cash Contribution. If the Public Improvements relating to each series of PID Bonds have already been constructed and the PID Bonds are intended to acquire the Public Improvements, then Developer shall not be required to deposit the Developer Cash Contribution as provided in this paragraph for such series. The amount of the Developer Cash Contribution for each series of PID Bonds shall be equal to the difference between the costs of the Public Improvements and the Net PID Bonds Proceeds available to fund such costs of the Public Improvements related to such series of PID Bonds, as set forth in the SAP.

Section 3.05. Transfer of Property. Other than the sale of the Property to the Developer, notwithstanding anything to the contrary contained herein, no sale of property within a Phase of the PID shall occur prior to the City's levy of Assessments in such Phase of the PID unless the Developer provides the City with an executed consent to the creation of the PID and the levy of Assessments, in a form acceptable to the City with respect to the purchased property. In addition,

evidence of any transfer of Property in the PID prior to the levy of Assessments on such property shall be provided to the City prior to the levy of Assessments on such property. The City shall require consent of each of the owners of Assessed Property in the PID to the levy of Assessments on each property and to the creation of the PID prior to Assessments being levied on such owner's property. The Developer understands and acknowledges that evidence of land transfer, the execution of the Landowner Consent, appraisal district certificate and property record recording will be required from each Assessed Property Owner in order to levy the Assessments and issue PID Bonds. The Developer shall provide all necessary documentation to the City with respect to any land transfers.

ARTICLE IV

DEVELOPMENT

Section 4.01. Full Compliance with City Standards.

Development and use of the Property by Developer and its Affiliates, including, without limitation, the construction, installation, maintenance, repair, and replacement of all buildings and all other improvements and facilities of any kind whatsoever on and within the Property, shall be in compliance with the then current applicable City Regulations and the Concept Plan.

Section 4.02. Development Standards and Planned Development - 14. As consideration for the City's obligations under this Agreement and in consideration for the issuance of the PID Bonds, the Developer agrees that its development and use of the Property, including, without limitation, the construction, installation, maintenance, repair and replacement of all buildings and all other improvements and facilities of any kind whatsoever on and within the Property, shall be in compliance with the City Regulations, the Concept Plan and the Planned Development - 14 attached as Exhibit B. Any changes to the Planned Development - 14 attached hereto must be approved by the City. Upon approval by the City of an updated Planned Development - 14, this Agreement shall be deemed amended to include such approved updated Planned Development - 14.

Section 4.03. Property Acquisition. The Parties acknowledge that, with the exception of School Street Right-of-Way, if required, the Developer is responsible for the acquisition of certain off-site property rights and interests to allow the Public Improvements to be constructed to serve the Property. Developer shall use commercially reasonable efforts to obtain all third-party rights-of-way, consents, or easements, if any, needed to construct the off-site Public Improvements. The Developer shall provide evidence of costs, maps, locations and size of infrastructure to the City and obtain the City's consent prior to such acquisition of third-party rights-of-way, consents, or easements needed to construct the off-site Public Improvements.

Section 4.04. Zoning of Property. The Developer consents and agrees to the zoning of the Property pursuant to the planned development process and that such zoning shall be consistent with the Planned Development - ___ set forth in Exhibit B.

Section 4.05. Conflicts. In the event of any conflict between this Agreement and any City Regulation, the City Regulations, the Concept Plan, the City Regulations shall control.

Section 4.06. Replat. The Developer may submit a replat for all or any portion of the Property. Any replat shall be in conformance with City Regulations and the Concept Plan and may require a prepayment of Assessments as set forth in the applicable SAP.

ARTICLE V

DEVELOPMENT CHARGES

Section 5.01. Plat Review Fees. Development of the Property shall be subject to payment to the City of the reasonable fees and charges applicable to the City's preliminary and final plat review and approval process according to the fee schedule adopted by the City Council and in effect at the time of platting.

Section 5.02. Plan Review and Permit Fees. Development of the Property shall be subject to payment to the City of the reasonable fees and charges applicable to the City's review of plans and specifications and issuance of permits (including building permits) for construction of the Public Improvements according to the fee schedule adopted by the City Council at the time of plan review and permit issuance.

Section 5.03. Inspection Fees. Development of the Property shall be subject to the payment to the City of inspection fees according to the fee schedule adopted by the City Council at the time of inspection.

Section 5.04. Impact Fees. All impact fees associated with the Development shall be paid pursuant to the City Regulations.

ARTICLE VI

DEVELOPMENT SPECIFIC REQUIREMENTS

Section 6.01. Road Improvements. The Developer shall be responsible for the completion of the School Street extension between Theiss Lane and Hollerreith Road to the City of Tomball's standards. Such completion shall be constructed concurrently with the construction of the Public Improvements. It is acknowledged that a section of School Street Right of Way is to be dedicated to the City by the developer of an adjoining tract. Developer's obligations are contingent on said right of way to be dedicated to the City, free and clear of all encumbrances,

including utilities or third party facilities, prior to the commencement of paving for the development of Phase C.

ARTICLE VII

CONSTRUCTION OF THE PUBLIC IMPROVEMENTS

Section 7.01. Designation of Construction Manager, Construction Engineers.

(a) Prior to construction of any Public Improvement, Developer shall make, or cause to be made, application for any necessary permits and approvals required by City and any applicable Governmental Authority to be issued for the construction of the Public Improvements and shall obligate each general contractor, architect, and consultants who work on the Public Improvements to obtain all applicable permits, licenses or approvals as required by Applicable Law. The Developer shall require or cause the design, inspection and supervision of the construction of the Public Improvements to be undertaken in accordance with City Regulations and Applicable Law.

(b) The Developer shall design and construct or cause the design and construction of the Public Improvements, together with and including the acquisition, at its sole costs, of any and all easements or fee simple title to such land necessary to provide for and accommodate the Public Improvements.

(c) Developer shall comply, or shall require its contractors to comply, with all local and state laws and regulations regarding the design and construction of the Public Improvements applicable to similar facilities constructed by City, including, but not limited to, the requirement for payment, performance and two- year maintenance bonds for the Public Improvements.

(d) Upon Completion of Construction of any portion of the Public Improvements, Developer shall provide City with a final cost summary of all Public Improvement Project Costs incurred and paid associated with the construction of that portion of the Public Improvements and provide proof that all amounts owing to contractors and subcontractors have been paid in full evidenced by the "all bills paid" affidavits and lien releases executed by Developer and/or its contractors with regard to that portion of the Public Improvements. Evidence of payment to the applicable contractors and subcontractors shall be provided prior to the reimbursement of the costs of any portion of the Public Improvements.

(e) Developer agrees to require the contractors and subcontractors which construct the Public Improvements to provide payment, performance and two-year maintenance bonds in forms reasonably satisfactory to the City Attorney. Any surety company through which a bond is written shall be a surety company duly authorized to do business in the State of Texas, provided that the City Attorney has the right to reasonably reject any surety company regardless of such company's authorization to do business in Texas. Evidence of payment and performance bonds shall be delivered to the City prior to Commencement of Construction of any such Public Improvements.

(f) Unless otherwise approved in writing by the City, all Public Improvements shall be constructed and dedicated to the City in accordance with City Regulations and Applicable Law.

(g) The Developer shall dedicate or convey by final plat or separate instrument, without cost to the City and in accordance with the Applicable Law, all property rights necessary for the construction, operation, and maintenance of the road, water, drainage, gas and sewer Public Improvements, at the completion of the Public Improvements and acceptance by the City.

Section 7.02. Construction Agreements. The Construction Agreements shall be let in the name of the Developer. The Developer's engineers shall prepare and provide, or cause the preparation and provision of all contract specifications and necessary related documents. The Developer shall provide all construction documents for the Public Improvements and shall acknowledge that the City has no obligations and liabilities thereunder. The Developer shall include a provision in the construction documents for the Public Improvements that the contractor will indemnify the City and its officers and employees against any costs or liabilities thereunder. The Developer or its designee (Engineer) shall administer the contracts. The Public Improvement Project Costs, which are estimated on Exhibit C, shall be paid by the Developer or caused to be paid by the Developer, or from the proceeds of PID Bonds and/or the Developer Cash Contribution in accordance with the Bond Indentures, or reimbursed by the Assessments levied pursuant to the terms of a Reimbursement Agreement.

(a) The following requirements apply to Construction Agreements for Public Improvements:

(i) Plans and specifications shall comply with all Applicable Law and City Regulations and all Plans and Specification shall be reviewed and approved by the City prior to the issuance of permits. The City shall have thirty (30) business days from its receipt of the first submittal of the Plans and Specifications to approve or deny the Plans and Specifications or to provide comments to the submitter. If any approved Plans and Specifications are amended or supplemented, the City shall have thirty (30) business days from its receipt of such amended or supplemented Plans and Specifications to approve or deny the Plans and Specification or provide comments back to the submitter. Any written City approval or denial must be based on compliance with applicable City Regulations or other regulatory agencies that have jurisdiction over the Development.

(ii) Each Construction Agreement shall provide that the Contractor is an independent contractor, independent of and not the agent of the City and that the Contractor is responsible for retaining, and shall retain, the services of necessary and appropriate architects and engineers; and

(iii) Each Construction Agreement for improvements not yet under construction shall provide that the Contractor shall indemnify the City, its officers and employees for any costs or liabilities thereunder and for the negligent acts or omissions of the Contractor.

(b) City's Role.

The City shall have no responsibility for the cost of planning, design, engineering construction, furnishing/equipping the Public Improvements (before, during or after construction)

except to the extent of the reimbursement or funding of the Public Improvements Project Costs as set forth in this Agreement. The Developer will not hold the City responsible for any costs of the Public Improvements other than the reimbursements or fundings described in this Agreement. The City shall have no liability for any claims that may arise out of design or construction of the Public Improvements, and the Developer shall cause all of its contractors, architects, engineers, and consultants to agree in writing that they will look solely to the Developer, not to the City, for payment of all costs and valid claims associated with construction of the Public Improvements.

Section 7.03. Project Scope Verification.

(a) The Developer will from time to time, as reasonably requested by the City Representative, verify to the City Representative that the Public Improvements are being constructed substantially in accordance with the Plans and Specifications approved by the City. To the extent the City has concerns about such verification that cannot be answered by the Developer, to the City's reasonable satisfaction, the Developer will cause the appropriate architect, engineer or general contractor to consult with the Developer and the City regarding such concerns.

Section 7.04. Joint Cooperation; Access for Planning and Development.

(a) Cooperation and Timely Response. During the planning, design, development and construction of the Public Improvements, the parties agree to cooperate and coordinate with each other, and to assign appropriate, qualified personnel to this project. The City staff will make reasonable efforts to accommodate urgent or emergency requests during construction. In order to facilitate a timely review process, the Developer shall cause the architect, engineer and other design professionals to attend City meetings if requested by the City.

Section 7.05. City Not Responsible.

By performing the functions described in this Article, the City shall not, and shall not be deemed to, assume the obligations or responsibilities of the Developer, whose obligations under this Agreement and under Applicable Law shall not be affected by the City's exercise of the functions described in this Article. The City's review of any Plans and Specifications is solely for the City's own purposes, and the City does not make any representation or warranty concerning the appropriateness of any such Plans and Specifications for any purpose. The City's approval of (or failure to disapprove) any such Plans and Specifications, including the Site Plan, submitted with such Plans and Specifications and any revisions thereto, shall not render the City liable for same, and the Developer assumes and shall be responsible for any and all claims arising out of or from the use of such Plans and Specifications.

Section 7.06. Construction Standards and Inspection.

The Public Improvements will be installed within the public right-of-way or in easements granted to the City. Such easements may be granted at the time of final platting in the final plat or by separate instrument. The Public Improvements shall be constructed and inspected in accordance with applicable state law, and City Regulations, and all other applicable development requirements, including those imposed by any other governing body or entity with jurisdiction over the Public Improvements, and this Agreement, provided, however, that if there is any conflict,

the regulations of the governing body or entity with jurisdiction over the Public Improvement being constructed shall control.

Section 7.07. Public Improvements to be Owned by the City – Title Evidence.

The Developer shall furnish to the City a preliminary title report for land with respect to the Public Improvements, including any related rights-of-way, easements, and open spaces if any, to be acquired and accepted by the City from the Developer and not previously dedicated or otherwise conveyed to the City, for review and approval at least 30 calendar days prior to the transfer of title of a Public Improvement to the City. The City Representative shall approve the preliminary title report unless it reveals a matter which, in the reasonable judgment of the City, could materially affect the City's use and enjoyment of any part of the property or easement covered by the preliminary title report. In the event the City Representative does not approve the preliminary title report, the City shall not be obligated to accept title to the Public Improvement until the Developer has cured such objections to title to the satisfaction of the City Representative.

Section 7.08. Public Improvement Constructed on City Land or the Property.

If the Public Improvement is on land owned by the City, the City hereby grants to the Developer a temporary easement to enter upon such land for purposes related to construction (and maintenance pending acquisition and acceptance) of the Public Improvement. If the Public Improvement is on land owned by the Developer, the Developer shall dedicate easements by plat or shall execute and deliver to the City such access and maintenance easements as the City may reasonably require in recordable form, and the Developer hereby grants to the City a permanent access and maintenance easement to enter upon such land for purposes related to inspection and maintenance of the Public Improvement. The grant of the permanent easement shall not relieve the Developer of any obligation to grant the City title to property and/or easements related to the Public Improvement as required by this Agreement or as should in the City's reasonable judgment be granted to provide for convenient access to and routine and emergency maintenance of such Public Improvement. The provisions for inspection and acceptance of such Public Improvement otherwise provided herein shall apply.

Section 7.09. Additional Requirements.

In connection with the design and construction of the Public Improvements, the Developer shall take or cause the following entities or persons to take the following actions and to undertake the following responsibilities:

(a) The Developer shall provide to the City electronic copies of the Plans and Specifications for the Public Improvements (including revisions) as such Plans and Specifications are currently in existence and as completed after the date hereof and shall provide the City one complete set of record drawings (in electronic format) for the Public Improvements, in accordance with Applicable Law;

(b) In accordance with the requirements between the Developer and the City with regard to the development and construction of the Public Improvements, the Developer or such person selected by and contracting with the Developer shall provide the City with a copy of the

detailed construction schedule outlining the major items of work of each major construction contractor, and any revisions to such schedule;

(c) The Developer shall provide construction documents, including the Plans and Specifications to the City, signed and sealed by one or more registered professional architects or engineers licensed in the State of Texas at the time the construction documents are submitted to the City for approval;

(d) The Developer shall provide the City with reasonable advance notice of any regularly-scheduled construction meetings regarding the Public Improvements, and shall permit the City to attend and observe such meetings as the City so chooses in order to monitor the project, and shall provide the City with copies of any construction schedules as are discussed and reviewed at any such regularly-scheduled construction meeting;

(e) The Developer or any general contractor shall comply with, and shall require that its agents and subcontractors comply with, all Applicable Laws regarding the use, removal, storage, transportation, disposal and remediation of hazardous materials;

(f) The Developer or any general contractor shall notify and obtain the City's approval for all field changes that directly result in material changes to the portion of the Plans and Specifications for the Public Improvements that describe the connection of such improvements with City streets, storm sewers and utilities;

(g) Upon notice from the City, the Developer shall or shall cause any general contractor to promptly repair, restore or correct, on a commercially reasonable basis, all damage caused by the general contractor or its subcontractors to property or facilities of the City during construction of the Public Improvements and to reimburse the City for out-of-pocket costs actually incurred by the City that are directly related to the City's necessary emergency repairs of such damage;

(h) Upon notice from the City, the Developer shall promptly cause the correction of defective work and shall cause such work to be corrected in accordance with the construction contracts for the Public Improvements and with City Regulations;

(i) If the Developer performs any soils, construction and materials testing during construction of the Public Improvements, the Developer shall make available to the City copies of the results of all such tests; and

(j) If any of the foregoing entities or persons shall fail in a material respect to perform any of its obligations described above (or elsewhere under this Agreement), the Developer shall use its good faith efforts to enforce such obligations against such entities or persons, or the Developer may cure any material failure of performance as provided herein; and

(k) The Developer shall provide any other information or documentation or services required by City Regulations; and

(l) The Developer shall allow the City Representative to conduct a reasonable pre-final and final inspection of the Public Improvements. Upon acceptance by the City of the Public

Improvements, the City shall become responsible for the maintenance of the Public Improvements and making any bond or warranty claim, if applicable.

Section 7.10. Revisions to Scope and Cost of Public Improvements.

(a) The Public Improvement Project Costs, as set forth in Exhibit C, may be modified or amended from time to time upon the approval of the City Representative, provided that the total cost of the Public Improvements shall not exceed such amounts as set forth in the applicable SAP plus the Developer Cash Contribution. Should the Public Improvements be amended by the City Council in a SAP pursuant to the PID Act, the City Representative shall be authorized to make corresponding changes to the applicable Exhibits attached hereto and shall keep official record of such amendments.

(b) Should the Public Improvement Project Costs exceed the amounts set forth in the SAPs, the Developer must make a Developer Cash Contribution at the time of each PID Bond issuance such that the net proceeds of each series of PID Bonds plus the Developer Cash Contribution, is sufficient to fund the Public Improvement Project Costs for which the PID Bonds are being issued.

Section 7.11. City Police Powers.

The Developer recognizes the authority of the City pursuant to the Texas Constitution together with the City's charter and ordinances to exercise its police powers in accordance with applicable laws to protect the public health, safety, and welfare. The City retains its police powers over the Developer's or its general contractor's construction activities on or at the Property, and the Developer recognizes the City's authority to take appropriate enforcement action in accordance with Applicable Law to provide such protection. No lawful action taken by the City pursuant to these police powers shall subject the City to any liability under this Agreement, including without limitation liability for costs incurred by any general contractor or the Developer, and as between the Developer and the City, any such costs shall be the sole responsibility of the Developer and any of its general contractors and shall not be reimbursable from PID Bond Proceeds.

Section 7.12. Title and Mechanic's Liens.

(a) Title. The Developer agrees that the Public Improvements shall not have a lien or cloud on title upon their dedication to and acceptance by the City.

(i) Mechanic's Liens. Developer shall not create nor allow or permit any liens, encumbrances, or charges of any kind whatsoever against the Public Improvements arising from any work performed by any contractor by or on behalf of the Developer. The Developer shall not permit any claim of lien made by any mechanic, materialman, laborer, or other similar liens to stand against the Public Improvements for work or materials furnished to the Developer in connection with any construction, improvements, renovation, maintenance or repair thereof made by the Developer or any contractor, agent or representative of the Developer. The Developer shall cause any such claim of lien to be fully discharged no later than thirty (30) days after the Developer's receipt of written notice of the filing thereof.

Section 7.13. City Consents.

Any consent or approval by or on behalf of the City required in connection with the design, construction, improvement or replacement of the Public Improvements or otherwise under this Agreement shall not be unreasonably withheld, delayed, or conditioned. Any review associated with any determination to give or withhold any such consent or approval shall be conducted in a timely and expeditious manner with due regard to the cost to the Developer associated with delay.

Section 7.14. Right of the City to Make Inspection.

(a) At any time during the construction of the Public Improvements, the City shall have the right to enter the Property for the purpose of inspection of the progress of construction on the Public Improvements; provided, however, the City Representative shall comply with reasonable restrictions generally applicable to all visitors to the Development that are imposed by the Developer or its General Contractor or subcontractors. The Developer shall pay the City's costs for the retention of a third-party inspector.

(b) Inspection of the construction of all Public Improvements shall be by the City Representative or his/her designee. In accordance with Sections 5.03 and 7.03, the Developer shall pay the inspection fee which may be included as a Public Improvement Project Cost.

(c) City may enter the Property in accordance with customary City procedures and Applicable Law to make any repairs or perform any maintenance of Public Improvements which the City has accepted for maintenance. If, during construction of the Public Improvements, the Developer is in default under this Agreement beyond any applicable cure period or in the event of an emergency which is not being timely addressed, the City may enter the Property to make any repairs to the Public Improvements that have not been accepted for maintenance by the City, of every kind or nature, which the Developer is obligated under this Agreement to repair or maintain but which the Developer has failed to perform after reasonable notice (other than in the case of an emergency in which notice is impossible or impractical). The Developer shall be obligated to reimburse the City the reasonable costs incurred by the City for any such repairs. Nothing contained in this paragraph shall be deemed to impose on the City any obligation to actually make repairs or alterations on behalf of the Developer.

Section 7.15. Competitive Bidding. The construction of the Public Improvements (which are funded from Assessments) is anticipated to be exempt from competitive bidding pursuant to Texas Local Government Code Section 252.022(a)(9). In the event that the actual costs of the Public Improvement do not meet the parameters for exemption from the competitive bid

requirement, then either competitive bidding or alternative delivery method may be utilized by the City as allowed by Applicable Law.

ARTICLE VIII

PAYMENT OF PUBLIC IMPROVEMENTS

Section 8.01. Overall Requirements.

(a) The City shall not be obligated to provide funds for any Public Improvement except from the proceeds of the PID Bonds or from Assessments pursuant to a Reimbursement Agreement. The City makes no warranty, either express or implied, that the proceeds of the PID Bonds available for the payment or reimbursement of the Public Improvement Project Costs or for the payment of the cost to construct or acquire a Public Improvement by the City will be sufficient for the construction or acquisition of all of the Public Improvements. Any costs of the Public Improvements in excess of the available PID Bond Proceeds or Assessments pursuant to a Reimbursement Agreement, shall not be paid or reimbursed by the City. The Developer acknowledges and agrees that any lack of availability of monies in the Project Funds established under the Indentures to pay the costs of the Public Improvements shall in no way diminish any obligation of the Developer with respect to the construction of or contributions for the Public Improvements required by this Agreement, or any other agreement to which the Developer is a party, or any governmental approval to which the Developer or Property is subject.

(b) Upon written acceptance of a Public Improvement, and subject to any applicable maintenance-bond period, the City shall be responsible for all operation and maintenance of such Public Improvement, including all costs thereof and relating thereto.

(c) The City's obligation with respect to the reimbursement or payment of the Public Improvement Project Costs as finally set forth in the Service and Assessment Plan, shall be limited to the lower of Actual Costs or the available Net PID Bond Proceeds or Assessment revenues, and shall be payable solely from amounts on deposit in the Project Funds from the sale of the PID Bonds as provided herein and in the Indentures, or Assessments collected for the reimbursement or payment of such costs pursuant to Reimbursement Agreement. The Developer agrees and acknowledges that it is responsible for all costs and all expenses related to the Public Improvements in excess of the available Net PID Bond Proceeds and that the Developer Cash Contribution must be deposited at the time of the issuance of PID Bonds.

(d) The City shall have no responsibility whatsoever to the Developer with respect to the investment of any funds held in the Project Fund by the Trustee under the provisions of the Indenture, including any loss of all or a portion of the principal invested or any penalty for liquidation of an investment. Any such loss may diminish the amounts available in the Project Fund to pay or reimburse the Public Improvement Project Costs in the PID. The obligation of Developer to pay the Assessments is not in any way dependent on the availability of amounts in the Project Fund to pay for all or any portion of the Public Improvements Project Costs hereunder.

Section 8.02. Remaining Funds after Completion of a Public Improvement.

If, upon the Completion of Construction of a Public Improvement (or segment or stage thereof) and payment or reimbursement for such Public Improvement, there are Cost Underruns, any remaining budgeted cost(s) may be available to pay Cost Overruns on any other Public Improvement with the approval of the City Representative, such approval not to be unreasonably withheld, at completion of the Public Improvements for each PID Phase and provided that all Public Improvements for such PID Phase, as set forth in the Service and Assessment Plan are undertaken at least in part. The elimination of a category of Public Improvements in a PID Phase as set forth in the Service and Assessment Plan will require an amendment to the Service and Assessment Plan. Upon receipt of all acceptance letters from the City for the Public Improvements within an improvement category as set forth in the Service and Assessment Plan, any Underruns from that category may be released to pay for Overruns in another improvement category, as approved by the City.

Section 8.03. Payment Process for Public Improvements.

(a) The City shall authorize payment or reimbursement of the Public Improvement Project Costs from PID Bond Proceeds or from Assessments collected in the PID as set forth in 8.04 below. The Developer shall submit a Payment Certificate to the City (no more frequently than monthly) for Public Improvement Project Costs including a completed segment, section or portion of a Public Improvement, as approved by the City. The form of the Payment Certificate is set forth in Exhibit F, as may be modified by the applicable Indenture or Reimbursement Agreement. The City shall review the sufficiency of each Payment Certificate with respect to compliance with this Agreement, compliance with the Applicable Law, and compliance with the applicable SAP and Plans and Specifications. The City shall review each Payment Certificate within thirty (30) Business Days of receipt thereof and upon approval, certify the Payment Certificate pursuant to the provisions of the applicable Indenture or Reimbursement Agreement, and payment shall be made to the Developer or its designee pursuant to the terms of the applicable Indenture or Reimbursement Agreement, provided that funds are available under the applicable Indenture or Reimbursement Agreement. Notwithstanding the foregoing, the City shall review the first Payment Certificate within forty-five (45) business days of receipt thereof. If a Payment Certificate is approved only in part, the City shall specify the extent to which the Payment Certificate is approved and payment for such partially approved Payment Certificate shall be made to the Developer pursuant to the terms of the applicable Indenture or Reimbursement Agreement, provided that funds are available under the applicable Indenture or Reimbursement Agreement.

(b) If the City requires additional documentation, timely disapproves or questions the correctness or authenticity of the Payment Certificate, the City shall deliver a detailed notice to the Developer within fifteen (15) Business Days of receipt thereof, then payment with respect to disputed portion(s) of the Payment Certificate shall not be made until the Developer and the City have jointly settled such dispute or additional information has been provided to the City's reasonable satisfaction.

(c) The City shall reimburse the Public Improvement Project Costs as set forth in Exhibit C and the SAP, from funds available pursuant to the applicable Indenture or Reimbursement Agreement.

(d) Reimbursement to the Developer and the City for administrative costs relating to the creation of the PID, the levy of assessments and issuance of the PID Bonds may be distributed at closing of the applicable series of PID Bonds pursuant to a Closing Disbursement Request, in the form attached as Exhibit G.

Section 8.04. Public Improvements Reimbursement from Assessment Fund In the Event of a Non-Issuance of PID Bonds.

(a) In the event that, (i) the City does not issue PID Bonds by the Public Improvement Financing Date, or (ii) PID Bonds cannot be issued for the full costs of the Public Improvements of a result of the parameters set forth in Section 3.02(d), the reimbursement for costs of the Public Improvements set forth in Exhibit C and in the Service and Assessments Plan that are not paid with PID Bond Proceeds shall be made on an annual basis from Assessments levied by the City for the Public Improvements pursuant to Chapter 372, Texas Local Government Code, as amended, unless the Public Improvement Financing Date has been extended by written agreement between the Developer and the City and approved by City Council. Such reimbursement shall be made pursuant to the terms and provisions of one or more Reimbursement Agreements. Such Reimbursement Agreement shall set forth the terms of the annual reimbursement for the costs of the Public Improvements. If the City does not issue additional PID Bonds to fund subsequent Public Improvement Project Costs that have not been previously funded by PID Bonds, such unfunded costs may be funded from Assessments pursuant to additional Reimbursement Agreements. These Reimbursement Agreement obligations may, in the City's discretion, be reimbursed through the issuance of PID Bonds by the City once the parameters set forth in Section 3.02(d) can be met. The issuance of any PID Bonds to fund obligations under a Reimbursement Agreement is subject to the City's discretion and shall be determined by the City. In any event, the issuance of PID Bonds to Fund any obligations under a Reimbursement Agreement, if the City determines to issue such PID Bonds, shall occur no later than three (3) years after the Phase C Public Improvement Financing Date or the City shall not issue such PID Bonds.

(b) Reimbursement or payment of the costs of the Public Improvements shall only be made from the levy of Assessments within the PID as set forth herein.

(c) The term, manner and place of payment or reimbursement to the Developer under this Section shall be set forth in the Reimbursement Agreement.

(d) Reimbursement or payment shall be made only for the costs of the Public Improvements as set forth in this Agreement, the Service and Assessment Plan or in the Reimbursement Agreement, as approved by the City. Any additional public improvements other than the Public Improvements constructed by the Developer and dedicated to the City, shall not be subject to payment or reimbursement under the terms of this Agreement.

Section 8.05. Rights to Audit.

(a) The City shall have the right to audit, upon reasonable notice and at the City's own expense, records of the Developer with respect to the expenditure of funds to pay Public Improvement Project Costs. Upon written request by the City, the Developer shall give the City or its agent, access to those certain records controlled by, or in the direct or indirect possession of,

the Developer (other than records subject to legitimate claims of attorney-client privilege) with respect to the expenditure of Public Improvement Project Costs, and permit the City to review such records in connection with conducting a reasonable audit of such fund and account. The Developer shall make these records available to the City electronically or at a location that is reasonably convenient for City staff.

(b) The City and the Developer shall reasonably cooperate with the assigned independent auditors (internal or external) in this regard, and shall retain and maintain all such records for at least 2 years from the date of Completion of Construction of the Public Improvements. All audits must be diligently conducted and once begun, no records pertaining to such audit shall be destroyed until such audit is completed.

ARTICLE IX

REPRESENTATIONS AND WARRANTIES

Section 9.01. Representations and Warranties of City.

The City makes the following representation and warranty for the benefit of the Developer:

(a) Due Authority; No Conflict. The City represents and warrants that this Agreement has been approved by official action by the City Council of the City in accordance with all applicable public notice requirements (including, but not limited to, notices required by the Texas Open Meetings Act). The City has all requisite power and authority to execute this Agreement and to carry out its obligations hereunder and the transactions contemplated hereby. This Agreement has been, and the documents contemplated hereby will be, duly executed and delivered by the City and constitute legal, valid and binding obligations enforceable against the City in accordance with the terms subject to principles of governmental immunity and the enforcement of equitable rights. The consummation by the City of the transactions contemplated hereby is not in violation of or in conflict with, nor does it constitute a default under, any of the terms of any agreement or instrument to which the City is a Party, or by which the City is bound, or of any provision of any applicable law, ordinance, rule or regulation of any governmental authority or of any provision of any applicable order, judgment or decree of any court, arbitrator or governmental authority.

(b) Due Authority; No Litigation. No litigation is pending or, to the knowledge of the City, threatened in any court to restrain or enjoin the construction of or the Public Improvements or the City's payment and reimbursement obligations under this Agreement, or otherwise contesting the powers of the City or the authorization of this Agreement or any agreements contemplated herein.

Section 9.02. Representations and Warranties of Developer.

The Developer makes the following representations, warranties and covenants for the benefit of the City:

(a) Due Organization and Ownership. The Developer is a Texas limited liability company validly existing under the laws of the State of Texas and is duly qualified to do business

in the State of Texas; and that the person executing this Agreement on behalf of it is authorized to enter into this Agreement.

(b) Due Authority: No Conflict. The Developer has all requisite power and authority to execute and deliver this Agreement and to carry out its obligations hereunder and the transactions contemplated hereby. This Agreement has been, and the documents contemplated hereby will be, duly executed and delivered by the Developer and constitute the Developer's legal, valid and binding obligations enforceable against the Developer in accordance with their terms. The consummation by the Developer of the transactions contemplated hereby is not in violation of or in conflict with, nor does it constitute a default under, any term or provision of the organizational documents of the Developer, or any of the terms of any agreement or instrument to which the Developer is a Party, or by which the Developer is bound, or of any provision of any applicable law, ordinance, rule or regulation of any governmental authority or of any provision of any applicable order, judgment or decree of any court, arbitrator or governmental authority.

(c) Consents. No consent, approval, order or authorization of, or declaration or filing with any governmental authority is required on the part of the Developer in connection with the execution and delivery of this Agreement or for the performance of the transactions herein contemplated by the respective Parties hereto.

(d) Litigation/Proceedings. To the best knowledge of the Developer, after reasonable inquiry, there are no pending or, to the best knowledge of the Developer, threatened, judicial, municipal or administrative proceedings, consent decree or, judgments which might affect the Developer's ability to consummate the transaction contemplated hereby, nor is there a preliminary or permanent injunction or other order, decree, or ruling issued by a governmental entity, and there is no statute, rule, regulation, or executive order promulgated or enacted by a governmental entity, that is in effect which restrains, enjoins, prohibits, or otherwise makes illegal the consummation of the transactions contemplated by this Agreement.

(e) Legal Proceedings. There is no action, proceeding, inquiry or investigation, at law or in equity, before any court, arbitrator, governmental or other board or official, pending or, to the knowledge of the Developer, threatened against or affecting the Developer, any of the principals of the Developer and any key person or their respective Affiliates and representatives which the outcome of which would (a) materially and adversely affect the validity or enforceability of, or the authority or ability of the Developer under, this Agreement to perform its obligations under this Agreement, or (b) have a material and adverse effect on the consolidated financial condition or results of operations of the Developer or on the ability of the Developer to conduct its business as presently conducted or as proposed or contemplated to be conducted.

(f) Ownership. The Developer represents that it or one or more Affiliates will be the sole owners of the Property within the PID at the time of their creation and will be the sole owners at the time of the levy of Assessments. The Developer shall consent to the levy of Assessments in substantially the form of the Landowner Consent attached hereto as Exhibit E, and shall not transfer title of any land within the PID prior to the levy of all Assessments within each PID.

