

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 5, 2024

NEW ISSUE

S&P Global Rating (BAM Insured): AA (Stable outlook)

See “RATING,” “BOND INSURANCE” and “BOND INSURANCE RISK FACTORS.”

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

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

\$6,908,000*

CITY OF CELINA, TEXAS,

(a municipal corporation of the State of Texas located in Collin and Denton Counties)

SPECIAL ASSESSMENT REVENUE REFUNDING BONDS, SERIES 2024

(WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT

MAJOR IMPROVEMENT AREA PROJECT)



Dated Date: Date of Delivery

Due: September 1, as shown on the inside cover

Interest to Accrue from Date of Delivery

The City of Celina, Texas, Special Assessment Revenue Refunding Bonds, Series 2024 (Wells South Public Improvement District Major Improvement Area Project) (the “Bonds”), are being issued by the City of Celina, Texas (the “City”). The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$25,000 of principal amount and any integral multiple of \$1,000 in excess thereof. The Bonds will bear interest at the rates set forth on the inside cover page hereof, and such interest will be calculated on the basis of a 360-day year of twelve 30-day months, and will be payable on each March 1 and September 1, commencing March 1, 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 U.S. Bank Trust Company, 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”), Chapter 1207, Texas Government Code, as amended, an ordinance expected to be adopted by the City Council of the City (the “City Council”) on August 13, 2024, and an Indenture of Trust, dated as of August 1, 2024 (the “Indenture”), entered into by and between the City and the Trustee. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

Proceeds of the Bonds will be used to provide funds for (i) refunding the outstanding City of Celina, Texas, Special Assessment Revenue Bonds, Series 2015 (Wells South Public Improvement District Major Improvement Area Project) (the “Refunded Bonds”), (ii) funding a reserve fund for payment of principal and interest on the Bonds, and (iii) paying the costs of issuing the Bonds. See “SCHEDULE I – Schedule of Refunded Bonds,” “PLAN OF FINANCE – The Refunded Bonds” and “APPENDIX A — Form of Indenture.”

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

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy expected to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company. See “BOND INSURANCE” and “APPENDIX E – Specimen Municipal Bond Insurance Policy” herein.



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

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

The Bonds are offered for delivery when, as, and if issued by the City and accepted by the Underwriter, subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of 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 C — Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the Underwriter by its counsel, Locke Lord LLP. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about August 30, 2024 (“Date of Delivery”).

FMSbonds, Inc.

* Preliminary; subject to change.

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

CUSIP Prefix: _____ (a)

\$6,908,000*

CITY OF CELINA, TEXAS,

(a municipal corporation of the State of Texas located in Collin and Denton Counties)

SPECIAL ASSESSMENT REVENUE REFUNDING BONDS, SERIES 2024

(WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT MAJOR IMPROVEMENT AREA PROJECT)

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

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

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

* Preliminary; subject to change.

**CITY OF CELINA, TEXAS
CITY COUNCIL**

<u>Name</u>	<u>Place</u>	Term Expires <u>(May)</u>
Ryan Tubbs	Mayor	2026
Philip Ferguson	Place 1	2025
Eddie Cawlfild	Place 2	2027
Andy Hopkins	Place 3, Mayor Pro Tem	2027
Wendie Wigginton	Place 4, Deputy Mayor Pro Tem	2026
Mindy Koehne	Place 5	2026
Brandon Grumbles	Place 6	2025

CITY MANAGER

Robert Ranc

ASSISTANT CITY MANAGER

Karla Stovall

CITY SECRETARY

Lauren Vaughns

**FINANCE
DIRECTOR**

Robin Bromiley

ADMINISTRATOR

MuniCap, Inc.

FINANCIAL ADVISOR TO THE CITY

Hilltop Securities Inc.

