

NEW ISSUE

NOT RATED

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

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

**\$10,466,000\*****CITY OF OAK POINT, TEXAS,****(a municipal corporation of the State of Texas located in Denton County)****SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024****(OAK POINT 720 PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)****Interest to Accrue from Delivery Date (defined below)****Due: September 15, as shown on the inside cover**

The City of Oak Point, Texas, Special Assessment Revenue Bonds, Series 2024 (Oak Point 720 Public Improvement District Improvement Area #1 Project) (the “Bonds”), are being issued by the City of Oak Point, Texas (the “City”). The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$100,000 of principal amount and any integral multiple of \$1,000 in excess thereof. The Bonds will bear interest at the rates set forth on the inside cover, calculated on the basis of a 360-day year of twelve 30-day months, payable on each March 15 and September 15, commencing March 15, 2025, until maturity or earlier redemption. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. No physical delivery of the Bonds will be made to the beneficial owners thereof. For so long as the book-entry only system is maintained, the principal of and interest on the Bonds will be paid from the sources described herein by Wilmington Trust, National Association, as trustee (the “Trustee”), to DTC as the registered owner thereof. See “BOOK-ENTRY ONLY SYSTEM.”

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

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

The Bonds, when issued and delivered, will constitute valid and binding special, limited obligations of the City payable solely from and secured by a first and prior lien on the Trust Estate, consisting primarily of Assessments levied against Assessed Property located within Improvement Area #1 of the District in accordance with a Service and Assessment Plan, and other assets comprising the Trust Estate, all to the extent and upon the conditions described in the Indenture. The Bonds are not payable from funds raised or to be raised from taxation. See “SECURITY FOR THE BONDS.” The Bonds are subject to redemption at the times, in the amounts, and at the redemption price more fully described herein under the subcaption “DESCRIPTION OF THE BONDS – Redemption Provisions.”

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

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

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

The Bonds are offered for delivery when, as, and if issued by the City and accepted by FMSbonds, Inc. (the “Underwriter”), subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of Norton Rose Fulbright US LLP, Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See “APPENDIX D – Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the City by its counsel, Brown & Hofmeister, L.L.P., for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, and for the Developer by its corporate counsel The Watson Firm, and by its special counsel, Shupe Ventura, PLLC. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about August 21, 2024 (the “Delivery Date”).



\* Preliminary, subject to change.

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

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

\$10,466,000\*  
CITY OF OAK POINT, TEXAS,  
(a municipal corporation of the State of Texas located in Denton County)  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024  
(OAK POINT 720 PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

\$ \_\_\_\_\_ % Term Bonds, Due September 15, 20 \_\_, Priced to Yield \_\_\_\_\_%; CUSIP Suffix No. \_\_\_\_\_ <sup>(a)(b)(c)</sup>

\$ \_\_\_\_\_ % Term Bonds, Due September 15, 20 \_\_, Priced to Yield \_\_\_\_\_%; CUSIP Suffix No. \_\_\_\_\_ <sup>(a)(b)(c)</sup>

- 
- (a) CUSIP numbers are included solely for the convenience of Owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the City, the City's Financial Advisor, or the Underwriter takes any responsibility for the accuracy of such numbers.
- (b) The Bonds maturing on or after September 15, 20 \_\_, are subject to redemption, in whole or in part, prior to stated maturity, at the option of the City, on any date on or after September 15, 20 \_\_, at the redemption price set forth herein under "DESCRIPTION OF THE BONDS – Redemption Provisions."
- (c) The Bonds are also subject to mandatory sinking fund redemption and extraordinary optional redemption as described herein under "DESCRIPTION OF THE BONDS – Redemption Provisions."

**CITY OF OAK POINT, TEXAS,**

**CITY COUNCIL**

<u>Name</u>	<u>Place</u>	<u>Term Expires (May)</u>
Dena Meek	Mayor	2025
Scott Dufford	Mayor Pro Tem	2026
Dave Klewicki	Deputy Mayor Pro Tem	2025
Paul Bastaich	Councilmember	2025
John Lusk	Councilmember	2026
Greg Weiler	Councilmember	2025
Kirk Hawrycio	Councilmember	2026

**CITY MANAGER**  
Stephen Ashley

**FINANCE MANAGER**  
Donna Boner

**CITY SECRETARY**  
Joni Vaughn

**PID ADMINISTRATOR**  
P3Works, LLC

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

**BOND COUNSEL**  
Norton Rose Fulbright US LLP

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

For additional information regarding the City, please contact:

Stephen Ashley  
City Manager  
100 Naylor Road  
Oak Point, TX 75068  
Phone: 972-294-2312  
sashley@oakpointtexas.com

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

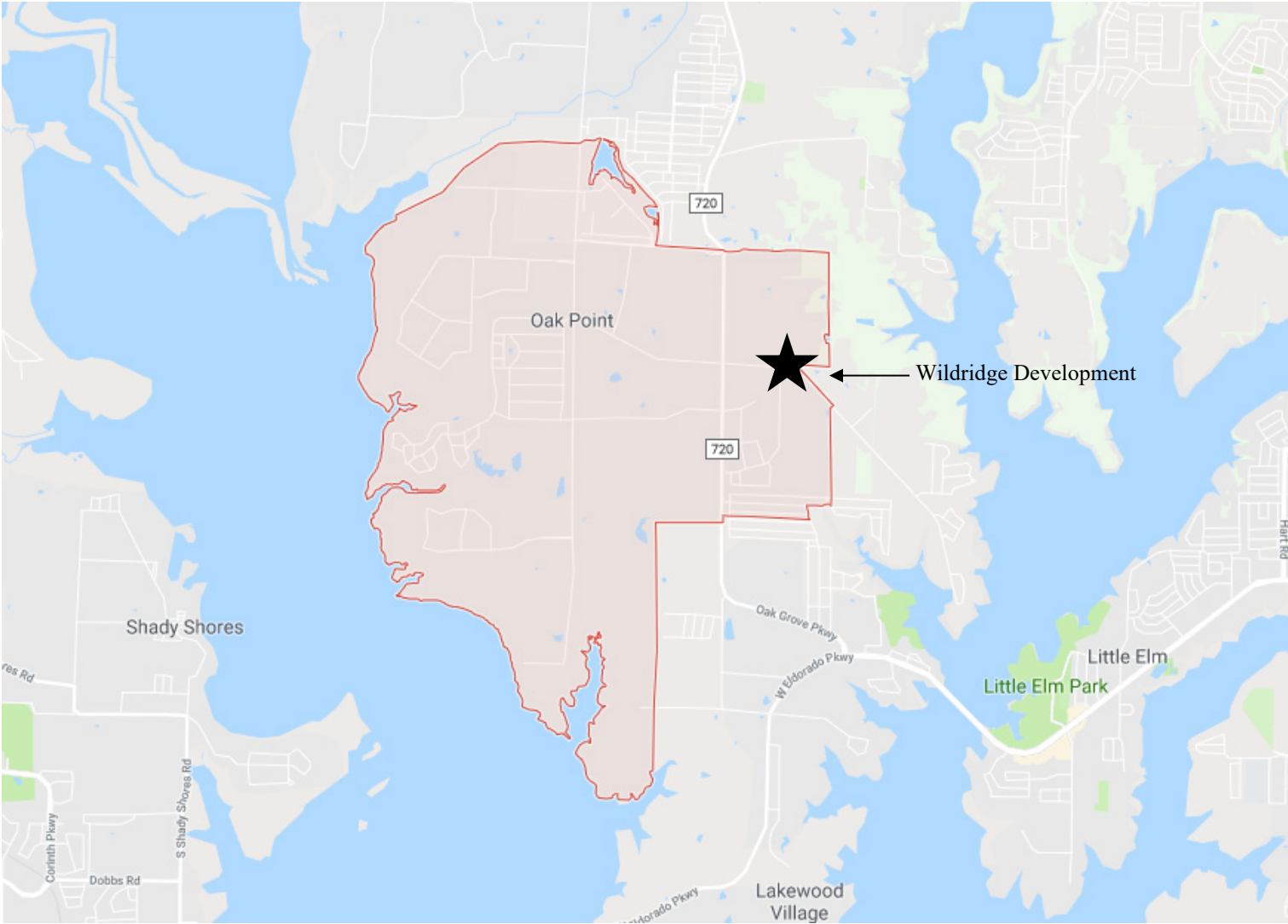
**REGIONAL LOCATION MAP OF THE WILDRIDGE DEVELOPMENT  
(INCLUDING THE DISTRICT AND WILDRIDGE PID) \***



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



**AREA LOCATION MAP OF THE WILDRIDGE DEVELOPMENT  
(INCLUDING THE DISTRICT AND WILDRIDGE PID) \***



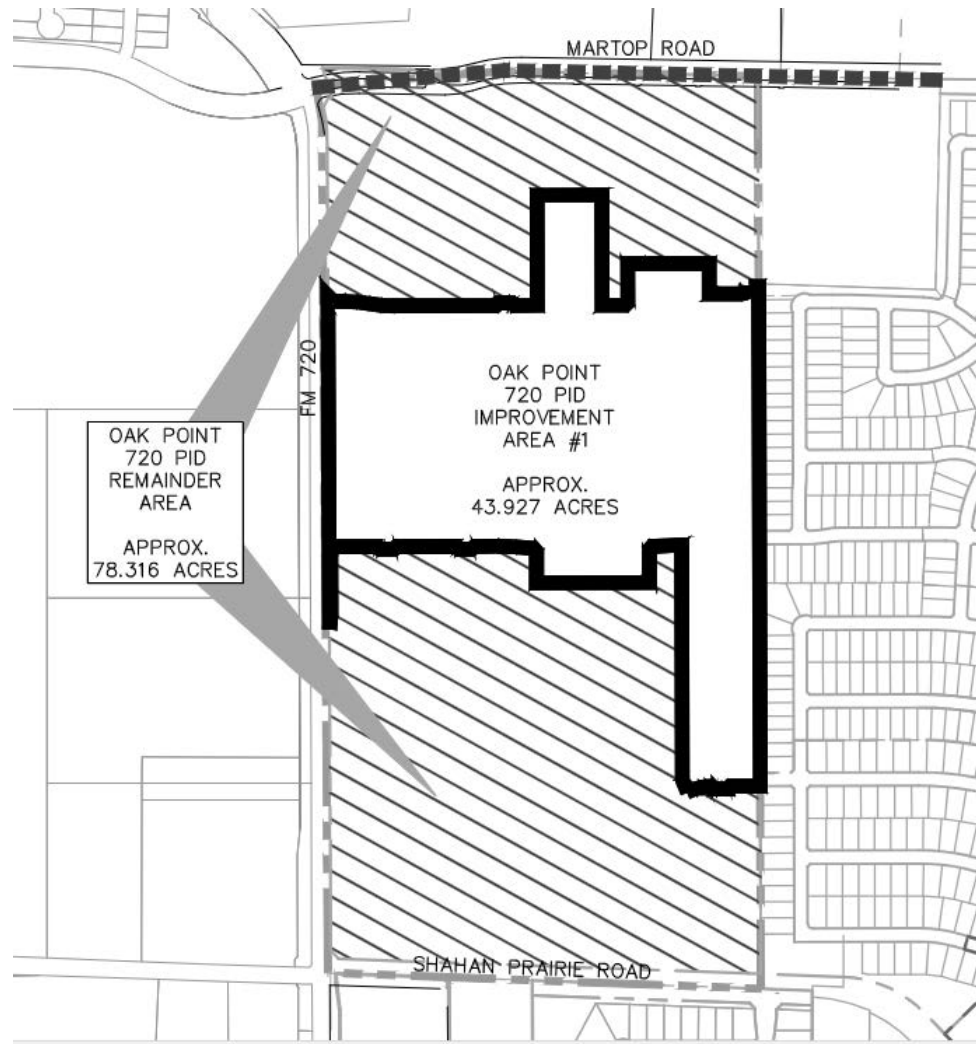
\* See “PLAN OF FINANCE – Overview” and “– Development Plan” for a description of the Wildridge Development, the District, and Wildridge PID.

**CONCEPT PLAN OF THE WILDRIDGE DEVELOPMENT  
(INCLUDING THE DISTRICT AND WILDRIDGE PID) \***



\* See “PLAN OF FINANCE – Overview” and “– Development Plan” for a description of the Wildridge Development, the District, and Wildridge PID. The Concept Plan is for illustration purposes only and is subject to change.

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



\* See "PLAN OF FINANCE – Overview" and "– Development Plan" for a description of the Wildridge Development, the District, and Wildridge PID. The District constitutes phases 7, 8A, and 8B of the Wildridge Development.

## USE OF LIMITED OFFERING MEMORANDUM

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

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

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

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

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

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

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS LIMITED OFFERING MEMORANDUM CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE SECURITIES ACT 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. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER “CONTINUING DISCLOSURE” HEREIN.

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

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

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

THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.

## TABLE OF CONTENTS

<p>INTRODUCTION ..... 1</p> <p>PLAN OF FINANCE ..... 2</p> <p style="padding-left: 20px;">Overview ..... 2</p> <p style="padding-left: 20px;">Development Plan ..... 2</p> <p style="padding-left: 20px;">Lot Purchase Contracts..... 3</p> <p style="padding-left: 20px;">The Bonds ..... 3</p> <p>LIMITATIONS APPLICABLE TO INITIAL PURCHASERS ..... 4</p> <p>DESCRIPTION OF THE BONDS ..... 5</p> <p style="padding-left: 20px;">General Description..... 5</p> <p style="padding-left: 20px;">Redemption Provisions..... 5</p> <p>BOOK-ENTRY ONLY SYSTEM ..... 8</p> <p>SECURITY FOR THE BONDS..... 10</p> <p style="padding-left: 20px;">General ..... 10</p> <p style="padding-left: 20px;">Pledged Revenues..... 10</p> <p style="padding-left: 20px;">Collection and Enforcement of Assessments ..... 13</p> <p style="padding-left: 20px;">Unconditional Levy of Assessments ..... 13</p> <p style="padding-left: 20px;">Perfected Security Interest..... 14</p> <p style="padding-left: 20px;">Pledged Revenue Fund..... 14</p> <p style="padding-left: 20px;">Bond Fund..... 15</p> <p style="padding-left: 20px;">Project Fund ..... 15</p> <p style="padding-left: 20px;">Reserve Account of the Reserve Fund..... 16</p> <p style="padding-left: 20px;">Additional Interest Reserve Account of the Reserve Fund..... 17</p> <p style="padding-left: 20px;">Administrative Fund..... 18</p> <p style="padding-left: 20px;">Bonds Deemed Paid ..... 18</p> <p style="padding-left: 20px;">Events of Default..... 19</p> <p style="padding-left: 20px;">Remedies in Event of Default..... 19</p> <p style="padding-left: 20px;">Restriction on Owner’s Actions ..... 20</p> <p style="padding-left: 20px;">Application of Revenues and Other Moneys After Event of Default..... 20</p> <p style="padding-left: 20px;">Investment of Funds ..... 21</p> <p style="padding-left: 20px;">Against Encumbrances ..... 21</p> <p style="padding-left: 20px;">Additional Obligations or Other Liens ..... 22</p> <p>SOURCES AND USES OF FUNDS * ..... 23</p> <p>DEBT SERVICE REQUIREMENTS * ..... 23</p> <p>OVERLAPPING TAXES AND DEBT..... 24</p> <p style="padding-left: 20px;">Homeowners’ Association Dues ..... 26</p> <p>ASSESSMENT PROCEDURES..... 26</p> <p style="padding-left: 20px;">General ..... 26</p> <p style="padding-left: 20px;">Assessment Methodology..... 27</p> <p style="padding-left: 20px;">Collection and Enforcement of Assessment Amounts ..... 28</p> <p style="padding-left: 20px;">Assessment Amounts..... 29</p> <p style="padding-left: 20px;">Prepayment of Assessments ..... 31</p> <p style="padding-left: 20px;">Priority of Lien ..... 31</p> <p style="padding-left: 20px;">Foreclosure Proceedings..... 31</p>	<p>THE CITY ..... 32</p> <p style="padding-left: 20px;">Background ..... 32</p> <p style="padding-left: 20px;">City Government ..... 32</p> <p>THE DISTRICT ..... 32</p> <p style="padding-left: 20px;">General ..... 32</p> <p style="padding-left: 20px;">Powers and Authority of the City ..... 33</p> <p style="padding-left: 20px;">Collection and Delinquency History of the Wildridge PID ..... 33</p> <p>THE IMPROVEMENT AREA</p> <p>#1 IMPROVEMENTS..... 36</p> <p style="padding-left: 20px;">General ..... 36</p> <p style="padding-left: 20px;">Improvement Area #1 Improvements..... 36</p> <p style="padding-left: 20px;">Ownership and Maintenance of Improvement Area #1 Improvements..... 37</p> <p>THE DEVELOPMENT ..... 37</p> <p style="padding-left: 20px;">Overview ..... 37</p> <p style="padding-left: 20px;">Development Within the Wildridge</p> <p style="padding-left: 40px;">Development ..... 40</p> <p style="padding-left: 40px;">Lot Purchase Contracts..... 41</p> <p style="padding-left: 40px;">Amenities ..... 42</p> <p style="padding-left: 40px;">Photographs of the Development ..... 43</p> <p style="padding-left: 40px;">Development Agreement..... 47</p> <p style="padding-left: 40px;">Zoning/Permitting ..... 48</p> <p style="padding-left: 40px;">Education..... 48</p> <p style="padding-left: 40px;">Environmental ..... 48</p> <p style="padding-left: 40px;">Existing Gas, Mineral, and Easement Rights and Other Third-Party Property Rights..... 49</p> <p style="padding-left: 40px;">Utilities ..... 49</p> <p>THE DEVELOPER ..... 49</p> <p style="padding-left: 20px;">General ..... 49</p> <p style="padding-left: 20px;">Description of Developer and Development Manager ..... 50</p> <p style="padding-left: 20px;">Executive Biography of Principals of Development Manager ..... 50</p> <p style="padding-left: 20px;">History and Financing of the District ..... 50</p> <p>THE PID ADMINISTRATOR ..... 51</p> <p>APPRAISAL ..... 51</p> <p>BONDHOLDERS’ RISKS ..... 52</p> <p style="padding-left: 20px;">General ..... 52</p> <p style="padding-left: 20px;">Deemed Representations and Acknowledgment by Investors ..... 53</p> <p style="padding-left: 20px;">Infectious Disease Outbreak..... 53</p> <p style="padding-left: 20px;">Failure or Inability to Complete Proposed Development..... 53</p> <p style="padding-left: 20px;">Completion of Homes..... 54</p> <p style="padding-left: 20px;">Absorption Rate..... 54</p> <p style="padding-left: 20px;">Assessment Limitations..... 54</p> <p style="padding-left: 20px;">Bankruptcy ..... 55</p>
---	--

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



THIS PAGE IS LEFT BLANK INTENTIONALLY.

**PRELIMINARY LIMITED OFFERING MEMORANDUM**

**\$10,466,000\***

**CITY OF OAK POINT, TEXAS,**

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

**SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024**

**(OAK POINT 720 PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)**

**INTRODUCTION**

The purpose of this Limited Offering Memorandum, including the cover page, inside cover, and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Oak Point, Texas (the “City”), of its \$10,466,000\* aggregate principal amount of Special Assessment Revenue Bonds, Series 2024 (Oak Point 720 Public Improvement District Improvement Area #1 Project) (the “Bonds”).

INITIAL PURCHASERS ARE ADVISED THAT THE BONDS BEING OFFERED PURSUANT TO THIS LIMITED OFFERING MEMORANDUM ARE BEING 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”), expected to be entered into by and between the City and Wilmington Trust, National Association, as trustee (the “Trustee”). Reference is made to the Indenture for a full statement of the authority for, and the terms and provisions of, the Bonds. *All capitalized terms used in this Limited Offering Memorandum that are not otherwise defined herein shall have the meanings set forth in the Indenture. See “APPENDIX B – Form of Indenture.”*

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

Set forth herein are brief descriptions of the City, the District, the Administrator, the Bond Ordinance, the Assessment Ordinance, the Service and Assessment Plan, the Development Agreement (defined herein), the PID Reimbursement Agreement, the Developer (defined herein), and the Development Manager (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) 302-2246. The form of Indenture appears in “APPENDIX B – Form of Indenture” and the form of

---

\* Preliminary, subject to change.

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

### Overview

The “Wildridge Development” consists of approximately 122.243 acres within the District (the “Property”) and approximately 377.78 acres within the Wildridge Public Improvement District (“Wildridge PID”). Development of the Wildridge Development began in 2015 on approximately 65 acres within Wildridge PID by CR-TDI, LLC, as landowner/developer, and its majority owner, Crescent Communities LLC, as development manager. In 2017, the existing Wildridge Development was sold to LH Wildridge, LLC (“LH Wildridge”), a subsidiary of Castlelake, L.P., and development continued with LH Wildridge as developer and Ashlar Development LLC, an affiliate of the Development Manager (defined below), as development manager. The undeveloped property in Wildridge PID was purchased in December 2021 by CF CSLK Wildridge LLC and development continued with Ashlar Interests, LLC, a Texas limited liability company, as development manager (the “Development Manager”).

The Property was purchased in October 2022 by CF CSLK RDMN LLC, a Delaware limited liability company (the “Developer”), an affiliate of CF CSLK Wildridge LLC, and is being developed by the Development Manager on behalf of the Developer. The Developer is responsible for the construction of the Improvement Area #1 Improvements and the Amenities (defined below) (prior to full buildout of the District). The Development Manager does not own property within the Wildridge Development. See the maps of the District, the Wildridge PID, and the Wildridge Development on pages v-vi.

### Development Plan

The Wildridge Development is an approximately 500.023-acre master-planned community expected to include approximately 1,568 single-family residential lots (1,051 in Wildridge PID and 517 in the District), The Haven, The Point, and The Hideaway amenity sites in the Wildridge PID, and a minimum 1,800 square foot amenity center in the District that will include an outdoor pool and associated structures, and approximately 27.6 acres of commercial space in the District that is expected to include a civic site and commercial or retail development. All residents of the Wildridge Development will have access to all of the amenities in the Wildridge Development. See the maps of the District, the Wildridge PID, and the Wildridge Development on pages v-vi. See also “THE DEVELOPMENT – Development Within the Wildridge Development” and “– Amenities.”

As of June 30, 2024, 1,033 out of an expected total of 1,051 homes in the Wildridge PID have been sold to homeowners. Homebuilders in Wildridge PID included Highland Homes, American Legend, Chesmar Homes, MHI Partnership, K. Hovnanian, and Pulte Homes.

The District was created in September 2022 and consists of approximately 122.243 acres west of and adjacent to the Wildridge PID. The District is an extension of the Wildridge Development and is expected to include 517 single-family residential lots and approximately 27.6 acres of commercial space. Improvement Area #1 of the District consists of approximately 43.927 acres and is expected to include 234 single-family residential lots. See the maps on pages v and vi and “THE DEVELOPMENT.”

The Developer is beginning development of the District with the concurrent construction of public improvements that will benefit only the residential lots within Improvement Area #1 of the District (the “Improvement Area #1 Improvements”) and improvements that will benefit only the single-family residential lots and the commercial parcels within the portion of the District outside of Improvement Area #1 (the “Remainder Area”). The Developer began development in December 2023 and expects to complete the Improvement Area #1 Improvements in October 2024.

---

\* Preliminary, subject to change.

The total cost of the Improvement Area #1 Improvements is expected to be approximately \$8,619,853. The City will pay the Developer for a portion of such costs in the approximate amount of \$8,619,361\* from proceeds of the Bonds. The balance of such costs in the approximate amount of \$492\* will be funded by the Developer, without reimbursement by the City, from proceeds of the Development Loan (defined herein). In addition, the Developer is responsible for paying, without reimbursement by the City, for the costs of retaining walls, paving, and soft costs (the “Private Improvements”) in the approximate amount of \$1,524,234. As of June 30, 2024, the Developer has spent approximately \$6,840,230 on construction of the Improvement Area #1 Improvements and approximately \$895,360 on the Private Improvements. See “THE IMPROVEMENT AREA #1 IMPROVEMENTS” and “THE DEVELOPER – History and Financing of the District.”

Pursuant to an interlocal agreement between the City and Mustang Special Utility District (“Mustang SUD”), the provider of water and sanitary sewer services to the District (the “Water and Sewer Agreement”), the water and sanitary sewer portions of the Improvement Area #1 Improvements (the “Water and Sewer Improvements”) will be dedicated to Mustang SUD. Pursuant to the Water and Sewer Agreement, Mustang SUD will be responsible for the operation and maintenance of the Water and Sewer Improvements. The HOA (defined herein) will own and maintain the retention pond in the northeast corner of the property on which a public use easement will be dedicated by separate instrument. The remaining portions of the Improvement Area #1 Improvements (the “Road and Right-of-Way Drainage Improvements”) will be dedicated to the City and become part of the City’s infrastructure system. The City will be responsible for the operation and maintenance of such improvements. See “THE DEVELOPMENT – Utilities.”

The Developer expects to enter into the PID Reimbursement Agreement effective as of July 31, 2024, which will provide, in part, for the deposit of proceeds from the issuance and sale of the Bonds and the payment of costs of the Improvement Area #1 Improvements within the District, including payment to the Developer for funds expended by the Developer and used to pay costs of Improvement Area #1 Improvements. See “APPENDIX G – Form of PID Reimbursement Agreement.”

The Developer expects to request the City to issue one or more series of phased bonds (each such series of bonds an “Additional Obligation”) to finance the cost of improvements that benefit the Remainder Area as the development proceeds. The estimated costs of such improvements benefiting the Remainder Area will be determined as the Remainder Area is developed, and the Service and Assessment Plan will be updated to identify the improvements authorized by the PID Act, including those improvements that benefit the Remainder Area described in the Service and Assessment Plan to be financed by each new series of Additional Obligations. Such Additional Obligations will be secured by separate assessments levied pursuant to the PID Act on assessable property within the Remainder Area of the District that benefit from the improvements being financed.

### **Lot Purchase Contracts**

The Developer has entered into separate contracts for purchase and sale of lots (the “Lot Purchase Contracts”) with American Legend Homes, LLC, a Texas limited liability company (“American Legend”), Grenadier Investments, Inc., a Texas corporation (“Grenadier”), and Highland Homes – Dallas, LLC, a Texas limited liability company (“Highland Homes” and, together with American Legend and Grenadier, the “Homebuilders”) for the purchase of 231 of the 234 lots within Improvement Area #1 of the District. The Developer has retained three lots for future model homes. See “THE DEVELOPMENT – Lot Purchase Contracts.”

### **The Bonds**

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

Payment of the Bonds is secured by a pledge of and a lien upon the Trust Estate, consisting primarily of Pledged Revenues derived from Assessments expected to be levied against Assessed Property within Improvement

---

\* Preliminary, subject to change.

Area #1 of the District, all to the extent and upon the conditions described in the Indenture. See “SECURITY FOR THE BONDS,” “ASSESSMENT PROCEDURES,” and “APPENDIX B – Form of Indenture.”

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

**The Bonds, any Refunding Bonds, and any Additional Obligations issued by the City are separate and distinct issues of securities secured by separate assessments. Neither any Refunding Bonds nor any Additional Obligations to be issued by the City are offered pursuant to this Limited Offering Memorandum. Investors interested in purchasing any of these other City obligations should refer to the offering documents related thereto, when and if available.**

### **LIMITATIONS APPLICABLE TO INITIAL PURCHASERS**

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

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

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

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

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

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

or willful misconduct. For the avoidance of doubt, it is acknowledged that the Underwriter is not deemed an officer or employee of the City.

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

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

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

## **DESCRIPTION OF THE BONDS**

### **General Description**

The Bonds will mature on the dates and in the amounts set forth on the inside cover page of this Limited Offering Memorandum. Interest on the Bonds will accrue from their date of delivery to the Underwriter and will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds will be payable on each March 15 and September 15, commencing March 15, 2025 (each an “Interest Payment Date”), until maturity or prior redemption. Wilmington Trust, National Association, is the initial Trustee, Paying Agent, and Registrar for the Bonds.

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

### **Redemption Provisions**

Optional Redemption. The City reserves the right and option to redeem the Bonds maturing on or after September 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 the price equal to the principal amount to be redeemed plus the applicable premium, if any, plus accrued and unpaid interest to the date fixed for redemption (the “Redemption Price”).

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

“ASSESSMENT PROCEDURES – Prepayment of Assessments” for the definition and description of Prepayments. See also “APPENDIX B – Form of Indenture.”

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

**\$ Bonds Maturing September 15, 20**

<b>Mandatory Sinking Fund <u>Redemption Date</u></b>	<b>Sinking Fund <u>Installment</u></b>
September 15, 20__	\$
September 15, 20__	
September 15, 20__	
September 15, 20__ <sup>†</sup>	

**\$ Bonds Maturing September 15, 20**

<b>Mandatory Sinking Fund <u>Redemption Date</u></b>	<b>Sinking Fund <u>Installment</u></b>
September 15, 20__	\$
September 15, 20__	
September 15, 20__	
September 15, 20__ <sup>†</sup>	

<sup>†</sup> Stated Maturity

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

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

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

*Notice of Redemption.* Upon written notification by the City to the Trustee of the exercise of any redemption, the Trustee shall give notice of any redemption of Bonds by sending notice by United States mail, first class, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register. Any such notice shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. Notice of redemption having been given as provided in the Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the Redemption Price of such Bonds to the date fixed for



redemption are on deposit with the Trustee; thereafter, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

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

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

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

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

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

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

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

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

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

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

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

## BOOK-ENTRY ONLY SYSTEM

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

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

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

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

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

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

are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

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

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

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

## **SECURITY FOR THE BONDS**

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

### **General**

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

The principal of, premium, if any, and interest on the Bonds are secured by a pledge of and a first lien upon the Pledged Revenues, consisting primarily of Assessments levied against Assessed Property within Improvement Area #1 of the District and other assets comprising the Trust Estate, all to the extent and upon the conditions described in the Indenture. In accordance with the PID Act, the City has caused the preparation of a preliminary Service and Assessment Plan in connection with the levy of assessments in the District (including the Assessments), and expects to adopt a final Service and Assessment Plan in connection with the authorization of the issuance of the Bonds. The Service and Assessment Plan describes the special benefit received by the Property, including Improvement Area #1 of the District, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of Assessments, and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds. The Service and Assessment Plan is reviewed and updated annually for the purpose of determining the annual budget for improvements and the Annual Installments of Assessments due in a given year. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See “APPENDIX C – Form of Service and Assessment Plan.”

In connection with the pricing of the Bonds expected to occur on July 31, 2024, and as provided in the Assessment Ordinance, the City expects to approve the final Service and Assessment Plan, which will reflect the actual interest rate on the Bonds, as well as the additional interest collected pursuant to Section 372.018(a) of the PID Act. See “APPENDIX C – Form of Service and Assessment Plan.”

### **Pledged Revenues**

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

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

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

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

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

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

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

“Assessed Parcel” means each Parcel of land located within Improvement Area #1 of the District against which an Assessment is levied by the Assessment Ordinance in accordance with the Service and Assessment Plan. *In the Service and Assessment Plan, the Assessed Parcels are referred to as the “Improvement Area #1 Assessed Parcels.” See “APPENDIX C – Form of Service and Assessment Plan.”*

“Assessed Property” means, collectively, all Assessed Parcels. *In the Service and Assessment Plan, the Assessed Property is referred to as the “Improvement Area #1 Assessed Property. See “APPENDIX C – Form of Service and Assessment Plan.”*

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

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

“Delinquent Collection Costs” mean the costs related to the foreclosure on an Assessed Parcel and the costs of collection of delinquent Assessments or delinquent Annual Installments due under the Service and Assessment Plan

and in accordance with the PID Act, including penalties and reasonable attorney's fees actually paid, but excluding amounts representing the Assessment, interest, and penalty interest.

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

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

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

"Pledged Revenues" means the sum of (i) Assessment Revenue less the Annual Collection Costs, and (ii) any additional revenues that the City may pledge to the payment of Bonds.

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

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

The City will covenant, agree, and warrant in the Indenture that, for so long as any Bonds are Outstanding, and/or amounts are due to the Developer to pay it for funds it has contributed to pay Actual Costs of the Improvement Area #1 Improvements in accordance with the PID Reimbursement Agreement, it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof to be enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement, or exemption in the Assessments. See "-- Pledged Revenue Fund," "APPENDIX B – Form of Indenture," and "APPENDIX C – Form of Service and Assessment Plan."

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

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

## **Collection and Enforcement of Assessments**

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

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

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

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

## **Unconditional Levy of Assessments**

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

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



There is no discount for the early payment of Assessments.

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

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

### **Perfected Security Interest**

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

### **Pledged Revenue Fund**

The City will create under the Indenture a Pledged Revenue Fund to be held by the Trustee. On or before March 1 of each year while the Bonds are Outstanding, and beginning March 1, 2025, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. From amounts deposited into the Pledged Revenue Fund, the City shall deposit or cause to be deposited Pledged Revenues as follows: (i) *first*, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds coming due in such calendar year, (ii) *second*, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, (iii) *third*, to the Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest collected, if any, in accordance with the Indenture, (iv) *fourth*, to pay Actual Costs of the Improvement Area #1 Improvements, and (v) *fifth*, to pay other costs permitted by the PID Act.

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

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

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

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

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

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

### **Bond Fund**

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

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

### **Project Fund**

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

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

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

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

Account of the Project Fund shall be transferred to the Redemption Fund to redeem Bonds on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture.

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

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

Not later than six months following the Closing Date for the Bonds, or upon an earlier determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred first to another Account of the Project Fund and used to pay Actual Costs, or, if no Actual Costs remain to be funded, to the Principal and Interest Account of the Bond Fund and used to pay interest on the Bonds, as directed by the City in a City Certificate filed with the Trustee, and the Costs of Issuance Account shall be closed. See "APPENDIX B – Form of Indenture" and "APPENDIX G – Form of PID Reimbursement Agreement."

### **Reserve Account of the Reserve Fund**

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

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

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

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

\* To be completed upon pricing of the Bonds.

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

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

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

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

#### **Additional Interest Reserve Account of the Reserve Fund**

Pursuant to the Indenture, an Additional Interest Reserve Account will be created within the Reserve Fund and held by the Trustee for the benefit of the Bonds. The Trustee, if needed, will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Additional Interest Reserve Account on March 15 and September 15 of each year, commencing March 15, 2025, an amount equal to the Additional Interest collected, if any, as shown in the Improvement Area #1 Assessment Roll attached to the Service and Assessment Plan or an Annual Service Plan Update, until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account. If the amount on deposit in the Additional Interest Reserve Account shall at any time be less than the Additional Interest Reserve Requirement, the Trustee shall notify the City, in writing, of the amount of such shortfall, and the City shall resume collecting the Additional Interest and shall file a City Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Bond Pledged Revenue Account of the Pledged Revenue Fund into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that the City shall not be required to replenish the Additional Interest Reserve Account in the event funds are transferred from the Additional Interest Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment pursuant to the Indenture. In the event the amount on deposit in the Additional Interest Reserve Account is less than the Additional Interest Reserve Requirement then the deposits described in the immediately preceding sentence shall continue until the Additional Interest Reserve Account has been fully replenished to the Additional Interest Reserve Requirement. If, after such deposits, there is surplus Additional Interest remaining, the Trustee shall transfer such surplus Additional Interest to the Redemption Fund, and shall notify the City of such transfer in writing. In calculating the amounts to be transferred pursuant to the Indenture, the Trustee may conclusively rely on the Annual Installments as shown on the Improvement Area #1 Assessment Roll in the Service and Assessment Plan or an Annual Service Plan Update unless and until it receives a City Certificate directing that a different amount be used.

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

The Additional Interest Reserve Requirement is an amount equal to 5.5% of the principal amount of the Outstanding Bonds to be funded from Assessment Revenues to be deposited to the Pledged Revenue Fund and

transferred to the Additional Interest Reserve Account. See “APPENDIX B – Form of Indenture” and “APPENDIX C – Form of Service and Assessment Plan.”

### **Administrative Fund**

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

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

### **Bonds Deemed Paid**

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

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

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

### **Events of Default**

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

1. The failure of the City to deposit the Pledged Revenues to the Bond Pledged Revenue Account of the Pledged Revenue Fund;
2. The failure of the City to enforce the collection of the Assessments including the prosecution of foreclosure proceedings;
3. The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within 30 days; provided, however, that the payments are to be made only from Pledged Revenues or other funds currently available in the Pledged Funds and available to the City to make the payments; and
4. Default in the performance or observance of any covenant, agreement, or obligation of the City under the Indenture and the continuation thereof for a period of 90 days after written notice to the City by the Trustee, or by the Owners of at least 25% of the aggregate Outstanding principal of the Bonds with a copy to the Trustee, specifying such default and requesting that the failure be remedied.

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

### **Remedies in Event of Default**

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

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

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

Whenever moneys are to be applied as a result of any Event of Default, irrespective of and whether other remedies authorized under the Indenture shall have been pursued in whole or in part, the Trustee may cause any or all

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

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

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

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

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

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

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



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

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

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

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

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

### **Investment of Funds**

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

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

### **Against Encumbrances**

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

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

### **Additional Obligations or Other Liens**

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

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

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

Notwithstanding any contrary provision of the Indenture, the City shall not issue Refunding Bonds, Additional Obligations, or subordinate obligations unless: (1) the principal (including sinking fund installments) of such Refunding Bonds, Additional Obligations, or subordinate obligations are scheduled to mature on September 15 of the years in which principal is scheduled to mature, and (2) the interest on such Refunding Bonds, Additional Obligations or subordinate obligations must be scheduled to be paid on March 15 and September 15 of the years in which interest is scheduled to be paid.

THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.

**SOURCES AND USES OF FUNDS \***

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

Sources of Funds:	
Principal Amount	\$
<b>TOTAL SOURCES</b>	<b>\$</b>
Use of Funds:	
Deposit to Improvement Area #1 Improvements Account of the Project Fund	\$
Deposit to Costs of Issuance Account of the Project Fund	
Deposit to Reserve Account of the Reserve Fund	
Deposit to District Administration Account of the Administrative Fund	
Underwriter's Discount <sup>(1)</sup>	
<b>TOTAL USES</b>	<b>\$</b>

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

THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.

**DEBT SERVICE REQUIREMENTS \***

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

<b><u>Year Ending (September 30)</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
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			
<b>Total</b>			

THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.

---

\* To be completed upon pricing of the Bonds.

**OVERLAPPING TAXES AND DEBT**

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

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

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

**Overlapping Taxes in Improvement Area #1**

<u>Taxing Entity</u>	<u>Tax Year 2024 Ad Valorem Tax Rate</u> <sup>(1)</sup>
The City	\$0.430000
Denton County	0.189485
Denton ISD	<u>1.159200</u>
<b>Total Current Tax Rate</b>	<b>\$1.778685</b>
 Estimated Average Annual Installment of Assessment as an Equivalent Tax Rate <sup>(2)</sup>	 <u>\$0.649908</u>
 <b>Estimated Total Tax Rate and Average Annual Installment in Improvement Area #1 of the District as an Equivalent Tax Rate</b> <sup>(2)</sup>	 <b><u>\$2.428593</u></b>

---

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

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

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

THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.

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

<u>Taxing or Assessing Entity</u>	<u>Gross Outstanding Debt as of July 1, 2024</u>	<u>Estimated Percentage Applicable <sup>(1)</sup></u>	<u>Direct and Estimated Overlapping Debt <sup>(1)</sup></u>
The City (Assessments – Bonds)	\$ 10,466,000 *	100.00%	\$ 10,466,000 *
The City (Ad Valorem Taxes)	1,330,000	2.10%	27,938
Denton County	723,690,000	0.01%	90,539
Denton Independent School District	<u>2,142,646,665</u>	0.07%	<u>1,588,576</u>
<b>Total</b>	<b><u>\$2,878,132,665</u></b>		<b><u>\$12,173,053</u></b>

\* Preliminary, subject to change.

<sup>(1)</sup> Based on the Appraisal “As Complete” value for Improvement Area #1 and on the 2024 Net Taxable Assessed Valuations for the taxing entities. See “APPRAISAL.”

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

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

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

All of the Property within Improvement Area #1 is currently subject to an agricultural valuation with respect to its ad valorem taxes. If the Chief Appraiser of Denton Central Appraisal District determines that land within Improvement Area #1 has a change in use prior to issuance of tax bills in 2024, the Developer will be responsible for payment of the associated rollback taxes due by January 31, 2025. The Developer has not yet received a change in use letter from the Denton Central Appraisal District. The Developer will pay any rollback taxes assessed against the Property within Improvement Area #1 prior to delinquency.

### Homeowners’ Association Dues

In addition to the Assessments described above, the Developer anticipates that each single-family detached residential lot owner in Improvement Area #1 of the District will pay a property owner’s association fee to Wildridge Homeowners’ Association, Inc. (the “HOA”), in the approximate amount of \$300 quarterly. The Developer expects that townhome owners will pay an additional fee to the HOA in the approximate amount of \$300 monthly.

## ASSESSMENT PROCEDURES

### General

As required by the PID Act, when the City determines to defray a portion of the costs of the Improvement Area #1 Improvements through Assessments, it must adopt a resolution generally describing the Improvement Area #1 Improvements and the land within Improvement Area #1 of the District to be subject to Assessments to pay the cost therefor. The City has caused the Improvement Area #1 Assessment Roll to be prepared, which shows the land within Improvement Area #1 of the District to be assessed, the amount of the benefit to and the Assessment against each lot or parcel of land, and the number of Annual Installments into which the Assessment is divided. The Improvement Area #1 Assessment Roll will be filed with the City Secretary and made available for public inspection.

Statutory notice will be given to the owners of the property to be assessed and a public hearing will be conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Improvement Area #1 Improvements and funding a portion of the same with Assessments. The City Council intends to consider a levy of the Assessments and adoption of the Assessment Ordinance on July 31, 2024. After adoption of the Assessment Ordinance, the Assessments will become legal, valid, and binding liens upon the property against which the Assessments were made.

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

### **Assessment Methodology**

The Service and Assessment Plan describes the special benefit to be received by each Parcel of Assessed Property as a result of the Improvement Area #1 Improvements, provides the basis and justification for the determination that such special benefit exceeds the Assessments being levied, and establishes the methodology by which the City allocates the special benefit of the Improvement Area #1 Improvements to Parcels in a manner that results in equal shares of costs being apportioned to Parcels similarly benefited. As set forth in the Service and Assessment Plan, a portion of the costs of the Improvement Area #1 Improvements is being funded with proceeds of the Bonds, which are payable from and secured by Pledged Revenues, including the Assessment Revenues, and other assets comprising the Trust Estate. As set forth in the Service and Assessment Plan, the City Council has determined that the Actual Costs associated with the Improvement Area #1 Improvements, less those allocated to the Non-Benefitted Property, will be allocated to the Assessed Property by spreading the entire Assessment across all Assessed Property within Improvement Area #1 of the District based on the ratio of Estimated Buildout Value of each Lot Type in Improvement Area #1 to the Estimated Buildout Value of all Assessed Property within Improvement Area #1. At the time the City adopts the Assessment Ordinance, the Improvement Area #1 Initial Parcel will be the only Parcel within Improvement Area #1, and as such, the Improvement Area #1 Initial Parcel will be allocated 100% of the costs of the Improvement Area #1 Improvements.

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

THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.

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

Lot Type	Planned No. of Lots	Estimated Finished Value per Lot Type <sup>(1)</sup>	Estimated Buildout Value per Lot Type <sup>(1)</sup>	Estimated Maximum Assessment per Lot Type	Estimated Average Annual Installment of Assessment per Lot Type	Tax Rate Equivalent of Average Annual Installment of Assessment per Lot Type <sup>(2)</sup>	Estimated Ratio of Estimated Finished Value per Lot Type to Assessment <sup>(1)</sup>	Estimated Ratio of Projected Average Home Value per Lot Type to Assessment <sup>(1)</sup>
22' and 25' Townhome	99	\$ 82,929	\$514,646	\$38,834.10	\$3,344.73	\$0.649908	2.14 : 1	13.25 : 1
50'	135	\$100,000	\$650,000	\$49,047.58	\$4,224.40	\$0.649908	2.04: 1	13.25 : 1

\* Preliminary, subject to change.

<sup>(1)</sup> Provided by Developer. Finished lot values are based on Lot Purchase Contracts. Townhome values are based on a weighted average of the lots and the Estimated Buildout Values, as applicable.

<sup>(2)</sup> Per \$100 of home value.

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

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

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

**Collection and Enforcement of Assessment Amounts**

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

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

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



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

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

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

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

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

Date Payment	Cumulative	Cumulative	
<u>Received</u>	<u>Penalty</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.

**Assessment Amounts**

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

The Annual Installments shown on the Improvement Area #1 Assessment Roll will be reduced to equal the actual costs of repaying the Bonds, the Additional Interest, and actual Annual Collection Costs (as provided for in the

definition of such term), taking into consideration any other available funds for these costs, such as interest income on account balances.

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

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

Division Prior to Recording of Subdivision Plat. Upon the division of any Assessed Property prior to the recording of a subdivision plat, the Administrator shall reallocate the Assessment for the Assessed Property prior to the division among the newly divided Improvement Area #1 Assessed Properties according to the following formula:

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

Where the terms have the following meaning:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

C = the Estimated Buildout Value of the newly divided Assessed Property

D = the sum of the Estimated Buildout Value for all the newly divided Improvement Area #1 Assessed Properties

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

The sum of the Assessments for all newly divided Improvement Area #1 Assessed Properties shall equal the Assessment for the Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation shall be reflected in the next Annual Service Plan Update and approved by the City Council.

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

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

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

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

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

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

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

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

### **Prepayment of Assessments**

Pursuant to the PID Act and the Indenture, the owner of any Assessed Property may voluntarily prepay (a "Prepayment"), at any time, all or part of an Assessment levied against such owner's Assessed Property, together with accrued interest to the date of payment. Upon receipt of such Prepayment, such amounts will be applied towards the redemption or payment of the Bonds. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as payment of regularly scheduled Assessments.

### **Priority of Lien**

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

### **Foreclosure Proceedings**

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

Any sale of property for nonpayment of an installment or installments of an Assessment will be subject to the lien established for remaining unpaid installments of the Assessment against such property and such property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent installments of the Assessments against such property as they become due and payable. Judicial foreclosure proceedings are not mandatory. In the event a foreclosure is necessary, there could be a delay in payments to owners of the Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the

foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and in such event, there could be an additional delay in payment of the principal of and interest on the Bonds or such payment may not be made in full. The City is not required under any circumstance to purchase or make payment for the purchase of the delinquent Assessment on the corresponding Assessed Parcel.

In the Indenture, the City will covenant to take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and to cause no reduction, abatement, or exemption in the Assessments, provided that the City is not required to expend any funds for collection and enforcement of Assessments other than funds on deposit in the Administrative Fund. Pursuant to the Indenture, Foreclosure Proceeds (excluding Delinquent Collection Costs) constitute Pledged Revenues to be deposited into the Pledged Revenue Fund upon receipt by the City and distributed in accordance with the Indenture. See “APPENDIX B – Form of Indenture.” See also “APPENDIX E-1 – Form of Disclosure Agreement of Issuer” for a description of the expected timing of certain events with respect to collection of the delinquent Assessments.

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

## THE CITY

### Background

The City of Oak Point is located in central Denton County, approximately 12 miles east of the City of Denton, approximately 17 miles from the Frisco/Plano border, and approximately 40 miles north of downtown Dallas, Texas. Access to the City is provided by U.S. Highway 380. The City is approximately ten miles from the Dallas North Tollway, approximately seven miles from IH-35E, and approximately 24 miles from the Dallas/Fort Worth International Airport. The City’s location as part of the growing Dallas-Fort Worth Metroplex has resulted in rapid growth over the last several years. The City’s 2020 census population was 4,357. The City’s 2024 estimated population is 5,492.

### City Government

The City is a political subdivision and is home-rule municipality of the State, duly organized and existing under the laws of the State. The City was incorporated in 1976. The Home Rule Charter was approved at an election held on November 8, 2022. The City Council is comprised of the Mayor and six Council members who are elected for staggered two-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administration officer.

The current members of the City Council and the principal administrators of the City are shown on page ii hereof. General information regarding the City and the surrounding area can be found in “APPENDIX A – General Information Regarding the City and Surrounding Area.”

## 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. 2022-09-025R of the City adopted on September 21, 2022, in accordance with the PID Act (the “Creation Resolution”) for the purpose of undertaking and financing, in phases, the costs of certain public improvements within the District, including the Improvement Area #1

Improvements, authorized by the PID Act and approved by the City Council that confer a special benefit on the portion of the District property being developed. The District is not a separate political subdivision of the State and is governed by the City Council. Site plans of the Property (and Wildridge PID) are included on pages v and vi.

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

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

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

### **Collection and Delinquency History of the Wildridge PID**

Wildridge PID Improvement Area #1 Assessments. On March 16, 2015, the City levied assessments (the "Wildridge PID Improvement Area #1 Assessments") on Improvement Area #1 of the Wildridge PID through the City Council's adoption of an assessment ordinance and approval of a separate service and assessment plan (the "Wildridge PID Improvement Area #1 Service and Assessment Plan"). Upon such adoption, the Wildridge PID Improvement Area #1 Assessments became legal, valid, and binding liens upon the property against which the Wildridge PID Improvement Area #1 Assessments are made. On March 20, 2017, the City updated and amended the Wildridge PID Improvement Area #1 Service and Assessment Plan to reflect a reduction in the Actual Costs of the Wildridge PID Improvement Area #1 Projects. The initial annual installment of Wildridge PID Improvement Area #1 Assessments was due and payable beginning on or before the first January 31 to occur following the first September 30 to occur after the date on which the Wildridge PID Improvement Area #1 Projects were dedicated to the City, which was on or before January 31, 2018.

Wildridge PID Improvement Area #2 Assessments. On November 21, 2016, the City levied assessments (the "Wildridge PID Phase 2 Assessments") in Phase 2 of Improvement Area #2 of the Wildridge PID through the City Council's adoption of an assessment ordinance and approval of a separate service and assessment plan (the "Wildridge PID Phase 2 Service and Assessment Plan"). Upon such adoption, the Wildridge PID Phase 2 Assessments became legal, valid, and binding liens upon the property against which the Wildridge PID Phase 2 Assessments are made. The initial annual installment of Wildridge PID Phase 2 Assessments was due and payable beginning on or before January 31, 2018.

On March 19, 2018, the City levied assessments (the "Wildridge PID Phase 3 Assessments" and, together with the Wildridge PID Phase 2 Assessments, the "Wildridge PID Improvement Area #2 Assessments") in Phase 3 of Improvement Area #2 of the Wildridge PID through the City Council's adoption of an assessment ordinance and approval of a separate service and assessment plan (the "Wildridge PID Phase 3 Service and Assessment Plan"). Upon such adoption, the Wildridge PID Phase 3 Assessments became legal, valid, and binding liens upon the property against which the Wildridge PID Phase 3 Assessments are made. The initial annual installment of Wildridge PID Phase 3 Assessments was due and payable beginning on or before January 31, 2021.

Wildridge PID Improvement Area #3 Assessments. On September 16, 2019, the City levied assessments (the "Wildridge PID Improvement Area #3 Assessments") in Improvement Area #3 of the Wildridge PID through the City Council's adoption of an assessment ordinance and approval of an amended and restated service and assessment plan

(the “Wildridge PID Improvement Area #3 Service and Assessment Plan”). Upon such adoption, the Wildridge PID Improvement Area #3 Assessments became legal, valid, and binding liens upon the property against which the Wildridge PID Improvement Area #3 Assessments are made. The initial annual installment of Wildridge PID Improvement Area #3 Assessments was due and payable beginning on or before January 31, 2021.

Wildridge PID Improvement Area #4 Assessments. On May 17, 2021, the City levied assessments (the “Wildridge PID Improvement Area #4 Assessments”) in Improvement Area #4 of the Wildridge PID through the City Council’s adoption of an assessment ordinance and approval of an amended and restated service and assessment plan (the “Wildridge PID Improvement Area #4 Service and Assessment Plan”). Upon such adoption, the Wildridge PID Improvement Area #4 Assessments became legal, valid, and binding liens upon the property against which the Wildridge PID Improvement Area #4 Assessments are made. In connection with the issuance of Wildridge PID Improvement Area #4 Bonds, the City approved an updated version of the Wildridge PID Improvement Area #4 Service and Assessment Plan to reflect the pricing of such bonds. The initial annual installment of Wildridge PID Improvement Area #4 Assessments was due and payable beginning on or before January 31, 2022.

Wildridge PID Improvement Area #5 Assessments. On September 21, 2022, the City levied assessments (the “Wildridge PID Improvement Area #5 Assessments”) in Improvement Area #5 of the Wildridge PID through the City Council’s adoption of an assessment ordinance and approval of an amended and restated service and assessment plan (the “Wildridge PID Improvement Area #5 Service and Assessment Plan”). Upon such adoption, the Wildridge PID Improvement Area #5 Assessments became legal, valid, and binding liens upon the property against which the Wildridge PID Improvement Area #5 Assessments are made. In connection with the City’s issuance of the Wildridge PID Improvement Area #5 bonds, the City approved an updated version of the Wildridge PID Improvement Area #5 Service and Assessment Plan to reflect the pricing of such bonds. The initial annual installment of Wildridge PID Improvement Area #5 Assessments was due and payable beginning on or before January 31, 2023.

THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.

Assessment Collection and Delinquency History. The following table shows the collection and delinquency history of the Wildridge PID Improvement #1 Assessments, the Wildridge PID Phase 2 Assessments, the Wildridge PID Phase 3 Assessments, the Wildridge PID Improvement Area #3 Assessments, the Wildridge PID Improvement Area #4 Assessments, and the Wildridge PID Improvement Area #5 Assessments.

**Collection and Delinquency History of the Wildridge PID (Improvement Areas 1, 2, 3, 4, and 5 of Wildridge PID)**

Collected in Fiscal Year	Assessment Billed	Parcels Levied	Parcels Subject		Delinquent Amount as of 2/20	Delinquent Percentage as of 2/20	Outstanding Quarterly	Outstanding Quarterly	Delinquent Amount as of 9/1	Delinquent Percentage as of 9/1	Total Assessments Collected <sup>(3)</sup>
			Quarterly Payments	Quarterly Payments							
2019 <sup>(4)</sup>	\$ 709,852.76	612	2	\$ 4,355.20	0.61%	\$ 1,948.13	\$ 0.00	\$ 0.00	0.00%	\$ 709,852.76	
2020 <sup>(4)</sup>	\$ 899,233.68	775	2	\$ 31,201.77	3.47%	\$ 1,088.02	\$ 0.00	\$ 1,500.57	0.17%	\$ 899,233.68	
2021 <sup>(5)</sup>	\$ 1,169,812.92	773	3	\$ 11,643.29	1.00%	\$ 2,706.66	\$ 0.00	\$ 678.03	0.06%	\$ 1,169,812.92	
2022 <sup>(6)</sup>	1,455,582.31	906	8	\$ 20,242.48	1.39%	\$ 6,990.28	\$ 0.00	\$ 0.00	0.00%	\$ 1,455,582.31	
2023 <sup>(7)</sup>	1,443,453.33	1,073	13	\$ 26,647.04	1.85%	\$ 11,745.03	N/A	N/A	N/A	\$ 1,421,334.47	

- <sup>(1)</sup> Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons ages 65 or older or the disabled, who qualified for an exemption under either Section 11.13(c), 11.132 or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments (“Quarterly Payments”).
- <sup>(2)</sup> Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the first Quarterly Payment is due before February 1, the second Quarterly Payment is due before April 1, the third Quarterly Payment is due before June 1, and the fourth Quarterly Payment is due before August 1. Each unpaid Quarterly Payment is delinquent and incurs penalties and interest if not paid by the applicable date.
- <sup>(3)</sup> Collected as of May 1, 2021.
- <sup>(4)</sup> Represents Wildridge PID Improvement Area #1 Assessments and Wildridge PID Improvement Area #2 Assessments.
- <sup>(5)</sup> Represents Wildridge PID Improvement Area #1 Assessments, Wildridge PID Improvement Area #2 Assessments, and Wildridge PID Improvement Area #3 Assessments.
- <sup>(6)</sup> Represents Wildridge PID Improvement Area #1 Assessments, Wildridge PID Improvement Area #2 Assessments, Wildridge PID Improvement Area #3 Assessments, and Wildridge PID Improvement Area #4 Assessments.
- <sup>(7)</sup> Represents Wildridge PID Improvement Area #1 Assessments, Wildridge PID Improvement Area #2 Assessments, Wildridge PID Improvement Area #3 Assessments, Wildridge PID Improvement Area #4 Assessments, and Wildridge PID Improvement Area #5 Assessments.

**THE COLLECTION AND DELINQUENCY HISTORY OF THE WILDRIDGE PID IMPROVEMENT AREA #1 ASSESSMENTS, WILDRIDGE PID IMPROVEMENT AREA #2 ASSESSMENTS, WILDRIDGE PID IMPROVEMENT AREA #3 ASSESSMENTS, WILDRIDGE PID IMPROVEMENT AREA #4 ASSESSMENTS, AND WILDRIDGE PID IMPROVEMENT AREA #5 ASSESSMENTS IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY. NO ASSURANCE CAN BE GIVEN THAT THE COLLECTION OF THE ASSESSMENTS WILL MIRROR THE COLLECTION HISTORY OF THE WILDRIDGE PID IMPROVEMENT AREA #1 ASSESSMENTS, WILDRIDGE PID IMPROVEMENT AREA #2 ASSESSMENTS, WILDRIDGE PID IMPROVEMENT AREA #3 ASSESSMENTS, WILDRIDGE PID IMPROVEMENT AREA #4 ASSESSMENTS, AND WILDRIDGE PID IMPROVEMENT AREA #5 ASSESSMENTS. THE WILDRIDGE PID IMPROVEMENT AREA #1 ASSESSMENTS, WILDRIDGE PID IMPROVEMENT AREA #2 ASSESSMENTS, WILDRIDGE PID IMPROVEMENT AREA #3 ASSESSMENTS, WILDRIDGE PID IMPROVEMENT AREA #4 ASSESSMENTS, AND WILDRIDGE PID IMPROVEMENT AREA #5 ASSESSMENTS ARE NOT SECURITY FOR THE PAYMENT OF THE BONDS.**

THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.

## THE IMPROVEMENT AREA #1 IMPROVEMENTS

### General

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

### Improvement Area #1 Improvements

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

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

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

**Retention Pond.** Improvements including the construction of a retention pond, retaining walls, and appurtenances thereto to appropriately control and convey storm water for lots within Improvement Area #1.

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

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

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

The total costs of the Improvement Area #1 Improvements are expected to be approximately \$8,619,853. A portion of such costs in the approximate amount of \$8,619,361\* will be paid to the Developer by the City from proceeds of the Bonds. The remainder of such costs in the approximate amount of \$492\* have been or will be paid by the Developer, without reimbursement by the City, from proceeds of the Development Loan. In addition, the Developer is responsible for paying, without reimbursement by the City, for the costs of the Private Improvements (consisting of retaining walls, paving, and soft costs) in the approximate amount of \$1,524,234\*. As of June 30, 2024, the Developer has spent approximately \$6,840,230 on construction of the Improvement Area #1 Improvements and approximately \$895,360 on the Private Improvements. See "SOURCES AND USES OF FUNDS" and "APPENDIX C – Form of Service and Assessment Plan."

---

\* Preliminary, subject to change.



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

<u>Type of Improvement Area #1 Improvement</u>	<u>Costs</u>
Paving	\$2,779,484
Storm Drainage	1,352,660
Retention Pond	627,687
Sanitary Sewer	1,002,435
Water	1,081,147
Soft Costs	1,701,441
District Formation Costs	<u>75,000</u>
<b>Total</b>	<b>\$8,619,853</b>

**Ownership and Maintenance of Improvement Area #1 Improvements**

The Water and Sewer Improvements will be dedicated to and accepted by Mustang SUD and will constitute a portion of Mustang SUD’s infrastructure improvements. The Mustang SUD will provide for the ongoing operation, maintenance, and repair of the Water and Sewer Improvements constructed and conveyed, as outlined in the Service and Assessment Plan.

The HOA will own and maintain the retention pond in the northeast corner of the property on which a public use easement will be dedicated by separate instrument. The Road and Right-of-Way Drainage Improvements will be dedicated to and accepted by the City and will constitute a portion of the City’s infrastructure improvements. The City will provide for the ongoing operation, maintenance, and repair of the Road and Drainage Improvements constructed and conveyed, as outlined in the Service and Assessment Plan. See “APPENDIX C – Form of Service and Assessment Plan.”

**THE DEVELOPMENT**

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

**Overview**

The “Wildridge Development” consists of approximately 122.243 acres within the District and approximately 377.78 acres within the Wildridge PID. Development of the Wildridge Development began in 2015 on approximately 65 acres within Wildridge PID by CR-TDI, LLC, as landowner/developer, and its majority owner, Crescent Communities LLC, as development manager. In 2017, the existing Wildridge Development was sold to LH Wildridge and development continued with LH Wildridge as developer and Ashlar Development LLC, an affiliate of the Development Manager, as development manager. The undeveloped property in Wildridge PID was purchased in December 2021 by CF CSLK Wildridge LLC and development continued with the Development Manager, as development manager.

The Property was purchased in October 2022 by the Developer, an affiliate of CF CSLK Wildridge LLC, and is being developed by the Development Manager on behalf of the Developer. The Developer is responsible for the construction of the Improvement Area #1 Improvements and the Amenities (prior to full buildout of the District). The Development Manager does not own property within the Wildridge Development. See the maps of the District, the Wildridge PID, and the Wildridge Development on pages v-vi.

The Wildridge Development is an approximately 500.023-acre master-planned community expected to include approximately 1,568 single-family residential lots (1,051 in Wildridge PID and 517 in the District). The Haven, The Point, and The Hideaway are amenity sites in the Wildridge PID, and the District will include a minimum 1,800 square foot amenity center that will include an outdoor pool and associated structures, and approximately 27.6 acres of commercial space in the District that is expected to include a civic site and commercial or retail development.

All residents of the Wildridge Development will have access to all of the amenities in the Wildridge Development. See the maps of the District, the Wildridge PID, and the Wildridge Development on pages v-vi. See also “THE DEVELOPMENT – Development Within the Wildridge Development” and “– Amenities.”

As of June 30, 2024, 1,033 out of an expected total of 1,051 homes in the Wildridge PID have been sold to homeowners. Homebuilders in Wildridge PID included Highland Homes, American Legend, Chesmar Homes, MHI Partnership, K. Hovnanian, and Pulte Homes.

The District was created in September 2022 and consists of approximately 122.243 acres west of and adjacent to the Wildridge PID. The District is an extension of the Wildridge Development and is expected to include 517 single-family residential lots. Improvement Area #1 of the District consists of approximately 43.927 acres and is expected to include 234 single-family residential lots. See the maps on pages v and vi and “THE DEVELOPMENT.”

The Developer is beginning development of the District with the concurrent construction of the Improvement Area #1 Improvements and improvements that will benefit the Remainder Area. The Developer began development in December 2023 and expects to complete the Improvement Area #1 Improvements and improvements that will benefit the Remainder Area in October 2024.

THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.

Below is the current concept plan for the Wildridge Development, including the District and Wildridge PID.



THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.

## Development Within the Wildridge Development

**The District.** The District is planned to include three different residential lot sizes: 22' and 25' townhome lots and 50' detached residential lots. The expected number of single-family residential units within Improvement Area #1 and the Remainder Area by lot size is shown in the following table.

### **Expected Single-Family Residential Units Within the District**

<u>Lot Size</u>	<u>Improvement Area #1</u>	<u>Remainder Area</u>	<u>Total Number of Lots</u>
22'	41	37	78
25'	58	104	162
50'	<u>135</u>	<u>142</u>	<u>277</u>
<b>Total</b>	<b>234</b>	<b>283</b>	<b>517</b>

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

### **Expected Build-Out Schedule for the District**

<u>Improvement Area</u>	<u>Lot Type</u>	<u>Number of Single-Family Lots</u>	<u>Expected Infrastructure Completion Date</u>	<u>Expected Final Sale Date of Lots to Homebuilders</u>
1	22'/25'	99	October 2024	May 2025
	50'	<u>132</u>	October 2024	January 2026
<b>Total</b>		<b>231</b> <sup>(1)</sup>		
Remainder	22'/25'	141	September 2025	October 2026
	50'	<u>142</u>	September 2025	<sup>(2)</sup>
<b>Total</b>		<b>283</b>		

<sup>(1)</sup> Excludes three lots retained by the Developer for future model homes.

<sup>(2)</sup> No estimate available. No lot purchase contracts have been signed for the 50' lots in the Remainder Area.

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

<u>Expected Sale Dates to Homebuilders</u>	<u>20'/25' Lots</u>	<u>50' Lot</u> <sup>(1)</sup>	<u>Total Lots</u> <sup>(1)</sup>
2024	50	24	74
2025	49	96	145
2026	<u>-</u>	<u>12</u>	<u>12</u>
<b>Total</b>	<b>99</b>	<b>132</b>	<b>231</b>

<sup>(1)</sup> Excludes three lots retained by the Developer for future model homes.

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

<u>Expected Sale Dates to Homeowners</u>	<u>20'/25' Lots</u>	<u>50' Lot</u> <sup>(1)</sup>	<u>Total Lots</u> <sup>(1)</sup>
2025	32	58	90
2026	32	58	90
2027	<u>35</u>	<u>16</u>	<u>51</u>
<b>Total</b>	<b>99</b>	<b>132</b>	<b>231</b>

<sup>(1)</sup> Excludes three lots retained by the Developer for future model homes. Sale dates are dates on which homeowners sign a contract for purchase of a home.

**Wildridge PID.** Wildridge PID includes three different residential lot sizes: 50’ lots, 60’ lots, and 70’ lots. The actual number of single-family residential units within the Wildridge PID by lot size are shown in the following table. Of the expected 1,051 total lots within Wildridge PID, 1,033 have completed homes that have been sold to homeowners.

**Actual Single-family Residential Units Within Wildridge PID**

<u>Lot Type</u>	<u>Improvement Area #1</u> <sup>(1)</sup>	<u>Improvement Area #2</u>	<u>Improvement Area #3</u>	<u>Improvement Area #4</u>	<u>Improvement Area #5</u>	<u>Total number of Lots</u>
50’	79	140	104	60	87	470
60’	64	200	5	70	41	380
70’	<u>29</u>	<u>76</u>	<u>54</u>	<u>42</u>	<u>0</u>	<u>201</u>
<b>Total</b>	<b><u>172</u></b>	<b><u>416</u></b>	<b><u>163</u></b>	<b><u>172</u></b>	<b><u>128</u></b>	<b><u>1,051</u></b>

<sup>(1)</sup> One lot within improvement area #1 of Wildridge PID is being used as a model home.

**Lot Purchase Contracts**

The Developer has entered into Lot Purchase Contracts with the Homebuilders for the purchase of 231 of the 234 lots within Improvement Area #1 of the District. The Developer has retained three 50’ lots to be used for future model homes. The Developer expects to complete construction of the Improvement Area #1 Improvements in October 2024. Upon completion of such improvements, the Homebuilders will begin to take down their respective lots and begin home construction, as described below.

The Homebuilders have collectively deposited \$3,630,825 (\$1,005,000 from American Legend, \$1,650,825 from Grenadier, and \$975,000 from Highland Homes) in earnest money (the “Earnest Money Deposits”). The earnest money will be credited towards the purchase prices at the respective lot closings. Additionally, there are circumstances described in the Lot Purchase Contracts the occurrence of which may result in the termination of such agreements.

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

**Improvement Area #1 Homebuilder Lot Allocation**

<u>Homebuilder</u>	22’/25 Townhome		<u>Total</u>
	<u>Lot Size</u>	<u>50’ Lot Size</u>	
American Legend	-	67	67
Highland Homes	-	65	65
Grenadier	<u>99</u>	<u>-</u>	<u>99</u>
<b>Total</b>	<b><u>99</u></b>	<b><u>132</u></b>	<b><u>231</u></b>

**Lot Prices and Expected Average Home Prices in Improvement Area #1 of the District**

<u>Lot Size</u>	<u>Number of Lots</u> <sup>(1)</sup>	<u>Base Lot Price</u> <sup>(2)</sup>	<u>Expected Average Home Price</u> <sup>(3)</sup>
22’	41	\$ 80,000	\$500,000
25’	58	\$ 85,000	\$525,000
50’	<u>132</u>	\$100,000	\$650,000
<b>Total</b>	<b><u>231</u></b>		

<sup>(1)</sup> Excludes three lots retained by the Developer for future model homes.

<sup>(2)</sup> Based on actual lot prices in the Lot Purchase Contracts.

<sup>(3)</sup> Developer estimates.

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

**Improvement Area #1 Lot Purchase Contracts**

Homebuilder	Lot Size	Per Lot Purchase Price	Number of Lots	Takedown Schedule <sup>(1)(2)</sup>
American Legend	50'	\$100,000	67	12 lots within 21 days of Substantial Completion (expected October 2024) 12 lots every 90 days thereafter
Highland Homes	50'	\$100,000	65	12 lots within 15 days of Substantial Completion (expected October 2024) 12 lots every 90 days thereafter
Grenadier	22' 25'	\$80,000 \$85,000	41 <u>58</u>	50 lots within 15 days of Substantial Completion (expected October 2024) 25 lots within 90 days of initial takedown Remaining 24 lots within 90 days of second takedown
<b>Total</b>			<b>231</b>	

**Amenities**

The Wildridge PID includes The Haven, The Point, and The Hideaway, as described below. Residents of the Wildridge Development will have access to all amenities in the Wildridge Development.

A previous developer built an 8-acre amenity complex (“The Haven”) which includes a clubhouse, pool, Texas-themed landscaping, and parking, as well as an outdoor pavilion with bar, grilling station, and open fireplace, a natural playground, winding trails throughout the Wildridge PID, a stocked fishing pond and open spaces, parks and creeks. The previous developer paid approximately \$3,500,000 for the construction of the foregoing amenities and completed such construction in January of 2016. The HOA owns the foregoing amenities and is responsible for their maintenance and operations. The previous developer also added improvements to a point of access on Lake Lewisville (“The Point”). The Point has kayaks and lockers available for residents to rent through the HOA.

A previous developer built a fishing amenity (“The Hideaway”) that was completed in September of 2020. The Hideaway features a 3.5-acre fishing pond with covered pavilion and a seating area on a dock overlooking the pond. The Hideaway is surrounded by trails and tucked away in a natural wooded area focused on preservation and catch and release programs.

In addition to the foregoing amenities, the Developer will construct a minimum 1,800 square foot amenity center within the District that will include an outdoor swimming pool and associated structures at an approximate cost of \$2,790,000 (together with The Haven, The Point, The Hideaway, and other previously described amenity sites, the “Amenities”).

The Amenities will be owned, operated, and maintained by the HOA. The HOA will provide for the ongoing operation, maintenance, and repair of the Amenities through the administration of a property owner’s association fee to be paid by each lot owner within the Wildridge Development. See “OVERLAPPING TAXES AND DEBT – Homeowners’ Association Dues.”



**Photographs of the Development**

The photograph below depicts the entry way to the Wildridge Development located at the intersection of Shahan Prairie Road and Wildridge Boulevard.



The photographs below depict The Haven.







The photographs below depict The Hideaway.







The photograph below depicts kayaks and lockers available at The Point.





The photograph below depicts the District, with the approximate boundaries of Improvement Area #1 outlined in blue.





The photograph below depicts the eastern portion of Improvement Area #1.



### **Development Agreement**

Pursuant to the Development Agreement, effective October 4, 2022, between Ashlar Interests, LLC, and the City (as assigned to the Developer, the “Development Agreement”), the Developer has the right to construct public improvements for the District, including the Improvement Area #1 Improvements, according to certain rules and regulations of the City, and to be reimbursed for a portion of the costs of such construction through the proceeds of assessments and/or bonds secured by assessments (“PID Bonds”).

In addition to construction of the Improvement Area #1 Projects, the Development Agreement obligates the Developer to:

- At the time of building permit, pay cash in lieu of park land dedication (at the current rate of \$1,000.00 per residential dwelling unit) pursuant to the City’s subdivision ordinance, as amended;
- In connection with its development of the northern portion of the Remainder Area, construct Martop Road along the north perimeter of the District from the intersection of FM 720 eastward and continuing to the eastern boundary of the adjacent Brazos Electric property (the “Martop Road Improvements”);
- At the time of construction of the Martop Road Improvements, if required by the Texas Department of Transportation (“TxDOT”), pay \$300,000 to the City to be held in escrow for payment of a portion of the costs of a traffic signal at the intersection of Martop Road and FM 720;

- Prior to full buildout of the District, construct a minimum 1,800 square foot amenity center, including an outdoor swimming pool and associated structures;
- Upon 90 days' notice, dedicate to the City a 50' x 50' easement area at the northeast corner of Shahan Prairie and FM 720 for municipal signage; and
- Dedicate at least four net developable acres to the City for a civic site.

See the map on page v for the general expected location of the civic site. The easement for municipal signage was dedicated to the City and recorded in the real property records in February 2024.

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

### **Zoning/Permitting**

The Property is zoned pursuant to Ordinance No. 2022-09-586 (the "PD Ordinance") adopted by the City Council on September 21, 2022. The PD Ordinance allows for the development of the land within the District as described herein.

### **Education**

The Development is located within Denton ISD. Denton ISD currently operates two early childhood schools, 25 elementary schools, nine middle schools, and six high schools.

Students within the District are expected to attend Providence Elementary School, Rodriguez Middle School, and Ray Braswell High School, which are approximately 4.4, 1.9, and 6.3 miles, respectively, from the District.

Greatschools.org currently rates Providence Elementary School, Rodriguez Middle School, and Ray Braswell High School 4 out of 10. According to the Texas Education Agency annual school report cards, Providence Elementary School was rated "B", Rodriguez Middle School was rated "C", and Ray Braswell High School was rated as "B" for 2021-2022 (the most recent school year for which report cards have been released). The categories for public schools are A, B, C, or Not Rated (used for grades of less than 70).

### **Environmental**

*Site Evaluation.* A Phase I Environmental Site Assessment (a "Phase One ESA") for the Property was completed on December 3, 2021, by Kimley-Horn and Associates, Inc. ("Kimley-Horn") for the purpose of identifying recognized environmental conditions, historical recognized environmental conditions, controlled recognized environmental conditions, vapor encroachment conditions, and business environmental risks. Business environmental risks are those which can have a material environmental or environmentally-driven impact on the business associated with the use of a commercial site, and which does not require further investigation to the same degree as a recognized environmental condition.

Kimley-Horn did not encounter any significant data gaps and did not identify evidence of recognized environmental conditions, historical recognized environmental conditions, controlled recognized environmental conditions, or vapor encroachment conditions in connection with the Property. Kimley-Horn identified two business environmental risks: (i) the potential existence of agrichemicals on the Property due to its past use for agricultural uses; and (ii) an approximately 3-acre cleared pad covered in crushed rock and debris related to a former concrete batch plant.

The Kimley-Horn report omitted mention of additional recommended testing. The Developer has not, and does not plan to, perform any additional investigation because the Phase One ESA did not identify recognized environmental conditions.

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

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

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

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

### **Flood Zone**

According to the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map (FIRM), Community Panel Number 48121C0405G, effective April 18, 2011, all of the Property lies outside of the 500-year flood plain, referred to as Zone X. See “BONDHOLDERS’ RISKS – Flood Plain and Severe Weather Events.”

### **Utilities**

Mustang SUD holds the certificates of convenience and necessity to provide water and sanitary sewer services to the District. The Developer expects to enter into a new agreement or amend an existing nonstandard services agreement with Mustang SUD. Upon completion, the Water and Sewer Improvements will be dedicated to Mustang SUD. Upon dedication of the Water and Sewer Improvements, Mustang SUD will have sufficient capacity to provide water and sewer service to Improvement Area #1 of the District.

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

## **THE DEVELOPER**

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

### **General**

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

## Description of Developer and Development Manager

Developer. The Developer owns the Property, including Improvement Area #1. The Developer is an affiliate of the developer of the Wildridge PID.

Development Manager. The Development Manager is a privately held real estate development company. The Development Manager provides management oversight to the development process in the District.

A snapshot of some of the communities the Development Manager has developed or is currently developing is presented below.

<u>Name</u>	<u>City</u>	<u>Total Number of Lots</u>	<u>Starting Home Prices</u>	<u>Expected Completion Date</u>
Nichols Vale	Mt. Juliet, TN	402	\$290,000	Completed
Belterra	Dripping Springs, TX	1,991	\$370,000	Completed
The Groves	Humble, TX	2,214	\$350,000	Completed
Whitecap	Corpus Christi, TX	623	\$850,000	2028

## Executive Biography of Principals of Development Manager

Steve Yetts. Steve Yetts oversees all executive and operational activities for the Development Manager. Mr. Yetts' responsibilities include management of business and development operations for the existing Ashlar Interests portfolio as well as formulating and executing the growth strategy through oversight and coordination of acquisition opportunities. Prior to Ashlar Interests, Mr. Yetts held the position of Senior Vice President for Crescent Communities and was responsible for all Texas operations in the Central region, where he oversaw five projects. Mr. Yetts has also served as Vice President and General Manager for Discovery Land Company's 525-acre Vaquero community in Westlake, Texas. There, he oversaw the acquisition and development of the community and Tom Fazio golf course as well as initiated and managed the development's home-building division. Additionally, Mr. Yetts was Discovery Land Company's Texas partner for Spanish Oaks, an upscale golf community in Bee Cave, Texas, where he managed development, operations, and home building. He is also a Licensed Professional Civil Engineer in the State.

Dan Hatten. Dan Hatten leads the investment management, asset management, and acquisition/disposition efforts for Ashlar Development LLC, a Delaware limited liability company and a wholly owned subsidiary of the Development Manager ("Ashlar Development"). His work focuses on maximizing return on project capital for Ashlar Development's portfolio of real estate assets, underwriting potential acquisition and investment opportunities, and managing relationships with capital partners. Prior to Ashlar Development, Hatten worked for Crescent Communities as Director of Finance for more than three years. Hatten spent four years at Avere Equity Advisors, a real estate private equity firm, overseeing investment underwriting and capital markets for healthcare real estate development and acquisition transactions including hospital, medical office, and senior living assets. Additionally, he has experience in financial and operational performance improvement for Tenet Healthcare as well as capital markets and investment banking at TD Cowen and Piper Sandler.

## History and Financing of the District

Property Acquisition. The Developer purchased the Property in October 2022 for a purchase price of \$23,875,000 using funds from the Development Loan described below.

Acquisition and Development Financing. Pursuant to the First Amended and Restated Development Loan, dated as of June 5, 2023 (as modified, the "Development Loan"), with International Bank of Commerce, a Texas banking association (the "Lender"), the Developer and six affiliates of the Developer (all with a common Managing Partner and, collectively, the "Borrowers") are jointly and severally liable for loans pursuant to the Development Loan in a combined maximum amount of \$80,000,000 outstanding at any time. The Development Loan is a revolving line of credit secured by first lien deeds of trust against the properties owned by the Borrowers, including the Property, and matures on March 30, 2026, subject to a one-year extension at the option of the Borrowers. As of June 30, 2024, the Borrowers had loans outstanding in the amount of \$3,483,494. The Borrowers may repay the outstanding portion

of the Development Loan from any available resources, including revenue generated from sales of the lots developed in the District.

The PID Act provides that the Assessment Lien is a first and prior lien against the Assessed Property and is superior to all other liens and claims except liens or claims for State, county, school district, or municipality ad valorem taxes. Generally, at or prior to delivery of the Bonds, any lender with a lien on property within Improvement Area #1 is required to consent to and acknowledge the creation of the District, the levy of the Assessments, and the subordination of the lien securing its respective loan to the assessment liens on property within Improvement Area #1 securing payment of the Assessments. As a result, the lien on the property within Improvement Area #1 securing the Assessments will have priority over the liens on the property within Improvement Area #1 securing such loans.

*Sufficiency of Developer's Financing.* According to the Developer, the Developer's available financing sources are sufficient to fund the total expected costs of the Improvement Area #1 Improvements in the approximate amount of \$8,619,853 and the remaining costs of the Private Improvements in the approximate amount of \$1,524,234. The Developer's financing sources include the Development Loan, the Earnest Money Deposits, the net proceeds of the Bonds in the approximate amount of \$8,619,361\*, and Developer equity.

### **THE PID ADMINISTRATOR**

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

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

The PID Administrator's duties will include:

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

### **APPRAISAL**

*General.* Peyco Southwest Realty, Inc. (the "Appraiser") prepared an appraisal report (the "Appraisal") for the City and the Underwriter dated as of June 17, 2024, based upon a physical inspection of Improvement Area #1 conducted on May 20, 2024. The Appraisal was prepared at the request of the City and the Underwriter. The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to Improvement Area #1 of the District. The Appraisal is attached hereto as APPENDIX H and should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions, and qualifications, which are set forth therein. See "APPENDIX H – Appraisal."

*Value Estimates.* The Appraiser estimated the prospective market value at completion of the fee simple interest in Improvement Area #1 of the District under certain hypothetical conditions. The Appraisal does not reflect the value of Improvement Area #1 as if sold to a single purchaser in a single transaction. The hypothetical conditions

---

\* Preliminary, subject to change.

include the assumption that all of the Improvement Area #1 Improvements and any additional improvements to be funded by the Developer have been completed as of August 1, 2024\*, in accordance with the plans and specifications. See “THE IMPROVEMENT AREA #1 IMPROVEMENTS.” The Appraisal does not reflect the as-is condition of Improvement Area #1. See “APPENDIX H – Appraisal.”

The prospective market value as completed for the Assessed Property using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, as of August 1, 2024\*, is \$22,170,000.

None of the City, the Developer, or the Underwriter make any representation as to the accuracy, completeness, assumptions, or information contained in the Appraisal. The assumptions or qualifications with respect to the Appraisal are contained therein. There can be no assurance that any such assumptions will be realized, and none of the City, the Developer, or the Underwriter make any representation as to the reasonableness of such assumptions. See “BONDHOLDERS’ RISKS” – Use of Appraisal.”

*Prospective investors should read the complete Appraisal in order to make an informed decision regarding any contemplated purchase of the Bonds. The complete Appraisal is attached hereto as APPENDIX H.*

## **BONDHOLDERS’ RISKS**

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

### **General**

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

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

\* Due to weather conditions, substantial completion of the Improvement Area #1 Improvements is now expected to occur in October 2024.



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

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

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

### **Deemed Representations and Acknowledgment by Investors**

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

### **Infectious Disease Outbreak**

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

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

Proposed development within Improvement Area #1 of the District may be affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, changes in the income tax treatment of real property ownership, unexpected increases in development costs, and other similar factors as well as availability of utilities and the development or existence of environmental concerns with such land. See "- Hazardous Substances" and "- Availability of Utilities" below. Land development within Improvement Area #1 of the District could also be affected adversely by changes in governmental policies, including, but not limited to, governmental policies to restrict or control development. Any approvals needed in the future for Improvement Area #1 of the District must come from the City. There can be no assurances that other similar projects will not be developed in the future or that existing projects will not be upgraded or otherwise able to compete with the Wildridge Development. A slowdown of the development process and the related absorption rate within the District because of any or all of the foregoing could affect adversely land values. Such limitations could adversely impact the completion of the Wildridge Development as anticipated. THE TIMELY PAYMENT OF THE BONDS DEPENDS UPON THE WILLINGNESS AND

ABILITY OF THE DEVELOPER AND ANY SUBSEQUENT OWNERS TO PAY THE ASSESSMENTS WHEN DUE. ANY OR ALL OF THE FOREGOING COULD REDUCE THE WILLINGNESS AND THE ABILITY OF SUCH OWNERS TO PAY THE ASSESSMENTS AND COULD GREATLY REDUCE THE VALUE OF PROPERTY WITHIN IMPROVEMENT AREA #1 OF THE DISTRICT IN THE EVENT SUCH PROPERTY HAS TO BE FORECLOSED. In that event, there could be a default in the payment of the Bonds.

### **Completion of Homes**

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

### **Absorption Rate**

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

### **Assessment Limitations**

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

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

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

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

stating that an Assessment Lien runs with the land and the portion of an assessment payment that has not yet come due is not eliminated by foreclosure of an ad valorem tax lien.

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

Under State law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Ordinance, no such homestead rights will have been claimed. Furthermore, the Developer expects to own 100% of the property within Improvement Area #1 at the time the Assessments are levied, and is not eligible to claim homestead rights. Consequently, there are and can be no homestead rights on the Assessed Property superior to the Assessment Lien and, therefore, the Assessment Lien may be foreclosed upon by the City.

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

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

### **Bankruptcy**

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

### **Direct and Overlapping Indebtedness, Assessments and Taxes**

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

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

Failure of the owners of property within Improvement Area #1 of the District to pay the Assessments when due could result in the rapid, total depletion of the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Bonds if sufficient amounts are not available in the Reserve Fund.

The Additional Interest Reserve Account of the Reserve Fund is not funded from proceeds of the Bonds. Instead, funding of the Additional Interest Reserve Account is accumulated over time, by the mechanism described in “SECURITY FOR THE BONDS – Additional Interest Reserve Account of the Reserve Fund.” The Indenture provides that if after a withdrawal from the Reserve Account the amounts therein are less than the Reserve Account Requirement, the Trustee shall transfer an amount from the Pledged Revenue Fund to the Reserve Account sufficient to cure such deficiency. The Indenture also provides that if the amount on deposit in the Additional Interest Reserve Account shall at any time be less than the Additional Interest Reserve Requirement, the Trustee shall notify the City, in writing, of the amount of such shortfall and the City shall resume collecting the Additional Interest and shall file a City Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Bond Pledged Revenue Account of the Pledged Revenue Fund into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that the City shall not be required to replenish the Additional Interest Reserve Account in the event funds are transferred from the Additional Interest Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment, as described under “SECURITY FOR THE BONDS – Reserve Account of the Reserve Fund.”

### **Hazardous Substances**

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

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

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

### **Regulation**

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

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

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

## **Potential Future Changes in State Law Regarding Public Improvement Districts**

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

## **Flood Plain and Severe Weather Events**

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

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

All of the State, including the City, is subject to extreme weather events that can cause loss of life and damage to property through strong winds, flooding, heavy rains and freezes, including events similar to the severe winter storm that the continental United States experienced in February 2021, which resulted in disruptions in the Electric Reliability Council of Texas power grid and prolonged blackouts throughout the State. It is impossible to predict whether similar events will occur in the future and the impact they may have on the City, including land within Improvement Area #1 of the District.

## **Exercise of Third-Party Property Rights**

As described under "THE DEVELOPMENT – Existing Gas, Mineral, and Easement Rights and Other Third-Party Property Rights," there are certain mineral rights reservations located within the District and not owned by the

Developer. There may also be additional mineral rights and related real property rights reflected in the chain of title for the real property within the District recorded in the real property records of Denton County.

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

### **Bondholders' Remedies and Bankruptcy**

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

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

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

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

In *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("Wasson"), the Texas Supreme Court (the "Court") addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that "a city's proprietary functions are not done pursuant to the 'will of the people'" and protecting such municipalities "via the [S]tate's immunity is not an efficient way to ensure efficient allocation of [S]tate resources." While the Court recognized that the distinction between governmental and proprietary functions is not clear, the *Wasson* opinion held that the Proprietary-Governmental Dichotomy applies in a contract-claims context. The Court reviewed *Wasson* for a second time and issued an opinion on October 5, 2018 clarifying that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered

into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory and common law guidance at the time of inception of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the state's immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Notwithstanding the foregoing new case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a 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 #1 of the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property. See "OVERLAPPING TAXES AND DEBT." Collection of delinquent taxes, assessments, and the Assessments may be adversely affected by the effects of market conditions on the foreclosure sale price, and by other factors, including taxpayers' right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property, and by a time-consuming and expensive collection procedure.

### **No Acceleration**

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

### **Limited Secondary Market for the Bonds**

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

## **No Credit Rating**

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

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

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

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

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

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

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

As further described in "TAX MATTERS" below, failure of the City to comply with the requirements of the Internal Revenue Code of 1986 (the "Code") and the related legal authorities, or changes in the federal tax law or its application, could cause interest on the Bonds to be included in the gross income of owners of the Bonds for federal



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

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

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

The ability of the Developer to develop lots and the Homebuilders to sell single-family residential homes within Improvement Area #1 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 Improvement Area #1 of the District, and compete with the Development, the demand for residential housing within Improvement Area #1 of the District could be reduced, thereby adversely affecting the continued development of Improvement Area #1 of the District, or its attraction to residents.

Investments in undeveloped or developing real estate are generally considered to be speculative in nature and to involve a high degree of risk. Improvement Area #1 of the District will be subject to the risks generally incident to real estate investments and development. Many factors that may affect Improvement Area #1 of the District, as well as the operating revenues of the Developer, including those derived from the Development, are not within the control of the Developer. Such factors include changes in national, regional, and local economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; changes in local, regional and national market and economic conditions; unanticipated development costs, market preferences and architectural trends; unforeseen environmental risks and controls; the adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds to buyers of the homes to be built in Improvement Area #1 of the District, which may render the sale of such homes difficult or unattractive; acts of war, terrorism or other political instability; delays or inability to obtain governmental approvals; changes in laws; moratorium; acts of God (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages; inflation; adverse weather conditions; contractor or subcontractor defaults; and other unknown contingencies and factors beyond the control of the Developer.

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

any of the required approvals or fulfill any one of the conditions could cause materially adverse financial results for the Developer.

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

### **Risks Related to the Current Residential Real Estate Market**

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

### **Risks Related to Recent Increase in Costs of Building Materials**

As a result of the Pandemic, low supply and 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 #1 Improvements. The Developer expects to finance a portion of the costs of the Improvement Area #1 Improvements from proceeds of the Bonds. If the Actual Costs of the Improvement Area #1 Improvements are substantially greater than the estimated costs or if the Developer is unable to access building materials in a timely manner, it may affect the ability of the Developer to complete the Improvement Area #1 Improvements or pay the Assessments when due. If the costs of material continue to increase, it may affect the ability of the Developer and the Homebuilders to construct homes within Improvement Area #1 of the District. There is no way to predict whether such cost increases or low supply of building materials will continue or if such continuance will affect the development of the District.

### **Adverse Developments Affecting the Financial Services Industry**

Actual events involving limited liquidity, defaults, non-performance, or other adverse developments that affect financial institutions, transactional counterparties, or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank (“SVB”) was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation (“FDIC”) as receiver. Similarly, on March 12, 2023, Signature Bank and Silvergate Capital Corp. were each swept into receivership. In March of 2023, UBS agreed to acquire the troubled Credit Suisse, and troubled First Republic Bank received a \$30 billion rescue package from 11 of the biggest U.S. banks in an effort to prevent its collapse; however, on May 1, 2023, the FDIC seized First Republic Bank and sold its assets to JPMorgan Chase & Co.

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

## Competition

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

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

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

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

## Availability of Utilities

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

## Dependence Upon Developer

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

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

## **Use of Appraisal**

Caution should be exercised in the evaluation and use of appraisal results. An appraisal is an estimate of market value as of a specified date based upon assumptions and limiting conditions and any extraordinary assumptions specific to the relevant valuation. It is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The valuation set forth in the Appraisal is based on various assumptions of future expectations and while the Appraiser's forecasts for properties in Improvement Area #1 of the District is considered 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 Improvement Area #1 of the District.

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

## **TAX MATTERS**

### **Tax Exemption**

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

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

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

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual

recipients of Social Security or Railroad Retirement benefits, corporations subject to the alternative minimum tax on adjusted financial statement income, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust (“FASIT”), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

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

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

### **Tax Accounting Treatment of Discount and Premium on Certain Bonds**

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

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

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

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

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

### **State, Local and Foreign Taxes**

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

### **Changes in Federal and State Tax Law**

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

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

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

## **LEGAL MATTERS**

### **Legal Proceedings**

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

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

## **Legal Opinions**

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

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

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

## **Litigation – The City**

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

## **Litigation – The Developer**

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

Service and Assessment Plan, the PID Reimbursement Agreement, the Development Agreement, or the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (2) the tax-exempt status of interest on the Bonds (individually or in the aggregate, a “Material Adverse Effect”). Additionally, principals of Developer and their affiliated entities have been (but are not currently) parties to pending and threatened litigation related to their commercial and real estate development activities. Such litigation occurs in the ordinary course of business and is not expected to have a Material Adverse Effect.

### **SUITABILITY FOR INVESTMENT**

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

### **ENFORCEABILITY OF REMEDIES**

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

### **NO RATING**

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

### **CONTINUING DISCLOSURE**

#### **The City**

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

The City has agreed to update information and to provide notices of certain specified events only as provided in the Disclosure Agreement of Issuer. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update



any information that is provided in this Limited Offering Memorandum, except as provided in the Disclosure Agreement of Issuer. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the Disclosure Agreement of Issuer or from any statement made pursuant to the Disclosure Agreement of Issuer.

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

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

### **The Developer**

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

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

### **The Developer’s Compliance With Prior Undertakings**

The Developer has not previously entered into a continuing disclosure agreement.

## **UNDERWRITING**

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

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

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

otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

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

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

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

## **INVESTMENTS**

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

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

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

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

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

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

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

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

### **INFORMATION RELATING TO THE TRUSTEE**

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

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

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

## **SOURCES OF INFORMATION**

### **General**

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

### **Source of Certain Information**

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

### **Experts**

The information under the subcaption "THE DISTRICT - Collection and Delinquency History of the Wildridge PID," and the information regarding the Service and Assessment Plan in this Limited Offering Memorandum has been provided by P3Works, LLC, and has been included in reliance upon the authority of such firm as experts in the field of assessment allocation/methodology and district administration.

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

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

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

### **FORWARD-LOOKING STATEMENTS**

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

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

### **AUTHORIZATION AND APPROVAL**

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

THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY AND SURROUNDING AREA

The following information has been provided for informational purposes only.

**General**

The City of Oak Point is located in central Denton County, approximately 12 miles east of the City of Denton, approximately 17 miles from the Frisco/Plano border, and approximately 40 miles north of downtown Dallas, Texas. Access to the City is provided by U.S. Highway 380. The City is approximately ten miles from the Dallas North Tollway, approximately seven miles from IH-35E, and approximately 24 miles from the Dallas/Fort Worth International Airport. The City’s location as part of the growing Dallas-Fort Worth Metroplex has resulted in rapid growth over the last several years. The City’s 2020 census population was 4,357. The City’s 2024 estimated population is 5,492.

The City is a political subdivision and is home-rule municipality of the State, duly organized and existing under the laws of the State. The City was incorporated in 1976. The Home Rule Charter was approved at an election held on November 8, 2022. The City Council is comprised of the Mayor and six Council members who are elected for staggered two-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administration officer.

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

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

	Average Annual				
	2024 <sup>(1)</sup>	2023	2022	2021	2020
Civilian Labor Force	576,060	568,450	551,918	529,274	511,246
Total Employed	557,701	548,549	533,977	505,915	478,345
Total Unemployed	18,359	19,901	17,941	23,359	32,901
<u>Unemployment Rate</u>	3.2%	3.5%	3.3%	4.4%	6.4%

<sup>(1)</sup> Data through April 2024.

Source: Texas Labor Market Information.

**Major Employers in Denton County**

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

<u>Employer</u>	<u>Product or Service</u>	<u>Employees</u>
University of North Texas	Education	8,891
Lewisville ISD	Education	7,500
Schwab	Financial Services	7,000
Nebraska Furniture Mart	Retail	5,006
Denton ISD	Education	4,331
Andretti Indoor Carting & Games	Entertainment Center	3,000
Peterbilt Motors	Manufacturing	2,000
Denton County	Government	1,822
Wal-Mart	Retail Store	1,734
AdventHealth	Healthcare	1,633

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

## Surrounding Economic Activity

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

City of Denton (2023) Approx. 12 Miles from the City		City of Frisco (2022) Approx. 10 Miles from the City		City of Lewisville (2023) Approx. 10 Miles from the City		City of Grapevine (2022) Approx. 20 Miles from the City	
Employer	Employees	Employer	Employees	Employer	Employees	Employer	Employees
University of North Texas	8,891	Frisco ISD	8,088	Lewisville ISD	3,551	Gaylord Texas Resort & Convention Center	2,000
Denton ISD	4,331	T-Mobile USA	1,800	Wal-Mart	900	Dallas/Ft. Worth Int'l Airport	1,980
Peterbilt Motors-Headquarters & Plant	2,000	City of Frisco	1,688	City of Lewisville	842	Grapevine-Colleyville ISD	1,700
Denton County	1,822	Keurig Dr. Pepper Inc.	1,100	Medical City Lewisville	577	Paycom	900
Denton State Supported Living Center	1,146	Mario Sinacola & Sons Excavating	935	Mary Kay	571	City of Grapevine	700
City of Denton	1,104	Conifer	903	Caliber Collision	545	Baylor Medical	660
Texas Presbyterian Hospital	1,100	Baylor Medical Center	663	SYSCO	476	Great Wolf Lodge	600
Texas Women's University	1,077	Baylor Scott White/Centennial Hosp.	466	HOYA Vision Care	325	Hyatt Regency DFW	500
Sally Beauty Holdings, Inc.	1,000	IKEA Frisco	423	Orthofix	250	Texas Toyota of Grapevine	350
Medical City Denton	799	UT Southwestern/Texas Health Hospital	300	The Flooring Services	250	American Warranty Svc	340

City of McKinney (2022) Approx. 20 Miles from the City	
Employer	Employees
Raytheon Space & Airborne Systems	4,347
McKinney ISD	2,749
Collin County	1,964
Globe Life	1,600
Independent Financial	1,600
City of McKinney	1,428
Encore Wire Corp.	1,325
Collin College	1,064
Baylor	700
Medical Center of McKinney	670

City of Dallas (2023) Approx. 30 Miles from the City	
Employer	Employees
UT Southwestern Medical Center	23,817
Dallas ISD	23,271
City of Dallas	16,000
Southwest Airlines Co.	14,618
Parkland Health & Hosp. System	13,000
Dallas County Community College	8,230
Dallas Co. Community College	8,230
Texas Instruments Inc.	7,722
Dallas County	6,500
Methodist Dallas Medical Center	6,452

Source: Municipal Advisory Council of Texas



APPENDIX B  
FORM OF INDENTURE

THIS PAGE IS LEFT BLANK INTENTIONALLY.

---

**INDENTURE OF TRUST**

By and Between

**CITY OF OAK POINT, TEXAS**

and

**WILMINGTON TRUST, NATIONAL ASSOCIATION  
as Trustee**

**DATED AS OF AUGUST 1, 2024**

SECURING

**\$ \_\_\_\_\_  
CITY OF OAK POINT, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024  
(OAK POINT 720 PUBLIC IMPROVEMENT DISTRICT  
IMPROVEMENT AREA #1 PROJECT)**

## TABLE OF CONTENTS

Page

### ARTICLE I

#### DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.1.	Definitions.....	4
Section 1.2.	Findings.....	11
Section 1.3.	Table of Contents, Titles and Headings.....	12
Section 1.4.	Interpretation.....	12

### ARTICLE II

#### THE BONDS

Section 2.1.	Granting Clauses.....	12
Section 2.2.	Security for the Bonds.....	13
Section 2.3.	Limited Obligations.....	13
Section 2.4.	Authorization for Indenture.....	14
Section 2.5.	Contract with Owners and Trustee.....	14

### ARTICLE III

#### AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.1.	Authorization.....	14
Section 3.2.	Date, Denomination, Maturities, Numbers and Interest.....	14
Section 3.3.	Conditions Precedent to Delivery of Bonds.....	15
Section 3.4.	Medium, Method and Place of Payment.....	15
Section 3.5.	Execution and Registration of Bonds.....	16
Section 3.6.	Ownership.....	17
Section 3.7.	Registration, Transfer and Exchange.....	17
Section 3.8.	Cancellation.....	18
Section 3.9.	Temporary Bonds.....	18
Section 3.10.	Replacement Bonds.....	19
Section 3.11.	Book-Entry Only System.....	20
Section 3.12.	Successor Securities Depository: Transfer Outside Book-Entry-Only System.....	20
Section 3.13.	Payments to Cede & Co.....	21

### ARTICLE IV

#### REDEMPTION OF BONDS BEFORE MATURITY

Section 4.1.	Limitation on Redemption.....	21
--------------	-------------------------------	----

## TABLE OF CONTENTS

	<b>Page</b>
Section 4.2.	Mandatory Sinking Fund Redemption. ....21
Section 4.3.	Optional Redemption. ....23
Section 4.4.	Extraordinary Optional Redemption. ....23
Section 4.5.	Partial Redemption. ....23
Section 4.6.	Notice of Redemption to Owners. ....24
Section 4.7.	Payment Upon Redemption. ....24
Section 4.8.	Effect of Redemption. ....25

### ARTICLE V

#### FORM OF THE BONDS

Section 5.1.	Form Generally. ....25
Section 5.2.	CUSIP Registration. ....25
Section 5.3.	Legal Opinion. ....26

### ARTICLE VI

#### FUNDS AND ACCOUNTS

Section 6.1.	Establishment of Funds and Accounts. ....26
Section 6.2.	Initial Deposits to Funds and Accounts. ....27
Section 6.3.	Pledged Revenue Fund. ....27
Section 6.4.	Bond Fund. ....28
Section 6.5.	Project Fund. ....28
Section 6.6.	Redemption Fund. ....30
Section 6.7.	Reserve Fund. ....30
Section 6.8.	Rebate Fund; Rebate Amount. ....32
Section 6.9.	Administrative Fund. ....32
Section 6.10.	Investment of Funds. ....32
Section 6.11.	Security of Funds. ....34

### ARTICLE VII

#### COVENANTS

Section 7.1.	Confirmation of Assessments. ....34
Section 7.2.	Collection and Enforcement of Assessments. ....34
Section 7.3.	Against Encumbrances. ....34
Section 7.4.	Records, Accounts, Accounting Reports. ....35
Section 7.5.	Covenants to Maintain Tax-Exempt Status. ....35

## TABLE OF CONTENTS

Page

### ARTICLE VIII

#### LIABILITY OF CITY

### ARTICLE IX

#### THE TRUSTEE

Section 9.1.	Trustee as Paying Agent/Registrar.....	40
Section 9.2.	Trustee Entitled to Indemnity.....	40
Section 9.3.	Responsibilities of the Trustee. ....	40
Section 9.4.	Property Held in Trust.....	44
Section 9.5.	Trustee Protected in Relying on Certain Documents. ....	45
Section 9.6.	Compensation. ....	45
Section 9.7.	Permitted Acts. ....	46
Section 9.8.	Resignation of Trustee. ....	46
Section 9.9.	Removal of Trustee. ....	46
Section 9.10.	Successor Trustee.....	46
Section 9.11.	Transfer of Rights and Property to Successor Trustee. ....	47
Section 9.12.	Merger, Conversion or Consolidation of Trustee.....	48
Section 9.13.	Trustee to File Continuation Statements. ....	48
Section 9.14.	Construction of Indenture. ....	48

### ARTICLE X

#### MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 10.1.	Amendments Permitted. ....	49
Section 10.2.	Owners' Meetings.....	50
Section 10.3.	Procedure for Amendment with Written Consent of Owners.....	50
Section 10.4.	Effect of Supplemental Indenture. ....	51
Section 10.5.	Endorsement or Replacement of Bonds Issued After Amendments. ....	51
Section 10.6.	Amendatory Endorsement of Bonds.....	51
Section 10.7.	Waiver of Default. ....	51
Section 10.8.	Execution of Supplemental Indenture.....	51

### ARTICLE XI

#### DEFAULT AND REMEDIES

Section 11.1.	Events of Default. ....	52
Section 11.2.	Immediate Remedies for Default. ....	52

## TABLE OF CONTENTS

	<b>Page</b>
Section 11.3. Restriction on Owner's Action. ....	53
Section 11.4. Application of Revenues and Other Moneys After Default. ....	54
Section 11.5. Effect of Waiver. ....	55
Section 11.6. Evidence of Ownership of Bonds. ....	55
Section 11.7. No Acceleration. ....	55
Section 11.8. Mailing of Notice. ....	56
Section 11.9. Exclusion of Bonds. ....	56
ARTICLE XII	
GENERAL COVENANTS AND REPRESENTATIONS	
Section 12.1. Representations as to Trust Estate. ....	56
Section 12.3. General. ....	57
ARTICLE XIII	
SPECIAL COVENANTS	
Section 13.1. Further Assurances; Due Performance. ....	57
Section 13.2. Additional Obligations; Other Liens. ....	57
Section 13.3. Books of Record. ....	58
ARTICLE XIV	
PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE	
Section 14.1. Trust Irrevocable. ....	58
Section 14.2. Satisfaction of Indenture. ....	58
Section 14.3. Bonds Deemed Paid. ....	59
ARTICLE XV	
MISCELLANEOUS	
Section 15.1. Benefits of Indenture Limited to Parties. ....	59
Section 15.2. Successor is Deemed Included in All References to Predecessor. ....	59
Section 15.3. Execution of Documents and Proof of Ownership by Owners. ....	60
Section 15.4. Waiver of Personal Liability. ....	60
Section 15.5. Notices to and Demands on City and Trustee. ....	60
Section 15.6. Partial Invalidity. ....	61
Section 15.7. Applicable Laws. ....	62
Section 15.8. Payment on Business Day. ....	62

## TABLE OF CONTENTS

	<b>Page</b>
Section 15.9. Counterparts.....	62
Section 15.10. Statutory Verifications.....	62
EXHIBIT A .....	A-1



## INDENTURE OF TRUST

THIS INDENTURE, dated as of August 1, 2024 is by and between the CITY OF OAK POINT, 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 I.