ARTICLE X

MAINTENANCE OF LANDSCAPE IMPROVEMENTS

Section 10.01. Mandatory Property Owners' Association.

(a) The Developer will create a mandatory homeowners' association ("HOA") over the portion of the Property then being developed as single family homes ("the "Single Family Property"), which HOA, through its conditions and restrictions filed of record in the property records of Harris County, shall be required to assess and collect from owners annual fees in an amount calculated to maintain the open spaces, common areas, right-of-way irrigation systems, raised medians and other right-of-way landscaping, detention areas, drainage areas, screening walls, trails, lawns, landscaped entrances to the Single Family Property and any other common improvements or appurtenances (the "HOA Maintained Improvements"). Maintenance of any Public Improvements or land owned by the City shall be pursuant to a maintenance agreement between the HOA and the City (the "HOA Maintenance Agreement").

(b) While the Parties anticipate that the HOA established to maintain and operate the HOA Maintained Improvements, will adequately perform such duties, in the event that the City determines that the HOA is not adequately performing the duties for which it was created, which non-performance shall be evidenced by violations of the HOA Maintenance Agreement, applicable deed restrictions and/or applicable City ordinances, the City reserves the right to levy an assessment each year equal to the actual costs of operating and maintaining the HOA Maintained Improvements that are owned by the City. The City agrees that it will not levy such assessments without first giving the HOA written notice of the deficiencies and providing the HOA with sixty (60) days in which to cure the deficiencies.

(c) Covenants, conditions and restrictions for the HOA must be filed in each PID Phase and the HOA Maintenance Agreement must be approved and executed before any PID Bonds are issued by the City.

ARTICLE XI

TERMINATION EVENTS

Section 11.01. Developer Termination Events.

The Developer may terminate this Agreement as to a phase of Development if the City does not either (i) sell PID Bonds by a Public Improvement Financing Date (i.e., the Phase A Public Improvement Financing Date, the Phase B Public Improvement Financing Date and the Phase C Public Improvement Financing Date or (ii) levy Assessments and enter into a Reimbursement Agreement pursuant to Section 8.04 for such phase of the Development.

Section 11.02. City Termination Events.

(a) The City may terminate this Agreement for each Phase if the City determines both (i) not to issue a series of PID Bonds for such phase of Development to fund the construction of

the Public Improvements, and (ii) not to levy Assessments and enter into a Reimbursement Agreement for such phase of the Development.

(b) The City may terminate this Agreement and any Reimbursement Agreement with respect to the applicable PID Phase and any remaining PID Phase, upon an uncured Event of Default by the Developer pursuant to Article XIV herein.

(c) The City may terminate this Agreement and any Reimbursement Agreement, if Commencement of Construction of the private horizontal improvements within the Development has not occurred within three (3) years of the Effective Date.

(d) The City may terminate this Agreement, with respect to any remaining PID Phase, any Reimbursement Agreement, at any time if the Public Improvements in each PID Phase do not reach the applicable Phase Completion Date, as may have been extended pursuant to the term of this Agreement.

(e) The City may terminate this Agreement with respect to the applicable PID Phase and any remaining PID Phase if the Developer does not pay the Developer Cash Contribution at closing of the applicable series of PID Bonds.

Section 11.03. Termination Procedure.

If either Party determines that it wishes to terminate this Agreement pursuant to this Article, such Party must deliver a written notice to the other Party specifying in reasonable detail the basis for such termination and electing to terminate this Agreement. Upon such a termination, the Parties hereto shall have no duty or obligation one to the other under this Agreement, including the reimbursement of any of Developer's costs that were previously advanced or incurred or the levy of assessments on any remaining phases. Provided, however, that as of the date of termination, (i) any Public Improvements completed and accepted by the City or (ii) Public Improvement Project Costs submitted pursuant to a Payment Certificate and approved by the City, shall still be subject to reimbursement.

Section 11.04. City Actions Upon Termination.

In the event of termination of this Agreement, the City may (i) use any remaining PID Bond Proceeds to redeem PID Bonds pursuant to the provisions of the Indenture or (ii) construct or cause to be constructed the remaining Public Improvements, payable from PID Bond Proceeds. Upon termination the Developer shall have no claim or right to any further payments for Public Improvements Project Costs pursuant to this except that, (i) any Public Improvements completed and accepted by the City or (ii) Public Improvement Project Costs submitted pursuant to a Payment Certificate and approved by the City shall still be subject to reimbursement.

ARTICLE XII

TERM

This Agreement shall terminate upon the earlier of: (i) the expiration of 30 years from the Effective Date, (ii) the date on which the City and the Developer discharge all of their obligations

hereunder, including Completion of Construction and acceptance of the Public Improvements, and (b) all PID Bond Proceeds have been expended for the construction of all of the Public Improvements and the Developer has been reimbursed for all completed and accepted Public Improvements up to the Reimbursement Cap but in the amount set forth in the Service and Assessment Plan (iii) an event of default under Article XIII, or (iv) the occurrence of a termination event under Article XI.

ARTICLE XIII

DEFAULT AND REMEDIES

Section 13.01. Developer Default.

Each of the following events shall be an “Event of Default” by the Developer under this Agreement:

(a) The Developer shall fail to pay to the City any monetary sum hereby required of it as and when the same shall become due and payable and shall not cure such default within thirty (30) calendar days after the later of the date on which written notice thereof is given by the City to the Developer, as provided in this Agreement. The Developer shall fail in any material respect to maintain any of the insurance or bonds required by this Agreement; provided, however, that if a contractor fails to maintain any of the insurance or bonds required by this Agreement, the Developer shall have thirty (30) calendar days to cure.

(b) The Developer shall fail to comply in any material respect with any term, provision or covenant of this Agreement (other than the payment of money to the City), and shall not cure such failure within ninety (90) calendar days after written notice thereof is given by the City to the Developer;

(c) The filing by Developer of a voluntary proceeding under present or future bankruptcy, insolvency, or other laws respecting debtors, rights;

(d) The consent by Developer to an involuntary proceeding under present or future bankruptcy, insolvency, or other laws respecting debtor’s rights;

(e) The entering of an order for relief against Developer or the appointment of a receiver, trustee, or custodian for all or a substantial part of the property or assets of Developer in any involuntary proceeding, and the continuation of such order, judgment or degree unstayed for any period of ninety (90) consecutive days;

(f) The failure by Developer or any Affiliate to pay Impositions, and Assessments on property owned by the Developer and/or any Affiliates within the PID if such failure is not cured within thirty (30) calendar days after written notice by the City; OR

(g) Any representation or warranty confirmed or made in this Agreement by the Developer was untrue in any material respect as of the Effective Date.

Section 13.02. Notice and Cure Period.

(a) Before any Event of Default under this Agreement shall be deemed to be a breach of this Agreement, the Party claiming such Event of Default shall notify, in writing, the Party alleged to have failed to perform the alleged Event of Default and shall demand performance (with the exception of 13.01(f) above). Except with respect to cure periods set forth in 13.01 above, which shall be controlling, no breach of this Agreement may be found to have occurred if performance has commenced to the reasonable satisfaction of the complaining Party within thirty (30) calendar days of the receipt of such notice (or thirty (30) calendar days in the case of a monetary default), with completion of performance within ninety (90) calendar days subject.

(b) Notwithstanding any provision in this Agreement to the contrary, if the performance of any covenant or obligation to be performed hereunder by any Party is delayed by Force Majeure, the time for such performance shall be extended by the amount of time of the delay directly caused by and relating to such uncontrolled circumstances. The Party claiming delay of performance as a result of any of the foregoing Force Majeure events shall deliver written notice of the commencement of any such delay resulting from such Force Majeure event and the length of the Force Majeure event is reasonably expected to last not later than seven (7) days after the claiming Party becomes aware of the same, and if the claiming Party fails to so notify the other Party of the occurrence of a Force Majeure event causing such delay, the claiming Party shall not be entitled to avail itself of the provisions for the extension of performance contained in this Article. The number of days a Force Majeure event is in effect shall be determined by the City based upon commercially reasonable standards.

Section 13.03. City's Remedies.

With respect to the occurrence of an Event of Default the City may pursue the following remedies:

(a) The City may pursue any legal or equitable remedy or remedies, including, without limitation, specific performance, damages, and termination of this Agreement. The City shall not terminate this Agreement unless it delivers to the Developer a second notice expressly providing that the City will terminate within thirty (30) additional days. Termination or non-termination of this Agreement upon a Developer Event of Default shall not prevent the City from suing the Developer for specific performance, damages, actual damages, excluding punitive, special and consequential damages, injunctive relief or other available remedies with respect to obligations that expressly survive termination. In the event the Developer fails to pay any of the expenses or amounts or perform any obligation specified in this Agreement, then to the extent such failure constitutes an Event of Default hereunder, the City may, but shall not be obligated to do so, pay any such amount or perform any such obligations and the amount so paid and the reasonable out of pocket costs incurred by the City in said performance shall be due and payable by the Developer to the City within thirty (30) days after the Developer's receipt of an itemized list of such costs.

(b) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder now or hereafter existing at law or in equity.

(c) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

Section 13.04. City Default.

Each of the following events shall be an Event of Default by the City under this Agreement:

(a) So long as the Developer has complied with the terms and provisions of this Agreement, the City shall fail to pay to the Developer any monetary sum hereby required of it and shall not cure such default within thirty (30) calendar days after the later of the date on which written notice thereof is given to the City by the Developer.

(b) The City shall fail to comply in any material respect with any term, provision or covenant of this Agreement, other than the payment of money, and shall not cure such failure within ninety (90) calendar days after written notice thereof is given by the Developer to the City.

Section 13.05. Developer's Remedies.

(a) Upon the occurrence of any Event of Default by the City, the Developer may pursue any legal remedy or remedies specifically including damages as set forth below (specifically excluding specific performance and other equitable remedies), and termination of this Agreement; provided, however, that the Developer shall have no right to terminate this Agreement unless the Developer delivers to the City a second notice which expressly provides that the Developer will terminate within thirty (30) days if the default is not addressed as herein provided.

(b) No remedy herein conferred or reserved is intended to be inclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder now or hereafter existing.

(c) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

Section 13.06. Limited Waiver of Immunity.

(a) The City and the Developer hereby acknowledge and agree that to the extent this Agreement is subject to the provisions of Subchapter I of Chapter 271, Texas Local Government Code, as amended, and the City's immunity from suit is waived only as set forth in such statute.

(b) Should a court of competent jurisdiction determine the City's immunity from suit is waived in any manner other than as provided in Subchapter I of Chapter 271, TEXAS LOCAL GOVERNMENT CODE, as amended, the Parties hereby acknowledge and agree that in a suit against the City for breach of this Agreement:

(i) The total amount of money awarded is limited to actual damages in an amount not to exceed the balance due and owed by City under this Agreement or any Reimbursement Agreement and is payable solely from Assessment revenues;

(ii) The recovery of damages against City or the Developer may not include consequential damages or exemplary damages;

(iii) The Parties may not recover attorney's fees; and

(iv) The Parties are not entitled to specific performance or injunctive relief against the City.

Section 13.07. Limitation on Damages.

In no event shall any Party have any liability under this Agreement for any exemplary or consequential damages.

Section 13.08. Waiver.

Forbearance by the non-defaulting Party to enforce one or more of the remedies herein provided upon the occurrence of an Event of Default by the other Party shall not be deemed or construed to constitute a waiver of such default. One or more waivers of a breach of any covenant, term or condition of this Agreement by either Party hereto shall not be construed by the other Party as a waiver of a different or subsequent breach of the same covenant, term or condition. The consent or approval of either Party to or of any act by the other Party of a nature requiring consent or approval shall not be deemed to waive or render unnecessary the consent to or approval of any other subsequent similar act.

ARTICLE XIV

INSURANCE, INDEMNIFICATION AND RELEASE

Section 14.01. Insurance.

With no intent to limit any contractor's liability or obligation for indemnification, the Developer shall maintain or cause to be maintained, by the persons constructing the Public Improvements, certain insurance, as provided below in full force and effect at all times during construction of the Public Improvements and shall require that the City is named as an additional insured under such contractor's insurance policies.

(a) With regard to the obligations of this Agreement, the Developer shall obtain and maintain in full force and effect at its expense, or shall cause each contractor to obtain and maintain at their expense, the following policies of insurance and coverage:

(i) Commercial general liability insurance insuring the City, contractor and the Developer against liability for injury to or death of a person or persons and for damage to property occasioned by or arising out of the activities of Developer, the contractor, the City and their respective officers, directors, agents, contractors, or employees, in the amount of \$500,000 Per Occurrence or a limit equal to the amount of the contract amount, \$2,000,000 General Aggregate Bodily Injury and Property Damage. The contractor may procure and maintain a Master or Controlled Insurance policy to satisfy the requirements of this section,

which may cover other property or locations of the contractor and its affiliates, so long as the coverage required in this section is separate;

(ii) Worker's Compensation insurance as required by law;

(iii) Business automobile insurance covering all operations of the contractor pursuant to the Construction Agreement involving the use of motor vehicles, including all owned, non-owned and hired vehicles with minimum limits of not less than One Million Dollars (\$1,000,000) combined single limit for bodily injury, death and property damage liability.

(iv) To the extent available, each policy shall be endorsed to provide that the insurer waives all rights of subrogation against the City;

(v) Each policy of insurance with the exception of Worker's Compensation and professional liability shall be endorsed to include the City (including its former, current, and future officers, directors, agents, and employees) as additional insureds;

(vi) Each policy, with the exception of Worker's Compensation and professional liability, shall be endorsed to provide the City sixty (60) days' written notice prior to any cancellation, termination or material change of coverage; and

(vii) The Developer shall cause each contractor to deliver to the City the policies, copies of policy endorsements, and/or certificates of insurance evidencing the required insurance coverage before the Commencement of Construction of the Public Improvements and within 10 days before expiration of coverage, or as soon as practicable, deliver renewal policies or certificates of insurance evidencing renewal and payment of premium. On every date of renewal of the required insurance policies, the contractor shall cause a Certificate of Insurance and policy endorsements to be issued evidencing the required insurance herein and delivered to the City. In addition the contractor shall within ten (10) business days after written request provide the City with the Certificates of Insurance and policy endorsements for the insurance required herein (which request may include copies of such policies).

Section 14.02. Waiver of Subrogation Rights.

The Commercial General Liability, Worker's Compensation, Business Auto and Excess Liability Insurance required pursuant to this Agreement shall provide for waivers of all rights of subrogation against the City.

Section 14.03. Additional Insured Status.

With the exception of Worker's Compensation Insurance and any Professional Liability Insurance, all insurance required pursuant to this Agreement shall include and name the City as additional insureds using Additional Insured Endorsements that provide the most comprehensive coverage to the City under Texas law including products/completed operations.

Section 14.04. Certificates of Insurance.

Certificates of Insurance and policy endorsements in a form satisfactory to City shall be delivered to City prior to the commencement of any work or services on the Public Improvements. All required policies shall be endorsed to provide the City with sixty (60) days advance notice of cancellation or non-renewal of coverage. The Developer shall provide sixty (60) days written notice of any cancellation, non-renewal or material change in coverage for any of the required insurance in this Article.

On every date of renewal of the required insurance policies, the Developer shall cause (and cause its contractors) to provide a certificate of insurance and policy endorsements to be issued evidencing the required insurance herein and delivered to the City. In addition, the Developer shall, within ten (10) business days after written request, provide the City with certificates of insurance and policy endorsements for the insurance required herein (which request may include copies of such policies). The delivery of the certificates of insurance and the policy endorsements (including copies of such insurance policies) to the City is a condition precedent to the payment of any amounts to the Developer by the City.

Section 14.05. Carriers.

All policies of insurance required to be obtained by the Developer and its contractors pursuant to this Agreement shall be maintained with insurance carriers that are satisfactory to and as reasonably approved by City, and lawfully authorized to issue insurance in the state of Texas for the types and amounts of insurance required herein. All insurance companies providing the required insurance shall be authorized to transact business in Texas and rated at least "A" by AM Best or other equivalent rating service. All policies must be written on a primary basis, non-contributory with any other insurance coverage and/or self-insurance maintained by the City. All insurance coverage required herein shall be evidenced by a certificate of insurance and policy endorsements submitted by the Developer's and its contractors' insurer or broker. Certificates of insurance and policy endorsements received from any other source will be rejected.

Section 14.06. INDEMNIFICATION.

DEVELOPER AGREES TO DEFEND, INDEMNIFY AND HOLD THE CITY AND ITS RESPECTIVE OFFICERS, AGENTS AND EMPLOYEES, HARMLESS AGAINST ANY AND ALL CLAIMS, LAWSUITS, JUDGMENTS, FINES, PENALTIES, COSTS AND EXPENSES FOR PERSONAL INJURY (INCLUDING DEATH), PROPERTY DAMAGE OR OTHER HARM OR VIOLATIONS FOR WHICH RECOVERY OF DAMAGES, FINES, OR PENALTIES IS SOUGHT, SUFFERED BY ANY PERSON OR PERSONS, THAT MAY ARISE OUT OF OR BE OCCASIONED BY DEVELOPER'S BREACH OF ANY OF THE TERMS OR PROVISIONS OF THIS CONTRACT, VIOLATIONS OF LAW, OR BY ANY NEGLIGENT, GROSSLY NEGLIGENT, INTENTIONAL, OR STRICTLY LIABLE ACT OR OMISSION OF THE CONTRACTOR, ITS OFFICERS, AGENTS, EMPLOYEES, INVITEES, SUBCONTRACTORS, OR SUB-SUBCONTRACTORS AND THEIR RESPECTIVE OFFICERS, AGENTS, OR REPRESENTATIVES, OR ANY OTHER PERSONS OR ENTITIES FOR WHICH THE CONTRACTOR IS LEGALLY RESPONSIBLE IN THE PERFORMANCE OF THIS CONTRACT. THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH SHALL

NOT APPLY TO ANY LIABILITY RESULTING FROM THE SOLE NEGLIGENCE OF THE CITY, AND ITS OFFICERS, AGENTS, EMPLOYEES OR SEPARATE CONTRACTORS. THE CITY DOES NOT WAIVE ANY GOVERNMENTAL IMMUNITY OR OTHER DEFENSES AVAILABLE TO IT UNDER TEXAS OR FEDERAL LAW. THE PROVISIONS OF THIS PARAGRAPH ARE SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND ARE NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY.

DEVELOPER AT ITS OWN EXPENSE IS EXPRESSLY REQUIRED TO DEFEND CITY AGAINST ALL SUCH CLAIMS. CITY RESERVES THE RIGHT TO PROVIDE A PORTION OR ALL OF ITS OWN DEFENSE; HOWEVER, CITY IS UNDER NO OBLIGATION TO DO SO. ANY SUCH ACTION BY CITY IS NOT TO BE CONSTRUED AS A WAIVER OF DEVELOPER'S OBLIGATION TO DEFEND CITY OR AS A WAIVER OF DEVELOPER'S OBLIGATION TO INDEMNIFY CITY PURSUANT TO THIS AGREEMENT. DEVELOPER SHALL RETAIN DEFENSE COUNSEL WITHIN SEVEN (7) BUSINESS DAYS OF CITY'S WRITTEN NOTICE THAT CITY IS INVOKING ITS RIGHT TO INDEMNIFICATION UNDER THIS AGREEMENT. IF DEVELOPER FAILS TO RETAIN COUNSEL WITHIN THE REQUIRED TIME PERIOD, CITY SHALL HAVE THE RIGHT TO RETAIN DEFENSE COUNSEL ON ITS OWN BEHALF AND DEVELOPER SHALL BE LIABLE FOR ALL COSTS INCURRED BY THE CITY.

ARTICLE XV

GENERAL PROVISIONS

Section 15.01. Notices.

Any notice, communication or disbursement required to be given or made hereunder shall be in writing and shall be given or made by facsimile or other electronic transmittal, hand delivery, overnight courier, or by United States mail, certified or registered mail, return receipt requested, postage prepaid, at the addresses set forth below or at such other addresses as may be specified in writing by any Party hereto to the other parties hereto. Each notice which shall be mailed or delivered in the manner described above shall be deemed sufficiently given, served, sent and received for all purpose at such time as it is received by the addressee (with return receipt, the delivery receipt or the affidavit of messenger being deemed conclusive evidence of such receipt) at the following addresses:

To the City:	City Manager
	401 Market Street
	Tomball, TX 77375

With a copy to: Attn: City Attorney
Olson & Olson, LLP
2727 Allen Parkway, Suite 600
Houston, TX 77019

To the Developer: Attn: Tom Markiewicz
Chesmar Homes, LLC
480 Wildwood Forest Dr., Suite 800
The Woodlands, Texas 77380

With a copy to: Don Klein
480 Wildwood Forest Dr., Suite 800
The Woodlands, Texas 77380

Section 15.02. Make-Whole Provision. If the issuance of the PID Bonds in any calendar year precludes the City from issuing bank qualified debt for that calendar year, then the Developer shall pay to the City a fee (the "PID Bond Fee") to compensate the City for the interest savings the City would have achieved had the debt issued by the City been bank qualified. The City's financial advisor shall calculate the PID Bond Fee based on the planned debt issuances for the City in the year in which each series of PID Bonds are issued, and shall notify the Developer of the total amount due prior to the issuance of the applicable series of PID Bonds. The Developer agrees to pay the PID Bond Fee to the City within ten (10) business days after receiving notice from the City of the amount of PID Bond Fee due to the City. The PID Bond Fee shall be held in a segregated account of the City and if the total amount of debt obligations sold or entered into by the City in the calendar year in which the applicable series of PID Bonds are issued are less than the bank qualification limits (currently \$10 million per calendar year), then the PID Bond Fee shall be returned to the Developer. If, at the time of the City's notification to the Developer as set forth above, there are additional bonds to be issued by the City in that year that will be issued to accommodate additional developers within the City, the PID Bond Fee shall be shared by all parties in a pro-rata amount based upon the estimated par amounts of each series of bonds issued for the benefit of each, as determined by the City and its financial advisor.

Section 15.03. Assignment.

(a) This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties. The obligations, requirements or covenants to develop the Property, including construction of the Public Improvements may be assigned to an Affiliate without the prior written consent of the City. The obligations, requirements or covenants to the development of the Property, including construction of the Public Improvements shall not be assigned to any non-Affiliate without the prior written consent of the City Council, which consent shall not be unreasonably withheld if the assignee demonstrates the financial ability to perform in the reasonable judgment of the City Council. Each assignment shall be in writing executed by Developer and the assignee and shall obligate the assignee to be bound by this Agreement to the extent this Agreement applies or relates to the obligations, rights, title or interests being assigned. No assignment by Developer shall release Developer from any liability that resulted from an act or omission by Developer that occurred prior to the effective date of the assignment unless the

City approves the release in writing. Developer shall maintain written records of all assignments made by Developer to Assignee, including a copy of each executed assignment and the Assignee's notice information as required by this Agreement, and, upon written request from the City, any Party or Assignee, shall provide a copy of such records to the requesting person or entity, and this obligation shall survive the assigning Party's sale, assignment, transfer or other conveyance of any interest in this Agreement or the Property. The City shall not be required to make any representations or execute any consent with respect to any assignment.

(b) Developer may assign any receivables or revenues due pursuant to this Agreement or any Reimbursement Agreement to a third party without the consent of, but upon written notice to the City. Provided, however, that notwithstanding the above, the City shall not be required to make partial payments to more than two parties as a result of an assignment and shall not execute any consent or other representations with respect thereto.

(c) The Developer and assignees have the right, from time to time, to collaterally assign, pledge, grant a lien or security interest in, or otherwise encumber any of their respective rights, title, or interest under this Agreement for the benefit of (a) their respective lenders without the consent of, but with prompt written notice to, the City. The collateral assignment, pledge, grant of lien or security interest, or other encumbrance shall not, however, obligate any lender to perform any obligations or incur any liability under this Agreement unless the lender agrees in writing to perform such obligations or incur such liability. Provided the City has been given a copy of the documents creating the lender's interest, including Notice information for the lender, then that lender shall have the right, but not the obligation, to cure any default under this Agreement within thirty (30) days written Notice to the lender, not to be unreasonably withheld. A lender is not a party to this Agreement unless this Agreement is amended, with the consent of the lender, to add the lender as a Party. Notwithstanding the foregoing, however, this Agreement shall continue to bind the Property and shall survive any transfer, conveyance, or assignment occasioned by the exercise of foreclosure or other rights by a lender, whether judicial or non-judicial. Any purchaser from or successor owner through a lender of any portion of the Property shall be bound by this Agreement and shall not be entitled to the rights and benefits of this Agreement with respect to the acquired portion of the Property until all defaults under this Agreement with respect to the acquired portion of the Property have been cured. The City shall not be required to make partial payments to more than two parties as a result of an assignment and shall not execute any consent or other representations with respect thereto.

(d) The City shall not be required to acknowledge the receipt of any Assignment by the Developer; however, to the extent the City does acknowledge receipt of any assignment pursuant to this Section, such acknowledgment does not evidence the City's agreement, acceptance or acknowledgment of the content of the assignment documents or any rights accruing thereunder; it is solely an acknowledgment of receipt of the notice via mail, express mail or email.

(e) The City does not and shall not consent to nor participate in any third-party financing based upon the Developer's assignment of its right to receive funds pursuant to this Agreement or any Reimbursement Agreement.

Section 15.04. Table of Contents; Titles and Headings.

The titles of the articles, and the headings of the sections of this Agreement are solely for convenience of reference, are not a part of this Agreement, and shall not be deemed to affect the meaning, construction, or effect of any of its provisions.

Section 15.05. Entire Agreement; Amendment.

This Agreement is the entire agreement between the Parties with respect to the subject matter covered in this Agreement. There is no other collateral oral or written agreement between the Parties that in any manner relates to the subject matter of this Agreement. This Agreement may only be amended by a written agreement executed by all Parties.

Section 15.06. Time.

In computing the number of days for purposes of this Agreement, all days will be counted, including Saturdays, Sundays, and legal holidays; however, if the final day of any time period falls on a Saturday, Sunday, or legal holiday, then the final day will be deemed to be the next day that is not a Saturday, Sunday, or legal holiday.

Section 15.07. Counterparts.

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, and all of which will together constitute the same instrument.

Section 15.08. Severability; Waiver.

If any provision of this Agreement is illegal, invalid, or unenforceable, under present or future laws, it is the intention of the parties that the remainder of this Agreement not be affected and, in lieu of each illegal, invalid, or unenforceable provision, a provision be added to this Agreement which is legal, valid, and enforceable and is as similar in terms to the illegal, invalid, or enforceable provision as is possible.

Any failure by a Party to insist upon strict performance by the other party of any material provision of this Agreement will not be deemed a waiver or of any other provision, and such Party may at any time thereafter insist upon strict performance of any and all of the provisions of this Agreement.

Section 15.09. No Third-Party Beneficiaries.

The City and the Developer intend that this Agreement shall not benefit or create any right or cause of action in or on behalf of any third party beneficiary, or any individual or entity other than the City, the Developer or assignees of such Parties.

Section 15.10. Notice of Assignment. Developer shall not transfer any portion of the Property prior to the levy of Assessments, except as provided in Section 3.05. Subject to Section 15.03 herein, the requirements set forth below shall apply in the event that the Developer

sells, assigns, transfers or otherwise conveys the Property or any part thereof and/or any of its rights, benefits or obligations under this Agreement. Developer must provide the following:

- (a) within 30 days after the effective date of any such sale, assignment, transfer, or other conveyance, the Developer must provide written notice of same to the City;
- (b) the Notice must describe the extent to which any rights or benefits under this Agreement have been sold, assigned, transferred, or otherwise conveyed;
- (c) the Notice must state the name, mailing address, and telephone contact information of the person(s) acquiring any rights or benefits as a result of any such sale, assignment, transfer, or other conveyance;
- (d) the Notice must be signed by a duly authorized person representing the Developer and a duly authorized representative of the person that will acquire any rights or benefits as a result of the sale, assignment transfer or other conveyance.

Section 15.11. No Joint Venture.

Nothing contained in this Agreement or any other agreement between the Developer and the City is intended by the Parties to create a partnership or joint venture between the Developer, on the one hand, and the City on the other hand and any implication to the contrary is hereby expressly disavowed. It is understood and agreed that this Agreement does not create a joint enterprise, nor does it appoint either Party as an agent of the other for any purpose whatsoever. Neither Party shall in any way assume any of the liability of the other for acts of the other or obligations of the other. Each Party shall be responsible for any and all suits, demands, costs or actions proximately resulting from its own individual acts or omissions.

Section 15.12. Estoppel Certificates. From time to time within fifteen (15) business days of a written request of the Developer or any future Developer, and upon the payment of a \$100.00 fee to the City, the City Manager, or his/her designee is authorized, in his official capacity and to his reasonable knowledge and belief, to execute a written estoppel certificate in form approved by the City Attorney, identifying any obligations of a Developer under this Agreement that are in default. No other representations in the Estoppel shall be made by the City.

Section 15.13. Independence of Action.

It is understood and agreed by and among the Parties that in the design, construction and development of the Public Improvements and any of the related improvements described herein, and in the Parties' satisfaction of the terms and conditions of this Agreement, that each Party is acting independently, and the City assumes no responsibility or liability to any third parties in connection to the Developer's obligations hereunder.

Section 15.14. Limited Recourse.

No officer, director, employee, agent, attorney or representative of the Developer shall be deemed to be a Party to this Agreement or shall be liable for any of the contractual obligations

created hereunder. No elected official of the City and no agent, attorney or representative of the City shall be deemed to be a Party to this Agreement or shall be liable for any of the contractual obligations created hereunder.

Section 15.15. Exhibits.

All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

Section 15.16. Survival of Covenants.

Any of the representations, warranties, covenants, and obligations of the Parties, as well as any rights and benefits of the Parties, pertaining to a period of time following the termination of this Agreement shall survive termination.

Section 15.17. No Acceleration.

All amounts due pursuant to this Agreement and any remedies under this Agreement are not subject to acceleration.

Section 15.18. Conditions Precedent.

This Agreement is expressly subject to, and the obligations of the Parties are conditioned upon the City levy of the Assessments and the issuance of the PID Bonds or approval of a Reimbursement Agreement.

Section 15.19. No Reduction of Assessments.

Following the issuance of each series of PID Bonds, the Developer agrees not to take any action or actions to reduce the total amount of the Assessments levied in payment of such PID Bonds. The Developer agrees not to take any action or actions to reduce the total amount of such Assessments to be levied as of the effective date of this Agreement.

Section 15.20. Anti-Boycott Verification.

The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2270.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Developer understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Developer and exists to make a profit.

Section 15.21. Iran, Sudan and Foreign Terrorist Organizations

The Developer represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Developer and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Developer understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Developer and exists to make a profit.

Section 15.22. Governing Law.

The Agreement shall be governed by the laws of the State of Texas without regard to any choice of law rules; and venue for any action concerning this Agreement and the Reimbursement Agreement shall be in the State District Court of Harris County, Texas. The Parties agree to submit to the personal and subject matter jurisdiction of said court.

Section 15.23. Conflict.

In the event of any conflict between this Agreement and any Indenture authorizing the PID Bond, the Indenture controls. In the event of any conflict between this Agreement and the Reimbursement Agreement, the Reimbursement Agreement shall control, except that in all cases, Applicable Law shall control.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

CITY OF TOMBALL

By: 
Name: ROBERT S. HAUCK
Title: City Manager

ATTEST:


City Secretary

[SIGNATURES CONTINUE ON NEXT PAGE]

Signature Page to Wood Leaf Development Agreement

CHESMAR HOMES, LLC.


By: 

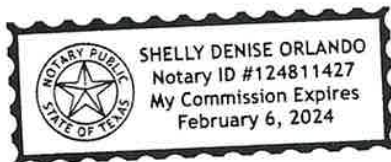
Name: Donald P. Klein

Title: Chief Executive Officer

STATE OF TEXAS
MONTGOMERY COUNTY

This instrument was acknowledged before me on the 12 day of January, 2021 by Donald Klein, Chief Executive Officer of Chesmar Homes, LLC. on behalf of such limited liability company.