BOND COUNSEL

Norton Rose Fulbright US LLP

UNDERWRITER'S COUNSEL

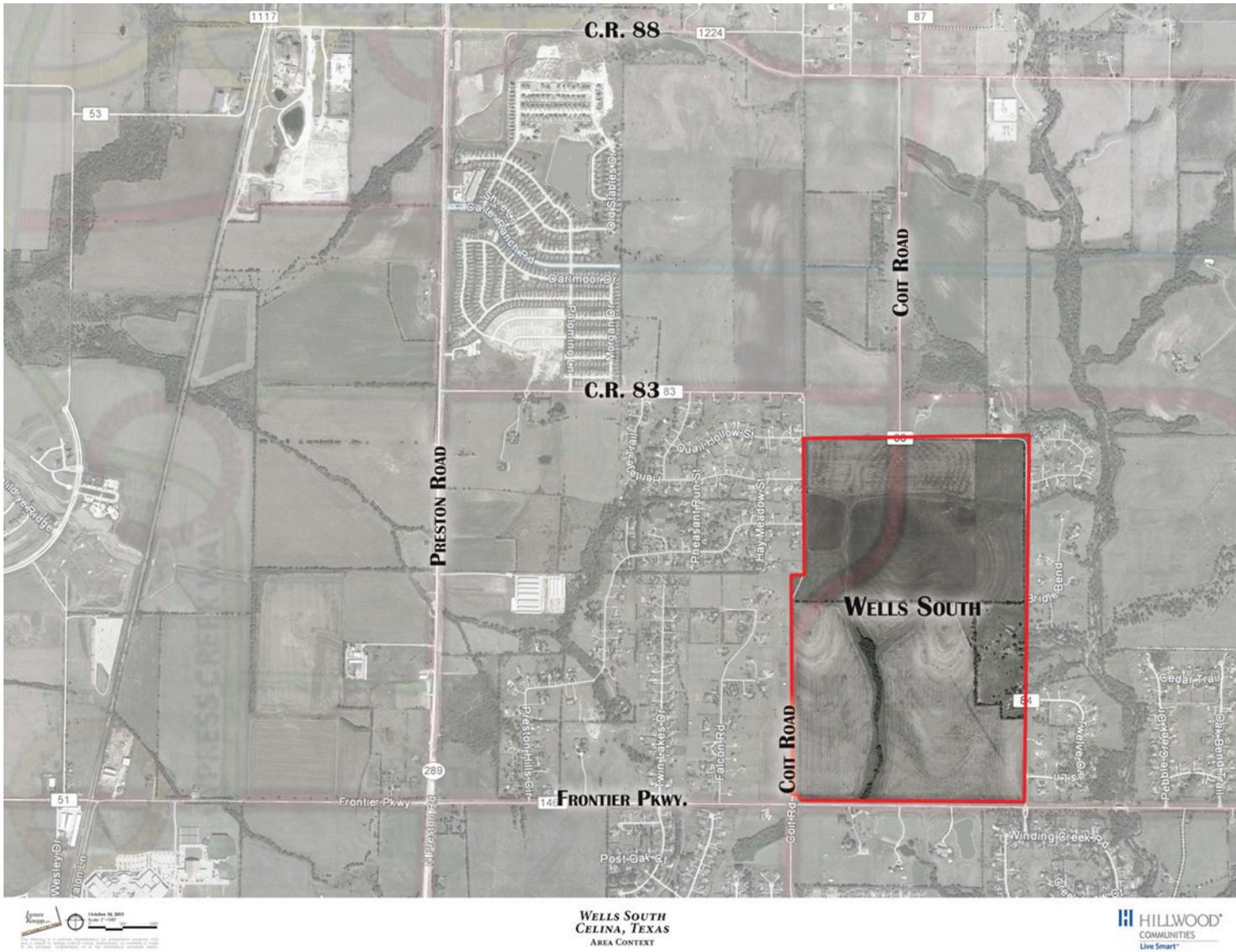
Locke Lord LLP

For additional information regarding the City, please contact:

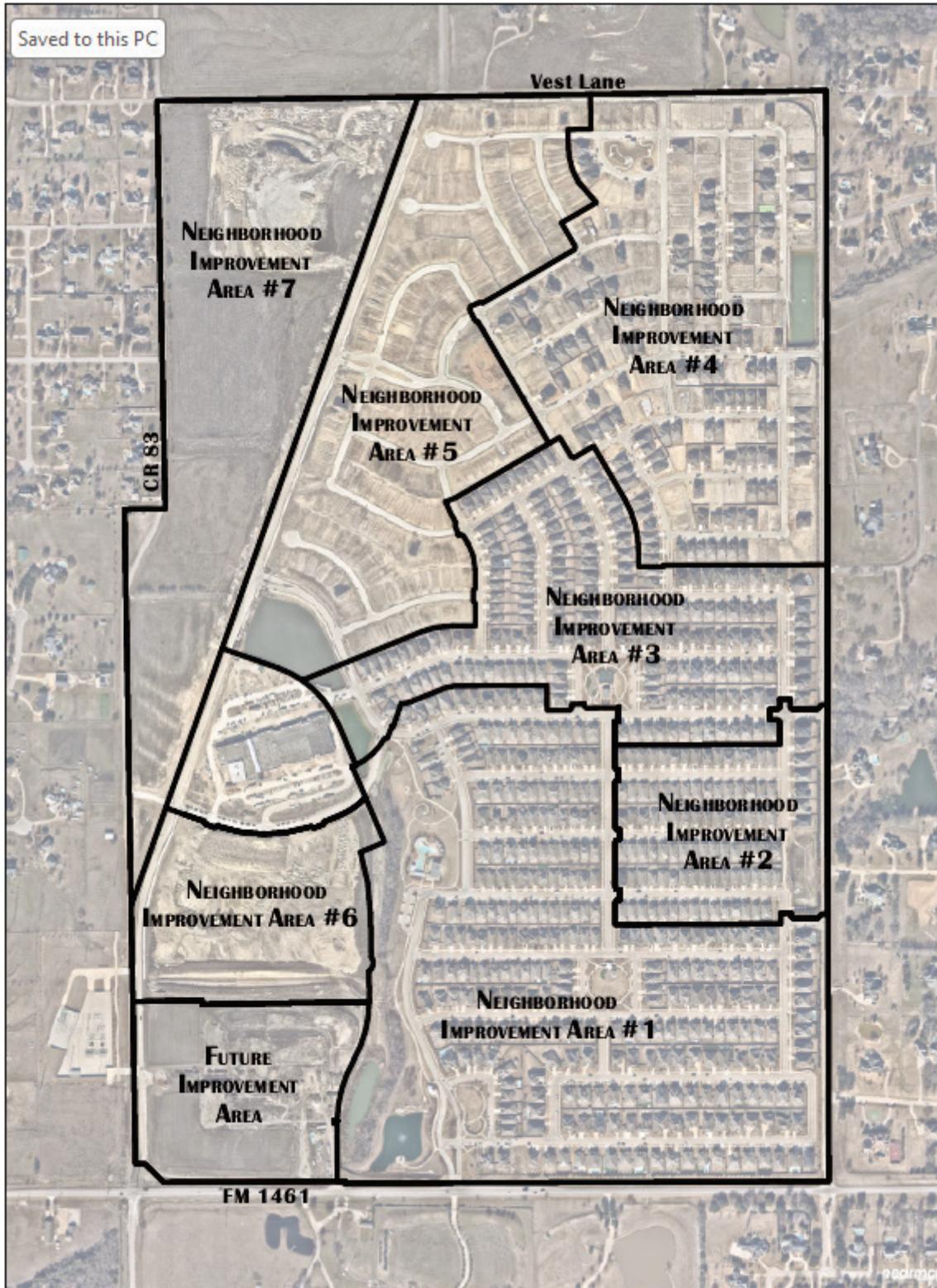
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AREA LOCATION MAP OF THE DISTRICT



**MAP SHOWING BOUNDARIES OF THE DISTRICT AND
NEIGHBORHOOD IMPROVEMENT AREAS**



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

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

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

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

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

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE SECURITIES ACT 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 OFFICIAL STATEMENT AND ASSUMES NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT OR THE RELATED TRANSACTIONS AND DOCUMENTS OR FOR ANY FAILURE BY ANY PARTY TO DISCLOSE EVENTS THAT MAY HAVE OCCURRED AND MAY AFFECT THE SIGNIFICANCE OR ACCURACY OF SUCH INFORMATION.

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”) MAKES NO REPRESENTATION REGARDING THE BONDS OR THE ADVISABILITY OF INVESTING IN THE BONDS. IN ADDITION, BAM HAS NOT INDEPENDENTLY VERIFIED, MAKES NO REPRESENTATION REGARDING, AND DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT OR ANY INFORMATION OR DISCLOSURE CONTAINED HEREIN, OR OMITTED HEREFROM, OTHER THAN WITH RESPECT TO THE ACCURACY OF THE INFORMATION REGARDING BAM, SUPPLIED BY BAM AND PRESENTED UNDER THE HEADING “BOND INSURANCE” AND “APPENDIX E – SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

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PRELIMINARY OFFICIAL STATEMENT

\$6,908,000*

CITY OF CELINA, TEXAS,

(a municipal corporation of the State of Texas located in Collin and Denton Counties)