WHEREAS, a petition was submitted and filed with the City Secretary of the City (the “City Secretary”) pursuant to the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended (the “PID Act”), requesting the creation of a public improvement district located within the corporate limits of the City to be known as the Oak Point 720 Public Improvement District (the “District”); and

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

WHEREAS, on August 17, 2022 after due notice, the City Council of the City (the “City Council”) held the public hearing in the manner required by law on the advisability of the improvement projects and services described in the petition as required by Section 372.009 of the PID Act; and

WHEREAS, on September 21, 2022, the City Council made the findings required by Section 372.009(b) of the PID Act and, by Resolution No. 2022-09-025R, adopted by a majority of the members of the City Council, authorized the creation of the District in accordance with its findings as to the advisability of the improvement projects and also made findings and determinations relating to the estimated total costs of certain Authorized Improvements; and

WHEREAS, on September 23, 2022 the City Secretary filed a copy of Resolution No. 2022-09-025R with the county clerk of Denton County, the county in which all of the District is located in accordance with the provisions of the PID Act; and

WHEREAS, no written protests of the District from any owners of record of property within the District were filed with the City Secretary within 20 days after September 21, 2022; and

WHEREAS, on June 26, 2024, the City Council by Resolution No. \_\_\_\_\_ made findings and determinations relating to the Actual Costs of certain Improvement Area #1 Improvements, received and accepted a preliminary service and assessment plan and a proposed assessment roll, called a public hearing for July 31, 2024 and directed City staff to (i) file the proposed assessment roll with the City Secretary and to make it available for public inspection as required by Section 372.016(b) of the PID Act, and (ii) publish and mail such notice relating to the July 31, 2024 hearing as required by Section 372.016(b) of the PID Act; and

WHEREAS, on July 12, 2024 City staff, pursuant to Section 372.016(b) of the PID Act, published notice of the public hearing in the *Denton Record-Chronicle*, a newspaper of general

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

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

WHEREAS, the City Council opened and convened the hearing on July 31, 2024, and at such public hearing all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the proposed Service and Assessment Plan, the proposed Improvement Area #1 Assessment Roll, and the proposed Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessments, the allocation of estimated costs of the Improvement Area #1 Improvements to the Assessed Property within Improvement Area #1 of the District, the purposes of the Assessments, the special benefits of the Improvement Area #1 Improvements, and the penalties and interest on Annual Installments of the Assessments and on delinquent Annual Installments; and

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

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

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

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

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

WHEREAS, the City Council now desires to issue revenue bonds, in accordance with the PID Act, such bonds to be entitled "City of Oak Point, Texas, Special Assessment Revenue Bonds, Series 2024 (Oak Point 720 Public Improvement District Improvement Area #1 Project)" (the "Bonds"), such Bonds being payable solely from the Trust Estate and for the purposes set forth in the preamble of this Indenture; and

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

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

## ARTICLE I

### DEFINITIONS, FINDINGS AND INTERPRETATION

#### Section 1.1. Definitions.

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

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

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

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

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

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

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

“Additional Obligations” means any bonds or obligations (including specifically, any installment contracts, reimbursement agreements, temporary notes, or time warrants) secured in

whole or in part by an assessment, other than the Assessments securing the Bonds, levied against property within the District in accordance with the PID Act.

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

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

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

“Annual Debt Service” means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of Sinking Fund Installments), and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any Sinking Fund Installments due in such Bond Year).

“Annual Installment” means, with respect to each Assessed Parcel, each annual payment of the Assessments (including both principal and interest) as shown in the table of Improvement Area #1 Annual Installments attached to the Service and Assessment Plan as Exhibit F-2 and related to the Improvement Area #1 Improvements; which annual payment includes the Annual Collection Costs and the Additional Interest collected on each annual payment of the Assessments as described in Section 6.7 herein and as defined and calculated in the Service and Assessment Plan or in any Annual Service Plan Update.

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

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

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

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

“Assessment Ordinance” means Ordinance No. \_\_\_\_\_ adopted by the City Council on July 31, 2024, that levied the Assessments on the Assessed Property located within Improvement Area #1 of the District.

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

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

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

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

“Bond” means any of the Bonds.

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

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

“Bond Ordinance” means Ordinance No. \_\_\_\_\_ adopted by the City Council on July 31, 2024 authorizing the issuance of the Bonds pursuant to this Indenture.

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

“Bond Year” means the one-year period beginning on September 15 in each year and ending on September 14 in the following year.

“Bonds” means the City’s bonds authorized to be issued by Section 3.1 of this Indenture entitled “City of Oak Point, Texas, Special Assessment Revenue Bonds, Series 2024 (Oak Point 720 Public Improvement District Improvement Area #1 Project)”.

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

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

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

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

“Closing Date” means the date of the initial delivery of and payment for the Bonds. With respect to the Bonds, the Closing Date is August 21, 2024.

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

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

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

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

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

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

“Developer” means CF CSLK RDMN LLC, a Texas limited liability corporation and any successors or assigns that intends to develop the property in the District for the ultimate purpose of transferring title to end users.

“District” means the Oak Point 720 Public Improvement District.

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

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

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

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

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

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

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

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

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

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

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

property in the District; and (iv) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

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

“Interest Payment Date” means the date or dates upon which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being on March 15 and September 15 of each year, commencing March 15, 2025.

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

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

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

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

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

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

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

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

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

“PID Reimbursement Agreement” means that certain PID Reimbursement Agreement – Oak Point 720 Public Improvement between the City and the Developer relating to the PID and the Bonds, dated as of July 31, 2024, which provides, in part, for the deposit of proceeds from the



issuance and sale of the Bonds and the payment of costs of Improvement Area #1 Improvements in the District, the issuance of bonds, the reimbursement of costs to the Developer from assessments or the proceeds of the bonds for funds advanced by the Developer and used to pay costs of such Authorized Improvements and other matters related thereto.

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

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

“Pledged Revenues” means the sum of (i) Assessment Revenue less the Annual Collection Costs and (ii) any additional revenues that the City may pledge to the payment of Bonds.

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

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

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

“Purchaser” means the initial purchaser of the Bonds.

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

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

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

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

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

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

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

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

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

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

“Service and Assessment Plan” means the “Oak Point 720 Public Improvement District Service and Assessment Plan” dated July 31, 2024, including the Improvement Area #1 Assessment Roll, as hereinafter amended, updated, and/or restated by an Annual Service Plan Update or otherwise, a version of which is attached as an exhibit to the Assessment Ordinance.

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

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

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

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

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

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

“Trustee” means Wilmington Trust, National Association, 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 IX, such entity to serve as Trustee and Paying Agent/Registrar for the Bonds.

Section 1.2. Findings.

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

Section 1.3. Table of Contents, Titles and Headings.

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

Section 1.4. Interpretation.

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

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

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

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

ARTICLE II

THE BONDS

Section 2.1. Granting Clauses

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

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

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

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

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

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

Section 2.2. Security for the Bonds.

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

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

Section 2.3. Limited Obligations.

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

Section 2.4. Authorization for Indenture.

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

Section 2.5. Contract with Owners and Trustee.

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

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

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.1. Authorization.

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

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

(a) The Bonds shall be dated August 21, 2024 and shall be issued in Authorized Denominations. The Bonds shall be in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Bond, which shall be numbered T-1.

(b) Interest shall accrue and be paid on each Bond from the later of the Closing Date of the Bonds or the most recent Interest Payment Date to which interest has been paid or provided for, at the rate per annum set forth below until the principal thereof has been paid on the maturity date specified below or otherwise provided for. Such interest shall be payable semiannually on March 15 and September 15 of each year, commencing March 15, 2025 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>Year</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>
-------------	------------------------------	--------------------------

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

Section 3.3. Conditions Precedent to Delivery of Bonds.

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

- (i) a certified copy of the Assessment Ordinance;
- (ii) a certified copy of the Bond Ordinance;
- (iii) a copy of the executed PID Reimbursement Agreement;
- (iv) a copy of this Indenture executed by the Trustee and the City; and

(v) a City Certificate directing the authentication and delivery of the Bonds, describing the Bonds to be authenticated and delivered, designating the purchasers to whom the Bonds are to be delivered, stating the purchase price of the Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the City.

Section 3.4. Medium, Method and Place of Payment.

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

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

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

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

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

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

Section 3.5. Execution and Registration of Bonds.

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

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

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Indenture unless and until there appears thereon the Certificate of Trustee substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Trustee. It shall not be required that the same officer or authorized signatory of the Trustee sign the Certificate of Trustee on all of the Bonds. In lieu of the executed Certificate of Trustee described above, the Initial Bond

delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller of Public Accounts of the State of Texas, or by his or her duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas, is a valid and binding obligation of the City, and has been registered by the Comptroller of Public Accounts of the State of Texas.

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

Section 3.6. Ownership.

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

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

Section 3.7. Registration, Transfer and Exchange.

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

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

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and bearing the same interest rate and in any Authorized Denomination and in an aggregate principal amount equal to the unpaid principal amount of the Bond presented for exchange.



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

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

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

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

#### Section 3.8. Cancellation.

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

#### Section 3.9. Temporary Bonds.

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

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

(c) The City, without unreasonable delay, shall prepare, execute and deliver to the Trustee the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bond

or Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and the Trustee shall authenticate and deliver in exchange therefor a Bond or Bonds of the same maturity and series, in definitive form, in an Authorized Denomination, and in the same aggregate principal amount, as the Bond or Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.10. Replacement Bonds.

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

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

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

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

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

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

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

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

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

Section 3.11. Book-Entry Only System.

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

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

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

In the event that the City determines that DTC is incapable of discharging its responsibilities described herein and in the letter of representations from the City to DTC, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability

through DTC of certificated Bonds and cause the Paying Agent/Registrar to transfer one or more separate registered Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

Section 3.13. Payments to Cede & Co.

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

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.1. Limitation on Redemption.

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

Section 4.2. Mandatory Sinking Fund Redemption.

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

**Term Bonds Maturing September 15, 20**

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__*	
<u>*Stated Maturity</u>	

**Term Bonds Maturing September 15, 20**

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 15, 20__	
September 15, 20__	

September 15, 20\_\_  
 September 15, 20\_\_  
 September 15, 20\_\_  
 September 15, 20\_\_  
 September 15, 20\_\_  
 September 15, 20\_\_  
 September 15, 20\_\_  
 September 15, 20\_\_  
 September 15, 20\_\_  
 September 15, 20\_\_  
 September 15, 20\_\_  
 September 15, 20\_\_  
 September 15, 20\_\_  
 September 15, 20\_\_  
 September 15, 20\_\_ \*

---

\*Stated Maturity

**Term Bonds Maturing September 15, 20**

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__ *	

---

\*Stated Maturity

(b) At least 45 days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by subparagraphs (c) and (d) of this Section 4.2, the Trustee shall select a principal amount of Bonds (in accordance with Section 4.5) of such maturity equal to the Sinking Fund Installment amount of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6.

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

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

Section 4.3. Optional Redemption.

The City reserves the right and option to redeem the Bonds maturing on or after September 15, 20\_\_, before their respective scheduled maturity date, 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 the Redemption Price for such Bonds.

Section 4.4. Extraordinary Optional Redemption.

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

Section 4.5. Partial Redemption.

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

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

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

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

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

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

(e) Upon surrender of any Bond for redemption in part, the Trustee, in accordance with Section 3.7 of this Indenture, shall authenticate and deliver an exchange Bond or Bonds in

an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered, such exchange being without charge.

Section 4.6. Notice of Redemption to Owners.

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

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

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

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

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

Section 4.7. Payment Upon Redemption.

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

(b) Upon presentation and surrender of any Bond called for redemption at the Designated Payment/Transfer Office of the Trustee on or after the date fixed for redemption, the

Trustee shall pay the Redemption Price on such Bond to the date of redemption from the moneys set aside for such purpose.

Section 4.8. Effect of Redemption.

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

ARTICLE V

FORM OF THE BONDS

Section 5.1. Form Generally.

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

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

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

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

Section 5.2. CUSIP Registration.

The City may secure identification numbers through the CUSIP Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association, New York, New York, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof; and none of the City, the Trustee, nor the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds. The Trustee may include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent



service and are included in such notice solely for the convenience of the Owners of the Bonds and that neither the City nor the Trustee shall be liable for any inaccuracies of such numbers.

Section 5.3. Legal Opinion.

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

ARTICLE VI

FUNDS AND ACCOUNTS

Section 6.1. Establishment of Funds and Accounts.

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

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

(b) Creation of Accounts.

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

- (A) Bond Pledged Revenue Account.

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

- (A) Principal and Interest Account.

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

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

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

- (A) Reserve Account; and

(B) Additional Interest Reserve Account.

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

(A) District Administration Account.

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

(d) Except as set forth in Section 6.10(f), interest earnings and profit on each respective Fund and Account established by this Indenture shall be applied or withdrawn for the purposes of such Fund or Account as specified below.

Section 6.2. Initial Deposits to Funds and Accounts.

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

- (i) to the Reserve Account of the Reserve Fund: \$\_\_\_\_\_;
- (ii) to the Improvement Area #1 Improvements Account of the Project Fund: \$\_\_\_\_\_;
- (iii) to the Costs of Issuance Account of the Project Fund: \$\_\_\_\_\_;  
and
- (iv) to the District Administration Account of the Administrative Fund: \$\_\_\_\_\_.

Section 6.3. Pledged Revenue Fund.

(a) On or before March 1 of each year while the Bonds are Outstanding and beginning March 1, 2025, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. From amounts deposited into the Pledged Revenue Fund, the City shall deposit or cause to be deposited Pledged Revenues as follows: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds next coming due in such calendar year, (ii) second, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, in accordance with Section 6.7(a) hereof, (iii) third, to the Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest collected, if any, in accordance with Section 6.7(b) hereof, (iv) fourth, to pay Actual Costs of the Improvement Area #1 Improvements, and (v) fifth, to pay other costs permitted by the PID Act.

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

equals the principal (including any Sinking Fund Installments) and interest due on the Bonds on the next Interest Payment Date.

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

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

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

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

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

Section 6.4. Bond Fund.

(a) On each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and/or interest then due and payable on the Bonds.

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

Section 6.5. Project Fund.

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

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

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

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

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

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

(g) Not later than six months following the Closing Date, or upon an earlier determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred first to another Account of the Project Fund and used to pay Actual Costs, or, if no Actual Costs remain to be funded, then to the Principal and Interest Account of the Bond Fund and used to pay interest on the Bonds, as directed by the City in a City Certificate filed with the Trustee, and the Costs of Issuance Account shall be closed.

Section 6.6. Redemption Fund.

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

Section 6.7. Reserve Fund.

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

(b) The Trustee, if needed, will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Additional Interest Reserve Account on March 15 and September 15 of each year, commencing March 15, 2025, an amount equal to the Additional Interest collected, if any, as shown on the Improvement Area #1 Assessment Roll attached to the Service and Assessment Plan or an Annual Service Plan Update, until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account. If the amount on deposit in the Additional Interest Reserve Account shall at any later time be less than the Additional Interest Reserve Requirement, the Trustee shall notify the City, in writing, of the amount of such shortfall, and the City shall resume collecting the Additional Interest and shall file a City Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Bond Pledged Revenue Account of the Pledged Revenue Fund into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that the City shall not be required to replenish the Additional Interest Reserve Account in the event funds are transferred from the Additional Interest Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment pursuant to Section 4.4 of this Indenture. In the event the amount on deposit in the Additional Interest Reserve Account is less than the Additional Interest Reserve Requirement, then the deposits described in the immediately preceding sentence shall continue until the Additional Interest Reserve Account has been fully replenished to the Additional Interest Reserve Requirement. If, after such deposits, there is surplus Additional Interest remaining, the Trustee shall transfer such surplus Additional Interest to the Redemption Fund, and shall notify the City of such transfer in writing. In calculating the amounts to be transferred pursuant to this Section, the Trustee may conclusively rely on the Annual Installments as shown on the Improvement Area #1 Assessment Roll in the Service and Assessment Plan or an Annual Service Plan Update unless and until it receives a City Certificate directing that a different amount be used.

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

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

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

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

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

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

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

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

Section 6.8. Rebate Fund; Rebate Amount.

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

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

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

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

Section 6.9. Administrative Fund.

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

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

Section 6.10. Investment of Funds.

(a) Money in any Fund or Account established pursuant to this Indenture shall be invested by the Trustee, as directed by the City pursuant to a City Certificate, filed with the Trustee at least two days in advance of the making of such investment. The money in any Fund or Account shall be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times. Notwithstanding the preceding sentence, amounts in the Additional Interest Reserve Account may not be invested

above the Yield (as defined in Section 7.5(a) hereof) on the Bonds, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that such investment and/or the failure to comply with such yield restriction will not adversely affect the exemption from federal income tax of the interest on any Bond. Investments shall be valued each year in terms of current market value as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds or Accounts may be invested in common investments of the kind described above, or in a common pool of such investment which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund or Account are held by or on behalf of each such Fund or Account. If necessary, such investments shall be promptly sold to prevent any default. To ensure that cash on hand is invested, if the City does not give the Trustee written or timely instructions with respect to investments of funds, the Trustee is hereby directed to hold such funds uninvested.

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

(c) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee shall have no investment discretion and the Trustee's only responsibility for investments shall be to follow the written instructions contained in any City Certificate. The Trustee shall not incur any liability for losses arising from any investments made pursuant to this Section. The Trustee shall not be required to determine the suitability or legality of any investments. The parties acknowledge that the Trustee is not providing investment supervision, recommendations, or advice.

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

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

(f) If, following an annual calculation of the Rebate Amount in accordance with Sections 6.8 and 7.5(h) hereof, it is determined that a Rebate Amount is owed with respect to the Bonds, the City shall direct the Trustee, pursuant to a City Certificate, to transfer to the Rebate Fund an amount equal to the Rebate Amount owed by the City from investment earnings derived from the investment of the amount on deposit in Pledged Funds. The City Certificate shall specify the amount to be transferred and identify the Pledged Fund or Pledged Funds from which the investment earnings shall be transferred.



(g) The Trustee may conclusively rely on City Certificates pursuant to Section 6.10(a) that such an investment will comply with the City's investment policy and with the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

Section 6.11. Security of Funds.

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

ARTICLE VII

COVENANTS

Section 7.1. Confirmation of Assessments.

The City hereby confirms, covenants, and agrees that the Assessments to be collected from the Assessed Property are as so reflected in the Service and Assessment Plan (as it may be updated from time to time) and, in accordance with the Assessment Ordinance, it has levied the Assessments against the respective Assessed Parcels from which the Pledged Revenues will be collected and received.

Section 7.2. Collection and Enforcement of Assessments.

(a) For so long as any Bonds are Outstanding, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws to cause no reduction, abatement or exemption in the Assessments.

(b) The City will determine or cause to be determined, no later than March 1 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Parcel. Furthermore, nothing shall obligate the City, the City Attorney, or any appropriate designee to undertake collection or foreclosure actions against delinquent accounts in violation of applicable state law, court order, or existing contractual provisions between the City and its appropriate collections enforcement designees.

Section 7.3. Against Encumbrances.

(a) Other than Refunding Bonds, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Trust Estate, other than that specified in Section 9.6 of this Indenture, or upon any other property

pledged under this Indenture, except the pledge created for the security of the Bonds, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

(b) So long as Bonds are Outstanding hereunder, and except as set forth in Section 13.2 hereof, the City shall not issue any bonds, notes or other evidences of indebtedness other than the Bonds and Refunding Bonds, if any, secured by any pledge of or other lien or charge on the Trust Estate except for other indebtedness incurred in compliance with Section 13.2 hereof.

Section 7.4. Records, Accounts, Accounting Reports.

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

Section 7.5. Covenants to Maintain Tax-Exempt Status.

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

*"Closing Date"* means the date on which the Bonds are first authenticated and delivered to the initial purchasers against payment therefor.

*"Code"* means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

*"Computation Date"* has the meaning set forth in Section 1.148-1(b) of the Regulations.

*"Gross Proceeds"* means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Bonds.

*"Investment"* has the meaning set forth in Section 1.148-1(b) of the Regulations.

*"Nonpurpose Investment"* means any investment property, as defined in Section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

*"Regulations"* means any proposed, temporary or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150

of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“Yield” of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and (2) the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Bond to become includable in the gross income, as defined in Section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of Bonds:

(i) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan.

(i) Except to the extent permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is

committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(ii) The City covenants and agrees that the levied Assessments will meet the requirements of the "tax assessment loan exception" within the meaning of Section 1.141-5(d) of the Regulations on the date the Bonds are delivered and will ensure that the Assessments continue to meet such requirements for so long as the Bonds are outstanding hereunder.

(e) Not to Invest at Higher Yield. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested) if, as a result of such investment, the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Bonds.

(f) Not Federally Guaranteed. Except to the extent permitted by Section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of Section 149(b) of the Code and the Regulations and rulings thereunder.

(g) Information Report. The City shall timely file the information required by Section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in Section 148(f) of the Code and the Regulations and rulings thereunder:

(i) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last outstanding Bond is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Bonds with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(ii) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in Section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(iii) As additional consideration for the purchase of the Bonds by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall, pursuant to a City Certificate, direct the Trustee to transfer to the Rebate Fund from the

funds or subaccounts designated in such City Certificate and direct the Trustee to pay to the United States from the Rebate Fund the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, 100% of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, 90% of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

(iv) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (ii) and (iii), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within 180 days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

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

## ARTICLE VIII

### LIABILITY OF CITY

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

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

No provision of this Indenture, the Bonds, the Assessment Ordinance, or any agreement, document, instrument, or certificate executed, delivered or approved in connection with the issuance, sale, delivery, or administration of the Bonds (the "Bond Documents"), shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Trust Estate and the Annual Collection Costs) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if in the judgment of the City there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it.

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

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

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

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

ARTICLE IX

THE TRUSTEE

Section 9.1. Trustee as Paying Agent/Registrar.

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

Section 9.2. Trustee Entitled to Indemnity.

The Trustee shall be under no obligation to spend its own funds, to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified by the Owners, to the extent permitted by law and the provisions of this Indenture, to its satisfaction against any and all costs and expenses, outlays, and counsel fees and other reasonable disbursements, and against all liability except to the extent the same shall have been finally adjudicated by a court of competent jurisdiction to have been directly caused by the Trustee's own negligence or willful misconduct; provided, however, that in no event shall the Trustee request or require indemnification as a condition to making any deposits, payments, or transfers (provided such payment or transfer is prior to an Event of Default) when required hereunder, or to delivering any notice when required hereunder. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as the Trustee, without indemnity, and in such case the Trustee may, to the extent permitted pursuant to the provisions of this Indenture, make transfers from the District Administration Account of the Administrative Fund, and to the extent moneys in the District Administration Account of the Administrative Fund are insufficient, from the Pledged Revenue Fund, to pay all costs and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall, to the extent permitted by law, be entitled to a preference therefor over any Bonds Outstanding hereunder.

Section 9.3. Responsibilities of the Trustee.

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

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

(i) the Trustee undertakes to perform only those duties and obligations which are set forth specifically and expressly in this Indenture, and no duties or obligations shall be implied to the Trustee, these duties shall be deemed purely ministerial in nature, and the Trustee shall not be liable except for the performance of such duties, and no implied covenants shall be read into this Indenture against the Trustee; and

(ii) the Trustee may request and rely conclusively, as to the due execution, the truth of the statements, and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this

Indenture, and shall incur no liability and shall be fully protected in acting or refraining from acting in accordance therewith; but in the case of any such certificates or opinions which by any provision hereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements of this Indenture.

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

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

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

(ii) the Trustee shall not be liable for any actions taken, or error of judgment, made in good faith by any one of its officers, employees or agents unless it shall be finally adjudicated by a court of competent jurisdiction that the Trustee was negligent in ascertaining the pertinent facts;

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

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

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



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

(f) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for such losses, damages, or expenses which have been fully adjudicated by a court of competent jurisdiction to have directly resulted from the Trustee's own negligence or willful misconduct. In no event shall the Trustee be liable for incidental, indirect, punitive, special or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) in connection with or arising from this Indenture, irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action. The Trustee will not be liable with respect to any action taken or omitted to be taken in good faith in accordance with the direction of the Owners of not less than a majority in principal amount of the Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care.

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

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

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

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

(iv) insurance of the Improvement Area #1 Improvements or collection of insurance money,

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

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

(i) The Trustee shall not be accountable for the application by any Person of the proceeds of any Bonds authenticated or delivered hereunder; provided the Trustee follows the written instructions provided by the City with respect to the use of the proceeds of the Bonds.

(j) The Trustee, as an Annual Collection Cost, may request, conclusively rely on and shall be protected in acting upon any resolution, statement, instrument, opinion, report, notice, request, direction, consent, certificate, order, judgment, affidavit, letter, telegram or other paper or document believed by it to be genuine and correct and to have been signed or sent by the

proper Person or Persons, not only as to due execution, validity, and effectiveness, but also as to the truth and accuracy of any information contained therein. Any action taken by the Trustee pursuant to this Indenture upon the direction, request, authority or consent of any Person who is the Owner of any Bonds at the time of making the request or giving the authority or consent, shall be conclusive and binding upon all future Owners of the same Bond and of Bonds issued in exchange therefor or in place thereof.

(k) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any events or information, default or Event of Default, except Events of Default described in Section 11.1(a)(i), unless the Trustee has actual knowledge thereof or shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the City or by the Owners of more than 66-2/3% of the aggregate outstanding principal amount of Bonds. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no Event of Default, except as noted above.

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

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

(n) The Trustee shall be entitled to file proofs of claim in bankruptcy at the direction of no less than 66-2/3% of the Owners. Ordinary trustee and paying agent/registrar fees and expenses and extraordinary fees and expenses of the Trustee and the Paying Agent/Registrar incurred hereunder are intended to constitute administrative expenses in bankruptcy.

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

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

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

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

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

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

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

(v) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility.

#### Section 9.4. Property Held in Trust.

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

Section 9.5. Trustee Protected in Relying on Certain Documents.

The Trustee may, as an Annual Collection Cost, request, conclusively rely on and shall be protected in acting or refraining from acting upon any resolution, instrument, opinion, report, direction, order, notice, judgment, 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 believe to be genuine and to have been adopted or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or for any action taken or omitted to be taken upon the advice or written opinion of any counsel, architect, engineer, insurance consultant, management consultant, accountant or other professional retained or consulted by the Trustee, and the Trustee shall be under no duty to make any investigation or inquiry into any statements contained or matters referred to in any such instrument. Subject to Section 9.1 and 9.3 hereof, the Trustee may consult with counsel, selected by the Trustee with due care, who may or may not be Bond Counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of, and the Trustee shall not be liable for, any action taken, suffered, or omitted to be taken by it in good faith and in accordance therewith.

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

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

Section 9.6. Compensation.

Unless otherwise provided by contract with the Trustee, and subject to the limitations set forth above, the Trustee shall transfer from the District Administration Account of the Administrative Fund, from time to time, reasonable compensation for all services rendered by it hereunder, including its services as Paying Agent/Registrar, together with all its reasonable expenses, charges, and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by specific agreement, and the Trustee shall have a lien therefor on any and all funds at any time held by it in the Administrative Fund. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if in the judgment of the Trustee there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it. If the City shall fail to make any payment required by this

Section, the Trustee may make such payment from any moneys in its possession in the Administrative Fund, subject to the limitations set forth herein.

In the event that the Trustee renders any service not contemplated in this Indenture, or if any material controversy arises hereunder, or the Trustee is made a party to any litigation pertaining to this Indenture or the subject matter hereof, then the Trustee shall, subject to the limitations set forth herein, be compensated from any and all funds at any time held by it for such extraordinary services and any services or work performed by Trustee in connection with any delay, controversy, litigation or event, and reimbursed for all costs and expenses, including reasonable attorneys' fees and expenses, occasioned by any such delay, controversy, litigation or event.

Section 9.7. Permitted Acts.

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

Section 9.8. Resignation of Trustee.

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

Section 9.9. Removal of Trustee.

The Trustee may be removed at any time on 30 days' advance written notice to the Trustee by (i) the Owners of at least a majority of the aggregate Outstanding principal of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or by their attorneys-in-fact, duly authorized and delivered to the City, or (ii) the City, so long as the City is not in default under this Indenture. Copies of each such instrument shall be delivered by the City to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the City or the Owners of not less than 10% of the aggregate Outstanding principal of the Bonds.

Section 9.10. Successor Trustee.

(a) If the Trustee shall resign, be removed, be dissolved, or become incapable of acting, or shall be adjudged as bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or

control of the Trustee or of its property or affairs, the position of the Trustee hereunder shall thereupon become vacant.

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

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

(d) If in a proper case no appointment of a successor Trustee shall be made within 45 days after the giving by any Trustee of any notice of resignation in accordance with Section 9.8 herein or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor and the City shall be responsible for the costs of such appointment process.

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

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

(g) Trustee shall not be responsible for or liable for the acts or omissions of any successor trustee, nor shall it be responsible or liable for any costs of appointment or transition of such successor trustee.

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

Any successor Trustee appointed under the provisions of Section 9.10 shall execute, acknowledge, and deliver to its predecessor and the City an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as

Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers, and trusts of such Trustee and all the right, title, and interest of such Trustee in and to the Trust Estate, and shall pay over, assign, and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance, or instrument in writing from the City be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties, or obligations, any and all such deeds, conveyances, and instruments in writing, including any supplement or amendment to this Indenture, on request and so far as may be authorized by law, shall be executed, acknowledged, and delivered by the City.

Section 9.12. Merger, Conversion or Consolidation of Trustee.

Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated or any corporation or association resulting from any merger, conversion or consolidation to which it shall be a party or any corporation or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder and will have and succeed to the rights, powers, duties, immunities, and privileges as predecessor, without any further act, deed or conveyance, provided that such corporation or association shall be a commercial bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 9.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 9.13. Trustee to File Continuation Statements.

If necessary, the Trustee may file or cause to be filed, such continuation statements as are delivered to the Trustee by the City, or on behalf of the City, and which may be required by the Texas Uniform Commercial Code, as from time to time in effect (the "UCC"), in order to continue perfection of the security interest of the Trustee in such items of tangible or intangible personal property and any fixtures as may have been granted to the Trustee pursuant to this Indenture in the time, place and manner required by the UCC. Under no circumstances shall the Trustee have an obligation or responsibility to file such financing statements or continuation statements except as provided in this Section.

Section 9.14. Construction of Indenture.

The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Owners of the Bonds. Permissive rights of the Trustee are not to be construed as duties.

## ARTICLE X

### MODIFICATION OR AMENDMENT OF THIS INDENTURE

#### Section 10.1. Amendments Permitted.

(a) This Indenture and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture, executed by both the City and the Trustee, except as provided below, pursuant to the affirmative vote at a meeting of Owners of the Bonds, or with the written consent without a meeting, of the Owners of at least 51% of the aggregate principal amount of the Bonds then Outstanding. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the City of any pledge or lien upon the Trust Estate superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by Applicable Laws and this Indenture), or reduce the percentage of Owners of Bonds required for the amendment hereof. Any such amendment may not modify any of the rights, immunities or obligations of the Trustee without its written consent.

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

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

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

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

(iv) to provide for the issuance of Refunding Bonds, as set forth in Section 13.2 hereof;

(v) to appoint or accept a successor trustee in accordance with the provisions of Section 9.10 hereof; provided, however, in no event shall this provision limit the Owners ability to appoint a successor trustee pursuant to Section 9.10(b) hereof; and

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

(c) Any modification or amendment made pursuant to Section 10.1(b) shall not be subject to the notice procedures specified in Section 10.3 below.



(d) Notwithstanding the above, no Supplemental Indenture under this Section shall be effective unless the City first delivers to the Trustee an opinion of Bond Counsel to the effect that such amendment or supplement: (i) is permitted under Applicable Laws and the provisions of this Indenture in effect after taking into account the proposed amendment or supplement; (ii) will not adversely affect the interests of the Owners in any material respect; provided, however, that an appointment of a successor trustee in accordance with the provisions hereof and the issuance of Refunding Bonds in accordance with the provisions of Section 13.2 hereof are each deemed to not be a material adverse effect for purposes of such opinion; and (iii) will not adversely affect the exclusion of interest on any Bond from gross income for purposes of federal income taxation.

Section 10.2. Owners' Meetings.

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

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

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

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

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 10.3 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be

deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds at the expiration of 60 days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period; provided, that the Trustee shall have no obligation to take or refrain from taking any such action and the Trustee shall have no liability with respect to any action taken or any instance of inactions.

Section 10.4. Effect of Supplemental Indenture.

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

Section 10.5. Endorsement or Replacement of Bonds Issued After Amendments.

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

Section 10.6. Amendatory Endorsement of Bonds.

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

Section 10.7. Waiver of Default.

Subject to the second and third sentences of Section 10.1 hereof, with the written consent of at least 51% of the Owners in aggregate principal amount of the Bonds then Outstanding, the Owners may waive non-compliance by the City with certain past defaults under the Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners. For the avoidance of doubt, any waiver given pursuant to this Section shall be subject to Section 11.5 hereof.

Section 10.8. Execution of Supplemental Indenture.

In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the

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

## ARTICLE XI

### DEFAULT AND REMEDIES

#### Section 11.1. Events of Default.

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

(i) The failure of the City to deposit the Pledged Revenues to the Bond Pledged Revenue Account of the Pledged Revenue Fund;

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

(iii) The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within 30 days; provided, however, that the payments are to be made only from Pledged Revenues or other funds currently available in the Pledged Funds and available to the City to make the payments; and

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

(b) Nothing in Section 11.1(a) will be an Event of Default if it is in violation of any applicable state law or court order.

#### Section 11.2. Immediate Remedies for Default.

(a) Subject to Article VIII, upon the happening and continuance of any of the Events of Default described in Section 11.1, the Trustee may, and at the written direction of the Owners of at least 25% of the Bonds then Outstanding and its receipt of indemnity satisfactory to it, shall proceed against the City for the purpose of protecting and enforcing the rights of the Owners under this Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by this Indenture or by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies of default.

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

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

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

Section 11.3. Restriction on Owner's Action.

(a) No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of not less than 25% of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in Section 9.2 herein, (iv) the Trustee has for 90 days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no written direction inconsistent with such written request has been given to the Trustee during such 90-day period by the Owners of at least a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his, or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the Owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee, as advised by counsel, be conditions precedent

to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

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

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

Section 11.4. Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues and other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 11.2 hereof, shall be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

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

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

Within 10 days of receipt of such good and available funds, the Trustee may fix a record and payment date for any payment to be made to Owners pursuant to this Section 11.4.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 11.1, the available funds shall be allocated to the Bonds that are Outstanding in proportion to the quantity of Bonds that are currently due and in default under the terms of this Indenture.

(c) The restoration of the City to its prior position after any and all defaults have been cured, as provided in Section 11.3, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

Section 11.5. Effect of Waiver.

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

Section 11.6. Evidence of Ownership of Bonds.

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

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

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

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

Section 11.7. No Acceleration.

In the event of the occurrence of an Event of Default under Section 11.1 hereof, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Indenture is expressly denied.

Section 11.8. Mailing of Notice.

Any provision in this Article for the mailing of a notice or other document to Owners shall be fully complied with if it is mailed, first-class, postage prepaid, only to each Owner at the address appearing upon the Register.

Section 11.9. Exclusion of Bonds.

Bonds owned or held by or for the account of the City will not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Indenture, and the City shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Indenture.

Section 11.10. Remedies Not Exclusive.

No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity, by statute or by contract.

Section 11.11. Direction by Owners.

Anything herein to the contrary notwithstanding, the Owners of at least 25% of the aggregate outstanding principal of the Bonds shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the choice of remedies and the time, method, and place of conducting a proceeding for any remedy available to the Trustee hereunder, under each Supplemental Indenture, or otherwise, or exercising any trust or power conferred upon the Trustee, including the power to direct or withhold directions with respect to any remedy available to the Trustee or the Owners, provided, (i) such direction shall not be otherwise than in accordance with Applicable Laws and the provisions hereof, (ii) that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and (iii) that the Trustee shall have the right to decline to follow any such direction which, in the opinion of the Trustee, would be unjustly prejudicial to Owners not parties to such direction.

## ARTICLE XII

### GENERAL COVENANTS AND REPRESENTATIONS

Section 12.1. Representations as to Trust Estate.

(a) The City represents and warrants that it is authorized by Applicable Laws to authorize and issue the Bonds, to execute and deliver this Indenture and to pledge the Trust Estate in the manner and to the extent provided in this Indenture, and that the Pledged Revenues and the Trust Estate are and will be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

(b) The City shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Trust Estate and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) The City will take all steps reasonably necessary and appropriate, and will direct the Trustee to take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Assessments and any other amounts pledged to the payment of the Bonds to the fullest extent permitted by the PID Act and other Applicable Laws.

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

Section 12.2. Accounts, Periodic Reports and Certificates.

The Trustee shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Funds and Accounts established by this Indenture and which shall at all times be subject to inspection by the City and the Owner or Owners of not less than 10% in principal amount of any Bonds then Outstanding or their representatives duly authorized in writing.

Section 12.3. General.

The City shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the City under the provisions of this Indenture.

## ARTICLE XIII

### SPECIAL COVENANTS

Section 13.1. Further Assurances; Due Performance.

(a) At any and all times the City will duly execute, acknowledge and deliver, or will cause to be done, executed and delivered, all and every such further acts, conveyances, transfers, and assurances in a manner as the Trustee shall reasonably require for better conveying, transferring, pledging, and confirming unto the Trustee, all and singular, the revenues, Funds, Accounts and properties constituting the Pledged Revenues, and the Trust Estate hereby transferred and pledged, or intended so to be transferred and pledged.

(b) The City will duly and punctually keep, observe and perform each and every term, covenant and condition on its part to be kept, observed and performed, contained in this Indenture.

Section 13.2. Additional Obligations; Other Liens.

(a) The City reserves the right, subject to the provisions contained in this Section 13.2, to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from the Pledged Revenues.

(b) Other than Refunding Bonds issued to refund all or a portion of the Bonds issued in accordance with this Section, the City will not create or voluntarily permit to be created any



debt, lien or charge on the Trust Estate and will not do or omit to do or suffer to be or omit to be done any matter or things whatsoever whereby the lien of this Indenture or the priority hereof might or could be lost or impaired.

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

(d) Notwithstanding anything to the contrary herein, no Refunding Bonds, Additional Obligations, or subordinate obligations may be issued by the City unless: (1) the principal (including sinking fund installments) of such Refunding Bonds, Additional Obligations, or subordinate obligations are scheduled to mature on September 15 of the years in which principal is scheduled to mature, and (2) the interest on such Refunding Bonds, Additional Obligations or subordinate obligations must be scheduled to be paid on March 15 and September 15 of the years in which interest is scheduled to be paid.

### Section 13.3. Books of Record.

(a) The City shall cause to be kept full and proper books of record and accounts, in which full, true and proper entries will be made of all dealing, business and affairs of the City, which relate to the Pledged Revenues, the Pledged Funds, the Trust Estate, and the Bonds.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 13.3 except to receive and retain the same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture. Specifically, but without limitation, the Trustee shall have no duty to review such information, is not considered to have notice of the contents of such information or a default based on such contents, and has no duty to verify the accuracy of such information.

## ARTICLE XIV

### PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE

#### Section 14.1. Trust Irrevocable.

The trust created by the terms and provisions of this Indenture is irrevocable until the Bonds secured hereby are fully paid or provision is made for their payment as provided in this Article.

#### Section 14.2. Satisfaction of Indenture.

If the City shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the Bonds, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the City to the Owners of such Bonds, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have evidencing that principal of and interest on all of the

Bonds has been paid so that the City may determine if the Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the in Funds and Accounts held hereunder to the Person entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the City.

Section 14.3. Bonds Deemed Paid.

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

ARTICLE XV

MISCELLANEOUS

Section 15.1. Benefits of Indenture Limited to Parties.

Nothing in this Indenture, expressed or implied, is intended to give to any Person other than the City, the Trustee and the Owners, any right, remedy, or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Trustee. This Indenture and the exhibit(s) hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written.

Section 15.2. Successor is Deemed Included in All References to Predecessor.

Whenever in this Indenture or any Supplemental Indenture either the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns

thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 15.3. Execution of Documents and Proof of Ownership by Owners.

Any request, declaration, or other instrument which this Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys duly appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration, or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the Person signing such request, declaration, or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number, and date of holding the same shall be proved by the Register.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

Section 15.4. Waiver of Personal Liability.

No member, officer, agent, or employee of the City shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law.

Section 15.5. Notices to and Demands on City and Trustee.

(a) Except as otherwise expressly provided in this Indenture, all notices or other instruments required or permitted under this Indenture, including any City Certificate, shall be in writing and shall be telexed, cabled, delivered by hand, mailed by first-class mail, postage prepaid, or transmitted by facsimile or e-mail and addressed as follows:

If to the City: City of Oak Point, Texas  
100 Naylor Road  
Oak Point, Texas 75068  
Attn: City Manager

If to the Trustee  
or the Paying Agent/Registrar: Wilmington Trust, National Association  
15950 North Dallas Parkway, Suite 200  
Dallas, Texas 75248  
Attn: Parker Merritt

Any such notice, demand, or request may also be transmitted to the appropriate party by telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change. Notices and consents given by mail in accordance with this Section shall be deemed to have been given five Business Days after the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

(b) The Trustee shall mail to each Owner of a Bond notice of (i) any substitution of the Trustee; or (ii) the redemption or defeasance of all Bonds Outstanding.

(c) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Indenture and delivered using Electronic Means (“Electronic Means” means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

#### Section 15.6. Partial Invalidity.

If any Section, paragraph, sentence, clause, or phrase of this Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The City hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid, or unenforceable.

Section 15.7. Applicable Laws.

This Indenture shall be governed by and enforced in accordance with the laws of the State of Texas applicable to contracts made and performed in the State of Texas. With respect to this Indenture and any conflicts arising therefrom, the parties hereby (i) irrevocably submit to the exclusive jurisdiction of any federal district or state district court with jurisdiction in Denton County, Texas, (ii) waive any objection to laying of venue in any such action or proceeding in such courts, and (iii) waive any objection that such courts are an inconvenient forum or do not have jurisdiction over any party. Each of the parties hereto hereby waives the right to trial by jury with respect to any litigation directly or indirectly arising out of, under, or in connection with this Indenture.

Section 15.8. Payment on Business Day.

In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Indenture is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day that is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

Section 15.9. Counterparts.

This Indenture may be executed in counterparts, each of which shall be deemed an original. The City and the Trustee agree that electronic signatures to this Indenture may be regarded as original signatures.

Section 15.10. Statutory Verifications.

The Trustee makes the following representation and verifications to enable the City to comply with Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Indenture. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Indenture shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Indenture, notwithstanding anything in this Indenture to the contrary.

(a) Not a Sanctioned Company. The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) No Boycott of Israel. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Indenture. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

(c) No Discrimination Against Firearm Entities. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Indenture. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

(d) No Boycott of Energy Companies. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Indenture. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

*[Remainder of Page Intentionally Left Blank]*

IN WITNESS WHEREOF, the City and the Trustee have caused this Indenture of Trust to be executed all as of the date hereof.

CITY OF OAK POINT, TEXAS

By: \_\_\_\_\_  
Dana Meek, Mayor

ATTEST:

\_\_\_\_\_  
Joni Vaughn, City Secretary

WILMINGTON TRUST, NATIONAL ASSOCIATION,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

(a) Form of Bond.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE CITY, OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION OR AGENCY THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

REGISTERED  
No. \_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

United States of America  
State of Texas

CITY OF OAK POINT, TEXAS  
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2024  
(OAK POINT 720 PUBLIC IMPROVEMENT DISTRICT  
IMPROVEMENT AREA #1 PROJECT)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
_____ %	September 15, 20__	August 21, 2024	_____

The City of Oak Point, Texas (the "City"), for value received, hereby promises to pay, solely from the Trust Estate, to

\_\_\_\_\_

or registered assigns, on the Maturity Date, as specified above, the sum of

\_\_\_\_\_ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on March 15 and September 15 of each year, commencing March 15, 2025, until maturity or prior redemption.

Capitalized terms appearing herein that are defined terms in the Indenture defined below, have the meanings assigned to them in the Indenture. Reference is made to the Indenture for such definitions and for all other purposes.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Wilmington, Delaware (the "Designated Payment/Transfer Office"), of Wilmington Trust, National Association, as trustee and paying agent/registrar (the "Trustee",



which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrars, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements acceptable to the Trustee, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall be the Person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the last Business Day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first-class, postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the "Bonds"), dated August 21, 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 August 1, 2024 (the "Indenture"), by and between the City and the Trustee, to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Improvements, (ii) paying a portion of the costs incidental to the organization and administration of the District, and (iii) paying the Bond Issuance Costs, including funding a reserve fund and other costs related to the issuance of the Bonds.

The Bonds are limited obligations of the City payable solely from the Trust Estate as defined in the Indenture. Reference is hereby made to the Indenture, copies of which are on file with and available upon request from the Trustee, for the provisions, among others, with respect to the nature and extent of the duties and obligations of the City, the Trustee and the Owners. The Owner of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms, conditions and provisions of the Indenture.

Notwithstanding any provision hereof, the Indenture may be released and the obligation of the City to make money available to pay this Bond may be defeased by the deposit of money and/or certain direct or indirect Defeasance Securities sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in Authorized Denominations, subject to the provisions of the Indenture authorizing redemption in denominations of \$100,000 and any multiple of \$1,000 in excess thereof.

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

**Term Bonds Maturing September 15, 20**

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__ *	
<hr/>	
*Stated Maturity	

**Term Bonds Maturing September 15, 20**

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__ *	
<hr/>	
*Stated Maturity	

**Term Bonds Maturing September 15, 20**

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	

September 15, 20\_\_  
September 15, 20\_\_  
September 15, 20\_\_  
September 15, 20\_\_  
September 15, 20\_\_\*  

---

\*Stated Maturity

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

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

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

The City reserves the right and option to redeem the Bonds maturing on and after September 15, 20\_\_ before their scheduled maturity date, 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 the redemption price of par plus accrued interest to the date of redemption.

Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, and in an amount and on any date specified in a City Certificate, at a redemption price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption, pursuant to the provisions of the Indenture, from amounts on deposit in the Redemption Fund as a result of Prepayments, other transfers to the Redemption Fund pursuant to the Indenture, or as a result of unexpended amounts transferred from the Project Fund as provided in the Indenture.

The Trustee shall give notice of any redemption of Bonds by sending notice by United States mail, first-class, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown on the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed. Any notice so given shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

With respect to any optional redemption of the Bonds, unless the Trustee has received funds sufficient to pay the redemption price of the Bonds to be redeemed before giving of a notice

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

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the City and the rights of the holders of the Bonds under the Indenture at any time Outstanding affected by such modification. The Indenture also contains provisions permitting the holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the holders of all the Bonds, to waive compliance by the City with certain past defaults under the Bond Ordinance or the Indenture and their consequences. Any such consent or waiver by the holder of this Bond or any predecessor Bond evidencing the same debt shall be conclusive and binding upon such holder and upon all future holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

As provided in the Indenture, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer as is acceptable to the Trustee, and upon delivery to the Trustee of such certifications and/or opinion of counsel as may be required under the Indenture for the transfer of this Bond. Upon satisfaction of such requirements, one or more new fully registered Bonds of the same Stated Maturity, of Authorized Denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the City nor the Trustee shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within 45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond redeemed in part.

The City, the Trustee, and any other Person may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the Person in whose name this Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the City nor the Trustee shall be affected by notice to the contrary.

The City has reserved the right to issue Additional Obligations on the terms and conditions specified in the Indenture.

**NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF OAK POINT, TEXAS, THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.**

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total

indebtedness of the City, including the Bonds, does not exceed any Constitutional or statutory limitation.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be executed under the official seal of the City.

\_\_\_\_\_  
Mayor, City of Oak Point, Texas

\_\_\_\_\_  
City Secretary, City of Oak Point, Texas

[City Seal]

(b) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Bond:

REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER §  
OF PUBLIC ACCOUNTS § REGISTER NO. \_\_\_\_\_  
§  
THE STATE OF TEXAS §

I HEREBY CERTIFY THAT there is on file and of record in my office 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

DATED: \_\_\_\_\_

By: \_\_\_\_\_  
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto  
(print or typewrite name, address and zip code of transferee):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Social Security or other identifying number: \_\_\_\_\_) the within Bond and  
all rights hereunder and hereby irrevocably constitutes and appoints  
\_\_\_\_\_ attorney to transfer the within Bond on the books kept for  
registration hereof, with full power of substitution in the premises.

Date: \_\_\_\_\_

Signature Guaranteed By:

\_\_\_\_\_  
\_\_\_\_\_

NOTICE: The signature on this Assignment  
must correspond with the name of the  
registered owner as it appears on the face of  
the within Bond in every particular and must  
be guaranteed in a manner acceptable to the  
Trustee.

Authorized Signatory

(e) The Initial Bond shall be in the form set forth in paragraphs (a) through (d) of this  
Exhibit A, except for the following alterations:

(i) immediately under the name of the Bond the heading "INTEREST RATE"  
and "MATURITY DATE" shall both be completed with the expression "As Shown Below,"  
and the reference to the "CUSIP NUMBER" shall be deleted;

(ii) in the first paragraph of the Bond, the words "on the Maturity Date, as  
specified above, the sum of \_\_\_\_\_ DOLLARS" shall be deleted and the  
following will be inserted: "on September 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 Amount (\$)</u>	<u>Interest Rate (%)</u>
--------------	------------------------------	--------------------------

(Information to be inserted from Section 3.2(c) hereof); and

(iii) the Initial Bond shall be numbered T-1.

THIS PAGE IS LEFT BLANK INTENTIONALLY.



APPENDIX C

FORM OF SERVICE AND ASSESSMENT PLAN

THIS PAGE IS LEFT BLANK INTENTIONALLY.

# Oak Point 720 Public Improvement District

---

PRELIMINARY SERVICE AND ASSESSMENT PLAN

JUNE 26, 2024



AUSTIN, TX | NORTH RICHLAND HILLS, TX | HOUSTON, TX

## TABLE OF CONTENTS

Table of Contents .....	2
Introduction .....	4
Section I: Definitions .....	5
Section II: The District .....	12
Section III: Authorized Improvements.....	12
Section IV: Service Plan .....	16
Section V: Assessment Plan.....	17
Section VI: Terms of the Assessments.....	21
Section VII: Assessment Roll .....	27
Section VIII: Additional Provisions.....	27
Schedule and Exhibits .....	30
Appendices .....	30
Exhibit A-1 – Map of the District .....	31
Exhibit A-2 – Map of Improvement Area #1.....	32
Exhibit A-3 – Map of North Remainder Area and South Remainder Area .....	33
Exhibit A-4 – Lot Type Classification Map.....	34
Exhibit B-1 – Project Costs .....	35
Exhibit B-2 – North Remainder Area Apportionment of Costs .....	36
Exhibit B-3 – South Remainder Area Apportionment of Costs .....	37
Exhibit C – Service Plan .....	38
Exhibit D – Sources and Uses of Funds.....	39
Exhibit E – Maximum Assessment and Tax Rate Equivalent.....	40
Exhibit F-1 – Improvement Area #1 Assessment Roll.....	41
Exhibit F-2 – Projected Improvement Area #1 Annual Installments.....	42
Exhibit G – Maps of Authorized Improvements .....	43
Exhibit H – Notice of Assessment Termination .....	47
Exhibit I – Debt Service Schedule for Improvement Area #1 Bonds .....	50
Exhibit J-1 – District Legal Description .....	51
Exhibit J-2 – Improvement Area #1 Legal Description .....	53
Exhibit J-3 – North Remainder Area and South Remainder Area Legal Description .....	58
Schedule I.....	63

Appendix A – Engineer’s Report..... 64  
Appendix B – Buyer Disclosures ..... 81  
Oak Point 720 Public Improvement District – Improvement Area #1 Initial Parcel – Buyer Disclosure.....82  
Oak Point 720 Public Improvement District – Improvement Area #1 – Lot Type 1 – Buyer Disclosure.....88  
Oak Point 720 Public Improvement District – Improvement Area #1 – Lot Type 2 – Buyer Disclosure.....94

## INTRODUCTION

Capitalized terms used in this Service and Assessment Plan shall have the meanings given to them in **Section I** unless otherwise defined in this Service and Assessment Plan or unless the context in which a term is used clearly requires a different meaning. Unless otherwise defined, a reference to a “Section”, an “Exhibit”, or an “Appendix” shall be a reference to a Section of this Service and Assessment Plan or an Exhibit or Appendix attached to and made a part of this Service and Assessment Plan for all purposes.

On September 21, 2022, the City Council passed and approved Resolution No. 2022-09-025R authorizing the establishment of the District in accordance with the PID Act, which authorization was effective upon the date the resolution was adopted in accordance with the provisions as required by the PID Act. The purpose of the District is to finance the Actual Costs of Authorized Improvements that confer a special benefit on approximately 122.243 acres located within the corporate limits of the City, as described by the legal description on **Exhibit J-1** and depicted on **Exhibit A-1**.

The PID Act requires a Service Plan must (i) cover a period of at least five years; (ii) define the annual indebtedness and projected cost of the Authorized Improvements; and (iii) include a copy of the notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan is contained in **Section IV** and the notice form is attached as **Appendix B**.

The PID Act requires that the Service Plan include an Assessment Plan that assesses the Actual Costs of the Authorized Improvements against the Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements. The Assessment Plan is contained in **Section V**.

The PID Act requires an Assessment Roll that states the Assessment against each Parcel as determined by the method chosen by the City Council. The Assessment against each Parcel of Assessed Property must be sufficient to pay the share of the Actual Costs of the Authorized Improvements apportioned to such Parcel and cannot exceed the special benefit conferred on the Parcel by such Authorized Improvements. The Improvement Area #1 Assessment Roll is included as **Exhibit F-1**.

## SECTION I: DEFINITIONS

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

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

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

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

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

Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

**“Annual Installment”** means the annual installment payment of an Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) the principal amount of any Assessment; (2) the interest associated with any Assessment; (3) Additional Interest related to the PID Bonds; and (4) Annual Collection Costs.

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

**“Apportioned Property”** means any Parcel within the District against which the costs of the Authorized Improvements are apportioned based on special conferred benefit and against which an Assessment is anticipated to be levied, but not yet levied.

**“Apportionment of Costs”** means an amount apportioned by this Service and Assessment Plan to a Parcel within the District, other than Non-Benefited Property, for Actual Costs of Authorized Improvements, subject to a future levy of Assessments by the City, also subject to reapportionment upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act, as shown in **Exhibit B-2** and **Exhibit B-3**, as applicable.

**“Assessed Property”** means any Parcel within the District against which an Assessment is levied.

**“Assessment”** means an assessment levied against Assessed Property, other than Non-Benefited Property, to pay the costs of certain Authorized Improvements as specified herein, which Assessment is imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on an Assessment Roll, and is subject to reallocation upon the subdivision of such Assessed Property or reduction according to the provisions herein and in the PID Act.

**“Assessment Ordinance”** means an ordinance adopted by the City Council in accordance with the PID Act that levies an Assessment on the Assessed Property, as shown on any Assessment Roll.

**“Assessment Plan”** means the methodology employed to assess the Actual Costs of the Authorized Improvements against the Assessed Property based on the special benefits conferred on such property by the Authorized Improvements, more specifically set forth and described in **Section V**.

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



**“Authorized Improvements”** means the improvements authorized by Section 372.003 of the PID Act, as depicted on **Exhibit G** and 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, capitalized interest, reserve fund requirements, underwriter’s discount, fees charged by the Texas Attorney General, and any other cost or expense incurred by the City directly associated with the issuance of any series of PID Bonds.

**“City”** means the City of Oak Point, Texas.

**“City Council”** means the governing body of the City.

**“County”** means Denton County, Texas.

**“Delinquent Collection Costs”** mean costs related to the foreclosure on Assessed Property and the costs of collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under this Service and Assessment Plan including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing interest and penalty interest.

**“Developer”** means CF CSLK RDMN LLC and any successors or assignees thereof that intends to develop the property in the District for the ultimate purpose of transferring title to end users.

**“District”** means Oak Point 720 Public Improvement District containing approximately 122.243 acres located within the corporate limits of the City, and more specifically described in **Exhibit J-1** and depicted in **Exhibit A-1**.

**“District Formation Costs”** mean the costs associated with forming the District, including, but not limited to, attorney fees, and any other cost or expense incurred by the City or Developer directly associated with the establishment of the District.

**“Engineer’s Report”** means a report provided by a licensed professional engineer that identifies the Authorized Improvements, including their costs, location, and benefit, and is attached hereto as **Appendix A**.

**“Estimated Buildout Value”** means the estimated value of an Assessed Property, with fully constructed buildings, as provided by the Developer and confirmed by the City Council by considering such factors as density, Lot size, proximity to amenities, view premiums, location, market conditions, historical sales, builder contracts, discussions with homebuilders, reports from third party consultants, or any other factors that, in the judgment of the City, may impact value. The Estimated Buildout Value for each Lot Type is shown on **Exhibit E**.

**“Improvement Area #1”** means approximately 43.927 acres located within the District, as more specifically described in **Exhibit J-2** and depicted on **Exhibit A-2**.

**“Improvement Area #1 Annual Installment”** means the Annual Installment of the Improvement Area #1 Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Additional Interest related to the Improvement Area #1 Bonds; and (4) Annual Collection Costs, as shown on **Exhibit F-2**.

**“Improvement Area #1 Assessed Property”** means any Parcel within Improvement Area #1 against which an Improvement Area #1 Assessment is levied.

**“Improvement Area #1 Assessment”** means an Assessment expected to be levied against Improvement Area #1 Assessed Property to pay the Actual Costs of the Improvement Area #1 Authorized Improvements, which Improvement Area #1 Assessment is imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the Improvement Area #1 Assessment Roll, and is subject to reallocation upon the subdivision of such Parcel or reduction pursuant to the provisions set forth in **Section VI** herein and in the PID Act.

**“Improvement Area #1 Assessment Roll”** means the Assessment Roll for the Improvement Area #1 Assessed Property, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including any updates prepared in connection with the issuance of PID Bonds or any Annual Service Plan Updates. The Improvement Area #1 Assessment Roll is included in this Service and Assessment Plan as **Exhibit F-1**.

**“Improvement Area #1 Authorized Improvements”** means collectively, (1) the Improvement Area #1 Improvements; (2) Bond Issuance Costs associated with the issuance of the Improvement Area #1 Bonds; and (3) the first year’s Annual Collection Costs related to the Improvement Area #1 Bonds.

**“Improvement Area #1 Bonds”** means those certain “City of Oak Point, Texas, Special Assessment Revenue Bonds, Series 2024 (Oak Point 720 Public Improvement District Improvement Area #1 Projects)” that are secured by Improvement Area #1 Assessments.

**“Improvement Area #1 Improvements”** means the Authorized Improvements as further described in **Section III.A** and depicted on **Exhibit G** which only benefits the Improvement Area #1 Assessed Property.

**“Improvement Area #1 Initial Parcel”** means all of the Improvement Area #1 Assessed Property against which the entire Improvement Area #1 Assessment is levied, as shown on the Improvement Area #1 Assessment Roll in **Exhibit F-1**.

**“Indenture”** means an Indenture of Trust entered into between the City and the Trustee in connection with the issuance of each series of PID Bonds, as amended or supplemented from

time to time, between the City and the Trustee setting forth the terms and conditions related to a series of PID Bonds.

**“Lot”** means (1) for any portion of the District for which a final subdivision plat has been recorded in the plat or official public records of the County, a tract of land described by “Lot” in such subdivision plat; and (2) for any portion of the District for which a subdivision plat has not been recorded in the plat or official public records of the County, a tract of land anticipated to be described as a “Lot” in a final recorded subdivision plat as shown on a concept plan or a preliminary plat. A “Lot” shall not include real property owned by a government entity, even if such property is designated as a separate described tract or Lot on a recorded subdivision plat.

**“Lot Type”** means a classification of final building Lots with similar characteristics (e.g. Lot size, home product, Estimated Buildout Value, etc.), as determined by the Administrator and confirmed by the City Council. In the case of single-family residential Lots, the Lot Type shall be further defined by classifying the residential Lots by the Estimated Buildout Value of the Lot as provided by the Developer, and confirmed by the City Council, as shown on **Exhibit E**, and the anticipated Lot Type classification map is identified on **Exhibit A-4**. The buyer disclosure for each Lot Type is attached in **Appendix B**.

**“Lot Type 1”** means a Lot Type within Improvement Area #1 marketed to homebuilders with a front property line width of 22’ or 25’.

**“Lot Type 2”** means a Lot Type within Improvement Area #1 marketed to homebuilders with a front property line width of 50’.

**“Maximum Assessment”** means, for each Lot, an Assessment equal to the lesser of (1) the amount calculated pursuant to **Section VI.A**, or (2) for each Lot Type, the amount shown on **Exhibit E**.

**“MSUD”** means Mustang Special Utility District.

**“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.

**“North Remainder Area”** means approximately 28.339 acres located in the northern area within the District and entirely outside of Improvement Area #1 and the South Remainder Area, as more specifically described on **Exhibit J-3** and depicted on **Exhibit A-3**, to be developed as one or more future improvement areas.

**“North Remainder Area Apportioned Property”** means any Parcel within the North Remainder Area, other than Non-Benefited Property, against which a portion of the Actual Costs of the North Remainder Area Projects are apportioned based on special conferred benefit, and against which an Assessment is expected to be levied, but not yet levied.

**“North Remainder Area Apportionment of Costs”** means an Apportionment of Costs against the North Remainder Area Apportioned Property for the North Remainder Area Projects, as shown on **Exhibit B-2**, subject to (1) reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act; and (2) a future levy of Assessments by the City.

**“North Remainder Area Projects”** means the portion of the Authorized Improvements being constructed concurrently with development in Improvement Area #1 which are allocable to the North Remainder Area Apportioned Property.

**“Notice of Assessment Termination”** means a document that shall be recorded in the official public records of the County evidencing the termination of an Assessment, a form of which is attached as **Exhibit H**.

**“Parcel”** or **“Parcels”** means a specific property within the District identified by either a tax parcel identification number assigned by the Denton Central Appraisal District for real property tax purposes, by legal description, or by Lot and block number in a final subdivision plat recorded in plat or 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.

**“PID Reimbursement Agreement”** means that certain “PID Reimbursement Agreement – Oak Point 720 Public Improvement” between the City and the Developer relating to the District and the PID Bonds, dated as of July 31, 2024, which provides, in part, for the deposit of proceeds from the issuance and sale of PID Bonds and the payment of Actual Costs of Authorized Improvements, including the Improvement Area #1 Improvements in the District, the issuance of PID Bonds, the reimbursement of costs to the Developer from Assessments or the proceeds of the PID Bonds for funds advanced by the Developer and used to pay Actual Costs of such Authorized Improvements and which provides for the terms of payment of principal and the interest rate due with respect to any Authorized Improvements constructed within a specific construction phase will be as shown on **Schedule I** of this Service and Assessment Plan which information will be calculated in accordance with the terms of the PID Reimbursement Agreement or the applicable Indenture.

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

**“Prepayment Costs”** means interest, including Additional Interest and Annual Collection Costs, to the date of Prepayment.

**“Private Improvements”** means improvements required to be constructed, or caused to be constructed, by the Developer to deliver final Lots and that are not Authorized Improvements. Costs of the Private Improvements will not be paid nor reimbursed from the proceeds of PID Bonds or otherwise from revenues received from the collection of Annual Installments.

**“Service and Assessment Plan”** means this Oak Point 720 Public Improvement District Service and Assessment Plan as updated, amended, or supplemented from time to time.

**“Service Plan”** covers a period of at least five years and defines the annual indebtedness and projected costs of the Authorized Improvements, more specifically described in **Section IV**.

**“South Remainder Area”** means approximately 49.977 acres located in the southern area within the District and entirely outside of Improvement Area #1 and the North Remainder Area, as more specifically described on **Exhibit J-3** and depicted on **Exhibit A-3**, to be developed as one or more future improvement areas.

**“South Remainder Area Apportioned Property”** means any Parcel within the South Remainder Area, other than Non-Benefited Property, against which a portion of the Actual Costs of the South Remainder Area Projects are apportioned based on special conferred benefit, and against which an Assessment is expected to be levied, but not yet levied.

**“South Remainder Area Apportionment of Costs”** means an Apportionment of Costs against the South Remainder Area Apportioned Property for the South Remainder Area Projects, as shown on **Exhibit B-3**, subject to (1) reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act; and (2) a future levy of Assessments by the City.

**“South Remainder Area Projects”** means the portion of the Authorized Improvements being constructed concurrently with development in Improvement Area #1 which are allocable to the South Remainder Area Apportioned Property.

**“Trustee”** means the trustee or successor trustee under an Indenture.

## SECTION II: THE DISTRICT

The District includes approximately 122.243 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described by the legal description on **Exhibit J-1** and depicted on **Exhibit A-1**. Development of the District is anticipated to include approximately 517 Lots developed with single-family homes.

Improvement Area #1 includes approximately 43.927 contiguous acres, the boundaries of which are more particularly described by legal description on **Exhibit J-2** and depicted on **Exhibit A-2**. Development of Improvement Area #1 is anticipated to include approximately 234 Lots developed with single-family homes (99 single-family homes that are on Lots classified as Lot Type 1, and 135 single-family homes that are on Lots classified as Lot Type 2).

The North Remainder Area includes approximately 28.339 contiguous acres, the boundaries of which are more particularly described by the legal description on **Exhibit J-3** and depicted on **Exhibit A-3**. Development of the North Remainder Area is anticipated to include approximately 141 Lots developed with single-family homes and approximately 9.5 acres of commercial property.

The South Remainder Area includes approximately 49.977 contiguous acres, the boundaries of which are more particularly described by the legal description on **Exhibit J-3** and depicted on **Exhibit A-3**. Development of the North Remainder Area is anticipated to include approximately 142 Lots developed with single-family homes and approximately 18.063 acres of commercial property.

## SECTION III: AUTHORIZED IMPROVEMENTS

Based on information in the Engineer's Report provided by the Developer and its engineer and reviewed by the City staff and by third-party consultants retained by the City, the City has determined that the Authorized Improvements confer a special benefit on the Assessed Property and Apportioned Property. Authorized Improvements will be designed and constructed in accordance with the applicable City and MSUD standards and specifications and will be owned and operated by the City, MSUD, or TxDOT, as appropriate. The budget for the Authorized Improvements is shown on **Exhibit B-1**, and the apportionment of costs for North Remainder Area Projects and South Remainder Area Projects are shown on **Exhibit B-2** and **Exhibit B-3**, respectively.

## **A. Improvement Area #1 Improvements**

- *Paving*

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

- *Storm Drainage*

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

- *Retention Pond*

Improvements including the construction of a retention pond, retaining walls, and appurtenances thereto to appropriately control and convey storm water for Lots in Improvement Area #1.

- *Sanitary Sewer*

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

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, and erosion control, all necessary appurtenances required to provide water service to each Lot within Improvement Area #1.

- *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 and construction management.

- *District Formation Costs*

A portion of the costs associated with forming the District, including, but not limited to, attorney fees, and any other cost or expense incurred by the City or the Developer directly associated with the establishment of the District.

**B. North Remainder Area Projects**

- *Paving*

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

- *Retention Pond*

Improvements including the construction of a retention pond, retaining walls, and appurtenances thereto to appropriately control and convey storm water for Lots within the North Remainder Area.

- *Sanitary Sewer*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, and erosion control, all necessary appurtenances required to provide wastewater service to each Lot within the North Remainder Area.

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, and erosion control, all necessary appurtenances required to provide water service to each Lot within the North Remainder Area.

- *Soft Costs*

Costs related to designing, constructing, and installing the North Remainder Area Projects Improvements including land planning and design, City fees, engineering, soil testing, survey and construction management.



### **C. South Remainder Area Projects**

- *Paving*

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

- *Storm Drainage*

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

- *Sanitary Sewer*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, and erosion control, all necessary appurtenances required to provide wastewater service to each Lot within the South Remainder Area.

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, and erosion control, all necessary appurtenances required to provide water service to each Lot within the South Remainder Area.

- *Soft Costs*

Costs related to designing, constructing, and installing the South Remainder Area Projects including land planning and design, City fees, engineering, soil testing, survey and construction management.

### **D. Bond Issuance Costs**

- *Debt Service Reserve Fund*

Equals the amount to be deposited in a debt service reserve fund under an applicable Indenture in connection with the issuance of PID Bonds.

- *Underwriter's Discount*

Equals a percentage of the par amount of a particular series of PID Bonds related to the costs of underwriting such PID Bonds, including the fees of the underwriter's counsel.

- *Underwriter's Counsel*

Equals a percentage of the par amount of a particular series of PID Bonds reserved for the underwriter's attorney fees.

- *Cost of Issuance*

Includes costs of issuing a particular series of PID Bonds, including but not limited to issuer fees, attorney's fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, City's costs, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of PID Bonds.

**E. Other Costs**

- *Deposit to Administrative Fund*

Equals the amount necessary to fund the first year's Annual Collection Costs for a particular series of PID Bonds.

## SECTION IV: SERVICE PLAN

The PID Act requires the Service Plan to (i) cover a period of at least five years, (ii) define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the District during the five-year period, and (iii) include a copy of the buyer disclosure notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan must be reviewed and updated in each Annual Service Plan Update. **Exhibit C** summarizes the initial Service Plan for Improvement Area #1. Pursuant to the PID Act and Section 5.014 of the Texas Property Code, as amended, this Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosure for the District. The buyer disclosures are attached hereto as **Appendix B**.

**Exhibit D** summarizes the sources and uses of funds required to construct the Authorized Improvements and Private Improvements. The sources and uses of funds shown on **Exhibit D** shall be updated in an Annual Service Plan Update to reflect any budget revisions and Actual Costs.

## SECTION V: ASSESSMENT PLAN

The PID Act allows the City Council to apportion the costs of the Authorized Improvements to the Assessed Property and Apportioned Property based on the special benefit received from the Authorized Improvements. The PID Act provides that such costs may be apportioned: (1) equally per front foot or square foot; (2) according to the value of property as determined by the City Council, with or without regard to improvements constructed on the property; or (3) in any other manner approved by the City Council that results in imposing equal shares of such costs on property similarly benefited. The PID Act further provides that the City Council may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the City and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

This section of this Service and Assessment Plan describes the special benefit received by each Parcel within the District as a result of the Authorized Improvements and provides the basis and justification for the determination that this special benefit equals or exceeds the amount of the Assessments to be levied on the Assessed Property for such Authorized Improvements.

The determination by the City Council of the Assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Developer and all future owners and developers of the Assessed Property.

### A. Assessment Methodology

Acting in its legislative capacity and based on information provided by the Developer and its engineer and reviewed by the City staff and by third-party consultants retained by the City, the City Council has determined that the costs related to the Authorized Improvements shall be allocated and/or apportioned as follows:

- The costs of the Improvement Area #1 Improvements shall be allocated to Improvement Area #1. The costs of the North Remainder Area Projects shall be apportioned to the North Remainder Area and the costs of the South Remainder Area Projects shall be apportioned to the South Remainder Area based upon location of the adjacent improvements. See **Exhibit B-2** for the allocation and apportionment of the costs of the Authorized Improvements benefiting both Improvement Area #1 and the North Remainder Area. See **Exhibit B-3** for the allocation and apportionment of the costs of the Authorized Improvements benefiting both Improvement Area #1 and the South Remainder Area.

- The costs of the Improvement Area #1 Authorized Improvements allocated to Improvement Area #1 shall be allocated to each Improvement Area #1 Assessed Property pro rata based on the Estimated Buildout Value of each Improvement Area #1 Assessed Property to the Estimated Buildout Value of all Improvement Area #1 Assessed Property. Currently, the Improvement Area #1 Initial Parcel is the only Parcel within Improvement Area #1, and as such, the Improvement Area #1 Initial Parcel is allocated 100% of the Improvement Area #1 Authorized Improvements.

## **B. Assessments**

The Improvement Area #1 Assessment will be levied on the Improvement Area #1 Initial Parcel according to the Improvement Area #1 Assessment Roll attached hereto as **Exhibit F-1**. The projected Improvement Area #1 Annual Installments are shown on **Exhibit F-2** and are subject to revisions made in any Annual Service Plan Update. Upon division or subdivision of the Improvement Area #1 Initial Parcel, the Improvement Area #1 Assessment will be reallocated pursuant to **Section VI** and is subject to revisions made in any Annual Service Plan Update.

The Maximum Assessment for each current Lot Type within the District is shown on **Exhibit E**. In no case will the Assessment for Lot Type 1, and Lot Type 2, respectively, exceed the corresponding Maximum Assessment for each Lot Type classification.

## **C. Findings of Special Benefit**

Acting in its legislative capacity and based on information provided by the Developer and its engineer and reviewed by the City staff and by third-party consultants retained by the City, the City Council has found and determined:

- *Improvement Area #1*
  - The costs of the Improvement Area #1 Authorized Improvements equal \$10,466,492 as shown on **Exhibit B-1**; and
  - The Improvement Area #1 Assessed Property receives special benefit from the Improvement Area #1 Authorized Improvements equal to or greater than the Actual Cost of the Improvement Area #1 Authorized Improvements; and
  - The Improvement Area #1 Initial Parcel will be allocated 100% of the Improvement Area #1 Assessment levied for the Improvement Area #1 Authorized Improvements, which equals \$10,466,000 as shown on the Improvement Area #1 Assessment Roll attached hereto as **Exhibit F-1**; and
  - The special benefit ( $\geq$  \$10,466,492) received by the Improvement Area #1 Initial Parcel from the Improvement Area #1 Authorized Improvements is equal to or

greater than the amount of the Improvement Area #1 Assessment (\$10,466,000) to be levied on the Improvement Area #1 Initial Parcel for the Improvement Area #1 Authorized Improvements; and

- It is anticipated, at the time the City Council approves this Service and Assessment Plan, the Developer will own 100% of the Improvement Area #1 Initial Parcel. The Developer will acknowledge that the Improvement Area #1 Authorized Improvements confer a special benefit on the Improvement Area #1 Initial Parcel and will consent to the imposition of the Improvement Area #1 Assessment to pay for the Actual Costs associated therewith. The Developer will ratify, confirm, accept, agree to, and approve: (1) the determinations and findings by the City Council as to the special benefits described herein and the applicable Assessment Ordinance; (2) this Service and Assessment Plan and the applicable Assessment Ordinance; and (3) the levying of the Improvement Area #1 Assessment on the Improvement Area #1 Initial Parcel.
  
- *North Remainder Area*
  - The costs of the North Remainder Area Projects currently equal \$654,291 as shown on **Exhibit B-2**; and
  - The North Remainder Area Apportioned Property is expected to receive special benefit from the North Remainder Area Projects equal to or greater than the Actual Cost of the North Remainder Area Projects apportioned to the North Remainder Area Apportioned Property; and
  - The North Remainder Area Apportioned Property will be apportioned 100% of the North Remainder Area Projects as shown on **Exhibit B-2**, which equals \$654,291 as shown on **Exhibit B-1**, of which all or a portion of such amount is anticipated to be levied at a later date; and
  - It is anticipated, at the time the City Council approves this Service and Assessment Plan, the Developer will own 100% of the North Remainder Area. The Developer will acknowledge that the North Remainder Area Projects confer a special benefit on the North Remainder Area Apportioned Property and will consent to the imposition of the North Remainder Area Apportionment of Costs in anticipation of a future levy of Assessments by the City Council to pay for all or a portion of the Actual Costs associated therewith. The Developer will ratify, confirm, accept, agree to, and approve: (1) the determinations and findings by the City Council as to the special benefits described herein; (2) this Service and Assessment Plan; and (3) the North Remainder Area Apportionment of Costs.

- The above costs include only the costs of the North Remainder Area Projects and do not include any costs of public infrastructure benefiting only the North Remainder Area, which may be identified in a future update to this Service and Assessment Plan.
- *South Remainder Area*
  - The costs of the South Remainder Area Projects currently equal \$653,859 as shown on **Exhibit B-3**; and
  - The South Remainder Area Apportioned Property is expected to receive special benefit from the South Remainder Area Projects equal to or greater than the Actual Cost of the South Remainder Area Projects apportioned to the South Remainder Area Apportioned Property; and
  - The South Remainder Area Apportioned Property will be apportioned 100% of the South Remainder Area Projects as shown on **Exhibit B-3**, which equals \$653,859 as shown on **Exhibit B-1**, of which all or a portion of such amount is anticipated to be levied at a later date; and
  - It is anticipated, at the time the City Council approves this Service and Assessment Plan, the Developer will own 100% of the South Remainder Area. The Developer will acknowledge that the South Remainder Area Projects confer a special benefit on the South Remainder Area Apportioned Property and will consent to the imposition of the South Remainder Area Apportionment of Costs in anticipation of a future levy of Assessments by the City Council to pay for all or a portion of the Actual Costs associated therewith. The Developer will ratify, confirm, accept, agree to, and approve: (1) the determinations and findings by the City Council as to the special benefits described herein; (2) this Service and Assessment Plan; and (3) the South Remainder Area Apportionment of Costs.
  - The above costs include only the costs of the South Remainder Area Projects and do not include any costs of public infrastructure benefiting only the South Remainder Area, which may be identified in a future update to this Service and Assessment Plan.

#### **D. Annual Collection Costs**

The Annual Collection Costs shall be paid for annually by the owner of each Parcel pro rata based on the ratio of the amount of outstanding Assessment remaining on the Parcel to the total outstanding Assessment. The Annual Collection Costs shall be collected as part of and in the same

manner as Annual Installments in the amounts shown on the Assessment Roll, which may be revised based on Actual Costs incurred in Annual Service Plan Updates.

#### **E. Additional Interest**

The interest rate on Assessments securing each respective series of PID Bonds may exceed the interest rate on each respective series of PID Bonds by the Additional Interest Rate. To the extent required by any Indenture, Additional Interest shall be collected as part of each Annual Installment related to a series of PID Bonds and shall be deposited pursuant to the applicable Indenture.

## **SECTION VI: TERMS OF THE ASSESSMENTS**

Any reallocation of Assessments as described in this Section VI shall be considered an administrative action of the City and will not be subject to the notice or public hearing requirements under the PID Act.

#### **A. Reallocation of Assessments**

##### *1. Upon Division Prior to Recording of Subdivision Plat*

Upon the division of any Assessed Property (without the recording of a subdivision plat), the Administrator shall reallocate the Assessment for the Assessed Property prior to the division among the newly divided Assessed Properties according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

C = the Estimated Buildout Value of the newly divided Assessed Property

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

The calculation of the Assessment of an Assessed Property shall be performed by the Administrator and shall be based on the Estimated Buildout Value of that Assessed Property, relying on information from homebuilders, market studies, appraisals, official public records of the County, and any other relevant information regarding the Assessed Property, as provided by the Developer. The Estimated Buildout Value for Lot Type 1 and Lot Type 2 are shown on **Exhibit E** and will not change in future Annual Service Plan Updates. The calculation as confirmed by the City Council shall be conclusive.

The sum of the Assessments for all newly divided Assessed Properties shall equal the Assessment for the Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in the next Annual Service Plan Update and 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 Lots based on Estimated Buildout Value according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

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

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

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

Prior to the recording of a subdivision plat, the Developer shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat. The calculation of the Assessment for a Lot shall be performed by the Administrator and confirmed by the City Council based on Estimated Buildout Value information provided by the Developer, homebuilders, third party consultants, and/or the official public records of the County regarding the Lot. The Estimated Buildout Value for Lot Type 1 and Lot Type 2 are shown on **Exhibit E** and will not change in future Annual Service Plan Updates. The calculation as confirmed by the City Council shall be conclusive.

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



shall be reflected in the Annual Service Plan Update immediately following such reallocation.

### *3. Upon Consolidation*

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

## **B. Mandatory Prepayment of Assessments**

If an Assessed Property or a portion thereof is conveyed to a party that is exempt from payment of the Assessment under applicable law, or the owner causes a Lot, Parcel or portion thereof to become Non-Benefited Property, the owner of such Lot, Parcel or portion thereof shall pay to the City, or cause to be paid to the City, the full amount of the Assessment, plus all Prepayment Costs and Delinquent Collection Costs for such Assessed Property, prior to any such conveyance or act, and no such conveyance shall be effective until the City receives such payment. Following payment of the foregoing costs in full, the City shall provide the owner with a recordable “Notice of Assessment Termination,” a form of which is attached hereto as **Exhibit H.**

## **C. True-Up of Assessments if Maximum Assessment Exceeded at Plat**

Prior to the City approving a final subdivision plat, the Administrator will certify that such plat will not result in the Assessment per Lot for any Lot Type to exceed the Maximum Assessment. If the Administrator determines that the resulting Assessment per Lot for any Lot Type will exceed the Maximum Assessment for that Lot Type, then (1) the Assessment applicable to each Lot Type shall each be reduced to the Maximum Assessment, and (2) the person or entity filing the plat shall pay to the City, or cause to be paid to the City, the amount the Assessment was reduced, plus Prepayment Costs and Delinquent Collection Costs, if any, prior to the City approving the final plat. The City’s approval of a plat without payment of such amounts does not eliminate the obligation of the person or entity filing the plat to pay such amounts. At no time shall the aggregate Assessments for any Lot exceed the Maximum Assessment.

## **D. Reduction of Assessments**

If as a result of cost savings or the failure to construct all or a portion of an Authorized Improvement, the Actual Costs of completed Authorized Improvements are less than the Assessments, then (i) in the event PID Bonds are not issued, the City Council shall reduce each

Assessment on a pro rata basis such that the sum of the resulting reduced Assessments for all Assessed Property equals the reduced Actual Costs that were expended, or (ii) in the event that a related series of PID Bonds are issued, the Trustee shall apply amounts on deposit in the applicable account of the project fund created under the Indenture relating to such series of PID Bonds, that are not expected to be used for the purposes of the project fund to redeem outstanding PID Bonds, unless otherwise directed by the City pursuant to the terms of such Indenture. Such excess PID Bond proceeds may be used for any purpose authorized by such Indenture. The Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding PID Bonds.

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

#### **E. Prepayment of Assessments**

The owner of any Assessed Property may pay, at any time, all or any part of an Assessment in accordance with the PID Act. Prepayment Costs, if any, may be paid from a reserve established under the applicable Indenture. If an Annual Installment has been billed, or the Annual Service Plan Update has been approved by the City Council prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If an Assessment on an Assessed Property is prepaid in full, with Prepayment Costs, (1) the Administrator shall cause the Assessment to be reduced to zero on said Assessed Property and the Assessment Roll to be revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment and corresponding Annual Installments shall terminate with respect to said Assessed Property; and (4) the City shall provide the owner with a recordable "Notice of Assessment Termination."

If an Assessment on an Assessed Property is prepaid in part, with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced on said Assessed Property and the Assessment Roll revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment will be reduced to the extent of the Prepayment made.

#### **F. Payment of Assessment in Annual Installments**

Assessments that are not paid in full shall be due and payable in Annual Installments. **Exhibit F-2** shows the projected Improvement Area #1 Annual Installments. Annual Installments are subject to adjustment in each Annual Service Plan Update.

Prior to the recording of a final subdivision plat, if any Parcel shown on the Assessment Roll is assigned multiple tax parcel identification numbers for billing and collection purposes, the Annual Installment shall be allocated pro rata based on the acreage of the property not including any Non-Benefited Property, as shown by the Denton Central Appraisal District for each tax parcel identification number.

The Administrator shall prepare and submit to the City Council for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include 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. The City Council may provide for other means of collecting Annual Installments. Assessments shall have the lien priority specified in the PID Act.

Sales of the Assessed Property for nonpayment of Annual Installments shall be subject to the lien for the remaining unpaid Annual Installments against the Assessed Property, and the Assessed Property may again be sold at a judicial foreclosure sale if the purchaser fails to timely pay any of the remaining unpaid Annual Installments as they become due and payable.

The City reserves the right to refund PID Bonds in accordance with applicable law, including the PID Act. In the event of a refunding, the Administrator shall recalculate the Annual Installments so that total Annual Installments will be sufficient to pay the refunding bonds, and the refunding bonds shall constitute "PID Bonds."

Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be due when billed and shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments of the Improvement Area #1 Assessments shall be due when billed and shall be delinquent if not paid prior to February 1, 2025.

Failure of an owner of an Assessed Property to receive an invoice for an Annual Installment shall not relieve said owner of the responsibility for payment of the Assessment. Assessments, or Annual Installments thereof, that are delinquent shall incur Delinquent Collection Costs. The City may provide for other means of collecting the Annual Installments to the extent permitted by the PID Act, or other applicable law.

## **G. Prepayment as a Result of an Eminent Domain Proceeding or Taking**

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

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

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

By way of illustration, if an owner owns 100 acres of Assessed Property subject to a \$100 Assessment and 10 acres is taken through a Taking, the 10 acres of Taken Property shall be reclassified as Non-Benefited Property and the remaining 90 acres of Retained Property shall be subject to the \$100 Assessment (provided that this \$100 Assessment does not exceed the Maximum Assessment on the Retained Property). If the Administrator determines that the \$100 Assessment reallocated to the Retained Property would exceed the Maximum Assessment, as applicable, on the Retained Property by \$10, then the owner shall be required to pay \$10 as a

Prepayment of the Assessment against the Retained Property and the Assessment on the Retained Property shall be adjusted to be \$90.

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

Notwithstanding the previous paragraphs in this subsection, the Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding PID Bonds.

## **SECTION VII: ASSESSMENT ROLL**

The Improvement Area #1 Assessment Roll is attached as **Exhibit F-1**. The Administrator shall prepare and submit to the City Council for review and approval proposed revisions to the Improvement Area #1 Assessment Roll and Improvement Area #1 Annual Installments for each Parcel as part of each Annual Service Plan Update.

## **SECTION VIII: ADDITIONAL PROVISIONS**

### **A. Calculation Errors**

If the owner of a Parcel claims that an error has been made in any calculation required by this Service and Assessment Plan, including, but not limited to, any calculation made as part of any Annual Service Plan Update, the owner's sole and exclusive remedy shall be to submit a written notice of error to the Administrator by December 1<sup>st</sup> of the year following City Council's approval of the calculation. Otherwise, the owner shall be deemed to have unconditionally approved and accepted the calculation. The Administrator shall provide a written response to the City Council and the owner not later than 30 days of such receipt of a written notice of error by the Administrator. The City Council shall consider the owner's notice of error and the Administrator's response at a public meeting, and, not later than 30 days after closing such meeting, the City Council shall make a final determination as to whether an error has been made. If the City Council determines that an error has been made, the City Council shall take such corrective action as is authorized by the PID Act, this Service and Assessment Plan, the applicable Assessment

Ordinance, the applicable Indenture, or as otherwise authorized by the discretionary power of the City Council. The determination by the City Council as to whether an error has been made, and any corrective action taken by the City Council, shall be final and binding on the owner and the Administrator.

#### **B. Amendments**

Amendments to this Service and Assessment Plan must be made by the City Council in accordance with the PID Act. To the extent permitted by the PID Act, this Service and Assessment Plan may be amended without notice to owners of the Assessed Property: (1) to correct mistakes and clerical errors; (2) to clarify ambiguities; and (3) to provide procedures to collect Assessments, Annual Installments, and other charges imposed by this Service and Assessment Plan.

#### **C. Administration and Interpretation**

The Administrator shall: (1) perform the obligations of the Administrator as set forth in this Service and Assessment Plan; (2) administer the District for and on behalf of and at the direction of the City Council; and (3) interpret the provisions of this Service and Assessment Plan. Interpretations of this Service and Assessment Plan by the Administrator shall be in writing and shall be appealable to the City Council by owners of Assessed Property adversely affected by the interpretation. Appeals shall be decided by the City Council after holding a public meeting at which all interested parties have an opportunity to be heard. Decisions by the City Council shall be final and binding on the owners of Assessed Property and developers and their successors and assigns.

#### **D. Form of Buyer Disclosure; Filing Requirements**

Per Section 5.014 of the Texas Property Code, as amended, this Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosures for the District. The buyer disclosures are attached hereto as **Appendix B**. Within seven days of approval by the City Council, the City shall file and record in the real property records of the County the executed ordinance approving this Service and Assessment Plan, or any future Annual Service Plan Updates. The executed ordinance, including any attachments, approving this Service 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.

*[Remainder of page intentionally left blank.]*

## SCHEDULE AND EXHIBITS

The following Schedule and Exhibits are attached to and made a part of this Service and Assessment Plan for all purposes:

<b>Exhibit A-1</b>	Map of the District
<b>Exhibit A-2</b>	Map of Improvement Area #1
<b>Exhibit A-3</b>	Map of North Remainder Area and South Remainder Area
<b>Exhibit A-4</b>	Lot Type Classification Map
<b>Exhibit B-1</b>	Project Costs
<b>Exhibit B-2</b>	North Remainder Area Apportionment of Costs
<b>Exhibit B-2</b>	South Remainder Area Apportionment of Costs
<b>Exhibit C</b>	Service Plan
<b>Exhibit D</b>	Sources and Uses of Funds
<b>Exhibit E</b>	Maximum Assessment and Tax Rate Equivalent
<b>Exhibit F-1</b>	Improvement Area #1 Assessment Roll
<b>Exhibit F-2</b>	Projected Improvement Area #1 Annual Installments
<b>Exhibit G</b>	Maps of Improvement Area #1 Improvements
<b>Exhibit H</b>	Form of Notice of Assessment Termination
<b>Exhibit I</b>	Debt Service Schedule for Improvement Area #1 Bonds
<b>Exhibit J-1</b>	District Legal Description
<b>Exhibit J-2</b>	Improvement Area #1 Legal Description
<b>Exhibit J-3</b>	North Remainder Area and South Remainder Area Legal Description
<b>Schedule I</b>	Reimbursement Obligation

## APPENDICES

The following Appendices are attached to and made a part of this Service and Assessment Plan for all purposes:

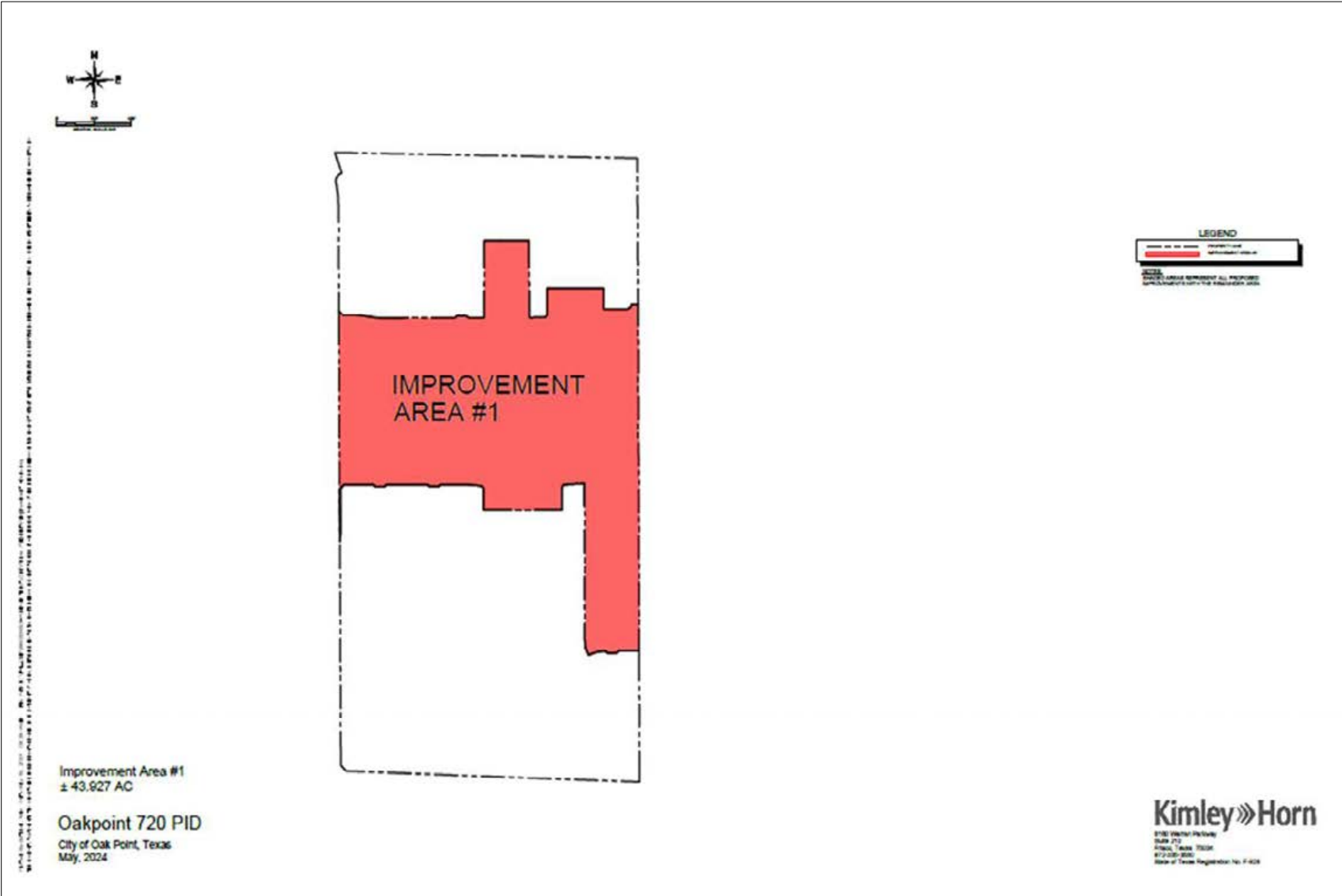
<b>Appendix A</b>	Engineer's Report
<b>Appendix B</b>	Buyer Disclosures



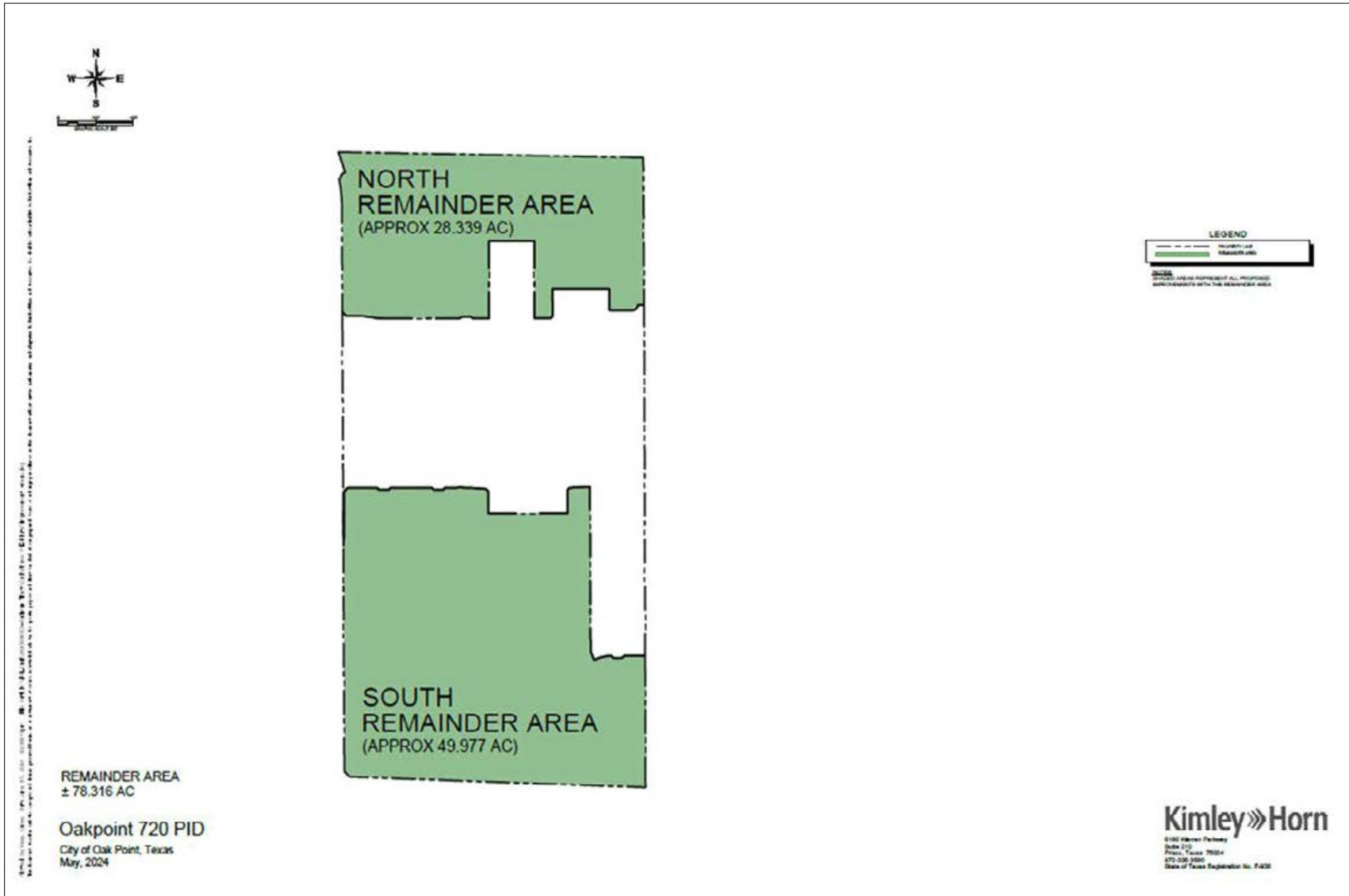
**EXHIBIT A-1 – MAP OF THE DISTRICT**



EXHIBIT A-2 – MAP OF IMPROVEMENT AREA #1



**EXHIBIT A-3 – MAP OF NORTH REMAINDER AREA AND SOUTH REMAINDER AREA**



**EXHIBIT A-4 – LOT TYPE CLASSIFICATION MAP**



## EXHIBIT B-1 – PROJECT COSTS

	Total <sup>[a]</sup>	Private <sup>[b]</sup>	Authorized Improvements	Improvement Area #1		North Remainder Area		South Remainder Area	
				%	Cost	%	Cost	%	Cost
<i>Improvement Area #1 Improvements</i>									
Paving	\$ 3,398,784	\$ 619,300	\$ 2,779,484	100%	\$ 2,779,484	0.00%	\$ -	0.00%	\$ -
Storm Drainage	1,352,660	-	1,352,660	100%	1,352,660	0.00%	-	0.00%	-
Retention Pond <sup>[c], [d]</sup>	627,687	-	627,687	100%	627,687	0.00%	-	0.00%	-
Sanitary Sewer <sup>[e]</sup>	1,002,435	-	1,002,435	100%	1,002,435	0.00%	-	0.00%	-
Water <sup>[e]</sup>	1,081,147	-	1,081,147	100%	1,081,147	0.00%	-	0.00%	-
Soft Costs <sup>[f]</sup>	1,948,462	247,021	1,701,441	100%	1,701,441	0.00%	-	0.00%	-
District Formation Costs <sup>[g]</sup>	75,000	-	75,000	100%	75,000	0.00%	-	0.00%	-
	<u>\$ 9,486,174</u>	<u>\$ 866,321</u>	<u>\$ 8,619,853</u>		<u>\$ 8,619,853</u>		<u>\$ -</u>		<u>\$ -</u>
<i>North Remainder Area Projects</i>									
Paving	\$ 162,317	\$ -	\$ 162,317	0.00%	\$ -	100%	\$ 162,317	0.00%	\$ -
Retention Pond <sup>[c], [d]</sup>	309,159	-	309,159	0.00%	-	100%	309,159	0.00%	-
Sanitary Sewer <sup>[e]</sup>	14,445	-	14,445	0.00%	-	100%	14,445	0.00%	-
Water <sup>[e]</sup>	58,310	-	58,310	0.00%	-	100%	58,310	0.00%	-
Soft Costs <sup>[f]</sup>	110,061	-	110,061	0.00%	-	100%	110,061	0.00%	-
	<u>\$ 654,291</u>	<u>\$ -</u>	<u>\$ 654,291</u>		<u>\$ -</u>		<u>\$ 654,291</u>		<u>\$ -</u>
<i>South Remainder Area Projects</i>									
Paving	\$ 348,592	\$ -	\$ 348,592	0.00%	\$ -	0.00%	\$ -	100%	\$ 348,592
Storm Drainage	85,141	-	85,141	0.00%	-	0.00%	-	100%	85,141
Sanitary Sewer <sup>[e]</sup>	15,438	-	15,438	0.00%	-	0.00%	-	100%	15,438
Water <sup>[e]</sup>	94,700	-	94,700	0.00%	-	0.00%	-	100%	94,700
Soft Costs <sup>[f]</sup>	109,988	-	109,988	0.00%	-	0.00%	-	100%	109,988
	<u>\$ 653,859</u>	<u>\$ -</u>	<u>\$ 653,859</u>		<u>\$ -</u>		<u>\$ -</u>		<u>\$ 653,859</u>
<i>Private Improvements<sup>[h]</sup></i>									
Private Improvements	\$ 657,913	\$ 657,913	\$ -		\$ -		\$ -		\$ -
	<u>\$ 657,913</u>	<u>\$ 657,913</u>	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>
<i>Bond Issuance Costs<sup>[i]</sup></i>									
Debt Service Reserve Fund	\$ 812,369	\$ -	\$ 812,369		\$ 812,369		\$ -		\$ -
Underwriter's Discount	209,320	-	209,320		209,320		-		-
Underwriter's Counsel	104,660	-	104,660		104,660		-		-
Cost of Issuance	680,290	-	680,290		680,290		-		-
	<u>\$ 1,806,639</u>	<u>\$ -</u>	<u>\$ 1,806,639</u>		<u>\$ 1,806,639</u>		<u>\$ -</u>		<u>\$ -</u>
<i>Other Costs</i>									
Deposit to Administrative Fund	\$ 40,000	\$ -	\$ 40,000		\$ 40,000		\$ -		\$ -
	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 40,000</u>		<u>\$ 40,000</u>		<u>\$ -</u>		<u>\$ -</u>
<b>Total</b>	<b>\$ 13,298,876</b>	<b>\$ 1,524,234</b>	<b>\$ 11,774,643</b>		<b>\$ 10,466,492</b>		<b>\$ 654,291</b>		<b>\$ 653,859</b>

**Footnotes:**

- [a] As provided in the Engineer's Report dated 6/11/2024 and subject to change. Authorized Improvement costs are estimates and will be updated with each Annual Service Plan Update, or Amended and Restated Service and Assessment Plan as appropriate.
- [b] Costs required to complete Lots in Improvement Area #1 to reach final Lot completion; non-reimbursable to the Developer from the collection of Annual Installments or PID Bonds.
- [c] Retention Pond costs are allocated as per the Engineer's Report.
- [d] The Retention Pond and associate drainage is situated in the northeast quadrant of the storm drainage improvements, as shown on **Exhibit D** of the Engineer's Report.
- [e] Mustang Special Utility District will assume ownership and maintenance responsibility.
- [f] Soft Costs includes engineering, designing, surveying, testing, platting, permitting, staking, construction management, and contingency.
- [g] As provided by the Developer in correspondence dated 5/21/2024.
- [h] Private Improvements include residential retaining walls.
- [i] Bond Issuance Costs are preliminary estimates only and are subject to change upon pricing.

**EXHIBIT B-2 – NORTH REMAINDER AREA APPORTIONMENT OF COSTS**

Improvement Area	Retention Pond <sup>[a]</sup>		North of Hawks Trail		Western Portion of Indianola Trail		East of Lot 11 Block D and North of Alley O		Soft Costs	Total Apportionment of Costs <sup>[b]</sup>
	%	Costs	%	Costs	%	Costs	%	Costs	Costs	
Improvement Area #1	67%	\$ 627,687	50%	\$ 43,278	50%	\$ 163,782	50%	\$ 28,012	\$ 1,701,441	
North Remainder Area	33%	\$ 309,159	50%	\$ 43,278	50%	\$ 163,782	50%	\$ 28,012	\$ 110,061	\$ 654,291
<b>Total<sup>[c]</sup></b>		<b>\$ 936,846</b>		<b>\$ 86,557</b>		<b>\$ 327,563</b>		<b>\$ 56,023</b>	<b>\$ 1,811,502</b>	<b>\$ 654,291</b>

**Footnotes:**

[a] Retention Pond costs are allocated as per the Engineer's Report.

[b] Costs apportioned to North Remainder Area. These costs are reimbursable in part or in full from Assessments anticipated to be levied in the North Remainder Area in the future.

[c] Totals costs are as provided in the Engineer's Report dated 6/11/2024 and subject to change.

**EXHIBIT B-3 – SOUTH REMAINDER AREA APPORTIONMENT OF COSTS**

Improvement Area	Sunset Lane to Haley Way		Azalea Trail South of Sunset Lane		Haley Way South of Sunset Lane		Surveyor Road		Soft Costs	Total Apportionment of Costs <sup>[a]</sup>
	%	Costs	%	Costs	%	Costs	%	Costs	Costs	
Improvement Area #1	50%	\$ 455,501	50%	\$ 31,258	50%	\$ 29,795	50%	\$ 27,316	\$ 1,701,441	
South Remainder Area	50%	\$ 455,501	50%	\$ 31,258	50%	\$ 29,795	50%	\$ 27,316	\$ 109,988	\$ 653,859
<b>Total<sup>[b]</sup></b>		<b>\$ 911,003</b>		<b>\$ 62,517</b>		<b>\$ 59,591</b>		<b>\$ 54,632</b>	<b>\$ 1,811,429</b>	<b>\$ 653,859</b>

**Footnotes:**

[a] Costs apportioned to South Remainder Area. These costs are reimbursable in part or in full from Assessments anticipated to be levied in the South Remainder Area in the future.