Shelly Orlando
Notary Public, State of Texas



Signature Page to Wood Leaf Development Agreement

EXHIBIT A
PROPERTY DESCRIPTION DEPICTION

City of Tomball PID#11 (Wood Leaf Reserve)
90.54 acres

Claude N. Pillot Survey
Abstract No. 632

STATE OF TEXAS §

COUNTY OF HARRIS §

A **METES & BOUNDS** description of a certain 90.54 acre (3,943,901 square feet) tract of land situated in the Claude N. Pillot Survey, Abstract No. 632 in Harris County, Texas, being all of the remainder of a called 2.84 acre tract (Tract I) conveyed to Chesmar Homes, LLC, by deed recorded in Clerk's File No. RP-2020-405995, Harris County Official Public Records of Real Property, also being all of the remainder of a called 5.00 acre tract (Tract II) conveyed to Chesmar Homes, LLC, by deed recorded in Clerk's File No. RP-2020-405995, Harris County Official Public Records of Real Property, also being all of a called 1.13 acre tract (Tract III) conveyed to Chesmar Homes, LLC, by deed recorded in Clerk's File No. RP-2020-405995, Harris County Official Public Records of Real Property, also being all of a called 18.334 acre tract (Tract IV) conveyed to Chesmar Homes, LLC, by deed recorded in Clerk's File No. RP-2020-405995, Harris County Official Public Records of Real Property, also being all of a called 4.990 acre tract (Tract V) conveyed to Chesmar Homes, LLC, by deed recorded in Clerk's File No. RP-2020-405995, Harris County Official Public Records of Real Property, also being a portion of a called 61.013 acre tract conveyed to Chesmar Homes, LLC, by deed recorded in Clerk's File No. RP-2020-407771, Harris County Official Public Records of Real Property; said 90.54 acre (3,943,901 square feet) tract of land being more particularly described as follows with all bearings being based on the Texas Coordinate System, South Central Zone, NAD 83, 2001 Adjustment:

BEGINNING at a 2-inch iron pipe found, being the most westerly northwest corner of the herein described tract, being the most westerly northwest corner of said called 61.013 acre tract, also being the southwest corner of a called 6.7133 acre tract conveyed to Worldwide Rock Enterprises, L.P., by deed recorded in Clerk's File No. 20150562448, Harris County Official Public Records of Real Property, also being on the east line of Restricted Reserve "A", Replat of Wal-Mart Tomball, by plat recorded in Clerk's File No. W008922, Harris County Map Records;

THENCE, North 87°45'25" East, 472.90 feet along the south line of said called 6.7133 acre tract to a 1-inch iron pipe found, being the southeast corner of said called 6.7133 acre tract;

THENCE, North 02°26'51" West, 368.19 feet along the east line of said called 6.7133 acre tract to a 5/8-inch iron rod (with cap) found, being the most northerly northwest corner of said called 61.013 acre tract;

THENCE, North 87°17'42" East, 542.42 feet to a 5/8-inch iron rod (with cap) found, being the southeast corner of a called 1.167 acre tract (Tract 2) conveyed to Alejandro and Apolinar Gomez by deed recorded in Clerk's File No. RP-2020-410875, Harris County Official Public Records of Real Property;

THENCE, North 11°11'31" East, 257.21 feet to a point for corner, being the northeast corner of said called 1.167 acre tract (Tract 2), from which a 5/8-inch iron rod (with cap) found bears North 11°11'31" East, 0.41 feet;

THENCE, North 87°21'24" East, 629.28 feet to a point for the northeast corner of the herein described tract, being the northeast corner of said Tract V, also being the northwest corner of a called 39.03 acre tract conveyed to Meritage Homes of Texas, LLC, by deed recorded in Clerk's File No. RP-2019-7816, Harris County Official Public Records of Real Property, from which a 5/8-inch iron rod (with cap) found bears North 03°29'29" West, 0.92 feet;

THENCE, along the west line of said called 39.03 acre tract, the following five (5) courses and distances:

1. South 03°29'29" East, 776.09 feet to a 1/2-inch iron rod found;
2. South 87°21'07" West, 448.18 feet to a 5/8-inch iron rod found;
3. South 02°27'59" East, 1,331.96 feet to a 1/2-inch iron rod found;
4. North 87°39'22" East, 720.29 feet to a 1/2-inch iron rod found;
5. South 02°27'41" East, 1,545.47 feet to a 5/8-inch iron rod (with cap stamped "Manhard") set for the southeast corner of the herein described tract, being 10 feet north of and parallel to the north right-of-way line of Holderrieth Road (width varies per Volume 816, Page 359, and Volume 1036, Page 256, Harris County Deed Records);

THENCE, South 87°39'37" West, 10 feet north of and parallel to said north right-of-way line of Holderrieth Road, 129.42 feet to a 5/8-inch iron rod (with cap stamped "Manhard") set, being the beginning of a curve to the left;

THENCE, along said curve to the left in a northerly direction, with a radius of 30.00 feet, a central angle of 40°10'02", an arc length of 21.03 feet, and a chord bearing of North 17°44'38" East, 20.60 feet to a 5/8-inch iron rod (with cap stamped "Manhard") set;

THENCE, North 02°20'23" West, 198.70 feet to a 5/8-inch iron rod (with cap stamped "Manhard") set, being the beginning of a curve to the left;

THENCE, along said curve to the left in a northerly direction, with a radius of 810.05 feet, a central angle of 15°17'16", an arc length of 216.14 feet, and a chord bearing of North 09°59'01" West, 215.50 feet to a 5/8-inch iron rod (with cap stamped "Manhard") set;

THENCE, South 87°39'37" West, 132.30 feet to a 5/8-inch iron rod (with cap stamped "Manhard") set, being on the east line of a called 0.6462 acre tract (Tract 2) conveyed to Alejandro Gomez and Apolinar Gomez by deed recorded in Clerk's File No. 20060092123, Harris County Official Public Records of Real Property;

THENCE, North 03°36'41" West, 204.00 feet along said east line of said called 0.6462 acre tract to the northeast corner of said called 0.6462 acre tract, from which a 1-inch iron pipe found bears North 22°52'28" West, 1.14 feet;

City of Tomball PID#11 (Wood Leaf Reserve)
90.54 acres

Claude N. Pillot Survey
Abstract No. 632

THENCE, South 87°37'15" West, along the north line of said called 0.6462 acre tract, at a distance of 100.11 feet passing a 1/2-inch iron rod found, being the northwest corner of said called 0.6462 acre tract, also being the northeast corner of the remainder of a called 10.0 acre tract conveyed to Walter John Rumfolo and wife, Lucille Rumfolo, by deed recorded in Clerk's File No. D055346, Harris County Official Public Records, continuing along the north line of said called 10.0 acre tract for a total distance of 675.32 feet to a 3/8-inch iron rod found, being the northwest corner of said remainder of said called 10.0 acre tract, also being on the east line of a called 25.950 acre tract conveyed to Maple Group, Ltd., by deed recorded in Clerk's File No. X273577, Harris County Official Public Records of Real Property;

THENCE, North 03°35'52" West, 551.72 feet along said east line of said called 25.950 acre tract to a 5/8-inch iron rod (with cap) found, being the northeast corner of said called 25.950 acre tract;

THENCE, South 87°39'58" West, 1,019.61 feet along the north line of said called 25.950 acre tract to a point for corner, being the northwest corner of said called 25.950 acre tract, also being on the east line of a called 1.3488 acre tract conveyed to Gordon Bruce Glanville by deed recorded in Clerk's File No. P064837, Harris County Official Public Records of Real Property, from which a 5/8-inch iron rod (with cap) found bears South 87°39'58" West, 1.07 feet;

THENCE, North 02°26'12" West, at a distance of 766.87 feet passing a 1/2-inch iron rod found, being the northeast corner of a called 5.0074 acre tract conveyed to Alvin W. Theis and wife, Thelma Theis, by deed recorded in Clerk's File No. J142169, Harris County Official Public Records of Real Property, also being the southeast corner of a called 4.9837 acre tract conveyed to Tractor Supply Co. of Texas, LP, by deed recorded in Clerk's File No. 20140022360, Harris County Official Public Records of Real Property, at a distance of 1,726.03 feet passing a 1/2-inch iron rod inside of a 2" iron pipe found on said east line of Restricted Reserve "A", Replat of Wal-Mart Tomball, in all a distance of 1,844.67 feet to the **POINT OF BEGINNING, CONTAINING 90.54 acres (3,943,901 square feet)** of land in Montgomery County, Texas, filed in the office of Manhard Consulting, Ltd. in The Woodlands, Texas.

NOTE: This document was prepared under 22 TAC 663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the political subdivision for which it was prepared.

Manhard Consulting, Ltd.
2445 Technology Forest Blvd, Suite #200
The Woodlands, Texas 77381
(832) 823-2200
*Texas Board of Professional Engineers &
Land Surveyors Firm Reg. No. 10194379*


Acting By/Through Joel K. Nalley
Registered Professional Land Surveyor
No. 6525
jnalley@manhard.com
29 October 2020

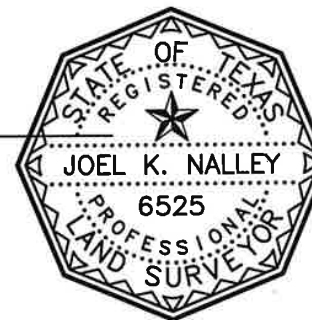


EXHIBIT B

PLANNED DEVELOPMENT - 12

[See attached]

ORDINANCE NO. 2020-19

AN ORDINANCE OF THE CITY OF TOMBALL, TEXAS, AMENDING CHAPTER 50 (ZONING) OF THE TOMBALL CODE OF ORDINANCES BY CHANGING THE ZONING DISTRICT CLASSIFICATION OF APPROXIMATELY 95.4 ACRES OF LAND, LEGALLY DESCRIBED AS TRACTS 198A, 202A & 206A, TOMBALL OUTLOTS, TRACTS 3B, 4, 4Q, 21A, 23B & 23B-2 ABSTRACT 632 C V PILLOT, PT TRACT 21A (HOMESITE) (TRACT 4-X) ABSTRACT C N PILLOT, TRACT 23A ABSTRACT 632 C N PILLOT, PT TRACT 21A (AG-USE) ABSTRACT 632 C N PILLOT, TRACTS 3A-2, 4P, 19A & 23B-1 ABSTRACT 632 C V PILLOT, TRACT 4R ABSTRACT 632 C V PILLOT, TRACT 23A-2 ABSTRACT 632 C N PILLOT, TRACTS 4Q-1, 23B-3 & 23B-2A ABSTRACT 632 C V PILLOT, TRACTS 3A & 3A-3 ABSTRACT 632 C V PILLOT, AND TRACT 4R-1 ABSTRACT 632 C V PILLOT, WITHIN THE CITY OF TOMBALL, HARRIS COUNTY, TEXAS, FROM THE AGRICULTURAL AND COMMERCIAL DISTRICTS TO THE PLANNED DEVELOPMENT (PD-14) DISTRICT; SAID PROPERTY BEING GENERALLY LOCATED ON THE SOUTH SIDE OF THEISS LANE AT COMMERCIAL PARK ROAD AND NORTH SIDE OF HOLDERRIETH ROAD BETWEEN SH 249 AND SOUTH CHERRY STREET; PROVIDING FOR THE AMENDMENT OF THE OFFICIAL ZONING MAP OF THE CITY; PROVIDING FOR SEVERABILITY; PROVIDING FOR A PENALTY OF AN AMOUNT NOT TO EXCEED \$2,000 FOR EACH DAY OF VIOLATION OF ANY PROVISION HEREOF, MAKING FINDINGS OF FACT; AND PROVIDING FOR OTHER RELATED MATTERS.

* * * * *

Whereas, Daniel Valdez with META Planning + Design, has requested that approximately 95.4 acres of land, legally described Tracts 198A, 202A & 206A, Tomball Outlots, Tracts 3B, 4, 4Q, 21A, 23B & 23B-2 Abstract 632 C V Pillot, Pt Tract 21A (Homesite) (Tract 4-X) Abstract C N Pillot, Tract 23A Abstract 632 C N Pillot, Pt Tract 21A (Ag-Use) Abstract 632 C N Pillot, Tracts 3A-2, 4P, 19A & 23B-1 Abstract 632 C V Pillot, Tract 4R Abstract 632 C V Pillot, Tract 23A-2 Abstract 632 C N Pillot, Tracts 4Q-1, 23B-3 & 23B-2A Abstract 632 C V Pillot, Tracts 3A & 3A-3 Abstract 632 C V Pillot, and Tract 4R-1 Abstract 632 C V Pillot, generally located on the south side of Theiss Lane at Commercial Park Road and north side of Holderrieth Road between SH 249 and South Cherry Street, in the City of Tomball, Harris County, Texas, (the "Property"), be rezoned; and

Whereas, the applicant has presented an application to the City for a Planned Development District to allow for the construction of a mixed-use development; and

Whereas, the Planned Development application consists of an application for Planned Development District (Exhibit "A"); Planned Development Regulations (Exhibit "B"); and concept plan (Exhibit "C") attached to and made part of this ordinance; and

Whereas, at least fifteen (15) days after publication in the official newspaper of the City of the time and place of a public hearing and at least ten (10) days after written notice of that hearing was mailed to the owners of land within two hundred feet of the Property in the manner required by law, the Planning & Zoning Commission held a public hearing on the requested rezoning; and

Whereas, the public hearing was held before the Planning & Zoning Commission at least forty (40) calendar days after the City's receipt of the requested rezoning; and

Whereas, the Planning & Zoning Commission recommended in its final report that City Council approve the requested rezoning of Planned Development (PD-14) District; and

Whereas, at least fifteen (15) days after publication in the official newspaper of the City of the time and place of a public hearing for the requested rezoning, the City Council held the public hearing for the requested rezoning and the City Council considered the final report of the Planning & Zoning Commission; and

Whereas, the City Council deems it appropriate to grant the requested rezoning.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF TOMBALL, TEXAS, THAT:

Section 1. The facts and matters set forth in the preamble of this Ordinance are hereby found to be true and correct.

Section 2. The zoning classification of the Property is hereby changed from the Agricultural and Commercial and Districts to the Planned Development (PD-14) District subject to the regulations, restrictions, and conditions hereafter set forth.

Section 3. The Official Zoning Map of the City of Tomball, Texas shall be revised and amended to show the designation of the Property as Planned Development (PD-14) District, with the appropriate reference thereon to the number and effective date of this Ordinance and a brief description of the nature of the change.

Section 4. This Ordinance shall in no manner amend, change, supplement, or revise any provision of any ordinance of the City of Tomball, save and except the change in zoning classification for the Property to the Planned Development (PD-14) District as described above.

Section 5. The Planned Development (PD-14) shall be subject to the following limitations, restrictions and covenants:

- A. Compliance with the Application, Regulations and Concept Plan. The granting of the Planned Development (PD-14) District shall be conditioned upon the proposed improvements and lands uses being located, constructed and conducted upon the Property in substantial compliance with the application for the Planned Development District (Exhibit "A"), Planned Development Regulations (Exhibit "B") and concept plan (Exhibit "C") made a part hereof for all purposes.

Section 6. In the event any section, paragraph, subdivision, clause, phrase, provision, sentence, or part of this Ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not

affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of Tomball, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, or whether there be one or more parts.

Section 7. Any person who shall violate any provision of this Ordinance shall be deemed guilty of a misdemeanor and upon conviction, shall be fined in an amount not to exceed \$2,000. Each day of violation shall constitute a separate offense.

FIRST READING:

READ, PASSED, AND APPROVED AS SET OUT BELOW AT THE MEETING OF THE CITY COUNCIL OF THE CITY OF TOMBALL HELD ON THE 20TH DAY OF JULY 2020.

COUNCILMAN FORD	<u>AYE</u>
COUNCILMAN STOLL	<u>AYE</u>
COUNCILMAN DEGGS	<u>AYE</u>
COUNCILMAN TOWNSEND	<u>AYE</u>
COUNCILMAN KLEIN QUINN	<u>AYE</u>

SECOND READING:


READ, PASSED, AND APPROVED AS SET OUT BELOW AT THE MEETING OF THE CITY COUNCIL OF THE CITY OF TOMBALL HELD ON THE 3RD DAY OF AUGUST 2020.

COUNCILMAN FORD	<u>AYE</u>
COUNCILMAN STOLL	<u>AYE</u>
COUNCILMAN DEGGS	<u>AYE</u>
COUNCILMAN TOWNSEND	<u>AYE</u>
COUNCILMAN KLEIN QUINN	<u>AYE</u>



Gretchen Fagan, Mayor

ATTEST:



Doris Speer, City Secretary

Exhibit "A"
Application for Planned Development



RECEIVED (KC)
06/04/2020 8:02:05 AM

Revised 5/19/15
P&Z #20-103

**APPLICATION FOR
PLANNED DEVELOPMENT**
Community Development Department
Planning Division

The PD, Planned Development, district is a district which accommodates planned associations of uses developed as integral land use units such as office parks, retail/commercial or service centers, shopping centers, residential developments having a mixture of housing options (e.g., single-family, multi-family, Duplex (Two Family), etc.), or any appropriate combination of uses which may be planned, developed or operated as integral land use units either by a single owner or a combination of owners. A Planned Development district may be used to permit new or innovative concepts in land utilization not permitted by other zoning districts.

No planned development shall be established and no building permit shall be issued for any use designated as a Planned Development within any zoning district until a Planned Development is approved and issued in accordance with the provisions of the Zoning Ordinance and Concept Plan.

The minimum acreage for a planned development request shall be four (4) acres.

APPLICATION SUBMITTAL: Applications will be *conditionally* accepted on the presumption that the information, materials and signatures are complete and accurate. If the application is incomplete or inaccurate, your project may be delayed until corrections or additions are received.

Applicant
Name: Daniel Valdez - META Planning + Design Title: Senior Planner
Mailing Address: 24275 Katy Freeway, Suite 200 City: Katy State: Texas
Zip: 77494
Phone: (281) 810-1422 Fax: () Email: dvaldez@metaplanningdesign.com

Owner
Name: Kevin Graham Title:
Mailing Address: P.O. BOX 1621 City: Tomball State: TX
Zip: 77377-1621
Phone: (281) 825-7211 Fax: () Email: GRAHAM-KEVIN@SBCGLOBSAL.NET

Engineer/Surveyor (if applicable)
Name: Title:
Mailing Address: City: State:
Zip:
Phone: () Fax: () Email:

Description of Proposed Project: 95.4 Acre Single-family residential community


Physical Location of Property: East of SH 249, North of Holderneth Rd., ±1,500' west of S. Cherry St.
[General Location - approximate distance to nearest existing street corner]

City of Tomball, Texas 501 James Street, Tomball, Texas 77375 Phone: 281-290-1405 www.tomballtx.gov

Legal Description of Property: See attached list
[Survey/Abstract No. and Tracts; or platted Subdivision Name with Lots/Block]
HCAD Identification Number: See attached list Acreage: 95.4
Current Use of Property: Vacant
Proposed Use of Property: Single-family development

Please note: A courtesy notification sign will be placed on the subject property during the public hearing process and will be removed when the case has been processed.

This is to certify that the information on this form is COMPLETE, TRUE, and CORRECT and the under signed is authorized to make this application. I understand that submitting this application does not constitute approval, and incomplete applications will result in delays and possible denial.

X  5/11/2020
Signature of Applicant Date
X Kevin Graham 5-26-2020
Signature of Owner Date



Revised 5/19/15

**APPLICATION FOR
PLANNED DEVELOPMENT**
Community Development Department
Planning Division

The PD, Planned Development, district is a district which accommodates planned associations of uses developed as integral land use units such as office parks, retail/commercial or service centers, shopping centers, residential developments having a mixture of housing options (e.g., single-family, multi-family, Duplex (Two Family), etc.), or any appropriate combination of uses which may be planned, developed or operated as integral land use units either by a single owner or a combination of owners. A Planned Development district may be used to permit new or innovative concepts in land utilization not permitted by other zoning districts.

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APPLICATION SUBMITTAL: Applications will be *conditionally* accepted on the presumption that the information, materials and signatures are complete and accurate. If the application is incomplete or inaccurate, your project may be delayed until corrections or additions are received.

Applicant
Name: Daniel Valdez - META Planning + Design Title: Senior Planner
Mailing Address: 24275 Katy Freeway, Suite 200 City: Katy State: Texas
Zip: 77494
Phone: (281) 810-1422 Fax: () Email: dvaldez@metaplanningdesign.com

Owner
Name: Marilia LP Title:
Mailing Address: 30 E RIVERCREST DR City: HOUSTON State: TX
Zip: 77092
Phone: (832) 255-5040 Fax: () Email: LOUIS_SHULZ@SHULZ.COM

Engineer/Surveyor (if applicable)
Name: Title:
Mailing Address: City: State:
Zip:
Phone: () Fax: () Email:



Description of Proposed Project: 85.4 Acre Single-family residential community

Physical Location of Property: East of SH 249, North of Holderrieth Rd., ±1,500' west of S. Cherry St.
[General Location - approximate distance to nearest existing street corner]

Legal Description of Property: See attached list
[Survey/Abstract No. and Tracts, or platted Subdivision Name with Lots/Block]
HCAD Identification Number: See attached list Acreage: 95.4
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Please note: A courtesy notification sign will be placed on the subject property during the public hearing process and will be removed when the case has been processed.

This is to certify that the information on this form is COMPLETE, TRUE, and CORRECT and the under signed is authorized to make this application. I understand that submitting this application does not constitute approval, and incomplete applications will result in delays and possible denial.

X  5/11/2020
Signature of Applicant Date
X  5/27/2020
Signature of Owner Date



June 2, 2020

Mayor and City Council
City of Tomball
401 Market Street
Tomball, Texas 77375

Re: HOLDERRIETH TRACT PLANNED DEVELOPMENT

Dear Mayor and City Council,

On behalf of our client, Chesmar Homes, we are submitting the application for the creation of the Holderrieth Tract Planned Development.

The developer intends to develop the 95-acre tract into a single-family residential community. The tract is located north of Holderrieth Road, south of Theis Lane, west of South Cherry Street.

Below is a list of the items that are included with this submittal:

- 1) Completed application form
- 2) Surveys that comprise the tract
- 3) List of HCAD tracts that comprise tract
- 4) Planned Development Text
- 5) Detailed Concept Plan
- 6) Open Space Plan
- 7) Tax Certificates (Harris County and Tomball ISD)

Feel free to contact me if you have any questions or need any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel Valdez".

Daniel Valdez
Enclosure

24275 Katy Freeway, Suite 200 | Katy, Texas 77494 | 281-810-1422

Exhibit "B"

Planned Development Regulations

Exhibit B

Planned Development

95 Acres Tomball (Thels Lane Tract)

A. Contents. This final development plan includes the following sections:

- General Provisions
- Land Uses
- Development Regulations for Single Family Lots
- Development Regulations for Non-Residential Uses
- Amenities and Landscape Regulations
- Open Space and Trails
- Building Regulations

B. General Provisions

1. The planned Development, PD, approved herein must be constructed, developed, and maintained in compliance with this ordinance and other ordinances of the City in effect at the effective date of this PD Ordinance. If any provisions or regulations of any City ordinance applicable in a SF-6 (Standard Single Family Residential) or GR (General Retail) zoning district is not contained in this ordinance, all the regulations contained in the Development Code applicable to the SF-6 and GR zoning district in effect on the effective date of this ordinance apply to this PD as through written herein, except to the extent the City regulation or provision conflicts with a provision in this ordinance.
2. Except as otherwise provided herein, the words used in this Planned Development have the meaning established by the Development Code.
3. The PD shall be developed in accordance with the following exhibits that are attached to and made a part of this Final Development Plan:

Exhibit C – Concept Plan

Exhibit C1 – Landscape and Open Space Plan

4. As shown on Exhibit C, the PD encompasses 95.4 acres, located west of S. Cherry Street, east of State Highway 249, north of Holderrieth Road and south of Thels Lane.

C. Land Uses.

1. SFR: Permitted land uses are listed below.

Use	SIC Code
Private Household Services	8811
Dwellings – Single Family	99 (Non-Classifiable)
Parks and Recreational Facilities, Public or Private	99 (Non-Classifiable)
Residential Sales Office (Temporary)	
Drill Site	
Well Site	
Wetlands	

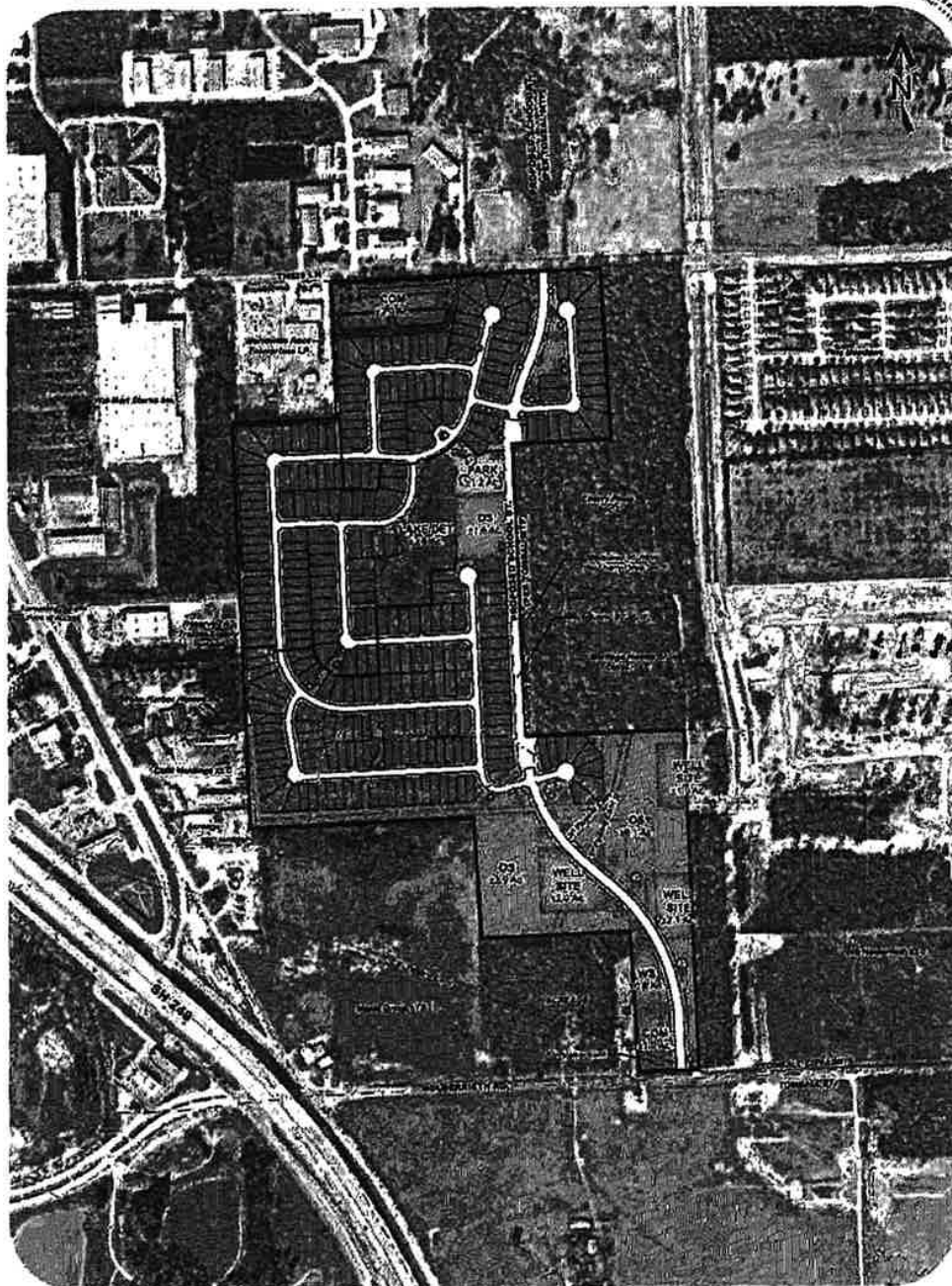
2. General Retail: Permitted uses of the Commercial tracts on Exhibit C shall be those uses permitted within GR- General Retail District of the Zoning Ordinance.
- D. **Development Regulations for Single Family Lots** – Maximum 350 lots permitted. The total lot count may vary from that shown in Exhibit C so long as it is generally in a configuration with what is shown on Exhibit C. See H. Minor Modifications for permitted variations to the land plan.

Single-family home sites within the PD shall be developed in accordance with the following regulations:

1. The minimum lot width shall be 40 feet wide. Except the maximum number of lots 40 feet wide shall not exceed 60% percent of the total maximum number of lots.
2. Lots shown on Exhibit C
 - a. Minimum lots area:
 - i. 40' wide lots shall have a minimum area of 4,800 square feet.
 - ii. 50' wide and greater, lots shall have a minimum area of 6,000 square feet. Lot width shall be measured at the building line.
 - b. Minimum lot width: 40 feet. Lot width shall be measured at the building line.
 - c. Minimum lot depth: 100 feet
 - d. Maximum lot coverage: 60% (lot acreage shall include building footprint only)
3. Minimum building setbacks:
 - a. Front yard: 20 feet; (measured from front building line)
 - b. Rear yard: 15 feet;
 - c. Side yard: 5 feet, 10 feet on street side of a corner lot.
- E. **Development Regulations for non-residential uses**- All provisions and regulations regarding height, area regulations, maximum lot coverage, and maximum floor-area-ratios applicable in a GR (General Retail) zoning district.
- F. **Amenities and Landscape Regulations** – As shown on Exhibit C1, the PD shall be developed in accordance with the following landscape regulations:
 1. Recreation site and amenities:
 - a. A minimum 1-acre recreational reserve, centrally located within the development, may include a playground and picnic facilities, etc.
 - b. A minimum 6, off-street parking spaces shall be provided. The off-street parking may be provided thru dedicated parking lot, parallel parking and/or a combination of both. At a minimum, one bicycle rack which will accommodate a minimum of five bicycles.
 - c. Amenities may include (but are not limited to):
 - Playground
 - Picnic Facilities
 2. Landscape buffers:
 - a. 15' foot minimum buffer shall be provided along all major and minor arterials and within commercial areas contiguous to lot lines. As shown on Exhibit C1
 - b. 10-foot minimum buffer, contiguous to lot lines, shall be provided along entry street(s) and collector streets. As shown on Exhibit C1

- c. Required buffers along major arterials and entry streets shall include one shade tree for each street frontage, or portion thereof, measured along the right-of-way line. The trees may be clustered or spaced linearly; they need to be placed evenly.
 - d. Required buffers may include trails.
- 3. Open Space:
 - a. Minimum 30% space, to be distributed as shown on Exhibit C1
 - b. Open space shall include all landscape buffers, landscape reserves, open space reserves, parks, drill sites, detention, lakes, wetlands and well sites.
 - c. At a minimum 1 acre shall be provided as parks
 - d. All required open space shall be owned and maintained by the Homeowners Association and shall be accessible to all residents within the PD's Homeowner's association. Exhibit C1
- G. Sidewalks - As shown on Exhibit C1, the PD shall be developed in accordance with the following:
 - 1. Sidewalks:
 - a. Minimum 5-foot width sidewalks shall be provided along both sides of local residential and collector streets.
 - b. All sidewalks shall be paved with concrete.
- H. Minor Modifications –The following minor modifications of the PD are allowed provided that such modifications shall be reviewed for compliance with the applicable Tomball Codes and this Ordinance and approved by the Planning Director.
 - 1. Modifications to internal street patterns are allowed
 - 2. Modifications to the location of land uses, provide that such relocations meet the minimum area and land use regulations set forth within in this document.
 - 3. Modifications to lot sizes are allowed provided that such lots shall meet the minimum area regulations set forth in this document.
 - 4. Modifications to the total acreage provided for each land use set for in Exhibit C are allowed, provided that the modification or series of modifications, shall not result in a net change of greater than 10% in each land use.

**Exhibit “C”
Concept Plan**



LOT SUMMARY	
±120'	LOTS 55M
±120'	LOTS 45N
±120'	LOTS

THE LOCATION OF THE WELL SITE IS APPROXIMATELY SHOWN ON THIS MAP. THE ACTUAL LOCATION OF THE WELL SITE WILL BE DETERMINED BY THE WELL DRILLER.

THIS MAP IS A PRELIMINARY MAP FOR INFORMATION PURPOSES ONLY. IT IS NOT A GUARANTEE OF THE ACCURACY OF THE INFORMATION CONTAINED HEREIN. THE INFORMATION CONTAINED HEREIN IS FOR INFORMATION PURPOSES ONLY AND IS NOT TO BE USED FOR ANY OTHER PURPOSE. THE INFORMATION CONTAINED HEREIN IS NOT TO BE USED FOR ANY OTHER PURPOSE. THE INFORMATION CONTAINED HEREIN IS NOT TO BE USED FOR ANY OTHER PURPOSE.

© 2000 META HOLDINGS, INC. ALL RIGHTS RESERVED.

an open space exhibit for
**HOLDERRIETH TRACT
 PLANNED DEVELOPMENT**
 ±95.4 ACRES OF LAND



26375 Katy Freeway, Ste. 300
 Katy, Texas 77604
 Tel: 281-810-1432

MCA-67201
 MAY 6, 2020

EXHIBIT C

PUBLIC IMPROVEMENTS AND PROJECT COSTS

Costs are estimates and final costs of the Public Improvements shall be as set forth in the applicable Service and Assessment Plan. The Service and Assessment Plan will also include costs of issuance for the PID Bonds.