SPECIAL ASSESSMENT REVENUE REFUNDING BONDS, SERIES 2024

(WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT MAJOR IMPROVEMENT AREA PROJECT)

INTRODUCTION

The purpose of this Official Statement, including the cover page, inside cover, schedule and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Celina, Texas (the “City”), of its \$6,908,000* aggregate principal amount of Special Assessment Revenue Refunding Bonds, Series 2024 (Wells South Public Improvement District Major Improvement Area Project) (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, REDEMPTION PREMIUM, IF ANY, AND/OR INTEREST ON THE BONDS. THE BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL INVESTORS. SEE “SUITABILITY FOR INVESTMENT” and “BONDHOLDERS’ RISKS.”

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), Chapter 1207, Texas Government Code, as amended, the ordinance authorizing the issuance of the Bonds expected to be enacted by the City Council of the City (the “City Council”) on August 13, 2024 (the “Bond Ordinance”), and an Indenture of Trust, dated as of August 1, 2024 (the “Indenture”), entered into by and between the City and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The Bonds will be secured by assessments (the “Assessments”) levied against assessable property located within the Major Improvement Area (as defined herein) of the Wells South Public Improvement District (the “District”) pursuant to an ordinance enacted by the City Council on December 7, 2015 (the “Assessment Ordinance”). The City created the District pursuant to a resolution adopted by the City Council (the “Creation Resolution”) on July 14, 2015.

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

Set forth herein are brief descriptions of the City, the District, the Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan (as defined herein), and MuniCap, Inc. (the “Administrator”), together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the Underwriter, FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas, 75034, Phone: (214) 302-2246. The Form of Indenture appears in APPENDIX A and the Service and Assessment Plan appears in APPENDIX B. The information provided under this caption “INTRODUCTION” is intended to provide a brief overview of the information provided in the other captions herein and is not intended, and should not be considered, fully representative or complete as to the subjects discussed hereunder.

* Preliminary; subject to change.

PLAN OF FINANCE

Prior Bonds and the Bonds

To finance a portion of the costs of certain infrastructure improvements that benefit the entire District (the “Major Improvements”) allocable to the Major Improvement Area (such portion is referred to herein as the Major Improvement Area Projects”), the City previously issued the City of Celina, Texas, Special Assessment Revenue Bonds, Series 2015 (Wells South Public Improvement District Major Improvement Area Project) (the “Refunded Bonds”). “Major Improvement Area” refers to all phases in the District except the area shown as Neighborhood Improvement Area #1 on the “MAP SHOWING BOUNDARIES OF THE DISTRICT AND NEIGHBORHOOD IMPROVEMENT AREAS” on page v hereof. The Refunded Bonds are secured by a pledge of and a lien upon certain pledged revenues, consisting primarily of the Assessments.

Proceeds of the Bonds will be used primarily to provide funds for (i) refunding the outstanding Refunded Bonds (see “Schedule I – Schedule of Refunded Bonds”), (ii) funding a reserve fund for payment of principal and interest on the Bonds, and (iii) paying the costs of issuing the Bonds. To the extent that a portion of the proceeds of the Bonds is allocated for the payment of the costs of issuance of the Bonds and less than all of such amount is used to pay such costs, the excess amount may, at the option of the City, be transferred to the Bond Fund to pay interest on the Bonds. See “APPENDIX A — Form of Indenture” and “SOURCES AND USES OF FUNDS.”

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

Concurrently with the issuance of the Bonds, the City will issue its \$4,930,000* City of Celina, Texas, Special Assessment Revenue Refunding Bonds, Series 2024 (Wells South Public Improvement District Neighborhood Improvement Area #1 Project) (the “2024 NIA #1 Refunding Bonds”) to refund the outstanding City of Celina, Texas, Special Assessment Revenue Bonds, Series 2015 (Wells South Public Improvement District Neighborhood Improvement Area #1 Project) (the “2015 NIA #1 Bonds”), which 2015 NIA #1 Bonds were issued to fund (i) the pro rata portion of the Major Improvements allocable to Neighborhood Improvement Area #1 (as defined herein) and (ii) the internal infrastructure improvements which only benefit Neighborhood Improvement Area #1 and secured by assessments levied on Neighborhood Improvement Area #1 (the “NIA #1 Assessments”). “Neighborhood Improvement Area #1” is used herein to describe the property identified as Neighborhood Improvement Area #1 on the “MAP SHOWING BOUNDARIES OF THE DISTRICT AND NEIGHBORHOOD IMPROVEMENT AREAS” on page v. The 2024 NIA #1 Refunding Bonds will be secured solely by the NIA #1 Assessments.