[b] Totals costs are as provided in the Engineer's Report dated 6/11/2024 and subject to change.

## EXHIBIT C – SERVICE PLAN

		Improvement Area #1				
Annual Installments Due		1/31/2025	1/31/2026	1/31/2027	1/31/2028	1/31/2029
Principal		\$ 118,000.00	\$ 126,000.00	\$ 135,000.00	\$ 144,000.00	\$ 153,000.00
Interest		693,372.50	685,555.00	677,207.50	668,263.75	658,723.75
	(1)	\$ 811,372.50	\$ 811,555.00	\$ 812,207.50	\$ 812,263.75	\$ 811,723.75
Additional Interest	(2)	\$ 52,330.00	\$ 51,740.00	\$ 51,110.00	\$ 50,435.00	\$ 49,715.00
Annual Collection Costs	(3)	\$ 40,000.00	\$ 40,800.00	\$ 41,616.00	\$ 42,448.32	\$ 43,297.29
<b>Total Annual Installment</b>	<b>(4) = (1) + (2) + (3)</b>	<b>\$ 903,702.50</b>	<b>\$ 904,095.00</b>	<b>\$ 904,933.50</b>	<b>\$ 905,147.07</b>	<b>\$ 904,736.04</b>



## EXHIBIT D – SOURCES AND USES OF FUNDS

	Privately Funded	Improvement Area #1	North Remainder Area	South Remainder Area	Total
<b>Sources of Funds</b>					
Improvement Area #1 Bonds	\$ -	\$ 10,466,000	\$ -	\$ -	\$ 10,466,000
Developer Contribution - Improvement Area #1 <sup>[a]</sup>	-	492	-	-	492
Developer Contribution - North Remainder Area <sup>[b]</sup>	-	-	654,291	-	654,291
Developer Contribution - South Remainder Area <sup>[c]</sup>	-	-	-	653,859	653,859
Developer Contribution - Private Improvements <sup>[a]</sup>	1,524,234	-	-	-	1,524,234
<b>Total Sources</b>	<b>\$ 1,524,234</b>	<b>\$ 10,466,492</b>	<b>\$ 654,291</b>	<b>\$ 653,859</b>	<b>\$ 13,298,876</b>
<b>Uses of Funds</b>					
Improvement Area #1 Improvements	\$ 866,321	\$ 8,619,853	\$ -	\$ -	\$ 9,486,174
North Remainder Area Projects	-	-	654,291	-	654,291
South Remainder Area Projects	-	-	-	653,859	653,859
Private Improvements <sup>[a]</sup>	657,913	-	-	-	657,913
	<u>\$ 1,524,234</u>	<u>\$ 8,619,853</u>	<u>\$ 654,291</u>	<u>\$ 653,859</u>	<u>\$ 11,452,238</u>
<i>Bond Issuance Costs<sup>[d]</sup></i>					
Debt Service Reserve Fund	\$ -	\$ 812,369	\$ -	\$ -	\$ 812,369
Underwriter's Discount	-	209,320	-	-	209,320
Underwriter's Counsel	-	104,660	-	-	104,660
Cost of Issuance	-	680,290	-	-	680,290
	<u>\$ -</u>	<u>\$ 1,806,639</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,806,639</u>
<i>Other Costs</i>					
Deposit to Administrative Fund	\$ -	\$ 40,000	\$ -	\$ -	\$ 40,000
	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,000</u>
<b>Total Uses</b>	<b>\$ 1,524,234</b>	<b>\$ 10,466,492</b>	<b>\$ 654,291</b>	<b>\$ 653,859</b>	<b>\$ 13,298,876</b>

**Footnotes:**

[a] Non-reimbursable to the Developer from the collection of Annual Installments or PID Bonds.

[b] To be apportioned to the North Remainder Area Apportioned Property based on conferred benefit and is anticipated to be reimbursed, in whole or in part, from Assessments anticipated to be but not yet levied.

[c] To be apportioned to the South Remainder Area Apportioned Property based on conferred benefit and is anticipated to be reimbursed, in whole or in part, from Assessments anticipated to be but not yet levied.

[d] Bond Issuance Costs are preliminary estimates only and are subject to change upon pricing.

**EXHIBIT E – MAXIMUM ASSESSMENT AND TAX RATE EQUIVALENT**

Lot Type	Units <sup>[a]</sup>	Estimated Buildout Value <sup>[a]</sup>		Assessment		Average Annual Installment		Tax Rate Equivalent
		Per Unit	Total	Per Unit	Total	Per Unit	Total	
<i>Improvement Area #1</i>								
Lot Type 1 <sup>[b]</sup>	99	\$ 514,646	\$ 50,950,000	\$ 38,834.10	\$ 3,844,576	\$ 3,344.73	\$ 331,128	\$ 0.6499
Lot Type 2	135	\$ 650,000	\$ 87,750,000	\$ 49,047.58	\$ 6,621,424	\$ 4,224.40	\$ 570,294	\$ 0.6499
<b>Improvement Area #1 Subtotal</b>	<b>234</b>		<b>\$ 138,700,000</b>		<b>\$ 10,466,000</b>		<b>\$ 901,422</b>	

**Footnotes:**

[a] Per information provided on the Developer's model dated 3/12/2024.

[b] Estimated Buildout Value based on weighted average of Lots marketed to homebuilders with a front property line width of 22' and 25'.

**EXHIBIT F-1 – IMPROVEMENT AREA #1 ASSESSMENT ROLL**

Property ID <sup>[a]</sup>	Lot Type	Outstanding Assessment	Annual Installment Due 1/31/2025
38750	Improvement Area #1 Initial Parcel	\$ 10,466,000.00	\$ 903,702.50
<b>Total</b>		<b>\$ 10,466,000.00</b>	<b>\$ 903,702.50</b>

**Footnotes:**

[a] The entire Improvement Area #1 Initial Parcel is contained within Property IDs 38750. Future allocation of the Assessment will occur in accordance with **Section VI** of this Service and Assessment Plan.

## EXHIBIT F-2 – PROJECTED IMPROVEMENT AREA #1 ANNUAL INSTALLMENTS

Annual Installment Due 1/31	Principal	Interest <sup>[a]</sup>	Additional Interest	Reserve Fund <sup>[b]</sup>	Annual Collection Costs	Annual Installment <sup>[c]</sup>
2025	\$ 118,000.00	\$ 693,372.50	\$ 52,330.00	\$ -	\$ 40,000.00	\$ 903,702.50
2026	\$ 126,000.00	\$ 685,555.00	\$ 51,740.00	\$ -	\$ 40,800.00	\$ 904,095.00
2027	\$ 135,000.00	\$ 677,207.50	\$ 51,110.00	\$ -	\$ 41,616.00	\$ 904,933.50
2028	\$ 144,000.00	\$ 668,263.75	\$ 50,435.00	\$ -	\$ 42,448.32	\$ 905,147.07
2029	\$ 153,000.00	\$ 658,723.75	\$ 49,715.00	\$ -	\$ 43,297.29	\$ 904,736.04
2030	\$ 163,000.00	\$ 648,587.50	\$ 48,950.00	\$ -	\$ 44,163.24	\$ 904,700.74
2031	\$ 174,000.00	\$ 637,788.75	\$ 48,135.00	\$ -	\$ 45,046.50	\$ 904,970.25
2032	\$ 186,000.00	\$ 626,261.25	\$ 47,265.00	\$ -	\$ 45,947.43	\$ 905,473.68
2033	\$ 198,000.00	\$ 613,938.75	\$ 46,335.00	\$ -	\$ 46,866.38	\$ 905,140.13
2034	\$ 211,000.00	\$ 600,821.25	\$ 45,345.00	\$ -	\$ 47,803.71	\$ 904,969.96
2035	\$ 225,000.00	\$ 586,842.50	\$ 44,290.00	\$ -	\$ 48,759.78	\$ 904,892.28
2036	\$ 240,000.00	\$ 571,936.25	\$ 43,165.00	\$ -	\$ 49,734.98	\$ 904,836.23
2037	\$ 256,000.00	\$ 556,036.25	\$ 41,965.00	\$ -	\$ 50,729.68	\$ 904,730.93
2038	\$ 273,000.00	\$ 539,076.25	\$ 40,685.00	\$ -	\$ 51,744.27	\$ 904,505.52
2039	\$ 291,000.00	\$ 520,990.00	\$ 39,320.00	\$ -	\$ 52,779.16	\$ 904,089.16
2040	\$ 310,000.00	\$ 501,711.25	\$ 37,865.00	\$ -	\$ 53,834.74	\$ 903,410.99
2041	\$ 331,000.00	\$ 481,173.75	\$ 36,315.00	\$ -	\$ 54,911.43	\$ 903,400.18
2042	\$ 353,000.00	\$ 459,245.00	\$ 34,660.00	\$ -	\$ 56,009.66	\$ 902,914.66
2043	\$ 376,000.00	\$ 435,858.75	\$ 32,895.00	\$ -	\$ 57,129.85	\$ 901,883.60
2044	\$ 401,000.00	\$ 410,948.75	\$ 31,015.00	\$ -	\$ 58,272.45	\$ 901,236.20
2045	\$ 427,000.00	\$ 384,382.50	\$ 29,010.00	\$ -	\$ 59,437.90	\$ 899,830.40
2046	\$ 456,000.00	\$ 356,093.75	\$ 26,875.00	\$ -	\$ 60,626.66	\$ 899,595.41
2047	\$ 486,000.00	\$ 325,883.75	\$ 24,595.00	\$ -	\$ 61,839.19	\$ 898,317.94
2048	\$ 518,000.00	\$ 293,686.25	\$ 22,165.00	\$ -	\$ 63,075.97	\$ 896,927.22
2049	\$ 553,000.00	\$ 259,368.75	\$ 19,575.00	\$ -	\$ 64,337.49	\$ 896,281.24
2050	\$ 589,000.00	\$ 222,732.50	\$ 16,810.00	\$ -	\$ 65,624.24	\$ 894,166.74
2051	\$ 628,000.00	\$ 183,711.25	\$ 13,865.00	\$ -	\$ 66,936.72	\$ 892,512.97
2052	\$ 670,000.00	\$ 142,106.25	\$ 10,725.00	\$ -	\$ 68,275.45	\$ 891,106.70
2053	\$ 714,000.00	\$ 97,718.75	\$ 7,375.00	\$ -	\$ 69,640.96	\$ 888,734.71
2054	\$ 761,000.00	\$ 50,416.25	\$ 3,805.00	\$ (812,368.75)	\$ 71,033.78	\$ 73,886.28
<b>Total</b>	<b>\$ 10,466,000.00</b>	<b>\$ 13,890,438.75</b>	<b>\$ 1,048,335.00</b>	<b>\$ (812,368.75)</b>	<b>\$ 1,622,723.23</b>	<b>\$ 26,215,128.23</b>

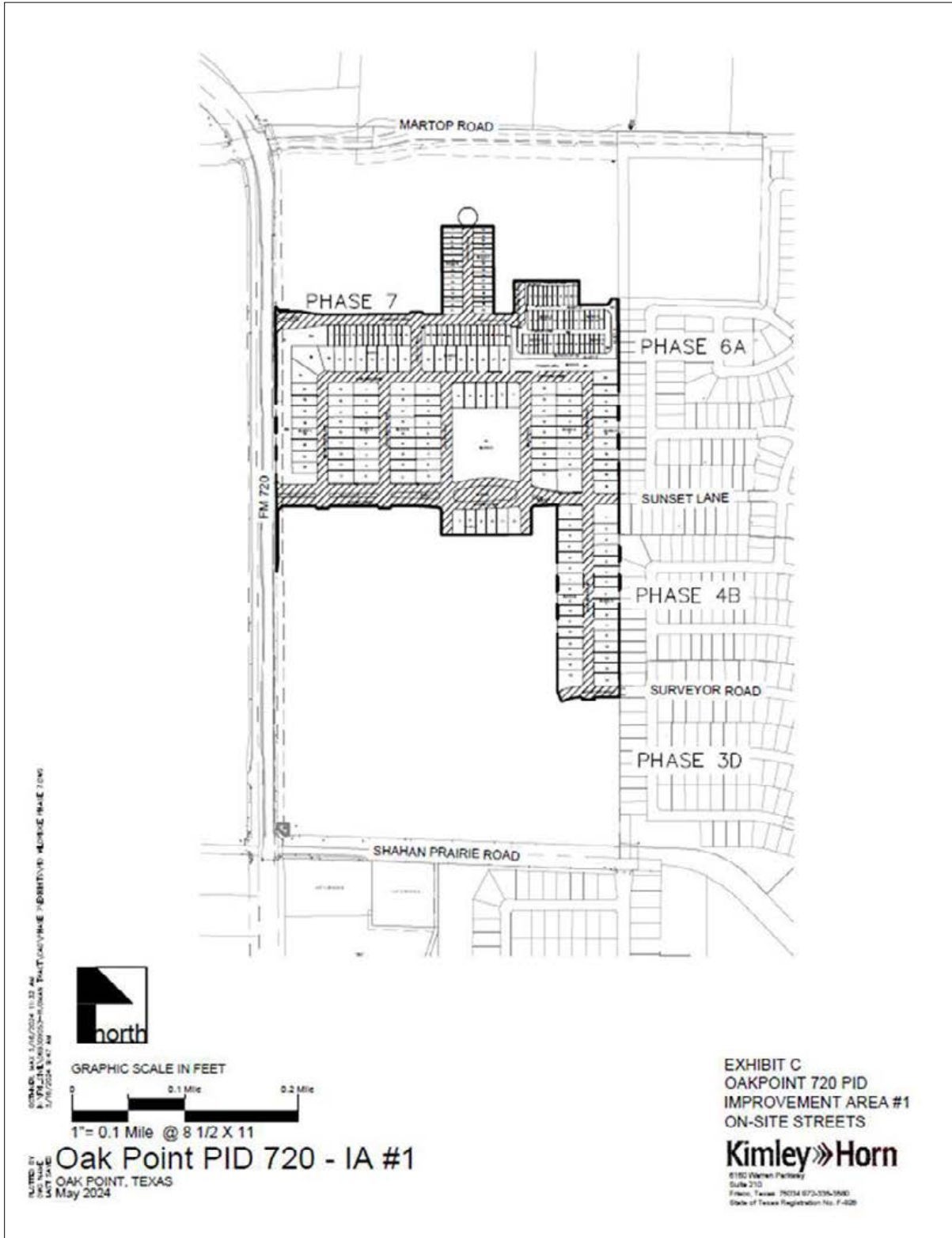
**Footnotes:**

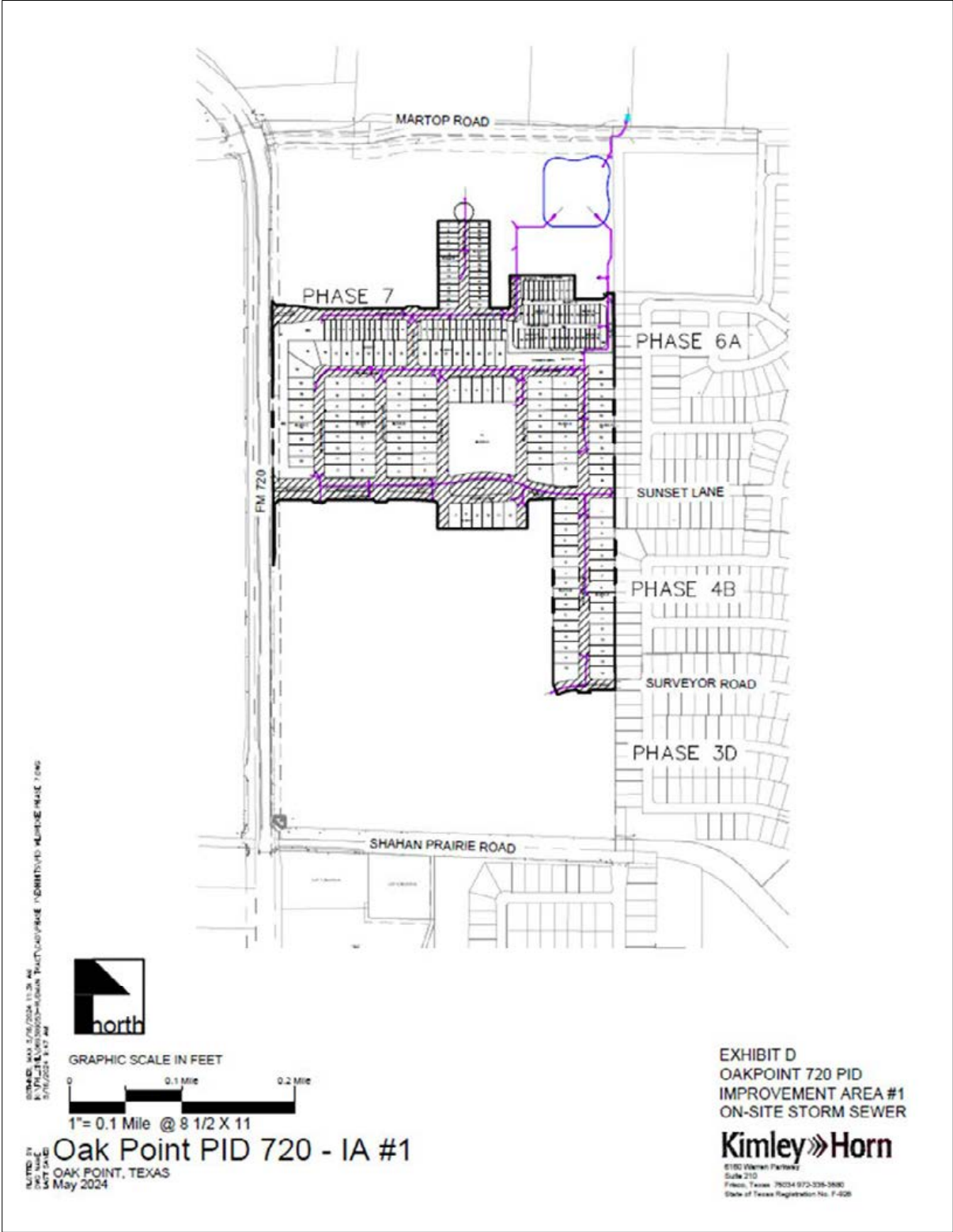
[a] Interest is calculated at a 6.625% interest rate for illustrative purposes, and subject to change upon pricing.

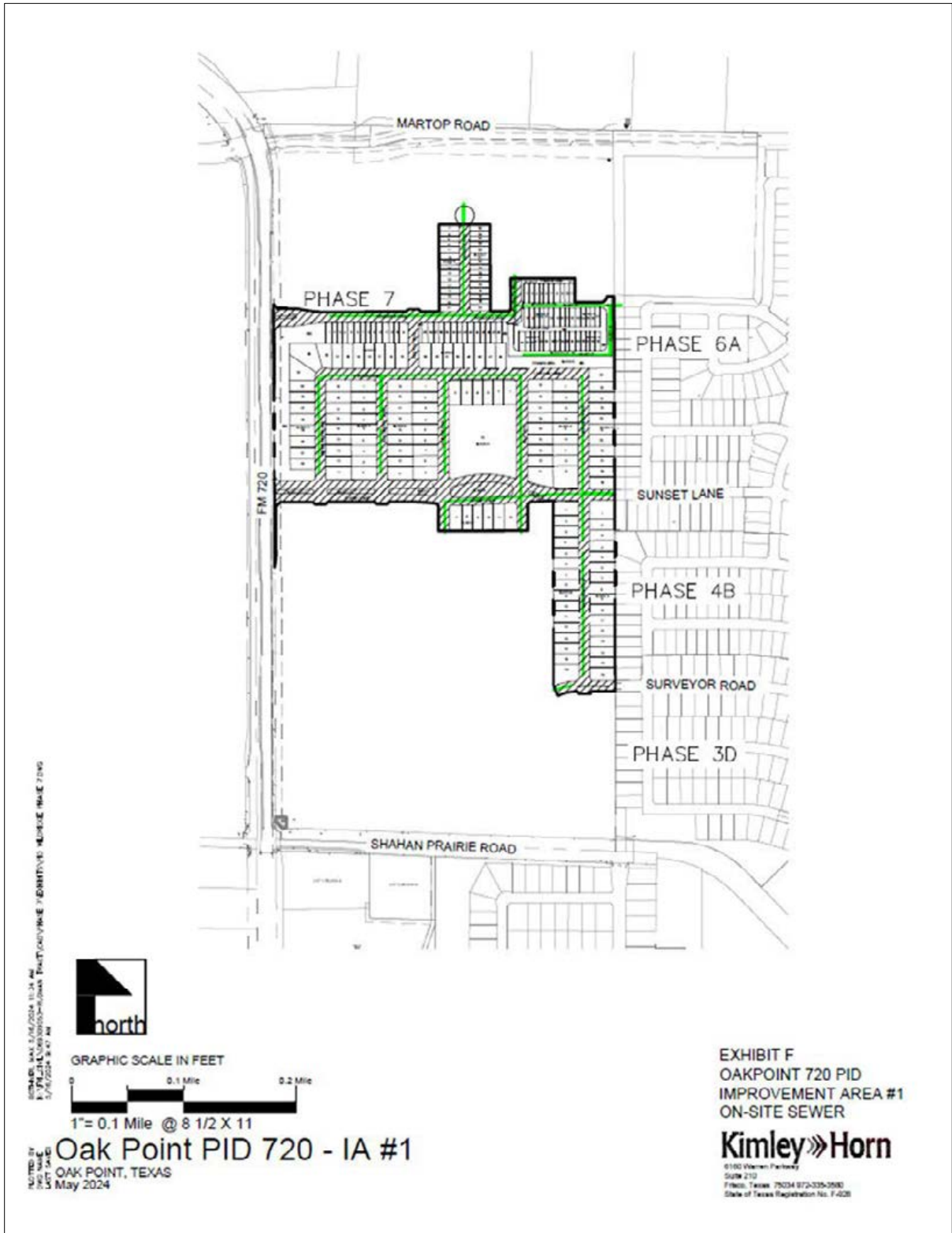
[b] Assumes the Reserve Fund is fully funded and available to reduce Annual Installments in the final year.

[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.

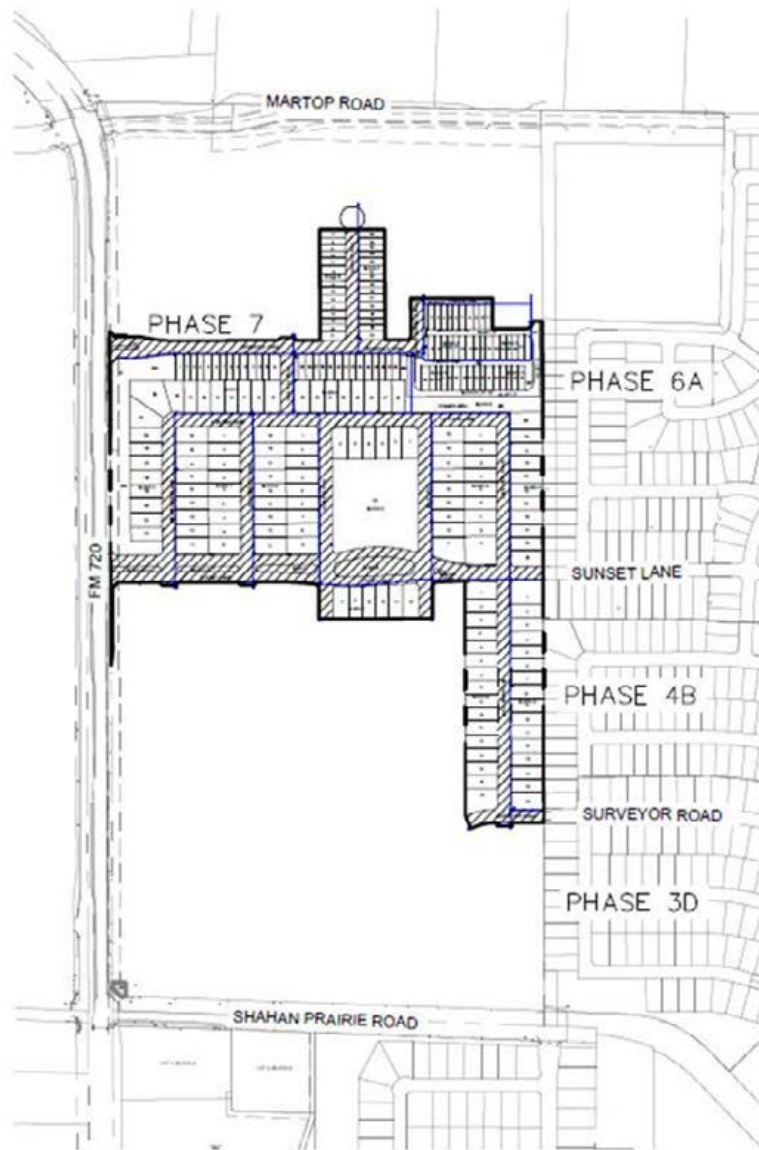
**EXHIBIT G – MAPS OF AUTHORIZED IMPROVEMENTS**



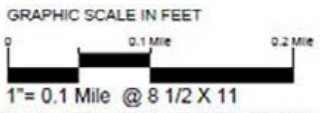








DRAWN: MAY 2/2024 11:32 AM  
 P:\PROJECTS\2023\OAK POINT PID 720\PHASE 7\PHASE 7.DWG  
 2/17/2024 1:17 PM



DATED BY: [unclear]  
 DATE: [unclear]  
 5 May 2024

**Oak Point PID 720 - IA #1**  
 OAK POINT, TEXAS  
 May 2024

**EXHIBIT E**  
 OAKPOINT 720 PID  
 IMPROVEMENT AREA #1  
 ON-SITE WATER

**Kimley»Horn**  
 6150 Warren Parkway  
 Suite 210  
 Frisco, Texas 76034 972-338-5800  
 State of Texas Registration No. F-408



**EXHIBIT H – NOTICE OF ASSESSMENT TERMINATION**



P3Works, LLC  
9284 Huntington Square, Suite 100  
North Richland Hills, TX 76182

[date]  
Denton County Clerk's Office  
Honorable [County Clerk Name]  
Denton County Courts Building  
1450 East McKinney St, Denton, TX 76209

**Re: City of Oak Point Lien Release Documents for Filing**

Dear Ms./Mr. [County Clerk Name],

Enclosed is a lien release that the City of Oak Point 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 Oak Point  
Attn: [City Secretary]  
100 Naylor Road  
Oak Point, TX 75068

Please contact me if you have any questions or need additional information.

Sincerely,  
[Signature]

P3Works, LLC  
P: (817) 393-0353  
[admin@p3-works.com](mailto:admin@p3-works.com)  
[www.P3-Works.com](http://www.P3-Works.com)

**AFTER RECORDING RETURN TO:**

**[City Secretary Name]  
100 Naylor Road  
Oak Point, TX 75068**

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

**FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN**

**STATE OF TEXAS §  
KNOW ALL MEN BY THESE PRESENTS: §  
COUNTY OF DENTON §**

**THIS FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN (this "Full Release") is executed and delivered as of the Effective Date by the City of Oak Point, Texas.**

**RECITALS**

**WHEREAS**, the governing body (hereinafter referred to as the "City Council") of the City of Oak Point, Texas (hereinafter referred to as the "City"), is authorized by Chapter 372, Texas Local Government Code, as amended (hereinafter referred to as the "Act"), to create public improvement districts within the corporate limits of the City; and

**WHEREAS**, on September 23, 2022, the City Council for the City, approved Resolution No. 2022-09-025R, creating the Oak Point 720 Public Improvement District (the "District"); and

**WHEREAS**, the District consists of approximately 122.243 contiguous acres within the corporate limits of 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 District; and

**WHEREAS**, the Assessment Ordinance imposed an assessment in the amount of [amount] (hereinafter referred to as the "Lien Amount") for the following property:

[legal description], a subdivision in Denton County, Texas, according to the map or plat of record in Document/Instrument No. \_\_\_\_\_ of the Plat Records of Denton County, Texas (hereinafter referred to as the "Property"); and

**WHEREAS**, the Lien Amount has been paid in full.

**RELEASE**

**NOW THEREFORE**, the City, the Developer and holder of the Lien, Instrument No. \_\_\_\_\_, in the Real Property Records of Denton County, Texas, in the amount of the Lien Amount against the Property releases and discharges, and by these presents does hereby release and discharge, the above-described Property from said lien held by the undersigned securing said indebtedness.

**EXECUTED** to be **EFFECTIVE** this the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**CITY OF OAK POINT, TEXAS,**

By: \_\_\_\_\_  
[Manager Name], City Manager

**ATTEST:**

\_\_\_\_\_  
[Secretary Name], City Secretary

**STATE OF TEXAS** §  
§  
**COUNTY OF DENTON** §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by [Manager Name], City Manager for the City of Oak Point, Texas, on behalf of said municipality.

\_\_\_\_\_  
Notary Public, State of Texas

**EXHIBIT I – DEBT SERVICE SCHEDULE FOR IMPROVEMENT AREA #1 BONDS**

*[To be provided at bond pricing.]*

## EXHIBIT J-1 – DISTRICT LEGAL DESCRIPTION

### EXHIBIT A Metes and Bounds Description of the Property (approx. 122.243 acres)

BEING a tract of land situated in the William McNeil Survey, Abstract No. 814, and being all of the interest to a called 136.66 acre tract of land listed as F0117.00 in a Conveyance, Assignment and Deed to MER Energy, LTD., as recorded in Document No. 2011-110535 of the Deed Records of Denton County, Texas, and all of the interest to a called 136.66 acre tract of land listed as F0117.00 in a Conveyance, Assignment and Deed to Rudco Land, LLC, as recorded in Document No. 2017-16370 of the Official Records of Denton County, Texas, and all of the interest to a called 136.66 acre tract of land listed as F0117.00 in a Conveyance, Assignment and Deed to Tara Rudman Revocable Trust and Peter M. Young and Tachina Rudman-Young Revocable Trust, as recorded in Document No. 2018-43460 of the Official Records of Denton County, Texas, and also being all of the interest to a called 136.66 acre tract of land listed as F0117.00 in a Conveyance, Assignment and Deed of Correction to Ira W. Silverman, Trustee of the Tachina Rudman Trust, as recorded in Document No. 2019-142385 of the Official Records of Denton County, Texas, and being more particularly described as follows:

BEGINNING at a 5/8-iron rod with a plastic cap stamped "KHA" found for the southwest corner of Wildridge Phase 30, according to the plat thereof recorded in Document No. 2017-503, of the Plat Records of Denton County, Texas, same being the northwest corner of a called 0.063 acre tract of land conveyed to the City of Oak Point, Texas, as evidenced in Right of Way Dedication Deed recorded in Document No. 2015-33178 of the Official Records of Denton County, Texas, same also being the northeast corner of a called 2.012 acre tract of land conveyed to the City of Oak Point, Texas, as evidenced in Right of Way Dedication Deed recorded in Document No. 2015-9522 of the Official Records of Denton County, Texas, on the easterly line of said 136.66 acre tract, and the northerly right of way line of Shahan Prairie Road, a variable width right of way;

THENCE North 87°57'23" West, departing the easterly line of said 136.66 acre tract, along the northerly right of way line of said Shahan Prairie Road, a distance of 1571.00 feet to a 5/8-iron rod with a plastic cap stamped "KHA" set for the southerly end of a corner clip at the intersection of the northerly right of way line of said Shahan Prairie Road with the easterly right of way line of FM 720, a variable width right of way;

THENCE North 44°04'01" West, departing the northerly right of way line of said Shahan Prairie Road, and along said corner clip, a distance of 41.68 feet to a 5/8-iron rod with a plastic cap stamped "KHA" set for the northerly end of said corner clip, same being on the westerly line of said 136.66 acre tract and the easterly right of way line of said FM 720;

THENCE North 00°14'56" West, along the westerly line of said 136.66 acre tract and the easterly right of way line of said FM 720, a distance of 3006.95 feet to a wooden highway monument found at the beginning of a tangent curve to the left having a central angle of 12°03'37", a radius of 617.96 feet, a chord bearing and distance of North 06°16'45" West, 129.84 feet;

THENCE continuing along the westerly line of said 136.66 acre tract and the easterly right of way line of said FM 720 and in a northwesterly direction, with said curve to the left, an arc distance of

EXHIBIT A TO RESOLUTION CREATING PID  
Page 6 of 8

1156.012\104449.6



130.08 feet to a 5/8-iron rod with a plastic cap stamped "KHA" set for the southwest corner of a called 6,458 square feet tract of land, as described in a deed to the State of Texas, as evidenced in Document No. 2015-8109, of the Official Records of Denton County, Texas;

THENCE North 26°45'54" East, departing the westerly line of said 136.66 acre tract, continuing along the easterly right of way line of said FM 720 and along the southerly line of said 6,458 square feet tract, a distance of 37.09 feet to a 5/8-iron rod with a plastic cap stamped "KHA" set for corner;

THENCE North 71 "46'37" East, continuing along the easterly right of way line of said FM 720 and the southerly line of said 6,458 square feet tract, a distance of 16.16 feet to a 5/8-iron rod with a plastic cap stamped "KHA" set for the southeast corner of said 6,458 acre tract;

THENCE North 18"13'20" West, continuing along the easterly right of way line of said FM 720 and along the easterly line of said 6,458 square feet tract, a distance of 115.54 feet to a 5/8-iron rod with a plastic cap stamped "KHA" set and an aluminum disk found for the northeast corner of said 6,458 square feet tract, same being on the northerly line of said 136.66 acre tract and the southerly line of a called 1.876 acre tract of land as described in a deed to Kenneth L. Chitwood, as evidenced in Document No. 2016-41525, of the Official Records of Denton County, Texas;

THENCE South 88"55'47" East, departing the easterly right of way line of said FM 720 and along the northerly line of said 136.66 acre tract, the southerly line of said 1.876 acre tract, a called 75.90 acre tract of land as described in deed to WG2 MHC 1, LLC and Goose, LLC, as evidenced in Instrument No. 2019-114008 of the Official Records of Denton County, Texas, and a called 5.77 acre tract of land as described in a deed to Robert D. Sark, as evidenced in Volume 835, Page 646 of the Deed Records of Denton County, Texas, a distance of 1618.70 feet to a 5/8-iron rod with a plastic cap stamped "KHA" set for corner on the monumented westerly line of a called 11.982 acre tract of land as described in a deed to Brazos Electric Power, as evidenced in Instrument No. 2018-76048 of the Official Records of Denton County, Texas;

THENCE South 00°20'55" East, departing the southerly line of said 5.77 acre tract and along the monumented westerly line of said 11.982 acre tract, a distance of 773.57 feet to a 5/8-iron rod with a plastic cap stamped "KHA" set for the southwest corner of said 11.982 acre tract of land, common to an ell corner of said 136.66 acre tract, and the southerly northwest corner of a called 191.237 acre tract of land, described as Tract 10A, conveyed to LH Wildridge, LLC, as evidenced in Special Warranty Deed recorded in Document No. 2017-20269 of the Deed Records of Denton County, Texas;

THENCE South 00"09'40" East, along the easterly line of said 136.66 acre tract, the westerly line of said Tract 10A, the westerly line of Wildridge Phase 40, according to the plat thereof recorded in Document No. 2019-435, of the Plat Records of Denton County, Texas, and the westerly line of aforesaid Wildridge Phase 30, a distance of 2566.08 feet to the POINT OF BEGINNING and containing 122.243 acres (5,324,926 square feet) of land, more or less.

## EXHIBIT J-2 – IMPROVEMENT AREA #1 LEGAL DESCRIPTION

### Legal Description of the Property (approx. 43.927 Acres)

**BEING** a tract of land situated in the William McNeil Survey, Abstract No. 814, City of Oak Point, Denton County, Texas, and being a portion of a called 122.243-acre tract of land described in a deed to Craig Curry, Four Quarters Enterprises, LTD., Frisco Platinum 4S&C, LP, Rudco Land, LLC, Doublepine Investments, LTD., and Bantam Creek, LLC, recorded in Document No. 2020-8922, Official Records, Denton County, Texas, and being more particularly described by metes and bounds as follows:

**BEGINNING** at a 5/8-inch iron rod with red plastic cap stamped "KHA" found for the southeast corner of said 122.243-acre tract, common to the southwest corner of Wildridge Phase 3D, an addition to the City of Oak Point, Texas, according to the plat thereof recorded in Document No. 2017-503, said Official Records, same being the northwest corner of a called 0.063-acre tract of land described in a deed to the City of Oak Point, Texas, recorded in Document No. 2015-33178, said Official Records, same also being the northeast corner of a called 2.012-acre tract of land described in a deed to the City of Oak Point, Texas, recorded in Document No. 2015-9522, said Official Records, same also being on the northerly right-of-way line of Shahan Prairie Road (variable width public right-of-way);

**THENCE** North 00°09'40" West, along the common line of said 122.243-acre tract and said Wildridge Phase 3D, a distance of 698.14 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for the POINT OF BEGINNING of the herein described tract of land;

**THENCE** departing said common line and crossing said 122.243-acre tract the following courses and distances:

South 89°50'20" West, a distance of 110.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 44°50'20" West, a distance of 14.14 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 00°09'40" East, a distance of 0.54 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 89°56'16" West, a distance of 9.50 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 89°46'14" West, a distance of 31.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 89°50'20" West, a distance of 9.50 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 00°09'40" West, a distance of 0.54 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 45°14'16" West, a distance of 14.12 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set at the beginning of a non-tangent curve to the left with a radius of 225.00



feet, a central angle of 22°31'16", and a chord bearing and distance of South 77°41'30" West, 87.87 feet;

In a westerly direction, with said non-tangent curve to the left, an arc distance of 88.44 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set at the beginning of a reverse curve to the right with a radius of 275.00 feet, a central angle of 01°10'10", and a chord bearing and distance of South 67°00'57" West, 5.61 feet;

In a westerly direction, with said reverse curve to the right, an arc distance of 5.61 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 22°23'59" West, a distance of 50.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 00°09'40" West, a distance of 871.92 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 87°04'00" West, a distance of 110.14 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 43°27'10" West, a distance of 14.48 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 00°09'40" East, a distance of 123.47 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 89°50'20" West, a distance of 420.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 00°09'40" West, a distance of 116.78 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 41°41'30" West, a distance of 14.97 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set at the beginning of a non-tangent curve to the right with a radius of 1,009.50 feet, a central angle of 00°07'30", and a chord bearing and distance of North 82°52'34" West, 2.20 feet;

In a westerly direction, with said non-tangent curve to the right, an arc distance of 2.20 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set at the beginning of a reverse curve to the left with a radius of 1,000.00 feet, a central angle of 07°20'51", and a chord bearing and distance of North 86°29'14" West, 128.15 feet;

In a westerly direction, with said reverse curve to the left, an arc distance of 128.24 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 89°50'20" West, a distance of 90.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 44°50'20" West, a distance of 14.14 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;



South 89°50'20" West, a distance of 50.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 45°09'40" West, a distance of 14.14 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 89°50'20" West, a distance of 220.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 44°50'20" West, a distance of 14.14 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 89°50'20" West, a distance of 50.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 45°09'40" West, a distance of 14.14 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 89°50'20" West, a distance of 154.90 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 44°49'10" West, a distance of 28.47 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 00°14'56" East, a distance of 235.02 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 06°32'08" West, a distance of 50.79 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner on the westerly line of said 122.243-acre tract, same being on the easterly right-of-way line of Farm-to-Market Road No. 720 (variable width public right-of-way);

THENCE North 00°14'56" West, along the common line of said 122.243-acre tract and said Farm-to-Market Road No. 720, a distance of 1,237.36 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

THENCE departing said common line and crossing said 122.243-acre tract the following courses and distances:

South 45°12'18" East, a distance of 28.31 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 89°50'20" East, a distance of 42.26 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set at the beginning of a tangent curve to the right with a radius of 500.00 feet, a central angle of 10°25'22", and a chord bearing and distance of South 84°56'59" East, 90.83 feet;

In an easterly direction, with said tangent curve to the right, an arc distance of 90.95 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set at the beginning of a reverse curve to the left with a radius of 500.00 feet, a central angle of 10°25'22", and a chord bearing and distance of South 84°56'59" East, 90.83 feet;

In an easterly direction, with said reverse curve to the left, an arc distance of 90.95 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 89°50'20" East, a distance of 380.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 44°50'20" East, a distance of 14.14 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 86°49'34" East, a distance of 9.51 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 89°50'20" East, a distance of 31.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 87°08'53" East, a distance of 9.51 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 45°09'40" East, a distance of 14.14 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 89°50'20" East, a distance of 85.50 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 00°09'40" West, a distance of 410.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 89°50'20" East, a distance of 241.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 00°09'40" East, a distance of 410.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 89°50'20" East, a distance of 85.50 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 44°50'20" East, a distance of 14.14 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 00°09'40" West, a distance of 145.04 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 89°59'56" East, a distance of 63.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 89°50'20" East, a distance of 240.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 00°09'40" East, a distance of 114.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;



North 89°50'20" East, a distance of 120.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set at the beginning of a tangent curve to the left with a radius of 30.00 feet, a central angle of 85°54'14", and a chord bearing and distance of North 46°53'13" East, 40.88 feet;

In an easterly direction, with said tangent curve to the left, an arc distance of 44.98 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 89°50'20" East, a distance of 34.36 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner on the easterly line of said 122.243-acre tract, same being the westerly line of Wildridge Phase 6A, an addition to the City of Oak Point, Texas, according to the plat thereof recorded in Document No. 2022-446, said Official Records;

**THENCE** South 00°09'40" East, along the easterly line of said 122.243-acre tract and the westerly line of said Wildridge Phase 6A and Wildridge Phase 4B, an addition to the City of Oak Point, Texas, according to the plat thereof recorded in Document No. 2019-435, said Official Records, and the aforementioned Wildridge Phase 3D, a distance of 1,858.69 feet to the **POINT OF BEGINNING** and containing 43.927 acres (1,913,450 sq. ft.) of land, more or less.

**EXHIBIT J-3 – NORTH REMAINDER AREA AND SOUTH REMAINDER AREA LEGAL DESCRIPTION**

**TRACT 1**

**BEING** a tract of land situated in the William McNeil Survey, Abstract No. 814, and the M. Jones Survey, Abstract No. 662, City of Oak Point, Denton County, Texas, and being a portion of a called 122.243-acre tract of land described in a deed to CCF CSLK RDMN LLC, recorded in Document No. 2022-142332, Official Records, Denton County, Texas, and being more particularly described by metes and bounds as follows:

**BEGINNING** at a 5/8-inch iron rod with red plastic cap stamped "KHA" found for the northernmost northwest corner of said 122.243-acre tract, common to the northeast corner of called 6,458 sq.ft. tract of land described in a deed to the State of Texas, recorded in Document No. 2016-8109, said Official Records, same being on the southerly line of a called 1.876-acre tract of land described in a deed to Kenneth L. Chitwood, recorded in Document No. 2016-41525, said Official Records, same also being on the easterly right-of-way line of Oak Grove Parkway (also known as Farm-to-Market Road No. 720)(variable width public right-of-way);

**THENCE** South 88°55'47" East, along the northerly line of said 122.243-acre tract and the southerly line of said 1.876-acre tract and the southerly lines of a called 75.90-acre tract of land described in a deed to WG2 MHC 1, LLC and Goose, LLC, recorded in Document No. 2019-114008, said Official Records, and a called 5.77-acre tract of land described in a deed to Robert D. Sark, and wife, Janet K. Sark, recorded in Volume 835, Page 646, Deed Records, Denton County, Texas, a distance of 1,618.70 feet to the northeast corner of said 122.243-acre tract, common to the northwest corner of Oak Point Substation Addition, an addition to the City of Oak Point, Texas, according to the plat thereof recorded in Document No. 2020-66, Plat Records, Denton County, Texas;

**THENCE** South 00°20'55" East, departing the southerly line of said 5.77-acre tract and along the common line of said 122.243-acre tract and said Oak Point Substation Addition, a distance of 773.57 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" found for the southwest corner of said Oak Point Substation Addition, common to the northwest corner of Wildridge Phase 6A, an addition to the City of Oak Point, Texas, according to the plat thereof recorded in Document No. 2022-446, said Plat Records;

**THENCE** South 00°09'40" East, along the common line of said 122.243-acre tract and said Wildridge Phase 6A, a distance of 9.25 feet to a point for corner;

**THENCE** departing said common line and crossing said 122.243-acre tract the following courses and distances:

South 89°50'20" West, a distance of 34.36 feet to a point at the beginning of a non-tangent curve to the right with a radius of 30.00 feet, a central angle of 85°54'14", and a chord bearing and distance of South 46°53'13" West, 40.88 feet;

In a westerly direction, with said non-tangent curve to the right, an arc distance of 44.98 feet to a point for corner;

South 89°50'20" West, a distance of 120.00 feet to a point for corner;

North 00°09'40" West, a distance of 114.00 feet to a point for corner;  
South 89°50'20" West, a distance of 240.00 feet to a point for corner;  
South 89°59'56" West, a distance of 63.00 feet to a point for corner;  
South 00°09'40" East, a distance of 145.04 feet to a point for corner;  
South 44°50'20" West, a distance of 14.14 feet to a point for corner;  
South 89°50'20" West, a distance of 85.50 feet to a point for corner;  
North 00°09'40" West, a distance of 410.00 feet to a point for corner;  
South 89°50'20" West, a distance of 241.00 feet to a point for corner;  
South 00°09'40" East, a distance of 410.00 feet to a point for corner;  
South 89°50'20" West, a distance of 85.50 feet to a point for corner;  
North 45°09'40" West, a distance of 14.14 feet to a point for corner;  
North 87°08'53" West, a distance of 9.51 feet to a point for corner;  
South 89°50'20" West, a distance of 31.00 feet to a point for corner;  
South 86°49'34" West, a distance of 9.51 feet to a point for corner;  
South 44°50'20" West, a distance of 14.14 feet to a point for corner;  
South 89°50'20" West, a distance of 380.00 feet to a point at the beginning of a tangent curve to the right with a radius of 500.00 feet, a central angle of 10°25'22", and a chord bearing and distance of North 84°56'59" West, 90.83 feet;  
In a westerly direction, with said tangent curve to the right, an arc distance of 90.95 feet to a point at the beginning of a reverse curve to the left with a radius of 500.00 feet, a central angle of 10°25'22", and a chord bearing and distance of North 84°56'59" West, 90.83 feet;  
In a westerly direction, with said reverse curve to the left, an arc distance of 90.95 feet to a point for corner;  
South 89°50'20" West, a distance of 42.26 feet to a point for corner;  
North 45°12'18" West, a distance of 28.31 feet to a point for corner on the westerly line of said 122.243-acre tract and the easterly right-of-way line of the aforementioned Oak Grove Parkway;

**THENCE** along the common line of said 122.243-acre tract and said Oak Grove Parkway the following courses and distances:

North 00°14'56" West, a distance of 572.79 feet to a wooden highway monument found at the beginning of a tangent curve to the left with a radius of 617.96 feet, a central angle of 12°03'37", and a chord bearing and distance of North 06°16'45" West, 129.84 feet;

In a northerly direction, with said tangent curve to the left, an arc distance of 130.08 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" found for the southernmost corner of the aforementioned 6,458 sq.ft. tract;

North 26°45'54" East, a distance of 37.09 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" found for corner;

North 71°46'37" East, a distance of 16.16 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" found for corner;

North 18°13'20" West, a distance of 115.54 feet to the **POINT OF BEGINNING** and containing 1,234,464 square feet or 28.339 acres of land, more or less.

## **TRACT 2**

**BEING** a tract of land situated in the William McNeil Survey, Abstract No. 814, City of Oak Point, Denton County, Texas, and being a portion of a called 122.243-acre tract of land described in a deed to CCF CSLK RDMN LLC, recorded in Document No. 2022-142332, Official Records, Denton County, Texas, and being more particularly described by metes and bounds as follows:

**BEGINNING** at a 5/8-inch iron rod with red plastic cap stamped "KHA" found for the southeast corner of said 122.243-acre tract, common to the southwest corner of Wildridge Phase 3D, an addition to the City of Oak Point, Texas, according to the plat thereof recorded in Document No. 2017-503, Plat Records, Denton County, Texas, same being the northwest corner of a called 0.063-acre tract of land described in a deed to the City of Oak Point, Texas, recorded in Document No. 2015-33178, said Official Records, same also being the northeast corner of a called 2.012-acre tract of land described in a deed to the City of Oak Point, Texas, recorded in Document No. 2015-9522, said Official Records, same also being on the northerly right-of-way line of Shahan Prairie Road (variable width public right-of-way);

**THENCE** North 87°57'23" West, along the common line of said 122.243-acre tract and said Shahan Prairie Road, a distance of 1,571.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" found for the southernmost southwest corner of said 122.243-acre tract, common to the south corner of a corner clip at the intersection of the northerly right-of-way line of said Shahan Prairie Road and the easterly right-of-way line of Oak Grove Parkway (also known as Farm-to-Market Road No. 720)(variable width public right-of-way);

**THENCE** North 44°04'01" West, continuing along said common line and along said corner clip, a distance of 41.68 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" found for the westernmost southwest corner of said 122.243-acre tract, common to the north corner of said corner clip;

**THENCE** North 00°14'56" West, along the common line of said 122.243-acre tract and said Oak Grove Parkway, a distance of 1,196.79 feet to a point for corner;

**THENCE** departing said common line and crossing said 122.243-acre tract the following courses and distances:

North 06°32'08" East, a distance of 50.79 feet to a point for corner;

North 00°14'56" West, a distance of 235.02 feet to a point for corner;

North 44°49'10" East, a distance of 28.47 feet to a point for corner;

North 89°50'20" East, a distance of 154.90 feet to a point for corner;

South 45°09'40" East, a distance of 14.14 feet to a point for corner;

North 89°50'20" East, a distance of 50.00 feet to a point for corner;

North 44°50'20" East, a distance of 14.14 feet to a point for corner;

North 89°50'20" East, a distance of 220.00 feet to a point for corner;

South 45°09'40" East, a distance of 14.14 feet to a point for corner;

North 89°50'20" East, a distance of 50.00 feet to a point for corner;

North 44°50'20" East, a distance of 14.14 feet to a point for corner;

North 89°50'20" East, a distance of 90.00 feet to a point at the beginning of a tangent curve to the right with a radius of 1,000.00 feet, a central angle of 07°20'51", and a chord bearing and distance of South 86°29'14" East, 128.15 feet;

In an easterly direction, with said tangent curve to the right, an arc distance of 128.24 feet to a point at the beginning of a reverse curve to the left with a radius of 1,009.50 feet, a central angle of 00°07'30", and a chord bearing and distance of South 82°52'34" East, 2.20 feet;

In an easterly direction, with said reverse curve to the left, an arc distance of 2.20 feet to a point for corner;

South 41°41'30" East, a distance of 14.97 feet to a point for corner;

South 00°09'40" East, a distance of 116.78 feet to a point for corner;

North 89°50'20" East, a distance of 420.00 feet to a point for corner;

North 00°09'40" West, a distance of 123.47 feet to a point for corner;

North 43°27'10" East, a distance of 14.48 feet to a point for corner;

North 87°04'00" East, a distance of 110.14 feet to a point for corner;

South 00°09'40" East, a distance of 871.92 feet to a point for corner;

South 22°23'59" East, a distance of 50.00 feet to a point at the beginning of a non-tangent curve to the left with a radius of 275.00 feet, a central angle of 01°10'10", and a chord bearing and distance of North 67°00'57" East, 5.61 feet;

In an easterly direction, with said non-tangent curve to the left, an arc distance of 5.61 feet to a point at the beginning of a reverse curve to the right with a radius of 225.00 feet, a central angle of 22°31'16", and a chord bearing and distance of North 77°41'30" East, 87.87 feet;

In an easterly direction, with said reverse curve to the right, an arc distance of 88.44 feet to a point for corner;

South 45°14'16" East, a distance of 14.12 feet to a point for corner;

South 00°09'40" East, a distance of 0.54 feet to a point for corner;

North 89°50'20" East, a distance of 9.50 feet to a point for corner;

North 89°46'14" East, a distance of 31.00 feet to a point for corner;

South 89°56'16" East, a distance of 9.50 feet to a point for corner;

North 00°09'40" West, a distance of 0.54 feet to a point for corner;

North 44°50'20" East, a distance of 14.14 feet to a point for corner;

North 89°50'20" East, a distance of 110.00 feet to a point for corner on the common line of said 122.243-acre tract and the aforementioned Wildridge Phase 3D;

**THENCE** South 00°09'40" East, along said common line, a distance of 698.14 feet to the **POINT OF BEGINNING** and containing 2,177,011 square feet or 49.977 acres of land, more or less.

For a combined total area of 3,411,475 square feet or 78.316 acre of land, more or less



**SCHEDULE I**

The following Schedule is attached to and made a part of this Service and Assessment Plan for all purposes:

**1. Improvement Area #1**

Assessment Amount:     \$ \_\_\_\_\_

- Bonds and Interest Rate: The “City of Oak Point, Texas, Special Assessment Revenue Bonds, Series 2024 (Oak Point 720 Public Improvement District Improvement Area #1 Projects)” that are secured by Improvement Area #1 Assessments. Interest on the Improvement Area #1 Assessments shall accrue and be payable as shown on the Improvement Area #1 Assessment Roll attached as Exhibit F-1 to this Service and Assessment Plan. All amounts to be paid to the Developer with respect to Improvement Area #1 under the terms of the PID Reimbursement Agreement will be paid from the proceeds of the Improvement Area #1 Bonds.
  
- Date of Improvement Area #1 Assessment Ordinance approval: Ordinance No. \_\_\_\_\_ approved on [\_\_\_\_, 20\_\_] and recorded in the real property records of Denton County, Texas on [\_\_\_\_], 20\_\_, as Document No. [\_\_\_\_\_].

**APPENDIX A – ENGINEER’S REPORT**

*[Remainder of page intentionally left blank.]*



**RE: Engineer's Report  
Oak Point 720 PID  
Oak Point, Texas**

**Introduction:**

Wildridge Phase 7 (Improvement Area #1) is a proposed single-family development including approximately 44 contiguous acres and is anticipated to include approximately 234 single-family homes located north of Shahan Prairie Road, south of Martop Road, and east of FM 720 in Oak Point, Texas as depicted on Exhibit A. This Engineer's Report includes the documents requested by the City of Oak Point for the formation of the PID and the issuance of bonds by the City. Bonds are anticipated to be used to finance public infrastructure projects vital for the development within the PID.

**Development Costs:**

An Engineer's opinion of probable cost (OPC) has been prepared for all on-site infrastructure and is included as Exhibit B.

**Development Improvements:**

Direct Improvements for Oak Point 720 PID Improvement Area #1 are depicted in Exhibits C, D, E and F.  
Project Location is depicted in Exhibit G.

**Development Schedule:**

Design Stage

The Preliminary Plat for the entire development has been approved by the City of Oak Point.

Design of the on-site construction plans for Phase 7 are complete and have been approved by the City of Oak Point.

Construction Stage

Phase 7 of Wildridge is currently under construction with final acceptance estimated in August of 2024.

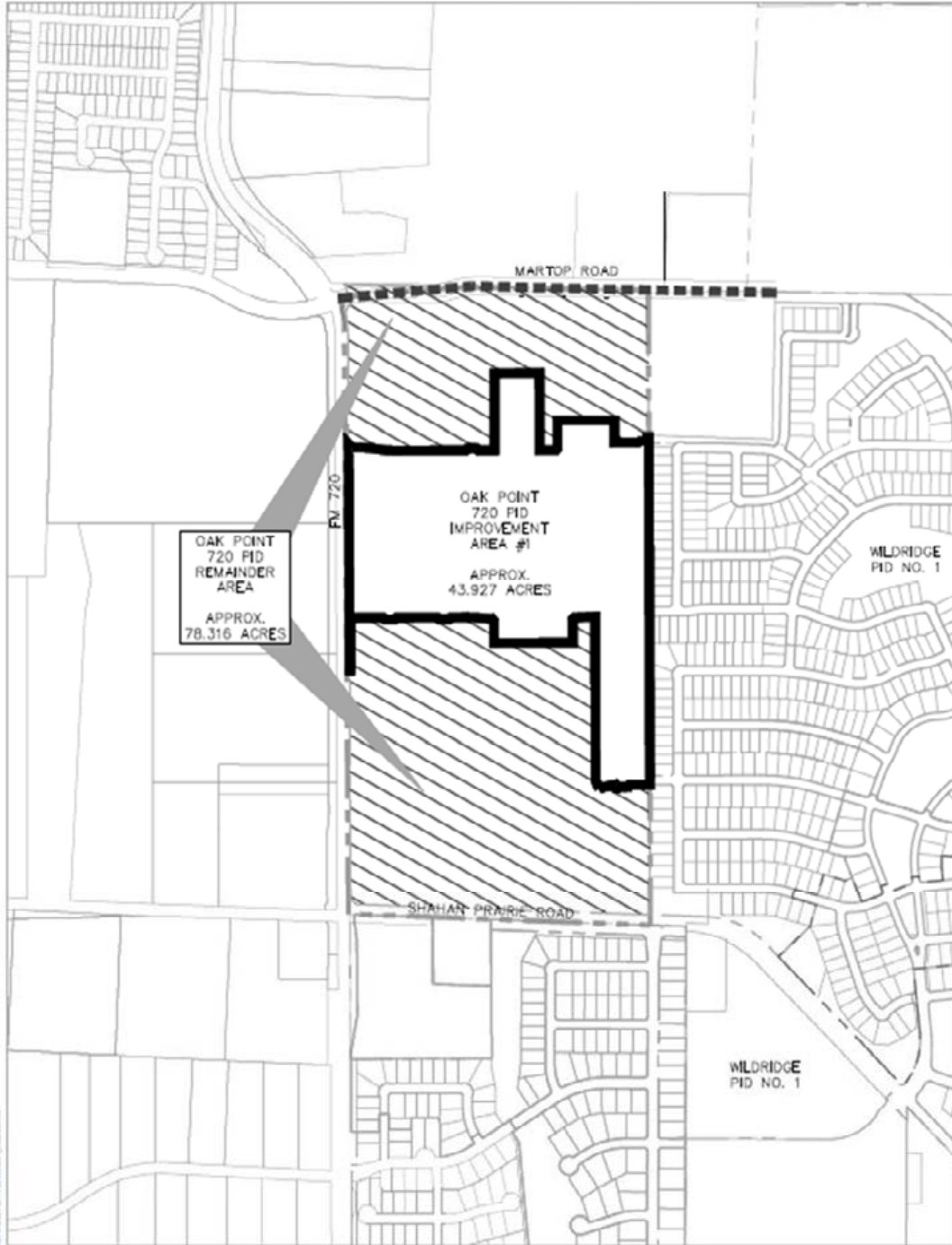


kimley-horn.com

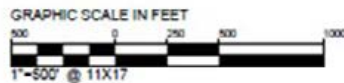
6160 Warren Parkway, Suite 210, Frisco, Texas 76034

972 335 3580

EXHIBIT A TO PETITION



ARLING COUNTY PUBLIC WORKS DEPARTMENT, 26 THE CORNER, WILDRIDGE, TEXAS 75004  
PREPARED FOR THE  
OAK POINT 720 PID  
APRIL 2024



# Oak Point 720 PID Improvement Area #1

OAK POINT, TEXAS  
APRIL 2024

# Kimley»Horn

8180 Warren Parkway  
Suite 210  
Frisco, Texas 75034  
972-336-3580  
State of Texas Registration No. F-428

**EXHIBIT B TO PETITION**  
Boundary Map of the Property



Oak Point 720 PID

OAK POINT, TEXAS  
NOVEMBER 2021



**Kimley»Horn**

6000 Golden Parkway  
Suite 210  
Frisco, Texas 75034  
(972) 558-2000  
State of Texas Registration No. F-0076

1156.012\102019.7



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST  
OAK POINT 720 PID - IA #1

PROJECT NAME: OAK POINT 720 PID	CREATED BY: MPB				
CITY: OAK POINT	CHECKED BY: JCR			AREA	44.000
JOB NUMBER: 009309063	REVISED BY: JCR			ROW AREA	12.670
	CREATED: 4/30/2024				28.80%
	PRINTED: 6/6/2024			NO. OF LOTS:	234
				GROSS ACRES:	44.000

CIVIL SITE IMPROVEMENTS

A. EXCAVATION						
DESCRIPTION	UNIT	UNIT PRICE	PID QUANTITY	PRIVATE QUANTITY	PID TOTAL	PRIVATE TOTAL
CLEARING & GRUBBING (ROW)	AC	\$ 5,200.00	11.230	0.720	\$ 58,396.00	\$ 3,744.00
CLEARING & GRUBBING (LOTS)	AC	\$ 5,200.00		34.150	\$ -	\$ 177,580.00
UNCLASSIFIED EXCAVATION (ROW)	CY	\$ 2.75	38,604	82.3	\$ 106,161.00	\$ 2,263.25
UNCLASSIFIED EXCAVATION (LOTS)	CY	\$ 2.75		43,412	\$ -	\$ 119,383.00
<b>SUBTOTAL EXCAVATION</b>					<b>\$164,667.00</b>	<b>\$302,870.25</b>

B. PAVING						
DESCRIPTION	UNIT	UNIT PRICE	PID QUANTITY	PRIVATE QUANTITY	PID TOTAL	PRIVATE TOTAL
6" REINFORCED CONCRETE PAVEMENT W/3 BARS 18" C-C - 4000PSI WITH SURMOUNTABLE CURBS AND VERTICAL CURBS AS SHOWN ON CONSTRUCTION DRAWINGS (STREETS)	SY	\$ 50.45	26.472		\$ 1,336,512.40	\$ -
6" SUBGRADE PREPARATION	SY	\$ 3.00	34.537	4.790	\$ 103,611.00	\$ 14,340.00
6" REINFORCED CONCRETE PAVEMENT W/3 BARS 18" C-C - 4000PSI WITH NO CURBS (ALLEY)	SY	\$ 61.55		4.293	\$ -	\$ 264,234.15
HYDRATED LIME (4265Y)	TONS	\$ 318.00	726	101	\$ 230,868.00	\$ 32,118.00
2" TRAC SURFACE COURSE TYPE D (TXDOT ITEM 340) (TEMP TURNAROUND)	SY	\$ 28.95	421		\$ 12,187.95	\$ -
4" HMAc BASE COURSE TYPE B (TXDOT ITEM 340) (TEMP TURNAROUND)	SY	\$ 48.85	421		\$ 20,545.95	\$ -
BARBER FREE RAMP	EA	\$ 2,850.00	28		\$ 79,800.00	\$ -
REMOVE BARRICADE	EA	\$ 500.00	2		\$ 1,000.00	\$ -
CONNECT TO EXISTING PAVEMENT HEADER	EA	\$ 465.00	2		\$ 930.00	\$ -
SAWCUT AND REMOVE EXISTING PAVING	SY	\$ 25.00	70		\$ 1,750.00	\$ -
REMOVE EXISTING CONCRETE DRIVEWAY	SY	\$ 25.00	41		\$ 1,025.00	\$ -
REMOVE EXISTING SIDEWALK	LF	\$ 10.00	1,042		\$ 10,420.00	\$ -
PAVEMENT HEADER AND BARRICADE	EA	\$ 1,875.00	7		\$ 13,125.00	\$ -
5' SIDEWALK	SF	\$ 7.30	30,315		\$ 221,299.50	\$ -
MAINTENANCE BOND	EA	\$ 35,060.00	1		\$ 35,060.00	\$ -
INSPECTION FEE	%	2%	2,125,541		\$ 42,510.81	\$ -
<b>SUBTOTAL PAVING</b>					<b>\$2,108,666.61</b>	<b>\$310,882.16</b>





PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST  
OAK POINT 720 PID - IA #1

PROJECT NAME: OAK POINT 720 PID	CREATED BY: MFB				
CITY: OAK POINT	CHECKED BY: JCR			AREA	44.000
JOB NUMBER: 06230063	REVISED BY: JCR			ROW AREA	12.670
	CREATED: 4/30/2024				28.80%
				NO. OF LOTS:	234
	PRINTED: 6/6/2024			GROSS ACRES:	44.000

CIVIL SITE IMPROVEMENTS

C. STORM DRAINAGE						
DESCRIPTION	UNIT	UNIT PRICE	PIO QUANTITY	PRIVATE QUANTITY	PIO TOTAL	PRIVATE TOTAL
18" REINFORCED CONCRETE PIPE	LF	\$ 75.00	2,785		\$ 208,875.00	\$ -
21" REINFORCED CONCRETE PIPE	LF	\$ 90.00	657		\$ 59,130.00	\$ -
24" REINFORCED CONCRETE PIPE	LF	\$ 93.00	452		\$ 42,036.00	\$ -
27" REINFORCED CONCRETE PIPE	LF	\$ 118.00	726		\$ 85,668.00	\$ -
30" REINFORCED CONCRETE PIPE	LF	\$ 120.00	677		\$ 81,240.00	\$ -
33" REINFORCED CONCRETE PIPE	LF	\$ 140.00	51		\$ 7,140.00	\$ -
36" REINFORCED CONCRETE PIPE	LF	\$ 158.00	284		\$ 44,872.00	\$ -
42" REINFORCED CONCRETE PIPE	LF	\$ 206.00	119		\$ 24,514.00	\$ -
48" REINFORCED CONCRETE PIPE	LF	\$ 350.00	727		\$ 254,450.00	\$ -
5' X 4' REINFORCED CONCRETE II BOX	LF	\$ 435.00	28		\$ 12,180.00	\$ -
STD 5' CURB INLET	EA	\$ 4,141.00	15		\$ 62,115.00	\$ -
STD 8' CURB INLET	EA	\$ 5,262.00	5		\$ 26,310.00	\$ -
STD 10' CURB INLET	EA	\$ 6,680.00	26		\$ 173,880.00	\$ -
STD 12' CURB INLET	EA	\$ 7,697.00	1		\$ 7,697.00	\$ -
STD 15' CURB INLET	EA	\$ 8,119.00	2		\$ 16,238.00	\$ -
3' X 3' DROP INLET WITH 2' APRON	EA	\$ 4,966.00	2		\$ 9,932.00	\$ -
3' X 3' JUNCTION BOX	EA	\$ 4,068.00	3		\$ 12,204.00	\$ -
4' X 4' JUNCTION BOX	EA	\$ 4,677.00	3		\$ 14,031.00	\$ -
5' X 5' JUNCTION BOX	EA	\$ 5,999.00	1		\$ 5,999.00	\$ -
6' X 6' JUNCTION BOX	EA	\$ 9,734.00	4		\$ 38,936.00	\$ -
4:1 SLOPED END HEADWALL (18" & 24" RCP)	EA	\$ 2,436.00	2		\$ 4,872.00	\$ -
RAISE EXISTING MANHOLE RIM ELEVATION TO PROPOSED GRADE	EA	\$ 1,952.00	1		\$ 1,952.00	\$ -
REMOVE EXISTING DROP INLET	EA	\$ 3,847.00	1		\$ 3,847.00	\$ -
REMOVE HEADWALL AND CONNECT TO EXISTING	EA	\$ 3,591.00	1		\$ 3,591.00	\$ -
REMOVE EXISTING TxDOT TY1 CURB INLET	EA	\$ 265.00	3		\$ 795.00	\$ -
TxDOT TY1 CURB INLET	EA	\$ 8,087.00	3		\$ 24,261.00	\$ -
VIDEO INSPECTION OF STORM DRAIN PIPE	LF	\$ 1.00	6,506		\$ 6,506.00	\$ -
TRENCH SAFETY	LF	\$ 3.00	6,506		\$ 19,518.00	\$ -
EXPORT UTILITY SPOLS	CY	\$ 11.00	4,500		\$ 49,500.00	\$ -
<b>SUBTOTAL STORM DRAINAGE</b>					<b>\$1,267,619.00</b>	<b>\$0.00</b>



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST  
OAK POINT 720 PID - IA #1

PROJECT NAME: OAK POINT 720 PID	CREATED BY: MPB				
CITY: OAK POINT	CHECKED BY: JCR			AREA	44.000
JOB NUMBER: 059306063	REVISED BY: JCR			ROW AREA	12.670
	DATE: 4/30/2014				28.80%
				NO. OF LOTS:	234
	PRINTED: 6/6/2014			CRISIS ACRES:	44.000

CIVIL SITE IMPROVEMENTS

D. SANITARY SEWER SYSTEM

DESCRIPTION	UNIT	UNIT PRICE	PID QUANTITY	PRIVATE QUANTITY	PID TOTAL	PRIVATE TOTAL
8" P.V.C. PIPE (SDR 26)	LF	\$ 50.00	7,595		\$ 379,750.00	\$ -
4' DIAMETER MANHOLE	EA	\$ 6,491.00	16		\$ 103,856.00	\$ -
3' DIAMETER MANHOLE	EA	\$ 12,412.00	3		\$ 37,236.00	\$ -
3' DIAMETER DROP MANHOLE	EA	\$ 18,799.00	2		\$ 37,598.00	\$ -
REMOVE EXISTING PLUG AND CONNECT TO EX SANITARY SEWER	EA	\$ 2,479.00	1		\$ 2,479.00	\$ -
3' DIAMETER MANHOLE ON EXISTING MAIN	EA	\$ 12,096.00	1		\$ 12,096.00	\$ -
REMOVE EXISTING END & PLUG	EA	\$ 365.00	1		\$ 365.00	\$ -
4" SANITARY SEWER SERVICE	EA	\$ 1,213.00	720		\$ 2,76,364.00	\$ -
CEMENT STABILIZED SAND	LF	\$ 90.00	200		\$ 18,000.00	\$ -
12" SDR 26 PVC CASING	LF	\$ 103.00	60		\$ 6,180.00	\$ -
SEWER LINE TESTING PER MUSTANG SUD REQUIREMENTS	LF	\$ 3.00	7,595		\$ 22,785.00	\$ -
SEWER MANHOLE TESTING PER MUSTANG SUD REQUIREMENTS	EA	\$ 192.00	25		\$ 4,800.00	\$ -
TRENCH SAFETY	LF	\$ 1.00	7,595		\$ 7,595.00	\$ -
EXPORT UTILITY SPOOLS	CY	\$ 11.00	1,240		\$ 13,640.00	\$ -
<b>SUBTOTAL SANITARY SEWER SYSTEM</b>					<b>\$972,642.00</b>	<b>\$0.00</b>

E. WATER DISTRIBUTION SYSTEM

DESCRIPTION	UNIT	UNIT PRICE	PID QUANTITY	PRIVATE QUANTITY	PID TOTAL	PRIVATE TOTAL
8" P.V.C. WATERLINE (INCLUDING FITTINGS)	LF	\$ 55.00	7,947		\$ 437,085.00	\$ -
8" GATE VALVE AND BOX	EA	\$ 2,920.00	28		\$ 81,760.00	\$ -
1" SINGLE WATER SERVICE	EA	\$ 1,277.00	99		\$ 127,463.00	\$ -
1" BULLHEAD WATER SERVICE	EA	\$ 2,117.00	62		\$ 131,254.00	\$ -
FIRE HYDRANT ASSEMBLY	EA	\$ 8,670.00	13		\$ 112,710.00	\$ -
CONNECT TO EXISTING 12" WATERLINE	EA	\$ 1,500.00	1		\$ 1,500.00	\$ -
REMOVE 8" PLUG AND CONNECT TO EXISTING 8" WATERLINE	EA	\$ 2,918.00	2		\$ 5,836.00	\$ -
TESTING (EXCLUDING GEOTECH)	LF	\$ 1.00	7,947		\$ 7,947.00	\$ -
TRENCH SAFETY	LF	\$ 1.00	7,947		\$ 7,947.00	\$ -
EXPORT UTILITY SPOOLS	CY	\$ 11.00	1,705		\$ 18,755.00	\$ -
<b>SUBTOTAL WATER DISTRIBUTION SYSTEM</b>					<b>\$928,137.00</b>	<b>\$0.00</b>

F. RETAINING WALLS

DESCRIPTION	UNIT	UNIT PRICE	PID QUANTITY	PRIVATE QUANTITY	PID TOTAL	PRIVATE TOTAL
RESIDENTIAL LOT WALLS	LS	\$ 667,913.00		1	\$ -	\$ 667,913.00
<b>SUBTOTAL RETAINING WALLS</b>					<b>\$0.00</b>	<b>\$667,913.00</b>





PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST  
OAK POINT 720 PID - IA #1

PROJECT NAME: OAK POINT 720 PID	CREATED BY: MFB				
CITY: OAK POINT	CHECKED BY: JCR			AREA	44.000
JOB NUMBER: 06030003	REVISED BY: JCR			ROW AREA	12.670
	CREATED: 4/30/2024				28.80%
	PRINTED: 6/6/2024			NO. OF LOTS:	234
				GROSS ACRES:	44.000

CIVIL SITE IMPROVEMENTS

G. RETENTION POND (SEE NOTE 1)						
DESCRIPTION	UNIT	UNIT PRICE	PID QUANTITY	PRIVATE QUANTITY	PID TOTAL	PRIVATE TOTAL
<b>EXCAVATION</b>						
UNCLASSIFIED EXCAVATION (POND)	CY	\$ 2.75	57,916		\$ 159,269.00	\$ -
<b>STORM DRAINAGE</b>						
18" REINFORCED CONCRETE PIPE	LF	\$ 75.00	70		\$ 5,250.00	\$ -
21" REINFORCED CONCRETE PIPE	LF	\$ 80.00	40		\$ 3,200.00	\$ -
27" REINFORCED CONCRETE PIPE	LF	\$ 118.00	220		\$ 27,027.00	\$ -
36" GASKETED REINFORCED CONCRETE PIPE	LF	\$ 158.00	56		\$ 8,848.00	\$ -
42" REINFORCED CONCRETE PIPE	LF	\$ 206.00	130		\$ 26,780.00	\$ -
42" GASKETED REINFORCED CONCRETE PIPE	LF	\$ 250.00	70		\$ 17,500.00	\$ -
5' X 4' REINFORCED CONCRETE BOX	LF	\$ 435.00	325		\$ 141,375.00	\$ -
5' X 4' GASKETED REINFORCED CONCRETE BOX	LF	\$ 864.00	26		\$ 22,264.00	\$ -
6' X 4' REINFORCED CONCRETE BOX	LF	\$ 548.00	181		\$ 99,188.00	\$ -
6' X 4' CAST IN PLACE REINFORCED CONCRETE BOX	LF	\$ 822.00	20		\$ 16,440.00	\$ -
DRILLED PIER PER STRUCTURAL DETAIL	EA	\$ 2,000.00	4		\$ 8,000.00	\$ -
STD 12" CURB INLET BOTTOM	EA	\$ 4,500.00	1		\$ 4,500.00	\$ -
3' X 3' DROP INLET WITH 2" APRON	EA	\$ 4,966.00	2		\$ 9,932.00	\$ -
5' X 5' JUNCTION BOX	EA	\$ 5,999.00	1		\$ 5,999.00	\$ -
7' X 5' JUNCTION BOX	EA	\$ 9,875.00	1		\$ 9,875.00	\$ -
7' X 7' JUNCTION BOX	EA	\$ 13,281.00	1		\$ 13,281.00	\$ -
3:1 SLOPED END HEADWALL (5' X 4' RCB)	EA	\$ 5,452.00	1		\$ 5,452.00	\$ -
3:1 SLOPED END HEADWALL (42" RCIP)	EA	\$ 5,500.00	1		\$ 5,500.00	\$ -
FWO FLARED WING HEADWALL (6' X 4' RCB)	EA	\$ 8,336.00	1		\$ 8,336.00	\$ -
POND OUTFALL STRUCTURE	EA	\$ 5,942.00	1		\$ 5,942.00	\$ -
ROCK RIP RAP - 16" WIDE, 26" LONG	SY	\$ 132.00	66		\$ 8,712.00	\$ -
VIDEO INSPECTION OF STORM DRAIN PIPE	LF	\$ 1.00	1,214		\$ 1,214.00	\$ -
TRENCH SAFETY	LF	\$ 3.00	1,214		\$ 3,642.00	\$ -
<b>RETAINING WALLS</b>						
2' RETAINING WALL	LF	\$ 70.00	67		\$ 4,690.00	\$ -
3' RETAINING WALL	LF	\$ 80.00	45		\$ 3,600.00	\$ -
5' RETAINING WALL	LF	\$ 130.00	62		\$ 8,060.00	\$ -
6' RETAINING WALL	LF	\$ 165.00	23		\$ 3,795.00	\$ -
7' RETAINING WALL	LF	\$ 220.00	88		\$ 19,360.00	\$ -
9' RETAINING WALL	LF	\$ 350.00	93		\$ 32,550.00	\$ -
11' RETAINING WALL	LF	\$ 530.00	127		\$ 67,310.00	\$ -
12' RETAINING WALL	LF	\$ 620.00	136		\$ 84,320.00	\$ -
13' RETAINING WALL	LF	\$ 720.00	111		\$ 79,920.00	\$ -
<b>RETENTION POND</b>					<b>\$98,848.00</b>	<b>\$0.00</b>
<b>SUBTOTAL IA #1 RETENTION POND (6% OF TOTAL - SEE NOTE 1)</b>					<b>\$427,668.82</b>	<b>\$0.00</b>
<b>SUBTOTAL NORTH REMAINDER AREA RETENTION POND (53% OF TOTAL - SEE NOTE 1)</b>					<b>\$508,168.18</b>	<b>\$0.00</b>

Note:  
1) 187 residential lots within IA #1 and 52 residential lots within the North Remainder Area contribute to the detention pond and its storm sewer system. The pond within IA #1 does not provide detention for commercial properties. The associated costs are split 57.0% to IA #1 and 33.0% to the North Remainder Area.



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST  
OAK POINT 720 PID - IA #1

PROJECT NAME: OAK POINT 720 PID	CREATED BY: MPB				
CITY: OAK POINT	CHECKED BY: JCR			AREA	44.000
JOB NUMBER: 009209063	REVISED BY: JCR			ROW AREA	12.670
	CREATED: 4/30/2024				28.80%
				NO. OF LOTS:	234
	PRINTED: 6/6/2024			GROSS ACRES:	44.000

CIVIL SITE IMPROVEMENTS

H. IMPROVEMENTS BENEFITTING IA #1 AND REMAINDER AREA

H1. NORTH OF HAWKS TRAIL

DESCRIPTION	UNIT	UNIT PRICE	PID QUANTITY	PRIVATE QUANTITY	PID TOTAL	PRIVATE TOTAL
<b>PAVING</b>						
6" REINFORCED CONCRETE PAVEMENT W/3 BARS 18" C-C - 4000PSI WITH SURMOUNTABLE CURBS AND VERTICAL CURBS AS SHOWN ON	SY	\$ 50.45	700		\$ 14,731.40	\$ -
6" SUBGRADE PREPARATION	SY	\$ 3.00	366		\$ 1,098.00	\$ -
HYDRATED LIME (4245Y)	TONS	\$ 318.00	6.2		\$ 1,971.60	\$ -
3" FMAC SURFACE COURSE TYPE D (TXDOT ITEM 340) (TEMP TURNAROUND)	SY	\$ 28.95	421		\$ 12,187.95	\$ -
4" FMAC BASE COURSE TYPE B (TXDOT ITEM 340) (TEMP TURNAROUND)	SY	\$ 48.85	421		\$ 20,565.85	\$ -
INSPECTION FEE	%	2%	50,544.80		\$ 1,011.04	\$ -
<b>WATER</b>						
8" P.V.C. WATERLINE (INCLUDING FITTINGS)	LF	\$ 55.00	95		\$ 5,225.00	\$ -
8" GATE VALVE AND BOX	EA	\$ 2,920.00	1		\$ 2,920.00	\$ -
1" SINGLE WATER SERVICE	EA	\$ 1,237.00	8		\$ 9,896.00	\$ -
TESTING (EXCLUDING GEOTECH)	LF	\$ 1.00	95		\$ 95.00	\$ -
TRENCH SAFETY	LF	\$ 1.00	95		\$ 95.00	\$ -
<b>SANITARY SEWER</b>						
8" P.V.C. PIPE (SDR 26)	LF	\$ 50.00	95		\$ 4,750.00	\$ -
4" DIAMETER MANHOLE	EA	\$ 6,491.00	1		\$ 6,491.00	\$ -
4" SANITARY SEWER SERVICE	EA	\$ 1,213.00	4		\$ 4,852.00	\$ -
SEWER LINE TESTING PER MUSTANG SUD REQUIREMENTS	LF	\$ 3.00	95		\$ 285.00	\$ -
SEWER MANHOLE TESTING PER MUSTANG SUD REQUIREMENTS	EA	\$ 192.00	1		\$ 192.00	\$ -
TESTING (EXCLUDING GEOTECH)	LF	\$ 1.00	95		\$ 95.00	\$ -
TRENCH SAFETY	LF	\$ 1.00	95		\$ 95.00	\$ -
<b>SUBTOTAL HAWKS TRAIL</b>					<b>\$96,668.84</b>	<b>\$0.00</b>

H2. WESTERN PORTION OF INDIANOLA TRAIL

DESCRIPTION	UNIT	UNIT PRICE	PID QUANTITY	PRIVATE QUANTITY	PID TOTAL	PRIVATE TOTAL
<b>PAVING</b>						
CLEARING & GRUBBING (10W)	AC	\$ 5,200.00	0.720		\$ 3,744.00	\$ -
UNCLASSIFIED EXCAVATION (ROW)	CY	\$ 2.75	1,258		\$ 3,459.50	\$ -
6" REINFORCED CONCRETE PAVEMENT W/3 BARS 18" C-C - 4000PSI WITH SURMOUNTABLE CURBS AND VERTICAL CURBS AS SHOWN ON	SY	\$ 50.45	2,242		\$ 113,108.90	\$ -
6" SUBGRADE PREPARATION	SY	\$ 3.00	2,380		\$ 7,140.00	\$ -
8" REINFORCED CONCRETE PAVEMENT WITH BARS - 4000PSI (TURN LANE 3)	SY	\$ 115.35	599		\$ 69,094.65	\$ -
8" SUBGRADE PREPARATION (TURN LANE 3)	SY	\$ 10.25	599		\$ 6,139.75	\$ -
4" SUPERPAVE MIXTURE'S SP-C SAC-B (PG BINDER 64-22) (TURN LANE 3)	SY	\$ 45.75	599		\$ 27,404.25	\$ -
HYDRATED LIME (4245Y)	TONS	\$ 318.00	61.0		\$ 20,034.00	\$ -
5' SIDEWALK	SF	\$ 7.30	180		\$ 1,314.00	\$ -
FULL DEPTH SAWCUT & REMOVAL OF CONCRETE CURB & GUTTER	LF	\$ 35.00	405		\$ 16,275.00	\$ -
INSPECTION FEE	%	2%	267,714		\$ 5,354.28	\$ -
<b>WATER</b>						
8" P.V.C. WATERLINE (INCLUDING FITTINGS)	LF	\$ 55.00	511		\$ 28,105.00	\$ -
TESTING (EXCLUDING GEOTECH)	LF	\$ 1.00	511		\$ 511.00	\$ -
TRENCH SAFETY	LF	\$ 1.00	511		\$ 511.00	\$ -
8" GATE VALVE AND BOX	EA	\$ 2,920.00	1		\$ 2,920.00	\$ -
12" X 8" TAPPING SLEEVE	EA	\$ 12,278.00	1		\$ 12,278.00	\$ -
FIRE HYDRANT ASSEMBLY	EA	\$ 8,670.00	1		\$ 8,670.00	\$ -
CONNECT TO EXISTING 12" WATERLINE	EA	\$ 1,500.00	1		\$ 1,500.00	\$ -
<b>SUBTOTAL WESTERN PORTION OF INDIANOLA TRAIL</b>					<b>\$327,648.53</b>	<b>\$0.00</b>



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST  
OAK POINT 720 PID - IA #1

PROJECT NAME: OAK POINT 720 PID	CREATED BY: MPB			AREA	44.000
CITY: OAK POINT	CHECKED BY: JCR			ROW AREA	12.670
JOB NUMBER: 06230603	REVISED BY:	JCR			28.80%
	CREATED:	4/30/2024			
				NO. OF LOTS:	234
	PRINTED:	6/6/2024		GROSS ACRES:	44.000

**CIVIL SITE IMPROVEMENTS**

H8. EAST OF LOT 11 BLOCK D AND NORTH OF ALLEY O						
DESCRIPTION	UNIT	UNIT PRICE	PID QUANTITY	PRIVATE QUANTITY	PID TOTAL	PRIVATE TOTAL
<b>WATER</b>						
18" P.V.C. WATERLINE (INCLUDING FITTINGS)	LF	\$ 55.00	264		\$ 14,680.00	\$ -
18" GATE VALVE AND BOX	EA	\$ 2,920.00	2		\$ 5,840.00	\$ -
1" SINGLE WATER SERVICE	EA	\$ 1,227.00	10		\$ 12,270.00	\$ -
FIRE HYDRANT ASSEMBLY	EA	\$ 8,670.00	1		\$ 8,670.00	\$ -
TEMPORARY END OF LINE FLUSH VALVE	EA	\$ 2,421.00	1		\$ 2,421.00	\$ -
TESTING (EXCLUDING GEOTECH)	LF	\$ 1.00	296		\$ 296.00	\$ -
TRENCH SAFETY	LF	\$ 1.00	296		\$ 296.00	\$ -
<b>SANITARY SEWER</b>						
4" SANITARY SEWER SERVICE	EA	\$ 1,713.00	10		\$ 17,130.00	\$ -
<b>SUBTOTAL EAST OF LOT 11 BLOCK D AND NORTH OF ALLEY O</b>					<b>\$66,023.00</b>	<b>\$0.00</b>

H4. SUNSET LANE TO HALEY WAY						
DESCRIPTION	UNIT	UNIT PRICE	PID QUANTITY	PRIVATE QUANTITY	PID TOTAL	PRIVATE TOTAL
<b>PAVING</b>						
18" REINFORCED CONCRETE PAVEMENT WITH BARS 18 C/C - 4000PSI WITH SUBMOUNTABLE CURBS AND VERTICAL CURBS AS SHOWN ON	SY	\$ 50.45	5,871		\$ 295,669.45	\$ -
6" SUBGRADE PREPARATION	SY	\$ 3.00	6,154		\$ 18,462.00	\$ -
18" REINFORCED CONCRETE PAVEMENT WITH BARS - 4000PSI (TURN LANES)	SY	\$ 115.35	797		\$ 91,833.95	\$ -
18" SUBGRADE PREPARATION (TURN LANES)	SY	\$ 10.25	797		\$ 8,169.25	\$ -
4" SUPERPAVE MIXTURES SP-C SAC-B (PG BINDER 64-22) (TURN LANES)	SY	\$ 45.75	797		\$ 36,462.75	\$ -
HYDRATED LIME (4245Y)	TONS	\$ 318.00	146.0		\$ 46,428.00	\$ -
BARBER FREE RAMP	EA	\$ 2,850.00	13		\$ 37,050.00	\$ -
3' SIDEWALK	LF	\$ 2.30	5,795		\$ 13,328.50	\$ -
FULL DEPTH SAWCUT & REMOVAL OF CONCRETE CURB & GUTTER PAVEMENT HEADER AND BARRICADE	EA	\$ 1,875.00	2		\$ 3,750.00	\$ -
INSPECTION FEE	%	2%	\$ 504,863.90		\$ 11,897.08	\$ -
<b>STORM DRAINAGE</b>						
18" REINFORCED CONCRETE PIPE	LF	\$ 75.00	396		\$ 29,550.00	\$ -
24" REINFORCED CONCRETE PIPE	LF	\$ 93.00	253		\$ 23,529.00	\$ -
30" REINFORCED CONCRETE PIPE	LF	\$ 120.00	395		\$ 47,400.00	\$ -
510 10' CURB INLET	EA	\$ 5,680.00	6		\$ 34,080.00	\$ -
2' X 2' DROP INLET WITH 2' APRON	EA	\$ 4,966.00	1		\$ 4,966.00	\$ -
2' X 2' JUNCTION BOX	EA	\$ 4,068.00	1		\$ 4,068.00	\$ -
4' X 4' JUNCTION BOX	EA	\$ 4,677.00	2		\$ 9,354.00	\$ -
10' TYPE CI E/T EXT LT INLET	EA	\$ 5,680.00	1		\$ 5,680.00	\$ -
15' TYPE CI E/T EXT LT INLET	EA	\$ 8,119.00	1		\$ 8,119.00	\$ -
VIDEO INSPECTION OF STORM DRAIN PIPE	LF	\$ 1.00	1,034		\$ 1,034.00	\$ -
TRENCH SAFETY	LF	\$ 3.00	1,034		\$ 3,102.00	\$ -
<b>WATER</b>						
18" P.V.C. WATERLINE (INCLUDING FITTINGS)	LF	\$ 55.00	1,216		\$ 66,880.00	\$ -
18" GATE VALVE AND BOX	EA	\$ 2,920.00	12		\$ 35,040.00	\$ -
12" X 8" TAPPING SLEEVE	EA	\$ 12,278.00	1		\$ 12,278.00	\$ -
FIRE HYDRANT ASSEMBLY	EA	\$ 8,670.00	2		\$ 17,340.00	\$ -
TESTING (EXCLUDING GEOTECH)	LF	\$ 1.00	1,216		\$ 1,216.00	\$ -
TRENCH SAFETY	LF	\$ 1.00	1,216		\$ 1,216.00	\$ -
<b>SUBTOTAL SUNSET LANE TO HALEY WAY</b>					<b>\$911,022.98</b>	<b>\$0.00</b>





PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST  
OAK POINT 720 PID - IA #1

PROJECT NAME: OAK POINT 720 PID	CREATED BY: MPB				
CITY: OAK POINT	CHECKED BY: JCR			AREA	44.000
JCR NUMBER: 00230063	REVISED BY: JCR			ROW AREA	12.670
	CREATED: 4/30/2024				28.80%
				NO. OF LOTS:	234
	PRINTED: 6/6/2024			GROSS ACRES:	44.000

**CIVIL SITE IMPROVEMENTS**

**166 AZALEA TRAIL SOUTH OF SUNSET LANE**

DESCRIPTION	UNIT	UNIT PRICE	PID QUANTITY	PRIVATE QUANTITY	PID TOTAL	PRIVATE TOTAL
<b>PAVING</b>						
6" REINFORCED CONCRETE PAVEMENT W/3 BARS 18 C.C. - 4000PSI WITH SURMOUNTABLE CURBS AND VERTICAL CURBS AS SHOWN ON	SY	\$ 50.45	486		\$ 24,468.75	\$ -
6" SUBGRADE PREPARATION	SY	\$ 3.00	600		\$ 1,827.00	\$ -
HYDRATED LIME (4245V)	TONS	\$ 318.00	10.2	0	\$ 3,243.60	\$ -
INSPECTION FEE	%	2%	29,538.35		\$ 590.78	\$ -
<b>WATER</b>						
8" P.V.C. WATERLINE (INCLUDING FITTINGS)	LF	\$ 55.00	165		\$ 9,075.00	\$ -
8" GATE VALVE AND BOX	EA	\$ 2,920.00	3		\$ 8,760.00	\$ -
1" SINGLE WATER SERVICE	EA	\$ 1,237.00	3		\$ 3,711.00	\$ -
TESTING (EXCLUDING GEOTECH)	LF	\$ 1.00	165		\$ 165.00	\$ -
TRENCH SAFETY	LF	\$ 1.00	165		\$ 165.00	\$ -
<b>SANITARY SEWER</b>						
8" P.V.C. PIPE (SDR 26)	LF	\$ 50.00	147		\$ 7,350.00	\$ -
4" SANITARY SEWER SERVICE	EA	\$ 1,213.00	2		\$ 2,426.00	\$ -
SEWER LINE TESTING PER MUSTANG SUD REQUIREMENTS	LF	\$ 3.00	147		\$ 441.00	\$ -
TESTING (EXCLUDING GEOTECH)	LF	\$ 1.00	147		\$ 147.00	\$ -
TRENCH SAFETY	LF	\$ 1.00	147		\$ 147.00	\$ -
<b>SUBTOTAL AZALEA TRAIL SOUTH OF SUNSET LANE</b>					<b>\$62,618.83</b>	<b>\$0.00</b>

**166 HALEY WAY SOUTH OF SUNSET LANE**

DESCRIPTION	UNIT	UNIT PRICE	PID QUANTITY	PRIVATE QUANTITY	PID TOTAL	PRIVATE TOTAL
<b>PAVING</b>						
6" REINFORCED CONCRETE PAVEMENT W/3 BARS 18 C.C. - 4000PSI WITH SURMOUNTABLE CURBS AND VERTICAL CURBS AS SHOWN ON	SY	\$ 50.45	510		\$ 25,729.50	\$ -
6" SUBGRADE PREPARATION	SY	\$ 3.00	643		\$ 1,929.00	\$ -
HYDRATED LIME (4245V)	TONS	\$ 318.00	10.8	0	\$ 3,434.40	\$ -
INSPECTION FEE	%	2%	31,092.90		\$ 621.86	\$ -
<b>WATER</b>						
8" P.V.C. WATERLINE (INCLUDING FITTINGS)	LF	\$ 55.00	154		\$ 8,470.00	\$ -
8" GATE VALVE AND BOX	EA	\$ 2,920.00	1		\$ 2,920.00	\$ -
1" SINGLE WATER SERVICE	EA	\$ 1,237.00	1		\$ 1,237.00	\$ -
1" BULLHEAD WATER SERVICE	EA	\$ 2,117.00	1		\$ 2,117.00	\$ -
TESTING (EXCLUDING GEOTECH)	LF	\$ 1.00	154		\$ 154.00	\$ -
TRENCH SAFETY	LF	\$ 1.00	154		\$ 154.00	\$ -
<b>SANITARY SEWER</b>						
8" P.V.C. PIPE (SDR 26)	LF	\$ 50.00	167		\$ 8,350.00	\$ -
4" SANITARY SEWER SERVICE	EA	\$ 1,213.00	3		\$ 3,639.00	\$ -
SEWER LINE TESTING PER MUSTANG SUD REQUIREMENTS	LF	\$ 3.00	167		\$ 501.00	\$ -
TESTING (EXCLUDING GEOTECH)	LF	\$ 1.00	167		\$ 167.00	\$ -
TRENCH SAFETY	LF	\$ 1.00	167		\$ 167.00	\$ -
<b>SUBTOTAL HALEY WAY SOUTH OF SUNSET LANE</b>					<b>\$68,690.76</b>	<b>\$0.00</b>



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST  
OAK POINT 720 PID - IA #1

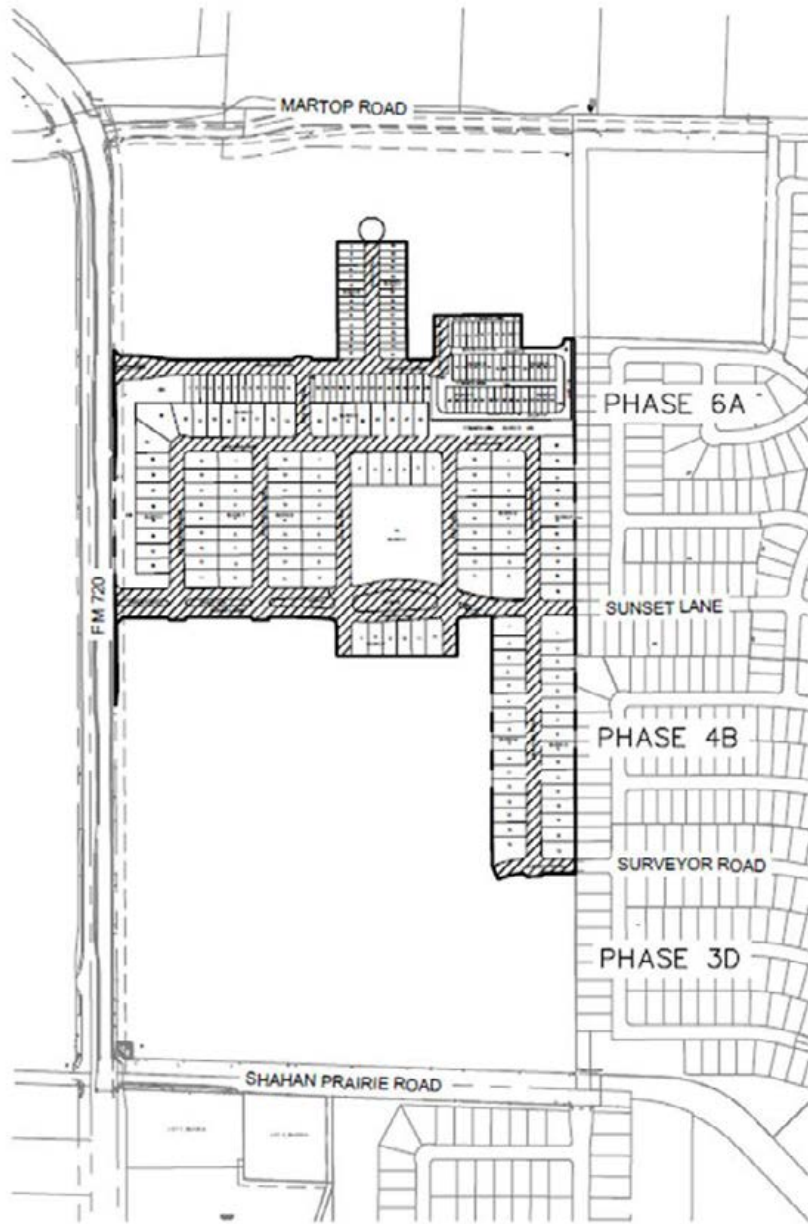
PROJECT NAME: OAK POINT 720 PID	CREATED BY: MPB				
CITY: OAK POINT	CHECKED BY: JCR			AREA	44.000
JOB NUMBER: 09930903	REVISED BY: JCR			ROW AREA	12.670
	CREATED: 4/30/2024				28.80%
				NO. OF LOTS:	234
	PRINTED: 4/6/2024			GROSS ACRES:	44.000

**CIVIL SITE IMPROVEMENTS**

H7. SURVEYOR ROAD						
DESCRIPTION	UNIT	UNIT PRICE	PID QUANTITY	PRIVATE QUANTITY	PID TOTAL	PRIVATE TOTAL
<b>PAVING</b>						
6" REINFORCED CONCRETE PAVEMENT W/3 BARS 18" C-C - 4000PSI WITH SUBMOUNTABLE CURBS AND VERTICAL CURBS AS SHOWN ON	SY	\$ 50.45	864		\$ 23,408.80	\$ -
6" SUBGRADE PREPARATION	SY	\$ 1.00	501		\$ 1,503.00	\$ -
HYDRATED LIME (4245%)	TONS	\$ 318.00	9.8		\$ 3,116.40	\$ -
INSPECTION FEE	%	2%	28,028.20		\$ 560.54	\$ -
<b>WATER</b>						
8" P.V.C. WATERLINE (INCLUDING FITTINGS)	LF	\$ 55.00	185		\$ 10,175.00	\$ -
8" GATE VALVE AND BOX	EA	\$ 2,920.00	2		\$ 5,840.00	\$ -
1" BULLHEAD WATER SERVICE	EA	\$ 2,117.00	1		\$ 2,117.00	\$ -
TESTING (EXCLUDING GEOTECH)	LF	\$ 1.00	185		\$ 185.00	\$ -
TRENCH SAFETY	LF	\$ 1.00	185		\$ 185.00	\$ -
<b>SANITARY SEWER</b>						
8" P.V.C. PIPE (SDR 26)	LF	\$ 50.00	93		\$ 4,650.00	\$ -
4" SANITARY SEWER SERVICE	EA	\$ 1,213.00	2		\$ 2,426.00	\$ -
SEWER LINE TESTING PER MUSTANG SUD REQUIREMENTS	LF	\$ 3.00	93		\$ 279.00	\$ -
TESTING (EXCLUDING GEOTECH)	LF	\$ 1.00	93		\$ 93.00	\$ -
TRENCH SAFETY	LF	\$ 1.00	93		\$ 93.00	\$ -
<b>SUBTOTAL SURVEYOR ROAD</b>					<b>\$64,891.74</b>	<b>\$0.00</b>
<b>SUBTOTAL IMPROVEMENTS BENEFITTING IA #1 AND REMAINDER AREA</b>					<b>\$1,667,886.28</b>	<b>\$0.00</b>

I. MISCELLANEOUS ITEMS						
DESCRIPTION	UNIT	UNIT PRICE	PID QUANTITY	PRIVATE QUANTITY	PID TOTAL	PRIVATE TOTAL
SURVEY, PLATTING, ENGINEERING, PERMITTING & STAKING	%	10%	7,633,547	1,271,575	\$ 763,354.68	\$ 127,157.54
PAYMENT AND PERFORMANCE BONDS	LS	\$ 68,000.00	1		\$ 68,000.00	\$ -
2-YEAR MAINTENANCE BOND - SEWER AND WATER (MUSTANG SPECIAL UTILITY DISTRICT)	LS	\$ 1,000.00	1		\$ 1,000.00	\$ -
2-YEAR MAINTENANCE BOND - STORM DRAIN (CITY OF OAK POINT)	LS	\$ 1,000.00	1		\$ 1,000.00	\$ -
CONSTRUCTION MANAGEMENT	%	4%	7,937,152		\$ 317,486.08	\$ -
CONTINGENCY	%	10%	7,633,547	1,271,575	\$ 763,354.68	\$ 127,157.54
<b>SUBTOTAL MISCELLANEOUS ITEMS</b>					<b>\$1,914,196.44</b>	<b>\$264,315.08</b>

SUMMARY				PID TOTAL	PRIVATE TOTAL
DESCRIPTION					
A. EXCAVATION				\$194,587.00	\$302,970.25
B. PAVING				\$2,109,692.51	\$310,692.15
C. STORM DRAINAGE				\$1,267,519.00	\$0.00
D. SANITARY SEWER SYSTEM				\$972,552.00	\$0.00
E. WATER DISTRIBUTION SYSTEM				\$828,137.00	\$0.00
F. RETAINING WALLS				\$0.00	\$667,913.00
G. RETENTION POND				\$936,846.00	\$0.00
H. IMPROVEMENTS BENEFITTING IA #1 AND REMAINDER AREA				\$1,667,886.28	\$0.00
I. MISCELLANEOUS ITEMS				\$1,914,196.44	\$264,315.08
<b>GRAND TOTAL</b>				<b>\$9,861,047.24</b>	<b>\$1,626,890.48</b>



PLOTTED BY: DMC/MAK  
 DATE: 5/16/2024 11:52 AM  
 PROJECT: OAK POINT 720 PID  
 SHEET: 76 OF 76



GRAPHIC SCALE IN FEET

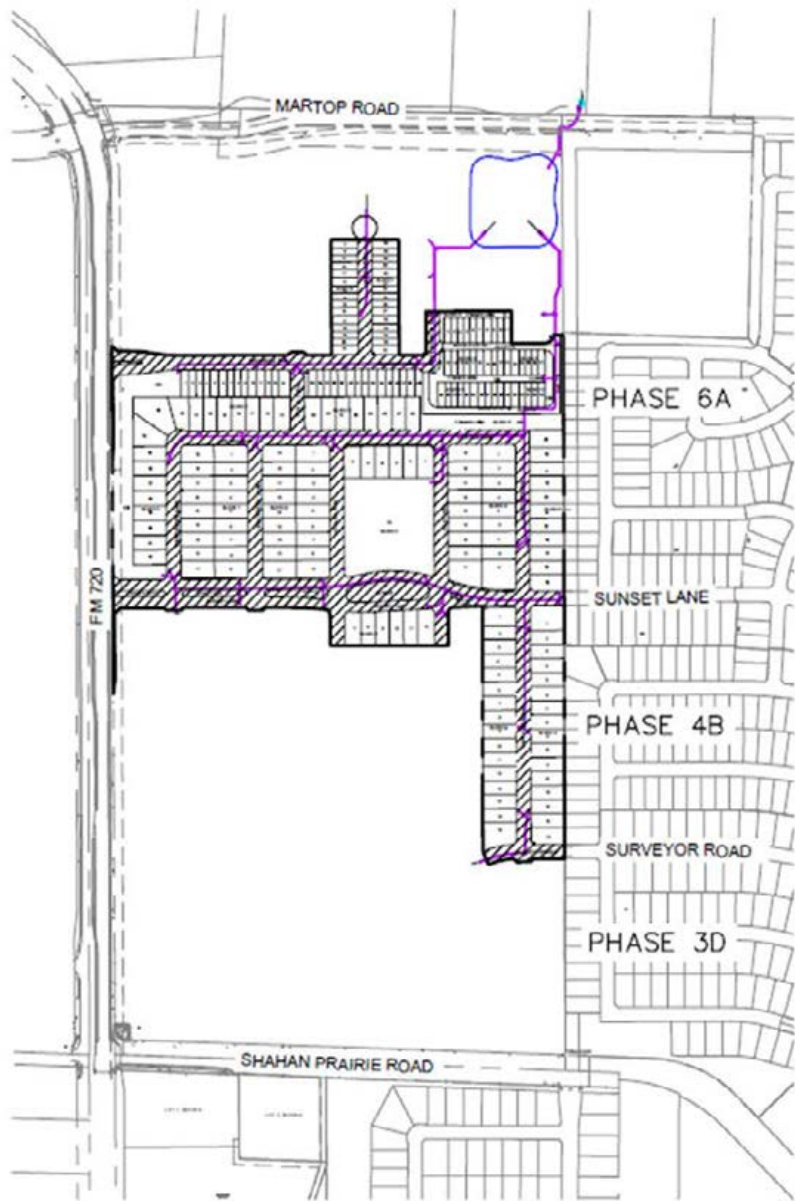


1" = 0.1 Mile @ 8 1/2 X 11

PLOTTED BY: DMC/MAK  
 DATE: 5/16/2024 11:52 AM  
 PROJECT: OAK POINT 720 PID  
 SHEET: 76 OF 76

EXHIBIT C  
 OAK POINT 720 PID  
 IMPROVEMENT AREA #1  
 ON-SITE STREETS

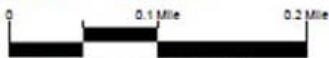
**Kimley»Horn**  
6100 Warren Parkway  
 Suite 210  
 Frisco, Texas 75034 972-325-3600  
 State of Texas Registration No. F-402



PLOTTED BY: KIMLEY-HORN  
 DATE: 5/15/2024 1:25 PM  
 PROJECT: OAK POINT 720 PID IMPROVEMENT AREA #1 ON-SITE STORM SEWER



GRAPHIC SCALE IN FEET



1" = 0.1 Mile @ 8 1/2 X 11

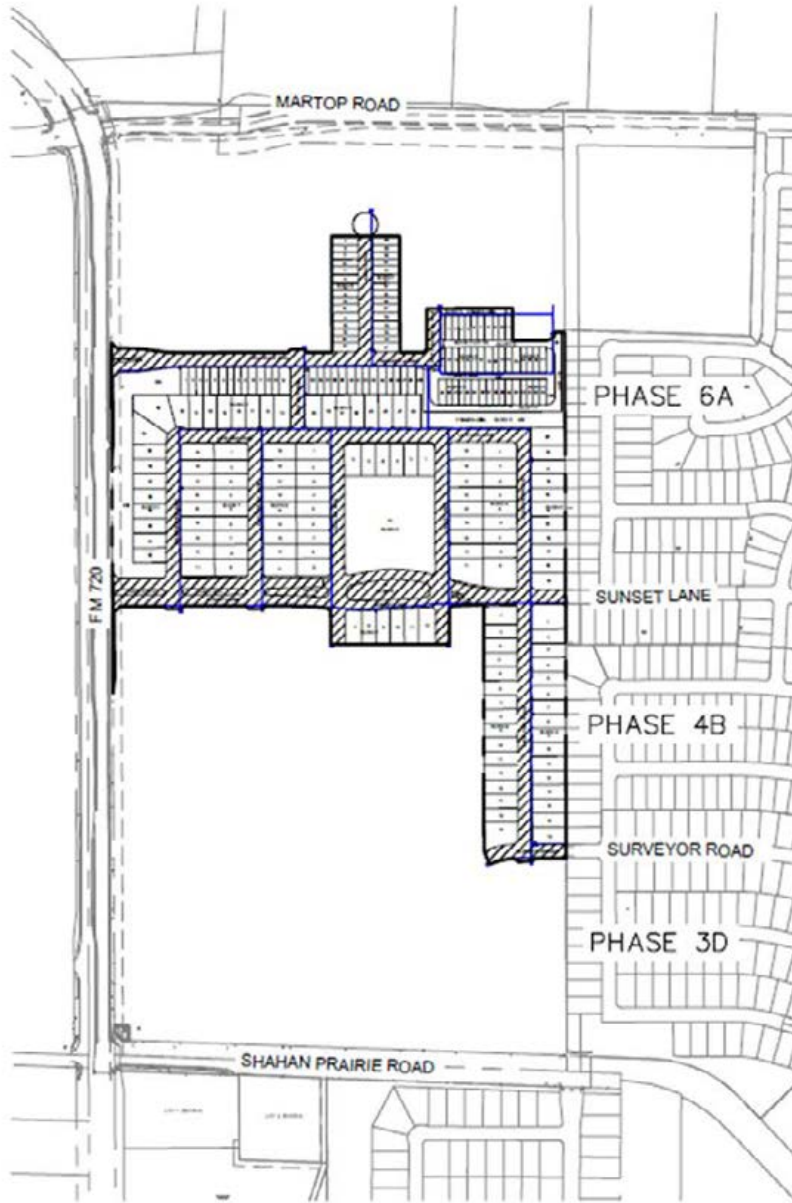
PLOTTED BY: KIMLEY-HORN  
 DATE: 5/15/2024 1:25 PM  
 PROJECT: OAK POINT 720 PID IMPROVEMENT AREA #1 ON-SITE STORM SEWER

EXHIBIT D  
 OAK POINT 720 PID  
 IMPROVEMENT AREA #1  
 ON-SITE STORM SEWER

**Kimley»Horn**

6100 Walnut Park  
 Suite 210  
 Frisco, Texas 75034 972-350-0000  
 State of Texas Registration No. F-4025

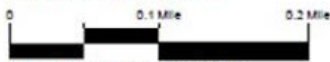




DATE: 5/17/2024 11:25 AM  
 DRAWN BY: J. VAUGHAN  
 CHECKED BY: J. VAUGHAN  
 PROJECT: OAK POINT 720 PUBLIC IMPROVEMENT DISTRICT PHASE 7.0000 PHASE 7.0000



GRAPHIC SCALE IN FEET



1" = 0.1 Mile @ 8 1/2 X 11

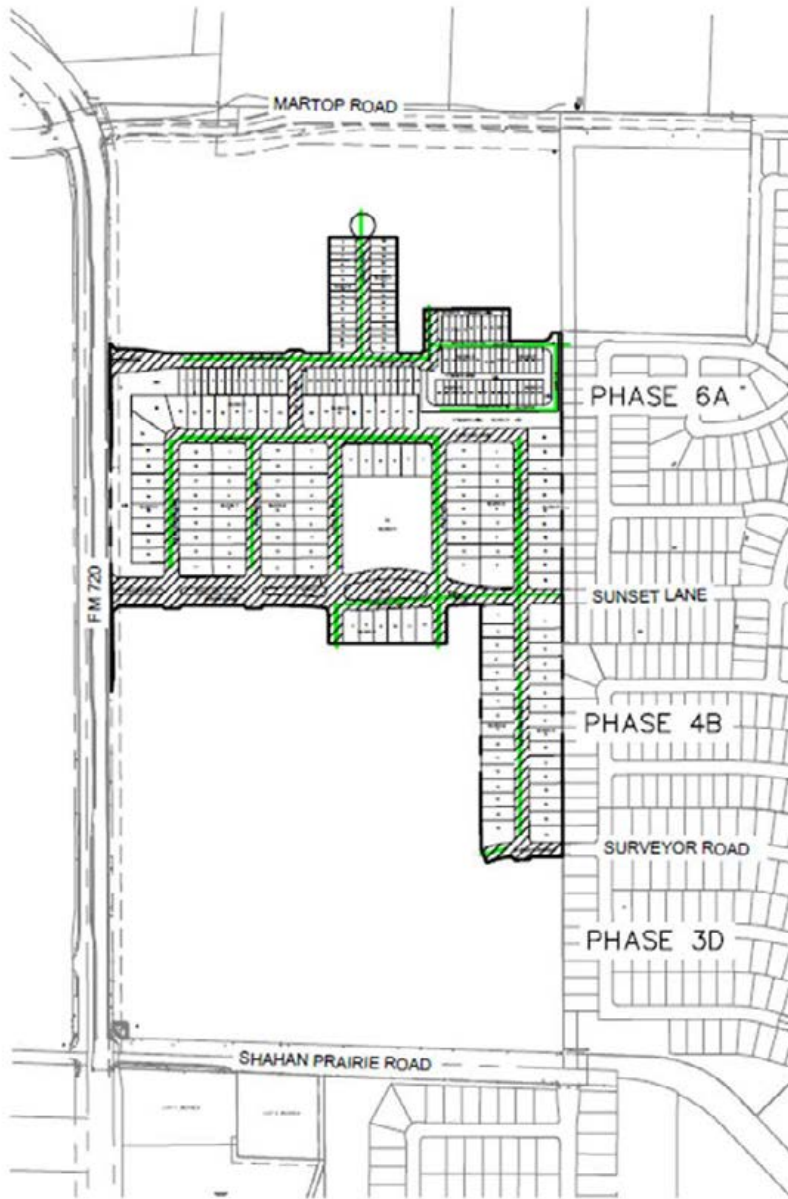
DRAWN BY: J. VAUGHAN  
 DATE: 5/17/2024  
 OAK POINT, TEXAS  
 MAY 2024

EXHIBIT E  
 OAK POINT 720 PID  
 IMPROVEMENT AREA #1  
 ON-SITE WATER

**Kimley»Horn**

© 1992 Valmet Papyrus  
 Scale 210  
 P.O. Box 17034 Dallas, Texas 75217-0334  
 State of Texas Registration No. F 4025

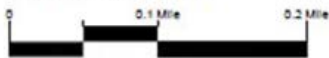




DATE: 5/15/2024 11:14 AM  
 DRAWN BY: J. B. BROWN  
 CHECKED BY: J. B. BROWN  
 5/15/2024 11:25 AM



GRAPHIC SCALE IN FEET



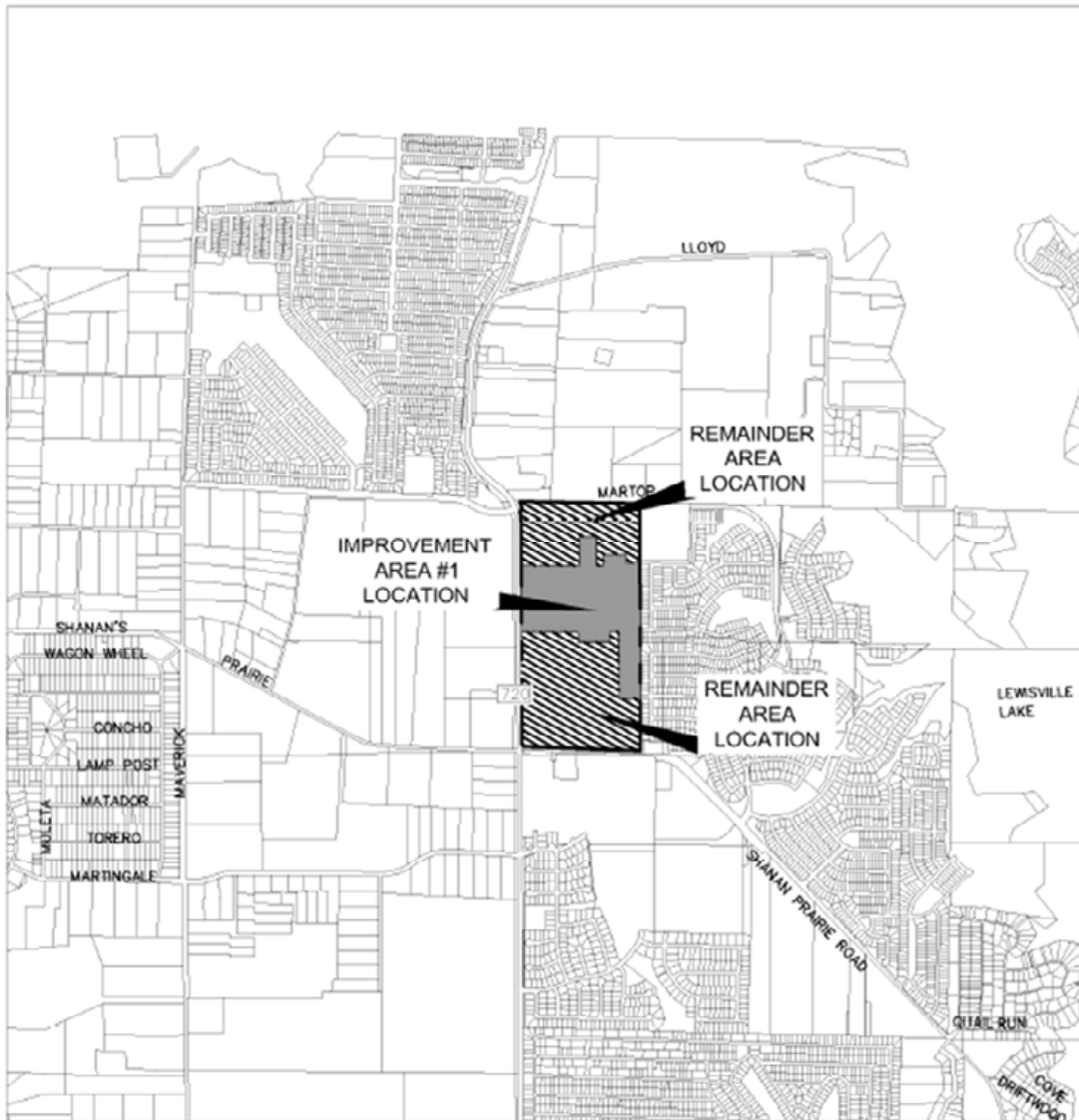
1" = 0.1 Mile @ 8 1/2 X 11

OAK POINT, TEXAS  
 MAY 2024

EXHIBIT F  
 OAK POINT 720 PID  
 IMPROVEMENT AREA #1  
 ON-SITE SEWER

**Kimley»Horn**

©199 Kimley-Horn  
 Suite 210  
 Frisco, Texas 75034 972-255-0590  
 State of Texas Registration No. F-402



DATE: 6/20/2024 4:18 PM  
 BY: GARY AUSTIN  
 5/20/2024 4:01 PM



GRAPHIC SCALE IN FEET



1" = 2000' @ 8 1/2 X 11

PLOTTED BY: GARY AUSTIN  
 LAST SAVED: MAY 2024

EXHIBIT G  
 OAK POINT 720 PID  
 IMPROVEMENT AREA #1  
 PROJECT LOCATION MAP

**Kimley»Horn**

6190 Warren Parkway  
 Suite 210  
 Frisco, Texas 75034 972-335-0990  
 State of Texas Registration No. F-526

## APPENDIX B – BUYER DISCLOSURES

Forms of the buyer disclosures for the following Lot Types are found in this appendix:

- Improvement Area #1
  - Improvement Area #1 Initial Parcel
  - Lot Type 1
  - Lot Type 2

*[Remainder of page intentionally left blank.]*

**OAK POINT 720 PUBLIC IMPROVEMENT DISTRICT – IMPROVEMENT AREA #1 INITIAL  
PARCEL – BUYER DISCLOSURE**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING<sup>1</sup> RETURN TO:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
THE CITY OF OAK POINT, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

\_\_\_\_\_  
STREET ADDRESS

**IMPROVEMENT AREA #1 INITIAL PARCEL PRINCIPAL ASSESSMENT: \$10,466,000.00**

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Oak Point, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within the ***OAK POINT 720 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 Oak Point. The exact amount of each annual installment will be approved each year by the City of Oak Point 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 Oak Point.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER]<sup>2</sup>

<sup>2</sup> To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

STATE OF TEXAS

§  
§  
§

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>3</sup>

<sup>3</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS  
  
COUNTY OF \_\_\_\_\_

§  
§  
§

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton County.