[See attached]



ENGINEER'S OPINION OF PROBABLE COST
WOOD LEAF RESERVE, SECTIONS 1-3
IN TOMBALL, HARRIS COUNTY, TX
SEPTEMBER 2020

BUDGET ITEMS	SERVICE AREA 1 (SECTION 1)	SERVICE AREA 2 (SECTIONS 2 & 3)	TOTAL
1. Clearing, Grubbing, and Site Preparation	\$ 396,600	\$ 44,700	\$ 441,300
2. Water Distribution System	\$ 217,298	\$ 257,244	\$ 474,542
3. Wastewater Collection System (On-site)	\$ 374,350	\$ 305,710	\$ 680,060
3. Wastewater Collection System (Off-site)	\$ 218,350	\$ -	\$ 218,350
4. Storm Drainage Collection System	\$ 867,857	\$ 662,772	\$ 1,530,629
5. Offsite Drainage	\$ 769,510	\$ -	\$ 769,510
6. Excavation, Grading, and Detention	\$ 576,295	\$ 173,300	\$ 749,595
7. Collector WS&D	\$ 114,096	\$ 304,361	\$ 418,457
7. Gas Improvements	\$ 175,675	\$ 217,734	\$ 393,409
8. Paving	\$ 1,440,000	\$ 2,284,200	\$ 3,724,200
Sub-Total Construction Cost	\$ 5,150,031	\$ 4,250,021	\$ 9,400,052
TOTAL CONSTRUCTION COSTS	\$ 5,150,031	\$ 4,250,021	\$ 9,400,052
Detention Impact Fees	\$ 133,900	\$ -	\$ 133,900
Preliminary Engineering	\$ 20,500	\$ -	\$ 20,500
Construction Staking (3%)	\$ 154,600	\$ 127,600	\$ 282,200
SWPPP (1.5%)	\$ 77,300	\$ 63,800	\$ 141,100
Geotech & CMT Services (2%)	\$ 103,100	\$ 85,100	\$ 188,200
Engineering (15%)	\$ 772,600	\$ 637,600	\$ 1,410,200
Contingencies (10%)	\$ 515,100	\$ 425,100	\$ 940,200
Construction Permit (2%)	\$ 103,100	\$ 85,100	\$ 188,200
Drainage Study	\$ 35,000	\$ -	\$ 35,000
Traffic Impact Analysis	\$ 15,000	\$ -	\$ 15,000
PID Creation and Bond Issue Costs	\$ -	\$ -	\$ 100,000
Sub-Total Impact Fees, Eng. Const. Staking, Geotech and CMT Testing, SWPP, Geotech, TIA, etc.	\$ 1,930,200	\$ 1,424,300	\$ 3,354,500
TOTAL PRELIMINARY CONSTRUCTION COST ESTIMATE	\$ 7,080,231	\$ 5,674,321	\$ 12,754,552

Notes:

*This Engineer's Opinion of Probable Cost is made on the basis of Engineer's experience and qualifications using plan quantities and represents Engineer's best estimate.

Cost estimate does not include removal of abandoned in place gas line.

The northern outfall location currently cuts through a drill site. This will need to be investigated further to see what can be put into the drill site.

*Cost of financing \$6,141,081

EXHIBIT D
BUILDING REGULATIONS

Single family homes within the District shall be developed in accordance with the following building regulations:

1. Primary exterior finishes are limited to brick, stone (natural, cast, or cultured-textured), stucco, and glass, and shall comprise at least 85% of the front façade and 50% of the remaining facades. A 100% brick front elevation is acceptable.
2. Secondary exterior finishes shall include wood, ceramic tiles and fiber cement siding.
3. Use of architectural metals is limited to canopies, roof systems, and miscellaneous trim work and such use shall meet the durability standards of the development code.
4. The Director of Community Development may approve alternative Primary or Secondary exterior finishes not specified herein if the Director determines that the alternative finish is respective of the architectural elements of the existing historical industrial buildings, substantially equal to or better than a specified Primary or Secondary exterior finish in quality, durability and appearance, and the use thereof will not violate any provision of the Final Development Plan.
5. No single exterior finish material shall cover more than 80% of the front of any single family home.
6. The following building materials shall not be used on the exterior finish:
 - a. Vinyl siding, wood fiber hardboard siding, oriented strand board siding, plastic or fiberglass panels.
 - b. Smooth or untextured concrete surfaces.
 - c. Exterior Insulated Finish Systmes (E.I.F.S.)
 - d. Unfired or underfired clay, sand, or shale brick.

EXHIBIT E

LANDOWNER CONSENT

CONSENT AND AGREEMENT OF LANDOWNERS

This Consent and Agreement of Landowner is issued by _____, A Texas limited partnership, as the landowner (the "Landowner") who collectively hold record title to all property located within the [_____ Public Improvement District] (the "PID") created by the City of Tomball pursuant to a petition of Landowner. Capitalized terms used herein and not otherwise defined shall have the meaning given to such terms in the City's ordinance levying assessments on property within the PID, dated _____, 2021, including the Service and Assessment Plan and Assessment Rolls attached thereto (the "Assessment Ordinance"). [TO BE EXECUTED PRIOR TO THE LEVY OF ASSESSMENTS FOR EACH SERIES OF BONDS WITH EACH PID]

Landowner hereby declare and confirm that they collectively hold record title to all property in the PID which are subject to the Assessment Ordinances, as set forth on Exhibit A. Further, Landowner hereby ratify, declare, consent to, affirm, agree to and confirm each of the following:

1. The creation and boundaries of the PID, the boundaries of each Assessed Property, and the Authorized Improvements for which the Assessments are being made, as set forth in the Service and Assessment Plan.
2. The determinations and findings as to benefits by the City in the Assessment Ordinance and the Service and Assessment Plan.
3. The Assessment Ordinance and the Service and Assessment Plan and Assessment Roll.
4. The right, power and authority of the City Council to adopt the Assessment Ordinances and the Service and Assessment Plans and Assessment Roll;
5. Each Assessment levied on each Assessed Property as shown in the Service and Assessment Plan (including interest and Administrative Expenses as identified in the Service and Assessment Plan and as updated from time to time as set forth in the Service and Assessment Plan).
6. The Authorized Improvements specially benefit the Assessed Property in an amount in excess of the Assessment levied on each Assessed Property, as such Assessments are shown on the Assessment Roll.
7. Each Assessment is final, conclusive and binding upon such Landowners, regardless of whether such Landowners may be required to pay Assessments under certain circumstances pursuant to the Service and Assessment Plan.

8. The then-current owner of each Assessed Property shall pay the Assessment levied on the Assessed Property owned by it when due and in the amount required by and stated in the Service and Assessment Plan and the Assessment Ordinance.
9. Delinquent installments of the Assessment shall incur and accrue interest, penalties, and attorney's fees as provided in the PID Act.
10. The "Annual Installments" of the Assessments may be adjusted, decreased and extended in accordance with the Service and Assessment Plan, and the then-current owner of each Assessed Property shall be obligated to pay its revised amounts of the Annual Installments, when due, and without the necessity of further action, assessments or reassessments by the City.
11. All notices required to be provided to it under the PID Act have been received and to the extent of any defect in such notice, Landowners hereby waive any notice requirements and consents to all actions taken by the City with respect to the creation of the PID and the levy of the Assessments.
12. That the resolution creating the PID, the Ordinance levying the Assessments, the Service and Assessment Plan and a Notice of Creation of Special Assessment District and Imposition of Special Assessment to be provided by the City, shall be filed in the records of the County Clerk of Harris County, with copies of the recorded documents delivered to the City promptly after receipt thereof by the recording party, as a lien and encumbrance against the Assessed Property.
13. Each Assessed Property owned by the Landowner identified in the Service and Assessment Plan and Assessment Roll are wholly within the boundaries of the PID.
14. There are no Parcels owned by the Landowners within the boundaries of the PID that are not identified in the Service and Assessment Plan and the Assessment Roll.
15. Each Parcel owned by the Landowners identified in the Service and Assessment Plan and Assessment Roll against which no Assessment has been levied was Non-Benefited Property as of _____, 20__.

Originals and Counterparts. This Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.

[Execution page follows]

IN WITNESS WHEREOF, the undersigned has caused this Agreement and Consent of Landowner to be executed as of _____, 2021.

_____, LP,
a Texas limited partnership

By:

By:

By: _____
Name:
Its

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on the ____ day of _____,
20____ by _____, as, a Texas limited liability company on behalf of said
company.

Notary Public, State of Texas

EXHIBIT F
FORM OF PAYMENT CERTIFICATE

PAYMENT CERTIFICATE NO. _____

Reference is made to that certain Indenture of Trust by and between the City and the Trustee dated as of _____ (the "Indenture") relating to the "City of Tomball, Texas, Special Assessment Revenue Bonds, Series 20__ (Wood Leaf Reserve Public Improvement District Project)" (the "Bonds"). Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the _____, LP Texas limited partnership (the "Developer") and requests payment to the Developer (or to the person designated by the Developer) from:

_____ the Public Improvement Account of the Project Fund

_____ the Developer Improvement Account of the Project Fund

from _____, N.A., (the "Trustee"), in the amount of _____ (\$ _____) for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Public Improvements providing a special benefit to property within the _____ Public Improvement District.

In connection with the above referenced payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certificate for Payment Form on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The itemized payment requested for the below referenced Public Improvements has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.
3. The itemized amounts listed for the Public Improvements below is a true and accurate representation of the Public Improvements associated with the creation, acquisition, or construction of said Public Improvements and such costs (i) are in compliance with the Development Agreement, and (ii) are consistent with and within the cost identified for such Public Improvements as set forth in the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Development Agreement, the Indenture, and the Service and Assessment Plan.

5. The Developer has timely paid all ad valorem taxes and Annual Installments of Public Assessments it owes or an entity the Developer controls owes, located in the _____ Public Improvement District and has no outstanding delinquencies for such Public Assessments.

6. All conditions set forth in the Indenture and the Development Agreement for the payment hereby requested have been satisfied.

7. The work with respect to Public Improvements referenced below (or its completed segment) has been completed, and the City has inspected such Public Improvements (or its completed segment).

8. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

9. No more than ninety percent (90%) of the budgeted or contracted costs for the Public Improvements identified may be paid until the work with respect to such Public Improvements (or segment) has been completed and the City has accepted such Public Improvements (or segment).

Payments requested are as follows:

Payee / Description of Public Improvement	Total Cost Public Improvement	Budgeted Cost of Public Improvement	Amount requested be paid from the Public Improvement Account	Amount requested to be paid from the Developer Improvement Account

Attached hereto are receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments. Also attached hereto are "bills paid" affidavits and supporting documentation in the standard form for City construction projects.

Pursuant to the Development Agreement, after receiving this payment request, the City has inspected the Public Improvements (or completed segment) and confirmed that said work has been completed in accordance with approved plans and all applicable governmental laws, rules, and regulations.

Payments requested hereunder shall be made as directed below:

- a. X amount to Person or Account Y for Z goods or services.

b. Payment instructions

I hereby declare that the above representations and warranties are true and correct.

_____, LP.,
a Texas limited partnership

By: _____

Name: _____

Title: _____

APPROVAL OF REQUEST

The City is in receipt of the attached Certificate for Payment, acknowledges the Certificate for Payment, and finds the Certificate for Payment to be in order. After reviewing the Certificate for Payment, the City approves the Certificate for Payment and authorizes and directs payment of the amounts set forth below by Trustee from the Project Fund to the Developer or other person designated by the Developer as listed and directed on such Certificate for Payment. The City's approval of the Certificate for Payment shall not have the effect of estopping or preventing the City from asserting claims under the Development Agreement, the Reimbursement Agreement, the Indenture, the Service and Assessment Plan, or any other agreement between the parties or that there is a defect in the Public Improvements.

Amount of Payment Certificate Request	Amount to be Paid by Trustee from Improvement Account	Amount to be paid by Trustee from Developer Improvement Account
\$ _____	\$ _____	\$ _____

CITY OF TOMBALL, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT G

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for _____, LP, (the "Developer") and requests payment from:

[the Cost of Issuance Account of the Project Fund][the Improvement Account of the Project Fund] from _____, (the "Trustee") in the amount of _____ DOLLARS (\$ _____) for costs incurred in the establishment, administration, and operation of the Wood Leaf Reserve Public Improvement District (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 below itemized costs is a true and accurate representation of the Actual Costs incurred by Developer with the establishment of the District at the time of the delivery of the Bonds, and such costs are in compliance with and within the costs as set forth in the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Development Agreement, the Indenture, and the Service and Assessment Plan.
5. All conditions set forth in the Indenture for the payment hereby requested have been satisfied.
6. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

Payments requested hereunder shall be made as directed below:

- c. X amount to Person or Account Y for Z goods or services.
- d. Payment instructions

I hereby declare that the above representations and warranties are true and correct.

_____, LP, a Texas limited partnership

By: _____

Name: _____

Title: _____

Date: _____

APPROVAL OF REQUEST

The City is in receipt of the attached Closing Disbursement Request, acknowledges the Closing Disbursement Request, and finds the Closing Disbursement Request to be in order. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request to the extent set forth below and authorizes and directs payment by Trustee in such amounts and from the accounts listed below, to the Developer or other person designated by the Developer herein.

Closing Costs	Amount to be Paid by Trustee from Cost of Issuance Account	Amount to be paid by Trustee from Improvement Account
\$ _____	\$ _____	\$ _____

CITY OF TOMBALL, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT H

HOME BUYER DISCLOSURE PROGRAM

The Developer (as defined in the Service and Assessment Plan) for the Wood Leaf Reserve Public Improvement District (the “PID”) shall facilitate notice to prospective homebuyers in accordance with the following minimum requirements:

1. Record notice of the PID in the appropriate land records for the Property.
2. Require homebuilders to attach the Recorded Notice of the Authorization and Establishment of the PID and the final Assessment Roll for such Assessed Parcel (or if the Assessment Roll is not available for such Assessed Parcel, then a schedule showing the maximum 30-year payment for such Assessed Parcel) in an addendum to each residential homebuyer’s contract on brightly colored paper.
3. Collect a copy of the addendum signed by each buyer from homebuilders and provide to the City.
4. Require signage indicating that the Property for sale is located in a special assessment district and require that such signage be located in conspicuous places in all model homes.
5. Prepare and provide to homebuilders an overview of the existence and effect of the PID for those homebuilders to include in each sales packet of information that it provides to prospective homebuyers.
6. Notify homebuilders who estimate monthly ownership costs of the requirement that they must include special assessments in estimated Property taxes.
7. Notify Settlement Companies through the homebuilders or cause the homebuilders to notify settlement companies that they are required to include special taxes on HUD 1 forms and include in total estimated taxes for the purpose of setting up tax escrows.
8. Include notice of the PID in the homeowner association documents in conspicuous bold font.

The Developer shall regularly monitor the implementation of this disclosure program and shall take appropriate action to require these notices to be provided when one of them discovers that any requirement is not being complied with.

IN WITNESS WHEREOF, the undersigned has caused this Agreement and Consent of Landowner to be executed as of _____, 20__.

CITY OF TOMBALL

By: 
Name: ROBERT HAUCK
Title: City Manager

ATTEST:


City Secretary

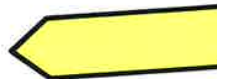


EXHIBIT I
DEVELOPMENT PHASES

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APPENDIX G

APPRAISAL

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AN APPRAISAL REPORT
OF
WOOD LEAF RESERVE, SECTION 2
TOMBALL PUBLIC IMPROVEMENT DISTRICT #11

**BEING 81 UNDER-DEVELOPMENT SINGLE-FAMILY LOTS, OUT OF AN 18.02-ACRE,
SECTION 2, LOCATED ALONG THE SOUTH LINE OF THEIS LANE, EAST OF S.H. 249,
WEST OF CHERRY STREET AND NORTH OF HOLDERREITH ROAD,
IN THE CITY OF TOMBALL, HARRIS COUNTY, TEXAS 77375**

FOR

MR. R.R. "TRIPP" DAVENPORT, III
UNDERWRITER
FMSBONDS, INC.
5 COWBOYS WAY, SUITE 300-25
FRISCO, TEXAS 75034

BY

BARLETTA & ASSOCIATES, INC.
1313 CAMPBELL ROAD, BUILDING C
HOUSTON, TEXAS 77055-6429

B&A FILE NUMBER: C8559-01

As Of

DATE OF APPRAISAL TRANSMITTAL:
DATE OF SITE VISIT:
EFFECTIVE DATE OF "UPON COMPLETION" VALUE:

NOVEMBER 3, 2023
NOVEMBER 1, 2023
DECEMBER 1, 2023

BARLETTA & ASSOCIATES, INC.
REAL ESTATE APPRAISERS • CONSULTANTS

November 3, 2023

Mr. R.R. "Tripp" Davenport, III
Underwriter
FMSbonds, Inc.
5 Cowboy Way, Suite 300-25
Frisco, Texas 75034

Phone: 877-899-2220
Email: tdavenport@fmsbonds.com

RE: An Appraisal Report of **Wood Leaf Reserve, Section 2, being 81 under-development single-family lots, out of an 18.02-acre section**, located along the south line of Theis Lane, east of S.H. 249, west of Cherry Street and north of Holderreith Road, in the city of Tomball, Harris County, Texas 77375. The subject lots have a typical lot size of 40' x 120' or 4,800 SF per lot and 50' x 120' or 6,000 SF per lot.

B&A File No. C8559-01

Dear Mr. Davenport:

At your request, we have personally visited and prepared an appraisal of the above-captioned lots, gathered comparable market data, and conducted a study of the market area for the purpose of providing our opinion of the **"Upon Completion" Bulk Market Value** of the subject lots in compliance with FMSbonds, Inc.'s Appraisal Instructions, the Uniform Standards of Professional Appraisal Practice and the Appraisal Institute's Code of Professional Ethics.

At the request of the client, the "As Is" Market Value of the proposed subject lots in Section 2, has not been valued herein.

To conclude, it is our opinion that the **"Upon Completion" Bulk Market Value** of the fee simple interest in the subject lots, as of the indicated date, is as follows:

Wood Leaf Reserve, Section 2				
Description	No. of Lots	Avg. Lot FF	Bulk Value	Effective Date
"Upon Completion" Bulk Market Value	81	40' & 50'	\$5,100,000	12/1/2023

The Bulk Market Value above is derived from a Sum of Retail Revenue of **\$5,855,000**, or \$72,284 per lot for Section 2.

The estimated prospective **Marketing Period** and historic **Exposure Time** for the 81 under-development lots at the above concluded "Upon Completion" Bulk Market Value is estimated within 3 to 6 months, based upon discussions with area builders, and the marketing period for comparable properties that have recently sold.

1313 CAMPBELL ROAD, BUILDING C • HOUSTON, TEXAS 77055 • PHONE (713) 464-7700/FAX (713) 464-3696

The use of extraordinary assumptions or hypothetical conditions might have affected assignment results.

Extraordinary Assumptions:

- 1.) The 81 lots in Section 2 appraised herein are under-development, with a prospective completion date. In this Appraisal Report, we have projected market conditions at the prospective time of completion that would be anticipated by typical market participants. In a similar fashion, we have projected the retail valuation of the individual subject lots, absorption period and holding costs based on projected conditions that are anticipated by typical market participants. Further, unknown circumstances may change the anticipated date of completion to another date, which may have market conditions that are different from that which are expected on the anticipated dates of completion that are reflected in this report. Because actual future market conditions may deviate from that which are anticipated by typical market participants, this appraisal is subject to a review of market conditions and current sales data that will be available on the prospective date of completion.
- 2.) The valuation of the subject improvements "Upon Completion" require valuation of the various subject improvements as of the prospective date, when they are projected to be physically complete based upon the plans and specifications provided. Developing this opinion of value requires the use of an extraordinary assumption because the subject in the prospective value opinion is as it exists as of a future date when physically complete. Therefore, we have relied upon surveys, plats and specifications for the proposed improvements provided by the subject developing party. Should these representations be amended, or prove to be inaccurate, the value estimate is subject to revision.
- 3.) This appraisal is subject to a review of the final plat for the under-development lots.
- 4.) This appraisal is subject to all proposed improvements being completed in a timely and professional workmanlike manner and that the proposed improvements do not deviate significantly from those described herein.
- 5.) This appraisal assumes that Chesmar Homes and at least one other builder or comparable production builder, will build upon the under-development subject lots, detached single-family units with a projected price point of \$390,000 to \$415,000.
- 6.) If any of these assumptions and conditions prove to be false, it may have an effect on the Market Value contained herein.

Hypothetical Conditions: None

As referenced herein, **Market Value** is defined by FIRREA, as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) a reasonable time is allowed for exposure in the open market;
- (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

It has been a pleasure serving you. Please call if we may be of further assistance.

Sincerely,

BARLETTA & ASSOCIATES, INC.



Phillip F. Barletta, MAI, SRA
President
State Certified, TX-1320197-G



David M. Baehr, MAI, SRA, AI-GRS
State Certified, TX-1380372-G

CERTIFICATION

We certify, to the best of our knowledge and belief, the following:

USPAP Certifications

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are 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 we have no personal interest with respect to the parties involved.
4. David M. Baehr, MAI, SRA, AI-GRS and Phillip F. Barletta, MAI, SRA provided no real estate services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. We have appraised prior sections for the lender/client as well as other lender/clients'.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this Appraisal Report has been prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*.
9. David M. Baehr, MAI, SRA, AI-GRS made an unaccompanied visit to the subject site on November 1, 2023. Phillip F. Barletta, MAI, SRA did not inspect the subject property, but is familiar with the subject's marker area and location.
10. No one provided significant real property appraisal assistance to the signers of this appraisal report.
11. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
12. The appraisers have extensive experience in appraising subdivisions, subdivision lots, base master floor plans, and master-planned residential subdivisions, and are State General Certified; thus, they are well-qualified to appraise the subject property and fully satisfy the Competency Rule of the Uniform Standards of Professional Appraisal Practice.
13. Phillip F. Barletta, MAI, SRA and David M. Baehr, MAI, SRA, AI-GRS are State Certified General Real Estate Appraisers by the Texas Appraiser Licensing and

Certification Board for the State of Texas.

AI Certifications

1. The reported analyses, opinions and conclusions were developed, and this report has also been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
2. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
3. As of the date of this report, Phillip F. Barletta, MAI, SRA and David M. Baehr, MAI, SRA, AI-GRS have completed the continuing education program for Designated Members of the Appraisal Institute.

The appraisers hereby certify regulatory compliance, and after completing a detailed and thorough analysis of all the relevant market data, the concluded fee simple estate **"Upon Completion" Bulk Market Value**, as of the noted effective date, is as follows:

Wood Leaf Reserve, Section 2				
Description	No. of Lots	Avg. Lot FF	Bulk Value	Effective Date
"Upon Completion" Bulk Market Value	81	40' & 50'	\$5,100,000	12/1/2023

The estimated prospective **Marketing Period** and historic **Exposure Time** for the 81 under-development lots at the above concluded "Upon Completion" Bulk Market Value is estimated within 3 to 6 months, based upon discussions with area builders, and the marketing period for comparable properties that have recently sold.

The use of extraordinary assumptions or hypothetical conditions might have affected assignment results.

Extraordinary Assumptions:

1.) The 81 lots in Section 2 appraised herein are under-development, with a prospective completion date. In this Appraisal Report, we have projected market conditions at the prospective time of completion that would be anticipated by typical market participants. In a similar fashion, we have projected the retail valuation of the individual subject lots, absorption period and holding costs based on projected conditions that are anticipated by typical market participants. Further, unknown circumstances may change the anticipated date of completion to another date, which may have market conditions that are different from that which are expected on the anticipated dates of completion that are reflected in this report. Because actual future market conditions may deviate from that which are anticipated by typical market participants, this appraisal is subject to a review of market conditions and current sales data that will be available on the prospective date of completion.

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3.) This appraisal is subject to a review of the final plat for the under-development lots.

4.) This appraisal is subject to all proposed improvements being completed in a timely and professional workmanlike manner and that the proposed improvements do not deviate significantly from those described herein.

5.) This appraisal assumes that Chesmar Homes and at least one other builder or comparable production builder, will build upon the under-development subject lots, detached single-family units with a projected price point of \$390,000 to \$415,000.

6.) If any of these assumptions and conditions prove to be false, it may have an effect on the Market Value contained herein.

Hypothetical Conditions: None

BARLETTA & ASSOCIATES, INC.



Phillip F. Barletta, MAI, SRA
President
State Certified, TX-1320197-G



David M. Baehr, MAI, SRA, AI-GRS
State Certified, TX-1380372-G

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following conditions:

1. This Appraisal Report is intended to comply with the reporting requirements set forth under the Uniform Standards of Professional Appraisal Practice, Standards Rule 2-2 (a). As such, this report does, in fact, include narrative discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning, and analyses is included in this report. The appraisers are not responsible for unauthorized use of this report.
2. No responsibility is assumed for legal or title consideration. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
3. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in this appraisal report.
10. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.

11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.
13. The appraisers are not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraisers that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, lead contamination, or other potentially hazardous materials may affect the value of the property. The appraisers' value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraisers' descriptions and resulting comments are the result of the routine observations made during the appraisal process.
14. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans With Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
15. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.
16. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
17. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraisers, and in any event, only with proper written qualification and only in its entirety.

18. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or the firm with which the appraisers are connected) shall be disseminated to the public through advertising, public relations, new sales, or other media without prior written consent and approval of the appraisers.
19. Texas is a non-disclosure state. It is important that the intended user of the appraisal understand that, in Texas, there is no legal requirement for grantors or grantees to disclose any information relative to a transfer of real property. In Texas, deeds typically do not contain information about the transaction other than the legal description, the parties involved in the transaction and minimum consideration of \$10.00. As a result, no data source provides absolute coverage of all transactions. It is possible that there are sales data in the market, of which the appraisers are unaware. Our sources provide the data typically available to appraisers in the ordinary course of business.

The use of extraordinary assumptions or hypothetical conditions might have affected assignment results.

Extraordinary Assumptions:

- 1.) The 81 lots in Section 2 appraised herein are under-development, with a prospective completion date. In this Appraisal Report, we have projected market conditions at the prospective time of completion that would be anticipated by typical market participants. In a similar fashion, we have projected the retail valuation of the individual subject lots, absorption period and holding costs based on projected conditions that are anticipated by typical market participants. Further, unknown circumstances may change the anticipated date of completion to another date, which may have market conditions that are different from that which are expected on the anticipated dates of completion that are reflected in this report. Because actual future market conditions may deviate from that which are anticipated by typical market participants, this appraisal is subject to a review of market conditions and current sales data that will be available on the prospective date of completion.
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- 3.) This appraisal is subject to a review of the final plat for the under-development lots.

4.) This appraisal is subject to all proposed improvements being completed in a timely and professional workmanlike manner and that the proposed improvements do not deviate significantly from those described herein.

5.) This appraisal assumes that Chesmar Homes and at least one other builder or comparable production builder, will build upon the under-development subject lots, detached single-family units with a projected price point of \$390,000 to \$415,000.

6.) If any of these assumptions and conditions prove to be false, it may have an effect on the Market Value contained herein.

Hypothetical Conditions: None

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SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Property Name: **Wood Leaf Reserve, Section 2 – Tomball Public Improvement District #11**

Type of Property: The subject consists of Wood Leaf Reserve, Section 2, being 81 under-development single-family lots, out of an 18.02-acre section, located along the south line of Theis Lane, east of S.H. 249, west of Cherry Street and north of Holderreith Road, in the city of Tomball, Harris County, Texas 77375. The subject lots have a typical lot size of 40' x 120' or 4,800 SF per lot and 50' x 120' or 6,000 SF per lot.

Key Map Reference: 228-Q

Postal Address: Tomball, Texas 77375

Location: The subject subdivision is located along the west line of Hufsmith-Kohrville Road and the east line of South Persimmon Street, just south of F.M. 2920 and east of S.H. 249, in the City of Tomball, Harris County, Texas 77375.

Tract Size: 18.02-acres (81 lots)

Density: 4.50 lots per acre

Subject Lot Mix:

<u>No.</u>	<u>Description</u>	<u>Avg. FF</u>	<u>Avg. Size</u>
35	Existing	40'	4,800 SF
46	Existing	50'	6,000 SF
81			

Appraisal Dates:

- Date of Report Transmittal: November 3, 2023
 - Site Visit: November 1, 2023
 - Upon Completion Date of Value: December 1, 2023

Purpose of the Appraisal: To provide an opinion of the "Upon Completion" Bulk Market Value per the U.S.P.A.P., FMSbonds, Inc.'s Appraisal Guidelines, and the Appraisal Institute's Code of Professional Ethics.

Rights Appraised: Fee Simple Estate

Zoning/Restrictions: PDD (Planned Development District), City of Tomball/None adverse known.

Utilities/Services:

Utilities/Services	
Electricity:	Reliant Energy and others
Water/Sanitary Sewer:	City of Tomball
Gas:	CenterPoint Energy
Phone:	AT&T & others
Police Protection:	City of Tomball & Harris County Sheriff's Dept.
Fire Protection:	Harris County ESD #8
School District:	Tomball ISD

Floodplain:

FEMA Flood Map	
Flood Map No.:	48201C0230L
Flood Map Date:	6/18/2007
Flood Map Designation:	Zone X

Environmental: No adverse influences noted or known, such as endangered species, habitats, or wetlands.

Builders: Chesmar Homes and at least 1 other builder

New Home Price Range: \$390,000 to \$415,000

Highest & Best Use of Lots: Construction of lower move-up single-family residential homes, as demand and market conditions warrant in the \$390,000 to \$415,000 price range by Chesmar Homes and at least 1 other builder or comparable builder/s.

CONCLUSIONS:

To conclude, it is our opinion that the fee simple estate **"Upon Completion" Bulk Market Value** of the fee simple interest in the subject lots, as of the indicated date, is as follows:

Wood Leaf Reserve, Section 2				
Description	No. of Lots	Avg. Lot FF	Bulk Value	Effective Date
"Upon Completion" Bulk Market Value	81	40' & 50'	\$5,100,000	12/1/2023

IDENTIFICATION OF THE SUBJECT PROPERTY

The subject of this appraisal is Wood Leaf Reserve, Section 2, being 81 under-development single-family lots, out of an 18.02-acre section, located along the south line of Theis Lane, east of S.H. 249, west of Cherry Street and north of Holderreith Road, in the city of Tomball, Harris County, Texas 77375. The subject lots have a typical lot size of 40' x 120' or 4,800 SF per lot and 50' x 120' or 6,000 SF per lot. Per Mr. Ron Brooks with Chesmar Homes, Section 2 lots are projected to be substantially complete by December 1, 2023.

The subject can be legally identified as noted below:

**WOOD LEAF RESERVE
SEC 2**

A SUBDIVISION OF 18.02 ACRES OF LAND
OUT OF THE CLAUDE N. PILLOT SURVEY, A-632
CITY OF TOMBALL, HARRIS COUNTY, TEXAS
81 LOTS 6 RESERVES 4 BLOCKS

MAY 2023

HISTORY OF THE SUBJECT PROPERTY

Per the requirements of the Appraisal Institute's Standards of Professional Practice and the U.S.P.A.P., the following are comments pertaining to the three-year sales history of the subject.

Chesmar Homes (the developer) purchased the +/- 91.81 acres encompassing the subject subdivision in September 2020 in two transactions, +/-59.11 acres was purchased for \$2,540,000 or \$42,971 per acre and +/- 32.00 acres was purchased for \$2,400,000 or \$75,000 per acre. The gross purchase price of the land was \$4,940,000 or \$54,220 per acre. The developer plans to build single-family residences on half of the lots and sell the remaining lots to a third-party builder. The Section 2 lots have not been contracted; however, they are in negotiations with Shea Homes, who has expressed their desire to continue building in Section 2. Per the developer, they are targeting a lot

price of \$1,500 PFF to \$1,550 PFF, due to development costs increasing over the last couple years.

The appraisers are not aware of any other sales, listings for sale, contracts, or offers to purchase the subject vacant site or proposed lots in the three years prior to the effective date of this appraisal.

INTENDED USE/USER OF THE APPRAISAL

This appraisal is intended to offer our opinion of the **“Upon Completion” Bulk Market Value of the 81 under-development lots in Section 2**, to the client, FMSbonds, Inc., for the underwriting of the City’s proposed Wood Leaf Reserve (Tomball Public Improvement District #11) Bond transaction. The use of the appraisal by anyone other than Mr. Tripp Davenport, III and Mr. Robert Rivera (c/o FMSbonds, Inc.), or the City is prohibited, except as provided herein. Additionally, we confirm our permission to use the final Appraisal Report in the offer and sale of public securities, secured by the special assessments levied on property within the PID, and we confirm that we will execute, subject to our approval of the same, a certificate related to the use of the appraisal for such purpose, as provided by the client. Any other party is an unintended unauthorized user.

At the request of the client, the “As Is” Market Value of the under-development lots in Section 2, has not been valued herein.

SCOPE OF WORK OF THE APPRAISAL

The scope of work of the appraisal is the process to support our opinion of the “Upon Completion” Bulk Market Value of the 81 under-development Section 2 lots that comprise Wood Leaf Reserve, Section 2, employing all applicable approaches to value in a comprehensive appraisal process and presented in this Appraisal Report. In preparing this appraisal, the appraisers:

- visited the subject property and surrounding market area, unaccompanied;
- contacted Mr. Ron Brooks (281-932-8907) with Chesmar Homes, who provided financial, physical and historical data for this valuation analysis;
- analyzed macro and micro market conditions of this region and market area;
- interviewed active market participants;
- gathered relevant available information on current comparable builder takedown lot sales and lot absorption data, referencing such publications as the Houston MLS, the CDS Lot Price Survey, the Zonda Houston Metrostudy and the appraisers’ extensive database;
- referenced other publications and services such as MapPro, Loop Net, Google Earth, Realty Rates.com, the Harris County Appraisal District, and the Harris County Clerk’s Office, among other services;

- confirmed and analyzed the data and applied the most applicable approaches to value; i.e. the Sales Comparison Approach-Retail Lot Sales; and the Income Approach-DCF Analysis;
- the Cost Approach was not developed. At the request of the client, the “As Is” Market Value of the subject under-development lots in Section 2 has not been valued herein. The absence of the Cost Approach does not affect the credibility of the Market Value conclusions in this appraisal;
- concluded the Bulk Value of all 81 under-development lots in Section 2 to a single purchaser and, as such, our report conforms to the reporting guidelines of the Appraisal Institute, the Texas Appraiser Licensing and Certification Board, the Appraisal Foundation’s U.S.P.A.P., and Regulation 12 CFR Part 564; and
- concluded the “Upon Completion” Bulk Market Value of the 81 under-development lots in Section 2, as of the stated effective date for a reasonable exposure period.