In September 2020, the City issued an additional series of bonds secured by assessments levied against assessable property in Neighborhood Improvement Area #2 (the “NIA #2 Assessments”) and Neighborhood Improvement Area #3 (the “NIA #3 Assessments”) within the District: the City’s \$3,195,000 Special Assessment Revenue Bonds, Series 2020 (Wells South Public Improvement District Neighborhood Improvement Areas #2-3 Project) (the “NIA #2-3 Bonds”). “Neighborhood Improvement Area #2” is used herein to describe the property identified as Neighborhood Improvement Area #2 on the “MAP SHOWING BOUNDARIES OF THE DISTRICT AND NEIGHBORHOOD IMPROVEMENT AREAS” on page v. “Neighborhood Improvement Area #3” is used herein to describe the property identified as Neighborhood Improvement Area #3 on the “MAP SHOWING BOUNDARIES OF THE DISTRICT AND NEIGHBORHOOD IMPROVEMENT AREAS” on page v. The NIA #2-3 Bonds were issued for the purpose of (i) financing certain costs of the internal infrastructure benefitting Neighborhood Improvement Area #2 (the “NIA #2 Improvements”) and (ii) financing certain costs of the internal

* Preliminary; subject to change.

infrastructure benefitting Neighborhood Improvement Area #3 (the “NIA #3 Improvements”). **The NIA #2 Assessments and NIA #3 Assessments are levied on property lying in the Major Improvement Area, but the NIA #2 Assessments and NIA #3 Assessments are not pledged to and do not secure the Bonds. See “BONDHOLDERS’ RISKS – Assessment Limitations.”** The outstanding principal amount of the NIA #2-3 Bonds is \$3,032,000.

In October 2021, the City issued an additional series of bonds secured by assessments levied against assessable property in Neighborhood Improvement Area #4 (the “NIA #4 Assessments”) within the District: the City’s \$5,255,000 Special Assessment Revenue Bonds, Series 2021 (Wells South Public Improvement District Neighborhood Improvement Area #4 Project) (the “NIA #4 Bonds”). “Neighborhood Improvement Area #4” is used herein to describe the property identified as Neighborhood Improvement Area #4 on the “MAP SHOWING BOUNDARIES OF THE DISTRICT AND NEIGHBORHOOD IMPROVEMENT AREAS” on page v. The NIA #4 Bonds were issued for the purpose of financing certain costs of the internal infrastructure benefitting Neighborhood Improvement Area #4 (the “NIA #4 Improvements”). **The NIA #4 Assessments are levied on property lying in the Major Improvement Area, but the NIA #4 Assessments are not pledged to and do not secure the Bonds. See “BONDHOLDERS’ RISKS – Assessment Limitations.”** The outstanding principal amount of the NIA #4 Bonds is \$5,171,000.

In October 2022, the City issued an additional series of bonds secured by assessments levied against assessable property in Neighborhood Improvement Area #5 (the “NIA #5 Assessments”) within the District: the City’s \$6,463,000 Special Assessment Revenue Bonds, Series 2022 (Wells South Public Improvement District Neighborhood Improvement Area #5 Project) (the “NIA #5 Bonds”). “Neighborhood Improvement Area #5” is used herein to describe the property identified as Neighborhood Improvement Area #5 on the “MAP SHOWING BOUNDARIES OF THE DISTRICT AND NEIGHBORHOOD IMPROVEMENT AREAS” on page v. The NIA #5 Bonds were issued for the purpose of financing certain costs of the internal infrastructure benefitting Neighborhood Improvement Area #5 (the “NIA #5 Improvements”). **The NIA #5 Assessments are levied on property lying in the Major Improvement Area, but the NIA #5 Assessments are not pledged to and do not secure the Bonds. See “BONDHOLDERS’ RISKS – Assessment Limitations.”** The outstanding principal amount of the NIA #5 Bonds is \$6,463,000.