## ANNUAL INSTALLMENTS – IMPROVEMENT AREA #1 INITIAL PARCEL

Annual Installment Due 1/31	Principal	Interest <sup>[a]</sup>	Additional Interest	Reserve Fund <sup>[b]</sup>	Annual Collection Costs	Annual Installment <sup>[c]</sup>
2025	\$ 118,000.00	\$ 693,372.50	\$ 52,330.00	\$ -	\$ 40,000.00	\$ 903,702.50
2026	\$ 126,000.00	\$ 685,555.00	\$ 51,740.00	\$ -	\$ 40,800.00	\$ 904,095.00
2027	\$ 135,000.00	\$ 677,207.50	\$ 51,110.00	\$ -	\$ 41,616.00	\$ 904,933.50
2028	\$ 144,000.00	\$ 668,263.75	\$ 50,435.00	\$ -	\$ 42,448.32	\$ 905,147.07
2029	\$ 153,000.00	\$ 658,723.75	\$ 49,715.00	\$ -	\$ 43,297.29	\$ 904,736.04
2030	\$ 163,000.00	\$ 648,587.50	\$ 48,950.00	\$ -	\$ 44,163.24	\$ 904,700.74
2031	\$ 174,000.00	\$ 637,788.75	\$ 48,135.00	\$ -	\$ 45,046.50	\$ 904,970.25
2032	\$ 186,000.00	\$ 626,261.25	\$ 47,265.00	\$ -	\$ 45,947.43	\$ 905,473.68
2033	\$ 198,000.00	\$ 613,938.75	\$ 46,335.00	\$ -	\$ 46,866.38	\$ 905,140.13
2034	\$ 211,000.00	\$ 600,821.25	\$ 45,345.00	\$ -	\$ 47,803.71	\$ 904,969.96
2035	\$ 225,000.00	\$ 586,842.50	\$ 44,290.00	\$ -	\$ 48,759.78	\$ 904,892.28
2036	\$ 240,000.00	\$ 571,936.25	\$ 43,165.00	\$ -	\$ 49,734.98	\$ 904,836.23
2037	\$ 256,000.00	\$ 556,036.25	\$ 41,965.00	\$ -	\$ 50,729.68	\$ 904,730.93
2038	\$ 273,000.00	\$ 539,076.25	\$ 40,685.00	\$ -	\$ 51,744.27	\$ 904,505.52
2039	\$ 291,000.00	\$ 520,990.00	\$ 39,320.00	\$ -	\$ 52,779.16	\$ 904,089.16
2040	\$ 310,000.00	\$ 501,711.25	\$ 37,865.00	\$ -	\$ 53,834.74	\$ 903,410.99
2041	\$ 331,000.00	\$ 481,173.75	\$ 36,315.00	\$ -	\$ 54,911.43	\$ 903,400.18
2042	\$ 353,000.00	\$ 459,245.00	\$ 34,660.00	\$ -	\$ 56,009.66	\$ 902,914.66
2043	\$ 376,000.00	\$ 435,858.75	\$ 32,895.00	\$ -	\$ 57,129.85	\$ 901,883.60
2044	\$ 401,000.00	\$ 410,948.75	\$ 31,015.00	\$ -	\$ 58,272.45	\$ 901,236.20
2045	\$ 427,000.00	\$ 384,382.50	\$ 29,010.00	\$ -	\$ 59,437.90	\$ 899,830.40
2046	\$ 456,000.00	\$ 356,093.75	\$ 26,875.00	\$ -	\$ 60,626.66	\$ 899,595.41
2047	\$ 486,000.00	\$ 325,883.75	\$ 24,595.00	\$ -	\$ 61,839.19	\$ 898,317.94
2048	\$ 518,000.00	\$ 293,686.25	\$ 22,165.00	\$ -	\$ 63,075.97	\$ 896,927.22
2049	\$ 553,000.00	\$ 259,368.75	\$ 19,575.00	\$ -	\$ 64,337.49	\$ 896,281.24
2050	\$ 589,000.00	\$ 222,732.50	\$ 16,810.00	\$ -	\$ 65,624.24	\$ 894,166.74
2051	\$ 628,000.00	\$ 183,711.25	\$ 13,865.00	\$ -	\$ 66,936.72	\$ 892,512.97
2052	\$ 670,000.00	\$ 142,106.25	\$ 10,725.00	\$ -	\$ 68,275.45	\$ 891,106.70
2053	\$ 714,000.00	\$ 97,718.75	\$ 7,375.00	\$ -	\$ 69,640.96	\$ 888,734.71
2054	\$ 761,000.00	\$ 50,416.25	\$ 3,805.00	\$ (812,368.75)	\$ 71,033.78	\$ 73,886.28
<b>Total</b>	<b>\$ 10,466,000.00</b>	<b>\$ 13,890,438.75</b>	<b>\$ 1,048,335.00</b>	<b>\$ (812,368.75)</b>	<b>\$ 1,622,723.23</b>	<b>\$ 26,215,128.23</b>

**Footnotes:**

[a] Interest is calculated at a 6.625% interest rate for illustrative purposes, and subject to change upon pricing.

[b] Assumes the Reserve Fund is fully funded and available to reduce Annual Installments in the final year.

[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.

**OAK POINT 720 PUBLIC IMPROVEMENT DISTRICT – IMPROVEMENT AREA #1 – LOT  
TYPE 1 – BUYER DISCLOSURE**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING<sup>1</sup> RETURN TO:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
THE CITY OF OAK POINT, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

\_\_\_\_\_  
STREET ADDRESS

**IMPROVEMENT AREA #1 – LOT TYPE 1 PRINCIPAL ASSESSMENT: \$38,834.10**

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Oak Point, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within the ***OAK POINT 720 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 Oak Point. The exact amount of each annual installment will be approved each year by the City of Oak Point 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 Oak Point.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER]<sup>2</sup>

<sup>2</sup> To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

STATE OF TEXAS

§  
§  
§

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>3</sup>

<sup>3</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

§

COUNTY OF \_\_\_\_\_

§

§

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton County.

## ANNUAL INSTALLMENTS – IMPROVEMENT AREA #1 LOT TYPE 1

Annual Installment Due 1/31	Principal	Interest <sup>[a]</sup>	Additional Interest	Reserve Fund <sup>[b]</sup>	Annual Collection Costs	Annual Installment <sup>[c]</sup>
2025	\$ 437.84	\$ 2,572.76	\$ 194.17	\$ -	\$ 148.42	\$ 3,353.19
2026	\$ 467.52	\$ 2,543.75	\$ 191.98	\$ -	\$ 151.39	\$ 3,354.65
2027	\$ 500.92	\$ 2,512.78	\$ 189.64	\$ -	\$ 154.42	\$ 3,357.76
2028	\$ 534.31	\$ 2,479.59	\$ 187.14	\$ -	\$ 157.50	\$ 3,358.55
2029	\$ 567.71	\$ 2,444.20	\$ 184.47	\$ -	\$ 160.65	\$ 3,357.02
2030	\$ 604.81	\$ 2,406.58	\$ 181.63	\$ -	\$ 163.87	\$ 3,356.89
2031	\$ 645.63	\$ 2,366.52	\$ 178.60	\$ -	\$ 167.15	\$ 3,357.89
2032	\$ 690.15	\$ 2,323.74	\$ 175.38	\$ -	\$ 170.49	\$ 3,359.76
2033	\$ 734.68	\$ 2,278.02	\$ 171.93	\$ -	\$ 173.90	\$ 3,358.52
2034	\$ 782.92	\$ 2,229.35	\$ 168.25	\$ -	\$ 177.38	\$ 3,357.89
2035	\$ 834.86	\$ 2,177.48	\$ 164.34	\$ -	\$ 180.92	\$ 3,357.60
2036	\$ 890.52	\$ 2,122.17	\$ 160.16	\$ -	\$ 184.54	\$ 3,357.40
2037	\$ 949.89	\$ 2,063.17	\$ 155.71	\$ -	\$ 188.23	\$ 3,357.00
2038	\$ 1,012.97	\$ 2,000.24	\$ 150.96	\$ -	\$ 192.00	\$ 3,356.17
2039	\$ 1,079.76	\$ 1,933.13	\$ 145.90	\$ -	\$ 195.84	\$ 3,354.62
2040	\$ 1,150.26	\$ 1,861.60	\$ 140.50	\$ -	\$ 199.75	\$ 3,352.11
2041	\$ 1,228.18	\$ 1,785.40	\$ 134.75	\$ -	\$ 203.75	\$ 3,352.07
2042	\$ 1,309.81	\$ 1,704.03	\$ 128.61	\$ -	\$ 207.82	\$ 3,350.27
2043	\$ 1,395.15	\$ 1,617.25	\$ 122.06	\$ -	\$ 211.98	\$ 3,346.44
2044	\$ 1,487.91	\$ 1,524.83	\$ 115.08	\$ -	\$ 216.22	\$ 3,344.04
2045	\$ 1,584.38	\$ 1,426.25	\$ 107.64	\$ -	\$ 220.54	\$ 3,338.82
2046	\$ 1,691.99	\$ 1,321.29	\$ 99.72	\$ -	\$ 224.96	\$ 3,337.95
2047	\$ 1,803.30	\$ 1,209.19	\$ 91.26	\$ -	\$ 229.45	\$ 3,333.21
2048	\$ 1,922.04	\$ 1,089.72	\$ 82.24	\$ -	\$ 234.04	\$ 3,328.05
2049	\$ 2,051.91	\$ 962.39	\$ 72.63	\$ -	\$ 238.72	\$ 3,325.65
2050	\$ 2,185.48	\$ 826.45	\$ 62.37	\$ -	\$ 243.50	\$ 3,317.81
2051	\$ 2,330.19	\$ 681.66	\$ 51.45	\$ -	\$ 248.37	\$ 3,311.67
2052	\$ 2,486.04	\$ 527.29	\$ 39.80	\$ -	\$ 253.34	\$ 3,306.45
2053	\$ 2,649.30	\$ 362.59	\$ 27.36	\$ -	\$ 258.40	\$ 3,297.65
2054	\$ 2,823.69	\$ 187.07	\$ 14.12	\$ (3,014.29)	\$ 263.57	\$ 274.16
<b>Total<sup>[d]</sup></b>	<b>\$ 38,834.10</b>	<b>\$ 51,540.48</b>	<b>\$ 3,889.85</b>	<b>\$ (3,014.29)</b>	<b>\$ 6,021.12</b>	<b>\$ 97,271.25</b>

**Footnotes:**

[a] Interest is calculated at a 6.625% interest rate for illustrative purposes, and subject to change upon pricing.

[b] Assumes the Reserve Fund is fully funded and available to reduce Annual Installments in the final year.

[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.

[d] Totals may not sum due to rounding.

**OAK POINT 720 PUBLIC IMPROVEMENT DISTRICT – IMPROVEMENT AREA #1 – LOT  
TYPE 2 – BUYER DISCLOSURE**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.



AFTER RECORDING<sup>1</sup> RETURN TO:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
THE CITY OF OAK POINT, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

\_\_\_\_\_  
STREET ADDRESS

**IMPROVEMENT AREA #1 – LOT TYPE 2 PRINCIPAL ASSESSMENT: \$49,047.58**

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Oak Point, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within the ***OAK POINT 720 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 Oak Point. The exact amount of each annual installment will be approved each year by the City of Oak Point 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 Oak Point.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER]<sup>2</sup>

<sup>2</sup> To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

STATE OF TEXAS

§

COUNTY OF \_\_\_\_\_

§

§

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>3</sup>

<sup>3</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

§

§

COUNTY OF \_\_\_\_\_

§

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton County.

## ANNUAL INSTALLMENTS – IMPROVEMENT AREA #1 LOT TYPE 2

Annual Installment Due 1/31	Principal	Interest <sup>[a]</sup>	Additional Interest	Reserve Fund <sup>[b]</sup>	Annual Collection Costs	Annual Installment <sup>[c]</sup>
2025	\$ 552.99	\$ 3,249.40	\$ 245.24	\$ -	\$ 187.45	\$ 4,235.09
2026	\$ 590.48	\$ 3,212.77	\$ 242.47	\$ -	\$ 191.20	\$ 4,236.93
2027	\$ 632.66	\$ 3,173.65	\$ 239.52	\$ -	\$ 195.03	\$ 4,240.86
2028	\$ 674.84	\$ 3,131.73	\$ 236.36	\$ -	\$ 198.93	\$ 4,241.86
2029	\$ 717.02	\$ 3,087.03	\$ 232.98	\$ -	\$ 202.91	\$ 4,239.93
2030	\$ 763.88	\$ 3,039.52	\$ 229.40	\$ -	\$ 206.97	\$ 4,239.77
2031	\$ 815.43	\$ 2,988.92	\$ 225.58	\$ -	\$ 211.10	\$ 4,241.03
2032	\$ 871.67	\$ 2,934.89	\$ 221.50	\$ -	\$ 215.33	\$ 4,243.39
2033	\$ 927.90	\$ 2,877.15	\$ 217.14	\$ -	\$ 219.63	\$ 4,241.82
2034	\$ 988.82	\$ 2,815.67	\$ 212.50	\$ -	\$ 224.03	\$ 4,241.03
2035	\$ 1,054.43	\$ 2,750.16	\$ 207.56	\$ -	\$ 228.51	\$ 4,240.66
2036	\$ 1,124.73	\$ 2,680.31	\$ 202.29	\$ -	\$ 233.08	\$ 4,240.40
2037	\$ 1,199.71	\$ 2,605.79	\$ 196.66	\$ -	\$ 237.74	\$ 4,239.91
2038	\$ 1,279.38	\$ 2,526.31	\$ 190.67	\$ -	\$ 242.49	\$ 4,238.85
2039	\$ 1,363.73	\$ 2,441.55	\$ 184.27	\$ -	\$ 247.34	\$ 4,236.90
2040	\$ 1,452.78	\$ 2,351.21	\$ 177.45	\$ -	\$ 252.29	\$ 4,233.72
2041	\$ 1,551.19	\$ 2,254.96	\$ 170.19	\$ -	\$ 257.34	\$ 4,233.67
2042	\$ 1,654.29	\$ 2,152.19	\$ 162.43	\$ -	\$ 262.48	\$ 4,231.40
2043	\$ 1,762.08	\$ 2,042.60	\$ 154.16	\$ -	\$ 267.73	\$ 4,226.56
2044	\$ 1,879.24	\$ 1,925.86	\$ 145.35	\$ -	\$ 273.09	\$ 4,223.53
2045	\$ 2,001.08	\$ 1,801.36	\$ 135.95	\$ -	\$ 278.55	\$ 4,216.94
2046	\$ 2,136.99	\$ 1,668.79	\$ 125.95	\$ -	\$ 284.12	\$ 4,215.84
2047	\$ 2,277.58	\$ 1,527.21	\$ 115.26	\$ -	\$ 289.80	\$ 4,209.85
2048	\$ 2,427.54	\$ 1,376.32	\$ 103.87	\$ -	\$ 295.60	\$ 4,203.34
2049	\$ 2,591.56	\$ 1,215.50	\$ 91.74	\$ -	\$ 301.51	\$ 4,200.31
2050	\$ 2,760.27	\$ 1,043.81	\$ 78.78	\$ -	\$ 307.54	\$ 4,190.40
2051	\$ 2,943.04	\$ 860.94	\$ 64.98	\$ -	\$ 313.69	\$ 4,182.65
2052	\$ 3,139.87	\$ 665.96	\$ 50.26	\$ -	\$ 319.96	\$ 4,176.06
2053	\$ 3,346.07	\$ 457.95	\$ 34.56	\$ -	\$ 326.36	\$ 4,164.94
2054	\$ 3,566.33	\$ 236.27	\$ 17.83	\$ (3,807.06)	\$ 332.89	\$ 346.26
<b>Total<sup>[d]</sup></b>	<b>\$ 49,047.58</b>	<b>\$ 65,095.78</b>	<b>\$ 4,912.89</b>	<b>\$ (3,807.06)</b>	<b>\$ 7,604.69</b>	<b>\$ 122,853.88</b>

**Footnotes:**

[a] Interest is calculated at a 6.625% interest rate for illustrative purposes, and subject to change upon pricing.

[b] Assumes the Reserve Fund is fully funded and available to reduce Annual Installments in the final year.

[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.

[d] Totals may not sum due to rounding.

Annual Installment Schedule to Notice  
of Obligation to Pay Improvement District Assessment

THIS PAGE IS LEFT BLANK INTENTIONALLY.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

THIS PAGE IS LEFT BLANK INTENTIONALLY.



[CLOSING DATE]

Norton Rose Fulbright US LLP  
2200 Ross Avenue, Suite 3600  
Dallas, Texas 75201-7932  
United States

Tel +1 214 855 8000  
Fax +1 214 855 8200  
nortonrosefulbright.com

IN REGARD to the authorization and issuance of the “City of Oak Point, Texas, Special Assessment Revenue Bonds, Series 2024 (Oak Point 720 Public Improvement District Improvement Area #1 Project)” (the “Bonds”), dated August 21, 2024, in the principal amount of \$ \_\_\_\_\_, we have examined the legality and validity of the issuance thereof by the City of Oak Point, Texas (the “City”) solely to express legal opinions as to the validity of the Bonds and the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, or the history or prospects of the collection of the Pledged Revenues, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds, and have not assumed any responsibility with respect thereto. Capitalized terms used herein and not otherwise defined have the meanings assigned in the Indenture.

THE BONDS are issued in fully registered form only and mature on September 15 in each of the years specified in an Indenture of Trust (the “Indenture”), dated as of August 1, 2024, with Wilmington Trust, National Association, as trustee (the “Trustee”), approved by the City Council of the City pursuant to an ordinance (the “Ordinance”) adopted by the City Council of the City authorizing the issuance of the Bonds, unless redeemed prior to maturity in accordance with the terms stated on the Bonds. The Bonds accrue interest from the date, at the rates, and in the manner and interest is payable on the dates, all as provided in the Indenture.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings had in connection with the issuance of the Bonds, including the Indenture, the Ordinance and an examination of the initial Bond executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the City and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Bonds, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATION, we are of the opinion that, under applicable law of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Bonds have been authorized, issued and delivered in accordance with law; that the Bonds are valid, legally binding and enforceable limited obligations of the City in accordance with their terms payable solely from the Trust Estate, except to the extent the

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright North Africa Inc are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are available at [nortonrosefulbright.com](http://nortonrosefulbright.com).

enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally.

2. Assuming continuing compliance after the date hereof by the City with the provisions of the Indenture and in reliance upon representations and certifications of the City made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds, interest on the Bonds for federal income tax purposes (i) will be excludable from gross income, as defined in Section 61 of the Internal Revenue Code of 1986, as amended to the date hereof, of the owners thereof pursuant to Section 103 of such Code, existing regulations, published rulings, and court decisions thereunder, and (ii) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

We express no opinion with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

APPENDIX E-1

FORM OF DISCLOSURE AGREEMENT OF ISSUER

THIS PAGE IS LEFT BLANK INTENTIONALLY.

**CITY OF OAK POINT, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024  
(OAK POINT 720 PUBLIC IMPROVEMENT DISTRICT  
IMPROVEMENT AREA #1 PROJECT)**

**CONTINUING DISCLOSURE AGREEMENT OF ISSUER**

This Continuing Disclosure Agreement of Issuer, dated as of August 1, 2024 (this “Disclosure Agreement”), is executed and delivered by and among the City of Oak Point, 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 (Oak Point 720 Public Improvement District Improvement Area #1 Project)” (the “Bonds”). The Issuer, the Administrator, and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Administrator, and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of August 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 CF CSLK RDMN LLC, a Delaware 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 August 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 Oak Point 720 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 #1” shall have the meaning assigned to such term in the Indenture.

“Listed Events” shall mean any of the events listed in subsection 6(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive continuing disclosure reports pursuant to the Rule.

“Outstanding” shall have the meaning assigned to such term in the Indenture.

“Owner” shall have the meaning assigned to such term in the Indenture.

“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 (5<sup>th</sup>) 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; or the Issuer will notify the Dissemination Agent in writing that the Issuer will provide or cause to be provided the Annual Issuer Report to the MSRB through alternate means. If the Issuer so notifies the Dissemination Agent, the Issuer will provide the Dissemination Agent with a written report certifying that the Annual Issuer Report has been provided to the MSRB pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB prior to the second (2<sup>nd</sup>) Business Day prior to the Annual Issuer Report Filing Date. In the event the Issuer fails to provide the Dissemination Agent with such a report, the Dissemination Agent shall file a notice of failure to file no later than the last Business Day prior to the applicable Annual 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, 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 (5<sup>th</sup>) 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; or the Issuer will notify the Dissemination Agent in writing that the Issuer will provide or cause to be provided the Annual Collections Report to the MSRB through alternate means. If the Issuer so notifies the Dissemination Agent, the Issuer will provide the Dissemination Agent with a written report certifying that the Annual Collections Report has been provided to the MSRB pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB prior to the second (2<sup>nd</sup>) Business Day prior to the Annual Collections Report Filing Date. In the event the Issuer fails to provide the Dissemination Agent with such a report, the Dissemination Agent shall file a notice of failure to file no later than the last Business Day prior to the applicable Annual Collections Report Filing Date.

(b) The Annual Collections Report for the Bonds shall contain, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Collections Report Filing Date, certain financial information and operating data with respect to collection of the Assessments of the general type and in substantially similar form to that shown in the tables provided in Exhibit C attached hereto. Such information shall cover the period beginning the first (1<sup>st</sup>) day of the

Fiscal Year succeeding the reporting Fiscal Year through the Collections Reporting Date. If the State Legislature amends the definition of Delinquency Date or Tax Year, the City shall file notice of such change or changes with the MSRB prior to the next Annual Collections Report Filing Date. The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Collections Report. In all cases, the Issuer shall have the sole responsibility for the content, design, and other elements comprising substantive contents of the Annual Collections Report under this Section 5.

SECTION 6. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 6, each of the following is a Listed Event with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of Owners, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer.
13. The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee, if material.

15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material.

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

Any sale by the Developer of real property within Improvement Area #1 in the ordinary course of the Developer's business will not constitute a Listed Event for the purposes of paragraph (10) above.

For these purposes, any event described in paragraph (12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

The Issuer intends the words used in paragraphs (15) and (16) above and the definition of Financial Obligation to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018. For the avoidance of doubt, the incurrence of Additional Obligations without the filing of a corresponding official statement with the MSRB will constitute the incurrence of a material Financial Obligation for which a notice of a Listed Event in accordance with this Section 6 must be filed with the MSRB.

Upon the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB. The Dissemination Agent shall file such notice no later than three (3) Business Days immediately following the day on which it receives written notice of such occurrence from the Issuer. Any such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event; provided, however, the failure of the Issuer to provide timely written notice to the Dissemination Agent in accordance with this paragraph shall not constitute a failure of the Dissemination Agent to comply with the MSRB's ten (10) Business Day filing requirement.

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. The initial Dissemination Agent appointed hereunder shall be HTS

Continuing Disclosure Services, a division of Hilltop Securities, Inc. The Issuer will give prompt written notice to the Developer, or any other party responsible for providing quarterly information pursuant to the Continuing Disclosure Agreement of Developer, of any change in the identity of the Dissemination Agent under the Continuing Disclosure Agreement of Developer.

SECTION 9. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer, the Administrator, and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested 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 #1, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Dissemination Agent for losses, expenses or liabilities arising from information provided to the Dissemination Agent by the Developer or the failure of the Developer to provide information to the Dissemination Agent as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive termination of this Disclosure Agreement, resignation or removal of the Dissemination Agent, and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. If the Issuer does not provide the Dissemination Agent with the Annual Issuer Report in accordance with subsection 3(a) or the Annual Collections Report in accordance with subsection 5(a), the Dissemination Agent shall not be responsible for the failure to submit an Annual Issuer Report or an Annual Collections Report, as applicable, to the MSRB. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder.

The Dissemination Agent may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its duties hereunder, and the Dissemination Agent shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(b) The Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. To the extent permitted by law, the Issuer agrees to hold harmless the Administrator, its officers, directors, employees and agents, but only from Annual Collection Costs collected from the property owners in Improvement Area #1, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Administrator for losses, expenses or liabilities arising from information provided to the Administrator by third parties, or the failure of any third party to provide information to the Administrator as and when required under this Disclosure Agreement, or the failure of the Developer to provide information to the Administrator as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

The Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its duties hereunder, and the Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(c) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY PARTY TO THIS DISCLOSURE AGREEMENT, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

SECTION 13. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit D which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments. Failure to adhere to such expected timeline shall not constitute a default by the Issuer under this Disclosure Agreement, the Indenture, the Bonds, or any other document related to the Bonds.



SECTION 14. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, the Administrator, or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council members, officer, agent or employee of the Issuer, the Administrator, or the Dissemination Agent in other than that person's official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 16. Sovereign Immunity. The Dissemination Agent and the Administrator agree that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 17. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Administrator, the Dissemination Agent, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 18. Dissemination Agent and Administrator Compensation. The fees and expenses incurred by the Dissemination Agent and the Administrator for their respective services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent and the Administrator, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in Improvement Area #1, for the fees and expenses for their respective services rendered in accordance with this Disclosure Agreement.

SECTION 19. Statutory Verifications. The Dissemination Agent and the Administrator, each individually, make the following representation and verifications to enable the Issuer to comply with Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Disclosure Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Dissemination Agent or the Administrator, as the case may be, within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification prior to the expiration or earlier termination of this Disclosure Agreement shall survive until barred by the applicable

statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Disclosure Agreement, notwithstanding anything in this Disclosure Agreement to the contrary.

(a) *Not a Sanctioned Company.* The Dissemination Agent and the Administrator, each individually, represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Dissemination Agent and the Administrator and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) *No Boycott of Israel.* The Dissemination Agent and the Administrator, each individually, hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Disclosure Agreement. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.

(c) *No Discrimination Against Firearm Entities.* The Dissemination Agent and the Administrator, each individually, hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Disclosure Agreement. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

(d) *No Boycott of Energy Companies.* The Dissemination Agent and the Administrator, each individually, hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Disclosure Agreement. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

SECTION 20. *Disclosure of Interested Parties.* Pursuant to Section 2252.908(c)(4), Texas Government Code, as amended, the Dissemination Agent hereby certifies it is a publicly traded business entity and is not required to file a Certificate of Interested Parties Form 1295 related to this Disclosure Agreement. Submitted herewith is a completed Form 1295 in connection with the Administrator’s participation in the execution of this Disclosure Agreement generated by the Texas Ethics Commission’s (the “TEC”) electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the “Form 1295”). The Issuer hereby confirms receipt of the Form 1295 from the Administrator, and the Issuer agrees to acknowledge such form with the TEC through its electronic filing application not later than the thirtieth (30th) day after the receipt of such form. The Administrator and the Issuer understand and agree that, with the exception of information identifying the Issuer and the contract identification number, neither the Issuer nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Administrator; and, neither the Issuer nor its consultants have verified such information.

SECTION 21. Governing Law and Venue. This Disclosure Agreement shall be governed by the laws of the State of Texas. Venue of any action to enforce the rights and privileges existing under this Disclosure Agreement shall be brought in the state district court of Denton County, 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 OAK POINT, 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 Oak Point, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024  
(Oak Point 720 Public Improvement District Improvement Area #1  
Project) (the “Bonds”)  
CUSIP Nos. [insert CUSIP Nos.]  
Date of Delivery: \_\_\_\_\_, 20\_\_

NOTICE IS HEREBY GIVEN that the City of Oak Point, 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 August 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  
Oak Point, Texas  
(as Dissemination Agent)

By: \_\_\_\_\_

Title: \_\_\_\_\_

cc: City of Oak Point, Texas

**EXHIBIT B**

**CITY OF OAK POINT, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024  
(OAK POINT 720 PUBLIC IMPROVEMENT DISTRICT  
IMPROVEMENT AREA #1 PROJECT)**

---

**ANNUAL FINANCIAL INFORMATION\***

---

Delivery Date: \_\_\_\_\_, 20\_\_

CUSIP Nos: [insert CUSIP Nos.]

**DISSEMINATION AGENT**

Name: HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc.  
Address: [\_\_\_\_\_]   
City: [ ]   
Telephone: ( ) \_\_\_\_ - \_\_\_\_   
Contact Person: Attn: \_\_\_\_\_

**Section 4(a)(i)(A)**

**BONDS OUTSTANDING**

Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Outstanding Interest Amount
				—
				—
<b>Total</b>				

**Section 4(a)(i)(B)**

**INVESTMENTS**

Fund/ Account Name	Investment Description	Par Value <sup>(1)</sup>	Book Value <sup>(1)</sup>	Market Value <sup>(1)</sup>

<sup>(1)</sup> 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
<b>Net Position of Trust Estate and Outstanding Bonds and Assessments</b>		A-B+C

September 30, 20[ ] Trust Statements:      Audited                              Unaudited

Accounting Type:                      Cash              Accrual              Modified Accrual

**Section 4(a)(ii)**

**FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE AND IN SUBSTANTIALLY SIMILAR FORM PROVIDED IN THE FOLLOWING TABLES AS OF THE END OF THE FISCAL YEAR**

**Debt Service Requirements on the Bonds**

<u>Year Ending</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
---	------------------	-----------------	--------------

**Top [Five] Assessment Payers in Improvement Area #1 <sup>(1)</sup>**

<u>Property Owner</u>	<u>No. of Parcels/Lots</u>	<u>Percentage of Parcels/Lots</u>	<u>Outstanding Assessments</u>	<u>Percentage of Total Assessments</u>
-----------------------	----------------------------	---------------------------------------	------------------------------------	--

<sup>(1)</sup> Does not include those owing less than one percent (1%) of total Assessments; may be fewer than five.

**Assessed Value of Improvement Area #1 of the District**

The [YEAR] certified total assessed value for the Assessed Property in Improvement Area #1 of the District is approximately \$[AMOUNT] according to the Denton County Appraisal District.

**Foreclosure History Related to the Assessments for the Past Five Fiscal Years**

Fiscal Year Ended (9/30)	Delinquent Assessment Amount not in Foreclosure Proceedings	Parcels in Foreclosure Proceedings	Delinquent Assessment Amount in Foreclosure Proceedings	Foreclosure Sales	Foreclosure Proceeds Received
20__	\$		\$		\$
20__					
20__					
20__					
20__					

[insert any necessary footnotes]

**Collection and Delinquency History of Annual Installments for the Past Five Fiscal Years**

Fiscal Year Ended (9/30)	Total Annual Installment Billed	Parcels Levied <sup>(1)</sup>	Delinquent Amount as of 3/1	Delinquent % as of 3/1	Delinquent Amount as of [9/1]	Delinquent % as of [9/1]	Total Assessments Collected <sup>(2)</sup>
20__	\$		\$	%	\$	%	\$
20__							
20__							
20__							
20__							

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

<sup>(2)</sup> [Does/does not] include interest and penalties.

**Parcel Numbers for Delinquencies Equaling or Exceeding 10% of Annual Installments Due**

For the past five Fiscal Years, if the total amount of delinquencies as of September 1 equals or exceeds ten percent (10%) of the amount of Annual Installments due, a list of parcel numbers for which the Annual Installments are delinquent.

Fiscal Year Ended (9/30)	Delinquent % as of 9/1	Parcel Numbers
20__	%	
20__		
20__		
20__		
20__		

**History of Prepayment of Assessments for the Past Five Fiscal Years**

Fiscal Year Ended (9/30)	Number of Prepayments	Amount of Prepayments	Bond Call Date	Amount of Bonds Redeemed
20__		\$		\$
20__				
20__				
20__				
20__				

[insert any necessary footnotes]

**ITEMS REQUIRED BY SECTION 4(a)(iii) - (iv)**

[Insert a line item for each applicable listing]

**EXHIBIT C**

**CITY OF OAK POINT, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024  
(OAK POINT 720 PUBLIC IMPROVEMENT DISTRICT  
IMPROVEMENT AREA #1 PROJECT)**

---

**ANNUAL COLLECTIONS REPORT**

---

Delivery Date: \_\_\_\_\_, 20\_\_

CUSIP Nos: [insert CUSIP Nos.]

**DISSEMINATION AGENT**

Name: HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc.  
Address: [\_\_\_\_\_] \_\_\_\_\_  
City: [\_\_\_\_\_, Texas \_\_\_\_\_]  
Telephone: (\_\_\_\_) \_\_\_\_ - \_\_\_\_  
Contact Person: Attn: \_\_\_\_\_

---

**SELECT FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO  
THE COLLECTION OF ASSESSMENTS COVERING THE PERIOD BEGINNING WITH  
THE FIRST DAY OF THE FISCAL YEAR SUCCEEDING THE REPORTING FISCAL  
YEAR THROUGH THE COLLECTIONS REPORTING DATE PROVIDED IN  
COMPLIANCE WITH SUBSECTION 5(A) OF THE ISSUER'S DISCLOSURE  
AGREEMENT**

**Foreclosure History Related To The Annual Installments<sup>(1)</sup>**

Succeeding Fiscal Year	Delinquent Annual Installment Amount not in Foreclosure <u>Proceedings</u>	Parcels in Foreclosure <u>Proceedings</u>	Delinquent Annual Installment Amount in Foreclosure <u>Proceedings</u>	<u>Foreclosure</u> <u>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** <sup>(1)</sup>

<u>Succeeding Fiscal Year</u> 20__	<u>Total Annual Installments Levied</u> \$	<u>Parcels Levied</u> <sup>(2)</sup>	<u>Delinquent Amount as of 3/1</u> \$	<u>Delinquent % as of 3/1</u> %	<u>Total Annual Installments Collected</u> <sup>(3)</sup> \$
---	---	--	--	--	---

<sup>(1)</sup> Period covered includes October 1, 20\_\_ through March 1, 20\_\_.

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

<sup>(3)</sup> [Does/does not] include interest and penalties.

**Prepayment of Assessments** <sup>(1)</sup>

<u>Succeeding Fiscal Year</u>	<u>Number of Prepayments</u>	<u>Amount of Prepayments</u> \$	<u>Bond Call Date</u>	<u>Amount of Bonds Redeemed</u> \$
-----------------------------------	----------------------------------	--	-----------------------	---

<sup>(1)</sup> Period covered includes October 1, 20\_\_ through March 1, 20\_\_.

## EXHIBIT D

### BASIC EXPECTED TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES<sup>1</sup>

<u>Date</u>	<u>Delinquency Clock (Days)</u>	<u>Activity</u>
January 31		Assessments are due.
February 1	1	Assessments delinquent if not received.
	15	<p>Upon receipt, but no later than February 15, Issuer forwards payment to Trustee for all collections received, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter.</p> <p>Issuer and/or Administrator should be aware of actual and specific delinquencies.</p> <p>Administrator should be aware if Reserve Fund needs to be utilized for debt service payments during the corresponding Fiscal Year.</p> <p>Issuer and Administrator should determine if previously collected surplus funds, if any, plus actual Annual Installment collections will be fully adequate for debt service in the corresponding March and September.</p>
March 15	43/44	Trustee pays bond interest payments to Owners.
April 1	59/60	<p>At this point, if total delinquencies are under 5% and if there is adequate funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account for full September payments, no further action is anticipated for collection of Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure deficiency.</p> <p>Issuer, or the Trustee on behalf of the Issuer, to notify Dissemination Agent in writing of the occurrence of draw on the Reserve Fund and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw or the Reserve Fund.</p>
<b>July 1</b>	<b>152/153</b>	<b>If there are over 5% delinquencies or if there is insufficient funding in the Pledged Revenue Fund for</b>

---

<sup>1</sup> 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.**

A committee of not less than twenty-five percent (25%) of the Owners may request a meeting with the Issuer to discuss the Issuer's actions in pursuing the repayment of any delinquencies. This would also occur after day thirty (30) if it is apparent that a Reserve Fund draw is required. Further, if delinquencies exceed five percent (5%), Owners may also request a meeting with the Issuer at any time to discuss the Issuer's plan and progress on collection and foreclosure activity. If the Issuer is not diligently proceeding with the foreclosure process, the Owners may seek an action for mandamus or specific performance to direct the Issuer to pursue the collections of delinquent Annual Installments of Assessments.

APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF DEVELOPER

THIS PAGE IS LEFT BLANK INTENTIONALLY.



**CITY OF OAK POINT, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024  
(OAK POINT 720 PUBLIC IMPROVEMENT DISTRICT  
IMPROVEMENT AREA #1 PROJECT)**

**CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER**

This Continuing Disclosure Agreement of Developer dated as of August 1, 2024 (this “Disclosure Agreement”), is executed and delivered by and among CF CSLK RDMN LLC, a Delaware 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 August 1, 2024, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, the following capitalized terms shall have the following meanings:

“Administrator” shall have the meaning assigned to such term in the Indenture. The Issuer has selected P3Works, LLC, as the initial Administrator.

“Affiliate” shall mean an entity that is controlled by, controls, or is under common control with another entity. A Homebuilder may be an Affiliate of the Developer.

“Amenities” shall mean the following: a minimum 1,800 square feet amenity center within the District that will include an outdoor swimming pool and associated structures, 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 a Reporting Party pursuant to Section 3, in substantially the form attached as Exhibit D.

“Developer” shall mean CF CSLK RDMN LLC, a Delaware 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 Oak Point 720 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” shall mean any merchant homebuilder who enters into a Lot Purchase Agreement with the Developer, and the successors and assigns of such homebuilder under such Lot Purchase Agreement.

“Improvement Area #1” shall have the meaning assigned to such term in the Indenture.

“Improvement Area #1 Improvements” shall have the meaning assigned to such term in the Indenture.

“Issuer” shall mean the City of Oak Point, Texas.

“Listed Events” shall mean, collectively, Developer Listed Events and Significant Homebuilder Listed Events.

“Lot Purchase Agreement” shall mean, with respect to lots or land within Improvement Area #1 of the District, any agreement between a Homebuilder and the Developer to purchase lots or to purchase land.

“MSRB” shall mean the Municipal Securities Rulemaking Board, or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

“Outstanding” shall have the meaning assigned to such term in the Indenture.

“Owner” shall have the meaning assigned to such term in the Indenture.

“Parcel” shall have the meaning assigned to such term in the Indenture.

“Participating Underwriter” shall mean FMSbonds, Inc., and its successors and assigns.

“Person” shall have the meaning assigned to such term in the Indenture.

“Quarterly Ending Date” shall mean each March 31, June 30, September 30 and December 31, beginning December 31, 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, and 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 46 or more of the single family residential lots within Improvement Area #1.

“Significant Homebuilder Listed Events” shall mean any of the events listed in Section 4(b) of this Disclosure Agreement.

“Trustee” shall have the meaning assigned to such term in the Indenture.

### SECTION 3. Quarterly Reports.

(a) The Developer and any Significant Homebuilder that is a Reporting Party, with respect to its acquired real property, shall, at its cost and expense, provide, or cause to be provided, to the Administrator, not more than ten (10) days after each Quarterly Ending Date, 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. The Developer agrees that each Lot Purchase Agreement that is executed with a Homebuilder after the date hereof will contain a provision obligating the applicable Homebuilder to provide the Developer the information required by Section 3(d) as and when required for the Developer to comply with its obligations hereunder.

(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 Quarterly Information listed in Exhibit A attached hereof.

#### SECTION 4. Event Reporting Obligations.

(a) Pursuant to the provisions of this Section 4, each of the following is a Developer Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within Improvement Area #1 on a Parcel owned by the Developer; provided, however, that the exercise of any right of the Developer as a landowner within Improvement Area #1 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Developer Listed Event under this Section nor a breach or default of this Disclosure Agreement;

(ii) Material damage to or destruction of any development or improvements within Improvement Area #1, including the Improvement Area #1 Improvements, and the Amenities;

(iii) Material default by the Developer or any of the Developer's Affiliates on any loan with respect to the acquisition, development, or permanent financing of Improvement Area #1 undertaken by the Developer or any of the Developer's Affiliates;

(iv) Material default by the Developer or any of Developer's Affiliates on any loan secured by property within Improvement Area #1 owned by the Developer or any of the Developer's Affiliates;

(v) The bankruptcy, insolvency, or similar filing of the Developer or any of the Developer's Affiliates or any determination that the Developer or any of the Developer's Affiliates is unable to pay its debts as they become due;

(vi) The consummation of a merger, consolidation, or acquisition of the Developer, or the sale of all or substantially all of the assets of the Developer or any of the Developer's Affiliates, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(vii) The filing of any lawsuit with a claim for damages in excess of \$1,000,000 against the Developer or any of the Developer's Affiliates that may adversely affect the completion of development of Improvement Area #1, or litigation that may materially adversely affect the financial condition of the Developer or any of the Developer's Affiliates;

(viii) Any material 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; and

(x) Early termination of or material default by a Homebuilder under a Lot Purchase Agreement.

(b) Pursuant to the provisions of this Section 4, each of the following occurrences related to any Significant Homebuilder is a Significant Homebuilder Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within Improvement Area #1 on a lot or Parcel owned by such Significant Homebuilder; provided, however, that the exercise of any right of such Significant Homebuilder as a landowner within Improvement Area #1 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Significant Homebuilder Listed Event under this Section nor a breach or default of this Disclosure Agreement;

(ii) The bankruptcy, insolvency, or similar filing of such Significant Homebuilder or any determination that such Significant Homebuilder is unable to pay its debts as they become due;

(iii) The consummation of a merger, consolidation, or acquisition involving such Significant Homebuilder or the sale of all or substantially all of the assets of the Significant Homebuilder, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(iv) Any material 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 Reporting Party, regardless of if such Reporting Party is providing Quarterly Information on behalf of any other Reporting Party.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the applicable Reporting Party desires to make, the written authorization of such Reporting Party for the Dissemination Agent to disseminate such information as provided herein, and the date the Reporting Party desires for the Dissemination Agent to disseminate the information.

In all cases, the applicable Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures. In addition, the applicable Reporting Party shall have the sole responsibility to ensure that any notice required to be filed with the MSRB under this Section 4 is actually filed within ten (10) Business Days after such Reporting Party becomes aware of the Listed Event applicable to such Reporting Party.

(d) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event, notify in writing the Administrator and the applicable Reporting Party of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the applicable Reporting Party to do so. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Reporting Party and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the applicable Reporting Party as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, "actual knowledge" means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Participating Underwriter, the Administrator, the Issuer, any Reporting Party or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(e) If the Dissemination Agent has been notified in writing by a Reporting Party to report the occurrence of a Listed Event in accordance with subsections (c) or (d) of this Section 4, the Dissemination Agent shall file a notice of such occurrence with the MSRB promptly after its receipt of such written instructions from such Reporting Party; provided that all such notices must be filed no later than the date specified in subsection (c) of this Section 4 for such Listed Event.

#### SECTION 5. Assumption of Reporting Obligations of Developer.

The Developer shall cause each Person who, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Improvement Area #1 Improvements, or the Amenities to assume and comply with the disclosure obligations of the Developer under this Disclosure Agreement. The Developer shall deliver to the Dissemination Agent, the Administrator, and the Issuer a written acknowledgement from each Person who assumes the obligations, requirements, or covenants to

construct one or more of the Improvement Area #1 Improvements or Amenities in substantially the form attached as Exhibit E (the “Developer Acknowledgment”), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Section 4(a)(ix) above, the Developer shall direct the Dissemination Agent to file a copy of each Developer Acknowledgment with the MSRB, in accordance with Sections 4(c) and 4(e) above. Upon any such transfer to a Person, and such Person’s delivery of written acknowledgement of assumption of Developer’s obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Person arising from or in connection with such disclosure obligations under this Disclosure Agreement. Additionally, for the avoidance of doubt, the Developer shall require that any Person comply with obligations of this Section 5 with respect to any subsequent transfers by such Person to any individual or entity meeting the definition of a “Developer” in the future.

SECTION 6. Assumption of Reporting Obligations by Significant Homebuilder.

(a) If a Homebuilder acquires ownership of real property in Improvement Area #1 resulting in such Homebuilder becoming a Significant Homebuilder, the Developer may (i) cause such Significant Homebuilder to comply with the Developer’s disclosure obligations under Section 3 and Section 4(b) hereof, with respect to such acquired real property, until such party’s disclosure obligations terminate pursuant to Section 7 of this Disclosure Agreement or (ii) elect to provide any or all Quarterly Information on behalf of such Significant Homebuilder; provided, however, that if the Developer initially elects to provide any or all Quarterly Information on behalf of such Significant Homebuilder, the Developer may elect in the future to cause such Significant Homebuilder to comply with the Developer’s disclosure obligations, as described in (i) above.

(b) If the Developer elects to cause a Significant Homebuilder to comply with the Developer’s disclosure obligations, as described in (i) above, the Developer shall deliver to the Dissemination Agent, Administrator and the Issuer a written acknowledgement from each Significant Homebuilder, in substantially the form attached as Exhibit F (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. Additionally, for the avoidance of doubt, the Developer shall use commercially reasonable efforts to



require that any Significant Homebuilder comply with obligations of this Section 6 with respect to any subsequent transfers by such Significant Homebuilder to any individual or entity meeting the definition of a “Significant Homebuilder” in the future, including the requirement, pursuant to Section 4(b)(vi) above, to direct the Dissemination Agent to file a copy of the Significant Homebuilder Acknowledgment with the MSRB, in accordance with Section 4(c) and Section 4(e) above.

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 earliest 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 46 or more single family residential lots within Improvement Area #1, as of each Quarterly Ending Date, or (iii) the Issuer’s issuance of the certificate of occupancy for the last single family residential lot or Parcel owned by the Developer or such Significant Homebuilder, including their respective Affiliates and/or successors and assigns, respectively; provided, however, if the Developer elects to provide any or all Quarterly Information on behalf of a Significant Homebuilder in accordance with Section 6(a) above, the reporting obligations of the Developer under this Disclosure Agreement shall terminate upon the earliest 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 46 or more single family residential lots within Improvement Area #1, as of each Quarterly Ending Date, or (iii) the Issuer’s issuance of the certificate of occupancy for the last single family residential lot or Parcel owned by the Developer and such Significant Homebuilder(s) (on behalf of whom the Developer is reporting), including their respective Affiliates and/or successors and assigns.

(b) Upon receipt of written notice from a Reporting Party or the Dissemination Agent that the reporting obligations of a Reporting Party have terminated in accordance with subsection (a) of this Section 7, the Administrator shall provide written notice to the applicable Reporting Party, the Participating Underwriter, the Issuer, and the Dissemination Agent in substantially the form attached as Exhibit C, thereby terminating such Reporting Party’s reporting obligations under this Disclosure Agreement (the “Termination Notice”). If such Termination Notice with respect to a Reporting Party occurs while any of the Bonds remain Outstanding, the Administrator shall immediately provide, or cause to be provided, the Termination Notice to the Dissemination Agent, and the Dissemination Agent shall provide such Termination Notice to the MSRB for filing, 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 HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc.

SECTION 9. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Developer, the Administrator, and the Dissemination Agent may jointly amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested 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. No amendment which adversely affects the Dissemination Agent or the Issuer may be made without the respective party's prior written consent (which consent will not be unreasonably withheld or delayed).

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 any Reporting Party 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 applicable Reporting Party 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 a Reporting Party 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 a Reporting Party 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 any Reporting Party or the Administrator. Additionally, a default by any Reporting Party of its obligations under this Disclosure Agreement shall not be deemed a default by any other Reporting Party and no Reporting Party shall have any obligation to take any action to mitigate or cure the default of any other Reporting Party.

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 any Reporting Party 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 breach, 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 indemnify and 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 termination of this Disclosure Agreement, 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 Reporting Parties, the Dissemination Agent, the Issuer, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 17. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in Improvement Area #1, for the fees and expenses for its services rendered in accordance with this Disclosure Agreement.

SECTION 18. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of Improvement Area #1, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

SECTION 19. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 20. Notice. Any written notice required to be given or made hereunder among or between any of the Parties and/or Participating Underwriter, shall be given or made by e-mail, facsimile, hand delivery, overnight courier, or by United States mail, certified or registered mail, return receipt requested, postage prepaid, at the addresses listed below or at such other addresses as any be specified in writing by any party hereto to the other parties hereto. If the required notice is provided or delivered

by e-mail, the sender must request a read or delivery receipt from the recipient confirming that the recipient received the e-mail or the e-mail was delivered with such notice. Failure of any party to this Disclosure Agreement or Significant Homebuilder to provide proof of an e-mail read receipt or delivery receipt does not constitute a breach or default by such party or Significant Homebuilder under this Disclosure Agreement.

If to Developer:

General Counsel/Credit Operations  
CF CSLK RDMN LLC  
c/o Fortress Investment Group  
1345 Avenue of the Americas, 46<sup>th</sup> Floor  
New York, NY 10105  
E-mail: [gccredit@fortress.com](mailto:gccredit@fortress.com)  
[creditoperations@fortress.com](mailto:creditoperations@fortress.com)

With a copy to:

Shupe Ventura PLLC  
Attn: Misty Ventura  
9406 Biscayne Blvd.  
Dallas, Texas 75218  
E-mail: [misty.ventura@svlandlaw.com](mailto:misty.ventura@svlandlaw.com)

Tiffany Darst  
Ashlar Interests, LLC  
400 East Las Colinas Boulevard, Suite 1075  
Irving, Texas 75039  
E-mail: [tdarst@ashlardev.com](mailto:tdarst@ashlardev.com)

If to the Dissemination Agent or  
Trustee:

HTS Continuing Disclosure Services, a division of  
Hilltop Securities, Inc.  
Attn: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Email: \_\_\_\_\_

If to Administrator:

P3Works, LLC  
9284 Huntington Square, Ste 100  
North Richland Hills, Texas 76182  
E-mail: [admin@p3-works.com](mailto:admin@p3-works.com)

If to the Issuer:

City of Oak Point, Texas  
Attn: City Manager's Office  
100 Naylor Road  
Oak Point, Texas 75068  
E-mail: [sashley@oakpointtexas.com](mailto:sashley@oakpointtexas.com)

If to Participating Underwriter:

FMSbonds, Inc.  
5 Cowboys Way, Suite 300-25  
Frisco, Texas 75034  
E-mail: [Tdavenport@fmsbonds.com](mailto:Tdavenport@fmsbonds.com)

SECTION 21. Term of Disclosure Agreement. Except for surviving indemnities of the parties to this Disclosure Agreement, this Disclosure Agreement terminates on the earlier of (i) the first date on which none of the Bonds remain Outstanding, and (ii) the first date on which the reporting obligations of all Reporting Parties have terminated in accordance with the terms of this Disclosure Agreement.

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 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:

CF CSLK RDMN LLC, a Delaware limited liability  
company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

P3Works, LLC,  
Administrator

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A**

**CITY OF OAK POINT, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024  
(OAK POINT 720 PUBLIC IMPROVEMENT DISTRICT  
IMPROVEMENT AREA #1 PROJECT)**

---

**DEVELOPER QUARTERLY REPORT  
[INSERT QUARTERLY ENDING DATE]**

---

Delivery Date: \_\_\_\_\_, 20\_\_

CUSIP Numbers: [Insert CUSIP Numbers]

**DISSEMINATION AGENT**

Name: HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc.  
Address: \_\_\_\_\_  
Email: \_\_\_\_\_  
City: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Contact Person: Attn: \_\_\_\_\_

**I. Expenditures Paid from Accounts under Indenture**

Total budgeted costs for Improvement Area #1 Improvements: \$ \_\_\_\_\_

Total budgeted costs for Improvement Area #1 Improvements payable from proceeds of the Bonds:  
\$ \_\_\_\_\_

Of the total budgeted costs for Improvement Area #1 Improvements payable from proceeds of the Bonds, actual costs drawn from the Improvement Area #1 Improvements Account:  
\$ \_\_\_\_\_

**II. Status of Improvement Area #1 Improvements**

Projected/actual completion date of the Improvement Area #1 Improvements

1. Actual/Expected date of completion of the Improvement Area #1 Improvements: \_\_\_\_\_
2. If applicable, explanation of any delay/change in projected completion date since last Quarterly Report was filed: \_\_\_\_\_

**III. Unit Mix in Improvement Area #1**

<b><u>Product Type</u></b>	<b><u>Number of Units</u></b>
22'	
25'	
50'	

**IV. Lot Status in Improvement Area #1**

Of the 234 lots in Improvement Area #1, what is the status:

1. Planned lots as of the date of issuance of the Bonds: 234
2. Planned lots as of the date of this Quarterly Report: \_\_\_\_\_
3. Lots developed: \_\_\_\_\_
4. Expected completion date of all lots in Improvement Area #1 (if incomplete):  
\_\_\_\_\_

**V. Ownership of Lots/Units in Improvement Area #1**

PLANNED LOTS IN IMPROVEMENT AREA #1: 234

Of the 234 lots in Improvement Area #1:

1. Number of lots owned by the Developer: \_\_\_\_\_
2. Number of lots under contract but not closed to Homebuilder(s): \_\_\_\_\_
3. Number of lots owned by all Homebuilder(s): \_\_\_\_\_<sup>1</sup>
  - a. Number of lots owned by [*insert name of Homebuilder*]: \_\_\_\_\_<sup>2</sup>
  - b. Number of lots owned by [*insert name of Homebuilder*]: \_\_\_\_\_
4. Number of units owned by homeowners: \_\_\_\_\_

**VI. Home Sales Information in Improvement Area #1**

PLANNED HOMES IN IMPROVEMENT AREA #1: 234

Of the 234 homes planned for Improvement Area #1:

1. How many total building permits were issued **during the current quarter?** \_\_\_\_\_
  - a. Number of building permits issued during the current quarter for [*insert name of Homebuilder*]: \_\_\_\_\_<sup>2</sup>
  - b. Number of building permits issued during the current quarter for [*insert name of Homebuilder*]: \_\_\_\_\_<sup>2</sup>
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*]: \_\_\_\_\_<sup>2</sup>

<sup>1</sup> 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.

<sup>2</sup> Include a line item for each individual Homebuilder.

- b. Number of homes closed with homebuyers during the current quarter for [insert name of Homebuilder]: \_\_\_\_\_<sup>3</sup>
- 3. How many total homes have closed with homebuyers **cumulatively**? \_\_\_\_\_
  - a. Number of homes closed with homebuyers cumulatively for [insert name of Homebuilder]: \_\_\_\_\_<sup>3</sup>
  - b. Number of homes closed with homebuyers cumulatively for [insert name of Homebuilder]: \_\_\_\_\_<sup>3</sup>

**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.**

---

<sup>3</sup> Include a line item for each individual Homebuilder.

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 Oak Point, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024 (Oak Point 720  
Public Improvement District Improvement Area #1 Project) (the  
“Bonds”)  
CUSIP Numbers: [insert CUSIP Numbers]  
Date of Delivery: \_\_\_\_\_, 20\_\_

NOTICE IS HEREBY GIVEN that \_\_\_\_\_, a  
\_\_\_\_\_ (the [“Developer<sup>4</sup>”] [“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 CF CSLK RDMN LLC, a Delaware 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][Significant  
Homebuilder] anticipates that the [Quarterly Information][Quarterly Report] will be  
[provided][filed] by \_\_\_\_\_.

Dated: \_\_\_\_\_

HTS Continuing Disclosure Services, a division of  
Hilltop Securities, Inc., on behalf of the Developer,  
as Dissemination Agent

By: \_\_\_\_\_

Title: \_\_\_\_\_

cc: City of Oak Point, Texas

<sup>4</sup> If applicable, replace with applicable successor(s)/assign(s).

**EXHIBIT C**

**TERMINATION NOTICE**

[DATE]

Name of Issuer: City of Oak Point, Texas  
 Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024 (Oak Point 720 Public Improvement District Improvement Area #1 Project) (the “Bonds”)  
 CUSIP Numbers: [insert CUSIP Numbers]  
 Date of Delivery: \_\_\_\_\_, 20\_\_

FMSbonds, Inc.  
 5 Cowboys Way, Suite 300-25  
 Frisco, Texas 75034

HTS Continuing Disclosure Services, a division of  
 Hilltop Securities, Inc.

City of Oak Point, Texas  
 Point 100 Naylor Road  
 Oak Point, Texas 75068

General Counsel / Credit Operations  
 CF CSLK RDMN LLC  
 C/O Fortress Investment Group  
 1345 Avenue of the Americas, 46th Floor  
 New York, NY 10105  
 E-mail: [gccredit@fortress.com](mailto:gccredit@fortress.com)  
[creditoperations@fortress.com](mailto:creditoperations@fortress.com)

[Significant Homebuilder]

NOTICE IS HEREBY GIVEN that that \_\_\_\_\_, a \_\_\_\_\_ (the [“Developer<sup>1</sup>”] [“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 CF CSLK RDMN LLC, a Delaware 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)

---

<sup>1</sup> If applicable, replace with applicable successor(s)/assign(s).



By: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT D**

**CERTIFICATION LETTER**

[DATE]

Name of Issuer: City of Oak Point, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024 (Oak Point 720  
Public Improvement District Improvement Area #1 Project)  
CUSIP Numbers: [insert CUSIP Numbers]  
Quarterly Ending Date: \_\_\_\_\_, 20\_\_

Re: Quarterly Report for Oak Point 720 Public Improvement District – Improvement Area #1

To whom it may concern:

Pursuant to the Continuing Disclosure Agreement of Developer related to the captioned Bonds by and among CF CSLK RDMN LLC, a Delaware limited liability company <sup>1</sup> (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.

CF CSLK RDMN LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[OR

SIGNIFICANT HOMEBUILDER  
(as Significant Homebuilder)

By: \_\_\_\_\_  
Title: \_\_\_\_\_]

<sup>1</sup> If applicable, replace with applicable successor(s)/assign(s).

**EXHIBIT E**

**FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT  
OF DEVELOPER REPORTING OBLIGATIONS**

[DATE]

[INSERT ASSIGNEE CONTACT INFORMATION]

**Re: Oak Point 720 Public Improvement District – Improvement Area #1 – Continuing Disclosure Obligation**

Dear \_\_\_\_\_,

Per [*Insert name of applicable agreement*], as of \_\_\_\_\_, 20\_\_, you have been assigned and have assumed the obligations, requirements, or covenants to construct one or more of the Improvement Area #1 Improvements or Amenities (as those terms are defined in the Disclosure Agreement of Developer (as defined herein) within Improvement Area #1 of the Oak Point 720 Public Improvement District (the “District”).

Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer (the “Disclosure Agreement of Developer”) by and among CF CSLK RDMN LLC, a Delaware 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 Oak Point, Texas, Special Assessment Revenue Bonds, Series 2024 (Oak Point 720 Public Improvement District Improvement Area #1 Project),” any person that, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Improvement Area #1 Improvements 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 construction of the [Improvement Area #1 Improvements/Amenities] as detailed in the Disclosure Agreement of Developer, which is included herewith.

Sincerely,

CF CSLK RDMN LLC, a Delaware limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Acknowledged by:

[INSERT ASSIGNEE NAME]

By: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT F**

**FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT  
OF SIGNIFICANT HOMEBUILDER REPORTING OBLIGATIONS**

[DATE]

[INSERT SIGNIFICANT HOMEBUILDER CONTACT INFORMATION]

**Re: Oak Point 720 Public Improvement District – Improvement Area #1 – Continuing Disclosure Obligation**

Dear \_\_\_\_\_,

As of \_\_\_\_\_, 20\_\_, you own \_\_\_\_ lots within Improvement Area #1 of Oak Point 720 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 CF CSLK RDMN LLC, a Delaware 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 Oak Point, Texas, Special Assessment Revenue Bonds, Series 2024 (Oak Point 720 Public Improvement District Improvement Area #1 Project),” any entity that owns 46 or more of the single family residential lots within Improvement Area #1 of the District is defined as a Significant Homebuilder.

As a Significant Homebuilder, pursuant to Section 6 of the Disclosure Agreement of Developer, you acknowledge and assume the reporting obligations under Sections 3(d) and Exhibit A as it relates to a Significant Homebuilder 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,

CF CSLK RDMN LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Acknowledged by:  
[INSERT ASSIGNEE NAME]

By: \_\_\_\_\_  
Title: \_\_\_\_\_

APPENDIX F  
DEVELOPMENT AGREEMENT

THIS PAGE IS LEFT BLANK INTENTIONALLY.

Denton County  
Juli Luke  
County Clerk

---

**Instrument Number:** 155157

ERecordings-RP

ASSIGNMENT

Recorded On: November 04, 2022 10:51 AM

Number of Pages: 28

---

**" Examined and Charged as Follows: "**

Total Recording: \$134.00

---

\*\*\*\*\* THIS PAGE IS PART OF THE INSTRUMENT \*\*\*\*\*

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

**File Information:**

Document Number: 155157  
Receipt Number: 20221104000227  
Recorded Date/Time: November 04, 2022 10:51 AM  
User: Cheyenne H  
Station: Station 25

**Record and Return To:**

Simplifile



STATE OF TEXAS  
COUNTY OF DENTON

I hereby certify that this Instrument was FILED In the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

Juli Luke  
County Clerk  
Denton County, TX

After Recording Return to:  
CF CSLK RDMN LLC  
400 E. Las Colinas Blvd., Suite 1075  
Irving, TX 75039

## ASSIGNMENT AND ASSUMPTION OF DEVELOPMENT AGREEMENT

This Assignment and Assumption of Development Agreement (this “Assignment and Assumption”) is entered into to be effective as of October 17, 2022 (the “Effective Date”), by and between ASHLAR INTERESTS, LLC, a Texas limited liability company (“Assignor”), and CF CSLK RDMN LLC, a Delaware limited liability company (“Assignee”).

### RECITALS

A. Assignor is a party to that certain Development Agreement dated effective October 4, 2022, between Assignor and the City of Oak Point, Texas, a Type A general-law municipality, located in Denton County, Texas (the “City”), recorded as Instrument Number 2022-145556, Official Property Records of Denton County, Texas (the “Development Agreement”), a true, correct and complete copy of which is attached hereto as Exhibit A. Capitalized terms used but not otherwise defined in this Assignment and Assumption have the meanings given to such terms in the Development Agreement.

B. Pursuant to Section 4.5 of the Development Agreement, Developer has the right to assign the Development Agreement, in whole or in part, and including any obligation, right, title, or interest of Developer under the Development Agreement, to any person or entity that is or will become an owner of any portion of the Property.

C. Assignee became the owner of all of the Property pursuant to that certain Special Warranty Deed dated effective October 4, 2022, recorded as Instrument Number 2022-142332, Official Property Records of Denton County, Texas, and accordingly, Assignor desires to assign all of Assignor’s obligations, rights, title, and interests of Developer under the Development Agreement, and Assignee has agreed to assume the same, as more particularly set forth herein.

D. Assignor and Assignee desire to set forth the terms and provisions regarding the assignment and assumption of the Development Agreement pursuant to the terms of this Assignment and Assumption.

NOW, THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:



1. Assignment. Assignor hereby sells, conveys, assigns and transfers to Assignee all of Assignor's obligations, rights, title, and interests as Developer under the Development Agreement now existing or hereafter arising or to be obtained, and all other benefits, variances, approvals, waivers, and exceptions applicable to Assignor and/or the Property accruing under the Development Agreement.

2. Assumption. Assignee does hereby become the Developer for purposes of the Development Agreement and assumes and promises to perform all agreements, obligations, requirements, duties, and covenants pursuant to the Development Agreement, but only to the extent first accruing from and after the date hereof, as the same relates to the Property. Assignor hereby acknowledges that Assignor has retained, and Assignee shall not assume, or be responsible for, any of the obligations or liabilities under the Development Agreement arising or accruing prior to the date hereof.

3. Notices. From and after the date hereof, copies of all notices required to be delivered to Developer under the Development Agreement shall be delivered at the following address: c/o Fortress Investment Group, 1345 Avenue of the Americas, 46th Floor, New York, NY 10105 Attention: General Counsel – Credit Funds.

4. Additional Documents. Assignor and Assignee agree to execute and deliver, upon request by the other, such further documents as may be reasonably necessary to evidence the Assignment and Assumption set forth herein and contemplated hereby.

5. Severability. If any word, phrase, clause, paragraph, sentence, part, portion or provision hereof, or the application thereof to any person, entity or circumstance is held to be invalid, the remainder thereof shall nevertheless be valid as though it had been entered into without such invalid word, phrase, clause, paragraph, sentence, part, portion, provision or application.

6. Law/Venue. This Assignment and Assumption is made under and shall be construed under the laws of the State of Texas. This Assignment is made and performable in all respects in Denton County, Texas where venue is hereby laid for all purposes.

7. Counterparts. This Assignment and Assumption may be executed in multiple counterparts, each of which, executed by the parties, shall be deemed to be an original, but all of which, taken together, shall constitute but one and the same Assignment and Assumption.

[Signature pages follow.]

1. Assignment. Assignor hereby sells, conveys, assigns and transfers to Assignee all of Assignor's obligations, rights, title, and interests as Developer under the Development Agreement now existing or hereafter arising or to be obtained, and all other benefits, variances, approvals, waivers, and exceptions applicable to Assignor and/or the Property accruing under the Development Agreement.

2. Assumption. Assignee does hereby become the Developer for purposes of the Development Agreement and assumes and promises to perform all agreements, obligations, requirements, duties, and covenants pursuant to the Development Agreement, but only to the extent first accruing from and after the date hereof, as the same relates to the Property. Assignor hereby acknowledges that Assignor has retained, and Assignee shall not assume, or be responsible for, any of the obligations or liabilities under the Development Agreement arising or accruing prior to the date hereof.

3. Notices. From and after the date hereof, copies of all notices required to be delivered to Developer under the Development Agreement shall be delivered at the following address: c/o Fortress Investment Group, 1345 Avenue of the Americas, 46th Floor, New York, NY 10105 Attention: General Counsel – Credit Funds.

4. Additional Documents. Assignor and Assignee agree to execute and deliver, upon request by the other, such further documents as may be reasonably necessary to evidence the Assignment and Assumption set forth herein and contemplated hereby.

5. Severability. If any word, phrase, clause, paragraph, sentence, part, portion or provision hereof, or the application thereof to any person, entity or circumstance is held to be invalid, the remainder thereof shall nevertheless be valid as though it had been entered into without such invalid word, phrase, clause, paragraph, sentence, part, portion, provision or application.

6. Law/Venue. This Assignment and Assumption is made under and shall be construed under the laws of the State of Texas. This Assignment is made and performable in all respects in Denton County, Texas where venue is hereby laid for all purposes.

7. Counterparts. This Assignment and Assumption may be executed in multiple counterparts, each of which, executed by the parties, shall be deemed to be an original, but all of which, taken together, shall constitute but one and the same Assignment and Assumption.

[Signature pages follow.]

**ASSIGNOR:**

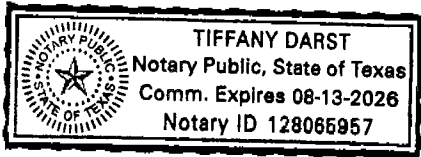
ASHLAR INTERESTS, LLC,  
a Texas limited liability company

By: [Signature]  
Name: Daniel Hatten  
Title: Principal

STATE OF TEXAS  
COUNTY OF DALLAS

This instrument was acknowledged before me on the 3rd day of November, 2022, by Daniel Hatten, as Principal of Ashlar Interests, LLC, a Texas limited liability company, on behalf of said limited liability company.

[Signature]  
Notary Public in and for the  
State of Texas



Tiffany Darst  
Printed or Typed Name of Notary

My Commission Expires: 8/13/26

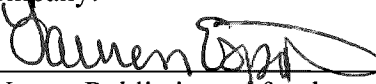
**ASSIGNEE:**

CF CSLK RDMN LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: **CONSTANTINE M. DAKOLIAS**  
Title: **MANAGING PARTNER**

STATE OF NEW YORK  
COUNTY OF NEW YORK

This instrument was acknowledged before me on the 3 day of November, 2022, by Constantine Dakolias as Managing Partner of CF CSLK RDMN LLC, a Delaware limited liability company, on behalf of said limited liability company.

  
\_\_\_\_\_  
Notary Public in and for the  
State of New York

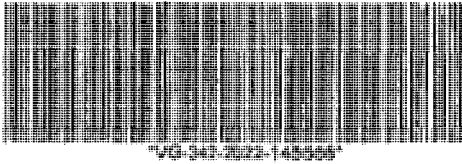
LAUREN ESPOSITO  
NOTARY PUBLIC-STATE OF NEW YORK  
No. 01ES6330687  
Qualified in New York County  
My Commission Expires 09-21-2023

\_\_\_\_\_  
Printed or Typed Name of Notary

My Commission Expires: \_\_\_\_\_

**Exhibit A**  
**Development Agreement**

[See attached.]



Denton County  
Juli Luke  
County Clerk

---

Instrument Number: 145556

Real Property Recordings

MISCELLANEOUS

Recorded On: October 13, 2022 08:22 AM

Number of Pages: 20

---

" Examined and Charged as Follows: "

Total Recording: \$102.00

---

\*\*\*\*\* THIS PAGE IS PART OF THE INSTRUMENT \*\*\*\*\*

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

**File Information:**

Document Number: 145556  
Receipt Number: 20221013000063  
Recorded Date/Time: October 13, 2022 08:22 AM  
User: Marlene F  
Station: Station 6

**Record and Return To:**

CITY OF OAK POINT



STATE OF TEXAS  
COUNTY OF DENTON

I hereby certify that this Instrument was FILED in the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

Juli Luke  
County Clerk  
Denton County, TX

RESOLUTION NO. 2022-09-026R

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OAK POINT, TEXAS APPROVING A DEVELOPMENT AGREEMENT WITH ASHLAR INTERESTS, LLC; AUTHORIZING AND DIRECTING THE MAYOR OF THE CITY TO EXECUTE THE DEVELOPMENT AGREEMENT; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, Ashlar Interests, LLC (the "Developer") and the City of Oak Point, Texas (the "City") have negotiated a Development Agreement covering real property to be developed by the Developer and a copy is attached hereto as **Exhibit A**; and

**WHEREAS**, on September 21, 2022, the City Council of the City, in compliance with all applicable laws, considered the Development Agreement in a meeting open to the public; and

**WHEREAS**, the City Council of the City desires to approve the Development Agreement and authorize and direct the Mayor of the City to execute the Development Agreement.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF OAK POINT, TEXAS, AS FOLLOWS:**

**Section 1.** That the Development Agreement, a copy of which is attached hereto as **Exhibit A**, by and between the Developer and the City covering the property more particularly described in the Development Agreement is hereby approved with such changes or additions thereto as agreed to by the Developer and the City and as may be approved by the Mayor of the City (upon the advice of the City Manager), as evidence by the execution thereof.

**Section 2.** That the Mayor of the City is hereby authorized and directed to execute the Development Agreement for and on behalf of the City.

**Section 3.** That this Resolution shall take effect immediately upon passage.

**PASSED AND APPROVED ON THIS THIS 21ST DAY OF SEPTEMBER 2022.**

**APPROVED:**

  
\_\_\_\_\_  
Dena Meek, Mayor

**ATTEST:**

  
\_\_\_\_\_  
Joni Vaughn, City Secretary

***EXHIBIT A***

[Development Agreement]



## **DEVELOPMENT AGREEMENT**

This Development Agreement (this "Agreement") is made and entered into by the **CITY OF OAK POINT, TEXAS**, a Type A general-law municipality, located in Denton County, Texas (the "City"), and **ASHLAR INTERESTS, LLC**, a Texas limited liability company (the "Developer") (individually referred to as a "Party" and collectively as the "Parties"). This Agreement shall become effective upon the Developer or its assignee acquiring title to the Property (hereinafter defined), which acquisition date shall be the effective date of this Agreement (the "Effective Date"). If the Developer or its assignee does not acquire the Property by **October 5, 2022**, this Agreement shall be null and void and of no further force or effect.

### **RECITALS**

**WHEREAS**, Developer has entered into a contract to purchase the real property located in within the City of Oak Point, Denton County, Texas and described by metes and bounds on Exhibit A and depicted on Exhibit B (the "Property"); and

**WHEREAS**, the current owner of the Property has made application to modify the zoning of the Property to a new planned development district (the "PD");

**WHEREAS**, the Developer intends to develop the Property as a master planned development consistent with the proposed PD upon the City Council's approval of the PD; and

**WHEREAS**, the Parties desire to create a public improvement district (a "PID") pursuant to Chapter 372, Texas Local Government Code (the "PID Act") that will include the Property; and

**WHEREAS**, the Developer intends to construct or fund the water, wastewater, roadway, drainage, parks and trails public infrastructure necessary to serve the development of the Property (the "Public Improvements"); and

**WHEREAS**, the Public Improvements do not include any oversized public infrastructure; and

**WHEREAS**, the Public Improvements, if permitted by the PID Act, will be funded, in part, by public improvement district assessments levied on portions of the Property receiving a special benefit from the Public Improvements (the "PID Assessment"); and

**WHEREAS**, the Property is located within an area for which Mustang Special Utility District ("Mustang") holds certificates of convenience and necessity that entitle and obligate Mustang to provide both sewer service and retail water service to the Property, and the Parties acknowledge that Mustang will be the retail water and sewer provider to the Property; and

**WHEREAS**, Brazos Electric Power Cooperative, Inc., Condemnor Denton County Electric Cooperative, Inc., d/b/a CoServ Electric, Rudco Land, LLC, MER Energy, Ltd., Teresa Rudman, as Trustee of the Tara Rudman Revocable Trust, Peter M. Young, as Trustee of the Peter M. Young and Tachina Rudman-Young Revocable Trust, and Tachina Rudman-Young, as Trustee of the Tachina Rudman-Young Revocable Trust entered into that certain Settlement Agreement

effective June 22, 2018 (the "Settlement Agreement") which includes a provision requiring Brazos Electric to pay \$500,000 to the City of Oak Point to fully satisfy Brazos Electric's agreement with "Property Developers" (defined therein) to pay for a portion of the costs associated with the construction of Martop Road (the "Martop Road Payment"); and

**WHEREAS**, upon the City's receipt of the Martop Road Payment, if any, it is the Parties' intent for the City to reserve the Martop Road Payment to reimburse Developer for the Developer's costs to construct the Martop Road Improvements defined in Section 2.2 below; and

**WHEREAS**, the Parties have determined that they have the authority to enter into this Agreement.

**NOW THEREFORE**, for and in consideration of the mutual agreements, covenants, and conditions contained herein, and other good and valuable consideration, the Parties agree as follows:

## **ARTICLE I** **PUBLIC IMPROVEMENT DISTRICT**

1.1 **PID Creation**. The City proposes to create the PID upon receipt of a petition from the Developer in compliance with the PID Act, to fund, in part, the Public Improvements that will confer a special benefit upon the portions of the Property within the PID. As soon as reasonably practicable following the City's receipt of a written request by the Developer, and provided the City's financial advisor confirms the bonds are credit worthy and marketable to third party institutional investors, the City agrees to issue the PID Bonds. For purposes of this Agreement, the term "PID Bonds" means any bonds, notes or other obligations incurred or issued by the City (and secured by PID Assessments levied against property within the PID) to finance public improvements; including bonds, notes or other obligations incurred or issued to refund any Bonds or to refund any Reimbursement Agreements as defined in the next section ("PID Bonds").

1.2 **Financing**. Public Improvements may be financed by the Developer and such costs may be reimbursed (through a "Reimbursement Agreement" authorized by the PID Act), including interest at the rates allowed by the PID Act, solely from PID Assessments levied by the City against property within the PID. Public Improvements may also be financed from the net proceeds of PID Bonds issued by the City and secured solely by PID Assessments levied by the City against property within the PID. The City will use its reasonable efforts to issue one or more series of PID Bonds secured, in whole or in part, by assessments levied against benefited property within the PID.

1.3 **Administrative Costs**. All costs and expenses paid or incurred by the City in connection with the creation, existence, and operation of the PID will be paid: (i) by the Developer; (ii) from PID Assessments levied and collected by the City against property within the PID; or (iii) from the proceeds of PID Bonds. If the City pays or incurs such costs or expenses before PID Assessments are levied and collected and before PID Bonds are issued, the Developer shall reimburse the City for such costs and expenses through a Professional Services Deposit and Reimbursement Agreement approved by the Parties. If the City issues PID Bonds, then: (1) all third-party expenses paid or incurred by the City as ordinary costs and customary costs of issuance shall be paid from the gross proceeds of such PID Bonds, and (2) an amount equal to five percent (5%) of the net proceeds

deposited to the bond improvement account funding the costs of the Public Improvements shall be paid by the Developer to the City ("the "City Payment") for the time and effort expended by the City employees in connection with the approval and issuance of the PID Bonds. The Developer shall make the City Payment within three (3) business days of receipt of the first disbursement of funds from the bond improvement account funding the costs of the Public Improvements.

1.4 Bonds. PID Bonds shall be issued by the City in accordance with the requirements of applicable state law including, but not limited to, the PID Act, and shall be approved by the Texas Attorney General. The terms and conditions of PID Bonds shall be approved by the City; provided, however, the maturity of the PID Bonds shall be comparable to the maturity of similar bonds then being issued in the north Texas area by other public improvement districts, municipal utility districts, fresh water supply districts, or water control and improvement districts that are constructing or acquiring improvements that are similar to the Public Improvements. PID Bonds shall be secured solely by PID Assessments levied by the City against property within the PID.

1.5 Use of Assessments and Bond Proceeds. The City shall deposit all PID Assessments collected by the City and the net proceeds of all PID Bond issues into a separate account with an independent financial institution selected by the City (the "PID Account") or as provided in an indenture of trust related to a series of PID Bonds. Funds in the PID Account shall only be disbursed to: (i) reimburse the Developer under one or more Reimbursement Agreements; (ii) pay debt service on PID Bonds (whether issued to refund Reimbursement Agreements or finance Public Improvements); and/or (iii) any other purposes authorized under the related indenture of trust and as permitted by the PID Act. The Developer may act as the construction manager for the Public Improvements.

1.6 City Approvals. The City Council has the right, in the exercise of its governmental discretion and legislative authority, to approve the creation of the PID and PID funding of the Public Improvements. The City has the further right, in the exercise of its governmental discretion and legislative authority, to levy PID Assessments against property in the PID to finance or pay for the foregoing including, but not limited to, the terms and conditions of any Reimbursement Agreement and the terms and conditions upon which Bonds are issued by the City and net proceeds disbursed (either to refund Reimbursement Agreements or otherwise finance Public Improvements).

1.7 PID Notice. When selling any of the Property after the PID is created, the Developer shall provide notice to anyone who purchases property within the PID in the form and manner required by the Texas Property Code, as amended, including specifically Sections 5.014, 5.0141, 5.0142, and 5.0143.

## **ARTICLE II** **DEVELOPMENT OF THE PROPERTY**

2.1 Parkland Dedication. As established in Subdivision Ordinance Section 10.03.132 – Park land dedication, cash in lieu of land dedication shall be due for development of the Property. The payment shall be paid at time of building permit at the lawfully adopted rate that is uniformly applied within the City's corporate limits, as amended. No other park land dedication, cash in lieu of dedication, or park fee requirements apply.

2.2 Martop Road. The Developer will construct Martop Road along the north side of the Property from the intersection of FM 720 eastward to the eastern edge of Brazos Electric's property. The construction consisting of concrete pavement, drainage, and utility improvements shall include a four lane divided portion at the intersection with FM 720 and narrows to two (2) lanes as depicted on Exhibit C (the "Martop Road Improvements"). The Martop Road Improvements shall be within existing and Developer dedicated right-of-way. Construction shall commence with development of the adjacent phase of development of the Property. The Martop Road Improvements shall be funded with PID Bonds to the extent they are eligible Public Improvements and not otherwise reimbursed by the City under the provisions of this Section 2.2 of this Agreement. In the event the City receives the Martop Road Payment, the City agrees to reimburse the Developer for the costs to design and construct Martop Road Improvements using the Martop Road Payment within thirty (30) days after the City's acceptance of the Martop Road Improvements and subject to the Developer providing written documentation to the City that it incurred costs for the Martop Road Improvements equal to or exceeding the amount of the Martop Road Payment. The City has no obligation to pay the Martop Road Payment until such payment is provided to the City by Brazos Electric.

2.3 Traffic Signal. Along with the construction of the Martop Roadway Improvements, subject to the Texas Department of Transportation determining that a signal is warranted at the intersection and approval of the design, and the commitment of funds necessary for construction, Developer shall fund a new traffic signal at the intersection of Martop Road and F.M. 720 (the "Traffic Signal") as provided by this section. Developer shall provide \$300,000.00 in funds towards the cost to construct the Traffic Signal to be escrowed in a separate interest bearing escrow account maintained by the City. In the event construction of the Traffic Signal has not commenced within the term of this Agreement, the City shall return all escrowed funds and accrued interest to the Developer.

2.4 Amenity Center. Prior to full buildout of the Property, the Developer agrees to design, develop and install a minimum 1,800 square foot amenity center within the Property that will include an outdoor swimming pool and associated structures.

2.5 Design Standards. The development of single-family detached and townhome residential units within the Property shall comply with the Residential Construction and Architectural Standards set forth in PD-20 as approved by the City Council on September 21, 2022. The non-residential development within the Property shall comply with the Non-Residential Construction and Architectural Standards set forth in PD-20 as approved by the City Council on September 21, 2022. All non-residential architectural design standards must be approved by the City Council.

2.6 Monument Sign. Upon ninety (90) days-notice, the Developer shall dedicate to the City a 50' x 50' easement area at the northeast corner of Shahan Prairie and FM 720 for future signage (the "Sign Easement") for the construction and maintenance of municipal signage and monumentation.

2.7 Impact Fees. No water or sewer impact fees shall be required to be paid to the City in connection with the development of the Property. If roadway impact fees are adopted by the City in accordance with Chapter 395 of the Texas Local Government Code, the Developer shall receive a

rebate of roadway impact fees collected in connection with the development of the Property in an amount equal to the costs of any roadway improvements funded by the Developer for which the roadway impact fee is collected and for which the Developer was not otherwise reimbursed from the proceeds of PID Bonds or from the collection of PID Assessments. All rebates owed to the Developer pursuant to this paragraph shall be paid to the Developer within 120 days after they are collected by the City.

### **ARTICLE III** **CIVIC SITE**

The Developer agrees to dedicate to the City a minimum of four (4) net developable contiguous acres of land within the eastern portion of the southwestern portion of the Property (the "Civic Site"). The Developer agrees to convey title to the Civic Site to the City by special warranty deed in one hundred eighty (180) days or less after closing. The City shall be responsible for ownership and maintenance of the Civic Site once it has been conveyed. The Civic Site may be used for a City Hall, or other City-owned municipal office buildings, civic/convention center or other civic building, and open space uses. After expiration of the term of this Agreement, the City may use the Civic Site for a municipal purpose. Prior to the conveyance to the City, the Developer reserves the right to make and maintain any necessary temporary drainage improvements on the Civic Site, subject to City approval.

### **ARTICLE IV** **ADDITIONAL PROVISIONS**

4.1 Term. The term of this Agreement shall be fifteen (15) years.

4.2 Events of Default. No Party shall be in default under this Agreement until notice of the alleged failure of such Party to perform has been given (which notice shall set forth in reasonable detail the nature of the alleged failure) and until such Party has been given a reasonable time to cure the alleged failure (such reasonable time determined based on the nature of the alleged failure, but in no event less than thirty (30) days after written notice of the alleged failure has been given). In addition, no Party shall be in default under this Agreement if, within the applicable cure period, the Party to whom the notice was given begins performance and thereafter diligently and continuously pursues performance until the alleged failure has been cured. Notwithstanding the foregoing, however, a Party shall be in default of its obligation to make any payment required under this Agreement if such payment is not made within five business days after it is due.

4.3 REMEDIES. IF A PARTY IS IN DEFAULT, THE AGGRIEVED PARTY MAY, AT ITS OPTION AND WITHOUT PREJUDICE TO ANY OTHER RIGHT OR REMEDY UNDER THIS AGREEMENT, SEEK ANY RELIEF AVAILABLE AT LAW OR IN EQUITY, INCLUDING, BUT NOT LIMITED TO, AN ACTION UNDER THE UNIFORM DECLARATORY JUDGMENT ACT, SPECIFIC PERFORMANCE, MANDAMUS, AND INJUNCTIVE RELIEF. NOTWITHSTANDING THE FOREGOING, NO DEFAULT UNDER THIS AGREEMENT SHALL:

(a) entitle the aggrieved Party to terminate this Agreement; or

- (b) entitle the City to suspend performance under this Agreement unless the portion of the Property for which performance is suspended is the subject of the default; or
- (c) entitle the aggrieved Party to seek or recover exemplary damages; or
- (d) limit the Term.

4.4 Governmental Functions; Waivers of Immunity. Nothing in this Agreement is intended to delegate or impair the performance by the City of its governmental functions, and the City waives any claim or defense that any provision of this Agreement is unenforceable on the grounds that it constitutes an impermissible delegation or impairment of the City's performance of its governmental functions. To the extent the state law has waived governmental immunity for the City, the City waives its governmental immunity from suit and immunity from liability as to any action brought by Developer because this Agreement is a contract subject to Texas Local Government Code, Chapter 271, Subchapter I.

4.5 Assignment by Developer. Developer has the right (from time to time without the consent of the City, but upon written notice to the City) to assign this Agreement, in whole or in part, and including any obligation, right, title, or interest of Developer under this Agreement, to any person or entity (an "Assignee") that is or will become an owner of any portion of the Property or that is an entity that is controlled by or under common control with Developer. Each assignment must be in writing executed by Developer and the Assignee and must 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. A copy of each assignment must be provided to all Parties within fifteen (15) days after execution. From and after such assignment, the City agrees to look solely to the Assignee for the performance of all obligations assigned to the Assignee and agrees that Developer shall be released from subsequently performing the assigned obligations and from any liability that results from the Assignee's failure to perform the assigned obligations; provided, however, if a copy of the assignment is not received by the City within fifteen (15) days after execution, Developer shall not be released until the City receives such assignment. 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 must maintain written records of all assignments made by Developer to Assignees, including a copy of each executed assignment and the Assignee's Notice information as required by this Agreement, and, upon written request from any Party or Assignee, shall provide a copy of such records to the requesting person or entity. Each Assignee shall be the "Developer" and a "Party" for purposes of all assigned rights, duties, titles, and interests. The City shall not assign this Agreement.

4.6 Encumbrance by Developer and Assignees. 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 their respective lenders without the consent of, but with prompt written notice to, the City; provided, however, that no such assignment, pledge, grant, or encumbrance shall be made without prior written consent of the City if such assignment, please, grant, or encumbrance would result in (1) the issuance of municipal securities, and/or (2) the City being viewed as an obligated

person within the meaning of Rule 15c2-12 of the United States Securities and Exchange Commission, and/or (3) the City being subject to additional reporting or recording duties. The collateral assignment, pledge, grant of lien or security interest, or other encumbrance shall not, however, obligate any lender to perform any obligations or incur any liability under this Agreement unless the lender agrees in writing to perform such obligations or incur such liability. Provided the City has been given a copy of the documents creating the lender's interest, including Notice (hereinafter defined) information for the lender, then that lender shall have the right, but not the obligation, to cure any default under this Agreement and shall be given a reasonable time to do so in addition to the cure periods otherwise provided to the defaulting Party by this Agreement; and the City agrees to accept a cure offered by the lender as if offered by the defaulting Party. A lender is not a Party to this Agreement unless this Agreement is amended, 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, but 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 collaterally assign, pledge, grant a lien or security interest in, or otherwise encumber any of its rights, title, or interest under this Agreement without Developer's prior written consent.

4.7 Binding Obligations. This Agreement and all amendments hereto (including amendments to the Concept Plan) shall be recorded in the deed records of Denton County after the Developer or its assignee acquires the Property. This Agreement, when recorded, shall be binding upon the Parties and their successors and assigns permitted by this Agreement and upon the Property; however, this Agreement shall not be binding upon, and shall not constitute any encumbrance to title as to, any End-Buyer except for land use and development regulations. For purposes of this Agreement, the Parties agree: (a) that the term "End-Buyer" means any owner, developer, tenant, user, or occupant of a recorded final platted lot; and (b) that the term "land use and development regulations" means all of Construction and Architectural Standards set forth in PD-20 as approved by the City Council on September 21, 2022.

4.8 Releases. From time to time upon written request of Developer or the District, the City Manager may execute, in recordable form, a release of this Agreement if the requirements of this Agreement have been met, which request shall not be unreasonable denied or delayed.

4.9 Estoppel Certificates. From time to time upon written request of Developer or the District, the City Manager may execute a written estoppel certificate stating, to the extent true, that to the best knowledge and belief of the City, Developer is in compliance with its duties and obligations under this Agreement, which request shall not be unreasonable denied or delayed.

4.10 Recitals. The recitals contained in this Agreement: (a) are true and correct as of the date the Parties signed this Agreement; (b) form the basis upon which the Parties negotiated and entered into this Agreement; (c) are legislative findings of the City Council, and (d) reflect the final intent of the Parties with regard to the subject matter of this Agreement. In the event it becomes necessary to interpret any provision of this Agreement, the intent of the Parties, as

evidenced by the recitals, may be taken into consideration and, to the maximum extent possible, given full effect.

4.11 Notices. All notices required or contemplated by this Agreement (or otherwise given in connection with this Agreement) (a "Notice") must be in writing, shall be signed by or on behalf of the Party giving the Notice, and shall be effective as follows: (a) on or after the 10<sup>th</sup> business day after being deposited with the United States mail service, Certified Mail, Return Receipt Requested with a confirming copy sent by E-mail; (b) on the day delivered by a private delivery or private messenger service (such as FedEx or UPS) as evidenced by a receipt signed by any person at the delivery address (whether or not such person is the person to whom the Notice is addressed); or (c) otherwise on the day actually received by the person to whom the Notice is addressed, including, but not limited to, delivery in person and delivery by regular mail (with a confirming copy sent by E-mail). Notices given pursuant to this section shall be addressed as follows:

To the City: City of Oak Point, Texas  
Attn: City Manager  
100 Naylor Road  
Oak Point, Texas 75068

With a copy to: Brown & Hofmeister, L.L.P.  
Attn: Jeffrey L. Moore  
740 East Campbell Road, Suite 800  
Richardson, Texas 75081

To the Developer: Ashlar Interests, LLC  
Attn: Jesse Childers  
400 E. Las Colinas Blvd., Suite 1075  
Irving, Texas 75039

With a copy to: Shupe Ventura, PLLC  
Attn: Misty Ventura  
9406 Biscayne Blvd.  
Dallas, Texas 75218

4.12 Interpretation. The Parties acknowledge that each of them has been actively involved in negotiating this Agreement. Accordingly, the rule of construction that any ambiguities are to be resolved against the drafting Party will not apply to interpreting this Agreement. In the event of any dispute over the meaning or application of any provision of this Agreement, the provision will be interpreted fairly and reasonably and neither more strongly for or against any Party, regardless of which Party originally drafted the provision.