PROPERTY RIGHTS APPRAISED

The property rights appraised are the ***Fee Simple Estate***. Fee Simple Estate is defined by The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, published in 2022, Page 73, as follows:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.

DEFINITION OF MARKET VALUE

As referred to herein, ***Market Value*** is defined by FIRREA, as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and each acting in what they consider their own best interests;
- (3) a reasonable time is allowed for exposure in the open market;
- (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions

granted by anyone associated with the sale.

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

DEFINITION OF “SUM OF THE RETAIL VALUES”

As referred to herein, ***Sum of Retail Values*** is defined by The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, published in 2022, Page 185, as follows:

The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. An appraisal has an effective date, but summing the sale prices of multiple units over an extended period of time will not be the value on that one day unless the prices are discounted to make the value equivalent to what another developer or investor would pay for the bulk purchase of the units. Also called the aggregate of the retail values or aggregate retail selling price.

DEFINITION OF “AS IS” MARKET VALUE ON APPRAISAL DATE

As referred to herein, ***“As Is” Market Value*** is defined by The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, published in 2022, Page 10, as follows:

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraised date.

DEFINITION OF “BULK VALUE”

As referred to herein, ***“Bulk Value”*** is defined by The Dictionary of Real Estate Appraisal, Seventh Edition, revised 2022, by the Appraisal Institute, Page 22, as follows:

The value of multiple units, subdivided plots, or properties in a portfolio as though sold together in a single transaction.

DATES OF THE APPRAISAL

The “Upon Completion” Bulk Market Value effective date of value of this appraisal is December 1, 2023. The date of transmittal of the report is November 3, 2023.

ZONING & RESTRICTIONS

The Wood Leaf Reserve subdivision is zoned PDD; Planned Development District, by the City of Tomball. The current and proposed residential use is a legal conforming use. It is assumed the subdivision will include typical deed restrictions, none of which are assumed to be detrimental to value.

AD VALOREM TAX DATA

All properties in the State of Texas are taxed at 100% of their assessed value, which are determined for all taxing jurisdictions within a county by a central county appraisal district, in this case, the Harris County Appraisal District (HCAD). The proposed subject lots have not been individually assessed by the county and are considered a part of HCAD Account Number 0440580000312 and 0440580000285, which has a total assessed value for 2023 of \$2,353,090.

In most cases, the taxing entities typically assess lots at around 15% to 100% of the retail value. Within the discounted cash flow section of this report, the appraisers will utilize an average **48%** assessment-to-retail value ratio, which was derived from tax comparables from Wood Leaf Reserve, Section 1, see table below:

Property Tax Comps for Wood Leaf Reserve				
HCAD			2023	% Tax
Property ID	Street Address	Type	Lot Value	Assessment
1443500050014	13219 Hidden Timbers Ln.	Interior	\$39,715	54.90%
1443500050012	TBD Hidden Timbers Ln.	Interior	\$30,160	41.70%
Average Tax Assessment-to-Total Value Ratio:				48.30%
Rounded:				48%

2022 Tax Rates: The 2022 property tax rates per \$100, applicable to the subject, are summarized in the following tables:

Taxing Authorities and 2022 Rates per \$100	
Tomball ISD	\$1.2300
Harris County	\$0.3437
Harris County Flood Control	\$0.0306
Port of Houston Authority	\$0.0080
Harris County Hospital District	\$0.1483
Harris County Education Department	\$0.0049
Lone Star College System	\$0.1078
City of Tomball	\$0.2872
Harris County ESD #8	\$0.0936
2022 Cumulative Tax Rate per \$100:	\$2.2541

GREATER HOUSTON AREA DATA

(Please refer to the Addenda of this appraisal for a Houston MSA summary analysis.)

As of September 2023, notable within the current and recent analyses are the following items primarily related to the Houston MSA:

- Pandemic Update - Fourteen of the 19 major sectors tracked by TWC have fully recouped their pandemic losses. Hotels and other services are recovering slower than expected. Energy, manufacturing, and information are dealing with structural changes that began in the prior decade and were compounded by the pandemic and political atmosphere. Energy no longer has the easy access to capital markets it once did due to political pressure on lending institutions. Firms are also must including more non-traditional non-profitable projects in their portfolios for political and social reasons. A strong negative regulatory climate are also weighing on the sector. Manufacturing is tied to energy and is suffering due to the lack of the manufacture of oil field equipment and fabricated metal products.
- Economic/Employment Update - Metro Houston lost 16,100 jobs in July, as schools are closed and teacher's contracts expire. Job losses in July over the past 10 years range from 5,400 to 33,100 losses, averaging 17,800 losses. Education job losses were somewhat excessive at 24,400 losses but was partly off-set by 6,500 private sector job increases. The Houston Metro area added 514,000 jobs, recovering 143.3% of the 359,300 jobs lost in the pandemic. At the current pace of growth, local employment should top 3.4 million later this year.
- Purchasing Manager's Index (PMI) - The Houston PMI increased 1.4 points to 52.1 in July 2023, up from 50.7 in June 2023. According to the Institute for Supply Management, readings above 50 indicate the local economy is expanding, below 50 indicate that it's contracting. Since rising above 50 in August 2020, the Houston PMI has indicated strong to moderate local growth for 35 consecutive months. Nationally, the GDP was negative in the 1st and 2nd

quarters of 2022, indicating national recessionary conditions, but increased to 3.2% in the 3rd quarter of 2022; 2.7% in the 4th quarter of 2022; and a weak 1.1% in the 1st quarter of 2023. However, the Houston economy has been expanding since August 2020.

- Population Update - The U.S. Census Bureau data indicates that metro Houston's population grew in the 12 months ending July 1, 2021. The region added just over 69,000 residents, enough for Houston to reach a new milestone. The nine-county metro area topped 7.216 million residents in 2022, and now exceeds that of 37 states and the District of Columbia.
- Inflation - Inflation, as measured by the Consumer Price Index for all Urban Consumers (CPI-U), rose 3.2% nationwide in the 12 months ending in July 2023, 3.0% in June 2023, 4.0% in May 2023, 4.9% in April 2023, 5.0% in March 2023, 6.0% in February 2023, 6.4% in January 2023, 6.5% in December 2022; 7.1% in November, 7.7% in October 2022 and 8.2% in September 2022. This has come down sharply from its peak in June 2022 of 9.1%. The peak of the last 50 years was in March '80 when the annual rate topped 14.6%. In Houston, inflation has tracked over the national average since April 2022 and rose by only 1.7% in June 2023, 4.0% in April 2023, 5.0% in March 2023, 5.2% in February 2023, 5.3% in December 2022, and 7.6% in October 2022, down from 10.1% in June 2022. The U.S. Federal Reserve raised the federal funds target rate by 75 basis points at its November meeting and 50 basis points at its December meeting and raise it another 25 basis points at its May 2023 meeting, the 10th increases in just over a year. On a monthly basis, U.S. consumer prices rose 0.1% in May after increasing 0.4% in April. Houston has experienced similar acceleration. The Federal Reserve paused raising interest rates in its June 13th - 14th meeting, given the turmoil in financial markets following the collapse of several banks. However, the core inflation rate came in at 4.8% in June 2023. Instead of enacting responsible monetary policies, the Fed once again raised interest rates another 25 basis points in its July 25th and 26th meeting to the highest level in

22 years in an attempt to lower the core inflation rate, which stands at 4.7%, as of July 2023.



- Unemployment - The unemployment rates in Houston and Texas crept up in June 2023. The unemployment rate for metro Houston again rose to 4.8% in July, up from 4.5% in June, from 4.4% in May 2023, and from 4.0% in April 2023. The Texas rate again rose from 3.7% in April 2023 to 4.1% in May 2023 to 4.2% in June and again to 4.5% in July 2023. The national rate remained at 3.8% in July and June, up from 3.4% in May 2023, and 3.1% in April 2023. The increases are considered to be due to seasonal factors, not economic weakness. Further, Houston's increase is also attributable to an expanding workforce, not layoffs. The rates are seasonally adjusted.

UNEMPLOYMENT RATE, JULY '23, HOUSTON-AREA CITIES*					
City	Rate	City	Rate	City	Rate
Alvin	5.4	Galveston	4.7	Missouri City	5.0
Baytown	9.7	Houston	5.2	Pasadena	6.1
Conroe	4.5	Huntsville	6.6	Pearland	4.5
Deer Park	5.4	Lake Jackson	5.6	Rosenberg	4.9
Friendswood	4.3	La Porte	5.9	Sugar Land	4.0
Fulshear	5.3	League City	3.9	Texas City	6.3
Source: Texas Workforce Commission			*Not seasonally adjusted		

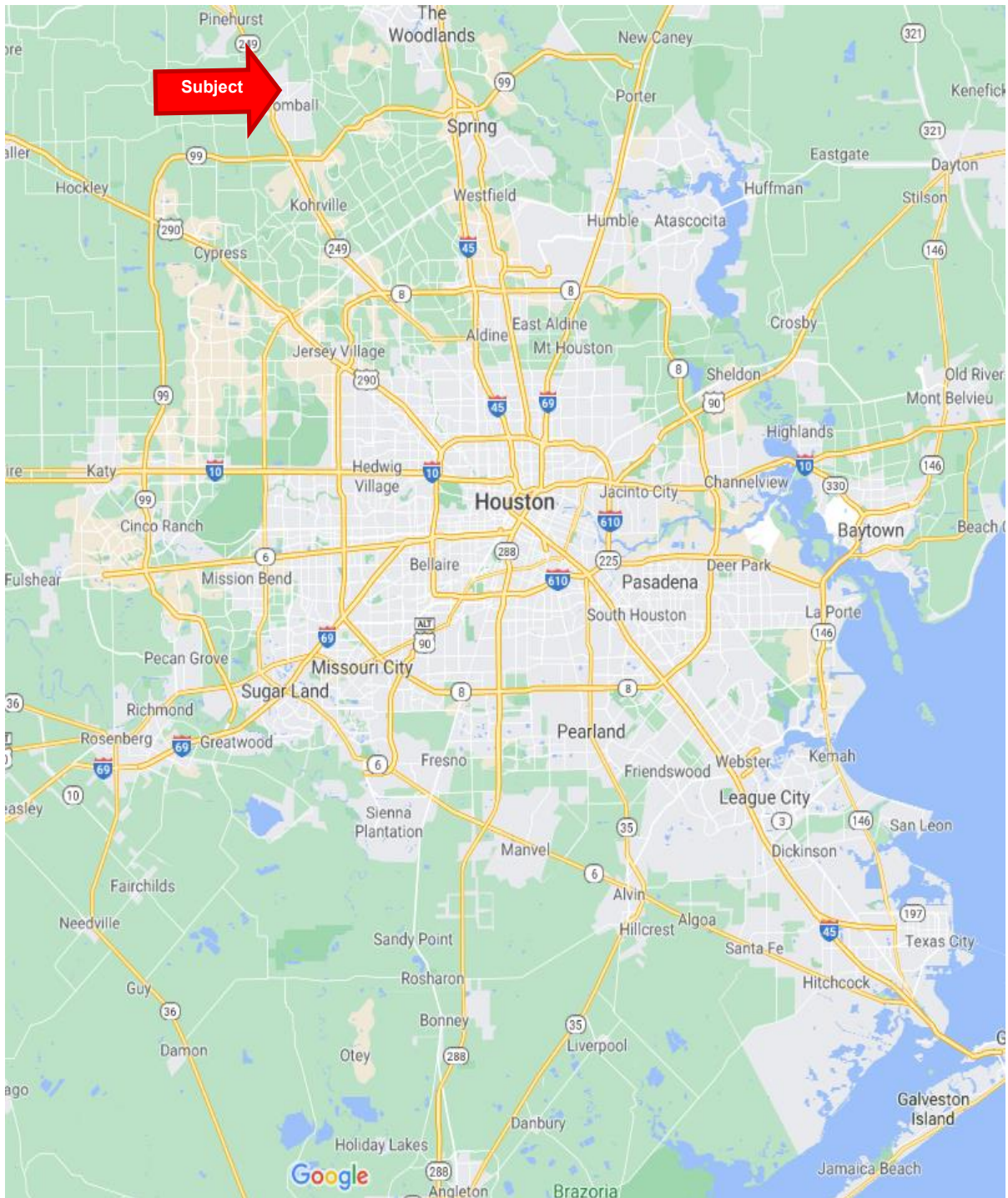
- Crude Oil - The closing spot price for West Texas Intermediate (WTI), the U.S. benchmark for light, sweet crude averaged \$76.44 per barrel in December 2022, down from \$84.37 in November 2022, but up about 6.6% from \$71.71 in December 2021. WTI has consistently traded above \$90 per barrel since early February 2021 before declining in late 2022. The U.S. Energy Information Administration forecasts WTI to average \$77.17 per barrel in 2023, then decreasing to \$71.58 per barrel in 2024. The Baker Hughes count of active domestic rotary rigs averaged 780 in December 2022, a 34.7% increase from 579 in December 2021. This is well above the recent bottom of 250 in August 2020 and just below the pre-pandemic December 2019 average of 804 rigs.
- Houston Area Existing Home Sales - New home sales appear to be stabilizing at over pre-pandemic levels after adjusting to rapidly increasing interest rates and strong demand over recent years. Brokers closed on 34,149 homes in the first 5 months of 2023, down from 40,413 in 2021 and 42,199 in 2022, but up from 32,868 in 2019. The 2021 and 2022 levels were unsustainable given increasing interest rates and high prices. The housing inventory level has increased from less than 30 days to 2.8 months in May 2023 and is approaching a more typical stabilized level of 4 to 6 months. New home prices typically increase 3% to 4% per year but increased 18.2% in February 2022. They are down about 3% from their peak in 2022 responding to current interest rate levels. The 30-year fixed-

rate averaged 6.73% in May 2023, up from the 10-year average of 3.8% and bottom of less than 3% in early 2021. Overall sales activity may soften during the remainder of 2023, due to the economic uncertainty, but a significant downturn is not expected, as the Houston region continues to create jobs and the population is increasing due to in- migration.

- New Home & VDL Market** - The appraisers referenced Zonda's Houston Residential Survey (2Q23), copyright Metrostudy, 2nd Quarter 2023. The overall Houston Area had 8,380 closings and 10,243 starts in the 2nd Quarter of 2023, up 44.06% from 7,110 starts in the 1st Quarter of 2022, but down 12.59% from the 11,719 starts in the 2nd Quarter of 2022. The result is a stabilized new home inventory of 22,454 new homes, or 7.5 months for the overall Houston new home market. In the 2nd Quarter 2023, there was a total existing inventory of 52,390 vacant developed lots in the subject market area. This equates to a moderate shortage supply level of 19.7 months, up from 19.3 months in the 1st Quarter of 2023, and up sharply from the severe shortage level of 10.9 months in the 2nd Quarter of 2022. Housing starts continued at a faster pace in the 2nd Quarter of 2023 and have reached levels prior to the spike in inflation and prior to the current high mortgage interest rates. Historically, a 20 to 24 month supply of vacant developed lots indicated a stabilized condition. However, closing are lagging behind, primarily due to continued supply chain issues, with closings sometimes delayed due the lack of electrical or water/sewer service. Historical new home closings, starts, inventory and vacant lot inventory for the overall Houston Area, are summarized on the following chart:

Market Area		2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	Annual Rates/ Inventory Supply (Mos)
Houston Area	Starts	12,087	11,055	8,340	11,342	11,719	8,741	5,817	7,110	10,243	31,911
	Closings	10,600	9,592	8,487	9,446	10,602	9,857	8,965	8,589	8,380	35,791
	Housing Inv.	22,005	23,468	23,321	25,217	26,334	25,218	22,070	20,591	22,454	7.5 Mos.
	VDL Inv.	36,566	35,180	38,294	37,750	38,632	42,526	51,807	53,695	52,390	19.7 Mos.

HOUSTON AREA MAP



MARKET AREA ANALYSIS

Market Area Defined: According to The Dictionary of Real Estate Appraisal, Sixth Edition, by the Appraisal Institute, 2022, page 116, a **market area** is defined as: “The geographic region from which a majority demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas, or the competitive market area may be distinguished from the general market area.”

Boundaries: In order to discuss a market area, the boundaries must be established in order to distinguish it from the rest of the community. The market area boundaries are generally delineated as follows:

North: F.M. 1488

South: Cypress Creek

East: I-45

West: Waller County Line

Access: Estimated driving time to the Central Business District of Houston is about 45 to 60 minutes, except during peak traffic rush hours, which can be up to 90 minutes. The subject market area has average accessibility to downtown Houston, via State Highway 249 to Beltway 8, to Interstate 45, then south to the CBD.

Major Streets: The subject market area is approximately 60% built-up, with a general mix of predominantly residential and supportive commercial interests. The commercial uses are typically located along the major traffic arteries or in planned business parks. The major north-south thoroughfares within the market area include Mueschke Road, Cypress- Rosehill/Rosehill-Decker Prairie Road, Telge Road, State Highway 249, Hufsmith-Kohrville Road, Stuebner-Airline Road, and Kuykendahl/Kuykendahl-Hufsmith Road. The major east-west thoroughfares within the area include Nichols-Sawmill/Butera/Walnut Creek/Stagecoach, Hardin Store Road, F.M. 2920/Waller-Tomball Road (Main Street in Tomball), Boudreaux Road, Spring-Cypress Road and Louetta Road.

Other streets within the market area are, for the most part, residential or secondary access streets. Streets throughout the market area, for the most part, are asphalt-paved, with some having curbs and gutters, while some are concrete-paved. As the area has steadily grown, many new streets have been planned and constructed to provide increased accessibility throughout the area.

The Grand Parkway (State Highway 99) will be a 172-mile roadway that circles the city at a 25-30 mile radius and forms the fourth loop in the Houston area. Construction through this market area from U.S. 290 easterly to I-69/U.S.59 in New Caney, started in early 2013 and opened in early 2016. This roadway has already stimulated growth in the area, due to significantly improved access.

State Highway 249 (Tomball Parkway), formerly known as FM 149, is a primary northwest/ southeast traffic carrier for the subject market area. The State plans to further expand this highway to a limited access highway with feeder roads. A toll road segment of this freeway recently opened between Spring-Cypress Road and Brown Road in Tomball, with construction proceeding farther north into Grimes County.

Education: The market area is predominantly in the Cypress-Fairbanks, Klein and Tomball ISD's. Numerous schools, from elementary through high school, are situated throughout the area. Private schools in the area include: Concordia Lutheran High School, Step by Step, Central Baptist Academy, Tomball Christian Academy, Saint Anne's Catholic Elementary School, Salem Lutheran School, Tomball Learning Center and Rosehill Christian School.

Lone Star College System and the University of Houston provide convenient classes for higher education. Lone Star College System offers a wide range of academic and occupational courses for recent high school graduates and community residents of all ages. Since 1973, the college district service area has grown to 1,400 square miles, four campuses, five offsite centers and The University Center. Over 83,000 credit students enroll each semester, with an additional 12,000 non-credit students enrolling

annually. Lone Star College is the sixth-largest community college district in Texas and growing. One of the reasons for the college district's unrivaled growth is that Lone Star College's service area is one of the fastest growing suburban areas in the United States.

Tomball College, one of the campuses of the Lone Star College System, is a comprehensive community college located conveniently on State Highway 249 in Tomball, Texas. Campus offerings include traditional academic transfer, occupational programs, workforce training, and community education.

Services/Utilities: Police protection is provided by the Harris County, or Montgomery County sheriff's departments and local constables, while fire protection is provided by local volunteer fire departments, ESD's or the City of Tomball. Public utilities (electricity, gas, sewer, water, and telephone) are available to most developed properties, with water and sewer services supplied primarily by municipal utility districts (MUD's) or public improvement districts (PID's) within platted subdivisions or the City of Tomball. However, given the historic rural nature of the market area, there are many properties that do not have public water and sanitary sewer availability.

Employment Centers: There are several major employment centers within the immediate subject market area, including Tomball ISD, Tomball Regional Hospital, BJ Services Company, and Tomball College (Lone Star College). The Tomball Regional Hospital is a non-profit community health care organization with a staff that includes over 250 physicians representing 32 specialties and sub-specialties. The four-story nursing tower is licensed for 204 beds and includes the newly expanded Outpatient Testing Center and seven (7) rooms for the Outpatient Surgical Center. Employing an average of 860 professionals, Tomball Regional Hospital system includes the Texas Sports Medicine Center, New Day Mental Health Center, The Rehab Care Center and the Pain and Management Center.

Single-Family Residential: The appraisers have referenced the Zonda Houston Metrostudy, 3rd Quarter 2023. The subject of this appraisal is located within the F.M.

2920 Corridor Submarket and is located within the Northwest Market Area of the overall Houston region. The following chart summarizes the vital statistics for FM 2920 Corridor Submarket, the Northwest Market Area, and the overall Houston region.

Zonda Houston Metrostudy 3Q 2023								% Change
Submarket/ Market Area		3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023	Yrly. Rates/ Supply	12 Month
F.M. 2920 Corridor Submarket	Starts	108	71	179	215	152	617	40.74%
	Closings	156	191	134	108	221	654	41.67%
	Housing Inv.	446	326	371	478	409	7.5 mos.	-8.30%
	VDL Inv.	883	1,115	1,087	1,016	978	19.0 mos.	10.76%
Northwest Market Area	Starts	798	571	617	1,144	925	3,257	15.91%
	Closings	939	899	804	673	869	3,245	-7.45%
	Housing Inv.	1,931	1,603	1,416	1,887	1,943	7.2 mos.	0.62%
	VDL Inv.	4,352	5,022	5,119	4,682	4,639	17.1 mos.	6.59%
Houston Total	Starts	8,754	5,817	7,083	10,247	10,417	33,564	19.00%
	Closings	9,870	8,975	8,601	8,374	9,018	34,968	-8.63%
	Housing Inv.	25,250	22,092	20,574	22,447	23,846	8.2 mos.	-5.56%
	VDL Inv.	42,419	51,396	53,561	52,154	52,212	18.7 mos.	23.09%

For the 3rd Quarter 2023, the F.M. 2920 Submarket had 152 housing starts (a 40.74% increase since 3rd Quarter 2022), and 221 closings, (a 41.67% increase since 3rd Quarter 2022). The F.M. 2920 Submarket ended the quarter with a new home inventory of 409 units or a 7.5-month supply, which is inferior to the 7.2-month supply for the Northwest Market Area new home market. The F.M. 2920 Submarket concluded the 3rd Quarter 2023 with 978 vacant developed lots in inventory. This lot inventory equates to a 19.30-month **moderate shortage supply**, which is inferior to the 17.1-month **shortage supply** for Northwest Market Area. A 20-to-24-month supply of lots is considered to be a market in equilibrium.

For the 3rd Quarter 2023, the overall Northwest Market had 925 starts (a 15.91% increase since 3rd Quarter 2022) and 869 closings (a 7.45% decrease since 3rd Quarter 2022). The result is a new home inventory of 1,943 units, or a 7.2-month supply, which is superior to the 8.2-month supply for the overall Houston new home market. At the time of this Zonda Houston Metrostudy report, there was a total inventory of 4,639 vacant developed lots in the Northwest Market Area. This equates to a 17.1-month **shortage supply**, which is superior to the 18.7-month moderate shortage supply

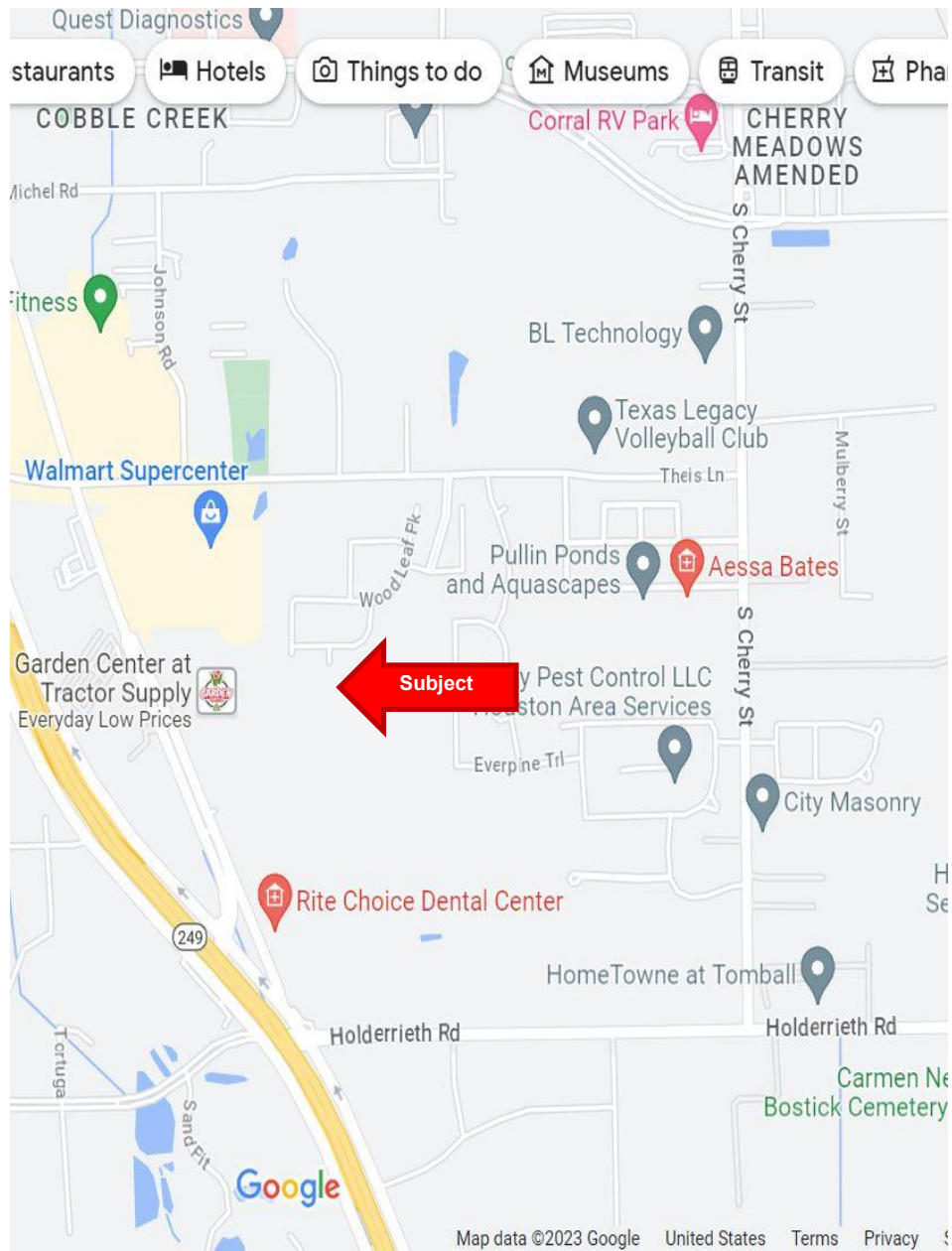
for the overall Houston region. Again, a 20-to-24-month supply of lots is considered to be a market in equilibrium.

CONCLUSION: The Tomball market area, with its convenient location and rapidly growing population has experienced rapid growth since late 2012, after several years of slower, post-recessionary growth. The majority of development has been a good balance of single-family residential and supportive commercial uses. Utilities are available to most properties in the area, and no adverse conditions were observed that would represent a negative influence for the market area. The commercial properties are generally located along the major thoroughfares and are considered to enhance rather than adversely affect the residential values. Retail and multifamily occupancies in the subject area have thus maintained above average levels, as compared to the general Houston area markets.

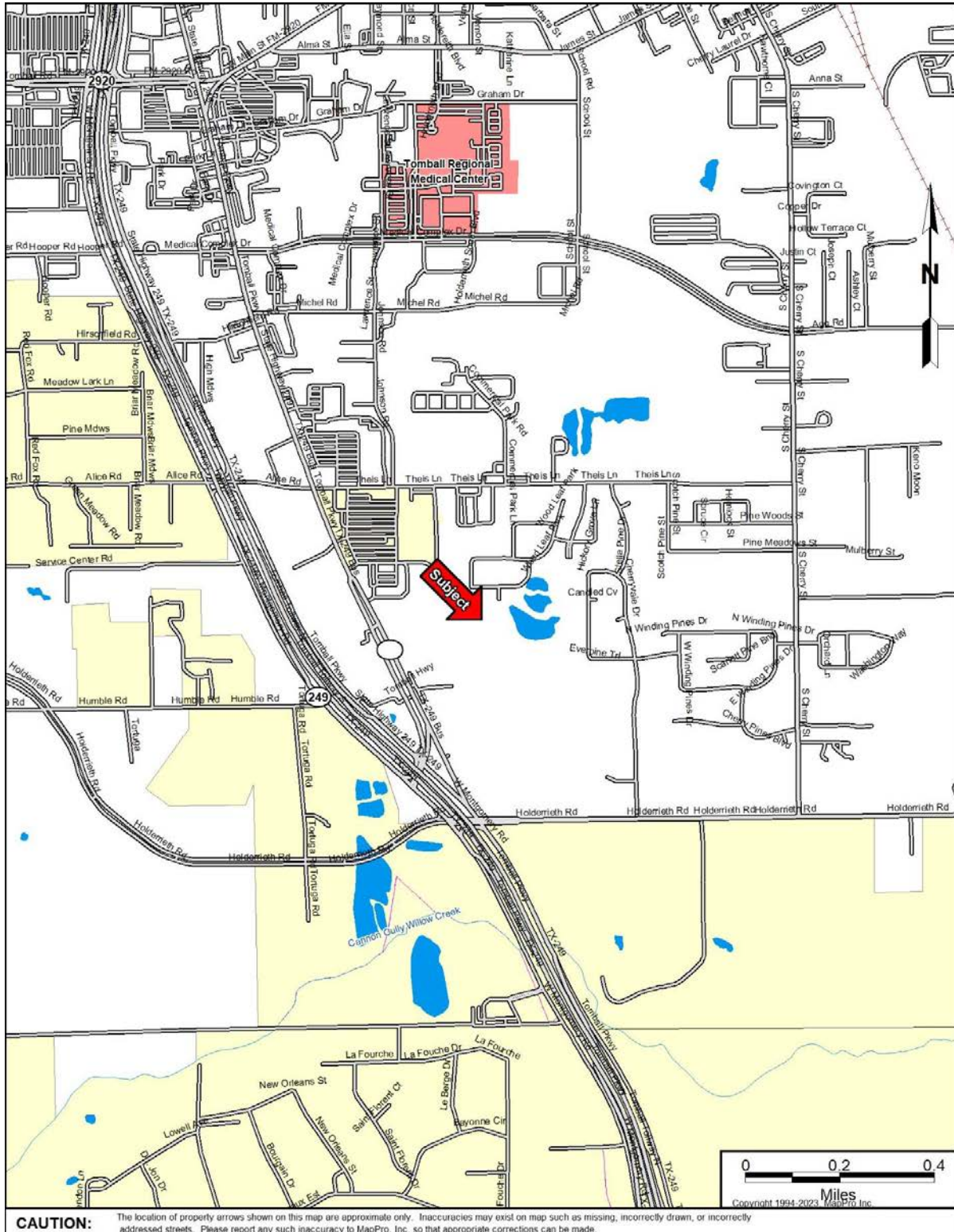
The overall economic outlook of the market area has recently improved from the effects of the Coronavirus pandemic with the economy continuing to open up, along with recovering \$70 - \$90 +/- per barrel oil. The overall attitude and expectations of most market area participants is that of continued rapid population growth over the foreseeable future.

Inflation has been at its highest level since 1982, but has receded to 3.0% in June 2023, but jumped to 3.7% in August 2023, causing the Federal Reserve to rapidly increase interest rates during May 2022 through July 2023. The overall impact to the local residential market is the anticipation of slower activity throughout 2023 in comparison to prior years.

MARKET AREA MAP



LOCATION MAP



SITE ANALYSES

The subject consists of Wood Leaf Reserve, Section 2, being 81 under-development single-family lots, out of an 18.02-acre section, located along the south line of Theis Lane, east of S.H. 249, west of Cherry Street and north of Holderreith Road, in the city of Tomball, Harris County, Texas 77375. The subject lots have a typical lot size of 40' x 120' or 4,800 SF per lot and 50' x 120' or 6,000 SF per lot.

Key Map Reference: 228-Q

Postal Address: Tomball, Texas 77375

Location: The subject subdivision is located along the west line of Hufsmith-Kohrville Road and the east line of South Persimmon Street, just south of F.M. 2920 and east of S.H. 249, in the City of Tomball, Harris County, Texas 77375.

Tract Size: 18.02-acres (81 lots)

Density: 4.50 lots per acre

Subject Lot Mix:

<u>No.</u>	<u>Description</u>	<u>Avg. FF</u>	<u>Avg. Size</u>
35	Existing	40'	4,800 SF
46	Existing	50'	6,000 SF
81			

Zoning/Restrictions: PDD (Planned Development District), City of Tomball/None adverse known.

Shape: Generally irregular in shape, but functional.

Topography: The topography of the subject tract is generally level.

Subdivision Improvements: Improvements will include city water and sanitary sewer lines, electrical lines, natural gas lines, cable/telephone lines, storm drainage and detention.

Easements: The appraisers know of no easements that would adversely affect development of the subject site to its highest and best use.