In May 2024, the City issued an additional series of bonds secured by assessments levied against assessable property in Neighborhood Improvement Area #6 (the “NIA #6 Assessments”) and in Neighborhood Improvement Area #7 (the “NIA #7 Assessments”) within the District: the City’s \$7,680,000 Special Assessment Revenue Bonds, Series 2024 (Wells South Public Improvement District Neighborhood Improvement Areas #6-7 Project) (the “NIA #6-7 Bonds”). “Neighborhood Improvement Area #6” is used herein to describe the property identified as Neighborhood Improvement Area #6 on the “MAP SHOWING BOUNDARIES OF THE DISTRICT AND NEIGHBORHOOD IMPROVEMENT AREAS” on page v. “Neighborhood Improvement Area #7” is used herein to describe the property identified as Neighborhood Improvement Area #7 on the “MAP SHOWING BOUNDARIES OF THE DISTRICT AND NEIGHBORHOOD IMPROVEMENT AREAS” on page v. The NIA #6-7 Bonds were issued for the purpose of financing certain costs of the internal infrastructure benefitting Neighborhood Improvement Area #6 (the “NIA #6 Improvements”) and Neighborhood Improvement Area #7 (the “NIA #7 Improvements”). **The NIA #6 Assessments and NIA #7 Assessments are levied on property lying in the Major Improvement Area, but the NIA #6 Assessments and NIA #7 Assessments are not pledged to and do not secure the Bonds. See “BONDHOLDERS’ RISKS – Assessment Limitations.”** The outstanding principal amount of the Neighborhood Improvement Area #6-7 Bonds \$7,680,000.

The NIA #2 Assessments, NIA #3 Assessments, NIA #4 Assessments, NIA #5 Assessments, NIA #6 Assessments and NIA #7 Assessments are collectively referred to as the “Local NIA Assessments.” The NIA #2-3 Bonds, NIA #4 Bonds, and NIA #5 Bonds, and NIA #6-7 Bonds are collectively referred to herein as the “Local NIA Bonds.”

The Refunded Bonds

The proceeds from the Bonds will be used to refund the Refunded Bonds (see “SCHEDULE I – Schedule of Refunded Bonds”) for debt service savings. The Refunded Bonds and the interest due thereon are to be paid on September 1, 2024 at the redemption price of the outstanding par amount of the Refunded Bonds, plus accrued interest,

from funds on deposit with and to be deposited with the paying agent for the Refunded Bonds, U.S. Bank Trust Company, National Association (in such role, the “Refunded Bonds Paying Agent”).

The Indenture provides that moneys on deposit in the funds maintained for the payment of the Refunded Bonds, together with the proceeds of the sale of the Bonds received from the Underwriter, in an amount sufficient to pay in full the Refunded Bonds scheduled to mature and authorized to be redeemed on September 1, 2024 (the “Defeasance Deposit”) will be deposited into the Bond Proceeds Account of the Project Fund created in the Indenture. On the Closing Date (as defined in the Indenture), the funds deposited into the Bond Proceeds Account will be immediately transferred to the Refunded Bonds Paying Agent to be applied to the redemption of the Refunded Bonds pursuant to instructions from the City to the Refunded Bonds Paying Agent.

An independent certified public account will certify as to the sufficiency (such certification, the “Sufficiency Certificate”) of the Defeasance Deposit without regard to investment, to pay the principal and interest on the Refunded Bonds, when due, at their date of redemption.

By the deposit of the Defeasance Deposit with the Refunded Bonds Paying Agent, the City will have effected the defeasance of all of the Refunded Bonds in accordance with State law and the indenture authorizing the issuance of the Refunded Bonds (the “Refunded Bonds Indenture”). As a result of such defeasance, the Refunded Bonds will be outstanding only for the purpose of receiving payments from the cash held for such purpose by the Refunded Bonds Paying Agent, and the Refunded Bonds will not be deemed as being outstanding obligations of the City nor for the purpose of applying any limitation on the issuance of debt, and the City will have no further responsibility with respect to the Refunded Bonds.

DESCRIPTION OF THE BONDS

General Description

The Bonds shall be dated the Date of Delivery and will mature on the dates and in the amounts set forth in the inside cover page of this Official Statement. Interest on the Bonds will accrue from their Date of Delivery and will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds will be payable on each March 1 and September 1, commencing March 1, 2025 (each an “Interest Payment Date”), until maturity or prior redemption. U.S. Bank Trust Company, National Association, Dallas, Texas is the initial Trustee, Paying Agent and Registrar for the Bonds.