4.13 Authority and Enforceability. The City represents and warrants that this Agreement has been approved by ordinance or resolution duly adopted by the City Council in accordance with all applicable public notice requirements (including, but not limited to, notices required by the Texas Open Meetings Act) and that the individual executing this Agreement on behalf of the City has been duly authorized to do so. Developer represents and warrants that this Agreement has



been approved by appropriate action of Developer, and that the individual executing this Agreement on behalf of Developer has been duly authorized to do so. Each Party acknowledges and agrees that this Agreement is binding upon such Party and enforceable against such Party in accordance with its terms and conditions and that the performance by the Parties under this Agreement is authorized.

4.14 Entire Agreement; Severability. This Agreement constitutes the entire agreement between the Parties and supersedes all prior agreements, whether oral or written, covering the subject matter of this Agreement. This Agreement shall not be modified or amended except in writing signed by the Parties. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable for any reason, then (a) such unenforceable provision shall be deleted from this Agreement; (b) the unenforceable provision shall, to the extent possible, be rewritten to be enforceable and to give effect to the intent of the Parties; and (c) the remainder of this Agreement shall remain in full force and effect and shall be interpreted to give effect to the intent of the Parties.

4.15 Applicable Law; Venue. This Agreement is entered into under and pursuant to, and is to be construed and enforceable in accordance with, the laws of the State of Texas, and all obligations of the Parties are performable in Denton County. Venue for any action to enforce or construe this Agreement shall be in Denton County.

4.16 Non Waiver. Any failure by a Party to insist upon strict performance by another Party of any material provision of this Agreement shall not be deemed a waiver thereof, and the Party shall have the right at any time thereafter to insist upon strict performance of any and all provisions of this Agreement. No provision of this Agreement may be waived except by writing signed by the Party waiving such provision. Any waiver shall be limited to the specific purposes for which it is given. No waiver by any Party of any term or condition of this Agreement shall be deemed or construed to be a waiver of any other term or condition or subsequent waiver of the same term or condition.

4.17 No Third Party Beneficiaries. This Agreement only inures to the benefit of, and may only be enforced by, the Parties. No other person or entity shall have any right, title, or interest under this Agreement or otherwise be deemed to be a third-party beneficiary of this Agreement.

4.18 Force Majeure. Each Party shall use good faith, due diligence and reasonable care in the performance of its respective obligations under this Agreement, and time shall be of the essence in such performance; however, in the event a Party is unable, due to force majeure, to perform its obligations under this Agreement, then the obligations affected by the force majeure shall be temporarily suspended. Within 30 days after the occurrence of a force majeure, the Party claiming the right to temporarily suspend its performance, must give Notice to all the Parties, including a detailed explanation of the force majeure and a description of the action that will be taken to remedy the force majeure and resume full performance at the earliest possible time. The term "force majeure" includes events or circumstances that are not within the reasonable control of the Party whose performance is suspended and that could not have been avoided by such Party with the exercise of good faith, due diligence and reasonable care including, but not limited to, events or circumstances related to a pandemic or supply shortage delays.

4.19 No Boycott of Israel. To the extent this Agreement constitutes a contract for goods or services for which a written verification is required under Section 2271.002, Texas Government Code, the Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to enable compliance with such Section and to the extent such Section does not contravene applicable Federal or Texas law. As used in the foregoing verification, 'boycott Israel,' a term defined in Section 2271.001, Texas Government Code, by reference to Section 808.001(1), Texas Government Code, means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

4.20 Iran, Sudan and Foreign Terrorist Organizations. Section 2252.151 of the Texas Government Code defines a "governmental contract" as a contract awarded by a governmental entity for general construction, an improvement, a service, or a public works project or for a purchase of supplies, materials, or equipment, and provides that the term includes a contract to obtain a professional or consulting service subject to Chapter 2254 of the Texas Government Code. The Developer represents that, as of the date of this Agreement, to the extent this Agreement constitutes a governmental contract within the meaning of Section 2252.151 of the Texas Government Code, as amended, solely for purposes of compliance with Chapter 2252 of the Texas Government Code, and except to the extent otherwise required by applicable federal law, neither the Developer nor any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of the Developer (if any) is an entity listed by the Texas Comptroller of Public Accounts under Sections 806.051, 807.051, or 2252.153 of the Texas Government Code or 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:

- (e) <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
- (f) <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
- (g) <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

4.21 Form 1295. Submitted herewith is a completed Form 1295 generated by the Texas Ethics Commission's (the "TEC") electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the "Form 1295"). The City hereby confirms receipt of the Form 1295 from the Developer. The Parties understand and agree that, with the exception of information identifying the City and the contract identification number, neither the City nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Developer; and, neither the City nor its consultants have verified such information.

4.22 Verification Regarding Discrimination Against Fossil Fuel Companies. To the extent this Agreement constitutes a contract for goods or services for which a written verification

is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law. As used in the foregoing verification, "boycott energy companies," a term defined in Section 2274.001(1), Texas Government Code (as enacted by such Senate Bill) by reference to Section 809.001, Texas Government Code (also as enacted by such Senate Bill), shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above.

4.23 Verification Regarding No Discrimination Against Firearm Entities and Firearm Trade Associations. To the extent this Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law. As used in the foregoing verification and the following definitions,

(a) 'discriminate against a firearm entity or firearm trade association,' a term defined in Section 2274.001(3), Texas Government Code (as enacted by such Senate Bill), (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association,

(b) 'firearm entity,' a term defined in Section 2274.001(6), Texas Government Code (as enacted by such Senate Bill), means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government Code, as enacted by such Senate Bill, as weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (defined in Section 2274.001(5), Texas Government Code, as enacted by such Senate Bill, as devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (defined in Section 2274.001(1), Texas Government Code, as enacted by such Senate Bill, as a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (defined in Section 250.001, Texas Local Government Code, as a business establishment, private club, or association that operates an area for the discharge or other use of firearms for silhouette, skeet, trap, black powder, target, self-defense, or similar recreational shooting), and

(c) 'firearm trade association,' a term defined in Section 2274.001(7), Texas Government Code (as enacted by such Senate Bill), means any person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code."

4.24 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument.

4.25 Further Documents. Each Party shall, upon request of the other Party, execute and deliver such further documents and perform such further acts as may reasonably be requested to effectuate the terms of this Agreement and achieve the intent of the Parties.

4.26 Exhibits. The following Exhibits are attached to this Agreement and are incorporated herein for all purposes:

<i>Exhibit A</i>	Metes and Bounds Description of the Property
<i>Exhibit B</i>	Depiction of the Property
<i>Exhibit C</i>	Description of Martop Road Improvements

[Execution pages follow]

IN WITNESS WHEREOF, the undersigned Parties have executed this Agreement as of the Effective Date set forth in the introductory paragraph.

**CITY OF OAK POINT, TEXAS**

By: *Dena Meek*  
Dena Meek, Mayor

**ATTEST:**

By: *Joni Vaughn*  
Joni Vaughn, City Secretary



**STATE OF TEXAS**       §  
                                      §  
**COUNTY OF DENTON**   §

BEFORE ME, the undersigned authority, on this the 7<sup>th</sup> day of October, 2022, personally appeared Dena Meek, Mayor of the City of Oak Point, Texas, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he has executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

*Jennifer D. Henry*  
Notary Public in and for the State of Texas



**ASHLAR INTERESTS, LLC,**  
a Texas limited liability company

By: \_\_\_\_\_

By: Stephen E. Yetts

STATE OF TEXAS       §  
                                  §  
COUNTY OF Dallas   §

BEFORE ME, the undersigned authority, on this the 21 day of September 2022, personally appeared Stephen E. Yetts, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he has executed the same for the purposes and consideration therein expressed and in the capacity therein stated.



\_\_\_\_\_  
Notary Public in and for the State of Texas

**EXHIBIT A**  
**METES AND BOUNDS DESCRIPTION OF THE PROPERTY**

BEING a tract of land situated in the William McNeil Survey, Abstract No. 814, and being all of the interest to a called

136.66 acre tract of land listed as F0117.00 in a Conveyance, Assignment and Deed to MER Energy, LTD., as recorded in Document No. 2011-110535 of the Deed Records of Denton County, Texas, and all of the interest to a called 136.66 acre tract of land listed as F0117.00 in a Conveyance, Assignment and Deed to Rudco Land, LLC, as recorded in Document No. 2017-16370 of the Official Records of Denton County, Texas, and all of the interest to a called 136.66 acre tract of

land listed as F0117.00 in a Conveyance, Assignment and Deed to Tara Rudman Revocable Trust and Peter M. Young and Tachina Rudman-Young Revocable Trust, as recorded in Document No. 2018-43460 of the Official Records of Denton County, Texas, and also being all of the interest to a called 136.66 acre tract of land listed as F0117.00 in a Conveyance, Assignment and Deed of Correction to Ira W. Silverman, Trustee of the Tachina Rudman Trust, as recorded in Document No. 2019-142385 of the Official Records of Denton County, Texas, and being more particularly described as follows:

BEGINNING at a 5/8-iron rod with a plastic cap stamped "KHA" found for the southwest corner of Wildridge

Phase 30, according to the plat thereof recorded in Document No. 2017-503, of the Plat Records of Denton County,

Texas, same being the northwest corner of a called 0.063 acre tract of land conveyed to the City of Oak Point, Texas, as evidenced in Right of Way Dedication Deed recorded in Document No. 2015-33178 of the Official Records of Denton

County, Texas, same also being the northeast corner of a called 2.012 acre tract of land conveyed to the City of Oak Point, Texas, as evidenced in Right of Way Dedication Deed recorded in Document No. 2015-9522 of the Official Records of

Denton County, Texas, on the easterly line of said 136.66 acre tract, and the northerly right of way line of Shahan Prairie Road, a variable width right of way;

THENCE North 87°57'23" West, departing the easterly line of said 136.66 acre tract, along the northerly right of way line of said Shahan Prairie Road, a distance of 1571.00 feet to a 5/8-iron rod with a plastic cap stamped "KHA" set for the

southerly end of a corner clip at the intersection of the northerly right of way line of said Shahan Prairie Road with the easterly right of way line of FM 720, a variable width right of way;

THENCE North 44°04'01" West, departing the northerly right of way line of said Shahan Prairie Road, and along said

corner clip, a distance of 41.68 feet to a 5/8-iron rod with a plastic cap stamped "KHA" set for the northerly end of said

corner clip, same being on the westerly line of said 136.66 acre tract and the easterly right of way line of said FM 720;

THENCE North 00°14'56" West, along the westerly line of said 136.66 acre tract and the easterly right of way line of said FM 720, a distance of 3006.95 feet to a wooden highway monument found at the beginning of a tangent curve to the left having a central angle of 12°03'37", a radius of 617.96 feet, a chord bearing and distance of North 06°16'45" West, 129.84 feet;

THENCE continuing along the westerly line of said 136.66 acre tract and the easterly right of way line of said FM 720 and in a northwesterly direction, with said curve to the left, an arc distance of 130.08 feet to a 5/8-iron rod with a plastic cap stamped "KHA" set for the southwest corner of a called 6,458 square feet tract of land, as described in a deed to the State of Texas, as evidenced in Document No. 2015-8109, of the Official Records of Denton County, Texas;

THENCE North 26°45'54" East, departing the westerly line of said 136.66 acre tract, continuing along the easterly right of way line of said FM 720 and along the southerly line of said 6,458 square feet tract, a distance of 37.09 feet to a 5/8-iron rod with a plastic cap stamped "KHA" set for corner;

THENCE North 71°46'37" East, continuing along the easterly right of way line of said FM 720 and the southerly line of

said 6,458 square feet tract, a distance of 16.16 feet to a 5/8-iron rod with a plastic cap stamped "KHA" set for the southeast corner of said 6,458 acre tract;

THENCE North 18°13'20" West, continuing along the easterly right of way line of said FM 720 and along the easterly line of said 6,458 square feet tract, a distance of 115.54 feet to a 5/8-iron rod with a plastic cap stamped "KHA" set and an aluminum disk found for the northeast corner of said 6,458 square feet tract, same being on the northerly line of said 136.66 acre tract and the southerly line of a called 1.876 acre tract of land as described in a deed to Kenneth L. Chitwood, as evidenced in Document No. 2016-41525, of the Official Records of Denton County, Texas;

THENCE South 88°55'47" East, departing the easterly right of way line of said FM 720 and along the northerly line of said 136.66 acre tract, the southerly line of said 1.876 acre tract, a called 75.90 acre tract of land as described in deed to WG2 MHC 1, LLC and Goose, LLC, as evidenced in Instrument No. 2019-114008 of the Official Records of Denton County,

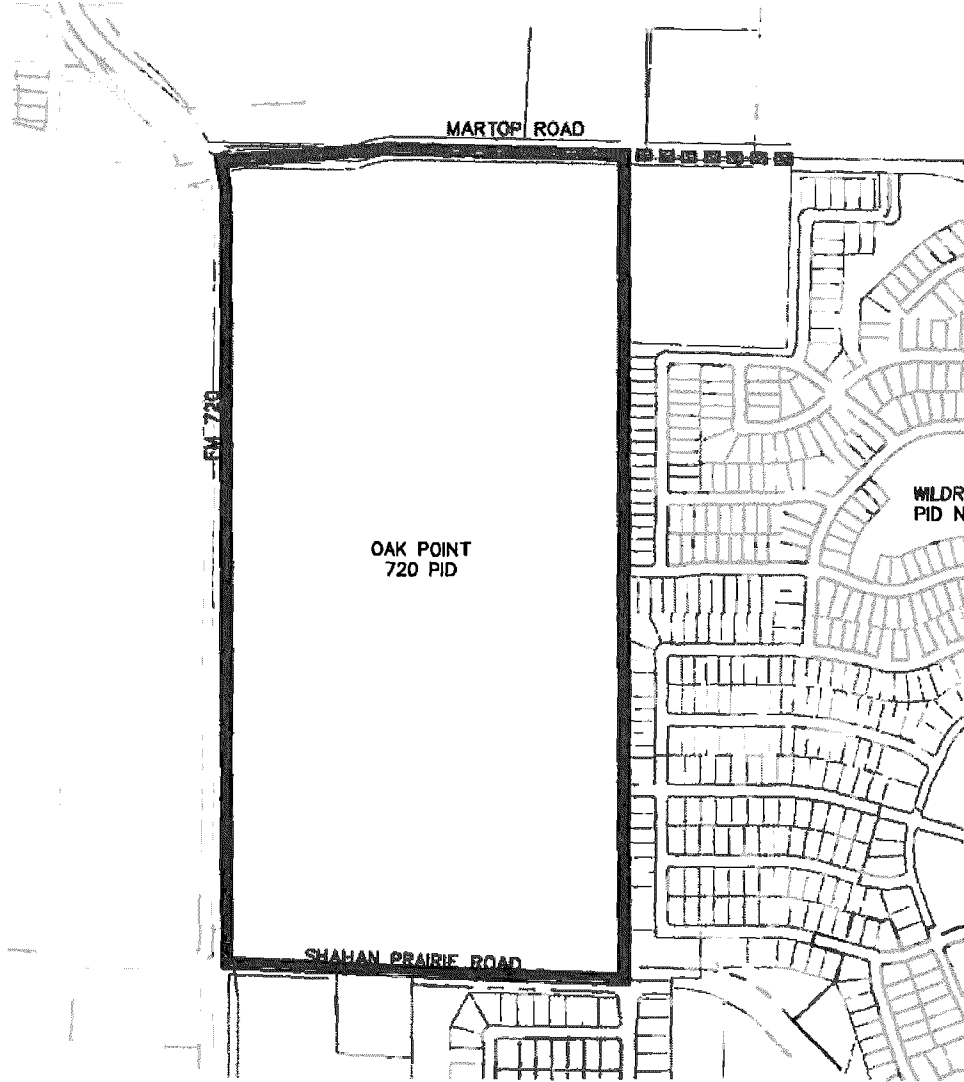
Texas, and a called 5.77 acre tract of land as described in a deed to Robert D. Sark, as evidenced in Volume 835, Page 646 of the Deed Records of Denton County, Texas, a distance of 1618.70 feet to a 5/8-iron rod with a plastic cap stamped "KHA" set for corner on the monumented westerly line of a called 11.982 acre tract of land as described in a deed to Brazos Electric Power, as evidenced in Instrument No. 2018-76048 of the Official Records of Denton County, Texas;

THENCE South 00°20'55" East, departing the southerly line of said 5.77 acre tract and along the monumented westerly line of said 11.982 acre tract, a distance of 773.57 feet to a 5/8-iron rod with a plastic cap stamped "KHA" set for the southwest corner of said 11.982 acre tract of land, common to an ell corner of said 136.66 acre tract, and the southerly northwest corner of a called 191.237 acre tract of land, described as Tract 10A, conveyed to LH Wildridge, LLC, as evidenced in Special Warranty Deed recorded in Document No. 2017-20269 of the Deed Records of Denton County, Texas;

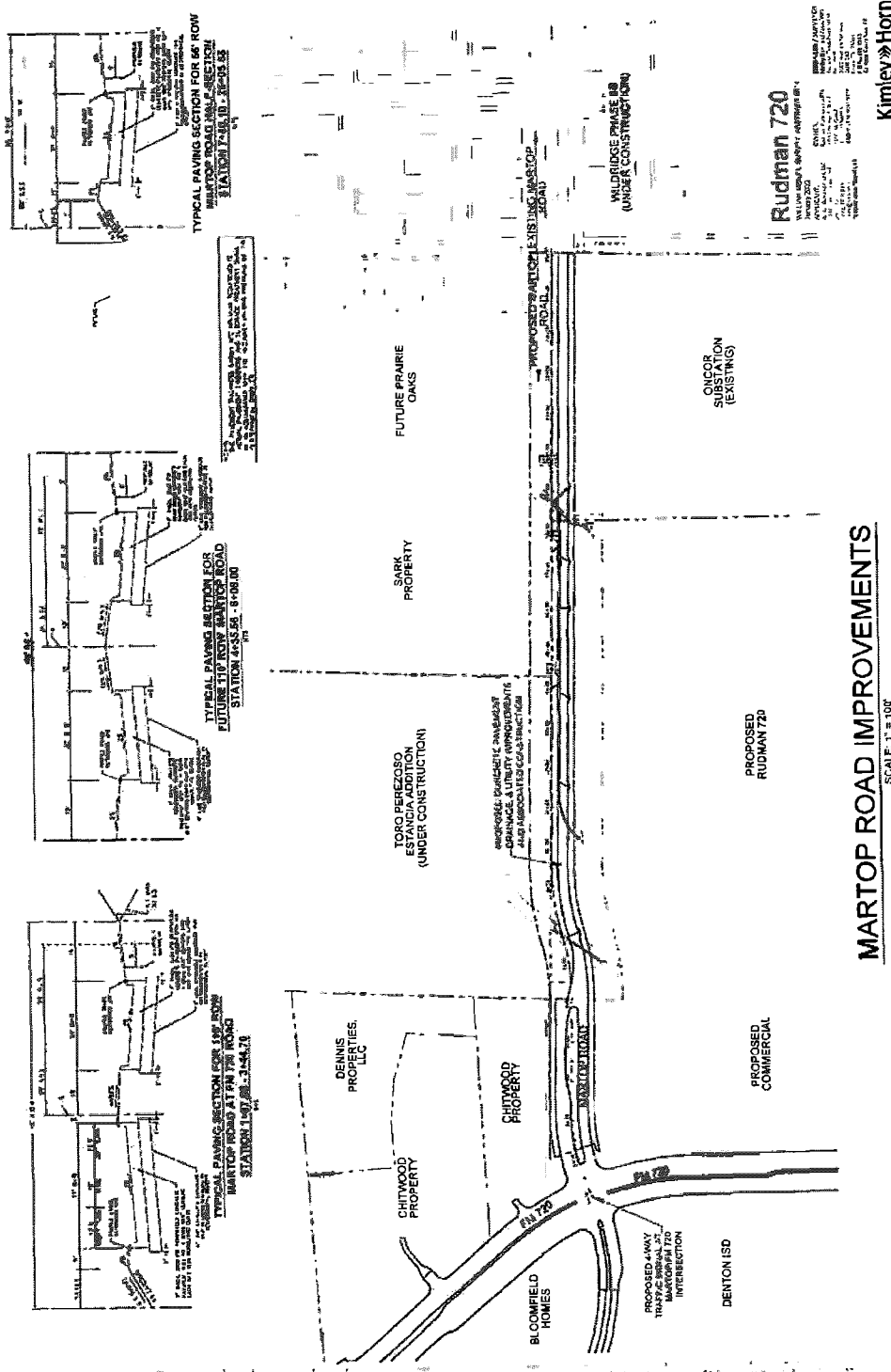
THENCE South 00°09'40" East, along the easterly line of said 136.66 acre tract, the westerly line of said Tract 10A, the westerly line of Wildridge Phase 40, according to the plat thereof recorded in Document No. 2019-435, of the Plat Records of Denton County, Texas, and the westerly line of aforesaid Wildridge Phase 30, a distance of 2566.08 feet to the POINT OF BEGINNING and containing 122.243 acres (5,324,926 square feet) of land, more or less.



**EXHIBIT B**  
**DEPICTION OF THE PROPERTY**



# EXHIBIT C DEPICTION AND DESCRIPTION OF THE MARTOP ROAD IMPROVEMENTS



**MARTOP ROAD IMPROVEMENTS**  
SCALE: 1" = 100'

Kimley»Horn

**Rudman 720**  
WALDOOSE BRIDGE (UNDER CONSTRUCTION)  
ONCOR SIGN (EXISTING)  
DENNIS PROPERTIES, LLC  
CHITWOOD PROPERTY  
BLOOMFIELD HOMES  
PROPOSED COMMERCIAL  
PROPOSED RUDIMAN 720  
DENTON ISD  
PROPOSED 4-WAY INTERSECTION OF MARTOP RD AND MAXWELL RD

APPENDIX G

FORM OF PID REIMBURSEMENT AGREEMENT

THIS PAGE IS LEFT BLANK INTENTIONALLY.

**PID Reimbursement Agreement  
Oak Point 720 Public Improvement District**

This PID Reimbursement Agreement (this "Agreement") is entered into by CF CSLK RDMN LLC (the "Developer") and the City of Oak Point, Texas (the "City"), to be effective July 31, 2024, (the "Effective Date"). The Developer and the City are individually referred to as a "Party" and collectively as the "Parties."

SECTION 1. RECITALS

1.1 WHEREAS, capitalized terms used in this Agreement shall have the meanings given to them in Section 2;

1.2 WHEREAS, unless otherwise defined: (1) all references to "sections" shall mean 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;

1.3 WHEREAS, the Developer is a Delaware limited liability company;

1.4 WHEREAS, the City is a Texas home-rule municipality;

1.5 WHEREAS, on September 21, 2022, the City Council passed and approved the PID Creation Resolution authorizing the creation of the PID pursuant to the Act, covering approximately 122.243 contiguous acres within the City's corporate limits, which land is described in the PID Creation Resolution;

1.6 WHEREAS, on July 31, 2024, the City Council passed and approved an Assessment Ordinance related to the initial phase of development constituting "Improvement Area #1" of the PID;

1.7 WHEREAS, the City Council expects to pass and approve additional Assessment Ordinances related to other phases of development in the PID in the future as such phases are developed;

1.8 WHEREAS, each Assessment Ordinance approves the SAP, including each Assessment Roll attached thereto;

1.9 WHEREAS, the SAP identifies Authorized Improvements to be designed, constructed, and installed by or at the direction of the Parties that confer a special benefit on the Assessed Property;

1.10 WHEREAS, the SAP sets forth the Actual Costs of the Authorized Improvements;

1.11 WHEREAS, the Assessed Property is being developed in phases or "Improvement Areas;"

1.12 WHEREAS, this Agreement shall apply to all Improvement Areas and no additional reimbursement agreement shall be required for future Improvement Areas;

1.13 WHEREAS, the SAP determines and apportions the Actual Costs of the Authorized Improvements to the Assessed Property, which Actual Costs represent the special benefit that the Authorized Improvements confer upon the Assessed Property as required by the Act;

1.14 WHEREAS, in each Assessment Ordinance the City levied or expects to levy a portion of the Actual Costs of the Authorized Improvements as Assessments against the Assessed Property in the amounts set forth on the Assessment Roll(s);

1.15 WHEREAS, Assessments, including the Annual Installments thereof, are or will be due and payable once levied as described in the SAP;

1.16 WHEREAS, Assessments, including the Annual Installments thereof, shall be billed and collected by the City or its designee;

1.17 WHEREAS, the Parties agree the City's obligations to reimburse the Developer for Actual Costs of Authorized Improvements constructed for the benefit of any Improvement Area are: (1) contingent upon the City levying Assessments against property within such Improvement Area benefitting from the Authorized Improvements, (2) payable solely from the Assessments, including the Annual Installments of such Assessments, collected from Assessed Property within such Improvement Area, and (3) not due and owing unless and until the City actually adopts an Assessment Ordinance levying such Assessments;

1.18 WHEREAS, Assessment Revenue from the collection of Assessments, including the Annual Installments thereof, shall be deposited (1) as provided in the applicable Indenture if PID Bonds secured by such Assessments are issued, or (2) into the PID Reimbursement Fund if no such PID Bonds are issued or none of such PID Bonds remain outstanding;

1.19 WHEREAS, Bond Proceeds shall be deposited as provided in the applicable Indenture;

1.20 WHEREAS, a PID Project Fund related to each series of PID Bonds shall only be used in the manner set forth in the applicable Indenture;

1.21 WHEREAS, this Agreement is a "reimbursement agreement" authorized by Section 372.023(d)(1) of the Act;

1.22 WHEREAS, the foregoing RECITALS: (1) are part of this Agreement for all purposes; (2) are true and correct; and (3) each Party has relied upon such Recitals in entering into this Agreement; and

1.23 WHEREAS, all resolutions and ordinances referenced in this Agreement (e.g., the PID Creation Resolution and each Assessment Ordinance), together with all other documents referenced in this Agreement (e.g., the SAP and each Indenture), are incorporated as part of this Agreement for all purposes as if such resolutions, ordinances, and other documents were set forth in their entirety in or as exhibits to this Agreement.

NOW THEREFORE, for and in consideration of the mutual obligations of the Parties set forth in this Agreement, the Parties agree as follows:

## SECTION 2. DEFINITIONS

2.1 "Act" is defined as Chapter 372, Texas Local Government Code, as amended.

2.2 "Actual Costs" are defined in the SAP.

2.3 "Administrator" is defined in the SAP.

2.4 "Agreement" is defined in the introductory paragraph.

2.5 "Annual Collection Costs" are defined in the SAP.

2.6 "Annual Installment" is defined in the SAP.

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

2.8 "Assessed Property" is defined in the SAP.

2.9 "Assessment" is defined in the SAP.

- 2.10 "Assessment Ordinance" is defined in the SAP.
- 2.11 "Assessment Revenue" means the revenues actually received by or on behalf of the City from the collection of Assessments or Annual Installment payments thereof, including Prepayments, and foreclosure proceeds.
- 2.12 "Assessment Roll" is defined in the SAP.
- 2.13 "Authorized Improvements" are defined in the SAP.
- 2.14 "Bond Proceeds" mean the proceeds derived from the issuance and sale of a series of PID Bonds that are deposited and made available to pay Actual Costs in accordance with the applicable Indenture.
- 2.15 "Bringdown Verification" is defined in Section 4.23.
- 2.16 "Certificate for Payment" means a certificate (substantially in the form of Exhibit A or as otherwise approved by the Developer and the City Representative) executed by a representative of the Developer and approved by a City Representative, delivered to a City Representative (and/or, if applicable, to the trustee named in any applicable Indenture), specifying the work performed and the amount charged (including materials and labor costs) for Actual Costs, and requesting payment of such amount from the appropriate fund or funds. Each certificate shall include supporting documentation in the standard form for City construction projects and evidence that each Authorized Improvement (or its completed segment) covered by the certificate has been inspected by the City.
- 2.17 "City" is defined in the introductory paragraph.
- 2.18 "City Council" means the governing body of the City.
- 2.19 "City Representative" means any person authorized by the City Council to undertake the actions referenced herein.
- 2.20 "Closing Disbursement Request" means a request in the form of Exhibit B or as otherwise approved by the Parties.
- 2.21 "Commitment" is defined in Section 3.10.



- 2.22 "Cost Overrun" means, with respect to each Authorized Improvement, the amount of Actual Costs in excess of the budgeted cost for such Authorized Improvement as shown in the SAP.
- 2.23 "Cost Underrun" is defined in Section 3.11.
- 2.24 "Default" is defined in Section 4.8.1.
- 2.25 "Delinquent Collection Costs" is defined in the SAP.
- 2.26 "Developer" is defined in the introductory paragraph.
- 2.27 "Developer Advances" means advances made by the Developer to pay Actual Costs.
- 2.28 "Developer Improvement Account" means the account of the PID Project Fund which may be created and established under the applicable Indenture (and segregated from all other funds contained in the PID Project Fund) into which the City deposits or directs the applicable trustee to deposit any funds received from the Developer as required under such Indenture.
- 2.29 "Development Agreement" means that *Development Agreement* entered into and executed by the City and Ashlar Interests, LLC on October 7, 2022 and assigned to the Developer by Ashlar Interests, LLC, on October 17, 2022.
- 2.30 "Effective Date" is defined in the introductory paragraph.
- 2.31 "Failure" is defined in Section 4.8.1.
- 2.32 "Form 1295" is defined in Section 4.24.
- 2.33 "Improvement Area" means, generally, phase(s) of the development defined and described by legal description and as specifically identified in the SAP.
- 2.34 "Indenture" means the applicable trust indenture pursuant to which PID Bonds are issued.
- 2.35 "Maturity Date" is the date one year after the last Annual Installment is collected.
- 2.36 "Party" and "Parties" are defined in the introductory paragraph.
- 2.37 "PID" is defined as the Oak Point 720 Public Improvement District, created by the PID Creation Resolution.
- 2.38 "PID Bonds" are defined in the SAP.

2.39 "PID Creation Resolution" is defined as Resolution No. 2022-09-025R passed and approved by the City Council on September 21, 2022.

2.40 "PID Pledged Revenue Fund" means, collectively, the fund established by the City under each applicable Indenture (and segregated from all other funds of the City) into which the City deposits Assessment Revenue securing PID Bonds issued and still outstanding.

2.41 "PID Project Fund" means, collectively, the fund, including all accounts created within such fund, established by the City under each applicable Indenture (and segregated from all other funds of the City) into which the City deposits Bond Proceeds in the amounts and as described in the applicable Indenture.

2.42 "PID Reimbursement Fund" means the fund, including all accounts created within such fund to distinguish Assessment Revenues collected from each Improvement Area, to be established by the City under this Agreement (and segregated from all other funds of the City) into which the City deposits Assessment Revenue if not deposited into the PID Pledged Revenue Fund.

2.43 "Prepayment" is defined in the SAP.

2.44 "Reimbursement Agreement Balance" is defined in Section 3.3.

2.45 "Request Letter" is defined in Section 4.23.

2.46 "SAP" is defined as the *Oak Point 720 Public Improvement District Service and Assessment Plan* approved July 31, 2024, as part of the Assessment Ordinance, as the same may be updated or amended by City Council action in accordance with the Act.

2.47 "Standing Letter" is defined in Section 4.23.

2.48 "TEC" is defined in Section 4.24.

2.49 "Transfer" and "Transferee" are defined in Section 4.11.

2.50 "Verifications" are defined in Section 4.22.

### SECTION 3. FUNDING AUTHORIZED IMPROVEMENTS

3.1 Fund Deposits. Until PID Bonds payable from Assessment Revenue collected from a specific Improvement Area of the development are issued, the City shall bill, collect, and immediately deposit into the PID Reimbursement Fund all Assessment Revenue consisting of: (1)

revenue collected from the payment of Assessments (including pre-payments and amounts received from the foreclosure of liens but excluding costs and expenses related to collection); and (2) revenue collected from the payment of Annual Installments (excluding Annual Collection Costs and Delinquent Collection Costs). Funds in the PID Reimbursement Fund shall be deposited into a segregated account relating to the Improvement Area from which such Assessment Revenue was collected and such funds shall only be used to pay Actual Costs of the Authorized Improvements benefitting such Improvement Area or all or any portion of the Reimbursement Agreement Balance related to such Improvement Area in accordance with this Agreement. Once PID Bonds payable from Assessment Revenues collected from a specific Improvement Area of the development are issued, the City shall bill, collect, and immediately deposit all Assessment Revenue securing such series of PID Bonds in the manner set forth in the applicable Indenture. The City shall also deposit Bond Proceeds and any other funds authorized or required by the applicable Indenture into the funds established by the applicable Indenture in the manner set forth in the applicable Indenture. Annual Installments shall be billed and collected by the City (or by any person, entity, or governmental agency permitted by law) in the same manner and at the same time as City ad valorem taxes are billed and collected. Funds in the PID Project Fund shall only be used in accordance with the applicable Indenture; provided that funds disbursed from the applicable PID Project Fund pursuant to Section 3.5 below shall be made first from Bond Proceeds held in the applicable accounts within such PID Project Fund until such accounts are fully depleted and then from the Developer Improvement Account of the applicable PID Project Fund, if applicable. Subject to Section 3.6, the Actual Costs of Authorized Improvements within each Improvement Area shall be paid from: (1) the Assessment Revenue collected solely from Assessments levied on the property within such Improvement Area benefitting from such Authorized Improvements and on deposit in the PID Reimbursement Fund; or (2) net Bond Proceeds or other amounts deposited in an account of the PID Project Fund created under an Indenture related to PID Bonds secured by Assessment Revenue collected solely from Assessments levied on benefitted property within such Improvement Area. The City will take and pursue all actions permissible under Applicable Laws to cause the Assessments levied to be collected and the liens related to such Assessments to be enforced continuously, in the manner and to the maximum extent permitted by the Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Assessments for so long

as any PID Bonds are outstanding or a Reimbursement Agreement Balance remains outstanding. The City shall determine or cause to be determined, no later than March 1 of each year whether any Annual Installment is delinquent and if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action to foreclose the currently delinquent Annual Installment; provided, however, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Property or to use any City funds, revenue, taxes, income, or property other than moneys collected from the Assessments. Once PID Bonds are issued, the applicable Indenture shall control in the event of any conflicts with this Agreement.

3.2 Payment of Actual Costs. Subject to Section 3.6, if PID Bonds are not issued (or prior to such issuance) to pay Actual Costs of Authorized Improvements, the Developer may elect to make Developer Advances to pay Actual Costs. If PID Bonds are issued, the Bond Proceeds shall be used in the manner provided in the applicable Indenture; and, except as may be required under the Development Agreement and/or an applicable Indenture, the Developer shall have no obligation to make Developer Advances for the related Authorized Improvements, unless the Bond Proceeds, together with any other funds in the PID Project Fund or PID Reimbursement Fund, are insufficient to pay the Actual Costs of such Authorized Improvements, in which case the Developer shall make Developer Advances to pay the deficit. If Developer Advances are required in connection with the issuance of a series of PID Bonds, then such Developer Advances may be reduced by the amount of payments of Actual Costs of the Authorized Improvements (or portions thereof) to be financed by such PID Bonds that the Developer has previously paid if (i) the Developer submits to the City all information related to such costs that would be required by a Closing Disbursement Request at least fifteen (15) business days prior to the pricing date of such PID Bonds, and (ii) the City approves such Actual Costs in writing. The Developer shall also make Developer Advances to pay for cost overruns (after applying cost savings). The lack of Bond Proceeds or other funds in the PID Project Fund shall not diminish the obligation of the Developer to pay Actual Costs of the Authorized Improvements.

3.3 Payment of Reimbursement Agreement Balance. Subject to the terms, conditions, and requirements of this Agreement, including Section 3.6 hereof, the City agrees to pay to the

Developer, and the Developer shall be entitled to receive payments from the City, until the Maturity Date, for the lesser of: (a) amounts shown on each approved Certificate for Payment (which amounts include all Actual Costs paid by or at the direction of the Developer) and (b) the reimbursement amount shown in Schedule I of the SAP, plus: (1) simple interest on the unpaid principal balance at the rate equal to or less than three percent (3%) above the highest average index rate for tax-exempt bonds reported in the S&P Muni Bond High-Yield Index reported in the month before the date the obligation is incurred and shown on Schedule I of the SAP that was approved by the City Council in connection with the levy of such related Assessments (which date is the same date as the approval by the City of the Assessment Ordinance levying the Assessments from which the Reimbursement Agreement Balance, or a portion thereof, shall be paid) for years one and two; and (2) simple interest on the unpaid principal balance at a rate equal to or less than two percent (2%) above the highest average index rate for tax-exempt bonds reported in the S&P Muni Bond High-Yield Index reported in the month before the date the obligation is incurred and shown on Schedule I of the SAP that was approved by the City Council in connection with the levy of such related Assessments (which date is the same date as the approval by the City of the Assessment Ordinance levying the Assessments from which the Reimbursement Agreement Balance, or a portion thereof, shall be paid) for years three and later (the unpaid principal balance, together with accrued but unpaid interest, owed the Developer for all Certificates for Payment related to Authorized Improvements for each Improvement Area is referred to as the "Reimbursement Agreement Balance"); provided, however, upon the issuance of PID Bonds, the interest rate due and unpaid on amounts shown on each Certificate for Payment to be paid to the Developer shall be the lower of: (1) the interest rate on the applicable series of PID Bonds issued to finance the costs of the Authorized Improvements for which the Certificate for Payment was filed, or (2) the interest rate approved by the City Council in the Assessment Ordinance levying the Assessments from which the PID Bonds shall be paid. The interest rates set forth in this section, and to be included in Schedule I of the SAP approved by the City Council in connection with the levy of each set of Assessments have been approved by the City Council and are authorized by the Act. The principal amount of the Reimbursement Agreement Balance to be paid under each Assessment Ordinance related to each Improvement Area, and the interest rate for such portion of the Reimbursement Agreement Balance, shall be shown on Schedule I attached to the SAP and Schedule I is incorporated as a part of this Agreement for all purposes. Interest shall accrue on

each Reimbursement Agreement Balance from the later of: (1) final plat approval as evidenced by recording the final plat in the real property records of Denton County, Texas, and (2) the levy of Assessments securing such Reimbursement Agreement Balance. As the City passes and approves additional Assessment Ordinances and/or issues PID Bonds, the City shall approve an updated Schedule I as part of the updated or amended SAP for the sole purpose of showing the principal amount of the portion of the Reimbursement Agreement Balance to be paid under such newly-adopted Assessment Ordinance and any adjustments to the interest rate for such portion of the Reimbursement Agreement Balance if applicable. Such updated Schedule I attached to the SAP shall automatically be incorporated as part of this Agreement for all purposes as if attached hereto without any further action from the Parties.

The Reimbursement Agreement Balance is payable solely from the PID Reimbursement Fund or from PID Bond Proceeds; and, no other City funds, revenue, taxes, income, or property shall be used even if the Reimbursement Agreement Balance is not paid in full by the Maturity Date. Payments made from Bond Proceeds shall be made in the manner set forth in the applicable Indenture. So long as no PID Bonds are issued and the City has received and approved a Certificate for Payment, the City shall make a payment to the Developer from the PID Reimbursement Fund for an amount of the Reimbursement Agreement Balance related to each Improvement Area from Assessment Revenue collected from such Improvement Area (excluding the portion of each Assessment, or Annual Installment thereof, collected for Annual Collection Costs) and deposited in the PID Reimbursement Fund. Such payments shall be in an amount not to exceed the Assessment Revenue (excluding the portion of each Assessment, or Annual Installment thereof, collected for Annual Collection Costs) related to such Improvement Area on deposit in the PID Reimbursement Fund; and, such payments shall be made at least annually, and no later than 60 days after the date payment of the Annual Installments are due and payable to the City. In the event that a Prepayment of an Assessment is made prior to the issuance of PID Bonds, the City shall remit payment to the Developer of an amount of the Reimbursement Agreement Balance then due and payable not to exceed the Assessment Revenue related to such Prepayment from the Assessment Revenue deposited into the PID Reimbursement Fund within 60 days after the Prepayment is made. Each payment from the PID Reimbursement Fund shall be accompanied by an accounting that certifies the Reimbursement Agreement Balance as of the date of the payment and that itemizes all deposits to and disbursements from the fund since the last payment.

Approval of a Certificate for Payment and all payments under this Agreement are predicated on: (1) the Developer constructing and installing, or the City or an authorized third-party acquiring (if applicable), the Authorized Improvements (or portion thereof) shown on each Certificate for Payment as required under the Development Agreement; (2) the Developer providing the necessary supporting documentation in the standard form for City or authorized third-party construction projects, as applicable; and (3) the City's or authorized third-party's inspection of each Authorized Improvement (or portion thereof) covered by each Certificate for Payment; provided, however, in no event shall the City Representative be authorized to approve a Certificate for Payment if the City has not previously levied an Assessment against Assessed Property within an Improvement Area related to and benefitting from the Authorized Improvements for which such Certificate for Payment has been submitted. If there is a dispute over the amount of any payment, the City shall nevertheless pay the undisputed amount, and the Parties shall use all reasonable efforts to resolve the disputed amount before the next payment is made; however, if the Parties are unable to resolve the disputed amount, then the City's determination of the disputed amount (as approved by the City Council) shall control. Notwithstanding anything to the contrary in this Agreement, the City shall be under no obligation to reimburse the Developer for Actual Costs of any Authorized Improvement that is not accepted by the City or an authorized third-party.

The City's obligation to reimburse the Reimbursement Agreement Balance related to the Authorized Improvements for a particular Improvement Area constructed for the benefit of the Assessed Property within such Improvement Area is: (1) contingent upon the City levying Assessments against property within such Improvement Area benefitting from the Authorized Improvements, (2) payable solely from the Assessments, including the Annual Installments of such Assessments, collected from Assessed Property within such Improvement Area, and (3) not due and owing unless and until the City actually adopts an Assessment Ordinance levying such Assessments.

3.4 PID Bonds. The City, in its sole, legislative discretion, may issue PID Bonds, in one or more series, when and if the City Council determines it is financially feasible for the purposes of: (1) paying all or a portion of the Reimbursement Agreement Balance; or (2) paying directly Actual Costs of Authorized Improvements. PID Bonds issued for such purpose will be secured by and paid solely as authorized by the applicable Indenture. Upon the issuance of PID Bonds for such

purpose and for so long as PID Bonds remain outstanding, the Developer's right to receive payments each year in accordance with Section 3.3 shall be subordinate to the deposits required under the applicable Indenture related to any outstanding PID Bonds and the Developer shall be entitled to receive funds pursuant to the flow of funds provisions of such Indenture. The failure of the City to issue PID Bonds shall not constitute a "Failure" by the City or otherwise result in a "Default" by the City. Upon the issuance of the PID Bonds, the Developer has a duty to construct those Authorized Improvements as described in the SAP and the Development Agreement. The Developer shall not be relieved of its duty to construct or cause to be constructed such improvements even if there are insufficient funds in the PID Project Fund to pay the Actual Costs. This Agreement shall apply to all of the PID Bonds issued by the City whether in one or more series, and no additional reimbursement agreement shall be required for future series of PID Bonds.

3.5 Disbursements and Transfers at and after Bond Closing. The City and the Developer agree that from the proceeds of the PID Bonds, and upon the presentation of evidence satisfactory to the City Representative, the City will cause the trustee under the applicable Indenture to pay at closing of the PID Bonds approved amounts from the appropriate account to the persons entitled to payment for costs of issuance and payment of costs incurred in the establishment, administration, and operation of the PID and any other eligible items expended by the Developer and the City as of the time of the delivery of the PID Bonds as described in the SAP. In order to receive disbursement, the Developer shall execute a Closing Disbursement Request to be delivered to the City at least fifteen (15) business days prior to the pricing of such PID Bonds for payment in accordance with the provisions of the Indenture. In order to receive additional disbursements from the applicable fund under an Indenture, the Developer shall execute a Certificate for Payment, no more frequently than monthly, to be delivered to the City for payment in accordance with the provisions of the applicable Indenture and this Agreement. Upon receipt of a Certificate for Payment (along with all accompanying documentation required by the City) from the Developer, the City shall conduct a review in order to confirm that such request is complete, to confirm that the work for which payment is requested was performed in accordance with all Applicable Laws and applicable plans therefore and with the terms of this Agreement and any other agreement between the parties related to property in the PID, and to verify and approve the Actual Costs of such work specified in such Certificate for Payment. The City shall also conduct such review as is



required in its discretion to confirm the matters certified in the Certificate for Payment. The Developer agrees to cooperate with the City in conducting each such review and to provide the City with such additional information and documentation as is reasonably necessary for the City to conclude each such review. The Developer further agrees that if the City provides to the Developer a sales tax exemption certificate then sales tax will not be approved for payment under a Certification for Payment. Within fifteen (15) business days following receipt of any Certificate for Payment, the City shall either: (1) approve the Certificate for Payment and forward it to the trustee for payment, or (2) provide the Developer with written notification of disapproval of all or part of a Certificate for Payment, specifying the basis for any such disapproval. Any disputes shall be resolved as required by Section 3.3 herein. The City shall deliver the approved or partially approved Certificate for Payment to the trustee for payment, and the trustee shall make the disbursements as quickly as practicable thereafter.

3.6 Obligations Limited. The obligations of the City under this Agreement shall not, under any circumstances, give rise to or create a charge against the general credit or taxing power of the City or a debt or other obligation of the City payable from any source other than the PID Reimbursement Fund, the PID Pledged Revenue Fund, or the PID Project Fund related to the respective Improvement Area. The Parties further agree that the City's obligation under this Agreement to reimburse the Developer for Actual Costs of Authorized Improvements within any Improvement Area shall only be paid from: (1) net proceeds of PID Bonds, if issued, on deposit in the PID Project Fund related to such Improvement Area, and/or (2) Assessments, including Annual Installments of such Assessments, collected from such Improvement Area. The Parties further agree that the City's obligation under this Agreement to reimburse the Developer for Actual Costs of Authorized Improvements constructed for the benefit of any Improvement Area is: (1) contingent upon the City levying Assessments against property within such Improvement Area benefitting from the Authorized Improvements, (2) payable solely from the Assessments, including the Annual Installments of such Assessments, collected from Assessed Property within such Improvement Area, and (3) not due and owing unless and until the City actually adopts an Assessment Ordinance levying such Assessments. Concurrent with the levy of Assessments against any Improvement Area, the City will: (1) establish a separate account within the PID Reimbursement Fund relating solely to such Improvement Area, if no PID Bonds are issued, or (2) establish a separate PID Project Fund under an Indenture if PID Bonds are issued, out of which

the City will pay its obligations related to such Improvement Area; and, until such time, this Agreement does not create any obligations of the City with respect to any Improvement Area for which Assessments have not been levied. If PID Bonds are issued, the total aggregate amount of Assessments levied for each Improvement Area shall be levied at a minimum value to lien ratio of at least 2:1 based on the final appraised value of the Improvement Area as provided in a third-party appraisal (unless the City approves, in its sole discretion, a lower value to lien ratio). Unless approved by the City, no other City funds, revenues, taxes, or income of any kind shall be used to pay: (1) the Actual Costs of the Authorized Improvements; (2) the Reimbursement Agreement Balance even if the Reimbursement Agreement Balance is not paid in full on or before the Maturity Date; or (3) debt service on any PID Bonds. None of the City or any of its elected or appointed officials or any of its officers, employees, consultants or representatives shall incur any liability hereunder to the Developer or any other party in their individual capacities by reason of this Agreement or their acts or omissions under this Agreement.

3.7 Obligation to Pay. Subject to the provisions of Section 3.3 and 3.6, if the Developer is in substantial compliance with its obligations under the Development Agreement, then following the inspection and approval of any portion of Authorized Improvements for which Developer seeks reimbursement of the Actual Costs by approval of a Certificate for Payment or City approval of a Closing Disbursement Request, the obligations of the City under this Agreement to pay disbursements (whether to the Developer or to any person designated by the Developer) identified in any Closing Disbursement Request or in any Certificate for Payment and to pay debt service on PID Bonds are unconditional AND NOT subject to any defenses or rights of offset except as may be provided in any Indenture.

3.8 City Delegation of Authority. All Authorized Improvements shall be constructed by or at the direction of the Developer in accordance with the plans, applicable City regulations, and in accordance with this Agreement and any other agreement between the parties related to property in the PID. The Developer shall perform, or cause to be performed, all of its obligations and shall conduct, or cause to be conducted, all operations with respect to the construction of Authorized Improvements in a good, workmanlike and commercially reasonable manner, with the standard of diligence and care normally employed by duly qualified persons utilizing their commercially reasonable efforts in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken. The Developer has sole responsibility

of ensuring that all Authorized Improvements are constructed in a good, workmanlike and commercially reasonable manner, with the standard of diligence and care normally employed by duly qualified persons utilizing their commercially reasonable efforts in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken. The Developer shall employ at all times adequate staff or consultants with the requisite experience necessary to administer and coordinate all work related to the design, engineering, acquisition, construction and installation of all Authorized Improvements to be acquired and accepted by the City from the Developer. If any Authorized Improvements are or will be on land owned by the City, the City hereby grants to the Developer a license to enter upon such land for purposes related to construction (and maintenance pending acquisition and acceptance) of the Authorized Improvements. Inspection and acceptance of Authorized Improvements will be in accordance with applicable City ordinances and regulations.

3.9 Security for Authorized Improvements. Prior to completion and conveyance to the City of any Authorized Improvements, the Developer shall cause to be provided to the City a maintenance bond in the amount required by the City's subdivision regulations for applicable Authorized Improvements, which maintenance bond shall be for a term of two years from the date of final acceptance of the applicable Authorized Improvements. 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 legal counsel for the City has the right to reject any surety company regardless of such company's authorization to do business in Texas. Nothing in this Agreement shall be deemed to prohibit the Developer or the City from contesting in good faith the validity or amount of any mechanics or materialman's lien and/or judgment nor limit the remedies available to the Developer or the City with respect thereto so long as such delay in performance shall not subject the Authorized Improvements to foreclosure, forfeiture, or sale. In the event that any such lien and/or judgment with respect to the Authorized Improvements is contested, the Developer shall be required to post or cause the delivery of a surety bond or letter of credit, whichever is preferred by the City, in an amount reasonably determined by the City, not to exceed 120 percent of the disputed amount.

3.10 Ownership and Transfer of Authorized Improvements. If requested in writing by the City, the Developer shall furnish to the City a commitment for title insurance (a "Commitment") for land related to the Authorized Improvements to be acquired and accepted by the City from the

Developer and not previously dedicated or otherwise conveyed to the City. The Commitment shall be made available for City review and approval at least fifteen (15) business days prior to the scheduled transfer of title. The City shall approve the Commitment unless it reveals a matter which, in the reasonable judgment of the City, would materially affect the City's use and enjoyment of the Authorized Improvements. If the City objects to any Commitment, the City shall not be obligated to accept title to the applicable Authorized Improvements until the Developer has cured the objections to the reasonable satisfaction of the City.

3.11 Remaining Funds After Completion of an Authorized Improvement. Within any applicable Improvement Area, upon the final completion of an Authorized Improvement within such Improvement Area and payment of all outstanding invoices for such Authorized Improvement, if the Actual Cost of such Authorized Improvement is less than the budgeted cost as shown in Exhibit B-1 to the SAP (a "Cost Underrun"), any remaining budgeted cost will be available to pay Cost Overruns on any other Authorized Improvement within such Improvement Area. A City Representative shall promptly confirm to the Administrator that such remaining amounts are available to pay such Cost Overruns, and the Developer, the Administrator and the City Representative will agree how to use such moneys to secure the payment and performance of the work for other Authorized Improvements. Any Cost Underrun for any Authorized Improvement is available to pay Cost Overruns on any other Authorized Improvement within the same Improvement Area and may be added to the amount approved for payment in any Certificate for Payment, as agreed to by the Developer, the Administrator and the City Representative. If PID Bonds are not issued (or prior to such issuance), after all Cost Underruns for any Authorized Improvements have been applied to pay any Cost Overruns within the same Improvement Area or any other Authorized Improvements as agreed to by the Developer, the Administrator, and the City Representative and the Actual Costs of the Authorized Improvements are less than the Assessment, the City Council shall reduce each Assessment on a pro rata basis such that the sum of the resulting reduced Assessments for all Assessed Property equals the reduced Actual Costs that were expended. If PID Bonds are issued, after all Cost Underruns for any Authorized Improvements have been applied to pay any Cost Overruns or any other Authorized Improvements as agreed to by the Developer, the Administrator, and the City Representative, any Bond Proceeds remaining shall be used in the manner provided in the applicable Indenture.

3.12 Contracts and Change Orders. The Developer shall be responsible for entering into all contracts and any supplemental agreements (herein referred to as "Change Orders") required for the construction of an Authorized Improvement. The Developer or its contractors may approve and implement any Change Orders even if such Change Order would increase the Actual Cost of an Authorized Improvement, but the Developer shall be solely responsible for payment of any Cost Overruns resulting from such Change Orders except to the extent amounts are available pursuant to Section 3.11 hereof. If any Change Order is for work that requires changes to be made by an engineer to the construction and design documents and plans previously approved, then such revisions made by an engineer must be submitted to the City for approval by the City's engineer prior to execution of the Change Order.

#### SECTION 4. ADDITIONAL PROVISIONS

4.1 Term. The term of this Agreement shall begin on the Effective Date and shall continue until the earlier to occur of the Maturity Date or the date on which the Reimbursement Agreement Balance is paid in full.

4.2 No Competitive Bidding. Construction of the Authorized Improvements shall not require competitive bidding pursuant to Section 252.022(a) (9) of the Texas Local Government Code, as amended. All plans and specifications, but not construction contracts, shall be reviewed and approved, in writing, by the City prior to Developer selecting the contractor. The City shall have the right to examine and approve the contractor selected by the Developer prior to executing a construction contract with the contractor, which approval shall not be unreasonably delayed or withheld.

4.3 Independent Contractor. In performing this Agreement, the Developer is an independent contractor and not the agent or employee of the City.

4.4 Audit. The City Representative shall have the right, during normal business hours and upon five (5) business days' prior written notice to the Developer, to review all books and records of the Developer pertaining to costs and expenses incurred by the Developer with respect to any of the Authorized Improvements. For a period of two years after completion of the Authorized Improvements, the Developer shall maintain proper books of record and account for the construction of the Authorized Improvements and all costs related thereto. Such accounting books shall be maintained in accordance with customary real estate accounting principles. The Developer

shall have the right, during normal business hours, to review all records and accounts pertaining to the Assessments upon written request to the City. The City shall provide the Developer an opportunity to inspect such books and records relating to the Assessments during the City's regular business hours and on a mutually agreeable date no later than ten (10) business days after the City receives such written request. The City shall keep and maintain a proper and complete system of records and accounts pertaining to the Assessments for so long as PID Bonds remain outstanding or Reimbursement Agreement Balance remains unpaid.

4.5 Developer's Right to Protest Ad Valorem Taxes. Nothing in this Agreement shall be construed to limit or restrict Developer's right to protest ad valorem taxes. The Developer's decision to protest ad valorem taxes on Assessed Property does not constitute a Default under this Agreement.

4.6 PID Administration and Collection of Assessments. If the City designates an administrator who shall have the responsibilities provided in the SAP related to the duties and responsibilities of the administration of the PID, the City shall provide the Developer with a copy of the agreement between the City and the administrator. If the City contracts with a third-party for the collection of Annual Installments of the Assessments, the City shall provide the Developer with a copy of such agreement. For so long as PID Bonds remain outstanding or the Reimbursement Agreement Balance remains unpaid, the City shall notify the Developer of any change of administrator or third-party collection of the Assessments.

4.7 Representations and Warranties.

4.7.1 The Developer represents and warrants to the City that: (1) the Developer has the authority to enter into and perform its obligations under this Agreement; (2) the Developer has the financial resources, or the ability to collect sufficient financial resources, to meet its obligations under this Agreement; (3) the person executing this Agreement on behalf of the Developer has been duly authorized to do so; (4) this Agreement is binding upon the Developer in accordance with its terms; and (5) the execution of this Agreement and the performance by the Developer of its obligations under this Agreement do not constitute a breach or event of default by the Developer under any other agreement, instrument, or order to which the Developer is a party or by which the Developer is bound.

4.7.2 The City represents and warrants to the Developer that: (1) the City has the authority to enter into and perform its obligations under this Agreement; (2) the person

executing this Agreement on behalf of the City has been duly authorized to do so; (3) this Agreement is binding upon the City in accordance with its terms; and (4) the execution of this Agreement and the performance by the City of its obligations under this Agreement do not constitute a breach or event of default by the City under any other agreement, instrument, or order to which the City is a party or by which the City is bound.

#### 4.8 Default/Remedies.

4.8.1 If either Party fails to perform an obligation imposed on such Party by this Agreement (a "Failure") and such Failure is not cured after notice and the expiration of the cure periods provided in this section, then such Failure shall constitute a "Default." If a Failure is monetary, the non-performing Party shall have ten (10) days within which to cure. If the Failure is non-monetary, the non-performing Party shall have thirty (30) days within which to cure.

4.8.2 If the Developer is in Default, the City shall have available all remedies at law or in equity; provided no default by the Developer shall entitle the City to terminate this Agreement or to withhold payments to the Developer from the PID Reimbursement Fund, the PID Pledged Revenue Fund or the PID Project Fund, as applicable, in accordance with this Agreement and the Indenture.

4.8.3 If the City is in Default, the Developer shall have available all remedies at law or in equity; provided, however, no Default by the City shall entitle the Developer to terminate this Agreement.

4.8.4 The City shall give notice of any alleged Failure by the Developer to each Transferee identified in any notice from the Developer, and such Transferees shall have the right, but not the obligation, to cure the alleged Failure within the same cure periods that are provided to the Developer. The election by a Transferee to cure a Failure by the Developer shall constitute a cure by the Developer but shall not obligate the Transferee to be bound by this Agreement unless the Transferee agrees in writing to be bound.

4.9 Remedies Outside the Agreement. Nothing in this Agreement constitutes a waiver by the City of any remedy the City may have outside this Agreement against the Developer, any Transferee, or any other person or entity involved in the design, construction, or installation of the

Authorized Improvements. The obligations of the Developer hereunder shall be those of a party hereto and not as an owner of property in the PID. Nothing herein shall be construed as affecting the City's or the Developer's rights or duties to perform their respective obligations under other agreements, use regulations, or subdivision requirements relating to the development property in the PID.

4.10 Estoppel Certificate. From time to time upon written request of the Developer, the City Manager will execute a written estoppel certificate (1) identifying any obligations of the Developer under this Agreement that are in default or, with the giving of notice or passage of time, would be in default; or (2) stating, to the extent true, that to the best knowledge and belief of the City, the Developer is in compliance with its duties and obligations under this Agreement.

4.11 Transfers. The Developer has the right to convey, transfer, assign, mortgage, pledge, or otherwise encumber, in whole or in part without the consent of (but with notice to) the City, the Developer's right, title, or interest to payments under this Agreement (but not performance obligations) including, but not limited to, any right, title, or interest of the Developer in and to payments of the Reimbursement Agreement Balance, whether such payments are from the PID Reimbursement Fund, PID Bond Proceeds, or the PID Pledged Revenue Fund related to such Improvement Area in accordance with Section 3.3 or from Bond Proceeds (any of the foregoing, a "Transfer," and the person or entity to whom the transfer is made, a "Transferee") provided, however, that no such conveyance, transfer, assignment, mortgage, pledge, or other encumbrance shall be made without prior written consent of the City if such conveyance, transfer, assignment, mortgage, pledge, or other encumbrance would result in (1) the issuance of municipal securities, and/or (2) the City being viewed as an "obligated person" within the meaning of Rule 15c2-12 of the United States Securities and Exchange Commission, and/or (3) the City being subjected to additional reporting or recordkeeping duties. Notwithstanding the foregoing, no Transfer shall be effective until notice of the Transfer is given to the City. The City may rely on notice of a Transfer received from the Developer without obligation to investigate or confirm the validity of the Transfer. The Developer waives all rights or claims against the City for any funds paid to a third party as a result of a Transfer for which the City received notice.

4.12 Encumbrance by Owner and Assignees. Developer and Transferees 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 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 and shall be given a reasonable time to do so in addition to the cure periods otherwise provided to the defaulting Party by this Agreement; and the City agrees to accept a cure offered by the lender as if offered by the defaulting Party. A lender is not a Party to this Agreement unless this Agreement is amended, with the consent of the lender, to add the lender as a Party.

4.13 Applicable Law; Venue. This Agreement is being executed and delivered and is intended to be performed in the State of Texas. Except to the extent that the laws of the United States may apply, the substantive laws of the State of Texas shall govern the interpretation and enforcement of this Agreement. In the event of a dispute involving this Agreement, venue shall lie in any court of competent jurisdiction in Denton County, Texas.

4.14 Notice. Any notices, certifications, approvals, or other communications required to be given by one Party to another under this Agreement shall be given in writing addressed to the Party to be notified at the address set forth below and shall be deemed given: (i) when the notice is delivered in person to the person to whose attention the notice is addressed with a confirming copy sent by e-mail; (ii) 10 business days after the notice is deposited in the United States Mail, certified or registered mail, return receipt requested, postage prepaid with a confirming copy sent by e-mail; or (iii) when the notice is delivered by Federal Express, UPS, or another nationally recognized courier service with evidence of delivery signed by any person at the delivery address with a confirming copy sent by e-mail. For the purpose of giving any notice, the addresses of the Parties are set forth below. The Parties may change the information set forth below by sending notice of such change to the other Party as provided in this section.

To the City:                   Attn: Steven Ashley, City Manager  
City of Oak Point  
100 Naylor Road  
Oak Point, Texas 75068  
E-mail: sashley@oakpointtexas.com

With a copy to:               Attn: Jeff Moore  
Brown & Hofmeister, LLP  
740 E Campbell Rd Suite 800  
Richardson, TX 75081  
E-mail: jmoore@bhlaw.net

To the Developer:            Attn: General Counsel / Credit Operations  
CF CSLK RDMN LLC  
C/O Fortress Investment Group  
1345 Avenue of the Americas, 46th Floor  
New York, NY 10105  
E-mail: gccredit@fortress.com  
creditoperations@fortress.com

With a copy to:               Attn: Misty Ventura  
Shupe Ventura, PLLC  
9406 Biscayne Blvd.  
Dallas, Texas 75218  
E-mail: misty.ventura@svlandlaw.com

Attn: Tiffany Darst  
Ashlar Interests, LLC  
400 East Las Colinas Boulevard, Suite 1075  
Irving, Texas 75039  
E-mail: tdarst@ashlardev.com

Any Party may change its address by delivering notice of the change in accordance with this section.

4.15 Conflicts; Amendment. In the event of any conflict between this Agreement and any other instrument, document, or agreement by which either Party is bound, the provisions and intent of the applicable Indenture controls. This Agreement may only be amended by written agreement of the Parties.

4.16 Severability. If any provision of this Agreement is held invalid by any court, such holding shall not affect the validity of the remaining provisions.

4.17 Non-Waiver. The failure by a Party to insist upon the strict performance of any provision of this Agreement by the other Party, or the failure by a Party to exercise its rights upon a Default

by the other Party, shall not constitute a waiver of such Party's right to insist and demand strict compliance by such other Party with the provisions of this Agreement.

4.18 Third Party Beneficiaries. Nothing in this Agreement is intended to or shall be construed to confer upon any person or entity other than the City, the Developer, and Transferees any rights under or by reason of this Agreement. All provisions of this Agreement shall be for the sole and exclusive benefit of the City, the Developer, and Transferees.

4.19 Public Information. Notwithstanding any other provision to the contrary in this Agreement, all information, documents, and communications relating to this Agreement may be subject to the Texas Public Information Act and any opinion of the Texas Attorney General or a court of competent jurisdiction relating to the Texas Public Information Act. The requirements of Subchapter J, Chapter 552, Texas Government Code, may apply to this Agreement and, to the extent such requirements apply to this Agreement, the Developer agrees that this Agreement may be terminated if the Developer knowingly or intentionally fails to comply with a requirement of that subchapter, if applicable, and the Developer fails to cure the violation on or before the 10th business day after the date the City provides notice to Developer of noncompliance with Subchapter J, Chapter 552. To the extent Section 552.372, Texas Government Code applies to this Agreement, Developer is required to preserve all contracting information related to this Agreement as provided by the records retention requirements applicable to the City for the duration of this Agreement; promptly provide to the City any contracting information related to this Agreement that is in the custody or possession of the Developer on request of the City; and on completion of the Agreement, either provide at no cost to the City all contracting information related to the contract that is in the custody or possession of the entity or preserve the contracting information related to the contract as provided by the records retention requirements applicable to the City.

4.20 Counterparts. This Agreement may be executed in multiple counterparts, which, when taken together, shall be deemed one original.

4.21 Employment of Undocumented Workers. The Developer agrees not to knowingly employ any undocumented workers and, if convicted of a violation under 8 U.S.C. Section 1324a(f), the Developer shall repay the incentives granted herein within 120 days after the date the Developer is notified by the City of such violation, plus interest at the rate of six percent (6%) compounded

annually from the date of violation until paid. Pursuant to Section 2264.101(c), Texas Government Code, a business is not liable for a violation of Chapter 2264 by a subsidiary, affiliate, or franchisee of the business, or by a person with whom the business contracts.

4.22 Statutory Verifications. The Developer makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended, in entering into this Agreement (the "Verifications"). As used in such Verifications, the Developer understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such Verifications during the term of this Agreement shall survive until barred by the applicable statute of limitations, notwithstanding anything contained in this Agreement to the contrary.

4.22.1 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, as amended. The foregoing representation excludes the Developer and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

4.22.2 No Boycott of Israel. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. As used in the foregoing verification, 'boycott Israel,' has the meaning in Section 2271.001, Texas Government Code, by reference to Section 808.001(1), Texas Government Code, and 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.

4.22.3 No Discrimination Against Firearm Entities and Firearm Trade Associations. The Developer hereby verifies that it and its parent company, wholly- or majority-owned

subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. "Discriminate" against a "firearm entity or firearm trade association" has the meaning provided in section 2274.001(3) of the Texas Government Code. "Firearm entity" and "firearm trade association" have the meanings provided in section 2274.001(6) and (7) of the Texas Government Code.

4.22.3.1 'discriminate against a firearm entity or firearm trade association,' has the meaning in Section 2274.001(3), Texas Government Code, and means: (A) with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, and (B) does not include: (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association;

4.22.3.2 'firearm entity,' has the meaning in Section 2274.001(6), Texas Government Code, and means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government Code, as weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (defined in Section 2274.001(5), Texas Government Code, as

devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (defined in Section 2274.001(1), Texas Government Code, as a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (defined in Section 250.001, Texas Local Government Code, as a business establishment, private club, or association that operates an area for the discharge or other use of firearms for silhouette, skeet, trap, black powder, target, self-defense, or similar recreational shooting); and

4.22.3.3 'firearm trade association,' has the meaning in Section 2274.001(7), Texas Government Code, and means any person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code.

4.22.4 No Discrimination Against Fossil Fuel Companies. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. As used in the foregoing verification, "boycott energy companies" has the meaning in Section 2276.001(1), Texas Government Code, by reference to Section 809.001, Texas Government Code, and means, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above.

4.23 Texas Attorney General Standing Letter. The Developer represents that it has, as of the Effective Date, on file with the Texas Attorney General a standing letter addressing the

representations and verifications hereinbefore described in the form attached as Exhibit A to the All Bond Counsel Letter from the Office of the Texas Attorney General (November 1, 2023) (a "Standing Letter"). In addition, if the Developer or the parent company, a wholly- or majority-owned subsidiary or another affiliate of the Developer receives or has received a letter from the Texas Comptroller of Public Accounts or the Texas Attorney General seeking written verification that the Developer is a member of the Net Zero Banking Alliance, Net Zero Insurance Alliance, Net Zero Asset Owner Alliance, or Net Zero Asset Managers or of the representations and certifications contained in the Developer's Standing Letter (a "Request Letter"), the Developer shall promptly notify the City (if it has not already done so) and provide to the City, two business days prior to the Effective Date and additionally upon request by the City, written verification to the effect that its Standing Letter described in the preceding sentence remains in effect and may be relied upon by the City and the Texas Attorney General (the "Bringdown Verification"). The Bringdown Verification shall also confirm that the Developer (or the parent company, a wholly- or majority-owned subsidiary or other affiliate of the Developer that received the Request Letter) intends to timely respond or has timely responded to the Request Letter. The Bringdown Verification may be in the form of an e-mail.

4.24 Form 1295. The Parties acknowledge and agree that Developer submitted to the City a completed Form 1295 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") at the time the Developer submitted its signature page to this Agreement. The City hereby confirms timely receipt of the Form 1295 from the Developer pursuant to Section 2252.908, and the City agrees to acknowledge such form with the TEC through its electronic filing application system not later than the 30th day after the receipt of such form. The Parties understand and agree that, with the exception of information identifying the City and the contract identification number, neither the City nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Developer; and, neither the City nor its consultants have verified. The City waives all claims related to the validity and enforceability of this Agreement to the extent such claims are based on noncompliance with Section 2252.908, Texas Government Code.

*[Execution pages follow.]*

**CITY OF OAK POINT, TEXAS**

By: \_\_\_\_\_

Dena Meek, Mayor

**ATTEST:**

By: \_\_\_\_\_

Joni Vaughn, City Secretary

**APPROVED AS TO FORM AND LEGALITY:**

By: \_\_\_\_\_

Jeff Moore, City Attorney



CF CSLK RDMN LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**CERTIFICATE FOR PAYMENT FORM**

The undersigned is an agent for CF CSLK RDMN LLC (the "Developer") and requests payment from the applicable account of the [PID Reimbursement Fund] [PID Project Fund] from the City of Oak Point, Texas (the "City") in the amount of \_\_\_\_\_ for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Authorized Improvements providing a special benefit to property within the Oak Point 720 Public Improvement District. Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the PID Reimbursement Agreement (the "Reimbursement Agreement").

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 payment requested for the below referenced Authorized Improvements has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.
3. The amount listed for the Authorized Improvements below is a true and accurate representation of the Actual Costs associated with the creation, acquisition, or construction of said Authorized Improvements, and such costs (i) are in compliance with the Reimbursement Agreement, and (ii) are consistent with the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Reimbursement Agreement, the Indenture, the Service and Assessment Plan and the Development Agreement.
5. The Developer has timely paid all ad valorem taxes and annual installments of special assessments it owes or an entity the Developer controls owes, located in the Oak Point 720 Public Improvement District and has no outstanding delinquencies for such assessments.
6. All conditions set forth in the Indenture (as defined in the Reimbursement Agreement) for the payment hereby requested have been satisfied.
7. The work with respect to the Authorized Improvements referenced below (or its completed segment) has been completed, and the City has inspected such Authorized Improvements (or its completed segment).

8. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

9. No more than ninety-five percent (95%) of the budgeted or contracted hard costs for major improvements or any phase of Authorized Improvements identified may be paid until the work with respect to such Authorized Improvements (or segment) has been completed and the City has accepted such Authorized Improvements (or segment). One hundred percent (100%) of soft costs (e.g., engineering costs, inspection fees and the like) may be paid prior to City acceptance of such Authorized Improvements (or segment).

10. Assessments have been levied against the property within the Improvement Area benefitting from the Authorized Improvements identified.

**Payments requested are as follows:**

- a. X amount to Person or Account Y for Z goods or services.
- b. Etc.

[If the Authorized Improvements are to be paid in part from one series of PID Bonds and in part from another, insert the following:

As required by Section \_\_\_\_ of the Indenture, the costs for the Authorized Improvements that constitutes the pro-rata share of such Authorized Improvements allocable to the designated Bonds shall be paid as follows:

Authorized Improvements:	Amount to be paid from _____ Fund	Amount to be paid from _____ Fund	Total Cost of Authorized Improvements

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 Reimbursement Agreement, after receiving this payment request, the City has inspected the Authorized Improvements (or completed segment) and confirmed that said work has been completed in accordance with approved plans and all applicable governmental laws, rules, and regulations.

I hereby declare that the above representations and warranties are true and correct.

**CF CSLK RDMN LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**APPROVAL OF REQUEST BY CITY**

The City is in receipt of the attached Certificate for Payment, acknowledges the Certificate for Payment, acknowledges that the Authorized Improvements (or its completed segment) covered by the certificate have been inspected by the City, and otherwise finds the Certificate for Payment to be in order. After reviewing the Certificate for Payment, the City approves the Certificate for Payment and shall [include said payments in the City Certificate submitted to the Trustee directing payments to be made from the appropriate account of the PID Project Fund][direct payment from the PID Reimbursement Fund] to the Developer or to any person designated by the Developer.

**CITY OF OAK POINT, TEXAS**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## Exhibit B

### FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for CF CSLK RDMN LLC (the "Developer") and requests payment to the Developer (or to the person designated by the Developer) from the applicable account of the PID Project Fund from \_\_\_\_\_ (the "Trustee") in the amount of \_\_\_\_\_ (\$ \_\_\_\_\_) to be transferred from the applicable account of the PID Project Fund upon the delivery of the PID Bonds for costs incurred in the establishment, administration, and operation of the Oak Point 720 Public Improvement District (the "District"), as follows. Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Indenture of Trust by and between the City and the Trustee dated as of \_\_\_\_\_, 20\_\_ (the "Indenture") relating to the [APPLICABLE SERIES OF BONDS] (the "PID Bonds").

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 Closing Disbursement Request on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The payment requested for the below referenced establishment, administration, and operation of the District at the time of the delivery of the PID Bonds have not been the subject of any prior payment request submitted to the City.
3. The amount listed for the below costs is a true and accurate representation of the Actual Costs associated with the establishment, administration and operation of the District at the time of the delivery of the PID Bonds, and such costs are in compliance with the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Reimbursement Agreement, the Indenture, the Service and Assessment Plan, and the Development Agreement.
5. All conditions set forth in the Indenture and the Reimbursement Agreement for the payment hereby requested have been satisfied.
6. The Developer agrees to cooperate with the City in conducting its review of the requested payment and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

**Payments requested hereunder shall be made as directed below:**

[Information regarding Payee, amount, and deposit instructions attached]

I hereby declare that the above representations and warranties are true and correct.

**CF CSLK RDMN LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**APPROVAL OF REQUEST BY CITY**

The City is in receipt of the attached Closing Disbursement Request, acknowledges the Closing Disbursement Request, and finds the Closing Disbursement Request to be in order. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request and shall include said payments in the City Certificate submitted to the Trustee directing payments to be made from Costs of Issuance Account upon delivery of the PID Bonds.

**CITY OF OAK POINT, TEXAS**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



APPENDIX H  
APPRAISAL

THIS PAGE IS LEFT BLANK INTENTIONALLY.

# APPRAISAL REPORT

PROJECT # A24-0509-02



**OAK POINT 720 PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1  
43.927 ACRES CONTAINING 234 PROSPECTIVE RESIDENTIAL LOTS  
OAK POINT, DENTON COUNTY, TX 75068**

**FOR:**

**FMSBONDS, INC.  
5 COWBOYS WAY, SUITE 300-25  
FRISCO, TEXAS 75034**

**EFFECTIVE DATE OF APPRAISAL:**

**AUGUST 1, 2024 (DATE OF SUBSTANTIAL COMPLETION) FOR 234 RESIDENTIAL LOTS**

**PREPARED BY:**

**JAMES L. MAIBACH, CPM, STATE CERTIFIED GENERAL REAL ESTATE APPRAISER,  
LESLIE TOLLIVER, STATE CERTIFIED RESIDENTIAL REAL ESTATE APPRAISER,  
BROOKE CLOCK, LICENSED RESIDENTIAL REAL ESTATE APPRAISER, AND  
BRANDON LAWSON, APPRAISER TRAINEE**

**OF:**

**PEYCO SOUTHWEST REALTY, INC.  
1703 NORTH PEYCO DRIVE  
ARLINGTON, TEXAS 76001**

**June 17, 2024**

**Mr. R.R “Tripp” Davenport, III**

Director

FMSbonds, Inc.

5 Cowboys Way, Suite 300-25

Frisco, Texas 75034

tdavenport@fmsbonds.com

SUBJECT: Prospective Market Value “Upon Completion” Appraisal  
Oak Point 720 Public Improvement District Improvement Area #1 comprising of 43.927 acres  
containing 234 prospective residential lots,  
Oak Point, Denton County, Texas

Mr. Davenport,

At your request, we have inspected and appraised the above-referenced property. The purpose of the appraisal is to develop an opinion of prospective market value of the fee simple interest of the proposed 234 residential lots located in the Oak Point 720 Public Improvement District Improvement Area #1 (Referred to as Oak Point 720 PID IA #1). Oak Point 720 PID IA #1 has a total of 43.927-acres consisting of the following:

- **Prospective Market Value “Upon Completion” as of August 1, 2024 for 234 detached residential lots on approximately 43.927 acres within Improvement Area #1. The lots are as follows:**
  - **41 townhome lots with 22-foot frontages,**
  - **58 townhome lots with 25-foot frontages, and**
  - **135 detached single family residential lots with 50-foot frontages, and**

The client for the assignment is FMSbonds, Inc., The intended users are FMSbonds, Inc. and the City of Oak Point. The intended use is underwriting of a proposed Public Improvement District bond transaction. This appraisal is not for purposes of determining the amount of any assessments to be levied by the City of Oak Point or Denton County, nor is it the basis of a determination of the benefit of any constructed or installed public improvements will have on properties within Oak Point 720 PID IA #1.

At Substantial Completion, which is August 1, 2024 for Oak Point 720 PID IA #1, the subject property is expected to consist of the infrastructure necessary to provide residential streets, drainage, and utilities to the individual lots. Development of the subject property is governed by a Development Agreement between the City of Oak Point and CF CSLK RDMN LLC, the land owner and developer which will allow single-family development at the subject property. Each of the lots are located in Denton Independent School District (ISD).

Per discussions with the development manager (Ashlar Interest, LLC), Oak Point 720 PID IA #1 is comprised of approximately 43.927 contiguous acres of land with an estimated build-out of 41 attached townhome 22-foot frontage (FF) lots, 58 attached townhome 25-FF lots, and 135 detached single-family residential 50-foot frontage lots totaling 234 improved residential lots within Improvement Area #1 on approximately 43.927-acres, located in the City of Oak Point, Denton County, Texas. The subject property of this assignment - Oak Point 720 PID IA #1 - will be developed in one phase. However, entirety of Oak Point 720 PID will be developed in two phases.

*Oak Point 720 Public Improvement District Improvement Area #2*

Within Improvement Area #1, each of the 22-FF townhome lot types will have an average of 1,980-square feet (SF), each 25-FF townhome lot types will have an average of 2,450-SF, and each 50-FF lot types will have an average of 6,000-SF. The average lot depths for the 22-FF townhome lots will be 90' in depth, the average lot depths for the 25-FF townhome lots will be 98' in depth, and the 50-FF lots of the subject property will be 120' in depth. The three lot types may have different market values with identical characteristics; however, the homebuilder and developer reflect different market values in their Estimated Lot Value as such: \$80,000 for the 22-FF townhome lots, \$85,000 for the 25-FF townhome lots, and \$100,000 for the 50-FF lots. We have considered any difference in market value based on lot depth is marginal, and other attributes, such as overall situs of the PID, are more important to the market value consideration of a single lot.

The focus of our appraisal of the Oak Point 720 PID IA #1 are as follows:

Oak Point 720 PID IA #1					
Area Type	Size (Acres)	22' Townhome Lots	25' Townhome Lots	50' Lot Type	Total Lots Appraised
<i>Improvement Area #1</i>	<i>43.927-AC</i>	<i>41</i>	<i>58</i>	<i>135</i>	<i>234</i>

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following **Extraordinary Assumptions** that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the Effective Date of the appraisal, we reserve the right to modify our value conclusions. Extraordinary assumptions are used in this assignment because the improved residential lots to be delivered by the date utilized in this report are currently incomplete for Improvement Area #1 as of the report date.

- Our opinions of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications by Kimley-Horn and Associates, Inc., the Professional Engineers, dated June 11, 2024 for 234 improved residential lots in Oak Point 720 PID IA #1.
- All information relative to the property located within Oak Point 720 PID IA #1 including land areas, lot totals, lot sizes, and other pertinent data that was provided by Ashlar Interest, LLC (Development Manager), CF CSLK RDMN LLC (Owner), Kimley-Horn and Associates, Inc. (Professional Engineers), the City of Oak Point, Denton County, and the Denton Central Appraisal District is assumed to be correct.
- The subject is proposed residential lots construction with an expected prospective completion date of August 1, 2024 for Improvement Area #1; therefore, this report contains a prospective opinion of value. Considering this, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable global events that alter market conditions prior to the prospective Effective Date.

The use of these extraordinary assumptions has affected assignment results.

In addition to the Extraordinary Assumptions, the value conclusions are based on the following **Hypothetical Conditions** that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the Effective Date of the appraisal but is supposed for the purpose of analysis.

- No Hypothetical Conditions are used in this report.

*Oak Point 720 Public Improvement District Improvement Area #2*

This appraisal report is intended to conform with the 2024-2025 Uniform Standards of Professional Appraisal Practice (USPAP) and applicable state appraisal regulations. To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. Based upon the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our final value conclusion as of the Expected Completion Date is as follows:

<b>FINAL MARKET VALUE CONCLUSION OAK POINT 720 PID IMPROVEMENT AREA #1</b>			
	<i>Cost</i>	<i>Sales</i>	<i>Income (Subdivision)</i>
<i>Fee Simple Interest, Complete August 1, 2024</i>			<b>\$22,170,000</b>
<b>Improvement Area #1</b>	<i>N/A</i>	<i>N/A</i>	<b>(\$95,000/Lot Rounded)</b>
<b>234 Improved Residential Lots in IA #1</b>			

Attached is our Appraisal Report which summarizes the investigation and analyses undertaken in arriving at our value conclusions. Should you have any questions, please contact our office.

Respectfully submitted,

Peyco Southwest Realty



James L. Maibach, C.P.M  
TX-1323658  
State Certified General Real Estate Appraiser



Leslie Tolliver  
TX-1361274  
State Certified Residential Appraiser



Brooke Clock  
TX-1350743  
State Licensed Residential Appraiser



Brandon Lawson  
TX-1343865  
Appraiser Trainee  
Practicing Affiliate, Appraisal Institute

**Contents**

EXECUTIVE SUMMARY ..... 6

CERTIFICATION ..... 7

SCOPE OF WORK..... 8

VALUATION METHODOLOGY..... 10

PENDING TRANSACTIONS TO BUILDERS ..... 13

REAL ESTATE TAXES..... 15

MARKET OVERVIEW ..... 16

REGIONAL ANALYSIS..... 39

NEIGHBORHOOD ANALYSIS..... 43

ABSORPTION ANALYSIS ..... 53

SUBJECT PROPERTY ANALYSIS ..... 59

PROPERTY PHOTOGRAPHS ..... 78

HIGHEST AND BEST USE ..... 80

VALUATION – IMPROVED RESIDENTIAL LOTS IN IMPROVEMENT AREA #1 ..... 82

INCOME (SUBDIVISION DEVELOPMENT) APPROACH - IMPROVED RESIDENTIAL LOTS IMPROVEMENT AREA #1..... 83

RECONCILIATION AND FINAL VALUE CONCLUSION..... 113

ADDENDA ..... 116

    ENGAGEMENT LETTER..... 117

    LEGAL DESCRIPTION..... 124

    ASSUMPTIONS AND LIMITING CONDITIONS ..... 131

    EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS..... 134

    ENVIRONMENTAL ASSUMPTIONS ..... 135

    DEFINITIONS..... 136

    JAMES L. MAIBACH, CPM - STATE CERTIFIED GENERAL REAL ESTATE APPRAISER..... 139

    LESLIE TOLLIVER – STATE CERTIFIED RESIDENTIAL REAL ESTATE APPRAISER..... 141

    BROOKE CLOCK – LICENSED RESIDENTIAL APPRAISER ..... 143

    BRANDON L. LAWSON – APPRAISER TRAINEE ..... 145

**EXECUTIVE SUMMARY**

<b>Property Name</b>	<b>Oak Point 720 PID; Improvement Area #1</b>
Property Type	Master-Planned Community
Location	East of FM Road 720, North of Shanhan Prairie Road
City, County, State, Zip	City of Oak Point, Denton County, TX 75068
Legal Descriptions (Denton CAD)	A0814A W. MCNEIL, TR 8(PT), 122.243 ACRES, OLD DCAD TR #1
Owner of Record	CF CSLK RDMN LLC
Census Tract	0201.30
Tax ID's – Denton Central Appraisal District	38750.00
Total Land Area	43.927-AC - Total Land Area (Per Survey)
Total Lots	41 22-FF Townhome Lots in Improvement Area #1 58 25-FF Townhome Lots in Improvement Area #1 135 50-FF Width Lots in Improvement Area #1
Topography	Gently Sloping
FEMA Flood Zones	Zone X
FEMA Panel	48121C0405G
FEMA Map Date	4/18/2011
Utilities	
Water	Mustang Special Utility District
Sewer	Mustang Special Utility District
Electric	Oncor
Natural Gas	Atmos
Zoning (City of Oak Point)	Planned Development
Future Land Use	Single-Family Residential Subdivision
Highest & Best Use	Single-Family Residential Subdivision
Final Value Conclusion	<b>\$21,170,000 (\$95,000/Lot) Effective Date of August 1, 2024, for 234 Improved Residential Lots in Improvement Area #1 on 43.927 Acres</b>
Exposure Period	6-12 Months
Marketing Period	6-12 Months
Date of Inspection	May 20, 2024
Date of Valuation	August 1, 2024 for Improvement Area #1
Report Date	June 17, 2024



**CERTIFICATION**

We certify that, to the best of our knowledge and belief that:

- (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 analysis, and we have no personal interest with respect to the parties involved.
- (4) We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- (5) Our compensation for completing this assignment is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or use of, this report, or upon developing 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. Our engagement in this assignment is not contingent upon developing or reporting predetermined results.
- (6) The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of FIRREA guidelines and the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- (7) Brandon Lawson has physically viewed the subject property. James L. Maibach, CPM, Leslie Tolliver and Brooke Clock have not viewed the subject property.
- (8) This assignment was not based on a requested minimum value, a specific valuation, or the approval of a loan.
- (9) None of the signatories have previously performed services as an appraiser or in any other capacity, other than that specifically stated, regarding the property that is the subject of this report within the three-year period immediately preceding the acceptance of this assignment.
- (10) James L. Maibach, Leslie Tolliver, and Brooke Clock are not members of the Appraisal Institute. Brandon Lawson is a Practicing Affiliate of the Appraisal Institute and has not completed the Standards and Ethics Education Requirement. The use of this report is subject to the requirements of the Appraisal Institute related to review by their duly authorized representatives.



---

James L. Maibach, C.P.M.  
TX-1323658  
State Certified General Real Estate Appraiser



---

Leslie Tolliver  
TX-1361274  
State Certified Residential Appraiser



---

Brooke Clock  
TX-1350743  
State Licensed Residential Appraiser



---

Brandon Lawson  
TX-1343865  
Appraiser Trainee  
Practicing Affiliate, Appraisal Institute

## SCOPE OF WORK

Scope of Work is defined by the Uniform Standards of Professional Appraisal Practice as “the type and extent of research and analyses in an assignment.” Under the Scope of Work Rule, the appraiser must:

- Identify the problem to be solved;
- Determine and perform the scope of work necessary to develop credible assignment results; and
- Disclose the scope of work in the report.

### The problem to be solved is:

- Determine the *Prospective Market Value* with a Substantial Completion Date of August 1, 2024 for the Fee Simple interest of 234 improved single-family residential lots in Improvement Area #1 of Oak Point 720 PID as such.
  - 41 townhome lots with 22-FF
  - 58 townhome lots with 25-FF, and
  - 135 single family residential lots with 50-FF

The definition of market value<sup>1</sup> utilized herein is as follows:

**Market Value** is defined as the most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite for a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>2</sup>

The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of FIRREA guidelines and the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice, in a manner necessary to produce a credible result.

This Appraisal Report has been prepared under Standards Rule 2-2(a) of an appraisal performed under Standards Rule 1 of USPAP. The value set forth herein was determined after consideration and appropriate application and

---

<sup>1</sup> The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice, Washington, D.C.: Appraisal Standards Board (2020-2021), DEFINITIONS

## *Oak Point 720 Public Improvement District Improvement Area #2*

analysis by three approaches to value i.e., the Cost Approach, the Income (Subdivision Development) Approach, and the Sales Comparison Approach.

As part of this appraisal, we completed a thorough investigation and analysis of the data considered pertinent to valuing the subject property.

### **Property Identification**

The property has been identified using the following sources:

- Public records – Denton Central Appraisal District(DCAD)
- Legal descriptions
- Deed Records – Denton County
- Oak Point 720 PID IA #1 plat map by Kimley-Horn and Associates, Inc., Professional Engineers

### **Type and Extent of Data Researched**

The following information was reviewed in preparing this report:

- Public record data
- City of Oak Point Maps and Land Use Plans
- Flood plain maps
- Topographic maps
- Demographics – CoStar, ESRI, and US Census Bureau
- Market Conditions Data – S&P Case Schiller, CoreLogic, NTREIS, JLL, CBRE, Integra, CoStar, etc.
- Acreage Exhibit by Kimley-Horn and Associates, Inc., Professional Engineers
- Lot Exhibit by Kimley-Horn and Associates, Inc., Professional Engineers
- Estimated development costs provided by Kimley-Horn and Associates, Inc., the Professional Engineers
- Conversations with developers and homebuilders in DFW market
- Information provided by the client
- Executed Contract between the seller, CF CSLK RDMN LLC, and Grenadier Investments Inc., the Buyer
- Executed Contract between the seller, CF CSLK RDMN LLC, and Highland Homes – Dallas, LLC, the Buyer
- Executed Contract between the seller, CF CSLK RDMN LLC., and American Legend Homes, LLC, the Buyer

## VALUATION METHODOLOGY

Three approaches to value are typically considered when developing a market value opinion for real property. These are the Cost Approach, the Sales Comparison Approach, and the Income (Subdivision Development) Approach. A summary of each portion of the subject property that requires valuation is shown below:

- 234 Improved Residential Lots (22-FF, 25-FF, and 50-FF) within Improvement Area #1

### **Improved Attached and Detached Single-Family Residential Lots in Improvement Area #1 (234 Improved Residential Lots)**

#### ***Cost Approach***

The Cost Approach involves research, verification, and comparison of sales of other vacant land with the subject land. The sales are then adjusted for value-related differences. Cost figures are obtained from the developer and engineer and compared to cost figures on competing developments. A developer's profit is based on profit expectations reported by developers as well as actual profit on similar developments.

The Cost Approach provides information that contrasts with information from the Income Capitalization and Sales Comparison Approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction. This approach is most beneficial when appraising a proposed or recently built project and is typically used when finished lots make up a substantial portion of the entire project. The subject property is being developed in multiple phases and there are no major improvements in place, *the Cost Approach is not the most appropriate and thus was not utilized* for the 234 Improved Residential Lots in Improvement Area #1.

#### ***Income (Subdivision Development) Approach***

In the Income Capitalization Approach, the retail value of the residential lots is estimated. The individual lot values are based on lot sales in competing developments. The absorption rates, expenses, and discount rates are also based on competing developments. Since sales of individual lots to an end-user homeowner is exceedingly rare in tract home subdivisions in this market, the value of an individual retail lot is effectively the same value of a portion of lots to a homebuilder because homebuilders tend to be the exclusive buyers of vacant developed lots from land developers. In addition, discussions with developers and homebuilders as well as review of contracts indicate that lots are typically received by the builders on a takedown schedule with annual price escalations of approximately 6% so the lots are not released in bulk to the home builders. The indicated value by the Income (Subdivision) Approach is based on the sellout of the lots with deductions for holding costs and discounted to a net present value.

The Income (Subdivision Development) Approach applied in subdivision analysis simulates what occurs in a bulk sale where one buyer purchases a subdivision or large group of lots at a discount. Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. This approach provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices. Since the problem to be solved in this assignment is to determine the bulk sale value of 234 improved residential lots, as of the date of Substantial Completion (Effective Date), *the Income (Subdivision Development) Approach is appropriate and was developed.*

**Sales Comparison Approach**

The Sales Comparison Approach involves comparing recent sales of entire subdivisions or a large group of lots that involved a single purchaser. The sales are then adjusted for value-related differences. Determining market values for the subdivision or the group of lots is the objective of the analysis, and that determination requires recent and relevant similar bulk sales for the comparison. Finding highly similar and recent sales of improved subdivisions to a single buyer in most markets can be difficult, perhaps impossible. Comparison requires comparable sales with about the same or similar remaining absorption period, a similar mix of lots or unit types, location, home price points, and other characteristics. As Texas is a non-disclosure state, sales data available is limited to sales confirmed by associated parties. Since data on highly similar bulk sales to a single purchaser is difficult to find and verify, *the Sales Comparison Approach was not fully developed by the appraisers.* Use of the approaches for the valuation of the improved lots in Improvement Area #1 of the Oak Point 720 PID is summarized as follows:

<b><i>Approach</i></b>	<b><i>Applicability to Subject</i></b>	<b><i>Use in Assignment</i></b>
<b>Cost Approach</b>	<i>Not Appropriate Since the Subject Property is Developed in Multiple Phases</i>	<i>Not Utilized</i>
<b>Income (Subdivision Development) Approach</b>	<i>Appropriate in Determining Residential Subdivision Value</i>	<i>Utilized</i>
<b>Sales Comparison Approach</b>	<i>Aspects Used in Subdivision Valuation to Determine Retail Market Value of the Vacant Developed Lots</i>	<i>Partially Utilized</i>

### **COMPETENCY OF THE APPRAISER**

James L. Maibach, C.P.M. is a State Certified General Real Estate Appraiser according to the Texas Appraiser Licensing and Certification Board and has appraised numerous properties similar to the subject since 1993. The appraiser also manages, through his commercial real estate management company, approximately 2.25 million SF of which 70% is industrial warehouse, 20% is Class B and C office and 10% in retail product in Tarrant, Dallas, and Johnson counties. Mr. Maibach has been personally involved in over 135 residential development projects as a broker, developer, bank director, and zoning consultant in the past 35 years. Leslie Tolliver is a State Certified Residential Real Estate Appraiser who has assisted in the analysis and appraisal of numerous properties similar to the subject. Brooke Clock is a Licensed Residential Appraiser and Brandon Lawson is an Appraiser Trainee and have assisted in numerous properties similar to the subject property. Attention is paid to the qualifications of each individual, which are presented in the Addenda of this report.

Peyco Southwest Realty is a full-service professional real estate appraisal and consulting firm, providing service to a variety of corporate, institutional, governmental, and private clientele. In the past 12 months, our firm has completed numerous valuation assignments involving similar properties. Mr. Maibach currently owns, represents, and manages multiple properties throughout the DFW Metroplex, mostly in Tarrant, Dallas, Johnson, and Ellis Counties. The subject is located in the City of Oak Point, Denton County, Texas.

### **INTENDED USE AND USERS**

The intended use of the appraisal is to estimate the market value upon completion of the underwriting of a proposed Public Improvement District bond transaction as of the Effective Date of Substantial Completion. The client and intended user is FMSbonds, Inc. The City of Oak Point is also an intended user. The appraisal is not intended for any other use or user. No party or parties other than the City of Oak Point and FMSbonds, Inc. may use or rely on the information, opinions, and conclusions contained in this report; provided, however, it is acknowledged that this Appraisal will be used in a preliminary and final limited offering memorandum for the Public Improvement District bonds. The Client may, without Appraiser's prior authorization or notice to Appraiser, provide the Appraisal to other parties for their use in analysis-related activities, however, it does not make the recipient an intended user of this engagement.

### **DATE OF THE APPRAISAL REPORT**

The preparation of this Appraisal Report was completed on **June 17, 2024**. The initial draft of this appraisal report was completed on **June 7, 2024**.

### **EFFECTIVE DATES OF THE APPRAISAL**

The descriptions, analyses, and conclusions of this report for the designated Market Values of the subject property are applicable as of **August 1, 2024** for Improvement Area #1, which is the expected date of Substantial Completion. Brandon Lawson inspected the property on **May 20, 2024**. James L. Maibach, Leslie Tolliver, and Brooke Clock have not inspected the subject property.

### **ASSIGNMENT CONDITIONS**

Assignment conditions include assumptions that affect the scope of work, other than those previously discussed in the "Assumptions and Limiting Conditions". There are no other material and specific hypothetical conditions or extraordinary assumptions other than those referenced in this report.

### **PROPERTY RIGHTS APPRAISED**

The property rights appraised in this assignment are the Fee Simple Estate in the subject property. A commitment for Title Insurance was not submitted to the appraisers and reservations, if any, are unknown. If property rights differ from the above definitions, the value may be affected.

### **ASSETS APPRAISED**

The assets appraised in this appraisal assignment include land, any primary and ancillary site improvements. No furniture, fixtures, equipment (FF&E), personal property, mineral rights or business value were included in the valuation process.

### **ENVIRONMENTAL CONDITIONS**

No environmental report was available to us, and no recent environmental tests were performed. Because we have no evidence to the contrary, we have assumed that the property is free of any material defects, other than those noted, which would adversely affect the value, including, but not limited to, asbestos and toxic waste. Our value conclusions are subject to revision should these assumptions prove incorrect. We caution and advise the user of this report to obtain environmental studies which may be required to ascertain the status of the property regarding asbestos and other hazardous materials.

### **HISTORY OF SUBJECT PROPERTY**

Denton County deed records indicate the subject property is owned by CF CSLK RDMN LLC. The subject property consists of one parcel and the purchase price of the property was not disclosed to the appraisers. The subject property was deeded as follows:

- Per Denton County Appraisal District parcel number 38750, was deeded to CF CSLK RDMN LLC on October 4, 2022, from Rudman Partnership ETAL via deed instrument 2022-142332. This transaction appears to be arms-length.

We are unaware of any other attempts to sell or divest the subject property, as of the report date. This historical ownership data was researched and reported in order to comply with USPAP which requires a 3-year history of the subject property. It should not be used in lieu of a title search and is not intended as a guarantee to the chain of title.

### **LEGAL DESCRIPTIONS**

The subject property is part of one larger tract of land (122.243-AC) in which the 43.927-AC Improvement Area #1 portion of the subject property resides in. The legal description of the entire tract of land is A0814A W. MCNEIL, TR 8(PT), 122.243 ACRES, OLD DCAD TR #1 (Denton County Tax ID Number 38750).

### **PENDING TRANSACTIONS TO BUILDERS**

The land within the development is owned by CF CSLK RDMN LLC. The subject property has three executed sales contracts. The first Purchase and Sale Agreement is between CF CSLK RDMN LLC (seller) and Grenadier Investments Inc., (Buyer) dated March 13, 2023, to purchase approximately 99 fully developed, townhome lots in Improvement Area #1. Per the purchase contract, Grenadier Investments Inc., is to purchase approximately 41 of the 22-FF townhome lots at \$80,000 and 58 of the 25-FF townhome lots at \$85,500 each within Improvement Area #1. Grenadier Investments Inc. will also pay \$6,000 per lot to the seller for Project Support Fees and \$5,700 per lot to Mustang Special Utility District for Water, Sewer, and Water Meter Fees. The agreed upon sales prices are within range of market values of comparable vacant improved townhome lots. This transaction appears to be arms-length.

The second Purchase and Sale Agreement was between CF CSLK RDMN LLC (Seller) and Highland Homes – Dallas, LLC, (Buyer) dated March 22, 2023, to purchase approximately 65 fully developed 50-FF, single family residential lots in Improvement Area #1. Per the purchase contract, Highland Homes – Dallas, LLC, is to purchase approximately 65 of the 50-FF lots at \$100,000 each within Improvement Area #1. Highland Homes – Dallas, LLC will also pay \$6,000 per lot to the seller for Project Support Fees and \$5,700 per lot to Mustang Special

*Oak Point 720 Public Improvement District Improvement Area #2*

Utility District for Water, Sewer, and Water Meter Fees. The agreed upon sales prices are within range of market values of comparable vacant improved residential lots. This transaction appears to be arms-length.

The third Purchase and Sale Agreement was between CF CSLK RDMN LLC (Seller) and American Legend Homes, LLC, (Buyer) dated March 7, 2023, to purchase approximately 67 fully developed 50-FF, single family lots in Improvement Area #1. Per the purchase contract, American Legend Homes, LLC, is to purchase approximately 67 of the 50-FF lots at \$100,000 each within Improvement Area #1. American Legend Homes, LLC will also pay \$6,000 per lot to the seller for Project Support Fees and \$5,700 per lot to Mustang Special Utility District for Water, Sewer, and Water Meter Fees. The agreed upon sales prices are within range of market values of comparable vacant improved residential lots. This transaction appears to be arms-length.

According to the Purchase and Sales Agreements we were provided by the development manager (Ashlar Interest, LLC), the following quarterly takedowns are projected for the 234 improved residential lots within Improvement Area #1 of the Oak Point 720 PID.

<b>Projected Quarterly Takedown Summary - Oak Point 720 PID IA #1</b>							
<i>Lot Type</i>	<i>Aug-2024</i>	<i>Nov-2024</i>	<i>Feb-2025</i>	<i>May-2025</i>	<i>Aug-2025</i>	<i>Nov-2025</i>	<b>TOTAL</b>
22-FF	25	12	4	-	-	-	<b>41</b>
25-FF	25	13	20	-	-	-	<b>58</b>
50-FF	24	24	24	24	24	15	<b>135</b>
<b>Total</b>	<b>74</b>	<b>49</b>	<b>48</b>	<b>24</b>	<b>24</b>	<b>15</b>	<b>234</b>

As seen in the previous table, sales are expected to begin in August 2024 for all lot sizes. The sell out date is different for each lot size with the 22-FF townhome lots and 25-FF townhome lots expected to sell out during 1Q2025 and the 50-FF lots are expected to sell out during 4Q2025.



**Real Estate Taxes  
Denton Central Appraisal District**

Real estate tax assessments are administered by the Denton Central Appraisal District (DCAD) and are estimated by jurisdiction on a county basis for the subject. Real estate taxes in this state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to value. The real estate taxes for an individual property may be determined by dividing the assessed value for a property by \$100, then multiplying the estimate by the composite rate.

Real estate taxes and assessments for the projected 2024 tax year are shown in the following table which include taxes to City of Oak Point, Denton County, and Denton ISD. The projected combined tax rate for those entities is **1.778685 per \$100 assessed** as shown in the table below:

Projected Property Taxes - 2024	
Entity	Rate
City of Oak Point	0.430000
Denton County	0.189485
Denton ISD	1.159200
<b>Total</b>	<b>1.778685</b>

The Oak Point 720 PID IA #1 (43.927-AC) is part of one 122.243 contiguous tract of land consisting of one tax parcel. The 2024 tax burden for the entire tract – which is currently undeveloped land – is \$112.13 which is heavily reduced due to the Agricultural Exemptions. A table of the assessed values and property taxes of the current year (2024) of the entire tract is shown below:

TAXES (DENTON CAD - 2024)							
ID	Owner	Size (AC)	Improvement Market Value	Land Market Value	Ag Exemption	Assessed Value	Estimated Taxes
38750	CF CSLK RDMN LLC	122.243	\$ -	\$ 10,739,527	\$ 10,733,223	\$ 6,304	\$ 112.13
<b>Total Combined:</b>		<b>122.243</b>	<b>\$0.00</b>	<b>\$10,739,527</b>	<b>\$ 10,733,223</b>	<b>\$6,304</b>	<b>\$112.13</b>

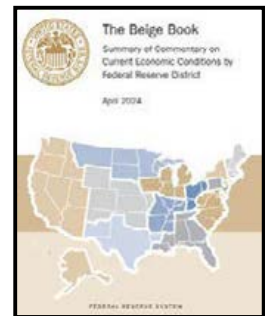
The Land area represented by Denton Central Appraisal District are not necessarily accurate. The land market that Denton Central Appraisal District (“Denton CAD”) has determined - **\$10,739,527 which is \$87,802/AC, \$2.02/SF** – would lead to a tax burden of \$191,022 if fully taxed. The subject property does not encompass the entire 122.243-AC as it only takes up 43.927-AC. If the 43.927-AC was valued as its own tract, the market value would be approximately **\$3,856,894 which is \$87,802/AC, \$2.02/SF** – Which would lead to a tax burden of approximately \$68,602 if fully taxed which would be likely appraised by Denton CAD at below true market value for approximately ±43.927 acres of developable land. When the property is redeveloped into residential lots, there may be rollback taxes due to the municipal entities. We have not considered the effect of rollback taxes herein and that is beyond the scope of work of this report.

Upon substantial completion of the improved lots, the appraised value is expected to increase significantly; however, based on our company’s experience as licensed property tax consultants working with tax districts and homebuilders, we believe the finished lots will be assessed by the appraisal district at below retail lot value. Finished lots are often assessed by tax districts at approximately 70% of the retail value because the tax district does not have reliable information on updated costs and because developers are eligible for an inventory reduction on their lots.