Soil/Subsoil Conditions: A soil and subsoil report has not been provided to the appraisers; however, as evidenced by the existing and surrounding development, the soil conditions appear to be adequate in all respects for most types of construction.

Environmental: Upon physical inspection of the subject, no obvious environmental hazards or endangered species were observed. The appraisers are not environmental engineers, and are not qualified to detect environmental hazards or endangered species. For a conclusive analysis of the lots, a study by qualified environmental experts would be necessary.

Utilities/Services:

Utilities/Services	
Electricity:	Reliant Energy and others
Water/Sanitary Sewer:	City of Tomball
Gas:	CenterPoint Energy
Phone:	AT&T & others
Police Protection:	City of Tomball & Harris County Sheriff's Dept.
Fire Protection:	Harris County ESD #8
School District:	Tomball ISD

Floodplain:

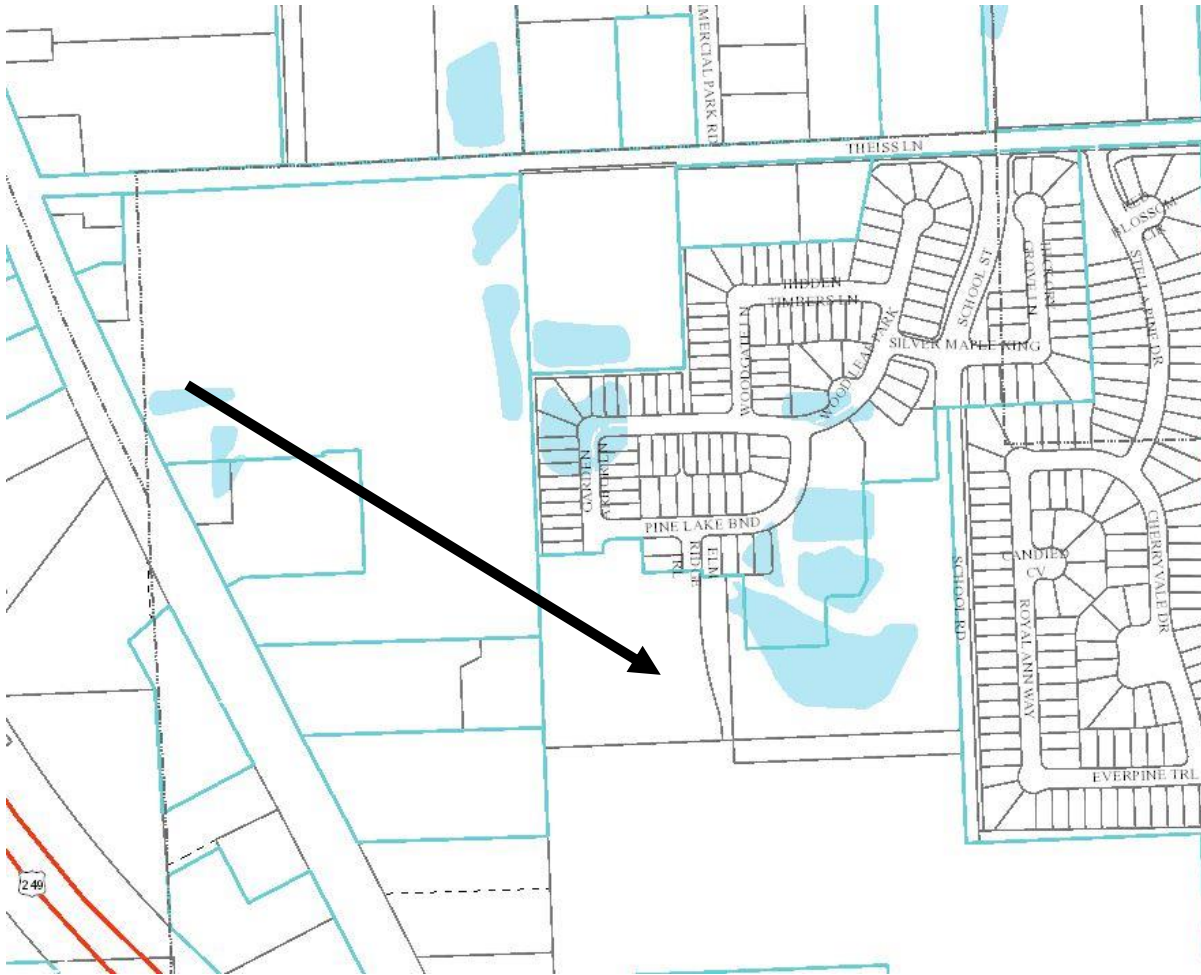
FEMA Flood Map	
Flood Map No.:	48201C0230L
Flood Map Date:	6/18/2007
Flood Map Designation:	Zone X

Builders: Chesmar Homes and at least 1 other builder

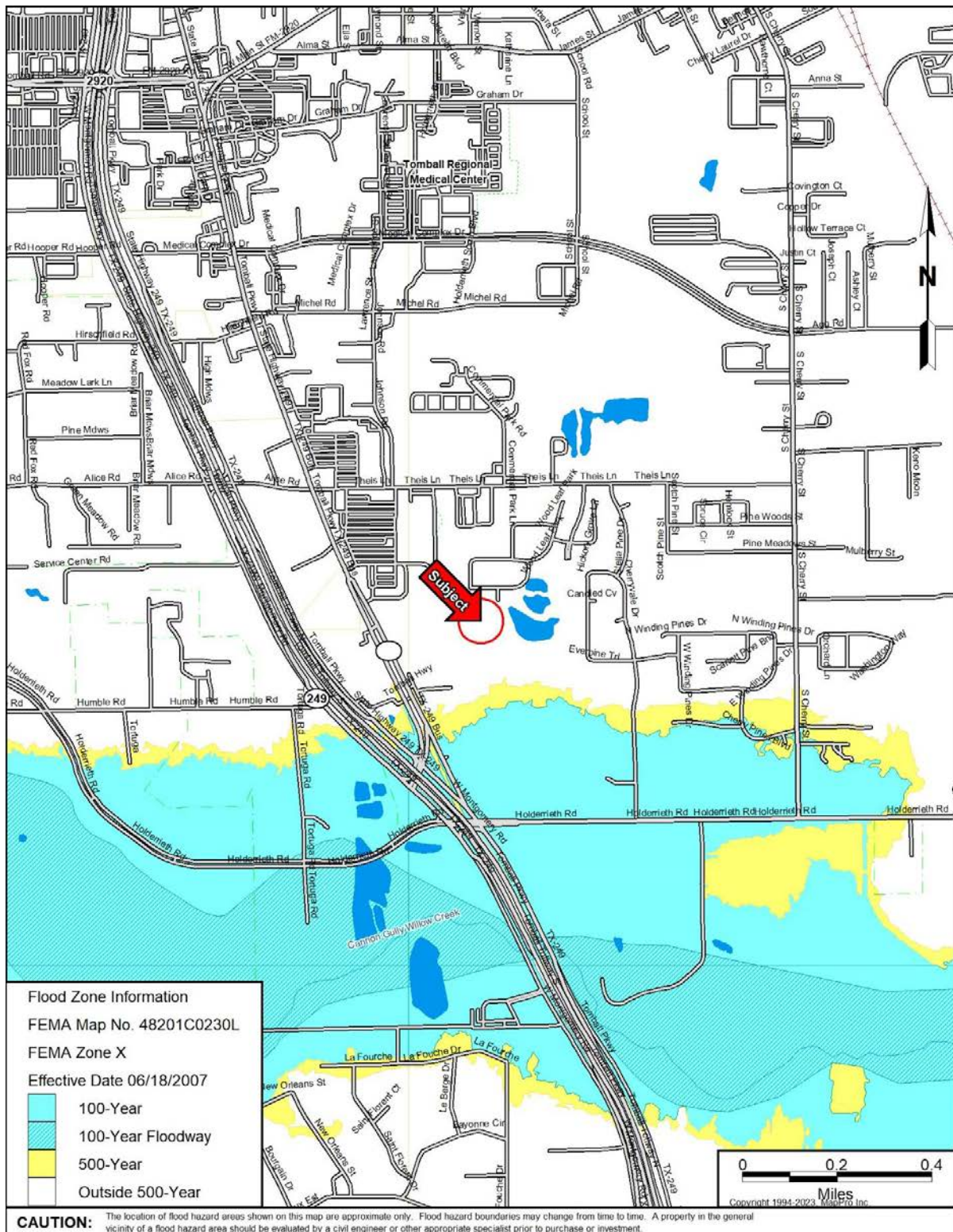
New Home Price Range: \$390,000 to \$415,000

Conclusion: All services and public utilities are available, and no detrimental zoning, encroachments, or restrictions were noted, which would represent an adverse influence to the subject lots for new residential construction in the \$390,000 to \$415,000 price range by Chesmar Homes and at least one other home builder.

HCAD PLAT MAP



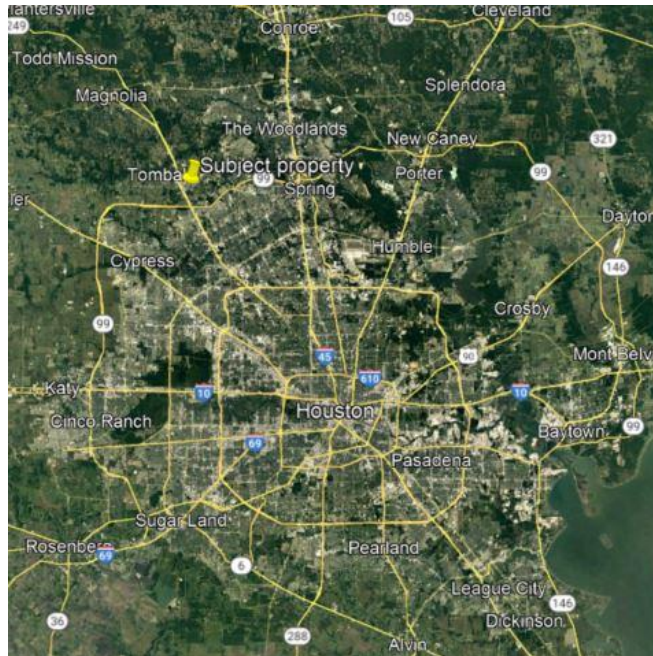
FLOOD PLAIN MAP



AERIAL PHOTOS



Micro Aerial



Macro Aerial

SUBJECT PROPERTY PHOTOGRAPHS



Entrance



Model home



Unit under construction



Subject lots



Subject lots



Subject lots

HIGHEST AND BEST USE

The "**Highest and Best Use**" is defined as:

The reasonably probable use of property, that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. (The Dictionary of Real Estate Appraisal, Seventh Edition, 2022, pages 88-89, Appraisal Institute).

Highest and Best Use of Land or a Site As Though Vacant: Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements. (The Dictionary of Real Estate Appraisal, Fifth Edition, 2010, page 93, Appraisal Institute).

Highest and Best Use of Property As Improved: The use that should be made of a property as it exists. A near-complete property should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the near-complete building and constructing a new one. (The Dictionary of Real Estate Appraisal, Fifth Edition, 2010, page 94, Appraisal Institute).

The definition immediately above applies specifically to the highest and best use of land. In cases where a site has near-complete improvements, the highest and best use may be different from the near-complete use. The near-complete use will continue, however, unless or until land value in its highest and best use exceeds the total value of the property in its near-complete use.

Contribution of that specific use to community environment or to community development goals is implied within these definitions, in addition to wealth maximization. Also implied is that determination of the highest and best use is formulation of an opinion, not a fact, resulting from the appraiser's judgment and analysis. In appraisal practice, the concept of highest and best use is the premise on which value is based. In the context of most probable selling price (market value), another appropriate term to reflect highest and best use would be "most probable use." In the current context of investment value, an alternative term would be "most profitable use".

In order to reasonably determine the highest and best use of the under-development lots, the legally permissible uses, physically possible uses, financially feasible uses and the maximally productive use are considered.

LEGALLY PERMISSIBLE

Zoning/Restrictions: Zoning regulations, deed restrictions, adverse easements, historical districts, building codes, and environmental regulations often limit the potential uses of a property. Located in Tomball in Harris County, the Wood Leaf Reserve, Section 2 subdivision is zoned PDD by the city of Tomball, and the proposed use is a legal conforming use. The subdivision is assumed to include typical deed restrictions, none of which the appraisers assume to be detrimental to value.

PHYSICALLY POSSIBLE

Site size, shape, topography, location, and the availability of utilities are generally held as the most important factors in determining uses by which land may be developed. The development potential of the subject land is not considered to be adversely affected by easements, utility availability, adjacent land uses, floodplain, or other physical characteristics. The subject site has water and sanitary sewer available from the City of Tomball, reportedly in sufficient capacity for the proposed development. Further, the suburban Tomball market area, Harris County location and the Tomball ISD, lend this site well to a low-density lower-move-up-priced residential use.

Given the subject site location in the northwest market area, the subject development site and under-development lots are designed and engineered for the construction of lower-move-up priced production SFR's on 40' and 50' lots. The proposed lower-move-up-priced production residential usage, is considered to be the most physically possible for the subject near-completion Section 2 lots.

FINANCIALLY FEASIBLE

The appraisers have referenced the Zonda Houston Metrostudy, 3rd Quarter 2023. The subject of this appraisal is located within the F.M. 2920 Corridor Submarket and is located within the Northwest Market Area of the overall Houston region. The following

chart summarizes the vital statistics for FM 2920 Corridor Submarket, the Northwest Market Area, and the overall Houston region.

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For the 3rd Quarter 2023, the overall Northwest Market had 925 starts (a 15.91% increase since 3rd Quarter 2022) and 869 closings (a 7.45% decrease since 3rd Quarter 2022). The result is a new home inventory of 1,943 units, or a 7.2-month supply, which is superior to the 8.2-month supply for the overall Houston new home market. At the time of this Zonda Houston Metrostudy report, there was a total inventory of 4,639 vacant developed lots in the Northwest Market Area. This equates to a 17.1-month **shortage supply**, which is superior to the 18.7-month moderate shortage supply for the overall Houston region. Again, a 20-to-24-month supply of lots is considered to be a market in equilibrium.

MAXIMALLY PRODUCTIVE HIGHEST & BEST USE CONCLUSION

Based on our analyses of the legally permissible, physically possible and financially feasible uses for the 81 under-development subject lots, we conclude that their maximally productive uses, and therefore, their highest and best use, is as follows:

- **Highest & Best Use of Lots:** Construction of lower move-up priced residential SFRs, as demand and market conditions warrant from the \$390,000 to \$415,000 price point by Chesmar Homes and at least 1 other comparable builder.

SALES COMPARISON APPROACH – RETAIL LOT VALUATION

The Sales Comparison Approach is “The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.” (The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, 2022, p. 170).

The rationale for this approach, based on the principle of substitution, is that a probable purchaser would not be justified in paying more for an individual retail lot than the cost of acquiring a substitute property of similar utility and characteristics, as that of the typical subject lot.

Again, knowledgeable individuals active in the area, which include real estate brokers, principals, developers, and builders were consulted for information that would aid in the investigation. All of the data presented was confirmed for accuracy. On the following pages are details concerning the comparable takedown lot sales that have been used for the establishment of the subject's typical or base Builder Retail Lot Value conclusion.

BUILDER LOT SALE NUMBER ONE

Subdivision: Raburn Reserve, Section 2
 Key Map: 289-J
 Location: West line of Hufsmith-Kohrville Road and east line of South Persimmon Street, just south of F.M. 2920 and east of S.H. 249, city of Tomball, Harris County, Texas 77375.

<u>No. Lots</u>	<u>Avg FF</u>	<u>Base Lot Price</u>	<u>Esc. Lot Price</u>	<u>Per FF</u>	<u>Sale Date</u>
18	50'	\$67,500	\$73,238	\$1,465	12/16/2022

New Home Price Range: \$390,000 to \$415,000
 Developer/Seller: HT Raburn Reserve Development, LP (Hines Interests)
 Builder: Taylor Morrison Homes
 Financing: Cash to seller
 Utilities: All available
 School District: Tomball I.S.D.
 Zoning: PDD, by the City of Tomball
 Restrictions: Typical Deed Restrictions
 Floodplain: None
 Subdivision Amenities: Amenity center with pool, park and playground.
 Confirmation: Builder/County Clerk
 Recording Information: 2022590300

Comments: Taylor Morrison Homes is the exclusive builder, who has committed to 387 lots within Phases 1, 2 and 3. Other contracted terms included a 6% annual escalation from the initial takedown date of July 2021 and a \$1,000 marketing fee. The original lot price was amended in May 2022 from \$62,500 to \$67,500 per lot, due to inflation.

BUILDER LOT SALE NUMBER TWO

Subdivision: Raburn Reserve, Section 2
 Key Map: 289-J
 Location: West line of Hufsmith-Kohrville Road and east line of South Persimmon Street, just south of F.M. 2920 and east of S.H. 249, city of Tomball, Harris County, Texas 77375.

<u>No. Lots</u>	<u>Avg FF</u>	<u>Base Lot Price</u>	<u>Esc. Lot Price</u>	<u>Per FF</u>	<u>Sale Date</u>
18	50'	\$67,500	\$74,250	\$1,485	3/24/2023

New Home Price Range: \$390,000 to \$415,000
 Developer/Seller: HT Raburn Reserve Development, LP (Hines Interests)
 Builder: Taylor Morrison Homes
 Financing: Cash to seller
 Utilities: All available
 School District: Tomball I.S.D.
 Zoning: PDD, by the City of Tomball
 Restrictions: Typical Deed Restrictions
 Floodplain: None
 Subdivision Amenities: Amenity center with pool, park and playground.
 Confirmation: Builder/County Clerk
 Recording Information: 2023103691

Comments: Taylor Morrison Homes is the exclusive builder, who has committed to 387 lots within Phases 1, 2 and 3. Other contracted terms included a 6% annual escalation from the initial takedown date of July 2021 and a \$1,000 marketing fee. The original lot price was amended in May 2022 from \$62,500 to \$67,500 per lot, due to inflation.

BUILDER LOT SALE NUMBER THREE

Subdivision: Jubilee, Section 5

Key Map Reference: 324-K

Location: Southwest side of U.S. Highway 290 (Northwest Freeway) at Jubilee Haven Boulevard, just east of Hockley, about 4 miles west of the Grand Parkway (S.H. 99), in the Waller/Hockley/Cypress market area of Harris County, Texas, 77447.

Lot Sales Data:

<u>No.</u> <u>Lots</u>	<u>Avg</u> <u>FF</u>	<u>Base Lot</u> <u>Price</u>	<u>Esc Lot</u> <u>Charge</u>	<u>Per FF</u>	<u>Sale</u> <u>Date</u>
30	45'	\$67,500	N/A	\$1,500	Pending

Developer: 290 WR Holdings, LP (Johnson Development)

Builder: Newmark Homes

New Home Price Range: \$399,000 - \$503,000

Financing: Cash to seller

Utilities: All available

Amenities: Amenity center with resort style swimming pool, splash pad, pavilion, playground, common area lakes, and walking trails.

School District: Waller ISD

Zoning: None

Restrictions: Typical Deed Restrictions

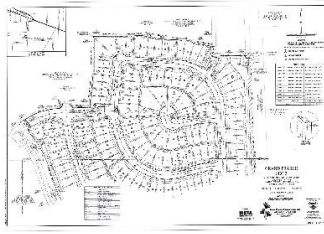
Floodplain: None.

Confirmation: Builder

Recording Information: Pending

Comments: This is the pending bulk lot purchase of the 30 lots the builder is committed to in Section 5. In addition to the base price there are fees of \$6,125 due to the

developer. Weekley Homes is the competing builder in Section 5, with assumed identical terms.

BUILDER LOT SALE NUMBER FOUR

Subdivision Name: Grand Prairie, Section 2

Key Map: 324-N

Location: West line of Warren Ranch Road, north of Mound Road and south of U.S. 290, in Hockley, Harris County, Texas 77477.

Lot Sales Data:

<u>No.</u> <u>Lots</u>	<u>Avg</u> <u>FF</u>	<u>Base Lot</u> <u>Price</u>	<u>Esc Lot</u> <u>Charge</u>	<u>Per FF</u>	<u>Sale</u> <u>Date</u>
16	45'	\$64,800	N/A	\$1,440	8/24/2023

Developer: Grand Prairie Development, LLC

Builder: Westin Homes

New Home Price Range: \$350,000 - \$500,000

Financing: Cash to seller

Utilities: All available

School District: Waller I.S.D.

Zoning: None

Restrictions: Typical Deed Restrictions

Floodplain: No

Subdivision Amenities: Swimming pool, lakes and playgrounds (Proposed).

Confirmation: Contract

Clerk's #: 20230323467

BUILDER LOT SALE NUMBER FIVE

Subdivision: Artavia, Section 16
 Key Map: 220 P
 Location: South line of SH 242 at Artavia Parkway, just east of F.M. 1314 (Conroe Porter Road), in the Conroe market area of Montgomery County, Texas 77302.

Lot Sales Data:

<u>No.</u> <u>Lots</u>	<u>Avg</u> <u>FF</u>	<u>Base Lot</u> <u>Price</u>	<u>Esc Lot</u> <u>Price</u>	<u>Per FF</u>	<u>Sale</u> <u>Date</u>
4	55'	\$90,750	\$94,305	\$1,715	3/30/2023

New Home Price Range: \$500,000 to \$590,000

Financing: Cash to seller

Utilities: All available

School District: Conroe I.S.D.

Zoning: None

Restrictions: Typical Deed Restrictions

Floodplain: No

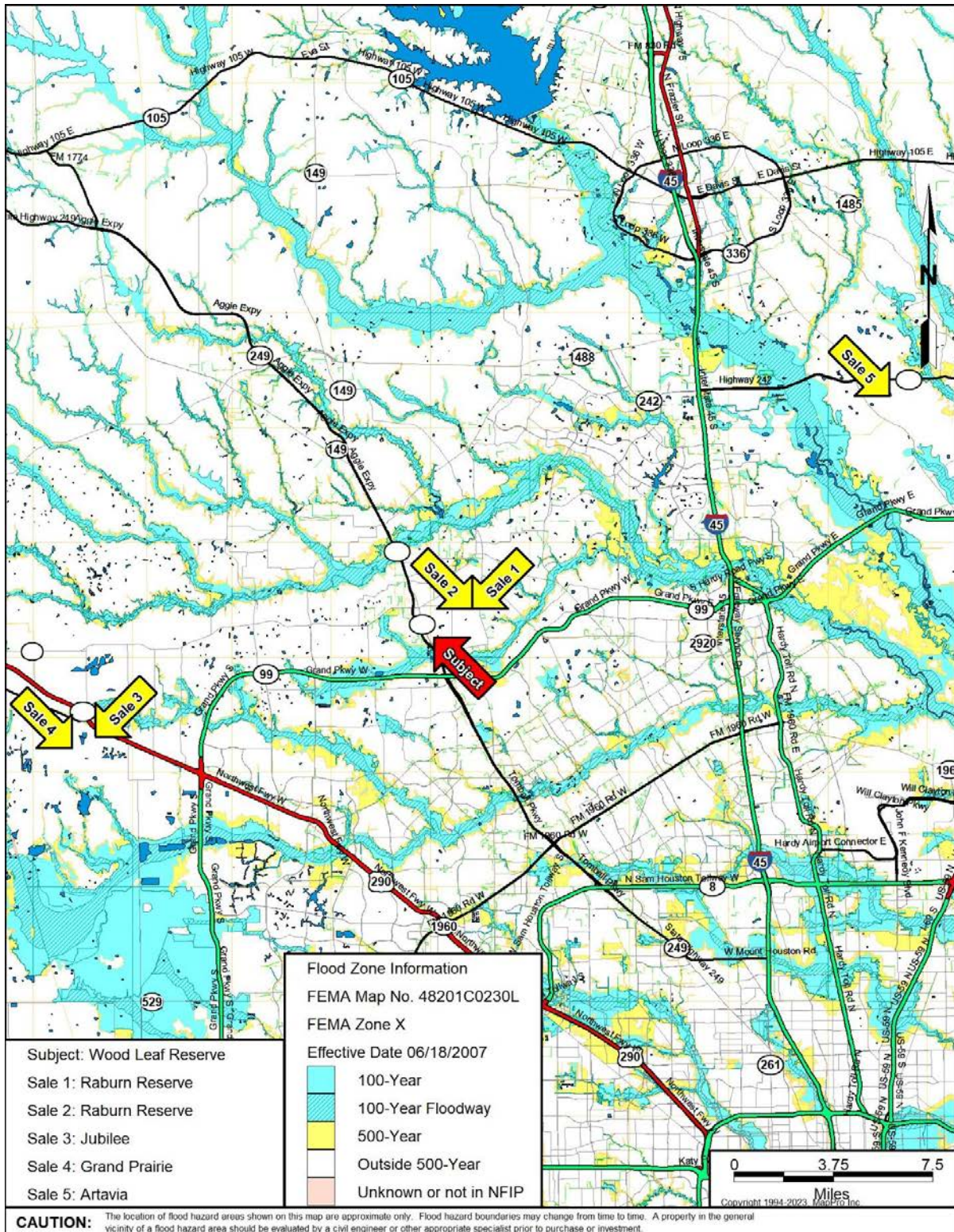
Subdivision Amenities: Lake, amenity center, fitness center, playground, splash pad, trails, park and the Palate café'.

Confirmation: HUD settlement statement (B&A File #C8552)

Recording Information: 2023 028235

Comments: This is the pending takedown of 4 lots the builder is committed to in Section 16. In addition to the base price there are fees of \$5,898 due to the developer. Escalation of 5% per annum, beginning June 17, 2022.

LOCATION MAP OF SALES COMPARABLES



BUILDER LOT SALES ANALYSES

The Builder Lot Sales illustrated on the preceding pages are considered to be representative of the best available data for comparison to the subject lots, and are summarized on the following chart:

Builder Lot Sales Summary							
Lot Sale	Sale Date	Subdivision	Sale Type	Description	Lot Size	Price PFF	Lot Price
1	12/16/2022	Raburn Reserve, Sec. 2	Takedown	18 Lots	50'	\$1,465	\$73,238
2	3/24/2023	Raburn Reserve, Sec. 2	Takedown	18 Lots	50'	\$1,485	\$74,250
3	Pending	Jubilee, Sec. 5	Bulk	30 Lots	45'	\$1,500	\$67,500
4	8/24/2023	Grand Prairie, Sec. 2	Takedown	16 Lots	45'	\$1,440	\$64,800
5	3/30/2023	Artavia, Sec. 16	Takedown	4 Lots	55'	\$1,715	\$94,305

The market data was first analyzed to determine the best unit of comparison, and the features inherent to a given property causing a property's sale price to vary relative to another property. Sales comparison was then used to estimate representative and reasonable measures for adjustment factors or differences between the comparable sales and subject residential lots. The best units of comparison for the lot sales are the total sales price per lot, the price per square foot, or the price per front foot. Of these various units of comparison, it was determined that the price per front foot was the most applicable, because in this market segment, the prices per front foot were considered most reflective of the various differences associated with such lot sales. The categories found to be prevalent for analysis were cumulative adjustments such as Financing (cash equivalent consideration), Conditions of Sale (motivation), and Time (sale date); and additive market related conditions adjustments such as Location, Lot Size, and Other Property Characteristics (physical). Adjustments are made on a cumulative basis for the first three categories listed, and then on an additive basis on the remaining categories.

CUMULATIVE ADJUSTMENTS

Market Conditions: Lot prices have been increasing in the subject market area at 5% to 15% per annum. As such, the appraisers assumed a **6.0% per annum** adjustment, which is reasonable for the subject locale.

Financing/Cash Equivalent Considerations: Prior to adjusting for various categories applicable in the adjustment grid, each sale was reviewed with respect to financing terms and supplemental acquisition costs. When favorable financing occurred, the sale was adjusted to reflect the cash equivalent price in terms of U.S. dollars that the seller actually received. Generally cash equivalency is arrived at by applying present value factors to the stream of income generated by the seller offering favorable financing. All monies are brought back to the present value if the seller were to sell for cash or cash equivalency. No considerations for financing were required in this analysis.

Conditions of Sale: This category, as well as the previous two categories, is related to motivation of the parties in the transaction to agree on the sales price at the date of sale. The conditions and reasons for a sale are factors, which can have a direct impact on the sales price. Buyers and sellers motivation for acquisition or disposition of a property can cause large differences in the actual sales price versus market value. Extraction of an appropriate adjustment for special sales conditions is generally difficult to ascertain. Pairing of sales is typically the best method in establishing an adjustment. However, when sales are scarce and/or significant differences in the properties are evident, additional considerations must be reviewed. Such considerations typically relate to additional information provided by the buyer and/or seller, which may be difficult to measure, but must be considered, analyzed, and reasonably adjusted. Due to holding costs, bulk lot takedowns which are significantly larger or smaller in lot totals will typically reflect discounted or higher lot sale prices, respectively. No adjustments were necessary for this category for Lot Sales 1, 2, 4, and 5. Lot Sale 3 was adjusted upward 5% for its larger quantity of lots compared to a typical takedown.

ADDITIVE ADJUSTMENTS

Location: Lot Sales 1 and 2 are considered to have a generally similar location and have not been adjusted for this element of comparison. Lot Sales 3 and 4 are considered to have an inferior area compared to the subject and accordingly, have been adjusted upward 5%, each. Lot Sale 5 is considered to have a superior location with a higher price point of home built, thus, it has been adjusted downward -5%.

Lot Size: Based upon the per front foot methodology utilized, only significant differences in lot frontages will typically warrant an adjustment. The subject and the lot sales have similar lot frontages of 45' to 55' and no adjustments were warranted.

Amenities: Lot Sales 1 and 2 are considered similar to the subject and have not been adjusted for this element of comparison. Lot Sales 3 thru 5 are considered to have superior amenities compared to the subject and have been adjusted -5% each for this element of comparison.

LOT SALES ADJUSTMENT GRID The following Lot Sales Adjustment Grid illustrates the adjustments that were extracted and applied in the analysis of the subject lots.

Retail Lot Sales Adjustment Grid						
Market Data	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Sale Price/FF	-	\$1,465	\$1,485	\$1,500	\$1,440	\$1,715
Sales Date	12/1/2023	12/16/2022	3/24/2023	Pending	8/24/2023	3/30/2023
Adjustment	-	5.9%	4.3%	0.0%	1.3%	4.0%
Adjusted Sale Price/FF		\$1,551	\$1,549	\$1,500	\$1,459	\$1,783
Financing	-	CTS	CTS	CTS	CTS	CTS
Adjustment	-	0%	0%	0%	0%	0%
Adjusted Sales Price/FF		\$1,551	\$1,549	\$1,500	\$1,459	\$1,783
Conditions of Sale	Typical Takedown	18 Lots	18 Lots	30 Lots	16 Lots	4 Lots
Adjustment	-	0%	0%	5%	0%	0%
Adjusted Sales Price/FF		\$1,551	\$1,549	\$1,575	\$1,459	\$1,783
Adjusted Sales Price/FF	-	\$1,551	\$1,549	\$1,575	\$1,459	\$1,783
Builder	-	Taylor Morrison Homes	Taylor Morrison Homes	Newmark Homes	Westin Homes	J. Patrick Homes
Location	Wood Leaf Reserve, Sec. 2	Raburn Reserve, Sec. 2	Raburn Reserve, Sec. 2	Jubilee, Sec. 5	Grand Prairie, Sec. 2	Artavia, Sec. 16
Adjustment	-	0%	0%	5%	5%	-5%
Lot Size	40' & 50'	50'	50'	45'	45'	55'
Adjustment	-	0%	0%	0%	0%	0%
Amenities	Typical	Similar	Similar	Superior	Superior	Superior
Adjustment	-	0%	0%	-5%	-5%	-5%
Net Adjustment	-	0%	0%	0%	0%	-10%
Adjusted Sale Price/FF	-	\$1,551	\$1,549	\$1,575	\$1,459	\$1,605
Indicated Mean:	\$1,548					
Indicated Median:	\$1,551					
Concluded Value/FF:	\$1,550					

Conclusion of Base Retail Lot Value

The lot sales used in this analysis are of typical base lot sales to which lot adjustments, due to premiums (if applicable) and applicable fees, will be applied to conclude an

adjusted value PFF. Accordingly, the appraisers derived the following statistical parameters and the Base Retail Lot Value PFF.

Statistical Benchmarks	
Lowest	\$1,459
Mean	\$1,548
Median	\$1,551
Highest	\$1,605
Concluded Value/FF:	\$1,550

The builder lot sales used in this analysis exhibit an adjusted price per front foot of \$1,459 to \$1,605 PFF, with a mean of \$1,548 PFF and a median of \$1,551 PFF. Based on the preceding analysis, with consideration given to all comparable lot sales, the statistical benchmarks noted above, and the highest and best use of the subject and comparable lot sales; a typical subject lot is concluded to have an individual Builder Base Retail Market Value of **\$1,550 PFF, or \$62,000, per 40' lot and \$77,500 per 50' lot as of December 1, 2023.**

LOT PREMIUMS

12 of the subject 50' lots have a lake view; based on comparable subdivisions in the market area, a premium of \$10,000 per lake lot is warranted.