The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$25,000 of principal amount and any integral multiple of \$1,000 in excess thereof (“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.” No physical delivery of the Bonds will be made to the beneficial owners. The principal of and interest on the Bonds at maturity or upon prior redemption, will be payable by the Paying Agent/Registrar to Cede & Co., which will distribute the amounts paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See “BOOK-ENTRY-ONLY SYSTEM” for a more complete description of such system.

Redemption Provisions

Optional Redemption. The City reserves the right and option to redeem Bonds maturing on or after September 1, 20__, before their respective scheduled maturity dates, in whole or in part, on any date on or after September 1, 20__, such redemption date or dates to be fixed by the City, at 100% of the principal amount thereof, plus accrued interest to the date of redemption (the “Redemption Price”).

Extraordinary Optional Redemption. 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 specified 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 the Indenture) or any other transfers to the Redemption Fund under the terms of the Indenture. See “APPENDIX A – Form of Indenture.”

Mandatory Sinking Fund Redemption. The Bonds maturing on September 1 in the years 20__ and 20__, are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at the Redemption Price from moneys available for such purpose in the Bond Fund pursuant to the Indenture, on the dates and in the respective sinking fund installments as set forth in the following schedule:

\$ Term Bonds Maturing September 1, 20

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

\$ Term Bonds Maturing September 1, 20

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

† Stated maturity.

At least 45 days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by the next two succeeding paragraphs, the Trustee shall select a principal amount of Bonds of such maturity equal to the Sinking Fund Installment amount of such Bonds to be redeemed, in accordance with the Indenture, 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 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. 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 the securities depository, Owner means Cede & Co., as nominee for DTC.

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

Any notice given as provided in the Indenture shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

The City has the right to rescind any optional redemption or extraordinary optional redemption described in the Indenture 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.

With respect to any optional redemption or extraordinary 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 that 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.

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

“Minor Amount Redemption” means an extraordinary optional redemption of Bonds pursuant to the Indenture of a principal amount of Bonds redeemed that is less than ten percent (10%) of the outstanding principal amount of the Bonds.

“Substantial Amount Redemption” means an extraordinary optional redemption of Bonds pursuant to the Indenture of a principal amount of Bonds redeemed that is greater than or equal to ten percent (10%) of the outstanding principal amount of the Bonds.

If less than all of the Bonds are to be redeemed pursuant to an optional, mandatory sinking fund or 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 may be issued.

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

In selecting the Bonds to be redeemed pursuant to the optional redemption provisions in the Indenture, 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 pursuant to the Indenture, 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 or Bond, as applicable, shall be redeemed in the inverse order of maturity.

Upon surrender of any Bond for redemption in part, the Trustee in accordance with the 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.

BOOK-ENTRY ONLY SYSTEM

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

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States 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 S&P Global Ratings' rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

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

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

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

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

SECURITY FOR THE BONDS

General

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

The principal of, premium, if any, and interest on the Bonds are secured by a pledge of and a lien upon the Trust Estate, consisting primarily of the pledged revenues (the "Pledged Revenues") which consist of the Assessments levied against the assessable parcels or lots within the Major Improvement Area of the District and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. In accordance with the PID Act and in connection with the issuance of the Refunded Bonds, the City caused the preparation of a service and assessment plan (the "Initial Service and Assessment Plan") at the time of the levy of Assessments on property within the Major Improvement Area of the District. Such Initial Service and Assessment Plan has been amended and restated in connection with the issuance of phase specific bonds within the District, and updated annually since its initial adoption. The City is expected to approve an updated assessment plan in connection with the issuance of the Bonds (the Initial Service and Assessment Plan, as amended, restated, updated and supplemented, referred to herein as the "Service and Assessment Plan"). The Service Assessment Plan describes the special benefit received by the assessed property within the Major Improvement Area of the District (the "Assessed Property"), provides the basis and justification for the determination of special benefit to the Assessed Property, and establishes the methodology for the levy of Assessments. The Service and Assessment Plan is reviewed and updated at least annually for the purpose of determining the annual budget for improvements and the Annual Installments (as defined below) of Assessments due in a given year. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See "APPENDIX B — Service and Assessment Plan."