## MARKET OVERVIEW

### ECONOMIC INDICATORS: BEIGE BOOK FEDERAL RESERVE BANK (APRIL 17, 2024)

Due to the subject's location in North Texas, coupled with integrated business economies, it is relevant to consider the national and regional economic indicators presented by the Federal Reserve Bank of Dallas in the Beige Book. Excerpts from the most recent Beige Book are presented below:



#### **Overall Economic Activity**

*Overall economic activity expanded slightly, on balance, since late February. Ten out of twelve Districts experienced either slight or modest economic growth—up from eight in the previous report, while the other two reported no changes in activity. Consumer spending barely increased overall, but reports were quite mixed across Districts and spending categories. Several reports mentioned weakness in discretionary spending, as consumers' price sensitivity remained elevated. Auto spending was buoyed notably in some Districts by improved inventories and dealer incentives, but sales remained sluggish in other Districts. Tourism activity increased modestly, on average, but reports varied widely. Manufacturing activity declined slightly, as only three Districts reported growth in that sector. Contacts reported slight increases in nonfinancial services activity, on average, and bank lending was roughly flat overall. Residential construction increased a little, on average, and home sales strengthened in most Districts. In contrast, nonresidential construction was flat, and commercial real estate leasing fell slightly. The economic outlook among contacts was cautiously optimistic, on balance.*

#### **Labor Markets**

*Employment rose at a slight pace overall, with nine Districts reporting very slow to modest increases, and the remaining three Districts reporting no changes in employment. Most Districts noted increases in labor supply and in the quality of job applicants. Several Districts reported improved retention of employees, and others pointed to staff reductions at some firms. Despite the improvements in labor supply, many Districts described persistent shortages of qualified applicants for certain positions, including machinists, trades workers, and hospitality workers. Wages grew at a moderate pace in eight Districts, with the remaining four noting only slight to modest wage increases. Multiple Districts said that annual wage growth rates had recently returned to their historical averages. On balance, contacts expected that labor demand and supply would remain relatively stable, with modest further job gains and continued moderation of wage growth back to pre-pandemic levels.*

#### **Prices**

*Price increases were modest, on average, running at about the same pace as in the last report. Disruptions in the Red Sea and the collapse of Baltimore's Key Bridge caused some shipping delays but so far have not led to widespread price increases. Movements in raw materials prices were mixed, but six Districts noted moderate increases in energy prices. Contacts in several Districts reported sharp increases in insurance rates, for both businesses and homeowners. Another frequent comment was that firms' ability to pass cost increases on to consumers had weakened considerably in recent months, resulting in smaller profit margins. Inflation also caused strain on nonprofit entities, resulting in service reductions in some cases. On balance, contacts expected that inflation would hold steady at a slow pace moving forward. At the same time, contacts in a few Districts—mostly manufacturers—perceived upside risks to near-term inflation in both input prices and output prices.*

**ELEVENTH DISTRICT  
FEDERAL RESERVE BANK OF DALLAS – APRIL 17, 2024**

***Summary of Economic Activity***

*The Eleventh District economy expanded modestly. While activity in services and housing grew, manufacturing output, retail sales, and loan demand declined slightly. Employment growth slowed as wages, input costs, and selling prices grew at a moderate pace. Demand for nonprofit services remained elevated. Overall, Texas firms noted an uptick in uncertainty, particularly among manufacturing firms. Weakening demand and domestic political uncertainty were top outlook concerns.*

***Labor Markets***

*Employment growth slowed over the past six weeks. Labor availability improved and contacts noted higher retention rates. A few contacts continued to cite difficulty hiring, particularly for positions such as truck drivers and engineers. Staffing firms mentioned that despite a slow-down in hiring, there is an increased preference for permanent employees over temporary or contract workers.*

*Wage growth was moderate over the past six weeks. Staffing firms noted continued declines in wage pressure, while a technology firm stated that wage increases were now in line with historical averages. A manufacturer mentioned not having to increase wages at all due to plentiful job applicants and higher retention. A Dallas Fed survey of about 350 Texas business executives in March showed that wage growth was 4.9% over the past 12 months, on average, and is expected to slow to 3.6% over the next 12 months.*

***Prices***

*Prices rose moderately over the past six weeks. Growth in prices for manufactured goods resumed and raw materials price growth ticked up. Meanwhile, price growth in the service sector held steady at a moderate pace. Auto dealers reported that while increased car inventories placed downward pressure on vehicle prices, they increased inventory costs. Airlines noted input prices rose due to elevated labor costs, fuel prices, and maintenance. Retail motor fuel prices were slightly higher as refineries on the Gulf Coast were coming online again after both unplanned and annual maintenance outages. Manufacturers expect selling price growth to pick up over the next 12 months but remain moderate, while service sector executives expect price growth to moderate further.*

***Manufacturing***

*Overall manufacturing activity declined slightly over the past six weeks. The decline was overwhelmingly due to weakness in durables good production, particularly metals, machinery, and computer and electronics manufacturing. Nondurable goods production increased moderately, driven by food and chemical manufacturing. Chemical plant utilization ticked up, and contacts noted rising new orders, better pricing and margins, and a return of capacity after unplanned winter outages and early spring maintenance. Weakening demand, domestic political uncertainty, and elevated input costs were the top three outlook concerns for the manufacturing sector.*

***Retail Sales***

*Retail sales declined modestly over the past six weeks. Auto dealers noted higher sales volume but declining margins and increasing inventory. Some contacts including a health store retailer and a nondurable goods wholesaler reported consumers pulling-back in purchases because of higher prices. Meanwhile, another nondurable wholesaler commented that consumers are returning, and sales picked up because consumers have baked-in higher prices into their budgets. Retail outlooks remained pessimistic, weighed down by weakening demand and elevated input costs.*

***Nonfinancial Services***

## *Oak Point 720 Public Improvement District Improvement Area #2*

*Service sector activity continued to rise modestly in the reporting period. Revenue growth was led by professional and business services and leisure and hospitality. Airline travel in the District remained strong with continued robust demand for leisure travel and growing demand for business travel. Transportation and warehousing activity declined overall; however, activity at Gulf Coast ports was up, particularly driven by resin exports. Health care reported weakening activity while staffing firms noted an unexpected slowdown in demand, but expect a pick-up in the second quarter, particularly for white-collar jobs. Weakening demand, domestic political uncertainty, and higher labor costs are the top three outlook concerns for the service sector.*

### ***Construction and Real Estate***

*Home sales rose during the reporting period. Some contacts noted that sales so far this year were ahead of plan. Builders' margins strengthened and backlogs increased. Outlooks were positive, though affordability remained a key concern. Commercial real estate market conditions have little changed from the previous reporting period. Apartment leasing was moderate, but there continued to be downward pressure on occupancy and rents, and concessions were becoming more widespread. In the office market, leasing activity stayed sluggish, and vacancies were high. Industrial demand was solid, though vacancies continued to rise due to an elevated level of supply. Outlooks were mixed, with some commercial market segments expected to remain challenging either due to weak demand or the sizeable amount of new construction slated for delivery in the near term.*

### ***Financial Services***

*Loan volumes declined after having largely stabilized over the past three months. Credit standards continued to tighten, and loan pricing continued to rise. While the pace of credit tightening picked up for commercial and industrial loans and commercial mortgages, it slowed for residential mortgages and consumer loans. Overall loan nonperformance rose slightly, with commercial real estate experiencing a significant increase in past-due loans. Bankers' outlooks remained mixed: they expect an increase in loan demand six months from now but a deterioration in loan performance and overall business activity.*

### ***Community Perspectives***

*Nonprofits reported sustained high demand for services as more individuals discover the resources they offer. While demand for food pantry services was stable at an elevated level, there was an increased demand for assistance with health insurance and basic clothing. Cost-of-living was an ongoing concern, and more people were looking for second jobs to make ends meet. The tax season provided low-income families with a temporary income boost with many planning to spend tax refunds on used cars, household appliances, and cell phones.*

**Texas A&M University**  
**Texas Real Estate Research Center**  
**Outlook for the Texas Economy (Excerpts)**  
Joshua Roberson (May 23, 2024)



**Summary**

The Texas economy has remained resilient despite high inflation rates. Employment has remained steady with professional and business services driving most of the monthly employment gains. The unemployment rate has remained unchanged for the last six months. Inflation has increased by 3% and is likely to remain at high levels until later this year.

**Inflation Grows Despite Higher Rates**

The Consumer Price Index (CPI) rose by 0.4% in March, which was the same growth rate as the previous month and is up 3.8% from March 2023. The indexes for gasoline and shelter both rose in March and contributed to more than half of the monthly increase. The energy index increased 2.1% year-over-year (YOY) while the food index increased by 2.2%.

In March, the Federal Reserve maintained its key federal funds interest rate at approximately 5.5% as it grappled with persistent economic inflation. Despite a rise in inflation from 3.2% in February to 3.5% in March, the committee aims to keep the interest rate steady until it gains greater confidence that inflation is consistently moving toward its official 2% target. Many speculate that the earliest the Fed might consider reducing interest rates is during its June meeting, with the possibility of two additional rate cuts by year-end, contingent on whether inflation remains above the 2% target. The ongoing inflation surge has been influenced by factors such as housing costs, which have yet to decline significantly due to a nationwide housing shortage and higher mortgage interest rates.

**Texas Payroll Growing at Slower Rate**

Texas total nonfarm employment added 19,100 workers, resulting in a 0.14% month-over-month (MOM) gain. Compared to the past ten years, this growth rate falls below the monthly average growth rate of 0.2%. None of the Big Four metros experienced major changes. Dallas and San Antonio experienced relatively higher increases of 4,000 and 2,300, respectively. Austin notably reduced by 1,600 employees. Houston had an insignificant increase of 300 employees during this month. For the third straight month the professional and business services and education and health services sectors were the main contributors to the monthly increases, attracting 1,700 and 2,300 workers, respectively. Professional and business services increased for the first two months of 2024, but the growth rate has significantly dropped by 85%.

Texas worker sentiment remains resilient with a participation rate of 64.1%. The unemployment rate has been steady at 3.9% for nine months, and continued unemployment claims averaged around 133,306 applications weekly.

### **Texas Homes Sales Slowing**

According to the latest data, Texas had a 7.1% decrease in total home sales MOM, resulting in 27,595 homes sold (see table). Most of the major cities experienced a slight downswing. San Antonio had the biggest fall in home sales volume among the Big Four with a drop of 9.2% (2,932) followed by Houston with 6.5% (7,343) drop.

### **Service Sector Executives Show Future Optimism**

Texas service-providing employment growth in March was positive but slower than the month before at 0.1% MOM. Business executives surveyed through the Dallas Fed's Service Sector Outlook Survey suggested no growth in employment and work weeks. However, service sector activity expanded in March. The sentiment regarding general business activity continues to be more negative than positive, but expectations for future business activity reflected optimism and remains in positive territory. Other future service-sector activities such as capital expenditure remained positive mirroring the expectations for growth in the next six months.

Retail sales activity continued to decline but at a slower rate than the previous month, and the sales index has gone up by 1.9%. Input price and wage pressure increased by five and ten points, respectively, while the selling price index has not changed.

### **Texas Export Growth Slow Without Oil Boost**

Texas' all-commodity exports in March increased 3.6% MOM but fell 5.8% YOY. This time last year Texas oil and gas exports temporarily benefited from Russian oil sanctions, which explains the large YOY dip. In general, Texas exports have gradually increased since early 2023 but are far short of export levels from 2022.

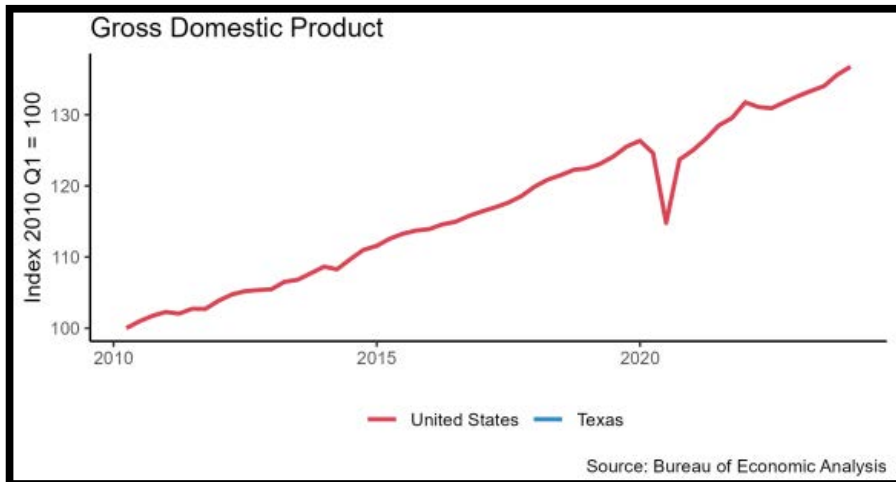
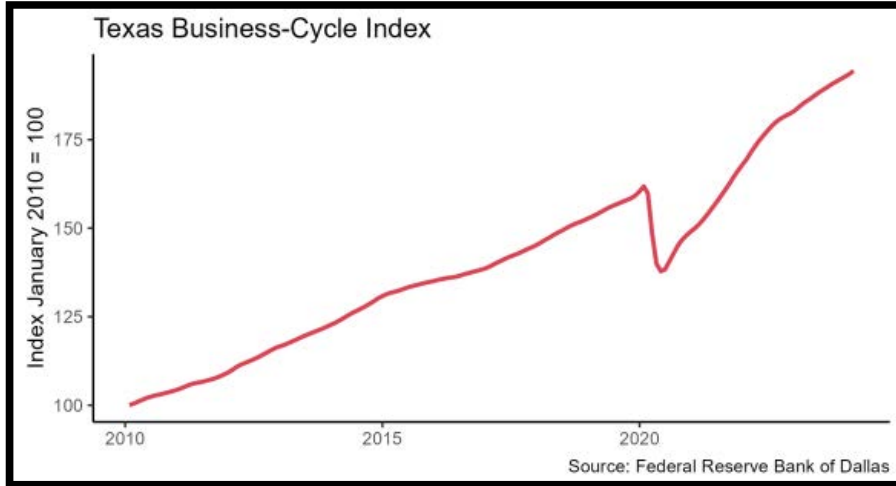
Demand for Texas oil and gas, the state's largest export, has been sluggish with export values hovering in the \$12 export value range. The high mark for Texas oil and gas exports was June 2022, when export levels reached \$15.5 billion, with most of the oil going to either Asia or Europe. Export levels have since fallen but remain above the long-term trend.

Petroleum and coal products, the state's number two export commodity, have fared about the same with export levels maintaining around \$6 billion since summer 2023. Unlike oil and gas, this export is concentrated in developing Latin American markets.

### **Select Economic Indicators**

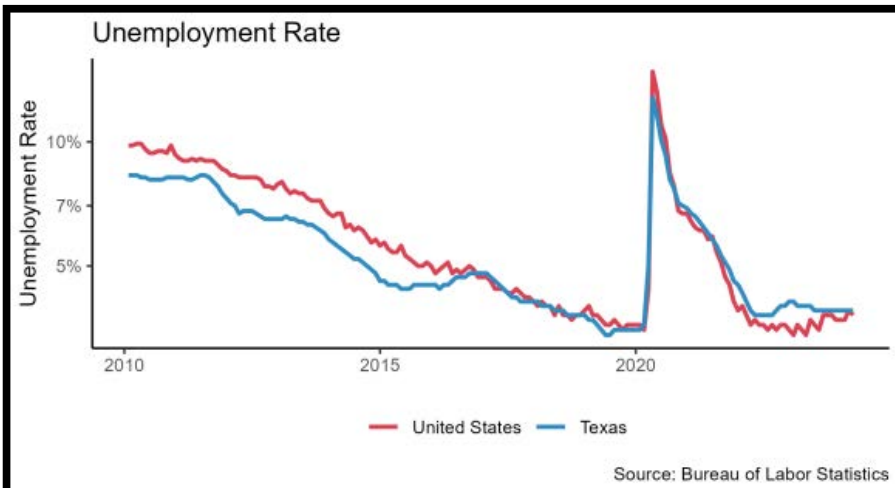
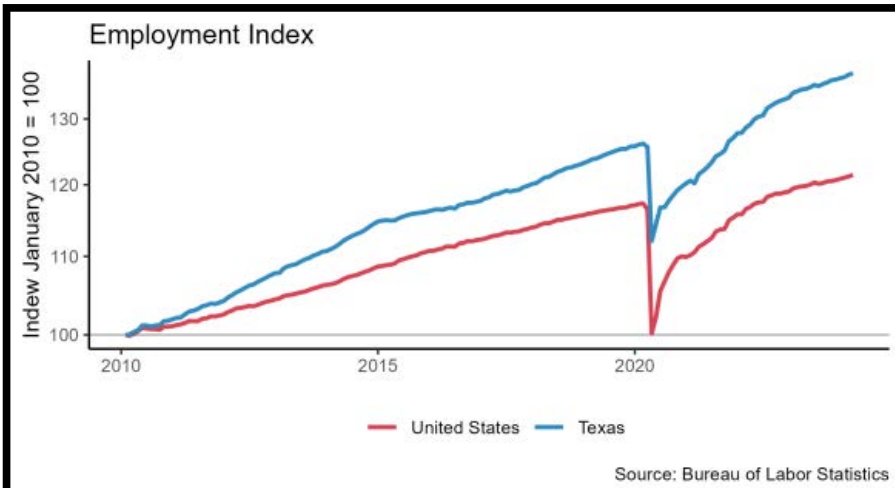
- The Texas Leading Economic Index has remained at 128.2 (1987=100) since the beginning of this year, signaling steady economic growth in the upcoming months.
- Nominal average hourly earnings marginally declined by 0.28% MOM to \$32.54 and increased by 4.5% YOY. This is 19% less than the YOY increase of 2023. Earnings across all four major metros were down with San Antonio declining by \$0.20 and Houston by \$0.13.
- Texas consumer confidence fell by 2.7% in March, whereas it had been on the rise since September.
- The ten-year U.S. Treasury bond did not change from February standing at 4.21%.
- The Federal Home Loan Mortgage Corporation's 30-year fixed-rate rose four basis points to 6.82%.
- The West Texas Intermediate (WTI) crude oil spot price slightly rose by 10.9% YOY from \$77.64 to \$78.01. The Henry Hub natural gas spot price plummeted 35.5% YOY from \$2.54 to \$2.41 per million British thermal units (BTU).

Oak Point 720 Public Improvement District Improvement Area #2



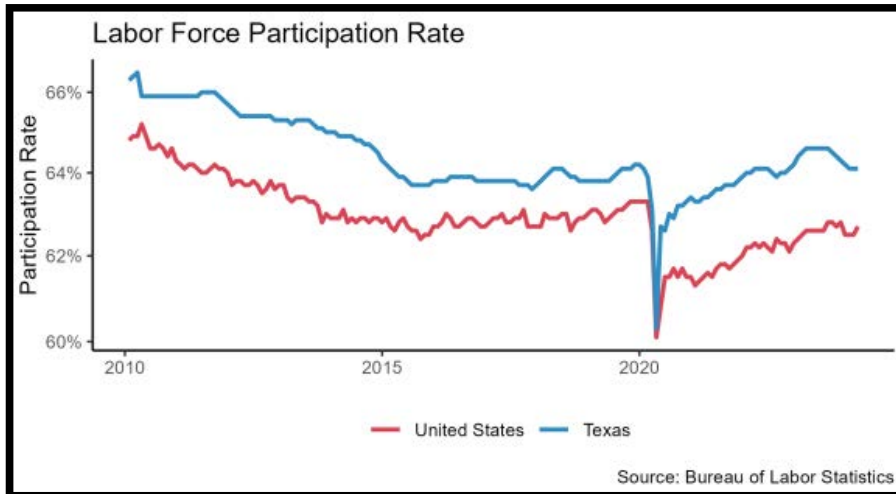
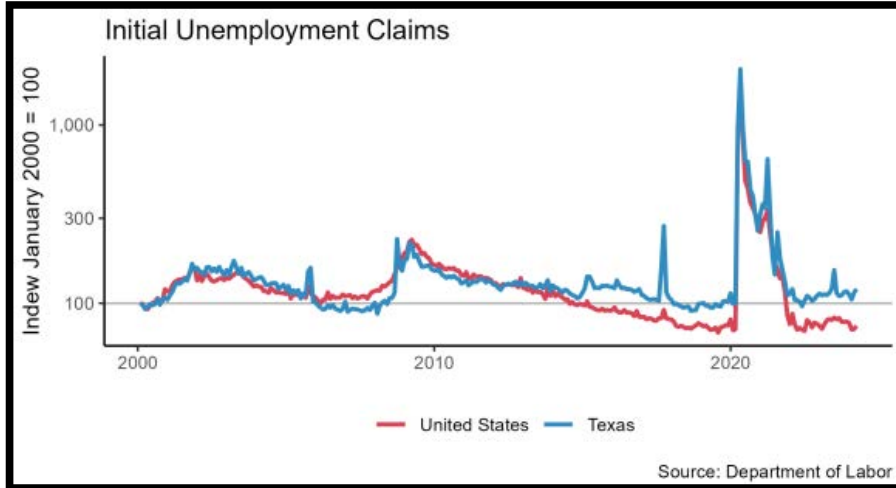


Oak Point 720 Public Improvement District Improvement Area #2

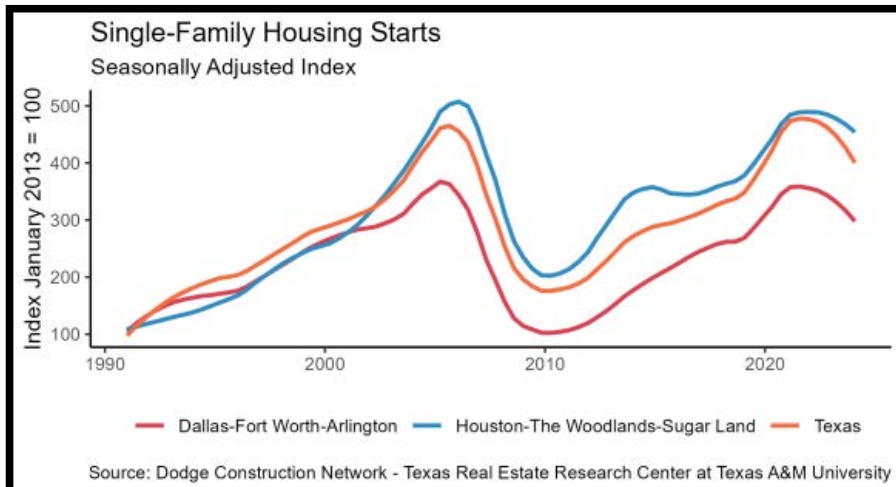
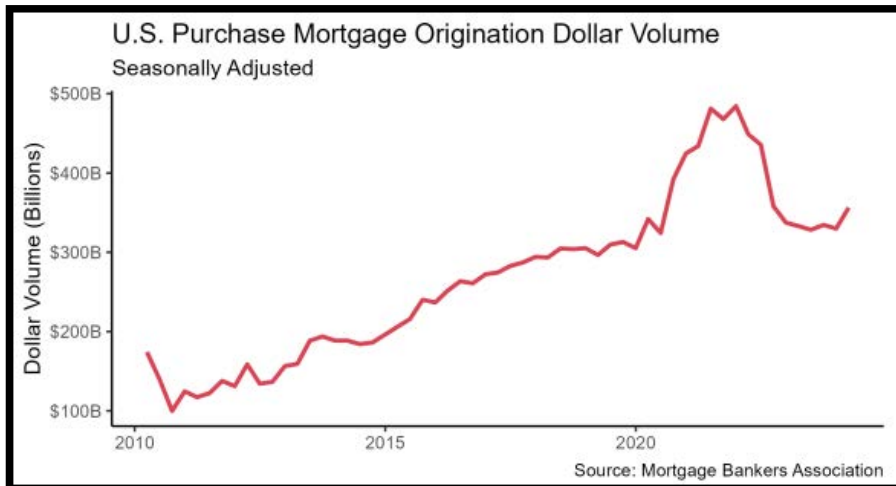
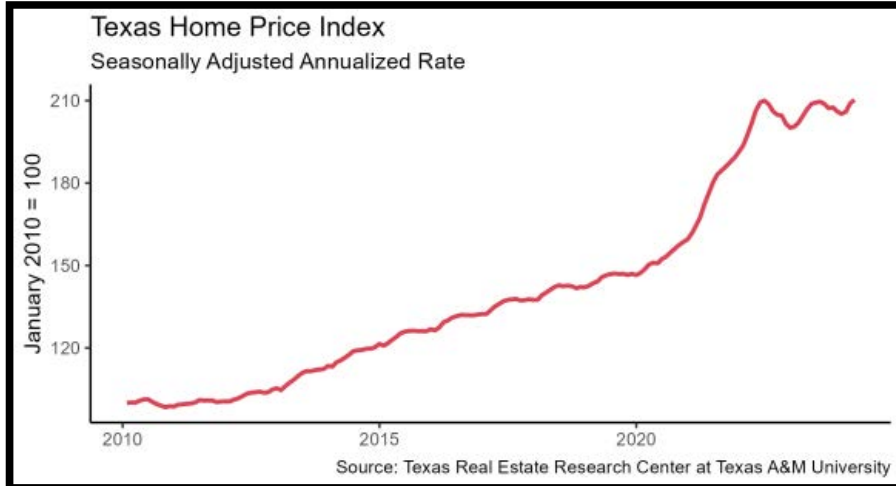




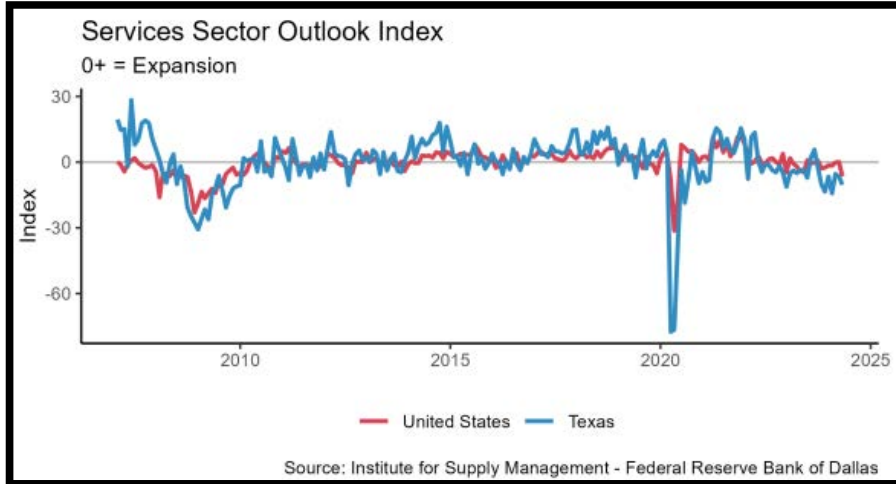
Oak Point 720 Public Improvement District Improvement Area #2



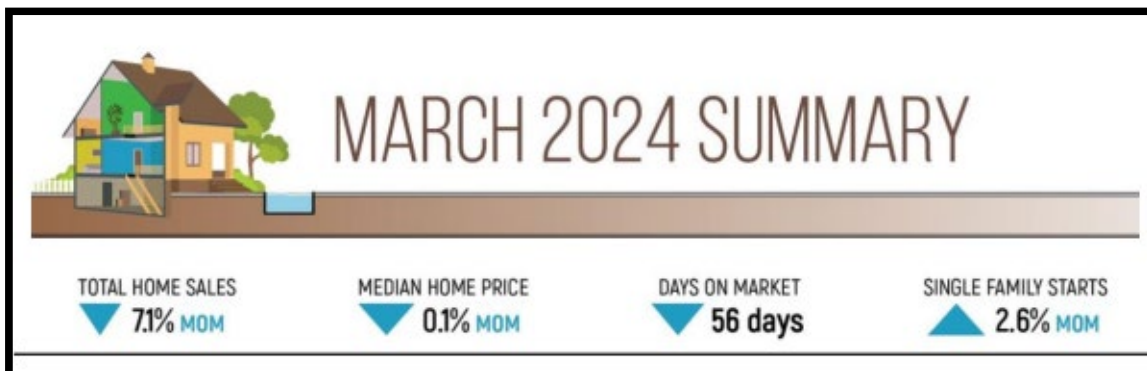
Oak Point 720 Public Improvement District Improvement Area #2



*Oak Point 720 Public Improvement District Improvement Area #2*



**TEXAS HOUSING INSIGHT (EXCERPTS)**  
**Texas A&M University – Texas Real Estate Research Center**  
 Joshua Roberson (May 28, 2024)



**Summary**

Seasonally adjusted housing sales fell in March following February’s growth. Despite the drop, three months into the year cumulative sales are at the same level as last year. Home prices on the other hand remained the same at \$340,000 for the second month in a row.

**Home Sales Retreat from February’s Gains**

Texas witnessed a 7.1% decrease in total seasonally adjusted home sales month over month (MOM), resulting in 27,595 homes sold (Table 1). Although most major cities experienced an upward trend in February, there was a slight downturn across the board in March. Notably, San Antonio saw the most significant decline at 9.2%, representing a decrease of over 296 sales compared to February. Conversely, Dallas-Fort Worth had the smallest decline, with only 259 fewer sales (a 3.2% decrease).

**Table 1. Home Sales Volume**

	February	March	MoM Change
Dallas-Fort Worth-Arlington	8,191	7,932	-3.2%
Austin-Round Rock	2,932	2,792	-4.8%
Houston-The Woodlands-Sugar Land	7,850	7,343	-6.5%
Texas	29,704	27,595	-7.1%
San Antonio-New Braunfels	3,228	2,932	-9.2%

Source: Data Relevance Project and Texas Real Estate Research Center at Texas A&M University  
 Note: Data are seasonally adjusted

After a consistent increase in new listings from December to February, Texas experienced a slight dip, declining from 45,696 to 45,448 listings (0.5%). Among the major cities, only San Antonio defied the trend, maintaining stable new listings. However, both Dallas and Houston saw significant drops. Dallas witnessed a reduction of 2,399 listings (17.2%), while Houston experienced a decrease of 1,394 listings (9.8%).

## Oak Point 720 Public Improvement District Improvement Area #2

The state's average days on the market (DOM) decreased by one day from 57 to 56. Austin fell by almost ten days while Dallas fell by a mere two days. There weren't any notable changes in Houston and San Antonio. Statewide inventory increased from 3.9 to 4.1 months.

The number of active listings went up from 101,933 to 106,269 (4.2%) despite the slight decline in new listings. One explanation for the increase could be the sudden decrease in pending listings, which fell 6.2%. The Big Four experienced an upward trend in active listings with an addition of 334 for Austin (3.6%). Both Dallas and Houston experienced a similar increased trend in active listings by 2.2% with an addition of 524 and 570, respectively. San Antonio experienced a modest increase of 226 (1.8%).

### **Interest Rates on the Rise**

Treasury and mortgage rates remain below their peak 2023 levels but have been increasing since the start of the year. The average ten-year U.S. Treasury Bond yield stayed at 4.21 for the second consecutive month. The Federal Home Loan Mortgage Corporation's 30-year fixed-rate rose by 4 basis points to 6.82%.

### **Single-Family Starts Stabilizing in March**

Texas' number of single-family construction permits increased by 2.6% MOM, reaching 14,013 issuances. In Houston, there was a significant decline of 24.1% compared to the previous month. In contrast, Austin and San Antonio saw more modest increases, with 2.1% and 5.5%, respectively. Dallas permits decreased by 5.2%.

Construction starts rose alongside permits, according to data from Dodge Construction Network. Single-family starts rose by 2.6% MOM to 16,104 units. Houston had been experiencing an almost vertical increase from 56.8 in February, which is slowly reducing. It currently stands at 9.6% in March. San Antonio had a modest increase of 2.9%, and Austin rose by 15.8%. Dallas had surprisingly no change after the previous month's 42% increase.

The state's total value of single-family starts climbed from \$6.55 billion in March 2023 to \$9.51 billion in March 2024. Houston accounted for 36.6% of the state's total starts value. Starts value activity is up from last year as Austin and San Antonio also posted moderate increases.

### **Home Prices Decline**

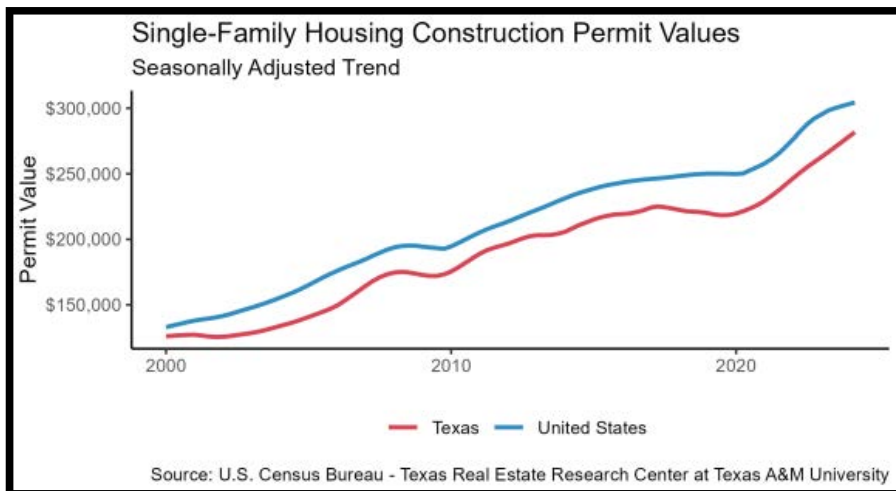
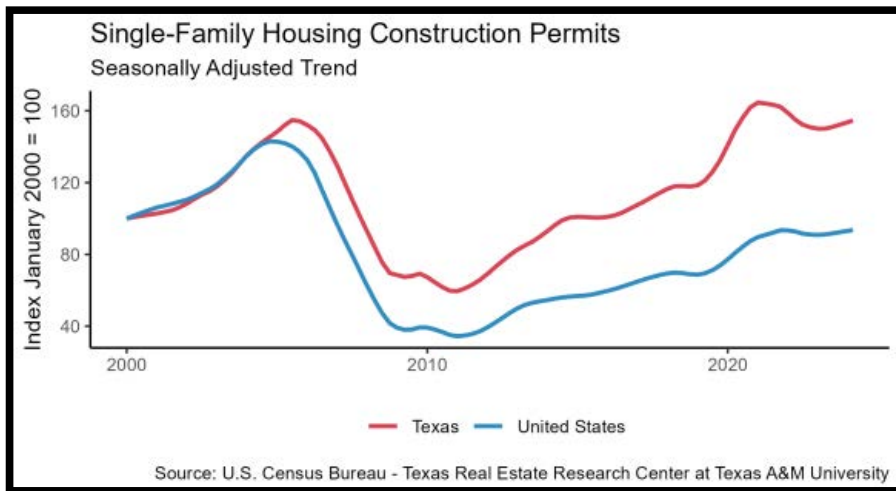
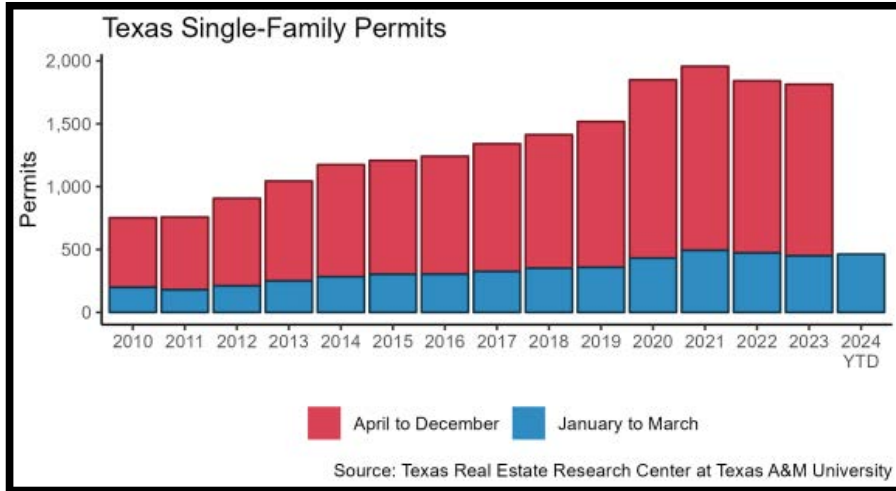
Texas' median home price remained stable at approximately \$340,000 compared to the previous month (Table 2). However, across most major metropolitan areas, home prices saw a decline. Notably, San Antonio experienced an increase of 4.2%, while Austin had the highest decline among the four major cities at 5.2%. Dallas saw a minor decrease of 0.3%, while Houston declined by 1.7%.

	February	March	MoM Change
San Antonio-New Braunfels	\$301,237	\$313,946	4.2%
Texas	\$340,752	\$340,435	-0.1%
Dallas-Fort Worth-Arlington	\$399,033	\$397,921	-0.3%
Houston-The Woodlands-Sugar Land	\$335,545	\$329,842	-1.7%
Austin-Round Rock	\$444,754	\$421,622	-5.2%

Source: Data Relevance Project and Texas Real Estate Research Center at Texas A&M University  
Note: Data are seasonally adjusted

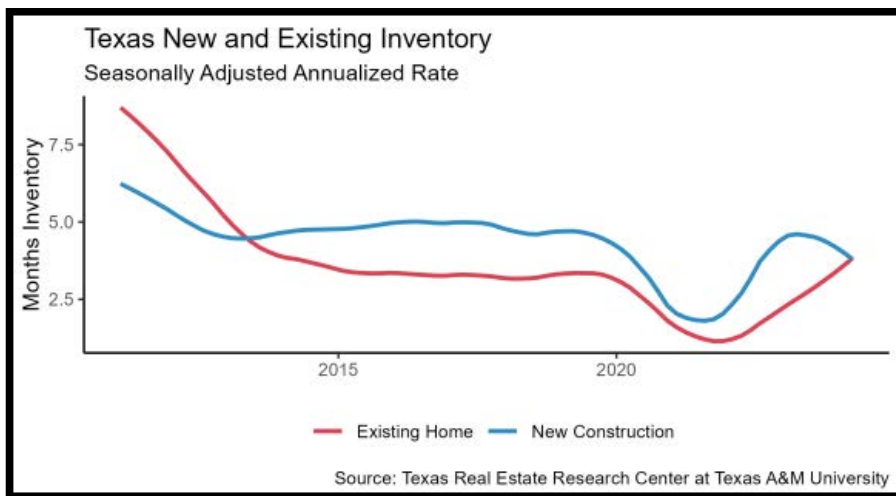
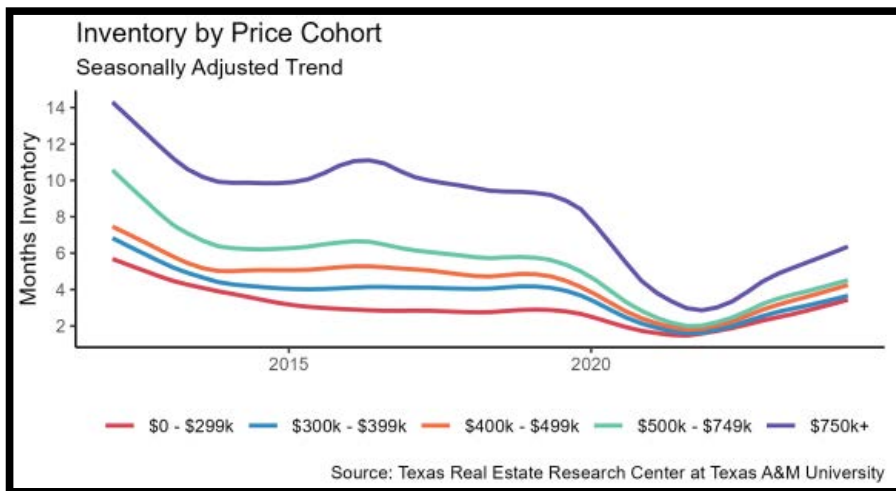
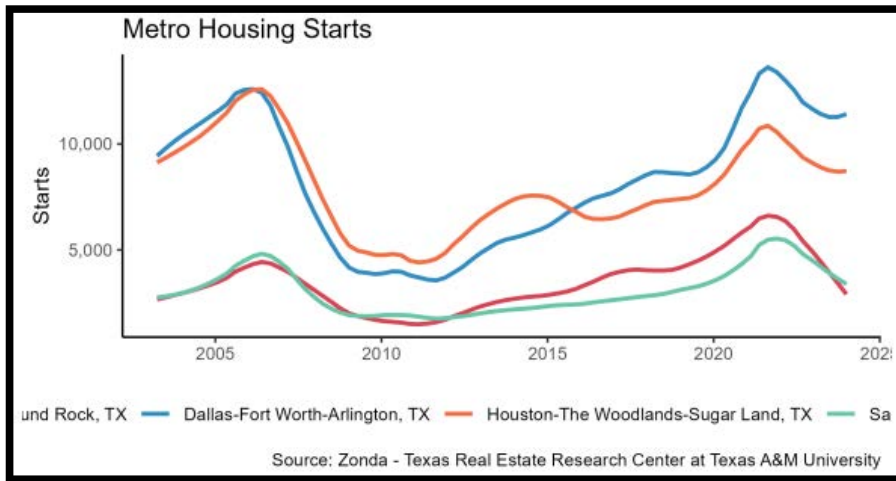
*Oak Point 720 Public Improvement District Improvement Area #2*

The Texas Repeat Sales Home Price Index (Jan 2005=100) grew 0.6% MOM and 2.8% year over year (YOY). Austin’s annual appreciation remains below the state’s average, falling by 0.7% YOY.

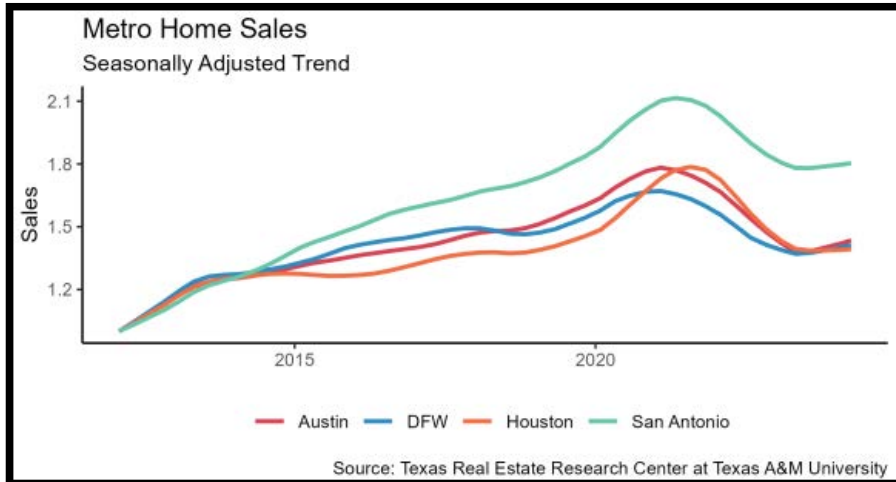
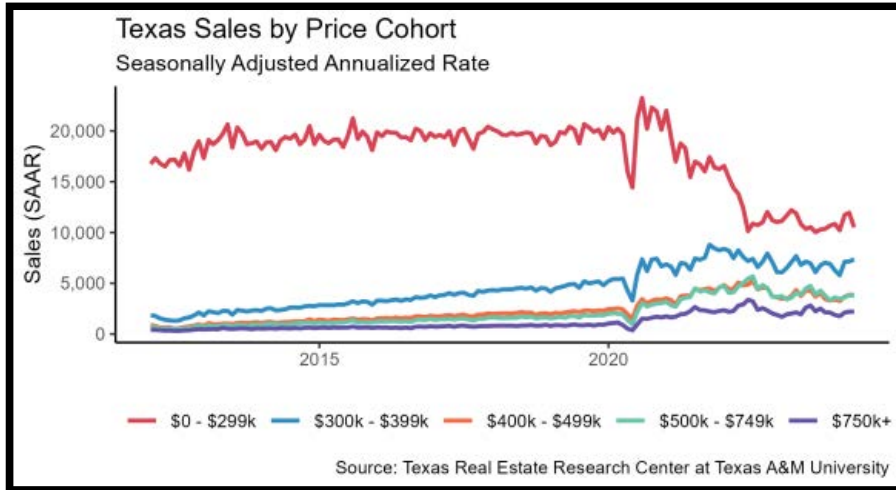
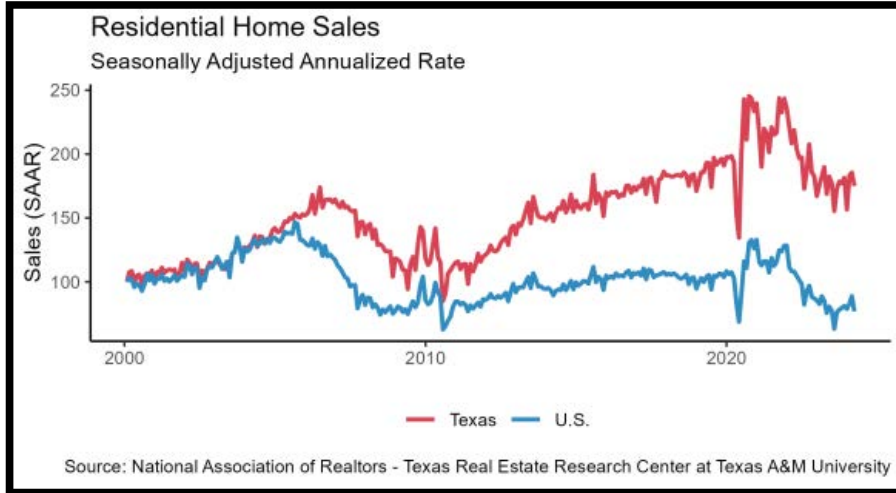




Oak Point 720 Public Improvement District Improvement Area #2

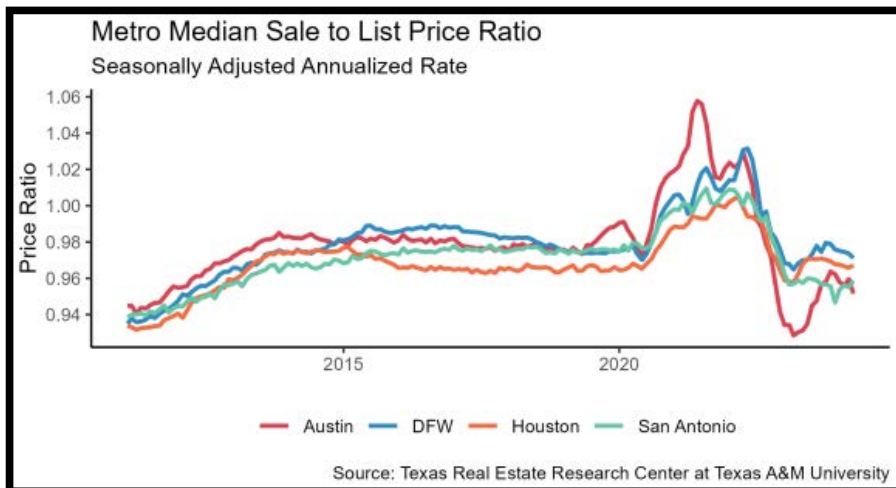
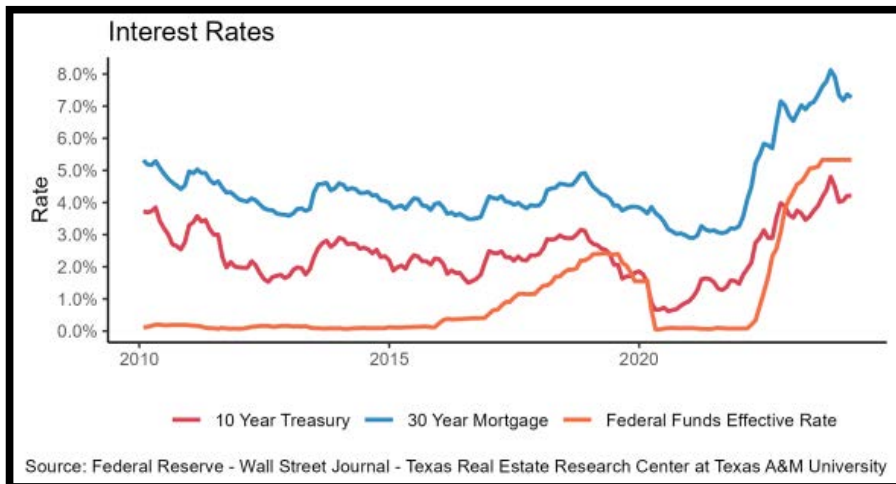
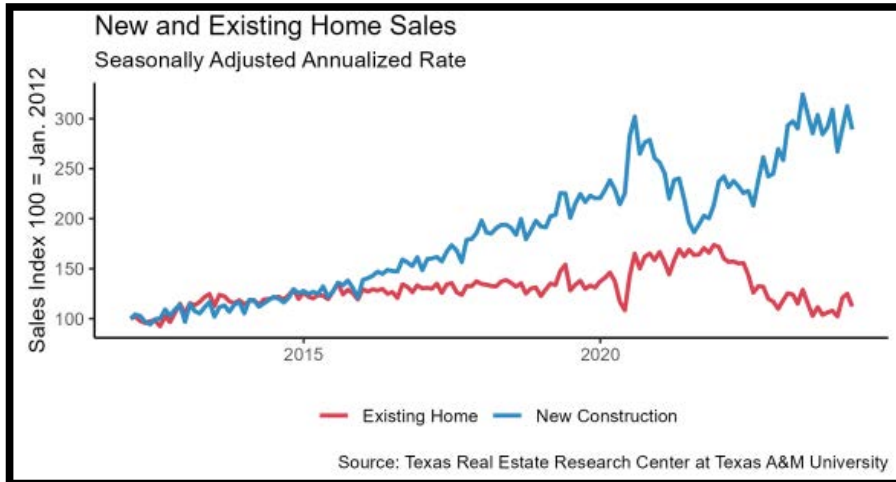


Oak Point 720 Public Improvement District Improvement Area #2

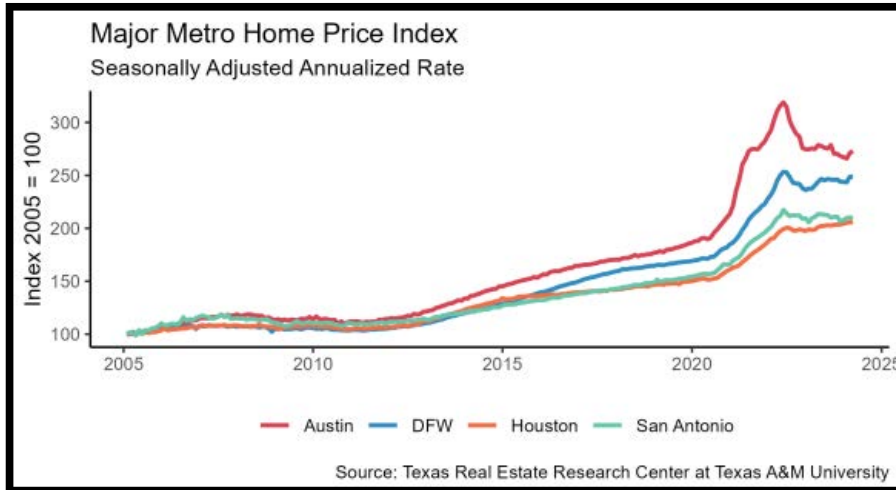
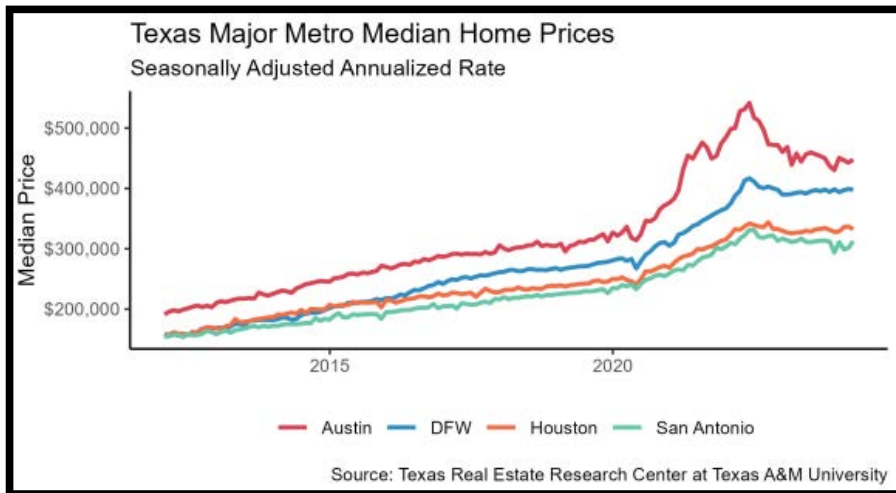
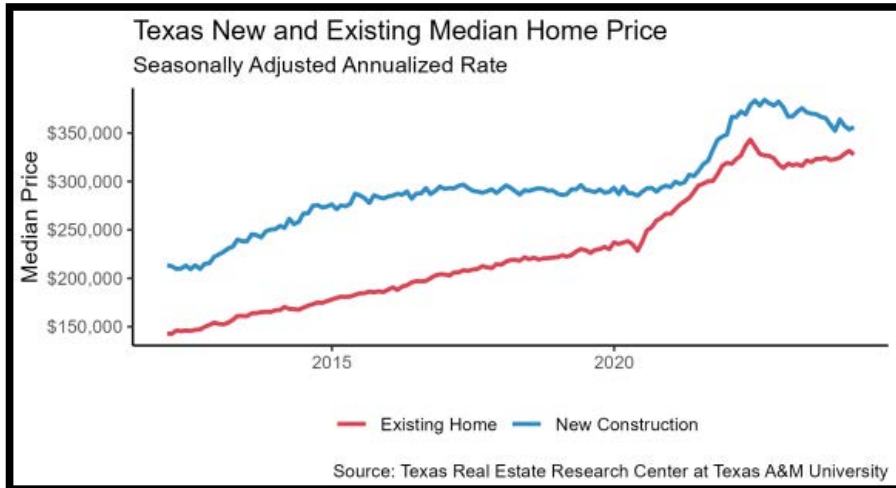




Oak Point 720 Public Improvement District Improvement Area #2



Oak Point 720 Public Improvement District Improvement Area #2

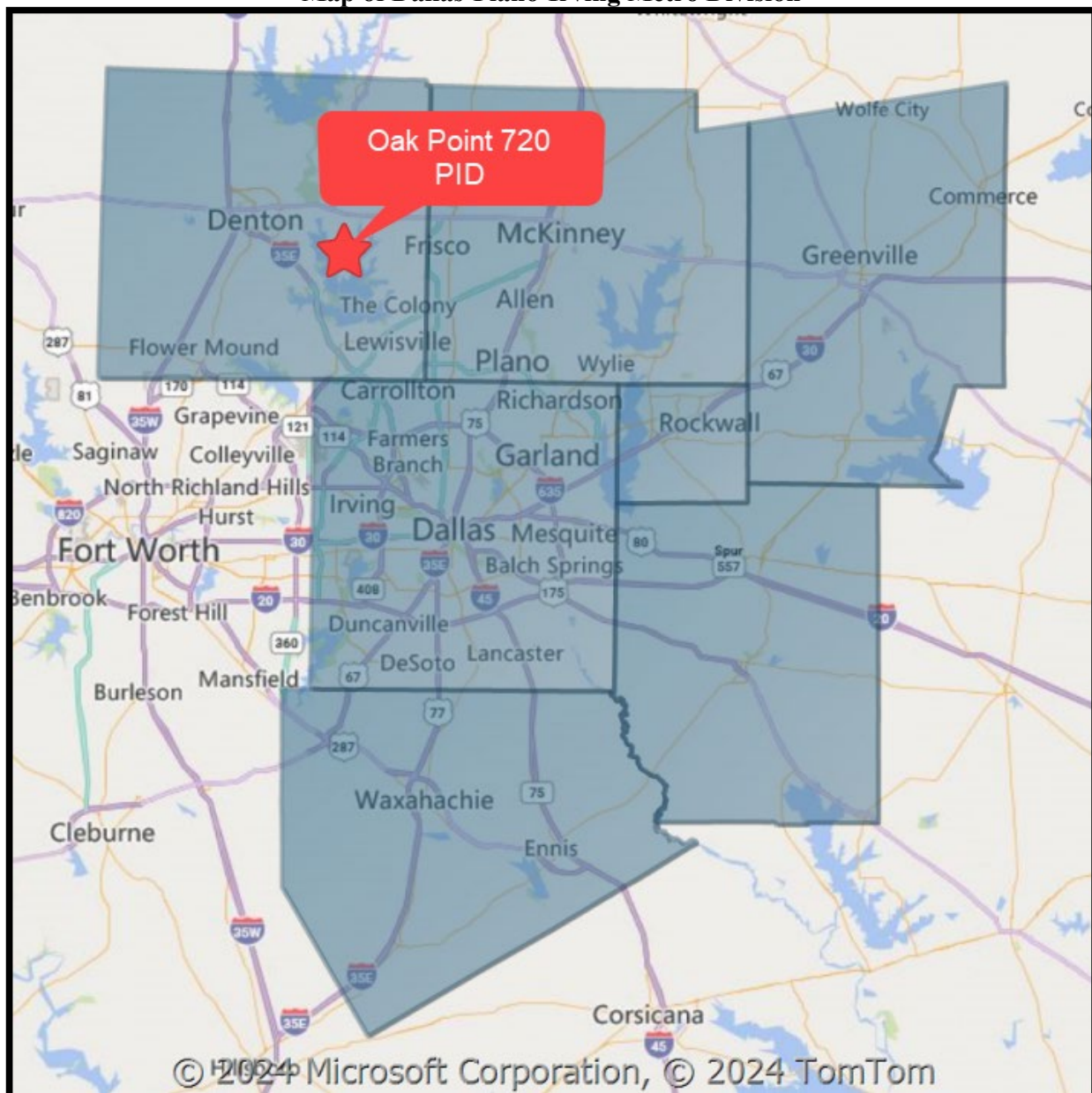


**DALLAS – PLANO - IRVING METRO DIVISION QUARTERLY HOUSING REPORT (EXCERPTS)**  
Texas A&M University – Texas Real Estate Research Center  
(First Quarter, 2024)

**Executive Summary**

- Metro area sales volume increased 0.3% to 13,451 transactions. Median price increased 1.9% year-over-year to \$415,000.
- 2024 Q1 months inventory for all residential properties rose 46% year-over-year to 2.9 months.
- Metro area residential property listings increased 39.8% year-over-year to 14,464 active listing

**Map of Dallas-Plano-Irving Metro Division**

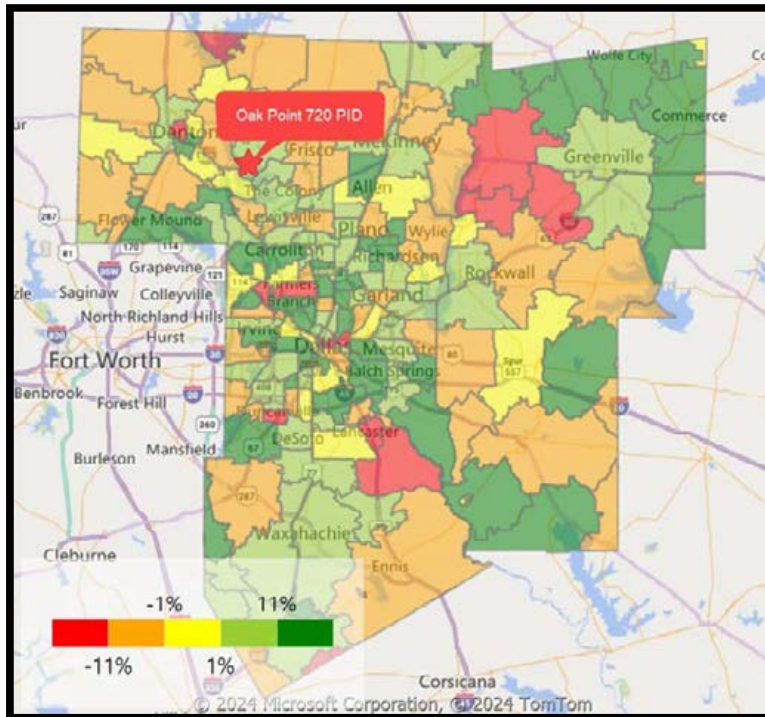




*Oak Point 720 Public Improvement District Improvement Area #2*

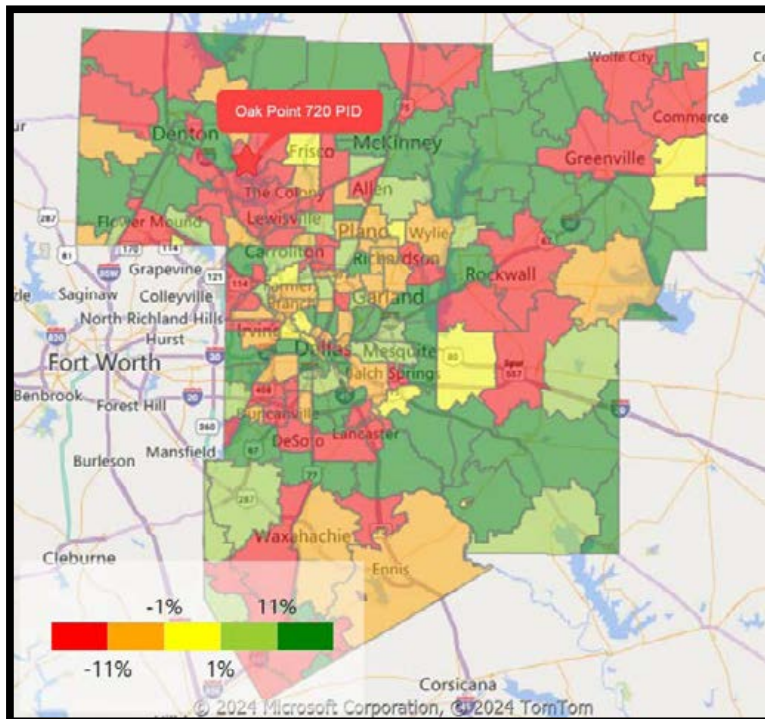
**Median Price Change (YoY)**

*According to TREC, median sale price change year-over-year (YoY) near Oak Point 720 PID increased 1% < 11%.*



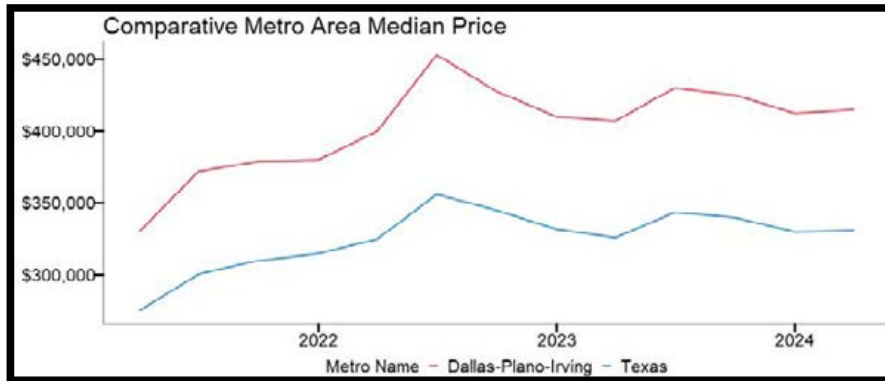
**Sales Volume Change (YoY)**

*According to TREC, sales volume change year-over-year (YoY) in the subject's area near Oak Point 720 PID decreased >11%.*



Oak Point 720 Public Improvement District Improvement Area #2

Median price in the Dallas-Plano-Irving metro increased by approximately 1.9% year-over-year, from \$408,000 to \$415,000. Metro area price exceeded the statewide median price of \$330,950 by \$84,050 as shown in the following chart:



2024 Q1 total sales volume increased by approximately 0.3% year-over-year, from 13,405 to 13,451. Sales of homes between \$300k and \$400k dipped from 3,606 to 3,491, while homes between \$500k and \$750k rose from 2,900 to 2,975, and homes between \$400k and \$500k dipped from 2,508 to 2,467 as shown in the following graph:



Metro area months inventory increased year-over-year from 1.98 to 2.89 months. Homes between \$300k and \$400k rose year-over-year, from 1.8 to 2.35 months, while homes between \$500k and \$750k rose year-over-year, from 2.06 to 3.12 months and homes between \$400k and \$500k rose year-over-year, from 1.82 to 2.88 months as shown in the following graph:



Oak Point 720 Public Improvement District Improvement Area #2

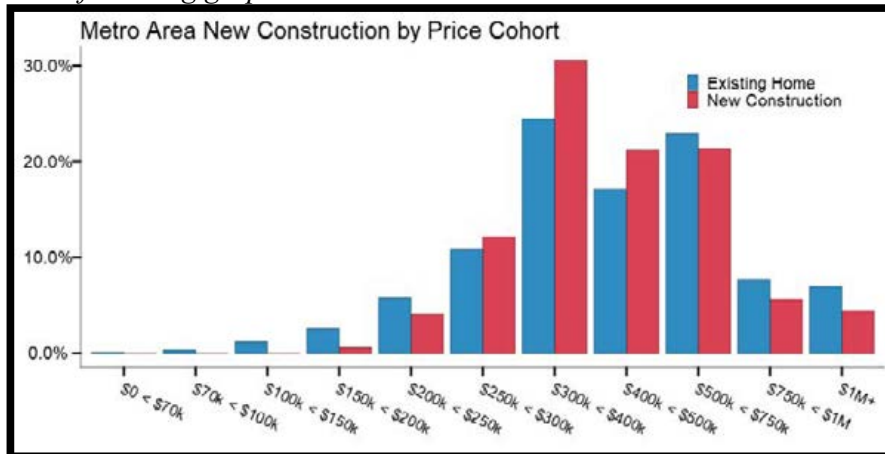
Average days to sell throughout the metro area fell from 94 to 87 days, a decrease of 7.5% year-over-year. Average days to sell for homes between \$300k and \$400k decreased by approximately 10.6% year-over-year, from 94 to 84 days as shown in the following graph:



Homes in the \$400s and above fell to 52.6% of single-family new construction sales through the MLS. The second most active price range was homes in the \$300s, which grew from 29.2% to 30.5% year-over-year as shown in the following graph:



In the latest quarter, the average price was \$492,315 for new homes sold through the MLS, a decrease over last year's figure of \$521,940. Average price for existing homes was \$528,418, an increase over last year's figure of \$491,649 as shown in the following graph:



Oak Point 720 Public Improvement District Improvement Area #2

The following chart shows the housing metrics for Denton County:

Denton County												
Price Cohort	Closed Sales	YoY%	% Sales	Median Price	YoY%	Median Price PSF	YoY%	Active Listings	Months Inventory	Median Square Feet	Median Year Built	
\$0 < \$70k	0	-100%	0%	-	-	-	-	0	0.0	-	-	
\$70k < \$100k	1	0%	0%	***	***	***	***	0	0.0	***	***	
\$100k < \$150k	4	0%	0%	***	***	***	***	1	1.0	***	***	
\$150k < \$200k	10	-9%	0%	\$185,000	6%	\$178.63	20%	6	1.5	1,055	1978	
\$200k < \$250k	40	-7%	1%	\$235,000	-2%	\$204.13	12%	19	1.4	1,130	1983	
\$250k < \$300k	171	4%	6%	\$280,000	-2%	\$198.75	3%	82	1.5	1,400	2004	
\$300k < \$400k	887	-17%	30%	\$352,900	0%	\$191.82	-2%	564	1.7	1,838	2013	
\$400k < \$500k	654	-13%	22%	\$440,365	0%	\$200.65	2%	639	2.4	2,215	2016	
\$500k < \$750k	789	1%	26%	\$585,000	-2%	\$205.21	2%	826	2.6	2,921	2017	
\$750k < \$1M	228	1%	8%	\$842,400	1%	\$240.05	5%	339	3.6	3,537	2015	
\$1M+	194	-36%	7%	\$1,250,000	-4%	\$294.99	-1%	373	5.3	4,289	2013	

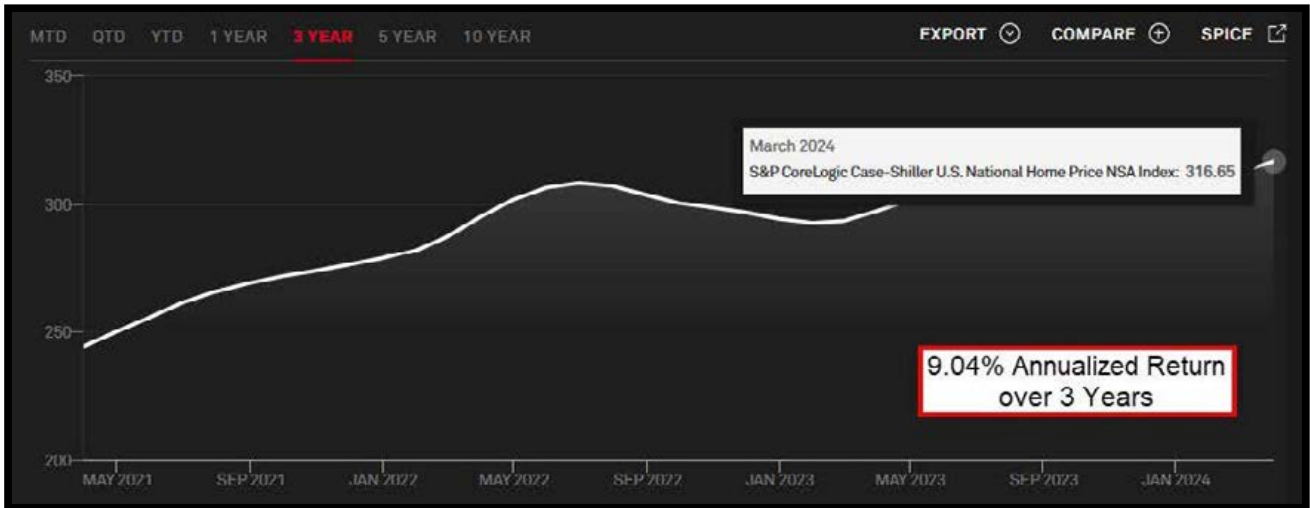
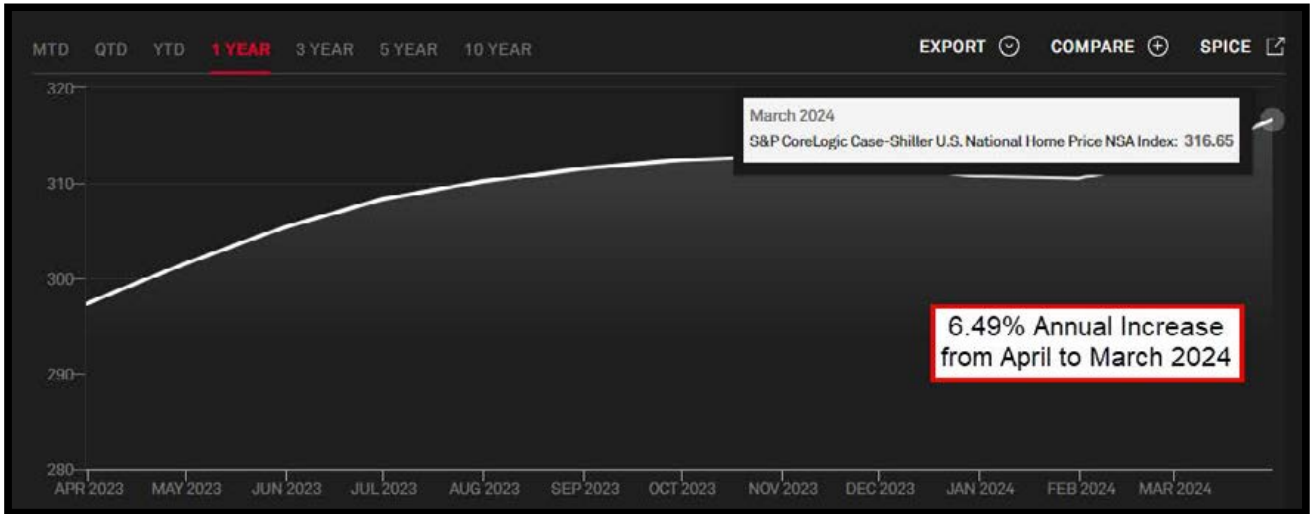
\*\*\* Not displayed when fewer than five sales



### S&P CORELOGIC CASE-SHILLER INDEX

March 2024

Data reported from the Standard & Poor Dow Jones Indices (1-year and 3-year graphs shown below) from end of March 2024 showed that home prices nationally were up 6.5% YoY while the Dallas Metropolitan area also increased by 3.6%. Prices have increased in mostly the western and northern states; however, the southern region has remained steady compared to the national average.



Metropolitan Area	March 2024 Level	March/February Change (%)	February/January Change (%)	1-Year Change (%)
Dallas	295.01	1.2%	0.6%	3.6%
Composite-10	341.75	1.6%	1.0%	8.2%
Composite-20	325.09	1.6%	0.9%	7.4%
U.S. National	316.65	1.3%	0.7%	6.5%

Sources: S&P Dow Jones Indices and CoreLogic  
Data through March 2024



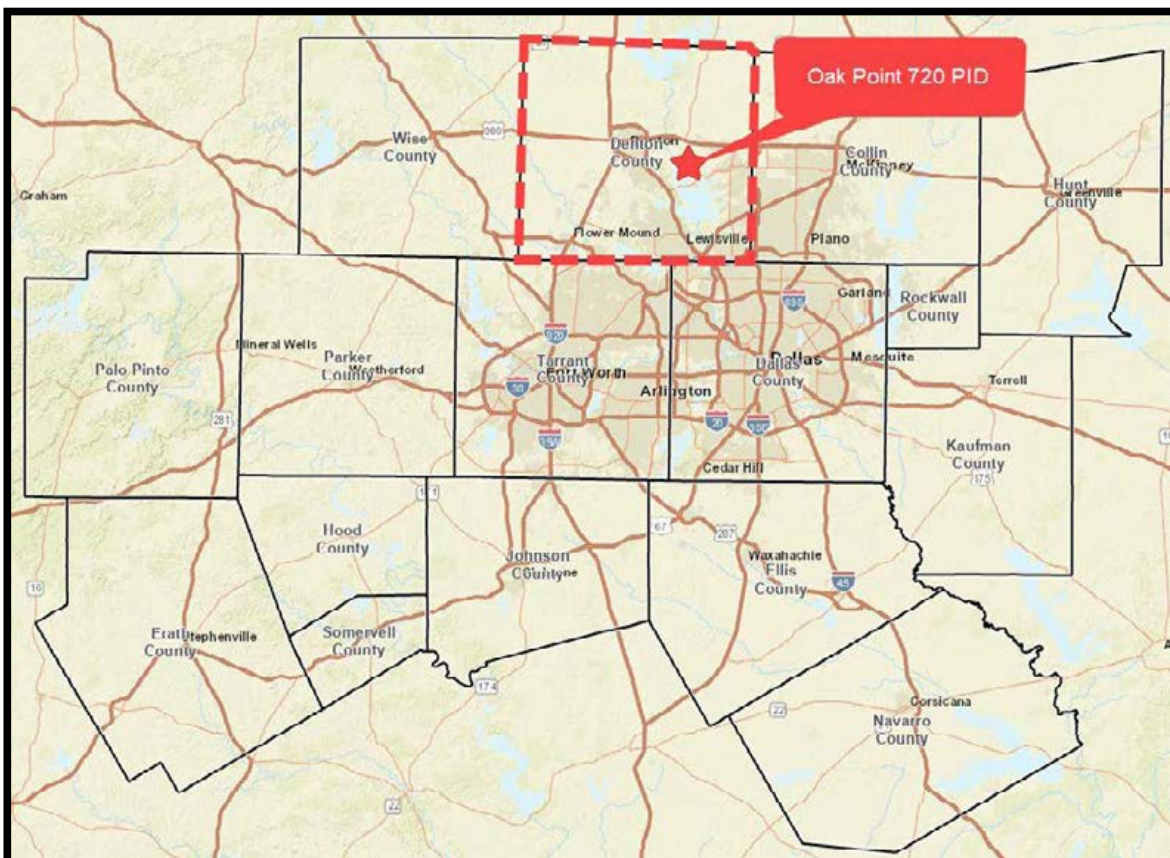
## REGIONAL ANALYSIS

The subject is located in Denton County within the Dallas-Plano-Irving Metropolitan Statistical Area (MSA), often combined from the Dallas-Fort Worth-Arlington MSA and the Fort Worth-Arlington-Grapevine MSA, and more commonly referred to as the Metroplex (DFW), which encompasses parts of 16 counties and contains 23 cities with populations over 50,000 in North Central Texas. As reported by the North Central Texas Council of Governments (NCTCOG), the estimated population as of January 1, 2023, was 8,284,892 which makes it the most populous region in Texas and the fifth largest in the US. In the most recent count (2023), the population of DFW grew by 161,433 led by Fort Worth which added more than 18,900 people. Since 2020, the region has added approximately 453,000 new residents. Contributing about one-third of Texas' GDP, the economy is the most diverse in the state. DFW is home to many business and professional services from major financial institutions to international law firms. It is also home to one of the top ranked container ports in the US and an extensive infrastructure network that serves multiple hotbeds for e-commerce fulfillment.

The region is anchored by two major passenger airports: Dallas-Fort Worth International Airport (DFW), which is the second busiest airport in the world in terms of aircraft movements and the largest hub for American Airlines, and Dallas Love Field Airport (DAL), which is a city-owned airport and the largest hub for Southwest Airlines – the largest carrier in the nation in terms of passengers carried.

### MAP OF DALLAS-FORT WORTH METROPLEX

*Red Lines Showing Denton County Boundary*

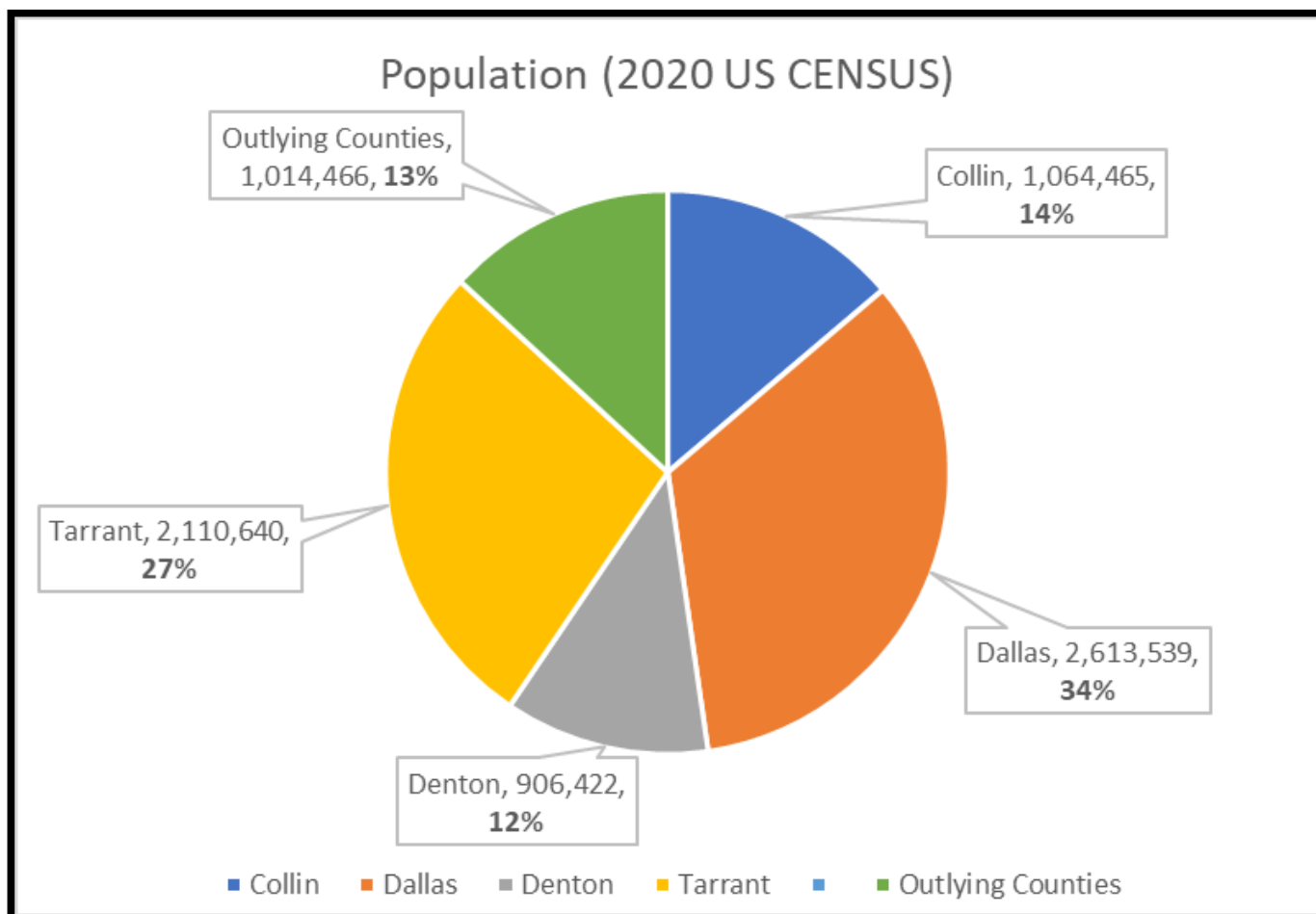


*Oak Point 720 Public Improvement District Improvement Area #2*

When compared to the national economy, the DFW Metroplex is expected to experience expansion arising from growth in a variety of sectors including construction, transportation, manufacturing, finance, healthcare, business services, science and technology, education, and real estate. The expansion is fueled by the region’s strategic location in the center of the country and located at the nexus of major roadways such as Interstates 35, 30, 20, and 45. It is predicted by most analysts that economic activity in the area will exceed the state and national growth averages across most indicators. The region is set for long-term development due in part to its transportation infrastructure, low cost-of-living, business friendly regulatory environment, mild weather, young population, and large work force.

A chart of the four counties in the Metroplex with the highest populations is shown below. Dallas County is the most populated county in the region with 2,613,539 residents, followed closely by Tarrant County with 2,110,640, Collin County with 1,064,465, and Denton County with 906,422. Other outlying counties such as Ellis, Johnson, Parker, Kaufman, Rockwall, Palo Pinto etc. add up to another 1,014,476 residents. The subject property is in the east quadrant of Denton County.

**PIE CHART OF POPULATION PERCENTAGES IN DFW METROPLEX**



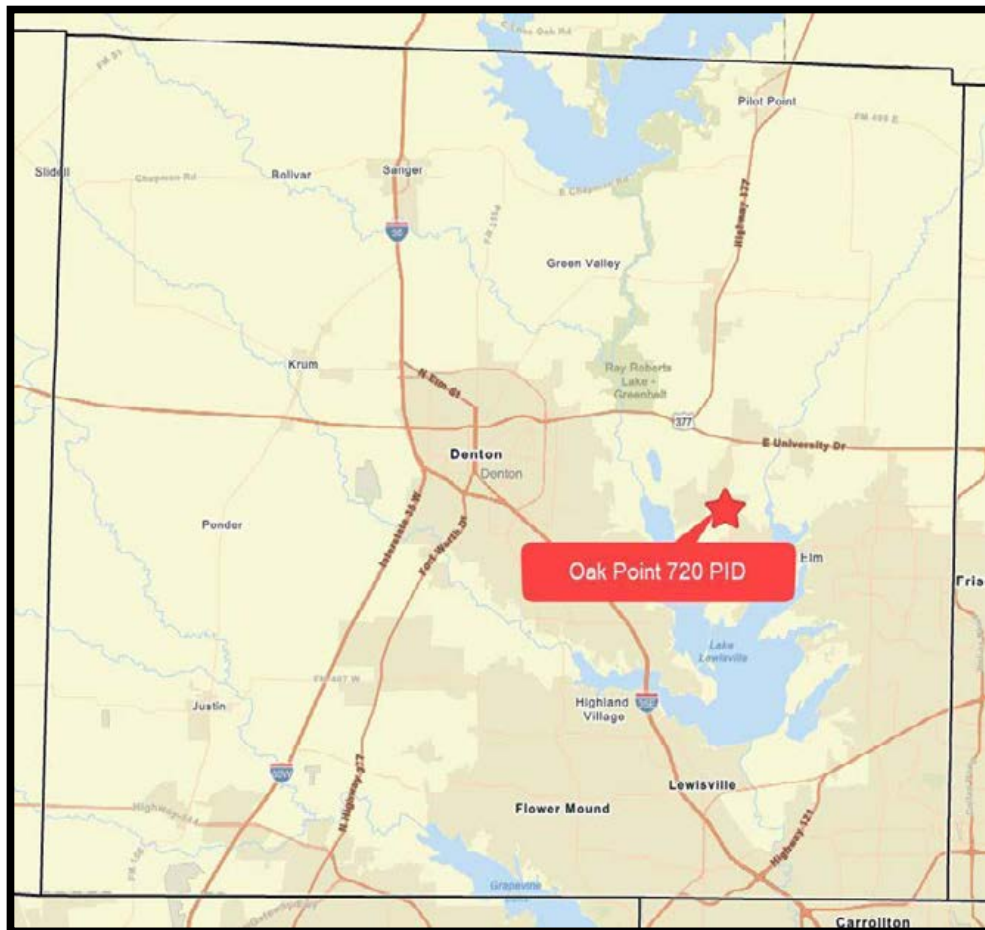
### DENTON COUNTY OVERVIEW

Denton County, located in North Texas, is a dynamic region that forms part of the Dallas-Fort Worth-Arlington metropolitan area, commonly known as the DFW Metroplex. Covering approximately 953 square miles, the county is bordered by Cooke, Grayson, Collin, Dallas, Tarrant, and Wise counties. With a population exceeding 940,000, Denton County is one of the fastest-growing areas in Texas and the United States. Denton County boasts a diverse economy, driven by key industries like education, healthcare, manufacturing, retail, and technology. Its proximity to the DFW Metroplex and business-friendly environment have contributed to significant economic growth. Education plays a vital role in the county, with the University of North Texas (UNT) and Texas Woman's University (TWU) anchoring its academic landscape. Additionally, several independent school districts, including the Denton and Lewisville ISDs, serve the area's public education needs.

Denton County is vibrant, particularly noted for its lively music scene centered around downtown Denton and the historic Courthouse-on-the-Square. The county hosts numerous music festivals and events annually. For recreation, residents and visitors enjoy an array of parks, lakes, and trails, including popular spots like Lewisville Lake and Ray Roberts Lake State Park. The county is well-connected by major highways such as Interstate 35E and 35W, U.S. Highway 380, and State Highway 121, with public transportation services provided by the Denton County Transportation Authority (DCTA). In summary, Denton County is a thriving part of North Texas, celebrated for its robust community, educational institutions, and rich cultural offerings.

### MAP OF DENTON COUNTY

*Subject Located in East Denton County*

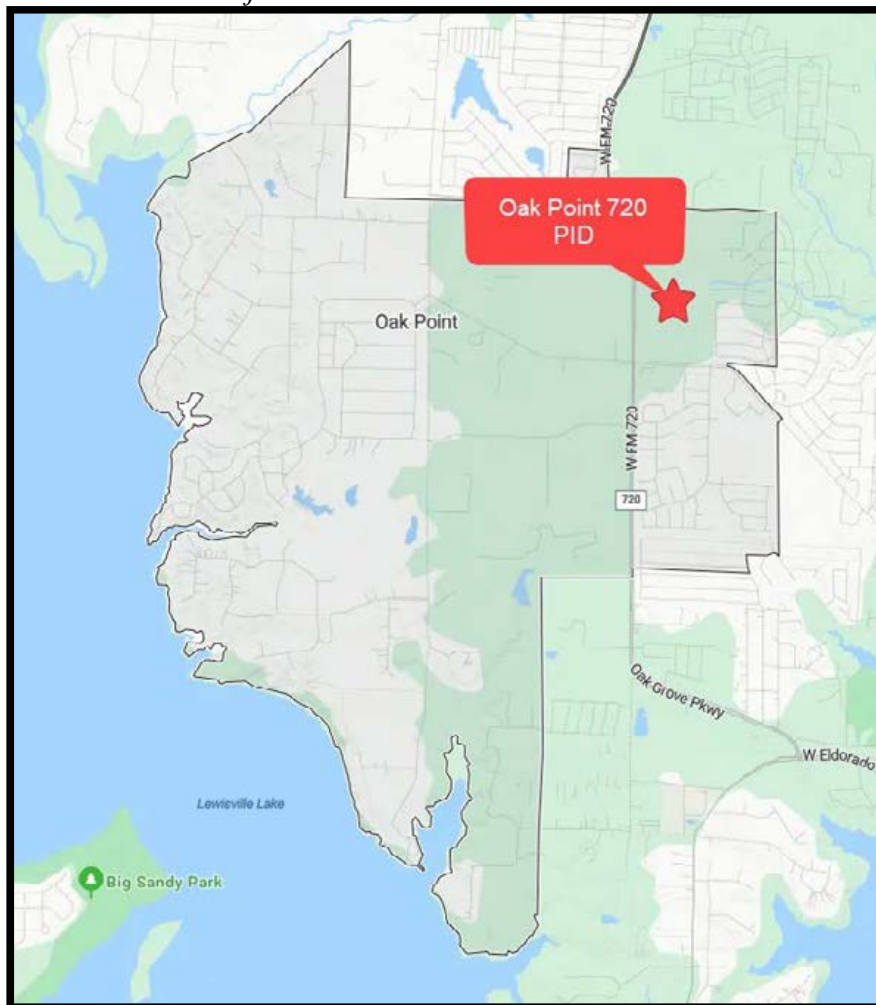


### **CITY OF OAK POINT OVERVIEW**

Oak Point is located in Denton County, Texas. As of the 2020 census, the population was around 5,000 people. Oak Point is situated along the eastern shores of Lake Lewisville, which provides residents with access to various recreational activities such as boating, fishing, and hiking. The city is part of the Dallas-Fort Worth metroplex, offering residents a mix of suburban living and easy access to urban amenities. The city is known for its scenic landscapes, with many homes nestled among trees and green spaces. Oak Point has a small-town feel with a strong sense of community, and it is known for its family-friendly atmosphere. In terms of education, Oak Point is served by the Denton Independent School District, which provides public education to students in the area. Overall, Oak Point is a charming city that offers a peaceful and picturesque setting for its residents, with easy access to the amenities of the larger Dallas-Fort Worth metroplex. A map of the official boundary map for the City of Oak Point is shown below.

### **MAP OF THE CITY OF OAK POINT**

*Subject Located in Northeast Oak Point*





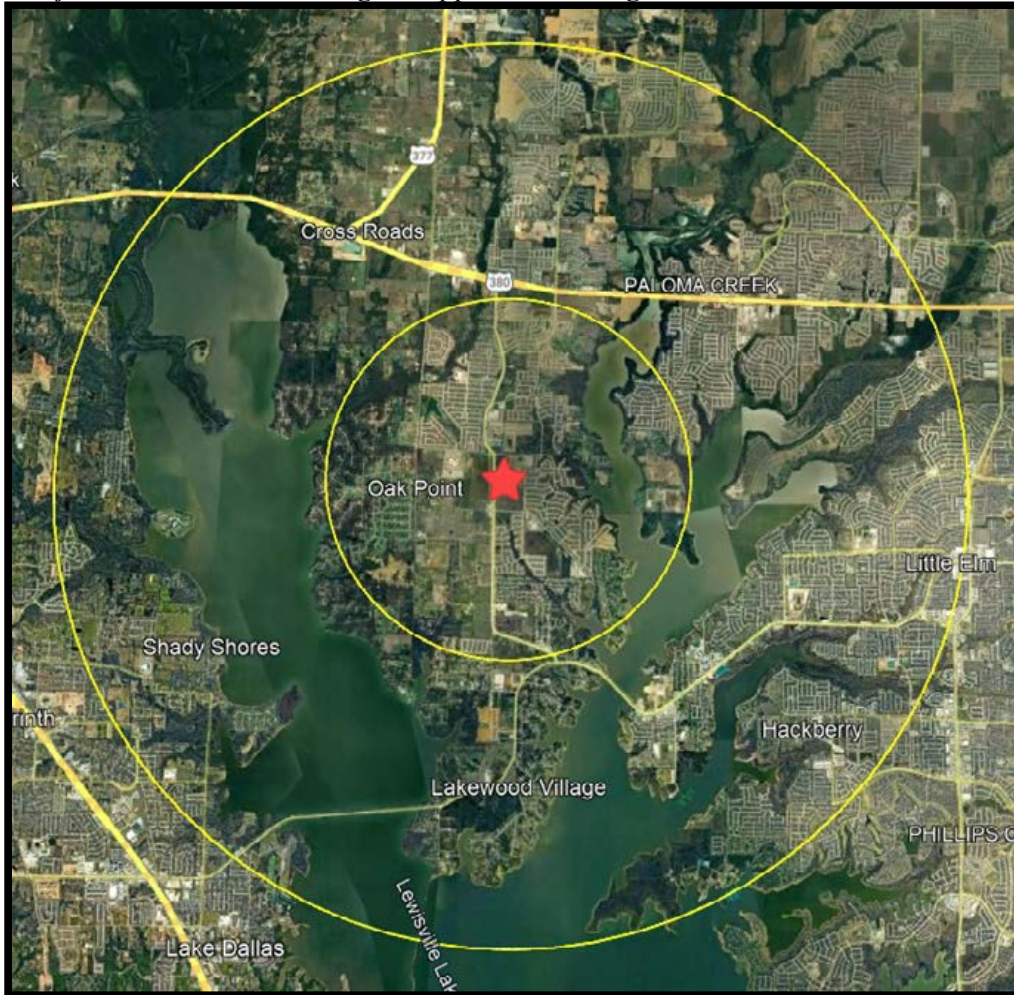
*Oak Point 720 Public Improvement District Improvement Area #2*

**NEIGHBORHOOD ANALYSIS**

A neighborhood may be defined as a section of a community or an entire community. It refers to relatively unified areas with definite boundaries which exhibit a fairly high degree of homogeneous uses – basically a group of complimentary land uses that exhibit a greater degree of commonality than the larger area. The boundaries of a neighborhood define the geographical area which exerts influence on the value of the subject property. Oak Point 720 PID IA #1 is located within the City of Oak Point, Denton County, Texas and is within the Dallas-Plano-Irving MSA.

**NEIGHBORHOOD MAP**

*Geographic radii of 2 and 5 miles indicating the approximate neighborhood boundaries around the Subject*

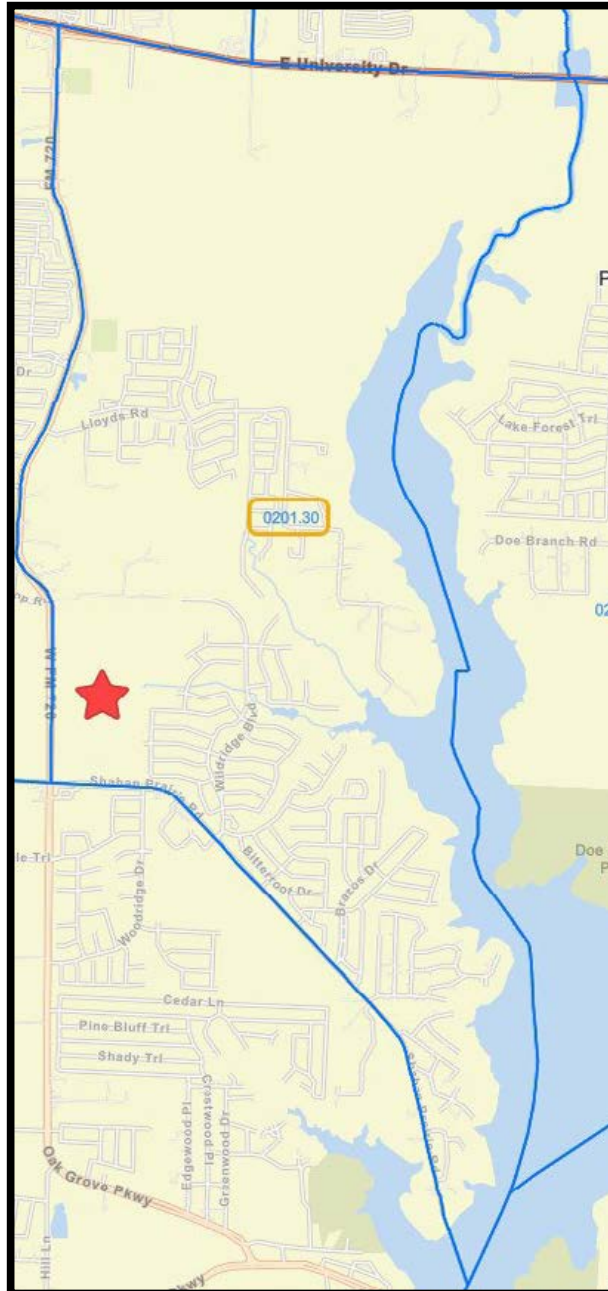


	<b>2 Miles</b>	<b>5 Miles</b>
<b>North</b>	US Highway 380	City of Krugerville
<b>East</b>	Gammon Road	FM Road 423
<b>South</b>	West Eldorado Parkway	City of Lake Dallas
<b>West</b>	Emerald Sound Boulevad	South Trinity Road


### NEIGHBORHOOD DEMOGRAPHICS

The subject is located in census tract 0201.30 with the FFIEC Geocode Census Report shown on the following page. The census tract report for 0201.30 indicates that 2,265 people reside in the tract and family median income levels are in the middle tier with estimated median family incomes of \$124,048. Within census tract 0201.30, approximately 81% of housing units are owner-occupied with 9% being renter-occupied and 10% being vacant. These housing and demographics statistics indicate middle class residents who tend to live in 10-20 year old single-family homes.

Census Tract 0201.30 Map



**Tract 0201.30 Census Report**

	
<b>2023 FFIEC Geocode Census Report</b>	
Address: Selected Tract	
MSA: 19124 - DALLAS-PLANO-IRVING, TX	
State: 48 -	
County: 121 - DENTON COUNTY	
Tract Code: 0201.30	
<b>Summary Census Demographic Information</b>	
Tract Income Level	Middle
Underserved or Distressed Tract	No
2023 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$105,600
2023 Estimated Tract Median Family Income	\$124,048
2020 Tract Median Family Income	\$103,750
Tract Median Family Income %	117.47
Tract Population	2265
Owner-Occupied Units	397
1- to 4- Family Units	488
<b>Census Income Information</b>	
Tract Income Level	Middle
2020 MSA/MD/statewide non-MSA/MD Median Family Income	\$88,315
2023 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$105,600
% below Poverty Line	5.67
Tract Median Family Income %	117.47
2020 Tract Median Family Income	\$103,750
2023 Estimated Tract Median Family Income	\$124,048
2020 Tract Median Household Income	\$103,851
<b>Census Population Information</b>	
Tract Population	2265
Number of Families	366
Number of Households	440
<b>Census Housing Information</b>	
Total Housing Units	488
1- to 4- Family Units	488
Median House Age (Years)	13
Owner-Occupied Units	397
Renter Occupied Units	43
Owner Occupied 1- to 4- Family Units	397
Inside Principal City?	NO
Vacant Units	48



**DEMOGRAPHIC SUMMARY**

Analytics from CoStar of the area is provided below. Within a 10-mile radius of the subject there are 492,724 people which represents a 3.80% annual increase in population since 2010 and highlights steady growth that has occurred in this portion of the Dallas-Plano-Irving MSA. The population growth is expected to slow slightly in the coming years and grow another 1.8% annually over the next four years. Median household incomes in the 10-mile radius is \$102,427.

Population			
	2 mile	5 mile	10 mile
2010 Population	7,162	54,613	330,381
2023 Population	12,643	95,080	492,724
2028 Population Projection	13,939	104,737	536,882
Annual Growth 2010-2023	5.9%	5.7%	3.8%
Annual Growth 2023-2028	2.0%	2.0%	1.8%
Median Age	37.4	36.3	36.6
Bachelor's Degree or Higher	35%	38%	42%
U.S. Armed Forces	20	28	164

Income			
	2 mile	5 mile	10 mile
Avg Household Income	\$125,055	\$124,807	\$126,077
Median Household Income	\$105,550	\$106,244	\$102,427
< \$25,000	229	2,334	15,613
\$25,000 - 50,000	517	3,097	20,860
\$50,000 - 75,000	582	5,087	25,945
\$75,000 - 100,000	697	4,949	22,689
\$100,000 - 125,000	1,018	5,285	21,902
\$125,000 - 150,000	383	3,977	17,693
\$150,000 - 200,000	438	4,431	21,809
\$200,000+	638	4,414	27,955



### EMPLOYMENT DATA

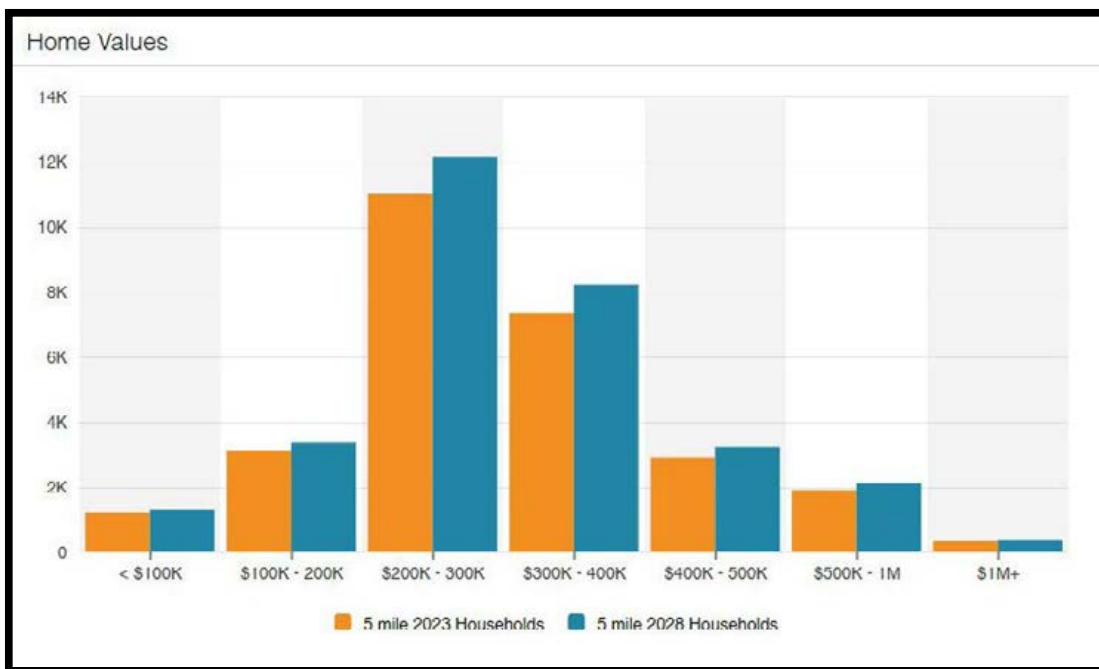
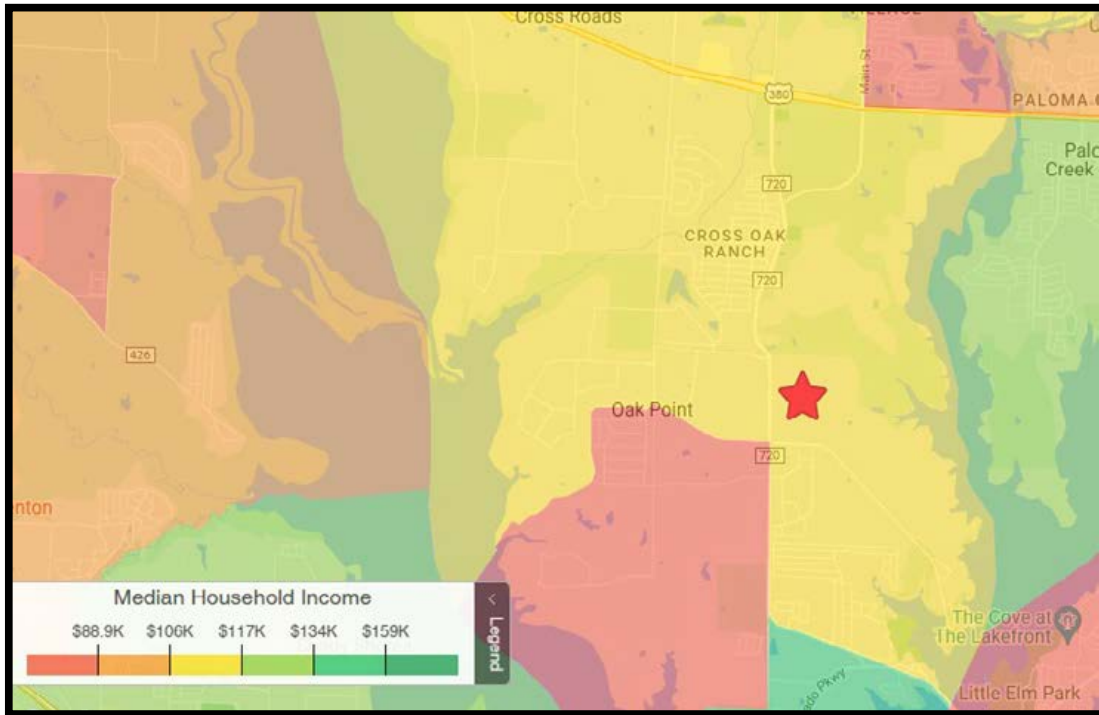
A table of the 2, 5, and 10-mile radius employment figures are shown below. The numbers highlight the area's economy with most employees in the area surrounding the subject in service-producing industries.