For additional support of the lake lot premiums and size premiums, see below tables as reported by the CDS Lot Price Survey for communities in the greater Houston MSA:

LOT PREMIUMS				
Development	Low	--	High	Attribute
Towne Lake	\$65,000		\$350,000	Lake View
Willowcreek Ranch	\$160,000		\$195,000	Lake View
Lakes of Bella Terra	\$5,000		\$100,000	Greenbelt, Oversized and/or Lake Front
Sienna South	\$3,275		\$42,000	Cul-de-sac to Oversized/Lake View
Imperial	\$5,000		\$40,000	Oversized and/or Lake View
Fulbrook on Fulshear Creek	\$17,000		\$39,600	Oversized
Fulbrook on Fulshear Creek	\$26,300		\$33,600	Lake View
Towne Lake	\$7,500		\$30,000	Greenbelt and Greenbelt/Oversized
Fulbrook on Fulshear Creek	\$21,000		\$28,400	Creek View
Harvest Green	\$5,000		\$30,000	Lake View
Grand Mission Estates	\$10,000		\$25,000	Lake View
Fulbrook on Fulshear Creek	\$5,800		\$9,500	Open Space
Fulbrook on Fulshear Creek	\$7,700		\$7,700	Cul-de-sac

Source: Barletta In-House Data and CDS Lot Price Survey

"UPON COMPLETION" RETAIL MARKET VALUE

Thus, the Sum of the Retail Lot Values – "Upon Completion" can be summarized as follows:

Sum of the Retail Values - "Upon Completion"							
Wood Leaf Reserve, Section 2							
No. Lots	Average Lot FF	Concluded PFF	Base Lot Price	Base Lot Revenue	Lot Premium Revenue	Sum of the Retail Lot Revenues	
						\$ Total	\$ / Lot
35	40'	\$1,550	\$62,000	\$2,170,000	\$0	\$2,170,000	\$62,000
46	50'	\$1,550	\$77,500	\$3,565,000	\$120,000	\$3,685,000	\$80,109
81						\$5,855,000	\$72,284

INCOME APPROACH - DISCOUNTED BULK MARKET VALUE ANALYSIS

The Bulk Market Value for the subject lots, or sold collectively to a single purchaser, is determined by discounting the net sales proceeds of the aggregate gross builder retail lot revenue arrived at previously. The discounting is necessary to reflect the absorption period, required yield, and related expenses incurred during the sell-out term. The following is a discussion of each of these categories and the assumptions applicable thereto:

Absorption Analysis

To determine the rates at which the subject single-family lots will be absorbed into the market, we have analyzed the recent absorption of lots in the following competing subdivisions in the vicinity of the subject.

Zonda Houston Metrostudy 3Q 2023									
Subdivision / Product (\$1,000)		4Q 2022	1Q 2023	2Q 2023	3Q 2023	Past 4 Qtrs Total Absorb	Avg Absorb Per Qtr	No. of Builders	Avg Absorb Per Bldr/Qtr
Alexander Estates - Lennar and Meritage Homes 50' - 60' Lots \$335 - \$499	Starts	4	12	5	0	21	5.3	2	2.6
	Closings	32	26	5	8	71	17.8		8.9
	VDL	15	5	0	0				
Cherry Pines - Meritage Homes 50' Lots \$325 - \$383	Starts	6	12	17	0	35	8.8	1	8.8
	Closings	30	26	17	17	90	22.5		22.5
	VDL	32	20	3	3				
Lakes at Creekside - Toll and Tri Pointe 50' and 60' Lots \$439 - \$659	Starts	3	8	7	0	18	4.5	2	2.3
	Closings	27	20	11	9	67	16.8		8.4
	VDL	15	7	0	0				
Raburn Reserve - Taylor Morrison Homes 50' Lots \$359 - \$479+	Starts	14	8	18	11	51	12.8	1	12.8
	Closings	21	10	7	18	56	14.0		14.0
	VDL	182	174	156	145				
		Average Absorption Per Quarter Over Past 4 Quarters		Starts		Minimum:	4.5		2.3
						Average:	7.8		6.6
						Maximum:	12.8		12.8
				Closings		Minimum:	14.0		8.4
						Average:	17.8		13.4
						Maximum:	22.5		22.5

These absorption comparables indicate quarterly absorption of 2.3 to 12.8 lots, with an average of 6.6 starts per quarter per builder and 8.4 to 22.5 lots, with an average of 13.4 closings per quarter per builder. The comparable subdivisions include a variety of builders and offer lot sizes which are generally similar to those of the subject lots, and new home pricing ranging from \$325,000 up to \$659,000+. There has not been a full 4 quarters of closings in the development, with the first vertical closings beginning in the first quarter of 2022. According to Metrostudy, there have been 46 closings through 3

quarters or 15.33 units per quarter. Per Mr. Ron Brooks with Chesmar Homes, there are currently 15 pending sales, indicating strong inferred demand for the subject subdivision.

Based on the above Starts and Closings per builder, and the sales activity in the subject community we project the subject lots will absorb at an average rate **9 lots per quarter per builder (18 per quarter)**. By the time the lots in Section 2 are projected to be substantially complete (December 2023), lots in Section 1 will be near depleted, thus, there will be minimal competition from remaining lots in Section 1.

YIELD RATE / IRR ANALYSIS

We referenced the developer's survey conducted by RealtyRates.com for the 3rd Quarter 2023 (2nd quarter 2023 data).

RealtyRates.com DEVELOPER SURVEY - 3rd Quarter 2023*						
Texas - Subdivisions & PUDs						
	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
Site-Built Residential	14.93%	32.73%	22.11%	14.34%	31.42%	21.23%
-100 Units	14.93%	28.22%	21.14%	14.34%	27.09%	20.30%
100-500 Units	15.31%	31.04%	22.25%	14.69%	29.80%	21.36%
500+ Units	15.68%	32.45%	22.62%	15.05%	31.15%	21.72%
Mixed Use	16.05%	32.73%	22.44%	15.41%	31.42%	21.54%
Manufactured Housing	15.25%	35.84%	23.69%	14.64%	34.41%	22.75%
-100 Units	15.25%	31.17%	22.75%	14.64%	29.92%	21.84%
100-500 Units	15.63%	34.28%	23.96%	15.01%	32.91%	23.00%
500+ Units	16.02%	35.84%	24.37%	15.37%	34.41%	23.40%
Business Parks	15.21%	33.23%	22.49%	14.60%	31.90%	21.59%
-100 Acres	15.21%	28.89%	21.61%	14.60%	27.74%	20.75%
100-500 Acres	15.59%	31.78%	22.74%	14.97%	30.51%	21.83%
500+ Acres	15.97%	33.23%	23.12%	15.33%	31.90%	22.20%
Industrial Parks	15.30%	28.78%	20.53%	14.69%	27.63%	19.70%
-100 Acres	15.30%	25.02%	19.76%	14.69%	24.02%	18.97%
100-500 Acres	15.68%	27.53%	20.74%	15.06%	26.43%	19.91%
500+ Acres	16.07%	28.78%	21.08%	15.42%	27.63%	20.23%

*2nd Quarter 2023 Data

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Within the RealtyRates.com survey, developers and builders reported modeling pro-forma internal rates of return ranging from 14.34% to 27.09%, with an average of 20.30% for site-built residential less than 100 units. The developers and builders reported actual rates ranging from 14.93% to 28.22%, with an average of 21.14%. The above chart reflects surveyed rates for complete subdivision developments – from vacant land to lot development, to home construction, to home sellout. By contrast, the subject of this analysis represents existing lots. Therefore, entitlement and land development risk have occurred. Home construction, marketing, and home sales risk remain to be incurred. Based on the availability of alternative investment yields and considering the relative risk of the subject residential development investment; it is the appraiser's opinion that an overall **IRR of 17.0%**, inclusive of profit.

DISCOUNTED CASH FLOW ASSUMPTIONS

Sum of the Retail Values: The Sum of the Builder Retail Values for the cash flows are predicated on a beginning lot value, previously concluded as follows:

Sum of the Retail Values - "Upon Completion" Wood Leaf Reserve, Section 2							
No. Lots	Average Lot FF	Concluded PFF	Base Lot Price	Base Lot Revenue	Lot Premium Revenue	Sum of the Retail Lot Revenues	
						\$ Total	\$ / Lot
35	40'	\$1,550	\$62,000	\$2,170,000	\$0	\$2,170,000	\$62,000
46	50'	\$1,550	\$77,500	\$3,565,000	\$120,000	\$3,685,000	\$80,109
81						\$5,855,000	\$72,284

Absorption Period: The appraisers previously concluded that the projected lot absorption within the existing project will be 9 per quarter, per builder (total of 18 per quarter). Of note, we have not begun the discounted cash flows for the under-development subject lots in Time Period 0, as existing lots with Section 1 will not yet be depleted.

Sales Price Escalation: Per current market trends and market participants active in the subject's market area and great Houston MSA, the subject lot prices are projected to escalate at an annual rate equal to 6% per year, **or 1.5% per quarter**, beginning in the 1st period.

Beginning Lot Inventory: The Beginning Lot Inventory is the total number of lots in inventory on the first day of each quarterly period.

Lot Sales Per Period: The Lots Sales per Period is the total number of lots sold or absorbed during each quarterly period.

Ending Lot Inventory: The Ending Inventory is the total number of lots in inventory on the last day of each quarterly period.

Average Lots Held Per Period: The Average Lots Held per Period is the average of Beginning Lot Inventory and Ending Lot Inventory.

Starting Inventory (Dollars): The Starting Inventory is expressed in terms of dollars by multiplying the Average Lot Value by the Beginning Lot Inventory and is a carry-over of the Ending Inventory balance.

Average Inventory Held (Dollars): The Average Inventory Held in Dollars is the average of the Starting Inventory (dollars) and the Ending Inventory (dollars).

Ending Inventory (Dollars): The Ending Inventory is expressed in terms of dollars by subtracting the periodic Sales (dollars) from the Starting Lot Inventory (dollars).

Lot Sales Income: The Total Quarterly Sales are the revenue generated during the period, before sales expense deductions.

SALES EXPENSES

Marketing/Closing Costs: The marketing expense is typically carried by the lot developer; however, in submarkets in which the lot supply is at shortage levels and in quality developments, the marketing expense can and is occasionally passed through to the builders. In the case of the subject, the marketing expense is based on **1.0%** of lot sales, beginning in Period 1. Please note that the marketing expense is combined with commissions and closing costs expenses below.

Typical lot takedown contracts call for the developer to pay commissions and part or all of the closing costs. Thus, real estate commissions and closing costs are typical carrying expenses. The commissions/closing costs expense is based on **4.0% of the periodic sales**. This item is considered to be sufficient to cover broker commissions at 3.0%, plus 1.0% closing costs. Brokerage fees for this type of transaction typically range from 2% to 4%, due to the repetitive nature of lot takedown contracts. Closing costs also vary, but typically total 0.5% to 1.5% of the sales price of the lots. Again, the marketing expense of 1.0% is combined with the commissions and closing costs category. Thus, **total marketing/closing costs equate to 5.0% of periodic sales**, beginning in Period 1.

Taxes: We utilized a property tax rate of **\$2.2541** per \$100 in the cash flow. Estimated property taxes are based upon the average lot inventory (retail value) held per period, multiplied by **48%**, multiplied by the projected current tax rate noted above, and divided by 4 to reflect quarterly taxes, beginning in the 1st period.

Administrative Expense: This category reflects incidental expenses including bank charges, accounting and legal fees, office expenses, etc., which are typically incurred by the developer throughout the holding period. These expenses are often relatively minor; thus, we have projected this expense at **0.5% of periodic sales**, beginning in Period 1.

Homeowner's Association Fees: The HOA expense is calculated based on the average inventory held (Lots) by the developer multiplied by the quarterly HOA fee to reflect quarterly HOA fees. HOA fees within Wood Leaf Reserve are projected to be \$600. While the builder is responsible for subsidizing the development HOA for inventory lots, the builder is typically only responsible for about 50% of the standard homeowner HOA fee. For the purposes of this analysis, we assume that the builder will be responsible for an HOA fee of \$300 per lot per year on inventory lots, or **\$75.00 per lot held per quarter**.

DISCOUNTED CASH FLOW ANALYSES

The discounted cash flow analyses for the 81 under-development subject lots is presented on the following page.

Discounted Cash Flow Analysis						
Bulk Market Value "Upon Completion"						
Wood Leaf Reserve, Section 2 - 40' & 50' Lots						
TOTAL NO. OF LOTS:	81	December 1, 2023	Date of Value			
AVERAGE INDIVIDUAL LOT VALUE:	\$72,284					
GROSS RETAIL VALUE:	\$5,855,000					
ABSORPTION PERIOD:	5 QUARTERS					
ANNUAL YIELD/IRR:	17.0%					
EFFECTIVE TAX RATE/\$100:	\$2.2541	\$2.2541	\$2.2541	\$2.2541	\$2.2541	\$2.2541
AVG. HOA DUES per LOT (\$300.00/Yr.)	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00
QUARTERLY PERIOD:	0	1	2	3	4	5
STARTING LOT INVENTORY:	81.0	81.0	63.0	45.0	27.0	9.0
LOT SALES/PERIOD:	0.0	18.0	18.0	18.0	18.0	9.0
ENDING LOT INVENTORY:	81.0	63.0	45.0	27.0	9.0	0.0
AVG. LOTS HELD/PERIOD:	81.0	72.0	54.0	36.0	18.0	4.5
SALES APPRECIATION:	0.00%	1.50%	1.50%	1.50%	1.50%	1.50%
STARTING INVENTORY (Dollars):	\$5,855,000	\$5,942,825	\$4,691,530	\$3,401,359	\$2,071,428	\$700,833
AVG. LOT VALUE:	\$72,284	\$73,368	\$74,469	\$75,586	\$76,720	\$77,870
AVG. INVENTORY HELD:	\$5,855,000	\$5,282,511	\$4,021,312	\$2,721,088	\$1,380,952	\$350,417
ENDING INVENTORY:	\$5,855,000	\$4,622,197	\$3,351,093	\$2,040,816	\$690,476	\$0
QUARTERLY SALES:	\$0	\$1,320,628	\$1,340,437	\$1,360,544	\$1,380,952	\$700,833
LESS EXPENSES:						
a) MARKETING/CLOSING (5.0%)	\$0	\$66,031	\$67,022	\$68,027	\$69,048	\$35,042
b) TAXES/AVG. INV. HELD (@ 89%)	\$0	\$26,494	\$20,168	\$13,647	\$6,926	\$1,757
c) ADMINISTRATIVE @ 0.5%:	\$0	\$6,603	\$6,702	\$6,803	\$6,905	\$3,504
d) HOA DUES per QUARTER:	\$0	\$5,400	\$4,050	\$2,700	\$1,350	\$338
TOTAL EXPENSES:	\$0	\$104,528	\$97,942	\$91,177	\$84,228	\$40,641
NET SALES INCOME:	\$0	\$1,216,100	\$1,242,495	\$1,269,367	\$1,296,724	\$660,192
QUARTERLY YIELD/IRR:						
FACTOR @ 17.0%	1.000000	0.959233	0.920127	0.882616	0.846634	0.812119
DISCOUNTED SALES:	\$0	\$1,166,522	\$1,143,253	\$1,120,363	\$1,097,850	\$536,155
	\$5,064,144					
ROUNDED TO:	\$5,100,000	-12.9% Discount Margin				
VALUE PER LOT:	\$62,963					

RECONCILIATION AND FINAL MARKET VALUE CONCLUSION

The Sales Comparison Approach was used to conclude the “Upon Completion” retail revenues of the subject residential lots. An Income Approach retail sell-out technique was then employed to derive the indicated “Upon Completion” Bulk Market Value of the under-development 81 lots in Wood Leaf Reserve, Section 2. The cumulative builder retail revenue of the subject lots were discounted for their projected absorption period. A discounted cash flow analysis was used to present value the projected income streams of the subject “Upon Completion” subject lots over their projected absorption period. The Income Approach procedure is generally considered to be the most valid method of estimating the bulk value of multiple builder retail lots to one individual buyer, especially if the parcels/lots involve a holding period or sell-out term and carrying costs.

While considered, the Cost Approach was not developed. Further, at the request of the client, the “As Is” Market Value of the subject proposed lots in Section 2 was not valued herein. The absence of the Cost Approach does not affect the credibility of the Market Value conclusions in this appraisal.

To conclude, it is our opinion that the **“Upon Completion” Bulk Market Value** of the subject lots, subject to the conditions stated herein, as of the indicated effective date, is as follows:

Wood Leaf Reserve, Section 2				
Description	No. of Lots	Avg. Lot FF	Bulk Value	Effective Date
"Upon Completion" Bulk Market Value	81	40' & 50'	\$5,100,000	12/1/2023

MARKETING & EXPOSURE PERIODS

According to participants in the regional and local residential lot market and others who have experience handling and marketing of such properties in the subject area, marketing times for properties such as the subject have been reasonably in this active submarket. Based upon our market analysis, we have projected a prospective marketing period for the subject single-family lots “Upon Completion” to be within 3 to 6 months. The subject property should market well at the reasonable and competitive concluded Bulk Market Value. As a result, we further estimate a historic exposure

period of approximately 3 to 6 months for the subject, based upon the market data presented herein and the reported exposure times of the comparable sales.

The use of extraordinary assumptions or hypothetical conditions might have affected assignment results.

Extraordinary Assumptions:

- 1.) The 81 lots in Section 2 appraised herein are under-development, with a prospective completion date. In this Appraisal Report, we have projected market conditions at the prospective time of completion that would be anticipated by typical market participants. In a similar fashion, we have projected the retail valuation of the individual subject lots, absorption period and holding costs based on projected conditions that are anticipated by typical market participants. Further, unknown circumstances may change the anticipated date of completion to another date, which may have market conditions that are different from that which are expected on the anticipated dates of completion that are reflected in this report. Because actual future market conditions may deviate from that which are anticipated by typical market participants, this appraisal is subject to a review of market conditions and current sales data that will be available on the prospective date of completion.
- 2.) The valuation of the subject improvements "Upon Completion" require valuation of the various subject improvements as of the prospective date, when they are projected to be physically complete based upon the plans and specifications provided. Developing this opinion of value requires the use of an extraordinary assumption because the subject in the prospective value opinion is as it exists as of a future date when physically complete. Therefore, we have relied upon surveys, plats and specifications for the proposed improvements provided by the subject developing party. Should these representations be amended, or prove to be inaccurate, the value estimate is subject to revision.
- 3.) This appraisal is subject to a review of the final plat for the under-development lots.
- 4.) This appraisal is subject to all proposed improvements being completed in a timely and professional workmanlike manner and that the proposed improvements do not deviate significantly from those described herein.
- 5.) This appraisal assumes that Chesmar Homes and at least one other builder or comparable production builder, will build upon the under-development subject lots, detached single-family units with a projected price point of \$390,000 to \$415,000.
- 6.) If any of these assumptions and conditions prove to be false, it may have an effect on the Market Value contained herein.

Hypothetical Conditions: None

ADDENDA

LETTER OF ENGAGEMENT

C8559

BARLETTA & ASSOCIATES, INC.
 REAL ESTATE APPRAISERS & CONSULTANTS

October 18, 2023

Mr. R.R. "Tripp" Davenport, III
 Underwriter
 FMSbonds, Inc.
 5 Cowboys Way, Suite 300-25
 Frisco, Texas 75034

Direct: 877/899-2220
 Cell: 214/418-1588
 Email: tdavenport@fmsbonds.com

RE: Proposal/Authorization for Valuation and Consulting Services for Wood Leaf Reserve, Section 2 PID, aka Tomball Public Improvement District #11, Improvement Area #2, an 81-lot residential subdivision "Upon Completion," in the city of Tomball, Harris County, Texas (the "Subject Property").

Dear Mr. Davenport:

We look forward to preparing for you an Appraisal Report of the fee simple "Upon Completion" Market Value of the above-described Subject Property in conformance with and subject to the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice (USPAP) as developed by the Appraisal Standards Board of the Appraisal Foundation.

As a matter of disclosure and in accordance with the Ethics Rule of USPAP, I have not previously performed an appraisal or any other services regarding the Subject Property within a three-year period immediately preceding the acceptance of this assignment, either as an appraiser or in any other capacity.

The intended use of the appraisal is to provide an opinion of value for the underwriting of a proposed Public Improvement District Bond Transaction. The use of the appraisal by anyone other than you, Mr. Tripp Davenport, III c/o FMSbonds, Inc., is prohibited, except as provided herein. Additionally, we confirm our permission to use the final Appraisal Report in the offer and sale of public securities, secured by the special assessments levied on property within the PID and we confirm that we will execute, subject to our approval of the same, a certificate related to the use of the appraisal for such purpose, as provided by the client.

In determining these opinions of value, the appraiser will make certain assumptions which will be clearly detailed within the Appraisal Report. These will include, but are not limited to the assumption, that the City of Tomball will, or has approved the proposed

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Page 2

development, and that all development entitlements are in place for such development to proceed, and that all public infrastructure will be financed, in whole or in part, with special assessments levied on property within the **Tomball Public Improvement District #8, Improvement Area #8**, relating to the development.

The total fee for this Appraisal Report is \$6,500, and we require full receipt of these funds prior to the commencement of this appraisal assignment. The delivery date will be within three (3) weeks from your signed acceptance of this engagement letter agreement, receipt of the fee and receipt of requested documents from the developer. Any delay in receipt of requested documents, will potentially delay the delivery date. If you or any of your assigns (including FMSbonds, Inc. or the developer) cancel the assignment, prior to completion, you agree to pay us for all our expenses and our time to date, based on prorata of work completed, with the remainder to be returned to the payor of such fee.

Upon completion of the Appraisal Report, an electronic version of the report will be provided to tdavenport@fmsbonds.com, while up to two hard copies of the appraisal will be provided upon request.

In the event we receive a subpoena to testify in any litigation, arbitration, or administrative hearing of any nature whatsoever, or as a result of this engagement or the related report to which we are or are not a party, you agree to pay our then current hourly rates for such preparation and presentation of testimony. Regarding data collected by us or provided by you in this assignment, you agree that it will remain the property of Barletta & Associates, Inc. and that we may utilize and include such data (either in the aggregate or individually), in our database. Finally, you agree that all data already in the public domain may be utilized on an unrestricted basis.

If the above terms are acceptable, please execute, date below and fax or e-mail to phillip@barlettainc.com. If you should have any further questions, please do not hesitate to contact me.

AGREED TO AND ACKNOWLEDGED THIS 20 DAY OF October, 2023.

BARLETTA & ASSOCIATES, INC.



Phillip F. Barletta, MAI, SRA
President
State Certified, TX-1320197-G

ACCEPTED BY:

FMSbonds, Inc.



Mr. R.R. "Tripp" Davenport, III
Underwriter

Date 10/20/2023

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HOUSTON REGIONAL DATA

THE ECONOMY AT A GLANCE HOUSTON



A publication of the Greater Houston Partnership

Volume 31 Number 10 – October 2023

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A LOOK IN THE MIRROR

Each fall, the U.S. Census Bureau releases the American Community Survey (ACS), its annual snapshot of the nation's economic, demographic, housing, and social characteristics. By examining ACS data over time, one can see shifts in the population. This issue of *Glance* examines ACS data for '12 and '22 and discusses the changes in Houston over that time.

Race and Ethnicity

Houston's Black, Asian, and Hispanic populations have grown substantially over the past 10 years while the white population has stagnated. The region has also seen a surge in residents self-identifying as being of more than one race.

CHANGES IN METRO HOUSTON RACE/ETHNICITY

Race/Ethnicity	Population		Change '12 – '22	
	'22	'12	#	%
Hispanic	2,847,163	2,228,634	618,529	27.8
White	2,401,035	2,406,315	-5,280	-0.2
Black	1,224,158	1,037,595	186,563	18.0
Asian	594,582	418,237	176,345	42.2
Two or More Races	228,938	90,217	138,721	153.8
Some Other Race	32,071	10,443	21,628	207.1
AIAN	7,468	9,182	-1,714	-18.7
NHPI	4,703	3,538	1,165	32.9
Total	7,340,118	6,204,161	1,135,957	18.3

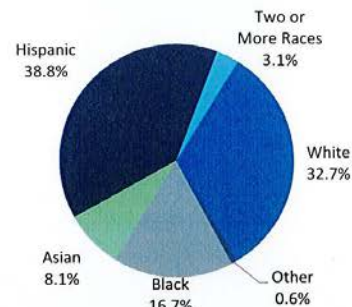
AIAN = American Indian Alaskan Native

NHPI = Native Hawaiian Pacific Islander

Source: U.S. Census Bureau, American Community Survey

Hispanics now comprise the largest racial/ethnic community in the region. However, no single group constitutes a majority of Houston's population. It's been that way since the late '90s.

METRO POPULATION, RACIAL/ETHNIC COMPOSITION

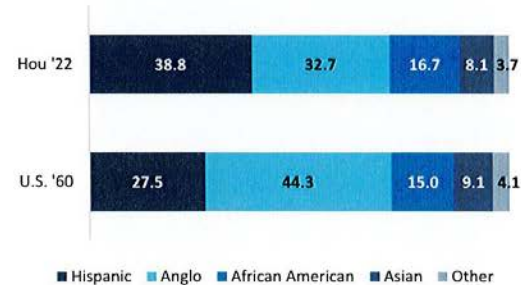


Note: Other includes American Indian, Alaskan Native, Native Hawaiian, Pacific Islander, and other races.

Source: U.S. Census Bureau, American Community Survey

The demographic shifts which began here 20 years ago have started to filter through to the rest of the nation. Houston today resembles what the U.S. will look like 40 years from now.

RACE/ETHNICITY, % OF POPULATION Houston Today v. U.S. in '60



Source: U.S. Census Bureau

Foreign-Born Population

Individuals born outside the U.S. represent a larger share of the region's population than they did a decade ago—22.3 percent in '12 versus 23.9 percent today. By comparison, the foreign-born population for the nation was 13.9 percent in '22, up marginally from 13.0 percent in '12.

Houston added 370,000 foreign-born residents over the decade. International migration accounted for about one-third of the region's overall population gains. Our foreign-born population now exceeds the total population of metros like Jacksonville, Fla.; Providence, R.I.; Milwaukee, Wis.; or Oklahoma City, Okla.

PLACE OF BIRTH, METRO HOUSTON RESIDENTS

Origin	'22		'12	
	Count	%	Count	%
Native Born	5,585,830	76.1	4,820,633	77.7
Foreign Born	1,754,288	23.9	1,383,528	22.3
Total	7,206,841	100.0	6,086,895	100.0

Source: U.S. Census Bureau, American Community Survey

Well over half (61.2 percent) of Houston's foreign-born residents came from Latin America, 25.9 percent came from Asia, 6.8 percent from Africa, 4.9 percent from Europe, 1.0 percent from North America, and 0.2 percent from Oceania.

TOP 20 COUNTRIES OF ORIGIN HOUSTON FOREIGN-BORN POPULATION

Country	Residents	Country	Residents
Mexico	579,046	Cuba	37,485
El Salvador	149,458	Philippines	37,291
India	107,001	Colombia	33,875
Honduras	104,607	Canada	21,145
Vietnam	83,554	U.K.	19,064
China	76,069	Korea	16,248
Guatemala	58,855	Taiwan	11,966
Venezuela	53,373	Iran	10,364
Nigeria	42,908	Turkey	10,003
Pakistan	39,689	Nicaragua	9,883

Source: U.S. Census Bureau, American Community Survey

Nearly two-thirds (62.6 percent) of Houston's foreign-born entered the U.S. prior to '10 while the remainder (37.4 percent) entered after '10.

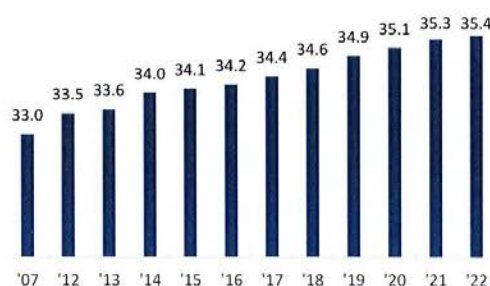
LANGUAGE SPOKEN AT HOME

Among residents five years or older, 40.1 percent speak a language other than English at home. Thirty percent of the Houston population speaks Spanish at home, 4.8 percent speak an Asian/Pacific Islander language, 3.7 percent speak an Indo-European language, and 1.5 percent speak another language.

AGE

Houston's population continues to mature. In '12, the region's median age was 33.5 years. In '22, the median was 35.4. The median for the U.S. was 39.0 last year.

METRO HOUSTON MEDIAN AGE



Source: U.S. Census Bureau, American Community Survey

Advances in medicine, better nutrition, and healthier lifestyles have increased human longevity nudging up the region's median age. In '82, someone who turned 65 might live to another 16.8 years. In '12, someone who turned 65 might live another 19.3 years. As a result, the 65-plus population is the fastest-growing age group in Houston, up 58.2 percent since '12. That age group now accounts for one in eight residents versus one in 11 a decade ago.

"Youth" are the slowest growing population group. Children, adolescents, and teenagers represented 28.3 percent of Houston's population in '22, down from 30.5 percent 10 years ago.

CHANGES IN METRO HOUSTON AGE PROFILE

Age Group	Residents		Change, '12 - '22	
	'22	'12	#	%
0-19	2,077,253	1,867,452	209,801	11.2
20-35	1,541,425	1,364,915	176,509	12.9
35-54	2,011,192	1,724,757	286,436	16.6
55-64	800,073	670,049	130,023	19.4
65+	902,835	570,783	332,052	58.2
Total	7,340,118	6,204,161	1,134,821	18.3

Note: columns may not sum accurately due to rounding.

Source: Partnership calculations based on American Community Survey data

EDUCATIONAL ATTAINMENT

Over 4.0 million residents, 85.2 percent of the adult population, have graduated high school. That's increased from 81.1 percent (3.2 million) in '12. Over 1.7 million have a college degree, climbing from 1.1 million ten years ago.

While improvements in instruction have contributed to the increase, the passing away of older, less-educated generations has been a factor as well. In '12, only 78.2 percent of the population over 65 had graduated high school, and only 27.0 percent held a college degree. By '22 that had jumped to 83.3 and 33.4 percent respectively.

METRO HOUSTON EDUCATIONAL ATTAINMENT

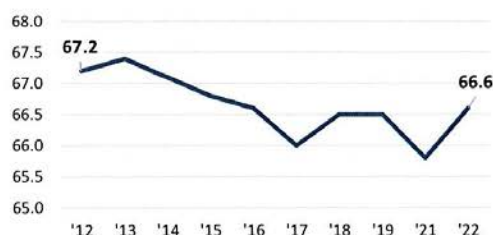
Population 25 years and older	4,760,503	3,909,515
Highest Level of Education Attained	% in '22	% in '12
Less than 9th grade	8.5	9.5
9th to 12th grade, no diploma	6.3	9.4
High school graduate	22.8	23.5
Some college, no degree	19.1	21.9
Associate degree	7.2	6.0
Bachelor's degree	22.6	19.3
Graduate or professional degree	13.4	10.3
High school graduate or higher	85.1	81.1
Bachelor's degree or higher	36.0	29.6

Source: U.S. Census Bureau, American Community Survey

LABOR FORCE PARTICIPATION

The labor force participation rate (LFPR) is the percentage of population over 16 that is employed or unemployed and actively seeking work. Houston's LFPR has trended down since the '00s. The nadir hit during the pandemic but has since ticked up. At 66.6 percent, Houston's rate was above that of the U.S. rate, which averaged 63.5 percent in '22.

LABOR FORCE PARTICIPATION RATE, METRO HOUSTON*



* Percent population over 16 employed or actively seeking work.
Source: U.S. Census Bureau, American Community Survey

The bump in our labor force participation reflects Houston's strengthening economy and healthy job market. As more of the working-age population is employed, consumer spending increases and adds an additional boost to economic growth.

EMPLOYMENT BY INDUSTRY

Education, health care, professional services, and retail dominate local employment, accounting for two out of every five jobs in the region. Energy and manufacturing account for roughly one in four.

EMPLOYMENT BY INDUSTRY, METRO HOUSTON

Industry	'22		'12	
	Jobs	% Tot	Jobs	% Tot
Mining ¹	86,378	2.4	100,539	3.5
Construction	359,833	10.0	258,829	9.0
Manufacturing	323,052	9.0	301,954	10.5
Wholesale trade	90,135	2.5	98,257	3.4
Retail trade	395,613	11.0	318,840	11.1
TWU ²	259,356	7.2	172,061	6.0
Information	39,463	1.1	41,157	1.4
FIRE ³	226,094	6.3	166,123	5.8
Business Services ⁴	493,906	13.8	361,364	12.5
Education, Health Care	733,584	20.4	575,589	20.0
Leisure and Hospitality ⁵	282,284	7.9	230,308	8.0
Other Services ⁶	182,898	5.1	166,617	5.8
Public Administration	114,676	3.2	91,091	3.2

(1) Agriculture, forestry, fishing and hunting, and mining; (2) Transportation and warehousing, and utilities; (3) Finance and insurance, and real estate and rental and leasing; (4) Professional, scientific, and management, administrative services; (5) Arts, entertainment, recreation, hotels, restaurants, bars; (6) Personal care, repair, civic organizations.

Source: U.S. Census Bureau, American Community Survey

Travel to Work

Houstonians are spending more time in traffic. The average travel time to work was 30.0 minutes in '22, up from 28.6 minutes in '12.