Daytime Employment						
Radius	2 mile		5 mile		10 mile	
	Employees	Businesses	Employees	Businesses	Employees	Businesses
<b>Service-Producing Industries</b>	<b>785</b>	<b>153</b>	<b>7,604</b>	<b>1,257</b>	<b>113,833</b>	<b>14,538</b>
Trade Transportation & Utilit...	97	24	935	194	20,588	2,078
Information	0	0	164	19	2,707	257
Financial Activities	76	23	578	178	10,080	1,898
Professional & Business Se...	115	32	808	201	10,353	2,039
Education & Health Services	186	27	2,401	315	31,705	4,684
Leisure & Hospitality	101	11	1,595	149	21,137	1,568
Other Services	135	28	886	172	9,434	1,720
Public Administration	75	8	237	29	7,789	314
<b>Goods-Producing Industries</b>	<b>190</b>	<b>49</b>	<b>1,274</b>	<b>243</b>	<b>12,605</b>	<b>1,632</b>
Natural Resources & Mining	1	1	31	7	202	60
Construction	162	43	890	198	7,651	1,208
Manufacturing	27	5	347	38	4,752	364
<b>Total</b>	<b>975</b>	<b>202</b>	<b>8,878</b>	<b>1,500</b>	<b>126,438</b>	<b>16,170</b>

Oak Point 720 Public Improvement District Improvement Area #2

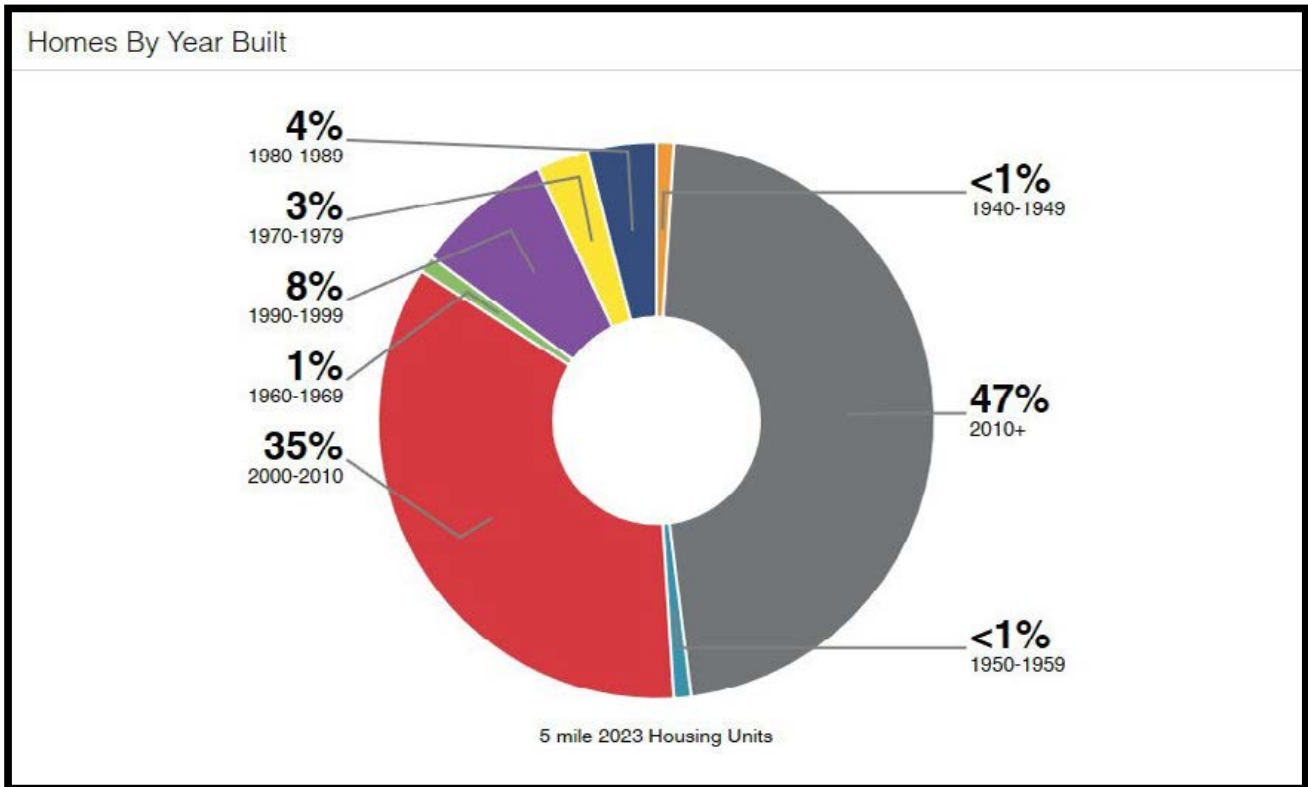
**CoStar Analytics – Map of Median Household Income**

As indicated by the map below, median incomes in the vicinity of the subject property are between \$106K and \$117K. Median incomes north of the DFW metroplex tend to be higher in suburban areas outside the population centers in Dallas and Fort Worth. This is especially true in areas North of Dallas where affluent communities have concentrated for the past few decades.



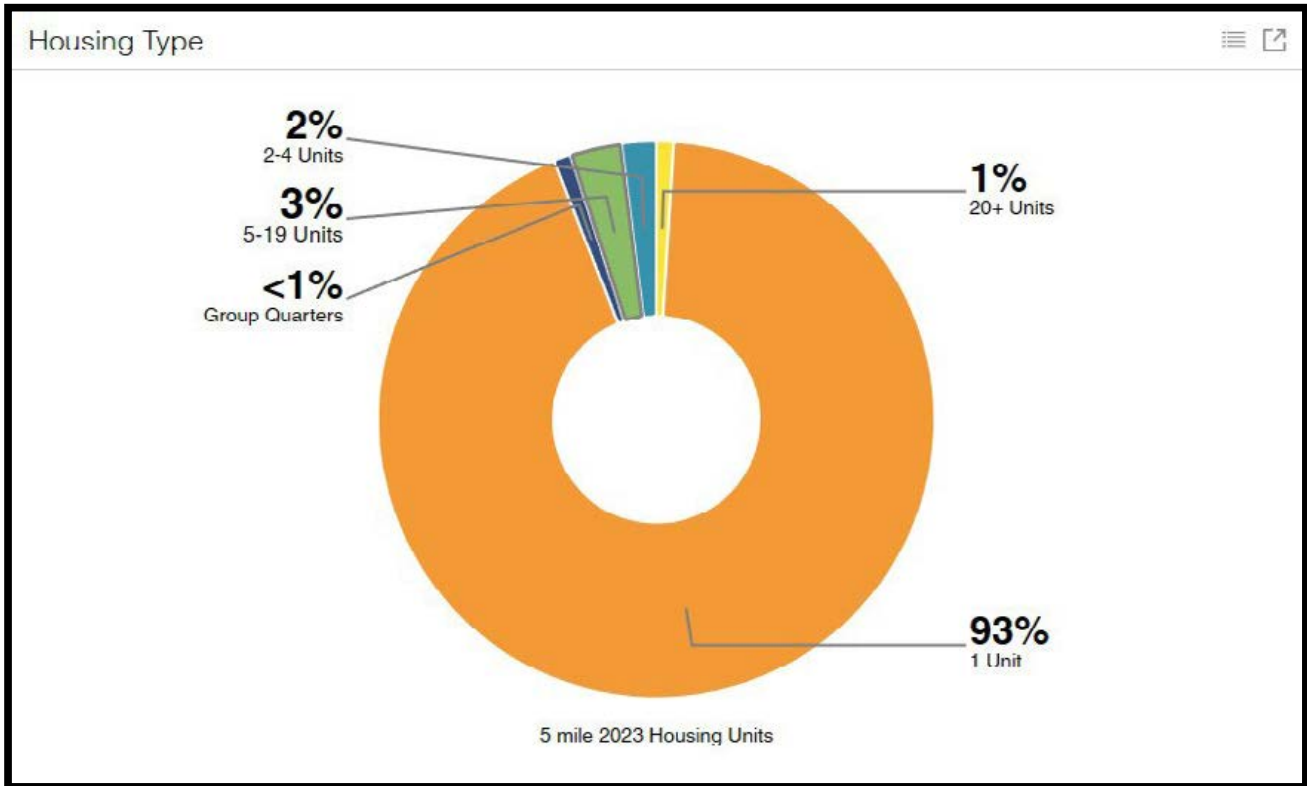
### CoStar Analytics – Housing Statistics

Most housing in the area (82%) are homes that were built after 2000. This is consistent with the growth stage of the surrounding area which has experienced numerous residential subdivision developments in recent years.



### CoStar Analytics – Housing Statistics

In addition, the vast majority (93%) of housing in the 5-mile radius consists of single unit housing stock. The subject property is being developed with both attached and detached single-family housing that is consistent with the surrounding area.



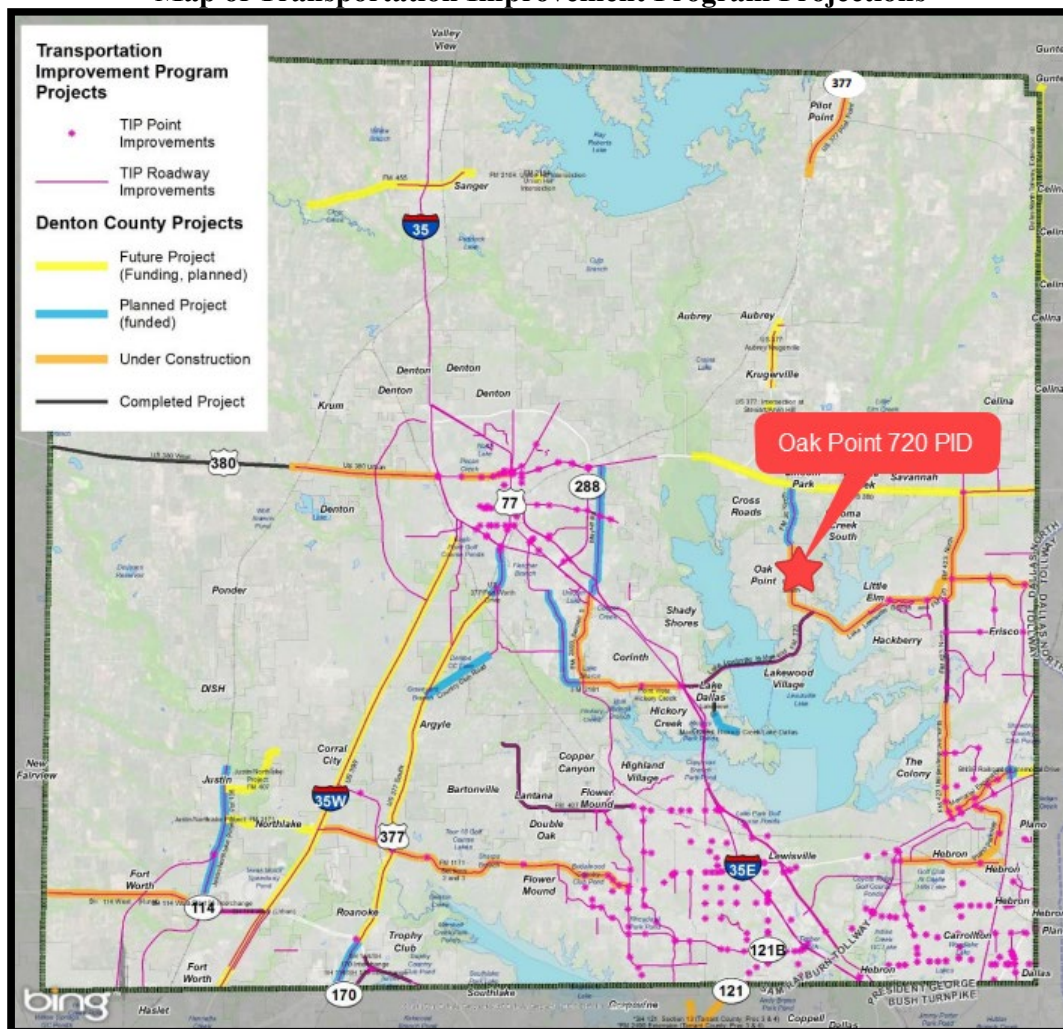
### DENTON COUNTY THOROUGHFARE PLAN

Denton County, located in Texas, has seen significant roadway improvements over the years to accommodate its growing population and increasing traffic demands. Some notable projects include:

- Expansion of Interstate 35E (I-35E): Several projects have widened I-35E to alleviate congestion, including the construction of additional lanes and improved interchanges.
- FM 2499 Expansion: This project widened FM 2499 to improve connectivity between Denton and Dallas counties, reducing congestion and improving safety.
- Dallas North Tollway Extension: The extension of the Dallas North Tollway into Denton County has enhanced connectivity and eased traffic congestion in the region.
- Loop 288 Improvements: Loop 288, a major thoroughfare in Denton, has undergone improvements to enhance traffic flow and safety.
- US 380 Bypass: Plans for a US 380 bypass around the cities of Denton and McKinney are in progress to improve traffic flow and reduce congestion in the area.

These improvements are part of Denton County's ongoing efforts to enhance its transportation infrastructure to support its growing population and economy.

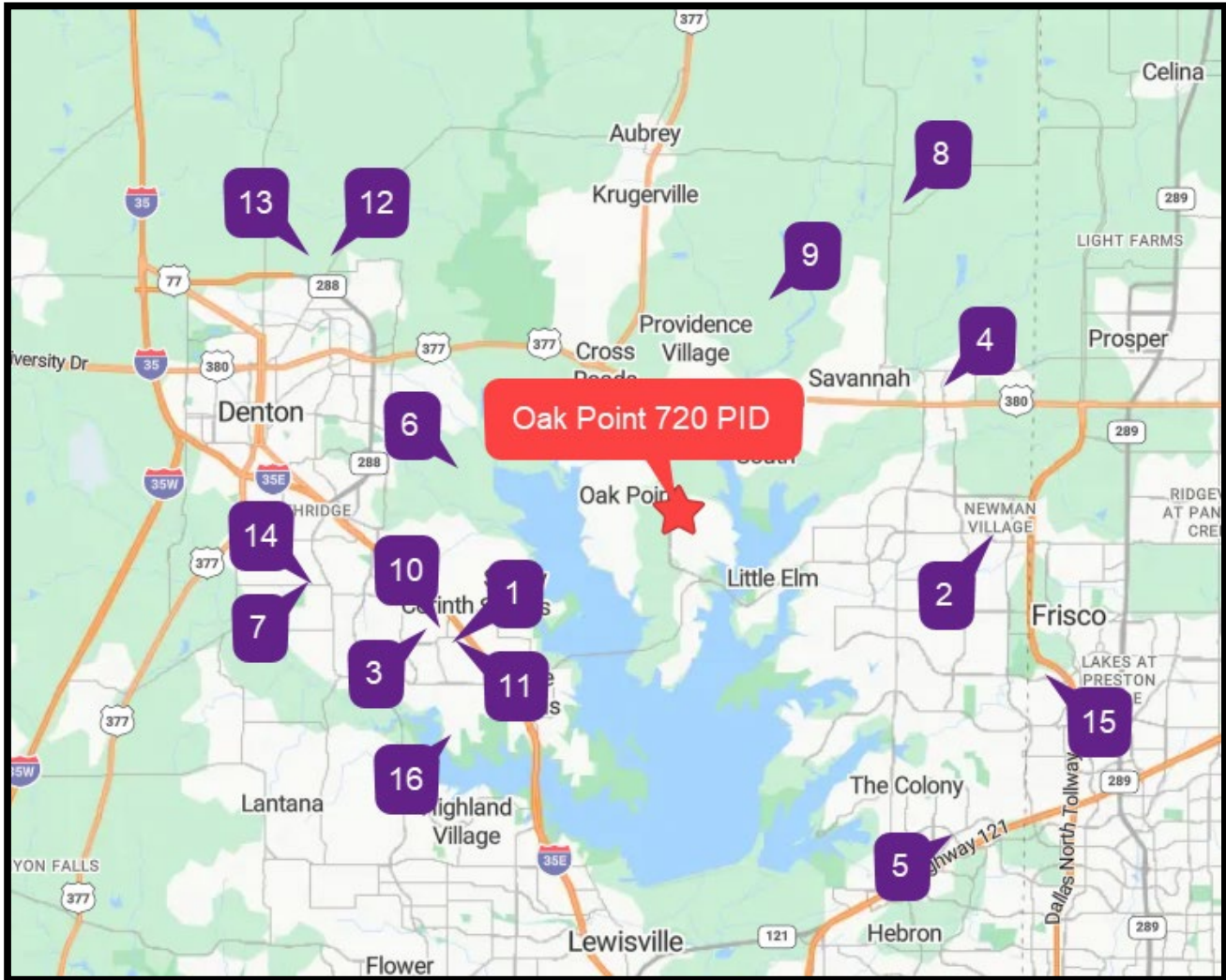
### Map of Transportation Improvement Program Projections





**Map of Notable Nearby Developing Residential Subdivisions**

A map of notable built out, developing, and planning single-family residential subdivisions are shown below which highlights the similar and conforming uses around the subject property.



<b>MAP KEY</b>			
1	Lakemark at Tower Ridge TH	9	Woodstone
2	Newman Village Townhomes	10	Ashford Park
3	Ashford Park/Bungalow	11	Tower Ridge Addition
4	Windsong Ranch Townhomes	12	Stark Farms
5	Camey Place	13	Stuart Ridge
6	Townsend Green	14	Woodmere
7	Parkvue	15	WyndSOR Pointe
8	Edgewood Creek	16	Sycamore Cove

## **ABSORPTION ANALYSIS**

### **RESIDENTIAL ANALYSIS**

The subject property is Oak Point 720 PID IA #1 which consists of approximately 43.927 acres in Denton County being developed into attached and detached single-family lots for residential use. The property is owned and being developed by CF CSLK RDMN LLC, which has engaged the development manager to oversee the development process.

When analyzing the financially feasible and maximally productive use of the site, uses that are both physically possible and legally permissible must be considered. An important factor affecting the development of the subject is the surrounding land usage. For the subject property, the primary potential use is single-family residential development as that conforms to recent land development in the City of Oak Point. The neighborhood is best described as the area, east of West Farm-to-Market Road 720, west of Crossroads Courts, south of Martop Road, and north of Shahan Prairie Road. The neighborhood is mainly residential developments to the east and south and agricultural land to the north and west. Approximately 2.4 miles north of the subject property, U.S. Highway 380 which runs east/west, and several community commercial uses are located on this arterial traffic carrier.

Since the recession in 2008, the residential real estate market in this area of North Texas has continuously improved, and the City of Oak Point has experienced this consistent population growth. Low interest rates persisted nationally in 2020 and 2021 and the markets rose significantly, but 2022 and 2023 were the years of higher interest rates as the Fed seeks to combat inflation. Still, with large numbers of in-migration from outside DFW from higher cost-of-living states and an abundance of steady jobs, demand for residential real estate in growing communities like Oak Point is expected to remain strong. Those end-user homebuyers in Oak Point 720 PID IA #1 are expected to be middle-to-upper income earners as the average home price for finished single-family homes in the community is expected to be \$500,000 for the 22-FF townhome Lots, \$525,000 for the 25-FF townhome Lots, and \$650,000 for the 50-FF detached single family residential Lots.

Demand for vacant developed lots (VDLs) for home builders is currently very high. Developable residential land in DFW with good access to Fort Worth and Dallas is in high demand with developments moving ever further away from the Fort Worth and Dallas CBDs and highly developed areas north of Fort Worth and Dallas where vacant land is scarce after decades of growth. The subject property –Oak Point 720 PID IA #1– is removed from the large Central Business Districts in the Metroplex but relatively near areas of Denton and Collin Counties where many young families have migrated when searching for safe neighborhoods, good schools, relatively affordable new homes, and desirable residential amenities.

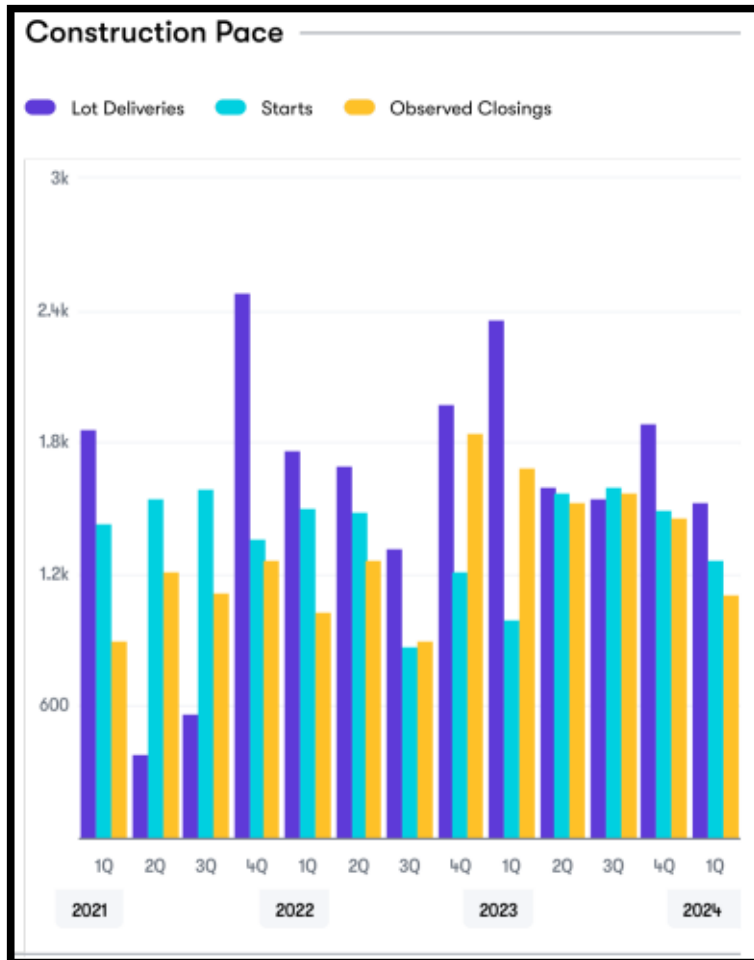
Based on the preceding, the proposed absorption of residential lots in the subject's neighborhood will be analyzed using historical absorption data provided by Zonda as well as information obtained from area market participants and developers. It is important to note that our absorption data is based on historical trends and current available data. Since the first residential lots are not scheduled to be complete until August 1, 2024, we will analyze the historical trends and attempt to forecast the absorption rates based off data, analytics, and our conversations with developers in the market.

We determined a 15-mile radius around the subject property is suitable for our absorption analysis as the competitive supply of lots is within this area. Further, we examined residential communities with lot widths between 22'-55'.

The following charts reflect starts, deliveries, and closings in the market area from 1Q2021. Sales dipped from 1Q2021-3Q2021, then increased from 4Q2021 to 1Q2023, then remained steady from 2Q2023-1Q2024. As

*Oak Point 720 Public Improvement District Improvement Area #2*

expected, the rate of annual starts has remained steady in the past year as homebuilders anticipated increased demand due to rising interest rates. The area has also just begun to see a decline in the rate of closings as reflected in the numbers reported by Zonda.





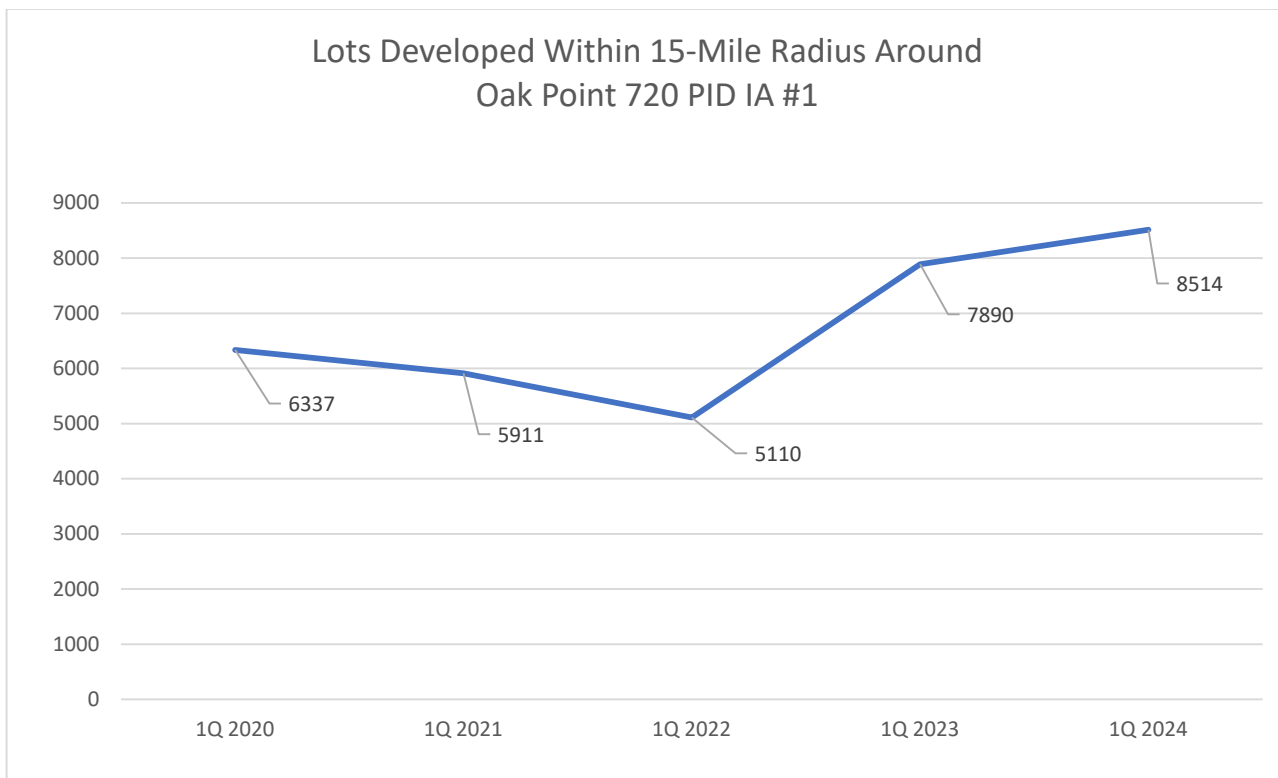
Oak Point 720 Public Improvement District Improvement Area #2

**DEFINED SUBMARKET AREA**

As shown in the previous chart, the absorption of lots (determined from home construction starts) within the selected area was stagnant 1Q2021 to 2Q2022, then decreased from 3Q2022 to 1Q2023, then increased 2Q2023 and remained steady through 1Q2024, According to Zonda, the selected area absorbed the following number of 22’-55’ lots year-over-year from 1Q 2020 to 1Q 2024:

- 6337 – lots absorbed
- 5911 – lots absorbed
- 5110 – lots absorbed
- 7890 – lots absorbed
- 8514 – lots absorbed

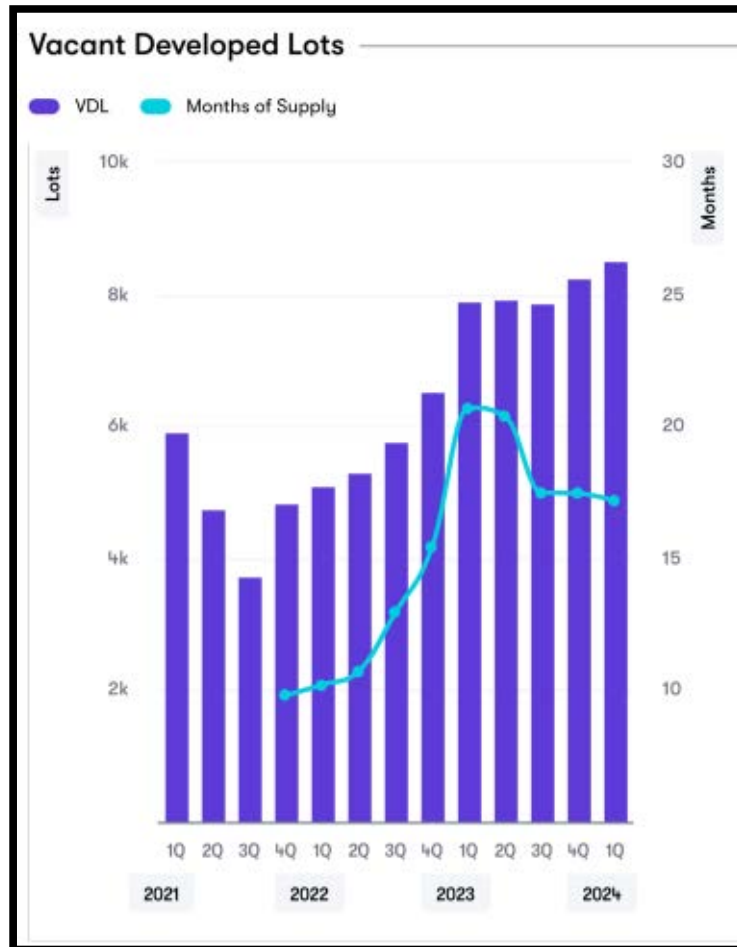
From 2020-2024, the *annual average* of lots absorbed was 6752 (33,762 ÷ 5). Utilizing the more recent 24-month absorption of lots (4Q2021 to 4Q2023), the annual average of lots absorbed increases to 7171 (21,514 ÷ 3) lots in the area.



**COMPETITIVE SUPPLY (LOT INVENTORY)**

According to Zonda, the existing supply of available housing is presently far below balanced levels in our selected submarket as the number of VDLs in the area have slightly decreased from 1Q2021 to 3Q2021 to a low of 5,000 and under a 10-month supply which then increased from 4Q2021 to 1Q2024 to **a present high present VDL count high of 8,200 with under a 20-month supply**. It should be noted that this is a large radius – 15 miles – for such a developed single-family residential area but we determined prospective buyers would search subdivisions throughout Denton County with a preference to be near the 380 Corridor which serves as a major east/west thoroughfare and has numerous newer master-planned communities and desirable commercial options.

Oak Point 720 Public Improvement District Improvement Area #2



Thus, the total lot supply is considered to be considerably **below** the ideal supply levels for a significantly developing market. Also, taking into consideration that new developments require a typical 12-to-18-month construction period, *with increasing demand and declining lot supply, it appears that additional lot product in the submarket is feasible and needed at the current time.* This corresponds to discussions we had with DFW homebuilders who state there is a scarcity of vacant developed lots currently on the market which is pushing prices higher.

*Note: A threat to the pace of lot development is multiple interest rate increases the Federal Reserve enacted as a reaction to rising inflation. These interest rate increases were conducted to combat inflation and cool the hot markets; however, the effect for residential housing may be to price first-time buyers out of the single-family residential market. Supply chain issues stemming back to the COVID-19 Pandemic have also increased development costs which may limit starts on the vacant developed lots thus leading to lower VDL and future home supply, thus increasing home prices. In general, we believe the diverse local economy, strong in-migration, and relative stability of the North Texas real estate market will serve to smooth out more global economic trends.*

Oak Point 720 Public Improvement District Improvement Area #2

**ABSORPTION ANALYSIS – 22’, 25’ AND 50’ LOTS**

The similarities considered to be most important are lot size, home price range, and amenity features. The tables that follow detail the active subdivisions that are considered to compete with the subject’s lots. All data is per Zonda as of 1Q2024.

**22’ and 25’ Townhome Lots**

We included data for lots that were 22’-30’ lots within a 15-mile radius. Since data on 22’ and 25’ lots are limited, we selected four comparable absorption schedules we concluded are similar to the subject and considered some of these communities are smaller and some larger than Oak Point 720 PID IA #1.

Subdivision	Size (Foot Front)	Available Lots	Starts	Months	Available Supply (Months)	Starts /Month
Lakemark at Tower Ridge TH	0'	0	28	12	0.0	2.3
Newman Village Townhomes	28'	73	44	12	19.9	3.7
Ashford Park/Bungalow	30'	112	85	12	15.8	7.1
Windsong Ranch Townhomes	30'	0	9	12	0.0	0.8
<b>AVERAGE</b>		<b>46.3</b>	<b>41.5</b>	<b>12.0</b>	<b>8.9</b>	<b>3.5</b>

Our analysis indicates Starts/Month is between 0.8 and 7.1 with an average of 3.5 starts/month and a median of 3.0 starts/month. We similarly weighed and considered **the subject property’s 22’ and 25’ lots would likely absorb 4 lots/month, or approximately 12 lots per quarter.**

**50’ Lots**

We included data for lots that were 45’-55’ lots within a 15-mile radius. Since data on 50’ lots is relatively plentiful, we selected twelve comparable absorption schedules at nearby communities we concluded are similar to the subject and considered some of these communities are smaller and some larger than Oak Point 720 PID IA #1.

Subdivision	Size (Foot Front)	Available Lots	Starts	Months	Available Supply (Months)	Starts /Month
Camey Place	45'	4	53	12	0.9	4.4
Townsend Green	50'	23	127	12	2.2	10.6
Parkvue	50'	24	18	12	16.0	1.5
Edgewood Creek	50'	94	207	12	5.4	17.3
Woodstone	50'-55'	144	80	12	21.6	6.7
Ashford Park	50'	57	64	12	10.7	5.3
Tower Ridge Addition	50'	5	12	12	5.0	1.0
Stark Farms	50'	149	71	12	25.2	5.9
Stuart Ridge	50'	89	157	12	6.8	13.1
Woodmere	50'	74	56	12	15.9	4.7
WyndSOR Pointe	55'	2	6	12	4.0	0.5
Sycamore Cove	55'	0	48	12	0.0	4.0
<b>AVERAGE</b>		<b>55.4</b>	<b>74.9</b>	<b>12.0</b>	<b>9.5</b>	<b>6.2</b>

*Oak Point 720 Public Improvement District Improvement Area #2*

Our analysis indicates Starts/Month is between 1.5 and 17.3 with an average of 7.6 starts/month and a median of 6.0 starts/month. We similarly weighed and considered **the subject property's 50' lots would likely absorb 6 lots/month, or approximately 18 lots per quarter.**

**Absorption Summary Projection: 22', 25', 50', Lots in Improvement Area #1**

Based on the preceding, we estimate that lots in the subject property's development will sell 12 lots/quarter for 22' and 25' townhome lots and 18 lots/quarter for 50' lots with absorption beginning August 2024. An Absorption Summary Projection for all lot sizes is shown in the table below for the 234 lots in Oak Point 720 PID IA #1.

<b>Projected Quarterly Absorption Summary - Oak Point PID IA #1</b>									
<i>Lot Type</i>	<i>Aug-2024</i>	<i>Oct-2024</i>	<i>Jan-2025</i>	<i>Apr-2025</i>	<i>Jul-2025</i>	<i>Oct-2025</i>	<i>Jan-2026</i>	<i>Apr-2026</i>	<b>TOTAL</b>
22-FF	8	12	12	9	-	-	-	-	<b>41</b>
25-FF	8	12	12	12	12	2	-	-	<b>58</b>
50-FF	12	18	18	18	18	18	18	15	<b>135</b>
<b>Total</b>	<b>28</b>	<b>42</b>	<b>42</b>	<b>39</b>	<b>30</b>	<b>20</b>	<b>18</b>	<b>15</b>	<b>234</b>

The total absorption period for the 22' townhome lots is expected to be 10.25 months (41 ÷ 4 lots/month) and expected to sell out in June 2026. The total absorption period of the 25' lots is expected to be 15 months (58 ÷ 4 lots/month) and expected to sell out in October 2026. The total absorption period of the 50' lots is expected to be 22.5 months (135 lots ÷ 6 lots/month), and lots are expected to sell out in June 2027.

### SUBJECT PROPERTY ANALYSIS

The entire development of Oak Point 720 PID IA #1 represents a total of approximately 43.927 acres (1,913,460-SF) is currently being developed as follows:

- Improvement Area #1 within Oak Point 720 PID will consist of 41 22-FF townhome lots, 58 25-FF townhome lots, and 135 50-FF single family residential lots with a total of 234 improved residential lots on approximately 43.927 acres.

The following chart shows the lot breakdown of Oak Point 720 PID IA #1:

Oak Point 720 PID IA #1					
Area Type	Size (Acres)	22' Townhome Lots	25' Townhome Lots	50' Lot Type	Total Lots Appraised
<i>Improvement Area #1</i>	<i>43.927-AC</i>	<i>41</i>	<i>58</i>	<i>135</i>	<i>234</i>

Oak Point 720 PID IA #1 is owned by CF CSLK RDMN LLC who has engaged Ashlar Interest, LLC (development manager). The development manager is a nationally recognized developer and is also well-known within the subject's market area for developing affordable housing for first- and second-time homebuyers. Oak Point 720 PID IA #1 is located in the northeastern portion of the City of Oak Point. This location is in the eastern portion of Denton County and approximately 38 miles north of Dallas and 50 miles north of Fort Worth. The area surrounding the subject property is primarily master-planned single family communities to the east and south, and rural land to the west and north which is somewhat common in cities that are generally suitable for middle- to upper-income households.

Access to the subject property is considered average as it is located along West Farm-to-Market Road 720 and about 2.4 miles south of U.S. Highway 380. Generally, the main retail and commercial options near the subject site are found along U.S. Highway 380, which has seen rapid development with a number of master-planned communities in the past decade.

The subject property will have a mandatory homeowner's association (HOA) over residential portions of the subject property in order to maintain the open spaces, common areas, detention areas, and other related improvements or appurtenances that are not dedicated or maintained by the City of Oak Point.

Based on research and discussion with the development team, the price point of homes in the subject's community will be around \$500,000 for the 22-FF townhome lots, \$525,000 for the 25-FF townhome lots, and \$600,000 for the 50-FF single family residential lots, which should be a desirable price point for young families and first- and second-time homebuyers looking for a quiet community outside the major city of Denton but with the amenities of a planned residential community.

*Oak Point 720 Public Improvement District Improvement Area #2*

The chart below shows a breakdown of the costs associated with Oak Point 720 PID IA #1 provided by Kimley-Horn and Associates, Inc., the Professional Engineers.

Kimley»Horn		PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST OAK POINT 720 PID - IA #1			
PROJECT NAME: OAK POINT 720 PID	CREATED BY: MFB				
CITY: OAK POINT	CHECKED BY: JCR		AREA	44.000	
JOB NUMBER: 069309053	REVISED BY: JCR		ROW AREA	12.670	
	CREATED: 4/30/2024			28.80%	
	PRINTED: 6/18/2024		NO. OF LOTS:	234	
			GROSS ACRES:	44.000	
CIVIL SITE IMPROVEMENTS					
SUMMARY		PID TOTAL		PRIVATE TOTAL	
DESCRIPTION					
A. EXCAVATION		\$164,557.00		\$302,970.25	
B. PAVING		\$2,109,655.51		\$310,692.15	
C. STORM DRAINAGE		\$1,267,519.00		\$0.00	
D. SANITARY SEWER SYSTEM		\$972,552.00		\$0.00	
E. WATER DISTRIBUTION SYSTEM		\$928,137.00		\$0.00	
F. RETAINING WALLS		\$0.00		\$657,913.00	
G. RETENTION POND		\$936,846.00		\$0.00	
H. IMPROVEMENTS BENEFITTING IA #1 AND REMAINDER AREA		\$1,557,865.28		\$0.00	
I. MISCELLANEOUS ITEMS		\$1,914,195.44		\$254,315.08	
<b>GRAND TOTAL</b>		<b>\$9,851,347.24</b>		<b>\$1,525,890.48</b>	

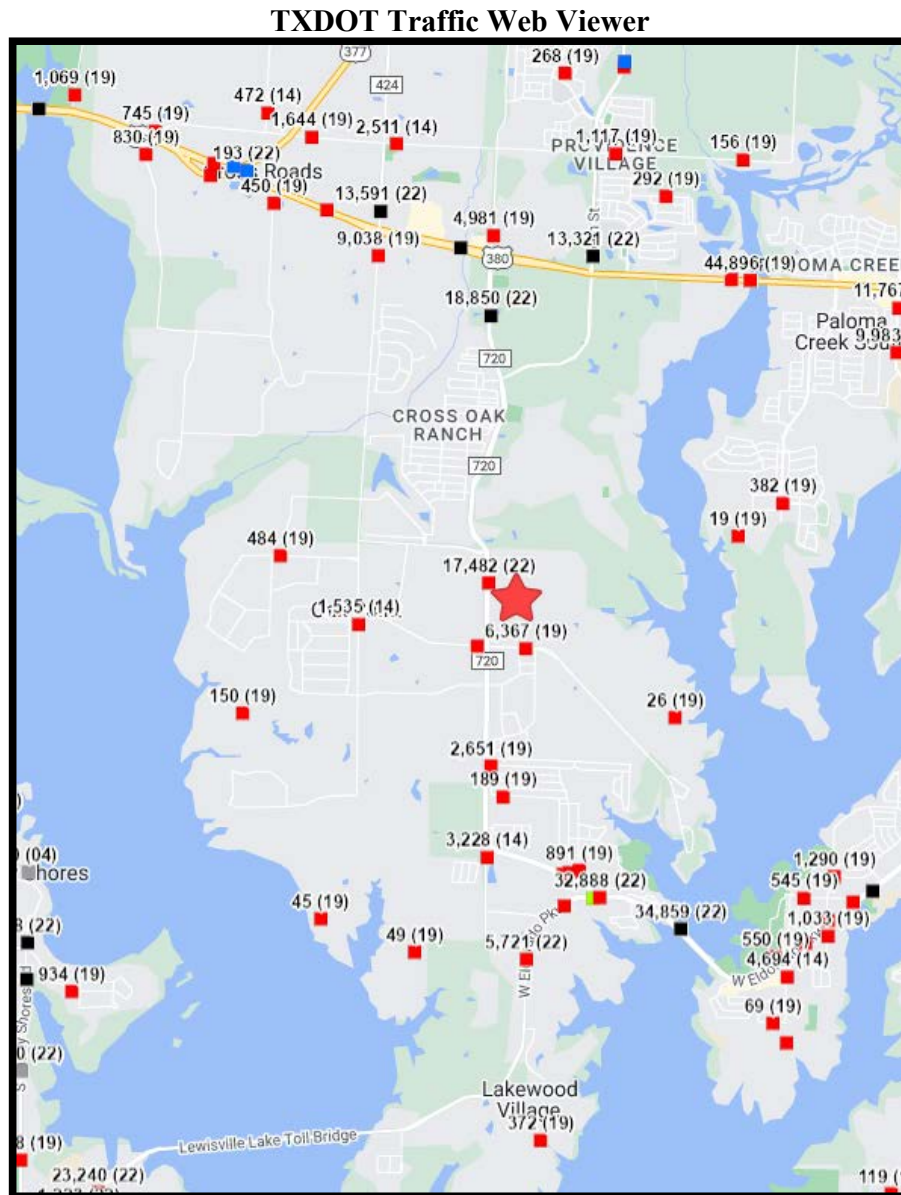
*The preceding general descriptions of the subject's characteristics are based on review of available maps and data sources, as well as our physical on-site observations. Please refer to copies of the maps, photographs, and renderings for a visual perspective of the subject's physical characteristics.*

Oak Point 720 Public Improvement District Improvement Area #2

**ACCESSIBILITY, FRONTAGE, AND STREETS**

The subject property is primarily accessed by West Farm-to-Market Road 720 which is a north/south bound, primary throughfare in the southern portion of the City of Oak Point and transverses west of the subject property. The subject site is approximately 2.4 miles south of U.S. Highway 380, which is a major highway that transverses through Denton County.

A map from TXDOT and a table from CoStar are shown on the following pages which highlight traffic counts in the vicinity shown on the following map. Notably, W FM-720 runs to the west of the property and has over 17,400 average daily vehicles while U.S. Highway 380, which is 2.4 miles north of the property, carries approximately 44,900 vehicles per day.





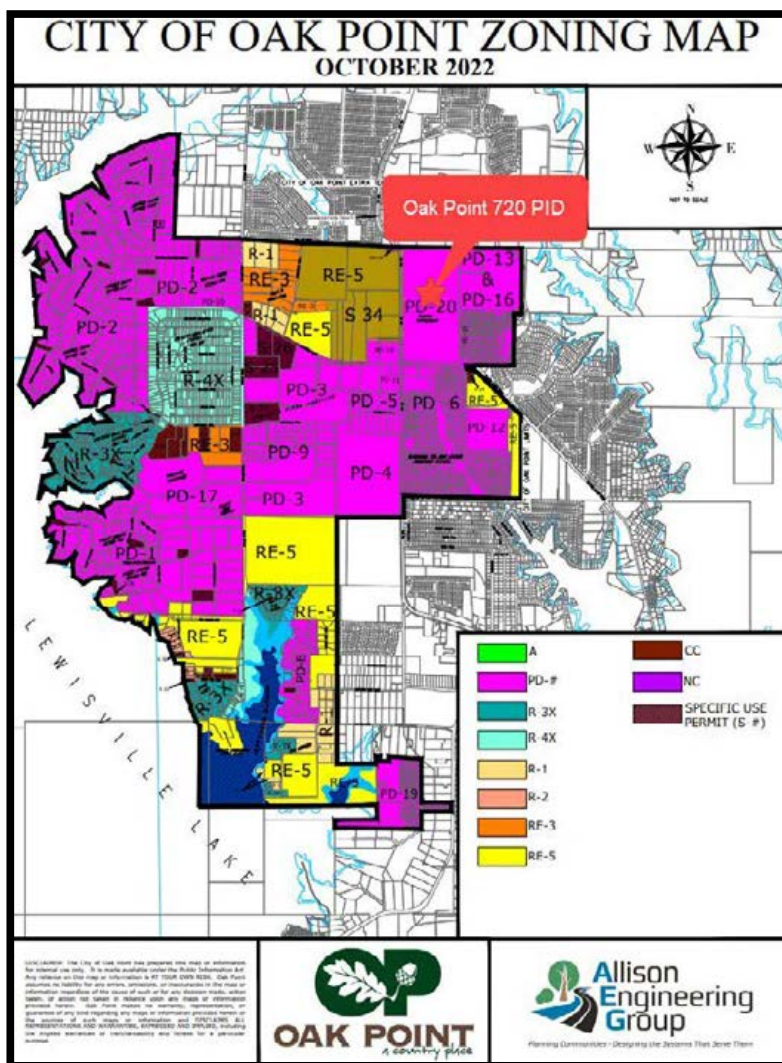
Oak Point 720 Public Improvement District Improvement Area #2

**ZONING AND RESTRICTIONS**

Development of the subject property is governed by a Development Agreement between the developer and the City of Oak Point. The Development Agreement for the subject property we are evaluating (234 residential lots in Improvement Area #1), allows for attached and detached single-family residential uses and sets forth requirements and standards for residential development for the subject property.

The subject property is zoned Planned Development-20 - (PD-20) by the City of Oak Point. The Planned Development zoning in the City of Oak Point is intended to provide for combining and mixing of uses to permit flexibility in the use and design of land and buildings. The subject must adhere to the City of Oak Point's ordinance for PD-20 zoning. The proposed lot construction appears to be a conforming land use. The City of Oak Point Zoning Map is shown below.

**CITY OF OAK POINT ZONING MAP**





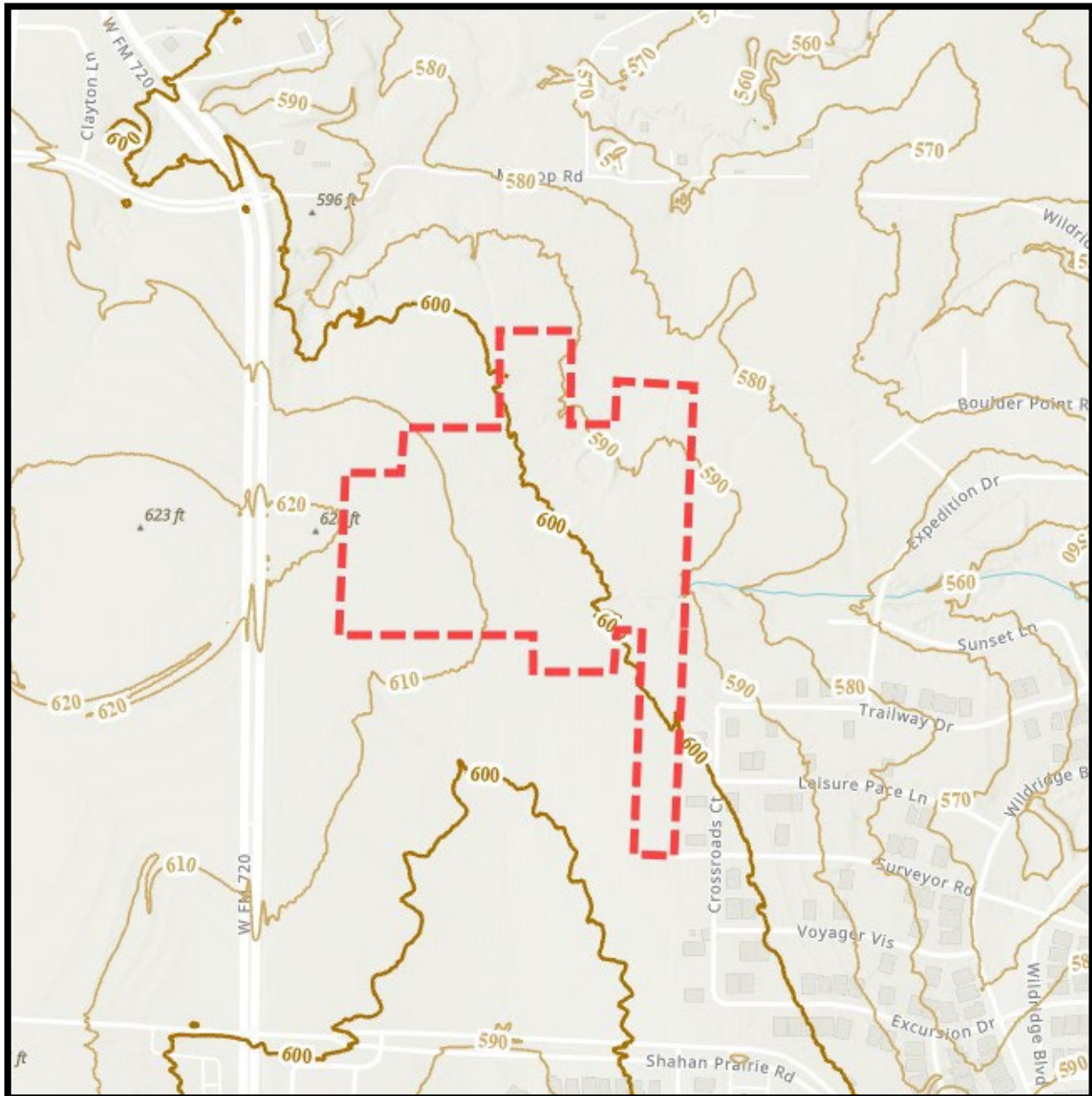
*Oak Point 720 Public Improvement District Improvement Area #2*

**TOPOGRAPHY**

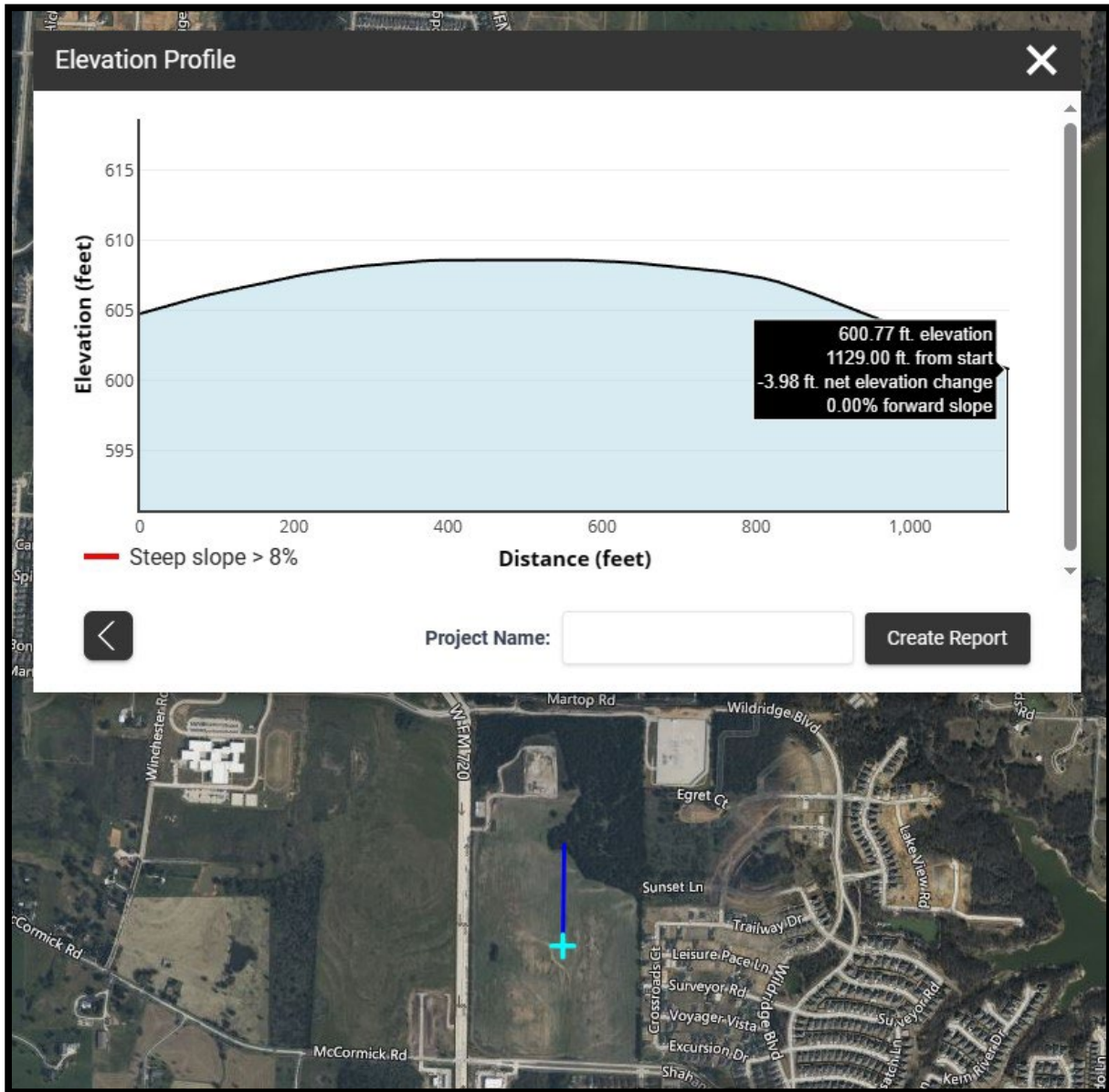
The topography of the subject property is described as gently sloping from southwest to northeast. As of the inspection date, May 20, 2024, the topographic map will be slightly out-of-date as the site is in the process of being improved for residential lots.

Topographic information is provided by the DFW Maps and the Texas A&M Forestry Service GIS system. The map indicates 10' contour lines marked at 10' increments, showing that the site elevations are generally sloping from the southwest to the northeast through the 590'-620' mean sea level elevation.

**TOPOGRAPHIC MAP**  
*Contours At 10'*



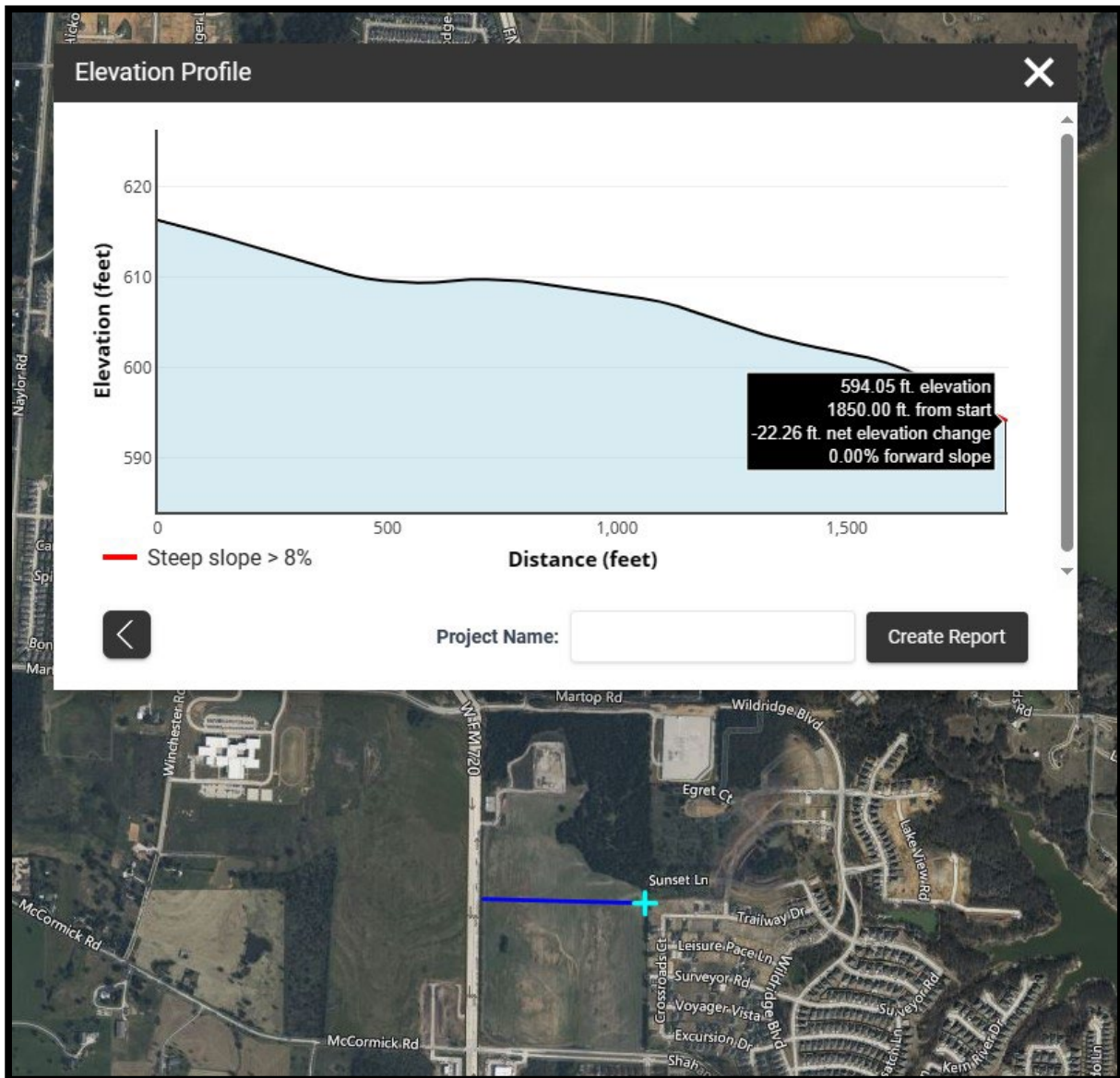
TEXAS A&M UNIVERSITY FOREST SERVICE – MAP MY PROPERTY



**General Slope of the Property Moving from North to South**

- *Note that measurements are in feet*
- *Elevation profile is represented along illustrated axis*
- *Property slopes north to south with approximately 4 feet of variation over approximately 1,129 feet of run*

TEXAS A&M UNIVERSITY FOREST SERVICE – MAP MY PROPERTY



**General Slope of the Property Moving from East to West**

- *Note that measurements are in feet*
- *Elevation profile is represented along illustrated axis*
- *Property slopes east to west with approximately 22 feet of variation over approximately 1,850 feet of run*



Oak Point 720 Public Improvement District Improvement Area #2

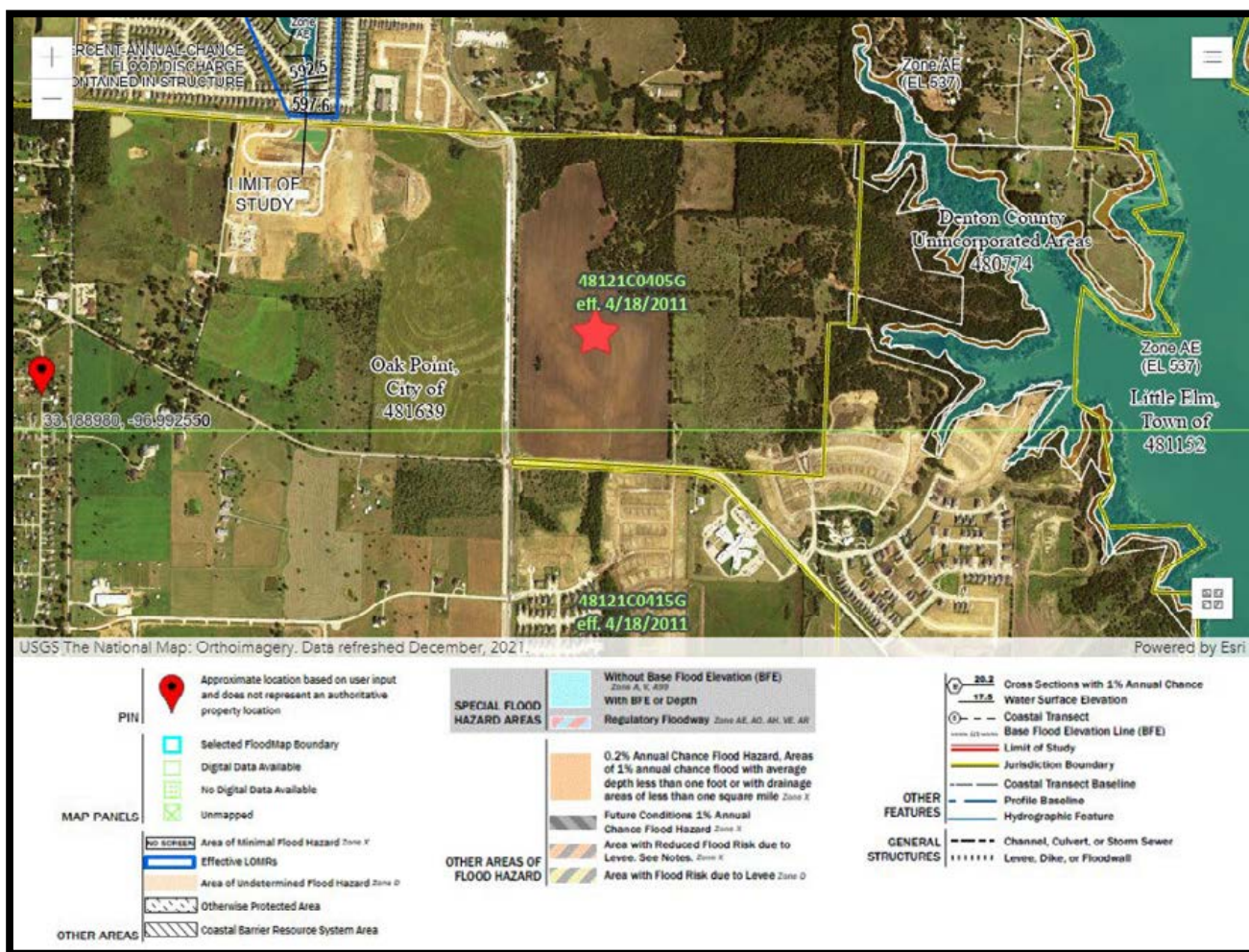
**SOIL AND SUB-SOIL CONDITIONS**

No soil engineer’s report was available to the appraisers and no recent soil tests are known to have been performed. We have assumed a stable soil condition that would ensure the structural integrity of any improvement to be constructed. As of the report date, the developer has not yet begun excavation and earthwork. Our value conclusions are subject to revision should assumptions that land is stable prove incorrect. We caution and advise the user of this report to obtain engineering studies which may be required to ascertain any structural integrity.

**FEMA FLOOD ZONE**

based on map panel 48121C0405G dated April 18, 2011, the subject site appears to be located within unshaded Zone X, an area determined to be outside the 100-year and 500-year flood plains. This determination is made by graphic plotting only and is not guaranteed. We recommend that a surveyor be utilized to determine the precise floodplain status.

**FLOODPLAIN MAP**



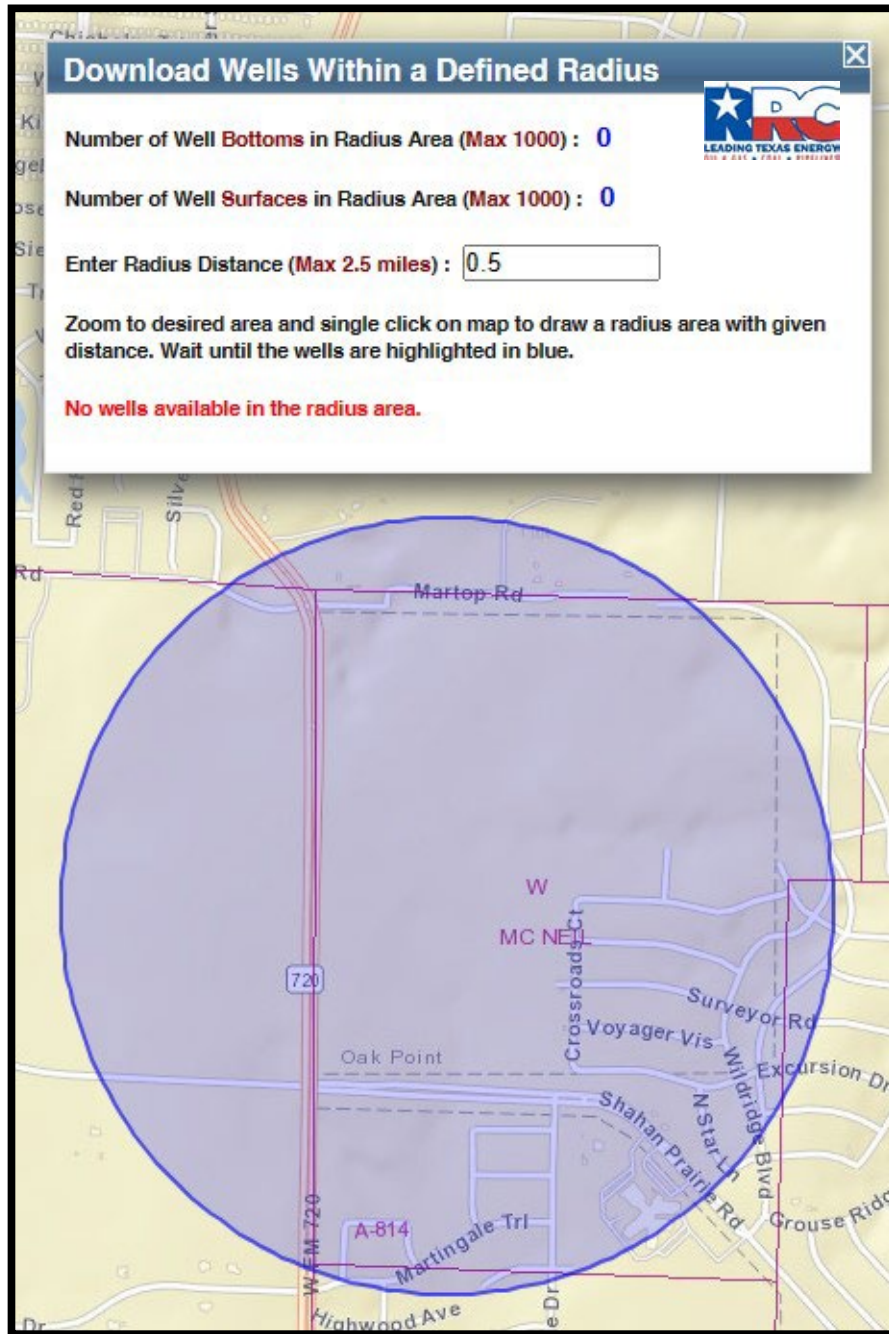
**UTILITIES**

Electricity to the property will be maintained by Oncor and natural gas will be maintained by Atmos. Water and sanitary sewer services are provided by the Mustang Special Utility District. The subject property is served by the Oak Point Police Department and the Oak Point Fire Department for fire and emergency medical services. Telephone, fiber-optic, and internet are available through AT&T, Spectrum, T-Mobile, Optimum, and Nextlink.

**EASEMENTS/ENCROACHMENTS**

Based on our physical site visit, and review of available maps of the surrounding area it is reasonable to suspect that there are typical setbacks and easements that exist on the property which have been approved by the City of Oak Point. The appraisers assume the property is free from any detrimental easements or encroachments and specifically reserves the right to alter the conclusion of this analysis should a survey be provided that indicates detrimental easements or encroachments.

**OIL AND GAS WELLS  
Texas Railroad Commission**



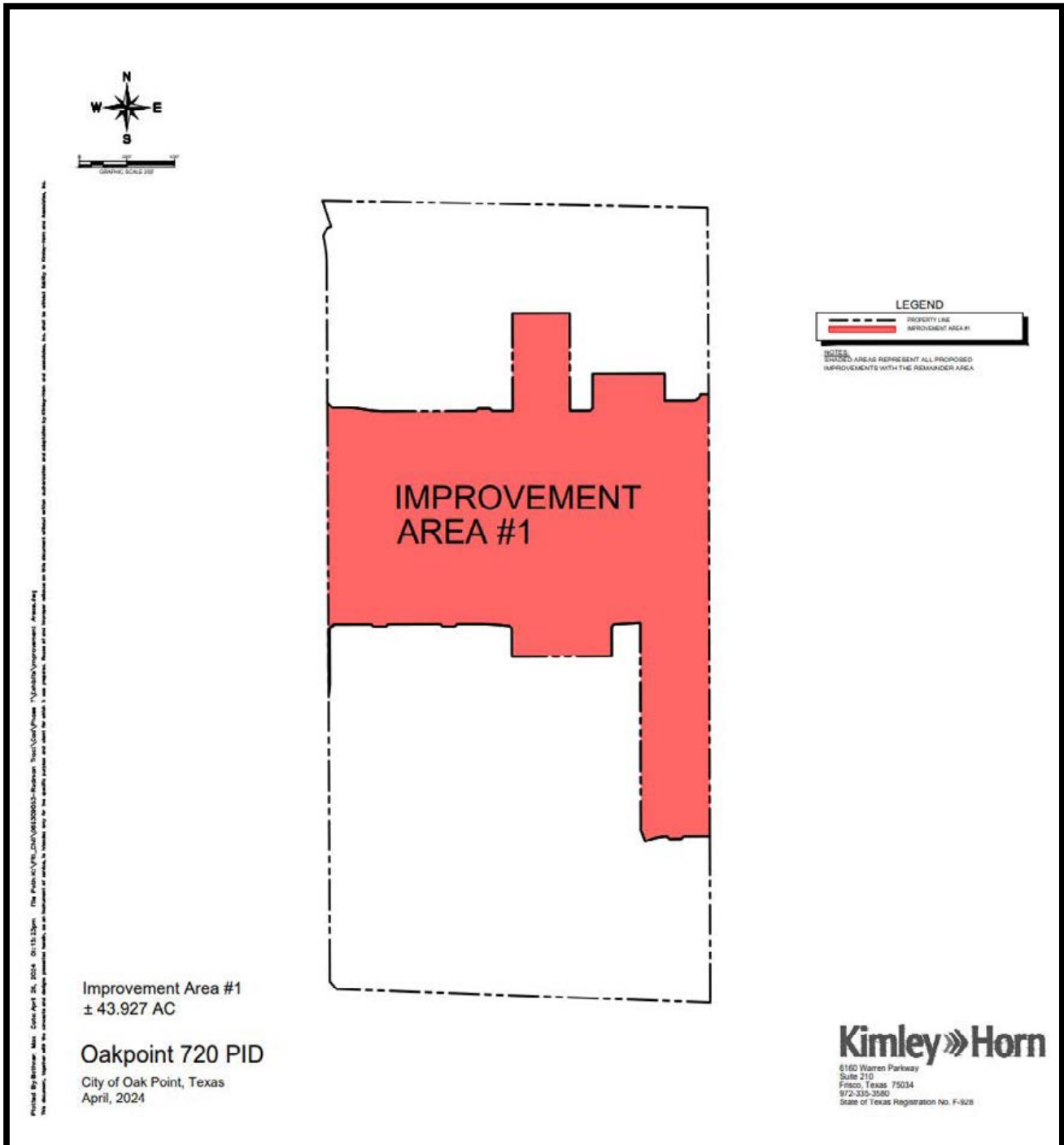
There are 0 well bottom sites and 0 well surface sites within 0.5 mile from the subject property according to the above referenced map from the Texas Railroad Commission. The subject site does not appear to be encumbered by any detrimental restrictions due to the proximity to surface or subsurface well locations because this area of Sherman-Denison MSA is minimally active in mineral extraction.



**OAK POINT 720 PID IA #1 LOT EXHIBIT  
KIMLEY-HORN AND ASSOCIATES INC. – APRIL 2024**



**OAK POINT 720 PID IA #1 ACERAGE  
KIMLEY-HORN AND ASSOCIATES INC. – APRIL 2024**



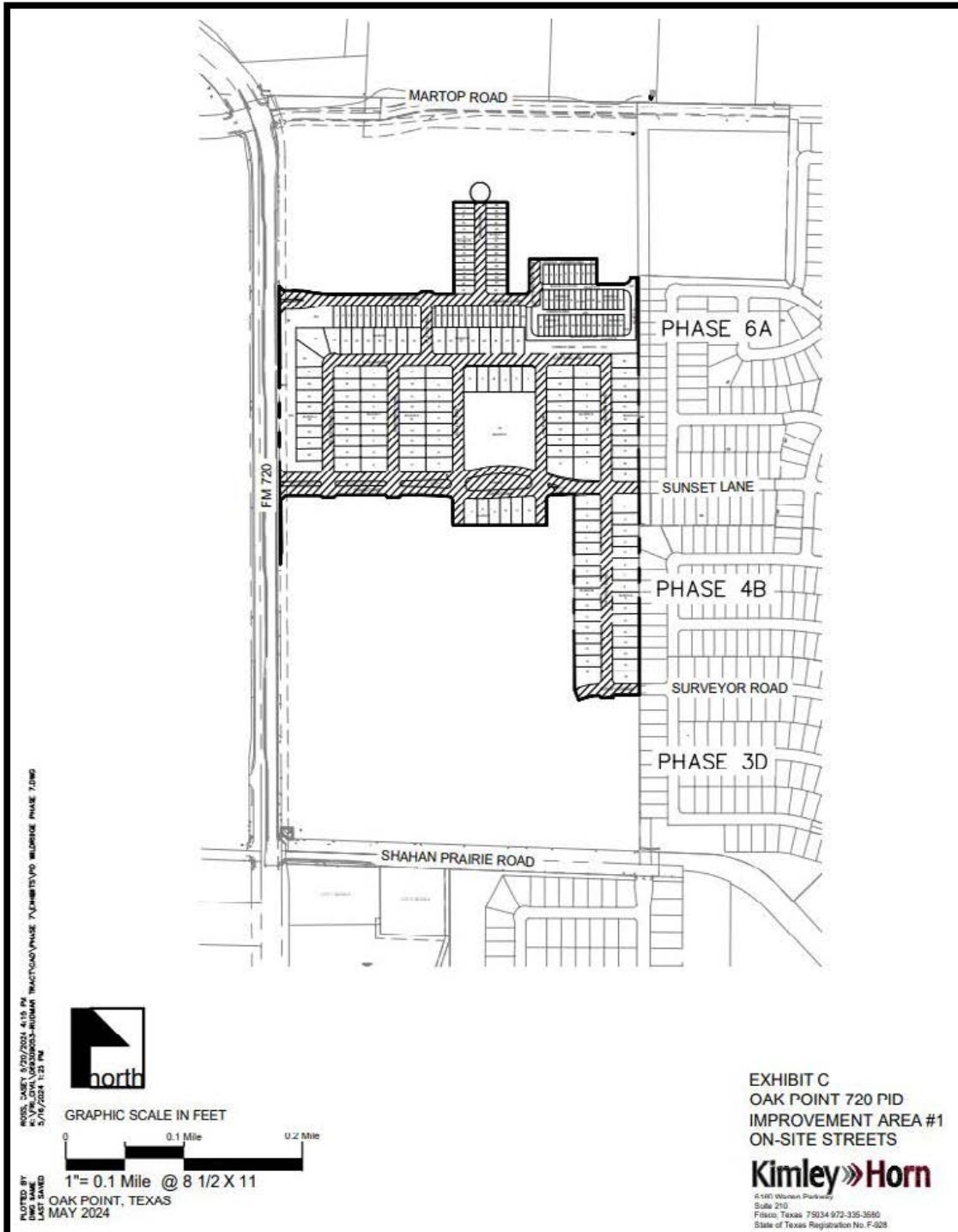






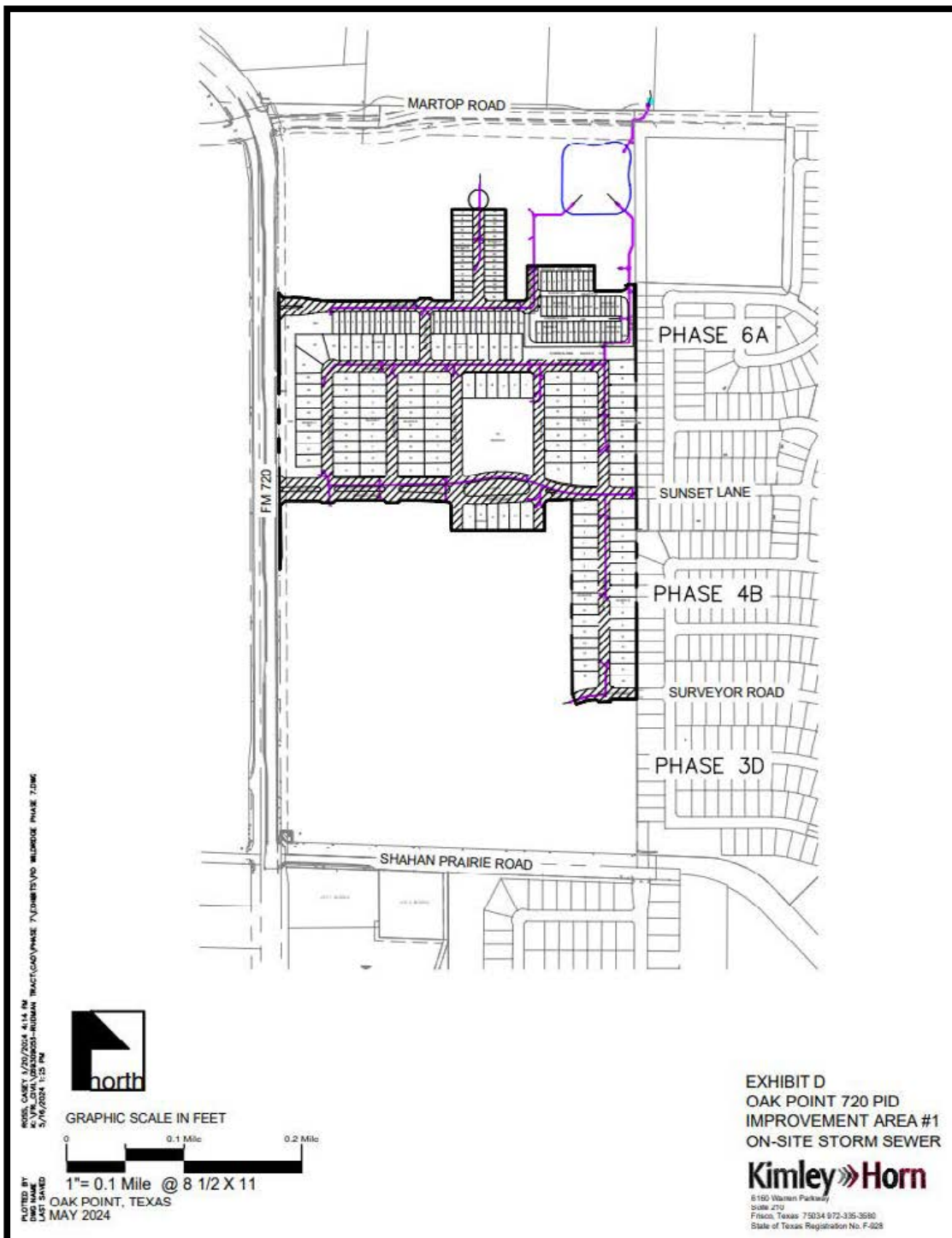


**OAK POINT 720 PID IA #1 ON-SITE STREETS  
KIMLEY-HORN AND ASSOCIATES INC. – MAY 2024**

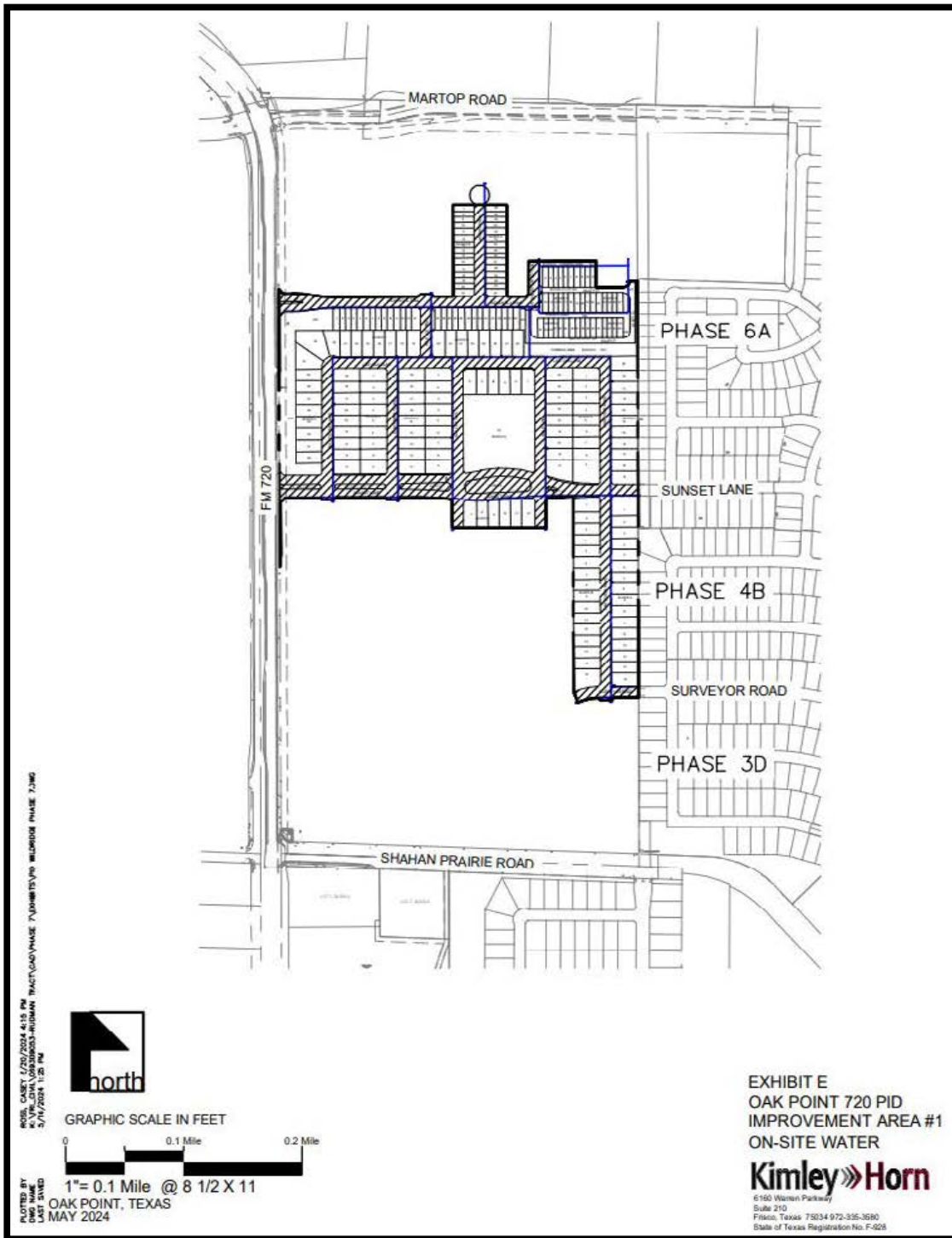




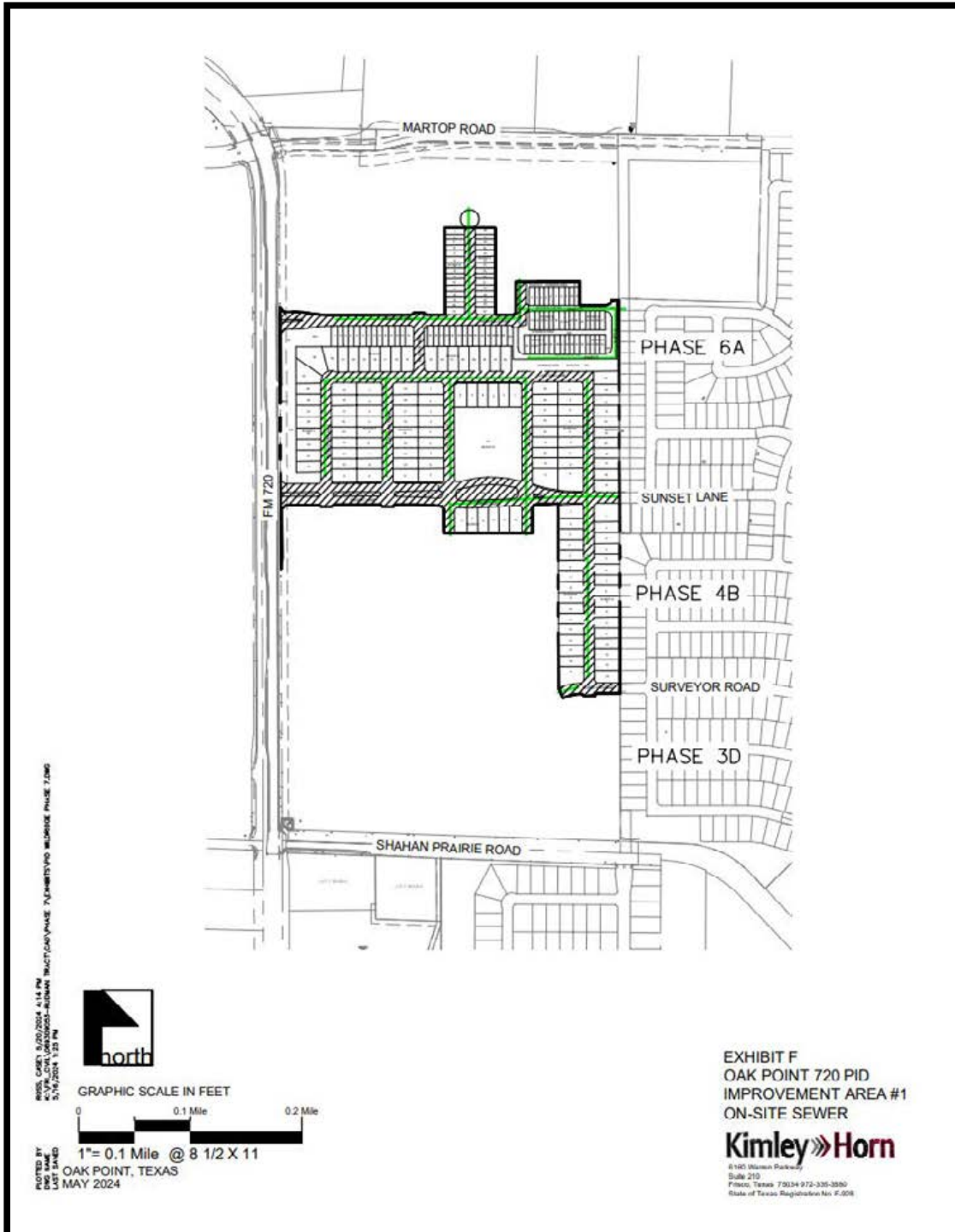
**OAK POINT 720 PID IA #1 ON-SITE STORM SEWER  
KIMLEY-HORN AND ASSOCIATES INC. – MAY 2024**



**OAK POINT 720 PID IA #1 ON-SITE WATER  
KIMLEY-HORN AND ASSOCIATES INC. – MAY 2024**



**OAK POINT 720 PID IA #1 ON-SITE SEWER  
KIMLEY-HORN AND ASSOCIATES INC. – MAY 2024**





**PROPERTY PHOTOGRAPHS**



Facing north on West FM 720



Facing east on West FM-720



Northwest corner of subject facing east



Northwest corner of subject facing south



North border of subject facing south



Housing Development east of subject



**SUBJECT PHOTOGRAPHS**



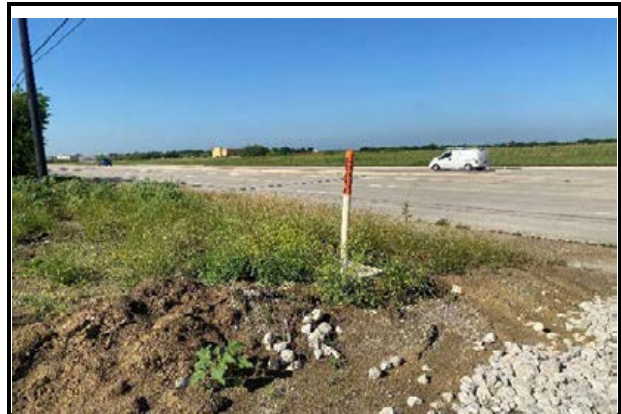
Northeast corner of subject facing south



Northeast corner of subject facing southwest



Southwest corner of subject facing east



Atmos gas line along West FM 720



Fire hydrant in subject

## HIGHEST AND BEST USE

The highest and best use may be defined as the most profitable or likely profitable legal use for which a property may be utilized. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and needed, or likely to be in demand in the reasonably near future. Also, that reasonable and probable use that will support the highest present value, as defined, as of the Prospective Effective Date of the appraisal.

Alternatively, that use, from among reasonably probable and legal alternative uses, is found to be:

- a. Physically Possible
- b. Legally Permissible
- c. Financially Feasible
- d. Maximally Productive

The definition, immediately above, applies specifically to the highest and best use of land. It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

There are two distinct types of highest and best use, that being the highest and best use as if the site were vacant, and the highest and best use as improved. Both use determinations require consideration of the physical, legal, financial feasibility and maximal productivity for the site and improvements.

## HIGHEST AND BEST USE ANALYSIS

### Highest and Best Use “As-Vacant”

#### Physically Possible

Considering the subject’s physical characteristics including jurisdiction, location, size, shape, and availability of utilities, the site is capable of numerous uses which are physically possible without being constrained by the property itself.

#### Legally Permissible

The subject property is within the City of Oak Point and is zoned Planned Development (PD), which *at the subject property* allows for attached and detached single-family residential use.

No private deed restrictions were uncovered during a normal investigation, which would further limit the potential uses of the subject site. No other legal restrictions or covenants were found to be imposed on the subject property at the time of the appraisal which would further restrict development.

Given surrounding land use patterns in the area, only attached and detached single-family residential use is given further consideration in determining the highest and best use of the site as vacant.

#### Financially Feasible

In order to be economically feasible, the improvements should conform to the surrounding land uses. To meet the test of being financially feasible, the project must provide a net return over a reasonable period of time. The area surrounding the subject property is a mix of residential and commercial development along with agricultural land and development of the surrounding area has accelerated considerably over the past decade as development north of Dallas and Fort Worth has shown almost endless demand. Developers and home builders have moved further away from the center of the Metroplex and into areas of Denton County and are being developed with middle-to-

## *Oak Point 720 Public Improvement District Improvement Area #2*

middle-upper class housing stock. Based on review of homes on the market, we would expect home prices between \$500,000-\$650,000 would be in demand in Oak Point 720 PID IA #1.

Based on our analysis of the market, it is reasonable to expect a rise in demand for vacant developed lots (VDLs) in 2024 as homebuilders sell more homes when mortgage rates begin to fall precipitously as they have in early 2024; Along with this, due to the lack of supply for VDLs and the long-term prospects of the subject's area, we expect ample demand for single-family lots in the next 2-5 years. When looking at the longer time horizon, it appears that a newly developed single-family residential use on the site would have a value commensurate with its cost. Therefore, single-family residential use is considered to be financially feasible.

### **Maximally Productive**

There does not appear to be any reasonably probable use of the subject property that would generate a higher residual land value than single-family residential use. Accordingly, it is our opinion that single-family residential use, developed to the normal market density allowed by the planned development is the maximally productive use of the property.

The resilient business climate in North Texas, and the continual development of neighborhoods similar to Oak Point and Denton County has created increased demand for homes in the area. Coupled with increasing movement into DFW, and northward in the Metroplex in particular, it is our opinion that the highest and best use of the property "As-Vacant" would be for the development of single-family residential community. Thus, the highest and best use of the property "As-Vacant" is for development of single-family residential use.

### **Highest and Best Use "As-Improved"**

Development of the subject property, as proposed utilizing our extraordinary assumptions, is the only use that meets the four tests of highest and best use. Therefore, we conclude that the highest and best use of the property "As-Improved" is similar to our conclusion "As-Vacant" which is for single-family residential use.

We believe that the **most probable buyers** would be a developer of large single-family communities or a large homebuilder who is active in the DFW Metroplex market. Also, given that the owner of the subject property (CF CSLK RDMN LLC) has engaged Ashlar Interest, LLC (development manager) who is a nationally recognized homebuilder, an additional most probably buyer would be the end-user seeking affordable housing in an area such as Oak Point.

**VALUATION – IMPROVED RESIDENTIAL LOTS IN IMPROVEMENT AREA #1**

Three approaches to value are typically considered when developing a market value opinion for real property. These are the Cost Approach, the Sales Comparison Approach, and the Income (Subdivision Development) Approach. Use of the approaches in this assignment is summarized as follows:

<i>Approach</i>	<i>Applicability to Subject</i>	<i>Use in Assignment</i>
<b>Cost Approach</b>	<i>Not Appropriate in IA #1 Portion of the Subject Property Since the Subject Property is Developed in Multiple Phases</i>	<i>Not Utilized</i>
<b>Income (Subdivision Development) Approach</b>	<i>Appropriate in Determining Residential Subdivision Value</i>	<i>Utilized</i>
<b>Sales Comparison Approach</b>	<i>Aspects Used in Subdivision Valuation to Determine Retail Market Value of the Vacant Developed Lots</i>	<i>Partially Utilized</i>

**Residential Subdivision 234 (Improved Lots)**

***Cost Approach***

The Cost Approach provides information that contrasts with information from the Income and Sales Comparison Approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction. This approach is most beneficial when appraising a proposed or recently built project and is typically used when units make up a substantial portion of the entire project. Since the subject property is being developed in multiple phases and there are many major improvements being developed, *the Cost Approach is not the most appropriate and thus was not utilized for Improvement Area #1.*

***Income (Subdivision Development) Approach***

The Income (Subdivision Development) Approach applied in subdivision analysis simulates what occurs in a bulk sale where one buyer purchases a subdivision or large group of lots at a discount. Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. This approach provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices. Since the problem to be solved in this assignment is to determine the bulk sale value of 234 improved lots, as of the Prospective Effective Date of August 1, 2024, which is based on the Substantial Completion Date, *the Income (Subdivision Development) Approach is appropriate and was fully developed.*

***Sales Comparison Approach***

The Sales Comparison Approach involves comparing recent sales of entire subdivisions or a large group of lots that involved a single purchaser. The sales are then adjusted for value-related differences. Determining market values for the subdivision or the group of lots is the objective of the analysis, and that determination requires recent and relevant similar bulk sales for the comparison. Finding highly similar and recent sales of improved subdivisions to a single buyer in most markets can be difficult, perhaps impossible. Comparison requires comparable sales with about the same or similar remaining absorption period, a similar mix of lots or unit types, location, home price points, and other characteristics. As Texas is a non-disclosure state, sales data available is limited to sales confirmed by associated parties. Since data on highly similar bulk sales to a single purchaser is difficult to find and verify, *the Sales Comparison Approach was not fully developed by the appraisers.* Aspects of the Sales Comparison Approach were utilized to determine the retail value of the improved lots for analysis within the Income (Subdivision Development) Approach.

### INCOME (SUBDIVISION DEVELOPMENT) APPROACH - IMPROVED RESIDENTIAL LOTS IMPROVEMENT AREA #1

Green Colored are Townhome Lots, Red Colored are 50' Lots



*NOTE: Improvement Area #1 comprises 234 improved residential lots completed as vacant developed lots (VDLs) with a Prospective Effective Date of August 1, 2024.*

Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. The income methodology applied in subdivision analysis has been adapted to simulate what occurs in a bulk sale where one buyer purchases a group of lots at a discount. It provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices.

*Oak Point 720 Public Improvement District Improvement Area #2*

In order to complete the analysis, the appraisers:

- Determined the value of the lots through aspects of the Sales Comparison Approach based on the concept plan provided by the developers
- Calculated the absorption period (earlier in the report) for the finished lots after construction is complete
- Analyzed the effect of appreciation, taxes, and sales costs over the absorption period
- Estimated the appropriate discount rate necessary to undertake the risks associate with the project
- Utilized discount cash flow (DCF) analysis to determine the present value of future cash flows realized by selling the lots at market prices over time

We utilized the following unit of comparison which is the measure most commonly found in the market:

***Sales Price Per Front Foot*** – *Obtained by dividing sale price by the front footage of the lot*

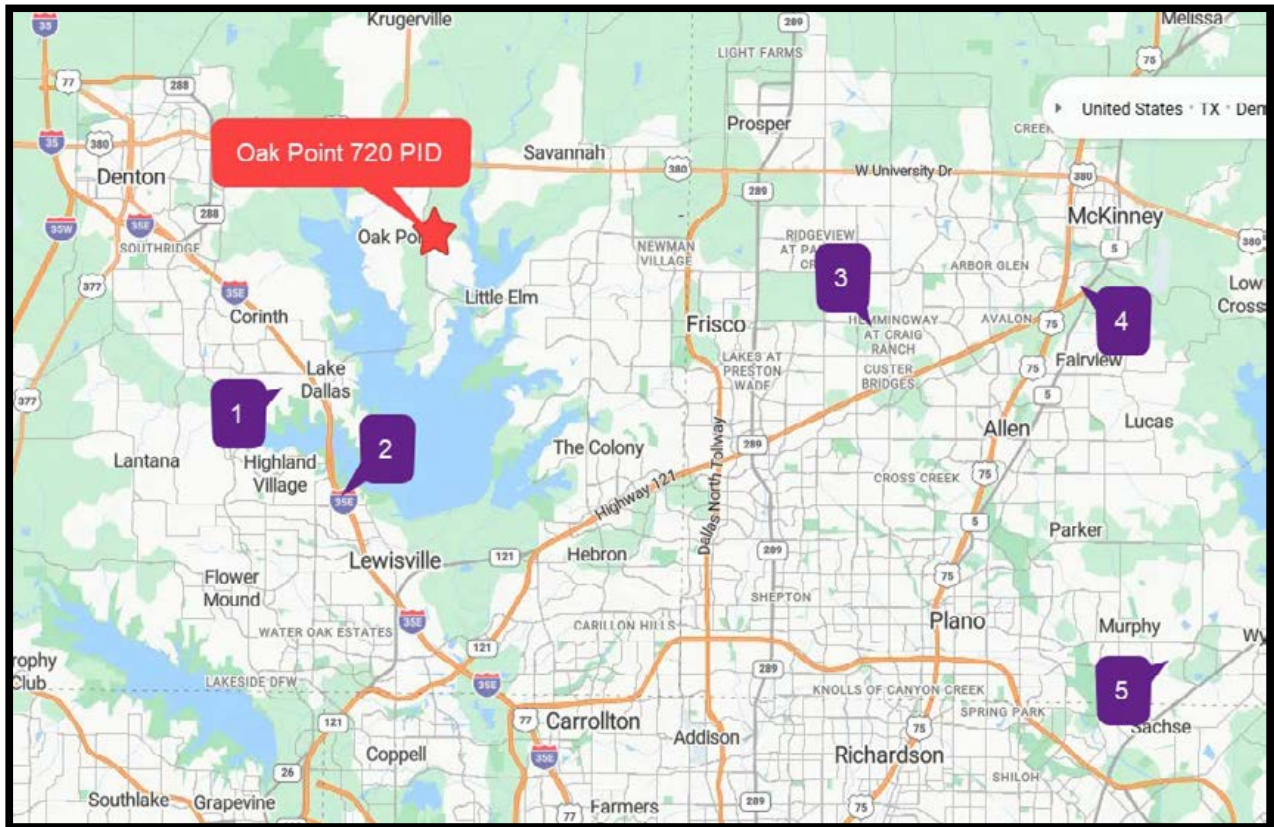
Following is our analysis of the 22-FF, 25-FF, and 50-FF lots in Improvement Area #1 of Oak Point 720 PID.