- Most workers (71.0 percent) drove to work alone in '22, down from 79.6 percent in '12.
- Only 10.6 percent of all commuters carpool, down from 11.1 percent 10 years ago.
- A fraction (1.4 percent) of all commuters used public transit in '22, down from 2.6 percent in '12.
- 1.1 percent walked to work, down from 1.4 percent 10 years ago.

Remote work arrangements have shown little signs of abating. Two years ago, one in six (15.5 percent) worked from home. Last year, one in eight (13.0 percent) employed Houstonians worked from home.

Nationwide, 15.2 percent of all job holders worked from home in '22, down from 17.9 percent in '21.

Households

Houston added 582,000 households since '12, helping to explain the strength of our housing market over the decade. In '22, roughly one-third (35.7 percent) of the 2.7 million households included someone under 18 and one-fourth (25.1 percent) someone over 65. One in four households were headed by a single/unmarried woman, one in six by a single/unmarried man.

HOUSEHOLD COMPOSITION, METRO HOUSTON – '22

Household Type	#	%
Married-couple household	1,311,398	48.9
With children under 18	587,829	21.9
Cohabiting couple household	206,360	7.7
With children under 18 years	92,870	3.5
Male householder, no spouse/partner	478,381	17.8
With children under 18 years	26,633	1.0
Female householder, no spouse/partner	686,506	25.6
With children under 18 years	152,566	5.7
Males living alone	332,666	12.4
Females living alone	350,930	13.1
Total	2,682,645	100.0

Source: U.S. Census Bureau, American Community Survey

Household Income

Median household income was \$74,863 in '22, up 33.8 percent in nominal terms from \$55,910 in '12. Adjusted for inflation, median household income is up only 4.4 percent over the decade.

Marital Status

Half the region's population over 15, nearly 2.9 million residents, is currently married. One-third has never married. The remaining group is either widowed, separated, or divorced. Those rates are little changed since '12.

MARITAL STATUS, POPULATION 15 AND OLDER, '22

	Count	%
Currently married	2,865,415	49.5
Never married	2,049,086	35.4
Divorced	518,082	9.0
Widowed	238,546	4.1
Separated	113,582	2.0
Total	5,784,711	100.0

Source: U.S. Census Bureau, American Community Survey

Fertility

The Census Bureau measures "fertility" as the number of births per 1,000 women aged 15 to 50. At the '09 fertility peak, there were 71 births per 1,000 women. In '22, there were 55 per 1,000. One-third (33.1 percent) of all births last year were to unmarried women.

FERTILITY RATES, METRO HOUSTON, '22

Mother's Age	Births Per 1,000 Women
15 to 50 years old	55
15 to 19 years old	9
20 to 34 years old	90
35 to 50 years old	37

Source: U.S. Census Bureau, American Community Survey

Poverty

In '12, nearly one in eight Houston families (13.0 percent) had household incomes below the poverty line. That improved marginally over the decade. Last year, 11.7 percent of all families lived in poverty.

- In families with children under 18, the rate slipped from 18.9 percent to 17.1 percent.
- In single-mother households with children under 18, the rate slipped from 31.4 percent in '12 to 29.3 percent in '22.
- For residents 65 and older, the rate rose from 10.5 percent to 12.5 percent.

Disability Status

One in 11 Houstonians responded to the ACS that they have some form of impairment (e.g., hearing, vision, ambulatory, cognitive, self-care or independent living). That's up from one in 10 a decade ago. Disabilities are more common across all age groups, not just Houston's older population.

DISABILITY STATUS, METRO HOUSTON POPULATION

	'22		'12	
	Count	% Pop	Count	% Pop
Population*	7,283,795	100.0	6,156,197	100.0
Without a disability	6,489,289	89.1	5,554,283	90.2
With a disability	794,506	10.9	601,914	9.8
Under 18 years	85,032	4.5	63,172	3.7
18 to 64 years	406,843	9.0	333,644	8.6
65 and older	302,631	34.0	205,098	36.5

* Non-institutionalized population

Source: U.S. Census Bureau, American Community Survey

Health Insurance Coverage

More Houstonians carry health insurance but the improvement has been marginal. Ten years ago, 76.6 percent of the metro population had coverage. In '22, 82.0 did. Nationwide, 92.0 percent of the population carried health insurance in '22.

Health Insurance Coverage in Metro Houston

	% Population	
	'22	'12
With health insurance	82.0	76.6
With private health insurance	61.4	57.0
With public coverage	28.0	26.0
No health insurance	18.0	23.4

Source: U.S. Census Bureau American Community Survey

Employment was no guarantee of benefits. One out of every five employed workers lacked coverage in '22.

Mobility

One million Houstonians—14.0 percent of residents one year and older—moved in the prior year. The majority changed apartments or houses within the Houston metro area, but a substantial number moved here from outside the region.

PLACE OF RESIDENCE, ONE YEAR AGO*

Location	Residents	%
Same house	6,261,383	86.3
Different house	993,826	13.7
Different house in the U.S.	912,155	12.6
Same county	543,904	7.5
Different county	368,251	5.1
Same state	224,199	3.1
Different state	144,052	2.0
Abroad	81,671	1.1
Total	7,255,209	100.0

* For population 1 year old and older.

Note: Question was asked in '22 about place of residence in '21.

Source: U.S. Census Bureau, American Community Survey

Key Economic Indicators



Aviation — The Houston Airport System (HAS) handled 58.9 million passengers in the 12 months ending August '23, up 12.7 percent from 52.2 million handled over the comparable period in '22. While a substantial improvement over last year, passenger traffic remains 400,000 passengers (0.7 percent) below August of '19.



Construction — Dodge Data & Analytics reports \$21.1 billion in contracts were awarded in the first eight months of '23, down 12.1 percent from the \$24.0 billion issued over the comparable period in '22. Nonresidential activity fell 14.6 percent, residential activity 19.4 percent, while infrastructure awards were up 11.4 percent.



Energy — The Baker Hughes count of active domestic rotary rigs slipped to 623 in the last full week of September, down from 765 the same week in '22. The spot price for West Texas Intermediate averaged \$89.74 in September, down from \$93.67 in September of last year. However, crude traded above \$90 the last week of the month and some analysts expect it to reach \$100 per barrel by the end of the year.



Home Sales — Houston area realtors sold 7,983 single-family homes in August, a 3.8 percent drop from August the year prior. August was the 17th consecutive month of declining sales as

Houston returns to the seasonal trending that prevailed before the pandemic.



Inflation — Inflation rose 0.6 percent in August on a seasonally adjusted basis, after increasing 0.2 percent in July. Over the last 12 months, inflation rose 3.7 percent.



Employment — Metro Houston added 87,600 jobs in the 12 months ending August '23. Every major sector but two have seen job gains. Houston's unemployment rate increased from 4.5 percent in June to 4.8 percent, Texas' rate from 4.2 percent to 4.5 percent, and the U.S. rate remained at 3.8 percent. Locally, initial claims for unemployment benefits and continued claims continue to trend down.

JOB GAINS/LOSSES, 12 MONTHS ENDING AUG '23

METRO HOUSTON			
Sector	Jobs	Sector	Jobs
Health Care	16,600	Arts, Recreation	2,100
Prof, Sci, Tech Svcs	12,700	Local Education	1,800
Wholesale Trade	10,000	Private Education	1,800
Transport/Warehousing	9,400	Hotels	1,400
Manufacturing	7,200	Fed Government	1,100
Retail Trade	7,000	Restaurants, Bars	400
Energy	3,500	Finance/Insurance	100
Admin Support	3,500	Information	-
Real Estate	3,300	Other Services	-1,800
State Government	2,500	Construction	-6,800

Source: Texas Workforce Commission data



Purchasing Managers Index — Economic activity in Houston expanded at a modestly faster pace in August than July. Manufacturing reported contraction at a very slow pace and nonmanufacturing expanded at a minimally faster rate than last month, according to the most recent Houston Purchasing Managers Index (PMI) prepared by the Institute for Supply Management-Houston.

The overall PMI rose 1.5 points to 53.6 in August, up from 52.1 in July. The Manufacturing PMI rose 2.3 points to 49.3. The Nonmanufacturing PMI rose 1.4 points to 54.6. Readings above 50 indicate expansion, below 50 indicate contraction.



Vehicle Sales — Houston-area dealers sold 246,456 cars, trucks, and SUVs through the first eight months of '23, a 17.3 percent increase over the 210,121 sold during the comparable period in '22. Sales have surpassed pre-COVID levels but remain short of the Fracking Boom peak.

HOUSTON MSA NONFARM PAYROLL EMPLOYMENT (000)							
	August 23	July 23	August 22	Change from		% Change from	
				July 23	August 22	July 23	August 22
Total Nonfarm Payroll Jobs	3,348.4	3,345.1	3,260.8	3.3	87.6	0.1	2.7
Total Private	2,927.1	2,923.4	2,846.1	3.7	81.0	0.1	2.8
Goods Producing	522.9	525.8	519.0	-2.9	3.9	-0.6	0.8
Service Providing	2,825.5	2,819.3	2,741.8	6.2	83.7	0.2	3.1
Private Service Providing	2,404.2	2,397.6	2,327.1	6.6	77.1	0.3	3.3
Mining and Logging	69.9	70.1	66.4	-0.2	3.5	-0.3	5.3
Oil & Gas Extraction	29.7	29.7	29.1	0.0	0.6	0.0	2.1
Support Activities for Mining	38.5	38.6	35.8	-0.1	2.7	-0.3	7.5
Construction	219.4	221.7	226.2	-2.3	-6.8	-1.0	-3.0
Manufacturing	233.6	234.0	226.4	-0.4	7.2	-0.2	3.2
Durable Goods Manufacturing	144.7	144.1	139.1	0.6	5.6	0.4	4.0
Nondurable Goods Manufacturing	88.9	89.9	87.3	-1.0	1.6	-1.1	1.8
Wholesale Trade	181.0	179.9	171.0	1.1	10.0	0.6	5.8
Retail Trade	320.5	321.7	313.5	-1.2	7.0	-0.4	2.2
Transportation, Warehousing and Utilities	194.4	194.0	185.0	0.4	9.4	0.2	5.1
Utilities	20.4	20.4	19.8	0.0	0.6	0.0	3.0
Air Transportation	20.5	20.6	20.1	-0.1	0.4	-0.5	2.0
Truck Transportation	31.2	31.2	30.7	0.0	0.5	0.0	1.6
Pipeline Transportation	13.0	13.0	12.5	0.0	0.5	0.0	4.0
Information	33.1	33.3	33.1	-0.2	0.0	-0.6	0.0
Telecommunications	11.8	11.8	11.8	0.0	0.0	0.0	0.0
Finance & Insurance	114.8	116.3	114.7	-1.5	0.1	-1.3	0.1
Real Estate & Rental and Leasing	69.6	70.9	66.3	-1.3	3.3	-1.8	5.0
Professional & Business Services	565.7	562.2	547.4	3.5	18.3	0.6	3.3
Professional, Scientific & Technical Services	276.5	276.2	263.8	0.3	12.7	0.1	4.8
Legal Services	33.1	33.2	31.0	-0.1	2.1	-0.3	6.8
Accounting, Tax Preparation, Bookkeeping	28.7	28.9	27.3	-0.2	1.4	-0.7	5.1
Architectural, Engineering & Related Services	77.3	76.9	69.9	0.4	7.4	0.5	10.6
Computer Systems Design & Related Services	43.9	44.0	42.5	-0.1	1.4	-0.2	3.3
Admin & Support/Waste Mgt & Remediation	241.5	238.6	238.0	2.9	3.5	1.2	1.5
Administrative & Support Services	227.5	224.5	225.2	3.0	2.3	1.3	1.0
Employment Services	85.8	85.1	88.4	0.7	-2.6	0.8	-2.9
Private Educational Services	70.7	70.0	68.9	0.7	1.8	1.0	2.6
Health Care & Social Assistance	376.3	379.7	359.7	-3.4	16.6	-0.9	4.6
Arts, Entertainment & Recreation	41.4	42.2	39.3	-0.8	2.1	-1.9	5.3
Accommodation & Food Services	309.7	310.0	307.9	-0.3	1.8	-0.1	0.6
Other Services	121.3	117.4	120.3	3.9	1.0	3.3	0.8
Government	421.3	421.7	414.7	-0.4	6.6	-0.1	1.6
Federal Government	33.4	33.4	32.2	0.0	1.2	0.0	3.7
State Government	94.8	94.5	92.5	0.3	2.3	0.3	2.5
State Government Educational Services	53.1	52.9	51.8	0.2	1.3	0.4	2.5
Local Government	293.1	293.8	290.0	-0.7	3.1	-0.2	1.1
Local Government Educational Services	196.8	197.5	195.0	-0.7	1.8	-0.4	0.9

SOURCE: Texas Workforce Commission

QUALIFICATIONS OF THE APPRAISERS

QUALIFICATIONS OF PHILLIP F. BARLETTA, MAI, SRA

PROFESSIONAL AFFILIATIONS

Member Appraisal Institute, MAI Number: 7644

Texas State Certified General Real Estate Appraiser

Certificate Number: TX-1320197-G

Date of Expiration: 03/31/2025

Texas Real Estate Broker, License Number: 0235500

Mr. Barletta is a designated Realtor Member of the Houston Association of Realtors and the Texas Association of Realtors. He has served as a member on the Appraisal Institute's Houston Chapter Number 33 Admissions Committee and Candidate's Guidance Committee. He has also been elected to the Houston Chapter Number 33 Board of Directors for Years 2000, 2001 and 2002, and served on the Officer's Nominating Committee for 2003, 2004, 2011, 2014, 2017 and 2019. In 2020, he was again elected to the Houston Chapter Board of Directors in 2020 for 2021.

EDUCATIONAL BACKGROUND

Mr. Barletta graduated from Sam Houston State University in Huntsville, Texas on May 21, 1977. He received a Bachelor of Business Administration degree with primary emphasis on finance, management, and real estate related courses. In addition he has successfully passed the following Appraisal Institute Courses and attended the following Seminars:

- 1) Course 1-A: Basic Appraisal Principles, Methods and Techniques (1979)
- 2) Course 8: Single-Family Residential Appraisal (1979)
- 3) Course 1B-A: Capitalization Theory and Techniques, Part A (1984)
- 4) Course 1B-B: Capitalization Theory and Techniques, Part B (1985)
- 5) Course 2-1: Case Studies and Real Estate Valuation (1985)
- 6) Course 2-2: Valuation Analysis and Report Writing (1985)
- 7) Course 2-3: Standards of Professional Practice (1985)
- 8) Seminar: Subdivision Analysis, by A.I.R.E.A., Houston, TX (1986)
- 9) Seminar: R41-b and the Appraiser, by S.R.E.A., Dallas, TX (1987)
- 10) Course 1B-B: Audited Capitalization, Part B (1987)
- 11) Seminar: FNMA Underwriting Guidelines, by S.R.E.A., Houston, TX (1987)
- 12) Seminar: FNMA Appraisal Guidelines & Condo/PUD Acceptance (2 days), by S.R.E.A., Houston, TX (1988)
- 13) Seminar: FNMA Appraisal Guidelines, by S.R.E.A., Houston, TX (1989)
- 14) Seminar: Standards of Professional Practice Update by A.I.R.E.A., Houston, TX (1989)
- 15) Seminar: Comprehensive Appraisal Workshop by Ted Whitmer, MAI, Houston, TX (Jan. 15-18, 1990)
- 16) Seminar: Affordable Housing Disposition Program by RTC, Houston, TX (Sept. 21, 1990)
- 17) Seminar: Appraising Troubled Income Properties by A.I.R.E.A., Houston, TX (Oct. 25, 1990)
- 18) Seminar: Discounted Cash Flow Analysis by A.I.R.E.A., Houston, TX (Nov. 16, 1990)
- 19) Seminar: FNMA Underwriting Guidelines by Appraisal Institute, Houston, TX (July 19, 1991)
- 20) Seminar: Valuation of Leased Fees by Appraisal Institute, Houston, TX (July 20, 1991)
- 21) Course: Standards of Professional Practice - Parts A & B by Appraisal Institute, Houston, TX (March 26-29, 1992)
- 22) Seminar: Americans with Disabilities Act (ADA) Seminar by Appraisal Institute, Houston, TX (Nov. 4, 1992)
- 23) Seminar: ARGUS Version 3.0 Training Seminar by ARGUS Financial Software, Houston, TX (Nov. 12, 1993)
- 24) Seminar: The New URAR Report, by Appraisal Institute, Houston, TX (Feb. 17, 1994)
- 25) Seminar: Fair Lending and the Appraiser, by Appraisal Institute, Houston, TX (April 8, 1994)
- 26) Seminar: Understanding Limited Appraisals & Reporting Options - General, Houston, TX (July 7, 1994)
- 27) Seminar: How to Appraise FHA Insured Property, by H.U.D., Houston, TX (Dec. 1, 1994)
- 28) Seminar: Real Estate Evaluations & The Appraisal Industry, by Appraisal Institute, Houston, TX (April 20, 1995)
- 29) Seminar: Appraisal Practices for Litigation, by Appraisal Institute, Houston, TX (May 19-20, 1995)
- 30) Seminar: The High-Tech Appraisal Office, by Appraisal Institute, Kansas City, MO (6/14/96)
- 31) Seminar: The Internet and Appraising, by Appraisal Institute, Kansas City, MO (6/15/96)
- 32) Seminar: Litigation Skills for the Appraiser: An Overview, by Appraisal Institute, Houston, TX (10/25/96)
- 33) Seminar: Understanding Limited Appraisals & Appraisal Reporting Options, by Appraisal Institute, Houston, TX (June 12, 1997)
- 34) Seminar: Affordable Housing Valuation, by Appraisal Institute, Houston, TX (June 13, 1997)
- 35) Course 430: Standards of Professional Practice, Part C, by Appraisal Institute, Houston, TX (Dec. 4-5, 1997)
- 36) Seminar: R4580 Fannie Mae Seminar, by Appraisal Institute, Houston, TX (July 17, 1998)

- 37) Seminar: The Appraisal of Local Retail Properties, by Appraisal Institute, Houston, TX (September 28, 1998)
- 38) Seminar: Attacking & Defending an Appraisal in Litigation, by Ted Whitmer, MAI, CCIM, Houston, Texas (April 15-16, 1999)
- 39) Seminar: Fannie Mae – Mortgage Lending, by Appraisal Institute, Houston, TX (November 10, 1999)
- 40) Seminar: 10th Annual Outlook for Texas Rural Land Markets, by Texas A&M University, College Station, TX (March 24, 2000)
- 41) Seminar: Subdivision Analysis, by Appraisal Institute, Houston, TX (June 20, 2000)
- 42) Seminar: HUD Multifamily Accelerated Processing (MAP), by HUD, Fort Worth, TX (September 27, 2000)
- 43) Seminar: U.S.P.A.P. 2001 Update, by Appraisal Institute, Houston, TX (February 17, 2001)
- 44) Seminar: 11th Annual Outlook for Texas Rural Land Markets, by Texas A&M University, College Station, TX (May 4, 2001)
- 45) Seminar: 2002 Commercial Real Estate Forecast, by CCIM, Houston, TX (February 14, 2002)
- 46) Seminar: Texas USPAP Update, by Appraisal Institute, Houston, TX (March 23, 2002)
- 47) Seminar: 12th Annual Outlook for Texas Rural Land Markets, by Texas A&M University, College Station, TX (May 3, 2002)
- 48) Course 430: Standards of Professional Practice, Part C, by Appraisal Institute, Houston, TX (December 12-13, 2002)
- 49) Seminar: 13th Annual Outlook for Texas Land Markets, by Texas A&M University, College Station, TX (April 10, 2003)
- 50) Course 400: U.S.P.A.P. 2004 Update, by Appraisal Institute, Houston, TX (January 24, 2004)
- 51) Course 400: U.S.P.A.P. 2005 Update, by Appraisal Institute, Houston, TX (April 14, 2005)
- 52) Seminar: 15th Annual Outlook for Texas Land Markets, by Texas A&M University, College Station, TX (April 28, 2005)
- 53) Seminar: Professional Guide to the URAR, by Appraisal Institute, Houston, TX (June 23, 2005)
- 54) Seminar: 16th Annual Outlook for Texas Land Markets, by Texas A&M University, College Station, TX (April 27, 2006)
- 55) Seminar: Subdivision Valuation, by Appraisal Institute, Houston, TX (November 9, 2006)
- 56) Seminar: Scope of Work, by Appraisal Institute, Houston, TX (January 18, 2007)
- 57) Course 400: U.S.P.A.P. 2008-09 Update, by Appraisal Institute, Houston, TX (Jan. 19, 2008)
- 58) Seminar: Analyzing Distressed Real Estate, by Appraisal Institute, Houston, TX (Dec. 11, 2008)
- 59) Seminar: Mortgage Fraud, by Champions School of R.E., Houston, TX (Jan. 16, 2009)
- 60) Seminar: 19th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 6-7, 2009)
- 61) Seminar: U.S.P.A.P. 2010 – 2011 Update, by Appraisal Institute, Houston, TX (Feb. 24, 2010)
- 62) Seminar: 20th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (May 6-7, 2010)
- 63) Seminar: Business Practices & Ethics, by Appraisal Institute, Houston, TX (Dec. 9, 2010)
- 64) Seminar: Staying out of Trouble in Appraisal Practice & A Lender's Perspective, by Appraisal Institute, Houston, TX (Feb. 26, 2011)
- 65) Seminar: Appraising Distressed Commercial Real Estate, by Appraisal Institute, Houston, TX (April 15, 2011)
- 66) Seminar: Appraisal Curriculum Overview (2-Day General), by Appraisal Institute, Austin, TX (May 10-11, 2011)
- 67) Course: Fundamentals of Separating Real & Personal Property from Intangible Business Assets, by Appraisal Institute, Chicago, IL (Dec. 15-16, 2011)
- 68) Seminar: U.S.P.A.P. 2012-2013 Update, by Appraisal Institute, Houston, TX (Feb 22, 2012)
- 69) Seminar: Complex Litigation Appraisal Case Studies, by Appraisal Institute, Houston, TX (Jan. 14, 2013)
- 70) Seminar: 23rd Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 25-26, 2013)
- 71) Seminar: Business Practices & Ethics, by Appraisal Institute, Houston, TX (July 31, 2013)
- 72) Seminar: U.S.P.A.P. 2014-2015 Update, by Appraisal Institute, Houston, TX (December 6, 2013)
- 73) Seminar: 24th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 17-18, 2014)
- 74) Course: Texas Appraiser Trainee/Sponsor Course, Houston, TX (April 16, 2015)
- 75) Seminar: 25th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 23-24, 2015)
- 76) Seminar: U.S.P.A.P. 2016 – 2017 Update, by Appraisal Institute, Houston, TX (December 11, 2015)
- 77) Seminar: 26th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 28 – 29, 2016)
- 78) Seminar: Eminent Domain, by CLE International, Austin, TX (Feb 9-10, 2017)
- 79) Seminar: 27th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 20-21, 2017)
- 80) Symposium: 2017 Real Estate Symposium/TALCB Course #32884, by Appraisal Institute, Houston, TX (August 18, 2017)
- 81) Seminar: Business Practices & Ethics, by Appraisal Institute, Houston, TX (Oct. 13, 2017)
- 82) Course: U.S.P.A.P. 2018-2019, 7-Hour Update, by Appraisal Institute, Houston, TX (Dec. 7, 2017)
- 83) Seminar: 28th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 26-27, 2018)
- 84) Symposium: 2018 Real Estate Symposium, by Appraisal Institute, Houston, TX (September 28, 2018)

- 85) Seminar: 29th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 25-26, 2019)
- 86) Symposium: 2019 Real Estate Symposium, TALCB Course #37477, By Appraisal Institute, Houston, TX (Sept. 26, 2019)
- 87) Seminar: U.S.P.A.P. 2020-2021, 7-Hour Update, by Appraisal Institute, Houston, TX (Dec. 13, 2019)
- 88) Course: Eminent Domain & Condemnation by Appraisal Institute Online, (Sept. 10, 2020)
- 89) Seminar: Business Practice and Ethics, by Appraisal Institute, Live Online-Synchronous (July 27, 2021)
- 90) Course: U.S.P.A.P. 2022-2023, 7-Hour Update by Appraisal Institute, Austin, TX (Dec. 17, 2021)
- 91) Seminar: 31st Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 28-29, 2022)
- 92) Symposium: 2022 Real Estate Symposium, by Appraisal Institute, Houston, TX (Oct. 25, 2022)
- 93) Course: Supervisory Appraiser Course, by Appraisal Institute, Synchronous, Houston, TX (Dec. 2, 2022)
- 94) Seminar: 32nd Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio (April 13-14, 2023)
- 95) Symposium: 2023 Houston Real Estate Symposium – Riding the Waves of Market Volatility, Houston, TX (Sept. 19, 2023)

APPRAISAL BACKGROUND

Mr. Barletta began appraising in January, 1977. He has had extensive experience in appraising all types of commercial and residential properties (listed below) in the Houston, Dallas/Ft. Worth, Austin and San Antonio regions, plus numerous other cities throughout Texas. In August, 1987, Mr. Barletta became a partner in an appraisal company in which he held the title President. In 1991, he formed a new company, BARLETTA & ASSOCIATES, INC., where he also holds the title of President, with offices at 1313 Campbell Road, Suite C, Houston, Texas 77055-6429.

Some of the various types of appraisals performed by Mr. Barletta would include: high-end single-family residences, two-to-four unit residential income properties, raw land, mixed-use developed commercial sites, master-planned residential subdivisions, condominium/PUD projects, conventional and HUD apartment projects, office buildings, shopping centers, office/warehouses, special-purpose properties, motels/hotels, golf courses, marinas, restaurants, various commercial/retail facilities, all types of industrial properties and eminent domain/condemnation properties. Mr. Barletta has also been qualified as an expert witness in various court matters for real property valuation by numerous attorneys, and he has arbitrated and reviewed a number of legal issues.

Texas Address:	1313 Campbell Road, Suite C Houston, Texas 77055-6429
Phone Number:	(713) 464-7700
Fax Number:	(713) 464-3696
E-Mail:	phillip@barlettainc.com



DAVID BAEHR, MAI, SRA, AI-GRS

(713) 884-7813
david.baehr@barlettainc.com

REAL ESTATE APPRAISER

– 16 years in real estate appraisals, asset management, acquisitions, and portfolio management –

Accomplished real estate appraiser, a high performer excelling in performing and reviewing appraisals for compliance with USPAP, FIRREA and the OCC. Has experience with various proposed/existing property types, including: A & D (subdivision development), 5+ lots/units, single-family, multi-family, office and other property types throughout the U.S. This includes REO/distressed properties. Consults with account officers, fee appraisers and brokers giving guidance regarding any issues that may arise. Research markets and perform due diligence to complete risk analyses and determine credibility of appraisal under review. *General Certified Real Estate Appraiser and a Designated Member of the Appraisal Institute.*

PROVEN COMPETENCIES

- Appraisal review
- Data/Market Analysis
- Client inquiries/Investigations
- Due Dilligence
- Market trend analysis
- Forward looking projections
- Market forecasting
- Risk management

PROFESSIONAL EXPERIENCE

Barletta & Associates, Houston, TX

5/2021-Present

COMMERCIAL REAL ESTATE APPRAISER – Appraising a variety of commercial properties specializing in residential subdivision valuation.

U.S. Bancorp, Houston, TX

7/2013-4/2021

The fifth largest financial institution in the United States, with \$429 billion in assets.

VICE PRESIDENT / SENIOR REVIEW APPRAISER

Review appraisals of proposed and existing collateral, ensuring that the appraisal reports are in compliance with USPAP, FIRREA, the OCC and U.S. Banks policy and procedures. Depending on the complexity of the property type, discounted cash flow analysis, expense/revenue projections may be utilized to ensure the reports are in line with market trends. Analyze and review residential appraisal reports, A & D subdivision development appraisals, 5+ lot/units appraisals, commercial land, medical offices, industrial, multifamily and other property types throughout the U.S each month for the purpose of collateral monitoring and loan underwriting. Communicate issues, concerns and results with loan officers.

- Manage the ordering and review of appraisals of portfolios with borrowing bases and revolvers and other credit facilities of borrowers with loan amounts totaling over \$500MM.
- Properly order appraisals with appropriate scope of work and value scenarios from qualified and competent appraisers (based on the property type and vendor's experience) on the approved vendor panel.
- Monitor appraisal process from engagement to review completion and facilitate report delivery and response to issues as appropriate.
- In reviewing the appraisal reports, discuss any USPAP, FIRREA or OCC deficiencies with the vendors in order to ensure compliance with federal regulations and RETECHS Internal Procedures.

- Page 1 of 3 -

David Baehr

dmbaehr@sbcglobal.net

- Effectively communicate valuation/appraisal issues with the business lines and answer any questions from the loan production staff and risk management group as well as respond to reconsideration requests from business lines in a timely manner.

APPRAISAL MC, Houston, TX

4/2013-7/2013

A rapidly growing appraisal management company that provides the nation's premier lenders with the capability to maintain compliance standards throughout the appraisal ordering process. We pride ourselves on customer service as well as extensive industry knowledge and experience.

VP APPRAISAL REVIEW

- Assess risks associated with the real estate appraisal and evaluation for residential lending channels.
- Protect the financial interests of company by adhering to appraisal standards for accuracy and quality and proactively identify appraisal risk in real estate markets.
- Maintain knowledge of the real estate industry and follow all state and federal laws and regulation pertaining to the Real Estate Industry.

PNC BANK, N.A., Houston, TX

3/2012-4/2013

(PNC BANK, N.A., purchased RBC BANK USA in March 2012)

A \$13 billion financial services organization with 57,000 employees.

REVIEW APPRAISER

3/2012-4/2013

Analyze and review residential and commercial appraisals throughout the U.S each month for the purpose of collateral monitoring, loan underwriting and foreclosure proceedings. Communicate issues, concerns and results with relationship managers.

- Join with fee appraisers and attain compliance with USPAP and federal regulations.
- Engage third party appraisers to perform appraisals for the bank.

ROYAL BANK OF CANADA (RBC Builder Finance division), Houston, TX

6/2005-3/2012

A full-scale banking institution with 74,000 global employees and \$27 billion in annual revenue.

STAFF APPRAISER

9/2005-3/2012

Produced property and land appraisals, completing due diligence for up to 620 appraisals per month. Evaluated collateral, creating forecasts for short and long-term revenue and expense projections. Executed valuations for vacant lots and single-family residences (1-4 family and 5+ lots and units), aggregating retail proceeds and discounted cash flow analysis. Partnered with national account officers and asset management departments to analyze contracts, budgets, absorption rates, and economic housing data. Coordinated and completed form appraisals and evaluation reports, assessing distressed collateral.

- Became proficient in the sales comparison, cost, and income approaches to market value and liquidation/disposition value on various property types as a certified appraiser.
- Engaged in sophisticated cash flow modeling for complex collateral, creating bulk valuations.
- Conducted in depth market research on new homebuilders and developers.

INSPECTOR ANALYST

6/2005-9/2005

Operated within a broad international customer base in the builder finance division, focusing on construction lending to premier clients throughout the US. Completed cost effective, reliable collateral draw inspections for the Houston-based office. Served customers by coordinating inspections with builders.

- Page 2 of 3 -

David Baehr

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- Fulfilled up to 500 inspections per week for four months; saved customers \$180,000 by personally completing inspections, alleviating the need for builders to hire outside inspectors.
- Ensured customers received draws according to schedule; observed builder progress and authorized access to additional credit extensions.
- Joined with a colleague to complete 600+ inspections in two days.

EDUCATION & TRAINING

DEGREES

- **Bachelor of Business Administration – Finance**, University of St. Thomas, 2005
- **Associate of Arts in General Studies**, Houston Community College, 2002

CERTIFICATIONS

- General Certified Real Estate Appraiser, TX-1380372-G
- MAI designation through the Appraisal Institute
- SRA designation through the Appraisal Institute
- AI-GRS designation through the Appraisal Institute

PROFESSIONAL DEVELOPMENT

- Real estate appraisal coursework in Advanced Highest and Best Use and Market Analysis, Quantitative Analysis, Sales Comparison and Income Approaches, Advanced Residential Applications, Site Valuations, Cost Approach, Real Estate Finance, Statistics and Valuation Modeling, Residential Report Writing, USPAP, and Appraisal Procedures and Principles, *The Appraisal Institute & McKissock*
- Advanced accounting coursework, *University of Houston – Downtown, Houston Community College, & Lone Star College System*

COMPUTER SKILLS

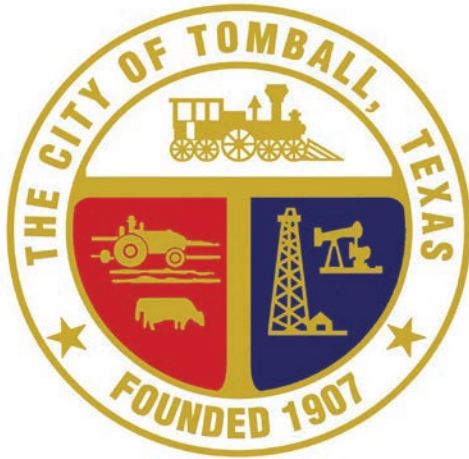
- Proficient in Microsoft Office Suite, Zonda Metrostudy, Costar, RIMS, LINKS and Argus.

AFFILIATION

Member, Appraisal Institute



**CITY OF TOMBALL, TEXAS • SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(WOOD LEAF RESERVE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #2 PROJECT)**



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