*First, we will analyze the retail market value of the 22-FF and 25-FF improved townhome lots in Improvement Area #1 of Oak Point 720 PID.*



Oak Point 720 Public Improvement District Improvement Area #2

MAP OF COMPARABLE LOT SALES –22’ AND 25’ TOWNHOME LOTS



Subject: Oak Point 720 PID IA #1, Oak Point, TX 75068

*Note: Townhome lots in the subject’s immediate market area are rare. As such, we expanded our search to include sales of comparable townhome lots to analyze market data and made adjustments to location and amenities to be reflective of the subject property’s location.*

We selected the best and most recent comparable lot sales for our analysis of the 22-FF and 25-FF townhome lots. Our five comparable sales are shown below:

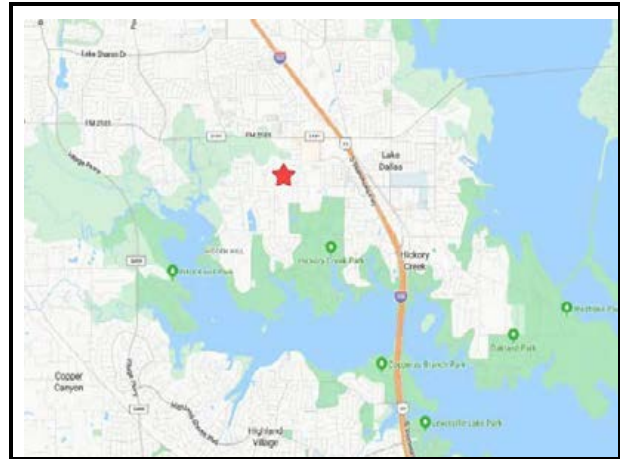
SUMMARY OF LOT SALES - TOWNHOME LOTS								
Sale	Subdivision/Address	City	ISD	Contract Date	Sale Date	Base Lot Price	Front Feet (FF)	\$/FF
1	Reserve at Hickory Creek	Hickory Creek	Lake Dallas	Aug-2023	In-Contract	\$92,000	27	\$ 3,407
2	Lakeside Crossing	Lewisville	Lewisville	Mar-2023	In-Contract	\$72,000	22	\$ 3,273
3	The Grove Frisco	Frisco	Frisco	Nov-2022	Nov-2022	\$83,203	22	\$ 3,782
4	Meridian at Southgate	McKinney	McKinney	Oct -2021	Oct - 2021	\$66,960	22	\$ 3,044
5	Woodbridge Townhomes	Wylie	Wylie	Oct-2022	Dec-2022	\$70,000	25	\$ 2,800
<b>Subject</b>	<b>Oak Point 720 PID IA #1</b>	<b>Oak Point</b>	<b>Denton</b>	-	-	-	<b>23.5</b>	-

*\*Note: The subject’s townhome lots are 22’ and 25’ in size. As such, we have utilized 23.5-FF, which is the average of the two sizes as a base of measurement.*

**SALE COMPARABLE 1 – TOWNHOME LOTS**



Comparable 1 Aerial



Comparable 1 Map

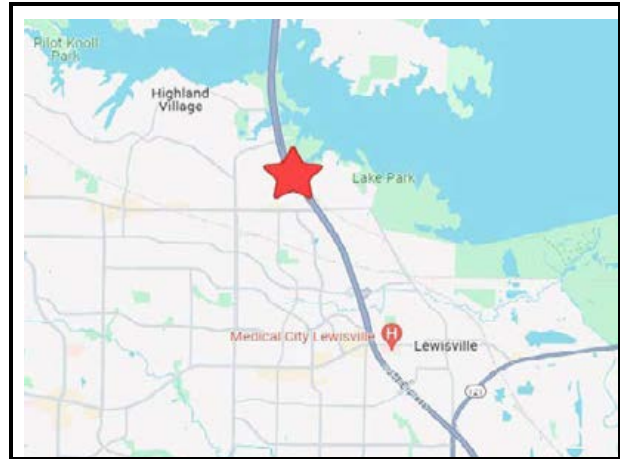
Townhome Sale Comparable 1				
<b>Property Information</b>				
Address	Reserve at Hickory Creek			
Property Class	Residential Townhome Lot			
Address	North side of Tuberville Road, East of Ronald Reagan Avenue, Hickory Creek			
County	Denton			
Property Type	Residential / Multiple Units			
<b>Site Information</b>				
Site Size	1,350	SF	0.03	Acres
Zoning Code	Townhome - 1			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
<b>Transaction Information</b>				
Sale Status	In-Contract			
Sale/Contract Date	August - 2023			
Seller	The Reserve at Hickory Creek, LLC			
Buyer	Blue River Development Acquisitions, LLC			
Sale Price	\$92,000			
Price per SF Land	\$68.15			
<b>Price per Front Foot</b>	<b>\$3,407</b>			



**SALE COMPARABLE 2 – TOWNHOME LOTS**



Comparable 2 Aerial



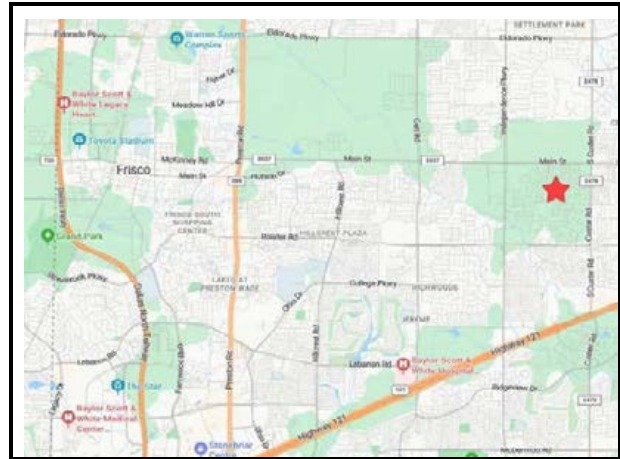
Comparable 2 Map

Townhome Sale Comparable 2				
<b>Property Information</b>				
Subdivision	Lakeside Crossing			
Property Class	Residential Townhome Lot			
Address	West of Interstate Highway 35E and east of McGee Lane			
County	Denton			
Property Type	Residential / Multiple Units			
<b>Site Information</b>				
Site Size	1,320	SF	0.03	Acres
Zoning Code	Planned Development - Mixed Use District			
Shape	Irregular			
Topography	Basically level			
Available Utilities	All available			
<b>Transaction Information</b>				
Sale Status	In-Contract			
Sale/Contract Date	March - 2023			
Seller	MM Fronterra 35, LLC			
Buyer	Crescent Estates Custom Homes, LP			
Sale Price	\$72,000			
Price per SF Land	\$54.55			
<b>Price per Front Foot</b>	<b>\$3,273</b>			

**SALE COMPARABLE 3 – TOWNHOME LOTS**



Comparable 3 Aerial



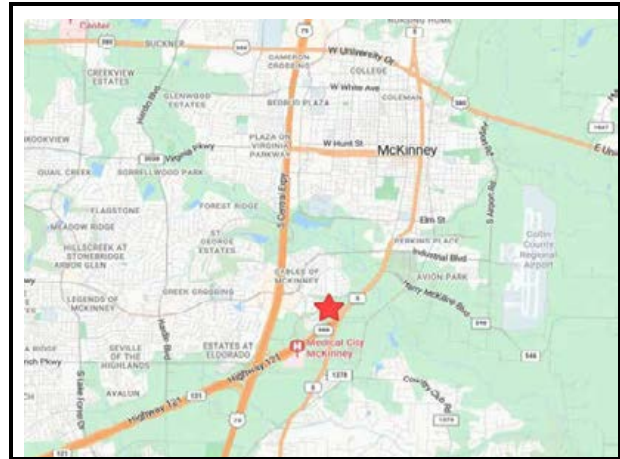
Comparable 3 Map

Townhome Sale Comparable 3				
<b>Property Information</b>				
Subdivision	The Grove Frisco			
Property Class	Residential Townhome Lot			
Address	South side of West Main Street, West of South Custer Road, Frisco			
County	Collin			
Property Type	Residential / Multiple Units			
<b>Site Information</b>				
Site Size	2,500	SF	0.06	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
<b>Transaction Information</b>				
Sale Status	Closed			
Sale/Contract Date	November-2022			
Seller	Nash FM 3537, LLC			
Buyer	CB Jeni 2020, LLC			
Sale Price	\$83,203			
Price per SF Land	\$33.28			
<b>Price per Front Foot</b>	<b>\$3,782</b>			

**SALE COMPARABLE 4 – TOWNHOME LOTS**



Comparable 4 Aerial



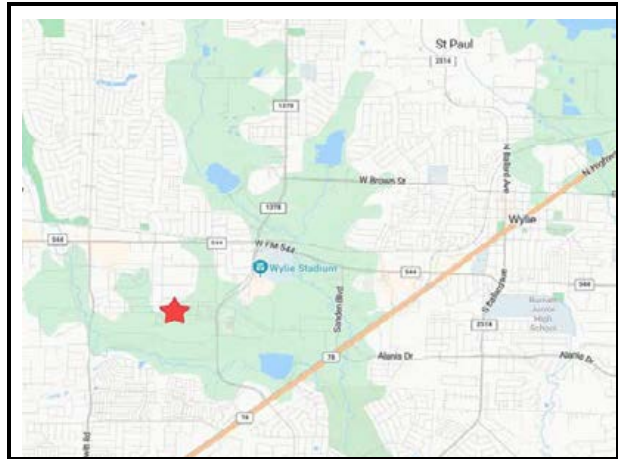
Comparable 4 Map

Townhome Sale Comparable 4				
<b>Property Information</b>				
Subdivision	Meridian at Southgate			
Property Class	Residential Townhome Lot			
Address	North side of Zellwood Lane, south of Stewart Road, McKinney			
County	Collin			
Property Type	Residential / Multiple Units			
<b>Site Information</b>				
Site Size	2,200	SF	0.05	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
<b>Transaction Information</b>				
Sale Status	Closed			
Sale/Contract Date	October - 2021			
Seller	Wilbow - Meridian LLC			
Buyer	Ashton Dallas Residential LLC			
Sale Price	\$66,960			
Price per SF Land	\$30.44			
<b>Price per Front Foot</b>	<b>\$3,044</b>			

**SALE COMPARABLE 5 – TOWNHOME LOTS**



Comparable 5 Aerial



Comparable 5 Map

Townhome Sale Comparable 5				
<b>Property Information</b>				
Subdivision Name	Woodbridge Townhomes			
Property Class	Residential Townhome Lot			
Address	Southwest corner of Hensley Lane and Woodbridge Parkway, Wylie			
County	Collin			
Property Type	Residential / Multiple Units			
<b>Site Information</b>				
Site Size	2,200	SF	0.05	Acres
Zoning Code	Turnpike Mixed Use			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
<b>Transaction Information</b>				
Sale Status	Closed			
Sale/Contract Date	December-2022			
Seller	Woodbridge Townhomes I, LTD			
Buyer	Frenadier Homes			
Sale Price	\$70,000			
Price per SF Land	\$31.82			
<b>Price per Front Foot</b>	<b>\$2,800</b>			



Oak Point 720 Public Improvement District Improvement Area #2

**SALES ADJUSTMENT COMPARISON GRID – TOWNHOME LOTS**

<i>Subdivision</i>	Oak Point 720 PID IA #1	Reserve at Hickory Creek	Lakeside Crossing	The Grove Frisco	Meridian at Southgate	Woodbridge Townhomes
	Oak Point	Hickory Creek	Lewisville	Frisco	McKinney	Wylie
<i>Transactional Adjustments</i>						
Sales Price/FF		\$3,407	\$3,273	\$3,782	\$3,044	\$2,800
Rights Conveyed		0%	0%	0%	0%	0%
Sales Price/FF		\$3,407	\$3,273	\$3,782	\$3,044	\$2,800
Financing Terms		0%	0%	0%	0%	0%
Sales Price/FF		\$3,407	\$3,273	\$3,782	\$3,044	\$2,800
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/FF		\$3,407	\$3,273	\$3,782	\$3,044	\$2,800
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/FF		\$3,407	\$3,273	\$3,782	\$3,044	\$2,800
Time/Market Conditions		+3%	+4%	+5%	+9%	+6%
<b>ADJUSTED Price/FF:</b>		\$3,510	\$3,404	\$3,971	\$3,318	\$2,968
<i>Physical Adjustments</i>						
Location/Access	Northeast Oak Point, South of East FM Road 720	0%	0%	-5%	-3%	+4%
Amenities	Pool, Play Area, Indoor Entertainment Space, Outdoor Entertainment Areas, Food Truck Area, Greenspace, Trails	0%	-5%	0%	+7%	0%
Size	22-FF & 25-FF	0%	0%	0%	0%	0%
Topography/View	Gently Sloping; Unshaded Zone X	0%	0%	0%	0%	0%
Zoning	Planned Development	0%	0%	0%	0%	0%
<i>Total Net Physical Adj. After Transactional Adj.</i>		0%	-5%	-5%	+4%	+4%
<b>ADJUSTED Price/FF:</b>		\$3,510	\$3,233	\$3,772	\$3,450	\$3,087
<b>SUMMARY OF COMPARABLE VALUES</b>						
Value Range/FF		\$3,087	to	\$3,772		
Average Value/FF		\$3,411				
Median Value/FF		\$3,450				
Size		23.5-FF				
Unit Value Indication		\$3500/FF				
Overall Value Indication		\$82,250				
<i>Rounded</i>		\$82,250				

## ANALYSIS OF ADJUSTMENTS – TOWNHOME LOTS

Our research of comparable lot sales leads us to the determination that there are ample recent transactions within the last few years involving similar properties within the subject's general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property had unadjusted contracted base prices ranging from \$2,800 per front foot to \$3,782 per front foot (FF) with all Sales being between 22-FF and 27-FF townhome lot types.

Data on each of the sales, including sales price, was confirmed with sources considered reliable. Based on analysis of this data and other pertinent information obtained in our research, the following pages are a discussion of the factors which were found to exhibit significant influence on property values in this market.

### Factors to be Considered and Summary of Adjustments

#### Transactional Adjustments

##### *Property Rights, Financing Terms, and Conditions of Sale*

Each of the comparable sales were sold as fee simple interests, sales were transferred in cash equivalency, and under typical sale conditions; thus, no adjustments are made for these three factors.

##### *Expenditures After Purchase*

Typically, in a master-planned residential community like the subject, municipalities will require impact fees paid for water, sewer, and roadway. These fees will be the responsibility of the homebuilder rather than the developer. Since purchasers of other lots would typically be expected to pay water, sewer, and roadway impact/connection fees, these are not considered atypical and are not included in our analysis.

##### *Time/Market Conditions*

The residential real estate market increased significantly in 2020 through 2023 but now appears to be cooling following another interest rate decrease by the Federal Home Loan Mortgage Corporation's 30-year fixed-rate which fell by 14 basis points to 6.78% as of May 2024. Price increases from 2020 to 2023 occurred in improved residential homes as well as in vacant developed lots as there was strong demand for lots and new homes. Homebuilders absorbed lots well above the historical norm during this period. Development costs also rose significantly beginning in 2021 as supply chains were disrupted due to the COVID-19 Pandemic, the cost of labor rose, and inflation hit its highest level in decades. We also considered that according to data from Zonda there is a significant shortage of 22-FF and 25-FF vacant developed lots in this market which has driven prices higher even as demand for finished homes has recently diminished.

Considering the residential market data and price increases for recent plated and developed residential lot sales throughout the Metroplex and specifically along the 380 Corridor which were necessitated based off supply and demand as well as development costs, we believe a market conditions adjustment of +3% year-over year (YoY) increase throughout 2021, 2022, 2023, and for the first quarter of 2024 is warranted and supported for residential developed lots for sale in platted subdivisions, due to the time it takes to get entitlements approved and engineer and costs paid. Platted developed lots on the ground have a faster market sale value increase than would raw land sold for this use. Based on the preceding, each of the comparable lot sales have been adjusted positively between +3% and +9% for Market Conditions depending on the sale date.

## Physical Adjustments

### *Location/Access*

The subject property is in a northeastern portion of the City of Oak Point, which has seen development rapidly increasing and consistent throughout the decades and will continue to bring the DFW area further into the northern region of the state. The subject is located approximately 2.4 miles south of US Highway 380, and along the east side of West Farm-to-Market Road 720. The area surrounding the subject property is a mixture of single-family residential communities to the east and to the south and agricultural land to the west and north.

West of the subject property, about 12 miles, is Denton Ryan High School which is one of five high schools in Denton ISD. Denton ISD is an average district with a “B” rating from the Texas Education Agency (TEA). Many future residents looking for a quasi-rural residential neighborhood would likely prefer a smaller and desirable school district than larger school districts more prevalent near DFW. Accessibility is considered above average for this area. We have made the following adjustments for Location/Access:

- Sale 1: Similar; Located in Hickory Creek, which feeds into the Lake Dallas ISD which has a “B” rating and considered to be an a similar ISD while also being within DFW metroplex with vastly similar accessibility to commercial development; Adjusted 0%
- Sale 2: Similar; Located in Lewisville, which has similar access to commercial uses being within the DFW metroplex and is located in Lewisville ISD which has a “B” rating and considered to be a similar ISD; Adjusted 0%
- Sale 3: Superior; Located in Frisco which feeds into Frisco ISD which has an “A” rating and considered to be a superior ISD while also having superior access to commercial uses being within the DFW metroplex; Adjusted -5%
- Sale 4: Superior; Located in McKinney, which has superior access to commercial uses being within the DFW metroplex and is located in McKinney ISD which has a “B” rating and considered to be a similar ISD; Adjusted -3%
- Sale 5: Inferior; Located in Wylie, which has inferior access to commercial uses, while also being in Wylie ISD which has an “A” rating and considered to be a superior ISD; Adjusted +4%

### *Amenities*

The subject property’s amenities will consist of a pool, play area, indoor entertainment space, outdoor entertainment areas, food truck area, greenspace, and trails. The subject’s amenities are average for a master planned community the size of Oak Point 720 PID IA #1 with development being built-out with 234 homes. We have made the following adjustments for Amenities:

- Sale 1: Similar; Reserve at Hickory Creek Subdivision, which has similar amenities such a pickleball court, outdoor fitness area, dog park, fishing pond, playground, picnic area with a gazebo, and walking trails; Adjusted 0%
- Sale 2: Superior; Lakeside Crossing Subdivision, which has superior amenities such as lagoon, retail/commercial center, event lawn, playground, dog park, and walking trails; Adjusted -5%
- Sale 3: Similar; The Grove Frisco Subdivision, which has similar amenities such as two pools, splash pad, a pavilion, a park, green space, and trails; Adjusted 0%
- Sale 4: Inferior; Meridian at Southgate Subdivision, which has inferior amenities such as an amenity center, pool, park, and trails; Adjusted +7%
- Sale 5: Similar; Woodbridge Townhomes Subdivision, which has similar amenities such as an amenity center, pool, covered patio, dog park, outdoor firepit, and trails; Adjusted 0%

*Oak Point 720 Public Improvement District Improvement Area #2*

**Size\***

Due to economies of scale, smaller lots are expected to sell for a higher price per unit (foot frontage). However, townhome lots are attached dwellings and therefore, lot sizes for townhome lots typically do not influence sales prices as much as single-family detached development lots. Sales 1 and 5 are slightly larger townhome lots at 27-FF and 25-FF respectively, and Sales 2, 3, and 4 have slightly smaller sizes compared to the subject with 22-FF and 25-FF lots. No adjustment is made for Size as all Sales are considered similar.

*\*Note: The subject's townhome lots are 22' and 25' in size. As such, we have utilized 23.5-FF, which is the average of the two sizes as a base of measurement.*

**Topography/View**

The subject and the comparable sales will each be located on graded and improved land tracts that have been optimized for layout, drainage, and utility access so no adjustment is needed for Topography. Additionally, each of the comparable sales are located on recently developed former agricultural land that is generally lacking remarkable views due to the basically level topography; thus, there is no adjustment needed for View.

**Zoning**

The subject property will be in a planned development and sales 2-5 are also in planned developments that allow for residential subdivision development for similar sized residential lots; thus, no adjustment is made for Zoning. Sale 1 is zoned townhome-1 by the City of Hickory Creek which allows for townhome development; thus no adjustment is made for Zoning.

**Conclusion for 22' and 25' Townhome Lots** – The 22' and 25' Townhome Lot Sales have an adjusted range of \$3,087/FF to \$3,772/FF with an average of \$3,411/FF and a median of \$3,450/FF. We considered each of the five sales as being reflective of the market and considered increasing development land costs due to increases in material (especially concrete) and labor which has increased the cost to develop a property similar to the subject. We conclude that the retail market value of the **improved 22' and 25' townhome lots is \$3500/FF, or \$82,250/Lot.**

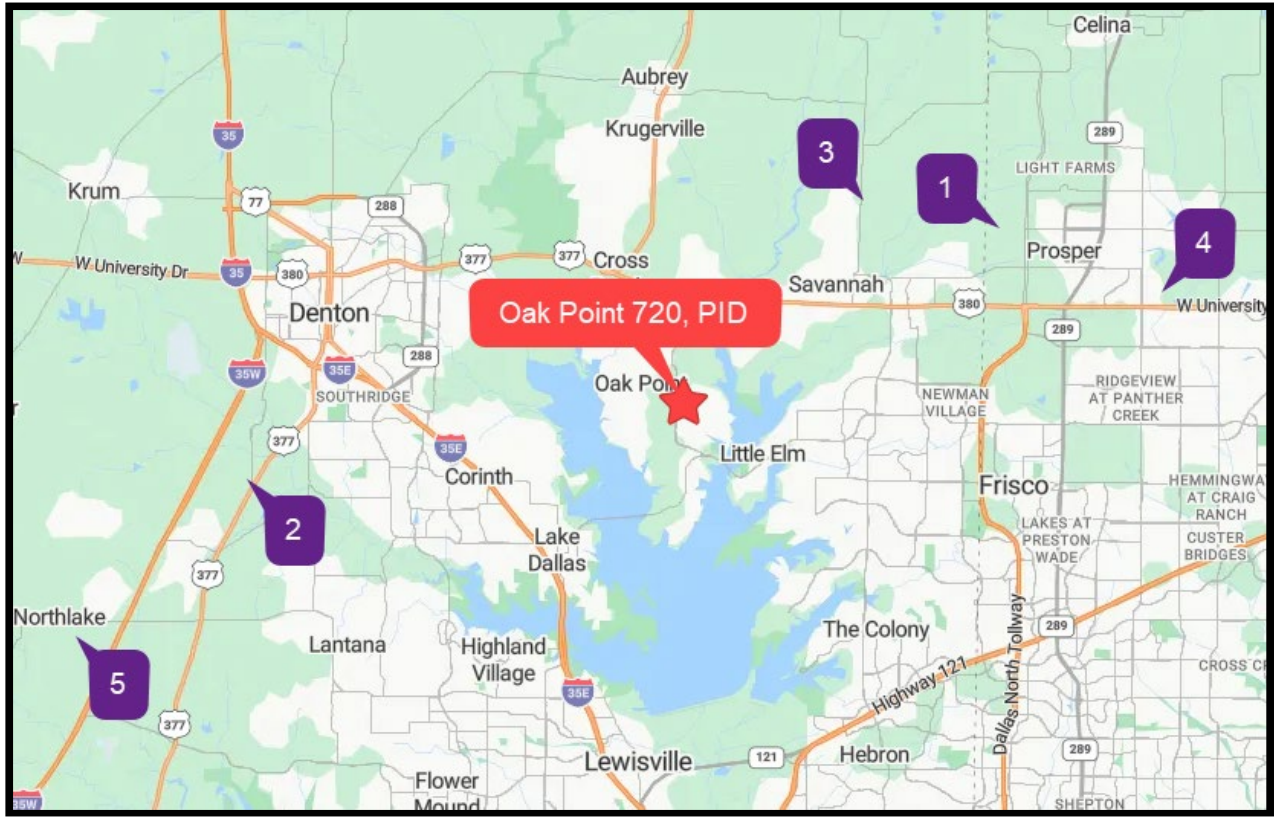
<b>Lot Type</b>	<b>Total Lots</b>	<b>Projected Completion Date</b>	<b>Concluded Retail Value Per Lot</b>
Townhome Lots	99	August 1, 2024	\$82,250

*Next, we will analyze the retail market value of the 50' improved residential lots within Improvement Area #1 of Oak Point 720 PID.*



Oak Point 720 Public Improvement District Improvement Area #2

**MAP OF COMPARABLE LOT SALES –50’ LOTS**



**Subject: Oak Point 720 PID IA #1, Oak Point, TX 75068**

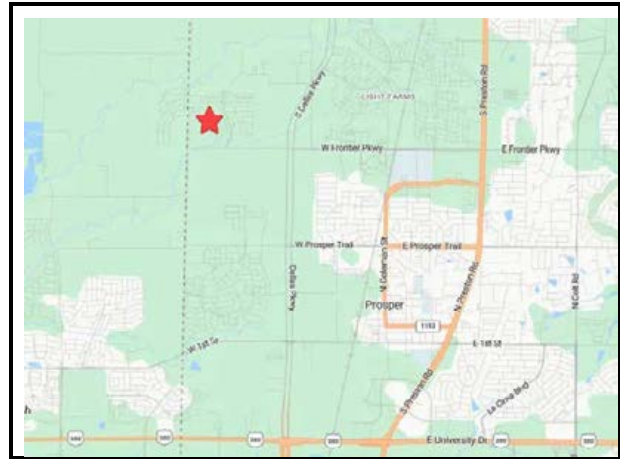
We selected the best and most recent comparable lot sales for our analysis of the 50-FF lots. Our five comparable sales are shown below:

SUMMARY OF LOT SALES - 50' LOTS								
Sale	Subdivision/Address	City	ISD	Contract Date	Sale Date	Base Lot Price	Front Feet (FF)	\$/FF
1	Mosaic	Prosper	Prosper	June-2023	June-2023	\$122,500	50	\$ 2,450
2	Sagebrook Addition	Denton	Denton	Nov-2023	Nov-2023	\$94,432	50	\$ 1,889
3	Lily Creek At Sutton Fields	Celina	Prosper	Feb - 2023	In-Contract	\$100,000	50	\$ 2,000
4	Brookhollow West	Prosper	Prosper	June-2023	In-Contract	\$122,500	50	\$ 2,450
5	Pecan Square	Northlake	Northwest	Apr-2023	Apr-2023	\$97,500	50	\$ 1,950
<b>Subject</b>	<b>Oak Point 720 PID IA #1</b>	<b>Oak Point</b>	<b>Denton</b>	-	-	-	<b>50</b>	-

**SALE COMPARABLE 1 – 50’ LOTS**



Comparable 1 Aerial



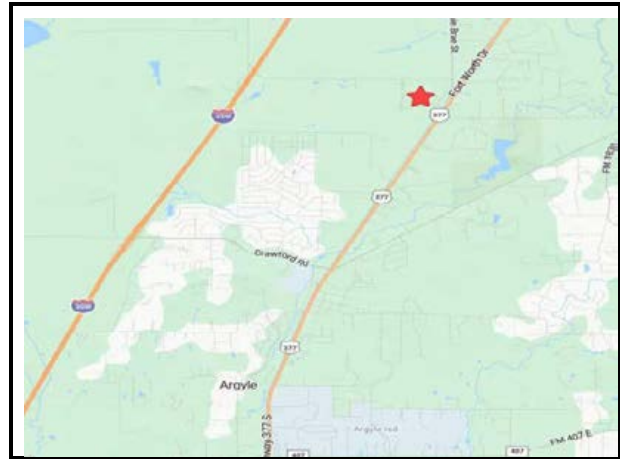
Comparable 1 Map

50-FF Sale Comparable 1				
<b>Property Information</b>				
Subdivision Name	Mosaic			
Property Class	Residential Lot			
Address	West side of CR-6 at Frontier Parkway, Prosper			
County	Denton			
Property Type	Residential / Multiple Units			
<b>Site Information</b>				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
<b>Transaction Information</b>				
Sale Status	Closed			
Sale/Contract Date	June-2023			
Seller	Tellus Texas I, LLC			
Buyer	Highland Homes			
Sale Price	\$122,500			
Price per SF Land	\$20.42			
<b>Price per Front Foot</b>	<b>\$2,450</b>			

**SALE COMPARABLE 2 – 50’ LOTS**



Comparable 2 Aerial



Comparable 2 Map

50-FF Sale Comparable 2			
<b>Property Information</b>			
Subdivision Name	Sagebrook Addition		
Property Class	Residential Lot		
Address	South side of Bluestem Boulevard, West of U.S. Highway 377, Denton		
County	Denton		
Property Type	Residential / Multiple Units		
<b>Site Information</b>			
Site Size	6,000	SF	0.14 Acres
Zoning Code	Planned Development		
Shape	Rectangular		
Topography	Basically level		
Available Utilities	All available		
<b>Transaction Information</b>			
Sale Status	Closed		
Sale/Contract Date	November - 2023		
Seller	Sagebrook Denton, LP		
Buyer	Castlerock Communities, LLC		
Sale Price	\$94,432		
Price per SF Land	\$15.74		
<b>Price per Front Foot</b>	<b>\$1,889</b>		

**SALE COMPARABLE 3 – 50’ LOTS**



Comparable 3 Aerial

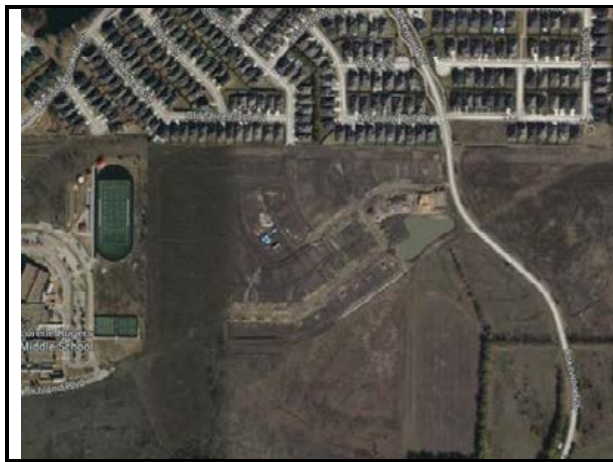


Comparable 3 Map

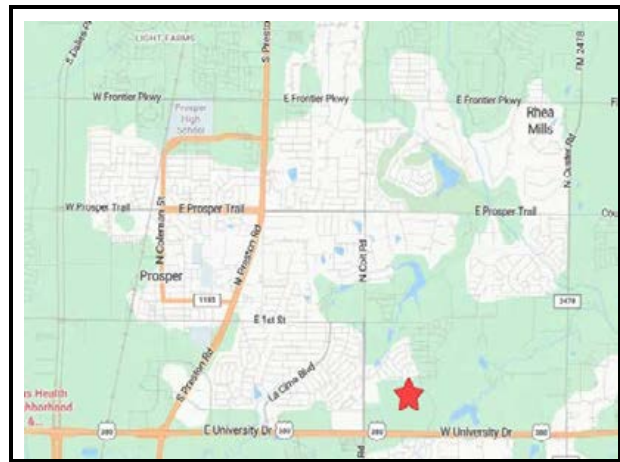
50-FF Sale Comparable 3			
<b>Property Information</b>			
Subdivision Name	Lily Creek At Sutton Fields		
Property Class	Residential Lot		
Address	North side of Parvin Road, East of Farm to Market Road 1375 and Sutton Fields, Celina		
County	Denton		
Property Type	Residential / Multiple Units		
<b>Site Information</b>			
Site Size	6,000	SF	0.14 Acres
Zoning Code	Planned Development		
Shape	Rectangular		
Topography	Basically level		
Available Utilities	All available		
<b>Transaction Information</b>			
Sale Status	In-Contract		
Sale/Contract Date	February - 2023		
Seller	MM Celina Parvin 101, LLC		
Buyer	M/I Homes		
Sale Price	\$100,000		
Price per SF Land	\$16.67		
<b>Price per Front Foot</b>	<b>\$2,000</b>		



**SALE COMPARABLE 4 – 50’ LOTS**



Comparable 4 Aerial



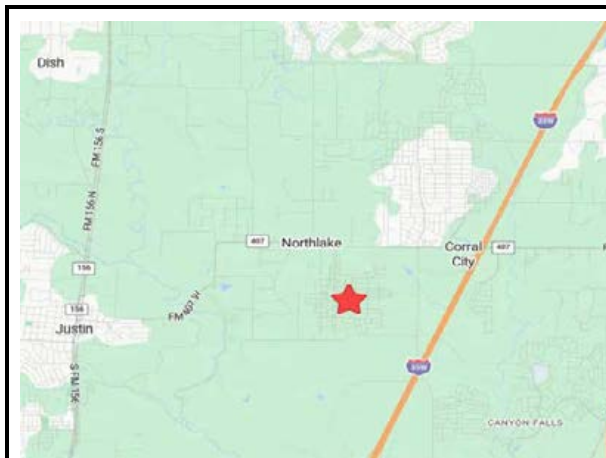
Comparable 4 Map

50-FF Sale Comparable 4			
<b>Property Information</b>			
Subdivision Name	Brookhollow West		
Property Class	Residential Lot		
Address	Northwest corner of Lakewood Drive and future Richland Boulevard		
County	Collin		
Property Type	Residential / Multiple Units		
<b>Site Information</b>			
Site Size	6,000	SF	0.14 Acres
Zoning Code	Planned Development		
Shape	Rectangular		
Topography	Basically level		
Available Utilities	All available		
<b>Transaction Information</b>			
Sale Status	In-Contract		
Sale/Contract Date	June-2023		
Seller	HH Lakewood Drive Development LP		
Buyer	Shaddock Homes, LTD		
Sale Price	\$122,500		
Price per SF Land	\$20.42		
<b>Price per Front Foot</b>	<b>\$2,450</b>		

**SALE COMPARABLE 5 – 50’ LOTS**



Comparable 5 Aerial



Comparable 5 Map

50-FF Sale Comparable 5				
<b>Property Information</b>				
Subdivision Name	Pecan Square			
Property Class	Residential Lot			
Address	West of Interstate Highway 35, South of FM 407, Northlake			
County	Denton			
Property Type	Residential / Multiple Units			
<b>Site Information</b>				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
<b>Transaction Information</b>				
Sale Status	Closed			
Sale/Contract Date	April - 2023			
Seller	Pecan Square 3A LLC			
Buyer	DR Horton Texas LTD PS			
Sale Price	\$97,500			
Price per SF Land	\$16.25			
<b>Price per Front Foot</b>	<b>\$1,950</b>			

Oak Point 720 Public Improvement District Improvement Area #2

**SALES ADJUSTMENT COMPARISON GRID –50’ LOTS**

Subdivision	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
	Oak Point 720 PID IA #1	Mosaic	Sagebrook Addition	Lily Creek At Sutton Fields	Brookhollow West	Pecan Square
	Oak Point	Prosper	Denton	Celina	Prosper	Northlake
<i>Transactional Adjustments</i>						
Sales Price/FF		\$2,450	\$1,889	\$2,000	\$2,450	\$1,950
Rights Conveyed		0%	0%	0%	0%	0%
Sales Price/FF		\$2,450	\$1,889	\$2,000	\$2,450	\$1,950
Financing Terms		0%	0%	0%	0%	0%
Sales Price/FF		\$2,450	\$1,889	\$2,000	\$2,450	\$1,950
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/FF		\$2,450	\$1,889	\$2,000	\$2,450	\$1,950
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/FF		\$2,450	\$1,889	\$2,000	\$2,450	\$1,950
Time/Market Conditions		+4%	+2%	+5%	+4%	+4%
<b>ADJUSTED Price/FF:</b>		<b>\$2,548</b>	<b>\$1,926</b>	<b>\$2,100</b>	<b>\$2,548</b>	<b>\$2,028</b>
<i>Physical Adjustments</i>						
Location/Access	Northeast Oak Point, South of East FM Road 720	+2%	-2%	+2%	-2%	+2%
Amenities	Pool, Play Area, Indoor Entertainment Space, Outdoor Entertainment Areas, Food Truck Area, Greenspace, Trails	0%	+2%	+2%	+2%	0%
Size	50-FF	0%	0%	0%	0%	0%
Topography/View	Gently Sloping; Unshaded Zone X	0%	0%	0%	0%	0%
Zoning	Planned Development	0%	0%	0%	0%	0%
<i>Total Net Physical Adj. After Transactional Adj.</i>		+2%	0%	+4%	0%	+2%
<b>ADJUSTED Price/FF:</b>		<b>\$2,599</b>	<b>\$1,926</b>	<b>\$2,184</b>	<b>\$2,548</b>	<b>\$2,069</b>
<b>SUMMARY OF COMPARABLE VALUES</b>						
Value Range/FF		<b>\$1,926</b>	<b>to</b>	<b>\$2,599</b>		
Average Value/FF		<b>\$2,265</b>				
Median Value/FF		<b>\$2,184</b>				
Size		<b>50-FF</b>				
Unit Value Indication		<b>\$2300/FF</b>				
Overall Value Indication		<b>\$115,000</b>				
<i>Rounded</i>		<b>\$115,000</b>				

## ANALYSIS OF ADJUSTMENTS –50’ LOTS

Our research of comparable lot sales leads us to the determination that there are ample recent transactions within the last few years involving similar properties within the subject’s general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property had unadjusted contracted base prices ranging from \$1,889 per front foot to \$2,450 per front foot (FF) with all Sales being 50-FF lot types.

Data on each of the sales, including sales price, was confirmed with sources considered reliable. Based on analysis of this data and other pertinent information obtained in our research, the following pages are a discussion of the factors which were found to exhibit significant influence on property values in this market.

### Factors to be Considered and Summary of Adjustments

#### Transactional Adjustments

##### *Property Rights, Financing Terms, and Conditions of Sale*

Each of the comparable sales were sold as fee simple interests, sales were transferred in cash equivalency, and under typical sale conditions; thus, no adjustments are made for these three factors.

##### *Expenditures After Purchase*

Typically, in a master-planned residential community like the subject, municipalities will require impact fees paid for water, sewer, and roadway. These fees will be the responsibility of the homebuilder rather than the developer. Since purchasers of other lots would typically be expected to pay water, sewer, and roadway impact/connection fees, these are not considered atypical and are not included in our analysis.

##### *Time/Market Conditions*

The residential real estate market increased significantly in 2020 through 2023 but now appears to be cooling following another interest rate decrease by the Federal Home Loan Mortgage Corporation’s 30-year fixed-rate which fell by 14 basis points to 6.78% as of May 2024. Price increases from 2020 to 2023 occurred in improved residential homes as well as in vacant developed lots as there was strong demand for lots and new homes. Homebuilders absorbed lots well above the historical norm during this period. Development costs also rose significantly beginning in 2021 as supply chains were disrupted due to the COVID-19 Pandemic, the cost of labor rose, and inflation hit its highest level in decades. We also considered that according to data from Zonda there is a significant shortage of 50-FF vacant developed lots in this market which has driven prices higher even as demand for finished homes has recently diminished.

Considering the residential market data and price increases for recent plated and developed residential lot sales throughout the Metroplex and specifically along the 380 Corridor which were necessitated based off supply and demand as well as development costs, we believe a market conditions adjustment of +3% year-over year (YoY) increase throughout 2021, 2022, 2023, and for the first quarter of 2024 is warranted and supported for residential developed lots for sale in platted subdivisions, due to the time it takes to get entitlements approved and engineer and costs paid. Platted developed lots on the ground have a faster market sale value increase than would raw land sold for this use. Based on the preceding, each of the comparable lot sales have been adjusted positively between +2% and +5% for Market Conditions depending on the sale date.



## Physical Adjustments

### *Location/Access*

The subject property is in a northeastern portion of the City of Oak Point, which has seen development rapidly increasing and consistent throughout the decades and will continue to bring the DFW area further into the northern region of the state. The subject is located approximately 2.4 miles south of US Highway 380, and along the east side of West Farm-to-Market Road 720. The area surrounding the subject property is a mixture of single-family residential communities to the east and to the south and agricultural land to the west and north.

West of the subject property, about 12 miles, is Denton Ryan High School which is one of five high schools in Denton ISD. Denton ISD is an average district with a “B” rating from the Texas Education Agency (TEA). Many future residents looking for a quasi-rural residential neighborhood would likely prefer a smaller and desirable school district than larger school districts more prevalent near DFW. Accessibility is considered above average for this area. We have made the following adjustments for Location/Access:

- Sale 1: Inferior; Located in Prosper, which has inferior access to commercial uses, while also being in Prosper ISD which has an “A” rating and considered to be a superior ISD; Adjusted +2%
- Sale 2: Superior; Located in Denton, which has superior access to commercial uses being along US Highway 377 and is located in Denton ISD which is the same as the subject; Adjusted -2%
- Sale 3: Inferior; Located in Celina, which is located in an area that feeds into the Prosper ISD which has an “A” rating and considered to be a superior ISD while also having inferior access to commercial uses; Adjusted +2%
- Sale 4: Superior; Located in Prosper, which feeds into the Prosper ISD which has an “A” rating and considered to be a superior ISD while also having better access to commercial uses being near US Highway 380; Adjusted -2%
- Sale 5: Inferior; Located in Northlake, which is in an area that feeds into the Northwest ISD which has a “B” rating and considered to be a similar ISD while also having inferior access to commercial uses; Adjusted +2%

### *Amenities*

The subject property’s amenities will consist of a pool, play area, indoor entertainment space, outdoor entertainment areas, food truck area, greenspace, and trails. The subject’s amenities are average for a master planned community the size of Oak Point 720 PID IA #1 with development being built-out with 234 homes. We have made the following adjustments for Amenities:

- Sale 1: Similar; Mosaic Subdivision, which has similar amenities such as a pool complex with a lazy river, a stocked lake, a playground, a fitness center, and green space; Adjusted 0%
- Sale 2: Inferior; Sagebrook Addition Subdivision which has inferior amenities swimming pool, parks, greenspaces, and trails; Adjusted +2%
- Sale 3: Inferior; Lily Creek At Sutton Fields Subdivision which has inferior amenities such as a pool, a playground, a community garden, and trails; Adjusted +2%
- Sale 4: Inferior; Brookhollow West Subdivision, which has inferior amenities such as a resort-style pool, a cabana, a playground, parks, and greenspaces; Adjusted +2%
- Sale 5: Similar; Pecan Square Subdivision, which has similar amenities such as an amenity center, pools, a fitness center, parks, sport courts, event spaces, green spaces, and an elementary school; Adjusted 0%

*Oak Point 720 Public Improvement District Improvement Area #2*

***Size***

Due to economies of scale, smaller lots are expected to sell for a higher price per unit (foot frontage). All Sales are also 50' lots that can accommodate the same building pad, so no adjustment is made for Size.

***Topography/View***

The subject and the comparable sales will each be located on graded and improved land tracts that have been optimized for layout, drainage, and utility access so no adjustment is needed for Topography. Additionally, each of the comparable sales are located on recently developed former agricultural land that is generally lacking remarkable views due to the basically level topography; thus, there is no adjustment needed for View.

***Zoning***

The subject property will be in a planned development and each of the comparable sales are in planned developments with residential subdivision zoning for similar sized residential lots; thus, no adjustment is made for Zoning.

**Conclusion for 50' Lots** – The 50' Lot Sales have an adjusted range of \$1,926/FF to \$2,599/FF with an average of \$2,265/FF and a median of \$2,184/FF. We considered each of the five sales as being reflective of the market and considered increasing development land costs due to increases in material (especially concrete) and labor which has increased the cost to develop a property similar to the subject. We conclude that the retail market value of the **improved 50' lots is \$2300/FF, or \$115,000/Lot.**

<b>Lot Type</b>	<b>Total Lots</b>	<b>Projected Completion Date</b>	<b>Concluded Retail Value Per Lot</b>
50' Detached Lots	135	August 1, 2024	\$115,000

*Oak Point 720 Public Improvement District Improvement Area #2*

**Cumulative Retail Lot Value – Improvement Area #1**

We believe a current lot market value of \$3500/FF for 22-FF and 25-FF improved townhome lots and \$2300/FF for 50' improved Lots improved Lots with an Effective Date of August 1, 2024 is accurate and well-supported. Not only do our compiled recent comparable lot sales indicate those prices, but numerous conversations with market participants – land developers and homebuilders – regarding current prices of lots within the subject's market indicate that our concluded values per front foot is supported by the current retail price for 22-FF, 25-FF, and 50-FF lots similar to the subject property. Market participants noted that prices for lots rose significantly in late 2020 and throughout 2022 which followed a spike in the residential housing market in DFW that contributed to a scarcity of vacant developed lots for homebuilders.

As of the Prospective Effective Date of August 1, 2024, the retail market value of the 22-FF, 25-FF, and 50-FF lot prices for Oak Point 720 PID IA #1 are shown below:

<b>OAK POINT 720 PID, OAK POINT, IMPROVEMENT AREA #1</b>					
<b>Total Lots</b>	<b>Feet Frontage (FF)</b>	<b>Retail Price/Lot</b>	<b>Effective Date</b>	<b>Price/FF (\$/FF)</b>	<b>Total Retail Value (\$)</b>
41	22-FF	\$82,250	August 1, 2024	\$3500/FF	\$3,372,250
58	25-FF	\$82,250	August 1, 2024	\$3500/FF	\$4,770,500
135	50 FF	\$115,000	August 1, 2024	\$2300/FF	\$15,525,000
<b>234</b>					<b>\$23,667,750</b>

*Next, we will develop an opinion of value for the 234 residential lots in Improvement Area #1 using the Discount Cash Flow analysis.*

**DISCOUNT CASH FLOW ANALYSIS**

Having completed the retail lot value conclusions using aspects of the Sales Comparison Approach, we will develop an opinion of the market value of the property to a single purchaser, as of the construction completion date. This value will include a provision for compensating the developer, i.e., profit for risk and expenditure of time. This value contemplates that the developer of the subject property would sell the subject to another developer who would in turn sell the developed lots on a retail basis. This value represents the concept of market value to a single purchaser as of the completed construction date, wherein a portion of the overall real property rights or physical asset would typically be sold to its ultimate users over some future period. Valuations involving such properties must fully reflect all appropriate deductions and discounts as well as the anticipated cash flows to be derived from the disposition of the asset over time. Appropriate deductions and discounts are those which reflect all expenses associated with the disposition of the property as well as the cost of capital and entrepreneurial profit. **This latter item of entrepreneurial profit is accounted for herein as part of the discount rate.**

The various assumptions necessary to complete our Discounted Cash Flow (DCF) analysis for the developed subject subdivision are discussed in detail in the following paragraphs.

**Takedown Schedule**

As discussed in detail in the “Pending Transactions to Builders” section of the report, our quarterly takedown projections are summarized as follows for the subject property based on the provided takedown purchase contracts:

**TAKEDOWN SCHEDULE FOR OAK POINT 720 PID IA #1**

Projected Quarterly Takedown Summary - Oak Point 720 PID IA #1							
Lot Type	Aug-2024	Nov-2024	Feb-2025	May-2025	Aug-2025	Nov-2025	TOTAL
22-FF	25	12	4	-	-	-	<b>41</b>
25-FF	25	13	20	-	-	-	<b>58</b>
50-FF	24	24	24	24	24	15	<b>135</b>
<b>Total</b>	<b>74</b>	<b>49</b>	<b>48</b>	<b>24</b>	<b>24</b>	<b>15</b>	<b>234</b>

*Note: Typically, quarters start in January, April, July, and October so we have used those baselines in our analysis. Since the Effective Date is August 1, 2024, our analysis starts on the 3<sup>rd</sup> quarter of 2025.*

### **Value Increases During Takedown Period**

Historically, in the sales contracts of volume lot sales in the marketplace, the lot prices are typically adjusted upward at rates ranging from the Wall Street Journal prime rate (8.50% as of May 2024), plus 1% (annually) up to 9.5%. Contracts between land developers and homebuilders typically have a 6% escalation which is consistent with recent improved lot appreciations over many years. Thus, for valuation purposes moving forward, we have estimated an annual appreciation on the subject's lots at 6% per year which is also consistent with residential real estate appreciation over the past decade. This is also considered reasonable given the lack of available lot and housing supply in the area and the historical realization of interest carry/appreciation by developers within DFW and surrounding market areas.

### **EXPENSES**

**Taxes** are paid by the developer annually. The estimation of taxes paid per period is based upon the principle that taxes are prorated at closing and are paid in arrears. Therefore, we have deducted taxes based upon the estimated retail market value of the unsold lots. The taxes are prorated in each calendar year based upon the projected sales in each period. The current tax rate for the bulk of the property is **0.01778685 per \$100 assessed – 1.778685%** for the purpose of our analysis – with taxes due to City of Oak Point, Denton County, and Denton ISD.

Based upon our experience as property tax consultants and information gathered from builders/developers, we do not believe the vacant lots will be assessed for their full market value once Substantial Completion is achieved. We believe the builder will have their lots assessed at approximately 70% of the market value, i.e., if a lot has a retail value of \$100,000 then the assessed value will be \$70,000. We believe this 30% discount is justified as taxing districts do not typically have access to cost data and assessments typically lag the market. In addition, many taxing districts allow for a 20% builder's inventory reduction.

**Cost of Sales** has been estimated at 1.5% of gross sales proceeds for various closing costs, surveys, commissions, and title policies.

**Marketing expenses** are not included as there is a shortage of vacant developed lots on the market and we would expect these lots to be absorbed by volume builders. This is confirmed by the contracts the developer has where the lots are presold to homebuilders.

### **Discount Rate**

The discount rate utilized herein is essentially an anticipated Internal Rate of Return (IRR) for the subject property, as estimated from investment performance realized by market participants. The discount rate used for the subject should be less than the typical land development project because the value we are determining is for a fully entitled project in a soon to be city-approved Planned Development which has less risk exposure than that of a raw land development. Therefore, it is appropriate to utilize a discount rate adjusted for this risk. The appraisers have included a recent discount rate survey published by Realty Rates that considers the market conditions, risk, entrepreneurial profit, and liquidity inherent in a project such as the subject that developers of similar properties would consider.

Oak Point 720 Public Improvement District Improvement Area #2

RealtyRates.com DEVELOPER SURVEY - 1st Quarter 2024*						
Texas - Subdivisions & PUDs						
	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
<b>Site-Built Residential</b>	15.46%	33.57%	22.75%	14.84%	32.23%	21.84%
-100 Units	15.46%	28.94%	21.76%	14.84%	27.78%	20.89%
100-500 Units	15.85%	31.84%	22.89%	15.21%	30.56%	21.97%
500+ Units	16.23%	33.28%	23.27%	15.58%	31.95%	22.34%
Mixed Use	16.62%	33.57%	23.09%	15.95%	32.23%	22.16%
<b>Manufactured Housing</b>	15.95%	36.68%	24.42%	15.32%	35.21%	23.44%
-100 Units	15.95%	31.89%	23.45%	15.32%	30.62%	22.51%
100-500 Units	16.35%	35.08%	24.69%	15.70%	33.68%	23.70%
500+ Units	16.75%	36.68%	25.11%	16.08%	35.21%	24.11%
<b>Business Parks</b>	15.91%	34.08%	23.22%	15.28%	32.72%	22.29%
-100 Acres	15.91%	29.64%	22.32%	15.28%	28.45%	21.43%
100-500 Acres	16.31%	32.60%	23.48%	15.66%	31.30%	22.54%
500+ Acres	16.71%	34.08%	23.87%	16.04%	32.72%	22.92%
<b>Industrial Parks</b>	16.00%	29.61%	21.25%	15.36%	28.43%	20.40%
-100 Acres	16.00%	25.75%	20.46%	15.36%	24.72%	19.64%
100-500 Acres	16.40%	28.33%	21.47%	15.75%	27.19%	20.61%
500+ Acres	16.80%	29.61%	21.82%	16.13%	28.43%	20.94%

\*4th Quarter 2023 Data Copyright 2024 RealtyRates.com™

As shown, the minimum actual rates in Texas range from 15.46% for less than 100 units; 15.85% for 100 to 500 units; and 16.23% for 500+ units with minimum pro-forma rates ranging from 14.84% to 15.58%.

The 7<sup>th</sup> Edition of the Dictionary of Real Estate Appraisal defines this term as “a discount rate that is adjusted to offset one or more risk factors, i.e., when a future downswing in the business cycle is likely, the risk associated with a project may increase near the end of its term, necessitating a special adjustment to the discount rate. Such discount rates include all of the elements of risk associated with an income stream for a specified period adjusted to offset additional term risk”. Thus, it is our opinion that a potential purchaser would expect to receive a much lower return on his investment for a completed project similar to the subject, which has numerous purchasers of the end product relative to that of a vacant tract of land awaiting eventual development (higher risk of escalating costs to site development and of the eventual timing of completion).

Based upon the preceding, an internal rate of return (IRR) that is similar to the minimum actual rate provided by the Realty Rates “Developer Survey” for Texas of 15.85% for 100-500 units; and 15.21% for likewise minimum pro-forma rates is considered reasonable for the subject. Hence, taking into consideration the supply and demand levels within the subject’s submarket area, we have selected a discount rate of **15%** for the subject which takes into consideration the degree of risk, developer profit, and the liquidity inherent in a project such as the subject (assisted by involvement of the PID), as well as the current market conditions. To be consistent with the timing of the cash flows, the annual income stream is discounted quarterly with an annual DCF also included. With each of the required elements now identified, we will analyze the subject in DCF analyses as shown on the following pages.

**DISCOUNT CASH FLOW (DCF) ANALYSIS - OAK POINT 720 PID IA #1**

The following assumptions are made in our analysis which are supported by other research and analysis found earlier in this report:

- Construction Complete August 1, 2024
- Retail lot values: \$82,250 for 22-FF townhome lots
- Retail lot values: \$82,250 for 25-FF townhome lots
- Retail lot values: \$115,000 for 50-FF single family residential lots
- 6% Appreciation/Year (1.5%/Quarter)
- 22-FF and 25-FF Townhome Lots sell 50 in 3Q2025, then 25 in 4Q2025, then the remaining in 1Q2026
- 50-FF Lots sell at 24/Quarter
- Discount Rate 15% (3.75%/Quarter)
- Tax Expense on Inventory is 1.778685%/Year, 0.44467125%/Quarter, but is discounted 30%
- Sales and Marketing Expense (1.5% of Revenue)

As Substantial Completion on the improved lots in Improvement Area #1 is expected to be completed as of August 1, 2024, we believe lot prices will continue to appreciate closer to their historical average which is closer to 6% per year. Thus, we have concluded that current retail improved lot values will be similar when takedowns begin. **Therefore, as of the expected Substantial Completion Date (August 1, 2024) the retail lot value for 41 22-FF townhome lots is \$3,372,250, the retail lot value for 58 25-FF lots is \$4,770,500, and the retail lot value for 135 50-FF lots is \$15,525,000 with a total cumulative value of \$23,667,750 as shown in the following table:**

<b>OAK POINT 720 PID, OAK POINT, IMPROVEMENT AREA #1</b>					
<b>Total Lots</b>	<b>Feet Frontage (FF)</b>	<b>Retail Price/Lot</b>	<b>Effective Date</b>	<b>Price/FF (\$/FF)</b>	<b>Total Retail Value (\$)</b>
41	22-FF	\$82,250	August 1, 2024	\$3500/FF	\$3,372,250
58	25-FF	\$82,250	August 1, 2024	\$3500/FF	\$4,770,500
135	50 FF	\$115,000	August 1, 2024	\$2300/FF	\$15,525,000
<b>234</b>					<b>\$23,667,750</b>

Discount cash flow analysis was completed on a quarterly and annual basis as a check for reasonableness. The annual DCF is a more rudimentary calculation, and we consider the quarterly analysis to be more accurate. When applying the DCF on a quarterly basis, the discount rate is divided by 4 and a discount rate of 3.75% is applied to each period. Typically, quarters start in January, April, July, and October so we have used those baselines in our analysis. Since the Substantial Completion Date is August 1, 2024, we will analyze on a quarterly basis starting August 2024.

Oak Point 720 Public Improvement District Improvement Area #2

**DISCOUNT CASH FLOW DATA – OAK POINT 720 PID IA #1 (QUARTERLY)**

Lot Type	Aug 2024			Oct. 2024			Jan. 2025		
	Starting Units	Lot Price	Sales	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
22-FF Townhome Lots	41	\$ 82,250	25	16	\$ 83,484	12	4	\$ 84,736	4
25-FF Townhome Lots	58	\$ 82,250	25	33	\$ 83,484	13	20	\$ 84,736	20
50-FF Lots	135	\$ 115,000	24	111	\$ 116,725	24	87	\$ 118,476	24
<b>Revenue</b>		<b>\$ 6,872,500</b>			<b>\$ 4,888,494</b>			<b>\$ 4,877,085</b>	
<i>Tax Expense</i>		<i>\$ (49,114)</i>			<i>\$ (53,063)</i>			<i>\$ (38,414)</i>	
<i>Sales Expense</i>		<i>\$ (103,088)</i>			<i>\$ (73,327)</i>			<i>\$ (73,156)</i>	
<b>Net Income</b>		<b>\$ 6,720,299</b>			<b>\$ 4,762,104</b>			<b>\$ 4,765,515</b>	
<b>Factor</b>		<b>0.988421</b>			<b>0.960056</b>			<b>0.927090</b>	
<b>Income Net Present Value (NPV)</b>		<b>\$ 6,642,483</b>			<b>\$ 4,571,885</b>			<b>\$ 4,418,062</b>	



Lot Type	Apr. 2025			Jul. 2025			Oct. 2025		
	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
22-FF Townhome Lots	-	-	-	-	-	-	-	-	-
25-FF Townhome Lots	-	-	-	-	-	-	-	-	-
50-FF Lots	63	\$ 120,253	24	39	\$ 122,057	24	15	\$ 123,888	15
<b>Revenue</b>		<b>\$ 2,886,072</b>			<b>\$ 2,929,363</b>			<b>\$ 1,858,315</b>	
<i>Tax Expense</i>		<i>\$ (23,582)</i>			<i>\$ (14,817)</i>			<i>\$ (3,856)</i>	
<i>Sales Expense</i>		<i>\$ (43,291)</i>			<i>\$ (43,940)</i>			<i>\$ (27,875)</i>	
<b>Net Income</b>		<b>\$ 2,819,200</b>			<b>\$ 2,870,606</b>			<b>\$ 1,826,584</b>	
<b>Factor</b>		<b>0.895257</b>			<b>0.864516</b>			<b>0.839707</b>	
<b>Income Net Present Value (NPV)</b>		<b>\$ 2,523,907</b>			<b>\$ 2,481,685</b>			<b>\$ 1,533,795</b>	



<b>Total Net Revenue Over ~6 Quarters</b>	<b>\$23,764,307</b>
<b>Net Present Value (As-Is) at 15% Discount Rate</b>	<b>\$22,171,817</b>
<b><u>Rounded</u></b>	<b>\$22,170,000</b>

Note: Quarterly discount and appreciation calculations are averaged to the middle of the period.



Oak Point 720 Public Improvement District Improvement Area #2

**DISCOUNT CASH FLOW DATA – OAK POINT 720 PID IA #1 (ANNUAL)**

Lot Type	2024			2025		
	Starting Units	Lot Price	Sales	Units Available	Lot Price	Sales
22-FF Townhome Lots	41	\$ 82,867	37	4	\$ 84,690	4
25-FF Townhome Lots	58	\$ 82,867	38	20	\$ 84,690	20
50-FF Lots	135	\$ 115,863	48	87	\$ 121,192	87
<b>Revenue</b>		<b>\$ 11,776,416</b>			<b>\$ 12,576,278</b>	
<i>Tax Expense</i>		<i>\$ (123,705)</i>			<i>\$ (143,536)</i>	
<i>Sales Expense</i>		<i>\$ (176,646)</i>			<i>\$ (188,644)</i>	
<b>Net Income</b>		<b>\$ 11,476,064</b>			<b>\$ 12,244,098</b>	
<b>Factor</b>		<b>0.971303</b>			<b>0.884890</b>	
<b>Income Net Present Value (NPV)</b>		<b>\$ 11,146,733</b>			<b>\$ 10,834,682</b>	



<i>Total Net Revenue Over ~2 Years</i>	<b>\$23,720,162</b>
<b>Net Present Value (As-Is) at 15% Discount Rate</b>	<b>\$21,981,415</b>
<b>Rounded</b>	<b>\$21,980,000</b>

*Note: Annual discount and appreciation calculations are averaged to the middle of the period*

*Oak Point 720 Public Improvement District Improvement Area #2*

**DCF Conclusion (234 Improved 22', 25', and 50' Lots in Improvement Area #1)**

Using the Discount Cash Flow analysis on both a quarterly and annual basis suggests the market value for the 234 improved lots in Oak Point 720 PID IA #1 in a bulk sale transaction would be between \$21,981,415 and \$22,171,817, which is approximately \$190,402 (0.87%) different. Both annual and quarterly DCF analyses have relevance and are a check of reasonableness on each other, but we consider the quarterly analysis to be the more accurate and precise calculation. Thus, we have determined that the **market value for Oak Point 720 PID IA #1 "Upon Completion" with a Prospective Effective Date of August 1, 2024, for 234 improved lots is \$22,170,000 (\$95,000/lot).**

**INCOME (SUBDIVISION DEVELOPMENT) APPROACH CONCLUSION**

Using the Discount Cash Flow Analysis to determine the net present value as of the expected construction completion date (August 1, 2024), we have determined the following value for Oak Point 720 PID IA #1 as shown in the table below:

<b>INCOME APPROACH VALUE INDICATION</b>	
<i>Fee Simple Interest, Complete August 1, 2024</i>	
<b>Oak Point 720 PID 234 Improved Residential Lots in IA #1</b>	<b>\$22,170,000 (\$95,000/Lot Rounded)</b>

## RECONCILIATION AND FINAL VALUE CONCLUSION

The Appraisal of Real Estate, Fourteenth Edition, copyright 2013, pages 641-642, published by the Appraisal Institute states,

*“Resolving the differences among various value indications is called reconciliation.... The final value opinion is not the average of the different value indications derived. No mechanical formula is used to select one indication over the others...Final reconciliation relies on proper application of appraisal techniques and the appraiser’s judgment.”*

Three approaches to value are recognized in the appraisal profession (Sales Comparison Approach, Cost Approach, and Income Approach). All three approaches were analyzed and developed as part of the scope of work of this assignment. A summary of each approach follows:

### **Cost Approach**

The Cost Approach provides information that contrasts with information from the Income and Sales Comparison Approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction. This approach is most beneficial when appraising a proposed or recently built project and is typically used when units make up a substantial portion of the entire project.

Since the improved single-family residential lots in Oak Point 720 PID IA #1 will be constructed in multiple phases over several years, the Cost Approach is not appropriate and thus was not utilized to value the improved lots in Improvement Area #1.

### **Income (Subdivision Development) Approach**

For the improved residential lots, the Income (Subdivision Development) Approach applied in subdivision analysis simulates what occurs in a bulk sale where one buyer purchases the bulk of the lots at a discount. Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. This approach provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices.

Since the problem to be solved is to determine the bulk sale value of 234 improved residential lots in Oak Point 720 PID IA #1, as of the substantial completion date, the Income Approach is appropriate and was developed. **Through Discounted Cash Flow Analysis, we determined the market value of the 234 improved lots “Upon Completion” in Oak Point 720 PID IA #1 as of August 1, 2024, is \$22,170,000 (\$95,000/lot).**

### **Sales Comparison Approach**

For the improved lots within Improvement Area #1, the Sales Comparison Approach was not fully developed because finding highly similar and recent sales of improved groups of lots or subdivisions is not available in the market. Aspects of the Sales Comparison Approach were utilized in concluding the retail lot market values for use in the Income Approach for the improved lots within the Oak Point 720 PID Improvement Area #1.

### **Final Value Conclusion Summary**

As a result of our investigations, studies and analysis of the sale, cost, income, and expense data, interpreted within the context of all the factors in the marketplace which effect value, our reconciliation of the indicated values between the utilized approaches to value are listed in the table one the following page. The property type warranted only a single approach to be developed so our final value conclusion for the subject property is shown on the following page:

*Oak Point 720 Public Improvement District Improvement Area #2*

<b>FINAL MARKET VALUE CONCLUSION OAK POINT 720 PID IMPROVEMENT AREA #1</b>			
	<i>Cost</i>	<i>Sales</i>	<i>Income (Subdivision)</i>
<i>Fee Simple Interest, Complete August 1, 2024</i>			
<b>Improvement Area #1</b>	<i>N/A</i>	<i>N/A</i>	<i>\$22,170,000</i>
<i>234 Improved Residential Lots in IA #1</i>			<i>(\$95,000/Lot Rounded)</i>

**Exposure Time**

Assuming adequate exposure and normal marketing efforts, the estimated exposure time (i.e. the length of time the subject property would have been exposed for sale in the market had it sold at the market value concluded to in this analysis as of the date of this valuation) would have been at least 6-12 months; the estimated marketing time (i.e. the amount of time it would probably take to sell the subject property if exposed in the market beginning on the date of this valuation) is estimated to be between 6-12 months.

**Marketing Time**

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the Effective Date of value. Market conditions are presently strong, and we expect no significant changes in the near term. It is our opinion that a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period at 6-12 months.

**ADDENDA**

ENGAGEMENT LETTER



Real Estate Brokerage \* Development \* Appraisals \* Property Tax Consulting  
1703 N. Peyco Dr. Arlington, Texas 76001  
Metro 817-467-6803 \* Fax 817-465-7464 \* www.peycosouthwest.com

May 9, 2024

Mr. R.R. "Tripp" Davenport, III  
Director  
FMSbonds, Inc.  
5 Cowboys Way, Ste. 300-25  
Frisco, Texas 75034  
tdavenport@fmsbonds.com

**SUBJECT:** Proposal/Authorization for Valuation and Consulting Services of a residential master planned development known as the "Oak Point 720 Public Improvement District" located in the City of Oak Point, Denton County, Texas

Dear Mr. Davenport:

Upon your acceptance of this contract engagement, Peyco Southwest Realty, Inc. ("Peyco"), will prepare an appraisal of the Subject Property:

**Purpose of the Assignment** The purpose of the appraisal is to provide an opinion of the "As-Complete" and "As-If Improved" market value of the fee simple interest in the Subject Property outlined herein. We will assume that the City of Oak Point will approve or has approved the proposed development and that all development entitlements are in place for the "Project" to proceed. Further, our valuation will also be based upon, and assume that:

- a) Only limited specific offsite general infrastructure indicated is fully funded with cash or cash-equivalent (lines of credit, completion agreements, etc.) with special assessments levied on property within the Oak Point 720 Public Improvement District ("PID"), and
- b) Improvement relating to the "Project" will be completed based on engineering plans provided to the appraisers

It is our understanding that the Appraisal Report will be included in the Preliminary and Final Official Statements for the sale of one or more series of Public Improvement District (PID) bonds for the Project, and we will provide our written consent to the inclusion of the Appraisal Report in the Preliminary and Final Official Statements. The appraisal will be prepared 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) developed by the Appraisal Standards Board of the Appraisal Foundation. The Ethics Rule of USPAP requires us to disclose to you any prior services we have performed 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. We represent that we have not performed any services that require disclosure under this rule.

Page 1 of 7



## Oak Point 720 Public Improvement District Improvement Area #2

In accordance with our correspondence, the scope of this assignment will require Peyco to consider all relevant and applicable approaches to value as determined during the course of our research, Subject Property analysis, and preparation of the report. **The report will include an opinion of the fee simple market value of the following:**

- **Approximately 234 improved residential lots to be sold in bulk in Improvement Area #1 of the Oak Point 720 PID. We will report the estimated retail value of the lots during the sellout period consisting of:**
  - 41 townhome lots of 22-FF sizes,
  - 58 townhome lots of 25-FF sizes, and
  - 135 lots of 50-FF sizes,

Federal banking regulations require banks and other lending institutions to engage appraisers where FIRREA compliant appraisals must be used in connection with mortgage loans or other transactions involving federally regulated lending institutions. Given that requirement, this appraisal may not be accepted by a federally regulated financial institution.

The appraisal will be communicated in an Appraisal Report-Standard Format Report. All work will be performed under the direct supervision of the undersigned, together with other staff members. The appraisal and this letter agreement will be subject to our standard assumptions and limiting conditions, a copy of which is attached as Attachment 1.

The total fee for this assignment will be \$17,000 which will be paid for by the Developer, but payment may be reimbursed to the developer as a qualified creation and issuance cost of the "Public Improvement District". Please note that the full fee must be received in our office before the commencement of this appraisal. The delivery date will be within 30 days from your signed acceptance of this letter agreement, receipt of the fee and receipt of requested documents from the developer, but subject to extension based upon late delivery of the requested data and scheduled access for inspection. **We will require the full fee of \$17,000 prior to the commencement of this appraisal assignment.** If the assignment is cancelled by either party prior to completion, you agree to pay us for all our expenses and our time to date based upon the percentage of work completed.

Two hard copies of the appraisal report will be provided upon request. Digital copies, in PDF format, will be delivered upon completion via email or other file transfer as client requests. 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 for the "Project"; 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. The 30-day delivery date is contingent upon the absence of events outside our control, timely access for inspection of the Subject Property, as well as our receipt of all requested information necessary to complete the assignment. Should, upon review of the draft Appraisal Report, the client requests material changes, or additions beyond the agreed to Scope of Work that materially affect the appraisal report and/or resulting values; the Client agrees to additional scope of work changes at our current hourly rates (\$300/hour).

Please be advised that we are not experts in the areas of building inspection (including mold), environmental hazards, ADA compliance, or wetlands. Therefore, unless we have been provided with appropriate third-party expert reports, the appraisals will assume that there are no environmental, wetlands, or ADA compliance problems. The agreed upon fees for our services assume the absence of such issues inasmuch as additional research and analysis may be required. If an expert is required, you are responsible for their selection, payment, and actions.

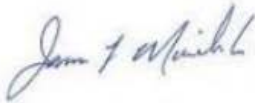


Oak Point 720 Public Improvement District Improvement Area #2

In the event that we receive a subpoena or are called 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 not a party, you agree to pay our current hourly rates (\$300/hour) for such preparation and presentation of testimony. You agree that: (i) the data collected by us in this assignment will remain our property; and (ii) with respect to any data provided by you, Peyco and its partner companies may utilize, sell, and include such data (either in the aggregate or individually), in the Peyco database and for use in derivative products. You agree that all data already in the public domain may be utilized on an unrestricted basis. Finally, you agree that we may use commercially available, as well as proprietary software programs, to perform your assignment (web based and others).

If you are in agreement with the terms set forth in this letter and wish us to proceed with the contract engagement, please sign below and return one copy to us. Thank you for this opportunity to be of service and we look forward to working with you.

Sincerely,



James L. Maibach, C.P.M.  
TX-1323658  
State Certified General Real Estate Appraiser

AGREED TO AND ACCEPTED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2024.

BY:

FMS Bonds, Inc.

  
Authorized Signature

\_\_\_\_\_  
Name (printed)

#### ATTACHMENT 1: STANDARD ASSUMPTIONS & LIMITING CONDITIONS

The appraisal report and any work product related to the engagement will be limited by the following standard assumptions:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements, and restrictions. The Subject Property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the Subject Property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the Subject Property more or less valuable. Furthermore, there is no asbestos or environmental contamination at the Subject Property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The Subject Property is in compliance with all applicable building, environmental, zoning, and other federal, state, and local laws, regulations, and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

The appraisal report and any work product related to the engagement will be subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the Subject Property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state, or local laws, regulations, or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena, or attend any court, governmental or other hearing with reference to the Subject Property without compensation relative to such additional employment.
6. We have made no survey of the Subject Property and assume no responsibility in connection with such matters. Any sketch or survey of the Subject Property included in the appraisal report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the Subject Property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas, or mineral rights, if any, and we have assumed that the Subject Property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural, and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations, and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the Subject Property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates, and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.



13. If the Subject Property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the Subject Property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the Subject Property or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the value stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the Subject Property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues and render no opinion regarding compliance of the Subject Property with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the Subject Property or in the improvements, and our valuation is predicated upon the assumption that the Subject Property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances, and mold. No representations or warranties are made regarding the environmental condition of the Subject Property. Peyco and/or any of its officers, owners, managers, directors, agents, subcontractors, or employees (the "Peyco Parties") shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the Subject Property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the Subject Property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the Subject Property, and the value conclusion is predicated on the assumption that wetlands are nonexistent or minimal.
22. We are not a building or environmental inspector. Peyco does not guarantee that the Subject Property is free of defects or environmental problems. Mold may be present in the Subject Property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assumes the satisfactory completion of construction, repairs, or alterations in a workmanlike manner.
24. Peyco is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
25. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. Peyco is not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we

*Oak Point 720 Public Improvement District Improvement Area #2*

assume competent and effective management and marketing for the duration of the projected holding period of the Subject Property.

26. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar to the future.
27. As will be determined during the course of the assignment, additional extraordinary or hypothetical conditions may be required in order to complete the assignment. The appraisal shall also be subject to those assumptions.

### LOT TYPE MAP





**LEGAL DESCRIPTION  
OAK POINT 720 PID – IMPROVEMENT AREA #1**

**Legal Description of Improvement Area #1  
(approx. 43.927 Acres)**

**BEING** a tract of land situated in the William McNeil Survey, Abstract No. 814, City of Oak Point, Denton County, Texas, and being a portion of a called 122.243-acre tract of land described in a deed to Craig Curry, Four Quarters Enterprises, LTD., Frisco Platinum 4S&C, LP, Rudco Land, LLC, Doublepine Investments, LTD., and Bantam Creek, LLC, recorded in Document No. 2020-8922, Official Records, Denton County, Texas, and being more particularly described by metes and bounds as follows:

**BEGINNING** at a 5/8-inch iron rod with red plastic cap stamped "KHA" found for the southeast corner of said 122.243-acre tract, common to the southwest corner of Wildridge Phase 3D, an addition to the City of Oak Point, Texas, according to the plat thereof recorded in Document No. 2017-503, said Official Records, same being the northwest corner of a called 0.063-acre tract of land described in a deed to the City of Oak Point, Texas, recorded in Document No. 2015-33178, said Official Records, same also being the northeast corner of a called 2.012-acre tract of land described in a deed to the City of Oak Point, Texas, recorded in Document No. 2015-9522, said Official Records, same also being on the northerly right-of-way line of Shahan Prairie Road (variable width public right-of-way);

**THENCE** North 00°09'40" West, along the common line of said 122.243-acre tract and said Wildridge Phase 3D, a distance of 698.14 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for the **POINT OF BEGINNING** of the herein described tract of land;

**THENCE** departing said common line and crossing said 122.243-acre tract the following courses and distances:

South 89°50'20" West, a distance of 110.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 44°50'20" West, a distance of 14.14 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 00°09'40" East, a distance of 0.54 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 89°56'16" West, a distance of 9.50 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 89°46'14" West, a distance of 31.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 89°50'20" West, a distance of 9.50 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 00°09'40" West, a distance of 0.54 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 45°14'16" West, a distance of 14.12 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set at the beginning of a non-tangent curve to the left with a radius of 225.00

*Oak Point 720 Public Improvement District Improvement Area #2*

feet, a central angle of 22°31'16", and a chord bearing and distance of South 77°41'30" West, 87.87 feet;

In a westerly direction, with said non-tangent curve to the left, an arc distance of 88.44 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set at the beginning of a reverse curve to the right with a radius of 275.00 feet, a central angle of 01°10'10", and a chord bearing and distance of South 67°00'57" West, 5.61 feet;

In a westerly direction, with said reverse curve to the right, an arc distance of 5.61 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 22°23'59" West, a distance of 50.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 00°09'40" West, a distance of 871.92 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 87°04'00" West, a distance of 110.14 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 43°27'10" West, a distance of 14.48 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 00°09'40" East, a distance of 123.47 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 89°50'20" West, a distance of 420.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 00°09'40" West, a distance of 116.78 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 41°41'30" West, a distance of 14.97 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set at the beginning of a non-tangent curve to the right with a radius of 1,009.50 feet, a central angle of 00°07'30", and a chord bearing and distance of North 82°52'34" West, 2.20 feet;

In a westerly direction, with said non-tangent curve to the right, an arc distance of 2.20 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set at the beginning of a reverse curve to the left with a radius of 1,000.00 feet, a central angle of 07°20'51", and a chord bearing and distance of North 86°29'14" West, 128.15 feet;

In a westerly direction, with said reverse curve to the left, an arc distance of 128.24 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 89°50'20" West, a distance of 90.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 44°50'20" West, a distance of 14.14 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;



*Oak Point 720 Public Improvement District Improvement Area #2*

South 89°50'20" West, a distance of 50.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 45°09'40" West, a distance of 14.14 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 89°50'20" West, a distance of 220.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 44°50'20" West, a distance of 14.14 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 89°50'20" West, a distance of 50.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 45°09'40" West, a distance of 14.14 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 89°50'20" West, a distance of 154.90 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 44°49'10" West, a distance of 28.47 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 00°14'56" East, a distance of 235.02 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 06°32'08" West, a distance of 50.79 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner on the westerly line of said 122.243-acre tract, same being on the easterly right-of-way line of Farm-to-Market Road No. 720 (variable width public right-of-way);

**THENCE** North 00°14'56" West, along the common line of said 122.243-acre tract and said Farm-to-Market Road No. 720, a distance of 1,237.36 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

**THENCE** departing said common line and crossing said 122.243-acre tract the following courses and distances:

South 45°12'18" East, a distance of 28.31 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 89°50'20" East, a distance of 42.26 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set at the beginning of a tangent curve to the right with a radius of 500.00 feet, a central angle of 10°25'22", and a chord bearing and distance of South 84°56'59" East, 90.83 feet;

In an easterly direction, with said tangent curve to the right, an arc distance of 90.95 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set at the beginning of a reverse curve to the left with a radius of 500.00 feet, a central angle of 10°25'22", and a chord bearing and distance of South 84°56'59" East, 90.83 feet;



*Oak Point 720 Public Improvement District Improvement Area #2*

In an easterly direction, with said reverse curve to the left, an arc distance of 90.95 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 89°50'20" East, a distance of 380.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 44°50'20" East, a distance of 14.14 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 86°49'34" East, a distance of 9.51 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 89°50'20" East, a distance of 31.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 87°08'53" East, a distance of 9.51 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 45°09'40" East, a distance of 14.14 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 89°50'20" East, a distance of 85.50 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 00°09'40" West, a distance of 410.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 89°50'20" East, a distance of 241.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 00°09'40" East, a distance of 410.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 89°50'20" East, a distance of 85.50 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 44°50'20" East, a distance of 14.14 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 00°09'40" West, a distance of 145.04 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 89°59'56" East, a distance of 63.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 89°50'20" East, a distance of 240.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

South 00°09'40" East, a distance of 114.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

*Oak Point 720 Public Improvement District Improvement Area #2*

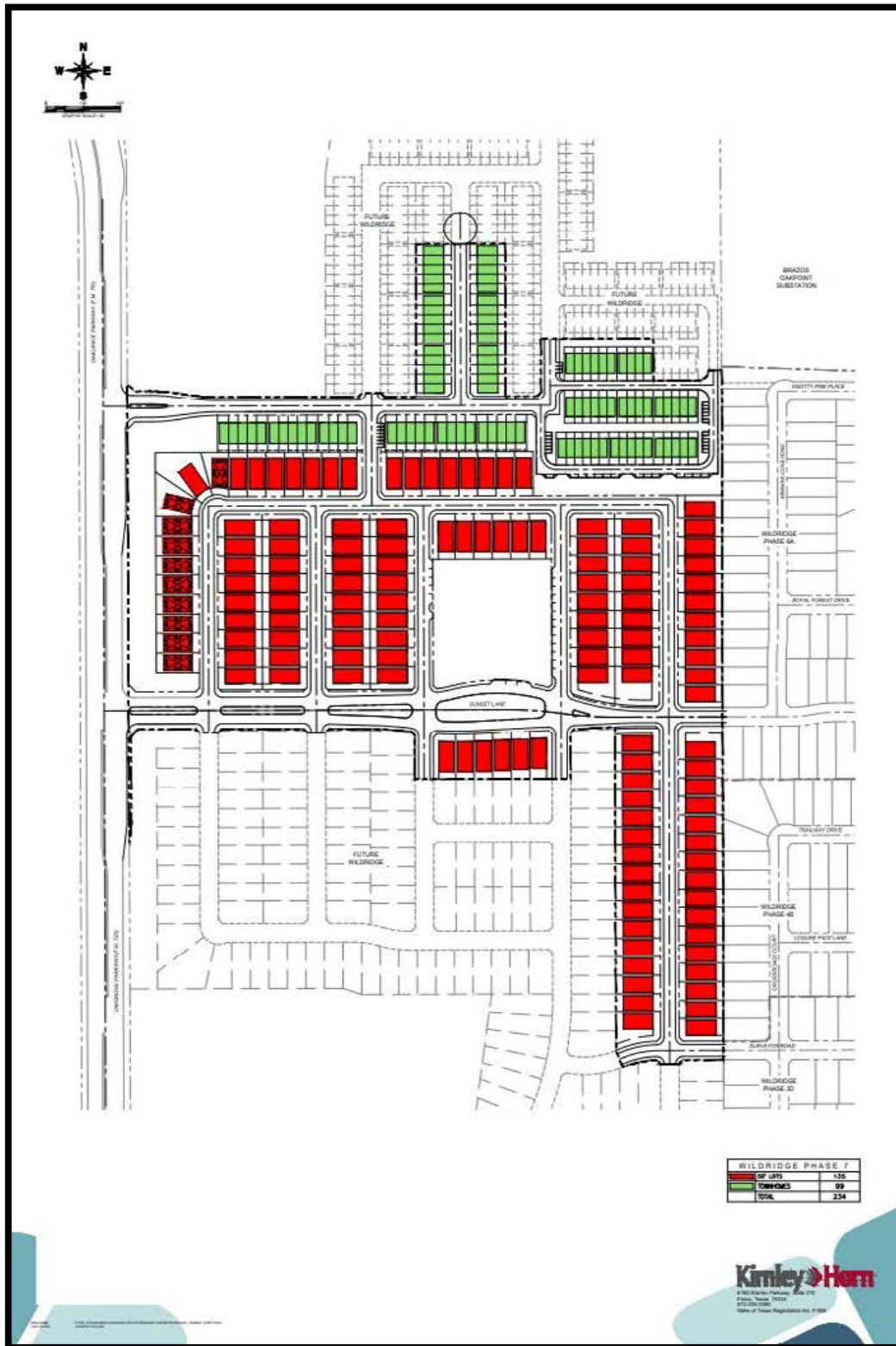
North 89°50'20" East, a distance of 120.00 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set at the beginning of a tangent curve to the left with a radius of 30.00 feet, a central angle of 85°54'14", and a chord bearing and distance of North 46°53'13" East, 40.88 feet;

In an easterly direction, with said tangent curve to the left, an arc distance of 44.98 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner;

North 89°50'20" East, a distance of 34.36 feet to a 5/8-inch iron rod with red plastic cap stamped "KHA" set for corner on the easterly line of said 122.243-acre tract, same being the westerly line of Wildridge Phase 6A, an addition to the City of Oak Point, Texas, according to the plat thereof recorded in Document No. 2022-446, said Official Records;

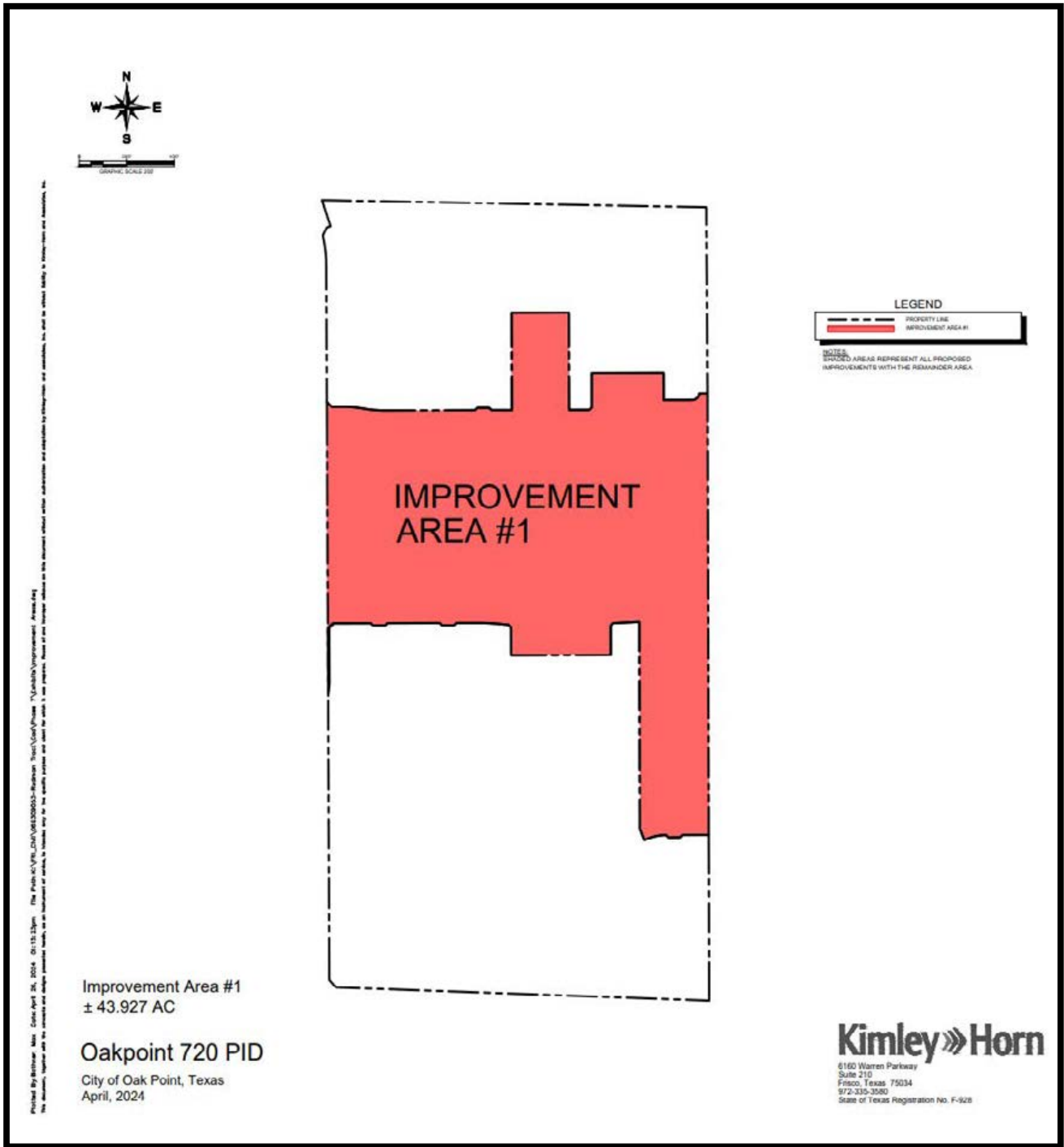
**THENCE** South 00°09'40" East, along the easterly line of said 122.243-acre tract and the westerly line of said Wildridge Phase 6A and Wildridge Phase 4B, an addition to the City of Oak Point, Texas, according to the plat thereof recorded in Document No. 2019-435, said Official Records, and the aforementioned Wildridge Phase 3D, a distance of 1,858.69 feet to the **POINT OF BEGINNING** and containing 43.927 acres (1,913,450 sq. ft.) of land, more or less.

**OAK POINT 720 PID LOT EXHIBIT BY KIMLEY-HORD AND ASSOCIATES, INC.  
(PROFESSIONAL ENGINEERS)**



Oak Point 720 Public Improvement District Improvement Area #2

**OAK POINT 720 PID ACERAGE EXHIBIT BY KIMLEY-HORD AND ASSOCIATES, INC.  
(PROFESSIONAL ENGINEERS)**



### **ASSUMPTIONS AND LIMITING CONDITIONS**

This report is subject to the following assumptions and limiting conditions:

- 1) The value assumes of responsible ownership and competent management. The subject property is assumed to be free and clear of all liens, except as may be otherwise described herein. No responsibility is assumed by the appraiser for matters legal in character, nor is any opinion on the title rendered, which is assumed to be good and marketable.
- 2) The information contained herein has been gathered from sources deemed to be reliable, but the appraiser assumes no responsibility for its accuracy. Correctness of estimates, opinions, dimensions, sketches, and other exhibits that have been furnished and have been used in this report are not guaranteed.
- 3) The value rendered herein is based on preliminary analyses of the subject and market area. The market value is expressed in terms of the current purchasing power of the dollar.
- 4) Any leases, agreements or other written or verbal representations and/or communications and information received by the appraiser have been reasonably relied upon in good faith but have not been analyzed for their legal implications. We urge and caution the user of this report to obtain legal counsel of his/her own choice to review the legal and factual matters, and to verify and analyze the underlying facts and merits of any investment decision in a reasonably prudent manner.
- 5) Appraisers assume no responsibility for any hidden agreements known as "side reports", which may or may not exist relative to this property, which have not been made known to us, unless specifically acknowledged within this report.
- 6) This report is to be used in whole, and not in part. Any separate valuation for land and improvements shall not be used in conjunction with any other valuation and is invalid if so used. Possession of this report or any copy thereof does not carry with it the right of publication nor may the same be used for any purpose by anyone but the client without the previous written consent of the appraiser, and in any event, only in its entirety.
- 7) The appraiser, by reason of this report, is not required to give testimony in court with reference to the property unless notice and proper arrangements have been previously made, therefore.
- 8) Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media without prior written consent and approval of the author.
- 9) No subsoil data or analysis based on engineering core borings or other tests were furnished to us. We have assumed that there are no subsoil defects present that would impair development of the land to its maximum permitted use or would render it more or less valuable. No responsibility is assumed for engineering, which might be required to discover such factors.
- 10) Any construction and physical condition of the improvements described herein are based on the building construction plans and specifications and construction budgets if provided. No liability is assumed by the appraiser for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the condition or adequacy of mechanical equipment, plumbing or electrical components. No responsibility is assumed for engineering, which might be required to discover such factors. We urge the user of this report to retain an expert in this field as this is any considered "to-be-built" improvements.



- 11) Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present in or on the property, or other environmental conditions were not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser site visit. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test such substances or conditions. If the presence of such substances as asbestos, urea formaldehyde, foam insulation or other hazardous substance or environmental conditions may affect the value of the property, the value is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto as to cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to detect or discover them. We urge the user of this report to retain an expert in the field of environmental impacts on real estate if so desired.
- 12) We have made no survey of the property and assume no responsibility in connected with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
- 13) We accept no responsibility for issues requiring expertise in other fields. Such factors include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic items such as soils and seismic stability; civil, mechanical, electrical, structural, and other engineering and environmental matters. Such issues may also include determinations of compliance with zoning and other federal, state, and local laws, regulations, and codes.
- 14) The projections of income, expenses, terminal values, or future sales prices are not predictions of the future; rather, they are the best estimate of current market thinking of what future trends will be. No warranty or representation is made that these projections will materialize. The real estate market is constantly changing. It is not the task of the appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future, and upon what assumptions of the future investment decisions are based.
- 15) The client or user of this report agrees to notify the appraiser of any error, omission or inaccurate data contained in the report within 15 days of receipt and return the report and all copies thereof to the appraiser for correction prior to any use.
- 16) The acceptance of this report, and its subsequent use by the client or any other party in any manner whatsoever for any purpose, is acknowledgment by the user that the report has been read and understood, and specifically agrees that the data and analyses, to their knowledge, are correct and acceptable.
- 17) We have assumed no extreme fluctuations in the economic cycles will occur over the dates analyzed herein.
- 18) The appraisal report and value conclusions assume the satisfactory development proceeds in a workmanlike manner.

*Oak Point 720 Public Improvement District Improvement Area #2*

- 19) The conclusions in this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, existing trends, interviews with parties knowledgeable and experienced in the market, data obtained from public records, and research conducted by third parties. Such data is not always completely reliable. The appraisers are not responsible for these and other future occurrences that could not have reasonably been foreseen on the Effective Date of this assignment. In addition, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we hold the opinion that our finding is reasonable based on current market conditions, we do not represent that these estimates will be achieved, as they are forecasts and subject to risk and uncertainty. Additionally, we assume competent and effective management and market for the duration of the projected holding period of this property.
- 20) Prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to risk and uncertainty. Many events could occur that may substantially alter the outcome of our estimates such as changes in the economy, interest rates, capitalization rates, the behavior of consumers, investors, and lenders, and changes in title or conveyances of easements and deed restrictions. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar to the future.
- 21) This assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan. However, it is based on a hypothetical assumption that access to the south tract is achievable in accordance with all applicable regulations, and any building is to be constructed according to the approved plans and specifications provided by a licensed general contractor.
- 22) The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more requirements of the act. If so, this fact could have a negative impact upon the value of the property. However, since we have no direct evidence relating to the issue of compliance, we did not consider possible noncompliance with requirements of ADA in forming an opinion of the value of the property.
- 23) In addition to the preceding assumptions and limiting conditions, this appraisal is subject to the following extraordinary assumptions and/or hypothetical conditions:

## EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

### Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following **Extraordinary Assumptions** that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the Effective Date of the appraisal, we reserve the right to modify our value conclusions. Extraordinary assumptions are used in this assignment because the improved residential lots to be delivered by the date utilized in this report are currently incomplete for Improvement Area #1 as of the report date.

- Our opinions of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications by Kimley-Horn and Associates, Inc., the Professional Engineers, dated June 11, 2035 for 234 improved residential lots in Oak Point 720 PID IA #1.
- All information relative to the property located within Oak Point 720 PID IA #1 including land areas, lot totals, lot sizes, and other pertinent data that was provided by CF CSLK RDMN LLC (Developer), CF CSLK RDMN LLC (Owner), Kimley-Horn and Associates, Inc. (Professional Engineers), the City of Oak Point, Denton County, and the Denton Central Appraisal District is assumed to be correct.
- The subject is proposed residential lots construction with an expected prospective completion date of August 1, 2024 for Improvement Area #1; therefore, this report contains a prospective opinion of value. Considering this, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable global events that alter market conditions prior to the prospective Effective Date.

The use of these extraordinary assumptions has affected assignment results.

In addition to the Extraordinary Assumptions, the value conclusions are based on the following **Hypothetical Conditions** that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the Effective Date of the appraisal but is supposed for the purpose of analysis.

No Hypothetical Conditions are used in this report.



### **ENVIRONMENTAL ASSUMPTIONS**

This report is subject to the following environmental assumptions:

- 1) There is a safe, lead-free, adequate supply of drinking water.
- 2) The subject property is free of soil contamination.
- 3) There is no uncontained friable asbestos or other hazardous asbestos material on the property. The appraiser is not qualified to detect such substances.
- 4) There are no uncontained PCB's on or near the property.
- 5) The radon level is at or below EPA recommended levels.
- 6) Any functioning underground storage tanks (UST's) are not leaking and are properly registered; any abandoned UST's are free from contamination and were properly drained, filled, and sealed.
- 7) There are no hazardous waste sites on or near the subject property that negatively affect the value and/or safety of the property.
- 8) There is no significant urea formaldehyde (UFFI) insulation or other urea formaldehyde material on the property.
- 9) There is no flaking or peeling of lead-based paint on the property.
- 10) The property is free of air pollution.
- 11) There are no wetlands/flood plains on the subject property (unless otherwise stated in the report).
- 12) There are no other miscellaneous hazardous substances and/or detrimental environmental conditions on or in the area of the site (excess noise, radiation, light pollution, magnetic radiation, acid mine drainage, agricultural pollution, waste heat, miscellaneous chemical, infectious medical wastes, pesticides, herbicides, and the like).

## DEFINITIONS

### **Fee Simple Estate**

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.

### **Leased Fee Interest**

The ownership interest held by the lessor includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

### **Leasehold Interest**

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

### **Market Rent**

The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

### **Market Value**

*Market value* means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The value conclusions expressed within this report are in terms of cash (\$US).

**Extraordinary assumptions** are assignment-specific assumptions as of the Effective Date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

**Hypothetical condition** a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the Effective Date of the assignment results but is used for the purpose of analysis.

### **Prospective Opinion of Value**

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a valued opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

### **Prospective Market Value “As Completed” and “As Stabilized”**

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an Effective Date that is subsequent to the date of the Appraisal Report. Prospective value opinions are intended to reflect the current expectations and perceptions of market participants, based on available data. Two prospective value opinions may be required to reflect the time frame during which development, construction, and occupancy will occur. The prospective market value—as completed - reflects the property’s market value as of the time that development is expected to be completed. The prospective market value - as stabilized - reflects the property’s market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties. (See USPAP Statement 4\* and Advisory Opinion 17.) (Interagency Appraisal and Evaluation Guidelines)

### **Retrospective Value Opinion**

A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a valuable opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value opinion.”

### **Neighborhood**

- (1) A group of complementary land users; a congruous grouping of inhabitants, buildings, or business enterprises.
- (2) A developed residential super pad within a master-planned community usually has a distinguishing name and entrance.

### **Depreciation**

1. In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the Effective Date of the appraisal and the market value of the improvement on the same date.
2. In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset’s life; calculated using a variety of standard techniques.

The three major types of accrued depreciation are:

#### *Physical Deterioration*

Physical deterioration is loss in value from actual physical causes and measured either as curable or incurable. The curable items are measured by the actual cost to replace or repair the component parts. The incurable portion is estimated by virtue of an observed condition or ascertaining the used portion by the best estimate of the appraiser. Curable physical deterioration, also referred to as deferred maintenance, is caused by normal wear and tear that should be corrected immediately or is necessary to keep rents at market levels. The cost of curing the condition and bringing the property to a satisfactory and functioning condition is generally the measure of deferred maintenance.

## *Oak Point 720 Public Improvement District Improvement Area #2*

### *Functional Obsolescence*

Functional obsolescence is loss in value from conditions existing within the property which make the property inadequate or less desirable to the typical prudent purchaser. It, too, may be curable or incurable. Incurable obsolescence is normally measured by the loss in income which may accrue to the property by reason thereof.

### *External Obsolescence*

According to the Dictionary of Real Estate Appraisal, Sixth Edition, external obsolescence is “*A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent.*”

### **Paper Lot**

Consists of a portion of land with the necessary legal (zoning and platting) and engineering entitlements (site plan approvals) in place but lacking the necessary direct improvements (such as earthwork, erosion control, drainage, retaining walls, and landscaping in addition to lacking direct access from a paved street and utilities) to develop a lot with a residence. The paper lots have access to utilities stubbed nearby and have a status between raw ground and a fully developed lot upon which home construction can begin.

### **Definition Sources:**

- Office of the Comptroller of the Currency (12 CFR Part 34)
- Appraisal Institute, *The Dictionary of Real Estate Appraisal*, Sixth Edition, copyright 2015.
- The Appraisal Foundation: USPAP (Uniform Standards of Professional Appraisal Practice) 2018-2019 edition

## *Oak Point 720 Public Improvement District Improvement Area #2*

### **JAMES L. MAIBACH, CPM - STATE CERTIFIED GENERAL REAL ESTATE APPRAISER**

#### **EDUCATION:**

Graduate North Quincy High School, Quincy, Massachusetts, 1976  
Bachelor of Science in Business Administration (with Honors)  
Northeastern University, Boston Massachusetts, 1981  
Major: Accounting Minor: Marketing

#### **TECHNICAL TRAINING:**

Institute of Real Estate Management Courses:

#303 - Leasing and Management of Shopping Center and Retail Space  
#400 - Managing Real Estate as an Investment  
#500 - Problem-Solving & Decision-Making for the Property Manager  
#800 - Ethics in Real Estate Management

University of Texas at Arlington: Real Estate Courses:

RE 001 Real Estate Finance; RE 004 Real Estate Mathematics;  
RE 101 Principles of Real Estate; RE 301 Texas Real Estate Law: Contracts;  
RE 501 Texas Real Estate Law; RE 701 Property Management

East Texas Baptist University:

Uniform Standards of Professional Appraisers and Code of Ethics. The Appraisal Foundation:

USPAP Update

Texas Association of Property Tax Professionals, Inc.:

Principles of Property Tax Consulting; A Survey of Texas Property Tax Law

Other: USPAP-97 Instructor's Workshop, USPAP Instructor 1997

TREC Licensed Instructor – Commercial Investment Course, CEI 1998

Continuing Education Institute:

Deceptive Trade Practices Act; Let's Talk-Not Fight; Property Taxes: Rights, Remedies and Responsibilities; USPAP Update  
Institute for Real Estate Professionals, Inc.

Preparing & Presenting an Ethical Ad Valorem Property Tax Valuation; Texas Property Tax Law 2007

Texas Association of Realtors:

Tarrant County Appraisal Review Board Member (1991-1992)

#### **PROFESSIONAL AFFILIATIONS:**

Texas Appraiser Licensing and Certification Board - State Certified General Real Estate Appraiser No. TX-1323658-G since 1992

Institute of Real Estate Management (IREM)- Certified Property Manager, CPM Designation No. 14942 since 1993

Texas Real Estate Broker's License, No. 375882 since 1989

Texas Dept. of Licensing & Regulations - Licensed Property Tax Consultant, License #1360 since inception

Texas Property Tax Arbitrator #32020394139 since 2006

Tarrant Appraisal Review Board Member 1991-1992 Appointment

City of Arlington - Planning and Zoning – Commissioner 1997-2003 (Appointed by Mayor and City Council)

American Planning Association – Member 1997 to 2003

Greater Arlington Chamber of Commerce - Board of Directors 1995 to 2001 – Reappointed 2003 to 2006 – Reappointed 2008 to 2014  
– Chairman of the Board 2022, now servicing as Chairman of the Chamber Foundation Board

City of Arlington Parks & Recreation – Board of Directors, Appointed 2003 to 2007

Levitt Pavilion – Board of Directors since 2014

#### **EXPERIENCE:**

Active field appraiser, property manager, developer, broker, and tax consultant of all types of real property since June, 1986.

Appeared in Texas State Court as an expert witness on real estate values on numerous occasions (1990s, 2000s, 2020s). A property manager and developer for nineteen years at Peyco Properties, Inc. and twenty-one years through Peyco Southwest Realty, Inc. (formerly Southwest Real Estate Services, Inc.), involved in real estate development, leasing, management, rent analysis and consulting services through the DFW metroplex and Colorado. President and founder of Peyco Southwest Realty, Inc. (Southwest Real Estate Services, Inc.), a full-service brokerage company, real estate appraisal, and ad valorem property tax representation firm.



## Certified General Real Estate Appraiser

Appraiser: **James Lawrence Maibach**

License #: **TX 1323658 G**

License Expires: **09/30/2024**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:  
Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at [www.talcb.texas.gov](http://www.talcb.texas.gov).

  
Chelsea Buchholtz  
Commissioner

## Oak Point 720 Public Improvement District Improvement Area #2

### LESLIE TOLLIVER – STATE CERTIFIED RESIDENTIAL REAL ESTATE APPRAISER

#### EDUCATION:

MBA – Masters in Business Administration – *University of Phoenix* (3.95 GPA)  
Bachelor of Science in Business Administration - *University of Phoenix*  
Graduate *Owings Mills High School*, Owings Mills, Maryland, 1988

#### TECHNICAL TRAINING:

*Appraisal Institute* – 300 hours of qualifying education for the Certified General Appraiser license  
*University of Texas in Arlington* – 180 hours of qualifying education for the Texas Real Estate License  
*Southern Methodist University* – qualifying education for the Texas Comptroller Arbitrator registry

#### PROFESSIONAL AFFILIATIONS:

*Texas Appraiser Licensing and Certification Board* – State Certified Residential Appraiser No. TX-1361274  
*Texas Real Estate Commission* – Real Estate Broker License, No. 0468343

#### EXPERIENCE:

- 7 Years' experience as a fee appraiser for residential and commercial properties for *Peyco Southwest Realty*, *Aloft Appraisals*, and *G.S. Zachary Company*
  - Residential appraisals – area of expertise is in north Texas region; FHA certified
  - Commercial appraisals - throughout the states of Texas and Oklahoma
- 24 Years' experience as a residential and commercial real estate broker for multiple firms
  - *Savage Realty Investments* – Founding President
    - Negotiated contracts for clients in over \$50 million dollars of real estate transactions
    - Managed and trained over 25 Real Estate Agents
  - *Fathom Realty* – Broker Team Leader
    - Trained and mentored Real Estate Agents and assisted them with contracts and client transactions
- 24 Years' experience as a Property Tax Consultant
  - Valued properties, prepared cases, and appeared before Appraisal Review Boards to dispute the tax valuations of residential, commercial, and business personal property throughout the nation. Major clientele base included national accounts such as: Sonic restaurants, Church's Chicken restaurants, and Chuck-E-Cheese restaurants
- 9 Years' experience as a Real Estate Arbitrator on the *Texas Comptroller* registry
  - Act as an Arbitrator for real estate cases involving property tax disputes on residential, commercial, and business personal property taxes throughout Texas
  - Made binding valuation determinations for the disputed properties
- 16 Years' experience as a Real Estate Instructor at the *University of Texas in Arlington*
  - Adjunct instructor, teaching real estate classes to students pursuing a Real Estate Agent license in Texas
- 6 Years' experience as a Real Estate Arbitrator Instructor at the *University of Texas in Arlington*
  - Adjunct instructor, teaching continuing education classes to existing Arbitrators on the Texas Comptroller's registry
  - Trained and mentored many Arbitrators
- 3 Year's expectancy as a Real Estate Acquisition and Valuation Analyst for multiple firms
  - *KeyGlee* – Provided valuation of residential real estate for wholesaling to real estate investors
  - *Hyperion Homes* – Provided valuation of residential real estate for rent-to-own clients



## Certified Residential Real Estate Appraiser

Appraiser: **Leslie Elizabeth Tolliver**

License #: **TX 1361274 R**

License Expires: **06/30/2026**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:  
Certified Residential Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at [www.talcb.texas.gov](http://www.talcb.texas.gov).



**Chelsea Buchholtz**  
Executive Director



**BROOKE CLOCK – LICENSED RESIDENTIAL APPRAISER**

**TECHNICAL TRAINING:**

McKissock Learning Appraisal Courses:

- Advanced Residential Applications and Case Studies
- Residential Report Writing and Case Studies
- Statistics, Modeling and Finance
- Appraisal Subject Matter Electives
- Residential Appraiser Site Valuation and Cost Approach
- Residential Market Analysis and Highest and Best Use
- Residential Sales Comparison and Income Approaches
- Basic Appraisal Procedures
- 2020-2021 National USPAP Course
- Short Sales and Foreclosures
- Fair Housing
- Characteristics of Real Estate Title Insurance

**APPRAISAL EXPERIENCE:**

April 2024 – Present

Licensed Residential Appraiser with Peyco Southwest Realty, Arlington, TX

- Written Reports on Commercial Industrial, Commercial Office, Vacant Land.
- Property Tax Consultant.
- Business Personal Property.
- April 2023-April 2024

Licensed Residential Appraiser with RSDS Appraisal Diversity, Irving, TX

- Residential Real Estate Appraisals – area of expertise in the North Texas Region.

March 2022-February 2023

Real Estate Appraiser Trainee with Aloft Appraisal

- Residential Real Estate Appraisals – area of expertise in the North Texas Region.

April 2021-February 2022

Real Estate Appraiser Trainee with ASI, Inc.

- Residential Real Estate Appraisals – area of expertise in the North Texas Region.

January 2009 – August 2021

Licensed Real Estate Agent with Elite Real Estate

- Real Estate Agent with a focus on lead generation, appointment setting, and follow-up. Concentrating on client's needs and providing solutions to assist in closing transactions. Proficient at negotiating deals, listing properties, and finding buyers.
- Develop Broker Price Opinions for lenders in real estate transactions.



## Licensed Residential Real Estate Appraiser

Appraiser: **Brooke Marie Clock**

License #: **TX 1350743 L**

License Expires: **03/31/2025**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:  
Licensed Residential Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at [www.talcb.texas.gov](http://www.talcb.texas.gov).

  
Chelsea Buchholtz  
Commissioner

**BRANDON L. LAWSON – APPRAISER TRAINEE**

**EDUCATION:**

Bachelor of Arts - Communication, 2021 - University of Arkansas (3.97 GPA)

Master of Arts - Communication, 2023 - University of Arkansas (4.0 GPA)

Graduate *Arlington Martin High School*, Arlington, Texas, 2017

**TECHNICAL TRAINING:**

- Basic Appraisal Principles (QE) – 30 Hours
- Basic Appraisal Procedures (QE) – 30 Hours
- 2020-2021 15 Hour National USPAP Course (QE) – 15 Hours
- Supervisor-Trainee Course for Texas – 4 Hours
- Principals of Real Estate I & II (QE) – 60 Hours
- Law of Agency (QE) – 30 hours
- Law of Contracts (QE) – 30 hours
- Principals of Real Estate I and II (QE) – 60 hours
- Promulgated Contracts Forms (QE) – 30 hours
- Real Estate Finance (QE) – 30 hours
- Practicing Affiliate, Appraisal Institute – since 2023

**PROFESIONAL AFFILIATIONS:**

*Texas Appraiser Licensing and Certification Board* – Appraisal Trainee No. TX-1343865

**APPRAISER EXPERIENCE**

July 2023-Present

Appraiser Trainee with *Peyco Southwest Realty Inc.*, Arlington, TX

- Commercial Appraisals – throughout that state of Texas



## Appraiser Trainee

Trainee: **Brandon L Lawson**

Authorization #: **TX 1343865 Trainee**

Expires: **11/30/2025**

Review the list of the above Trainee's Supervisors on the License Holder Search at [www.talcb.texas.gov](http://www.talcb.texas.gov).

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title: Appraiser Trainee

For additional information or to file a complaint please contact TALCB at [www.talcb.texas.gov](http://www.talcb.texas.gov).

  
Chelsea Buchholtz  
Commissioner



CITY OF OAK POINT, TEXAS • SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024  
(OAK POINT 720 PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)



Printed by: ImageMaster, LLC  
[www.imagemaster.com](http://www.imagemaster.com)