Pledged Revenues

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

Pursuant to the Indenture, Pledged Revenues are the sum of (i) Assessment Revenue less the Administrative Expenses and (ii) any additional revenues that the City may pledge to the payment of Bonds. "Assessment Revenue" means moneys collected by or on behalf of the City from any one or more of the following: (i) an Assessment levied against a parcel of Assessed Property (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. "Annual Installments" means, with respect to each Assessed Parcel, each annual payment

of the Assessments as shown on the Assessment Roll attached to the Service and Assessment Plan as Appendix E (the “Assessment Roll”) and related to the Bonds and the Major Improvement Area Projects; which annual payment includes the Administrative Expenses and 0.50% additional interest rate that may be collected on each annual payment of the Assessments related to the Bonds for the Additional Interest Reserve Account (the “Additional Interest Component”), if any, as described in the Indenture and as defined and calculated in the Service and Assessment Plan or in any Annual Service Plan Update. The City has covenanted in the Indenture that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof to be enforced continuously. See “SECURITY FOR THE BONDS — Pledged Revenue Fund.” See also “APPENDIX A — Form of Indenture” and “APPENDIX B — Service and Assessment Plan.”

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

Collection and Deposit of Assessments

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

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 has been 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 Assessments 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 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 of the Reserve Fund to restore any transfers from the Reserve Account made with respect to the Assessed Parcel or Assessed Parcels 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 A — Form of Indenture.

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

Unconditional Levy of Assessments

The City has imposed Assessments on the property within 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 were effective on the date of, and strictly in accordance with the terms of, the Assessment Ordinance. Each Assessment may be paid immediately in full or in periodic Annual Installments over a period of time equal to the term of the Bonds, which installments shall include

interest on the Assessments. Pursuant to the Assessment Ordinance, interest on the Assessments will be calculated at the rate of interest on the Bonds plus 0.50% if the Additional Interest Component is being collected, calculated on the basis of a 360-day year of twelve 30-day months. Such rate may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be billed 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.

As authorized by Section 372.018(b) of the PID Act, the City will calculate and collect each year while the Bonds are Outstanding and unpaid an assessment to pay the Administrative Expenses incurred by the City in the administration and operation of the District. The portion of each Annual Installment used to pay such Administrative Expenses shall remain in effect from year to year until all Bonds are finally paid or until the City adjusts the amount of the levy after an annual review in any year pursuant to Section 372.013 of the PID Act. The assessments to pay Administrative Expenses shall be billed on October 1 of each year and shall be delinquent if not paid by February 1 of the following year. Such portion of the Annual Installments collected to pay Administrative Expenses do not secure repayment of the Bonds.

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

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

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

Perfected Security Interest

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 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. See "APPENDIX A — Form of Indenture."

Pledged Revenue Fund

The City has created under the Indenture a Pledged Revenue Fund to be held by the Trustee. On or before February 15 of each year while the Bonds are Outstanding and beginning February 15, 2025, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. Specifically, the City shall deposit or cause to be deposited Pledged Revenues (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 the Indenture, (iii) third, to the Additional Interest Reserve Account in an amount equal to the Additional Interest collected, if any, in accordance with the Indenture, and (iv) fourth, 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 (5) Business Days before each Interest Payment Date, the Trustee shall withdraw from the Bond Pledged Revenue Account of the Pledged Revenue Fund and transfer to the Bond Fund, an amount, taking into account any amounts then on deposit in the Bond Fund, such that the amount on deposit in the Bond Fund 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 an Account within the Reserve Fund as provided in the Indenture, there are insufficient funds to make the payments provided in the Indenture, the Trustee shall apply the available funds in the Bond Fund first to the payment of interest, and, then to the payment of principal (including any Sinking Fund Installments) on the Bonds.

Notwithstanding the deposits described in (i)-(iv) above, the Trustee shall deposit Prepayments to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer such Prepayments to the Redemption Fund.

Notwithstanding the deposits described in (i)-(iv) 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, the Trustee, at the direction of the City by City Certificate, may apply Assessments for any lawful purposes permitted by the PID Act for which Assessments may be paid, including making transfers to the Redemption Fund to redeem Bonds in accordance with the terms of the Indenture.

Any Pledged Revenues remaining after satisfying the foregoing payments 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 Bond Fund 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 in the Indenture.

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

Project Fund

Money on deposit in the Project Fund shall be used for the defeasance of the Refunded Bonds and to pay the costs of issuance of the Bonds, as specified in the Indenture.

Pursuant to the Indenture, a Bond Proceeds Account will be created within the Project Fund and held by the Trustee for the benefit of the Bonds. On the Closing Date, the funds in the Bond Proceeds Account shall be immediately transferred to the Paying Agent for the Refunded Bonds to be applied towards the redemption of the Refunded Bonds.

Reserve Fund

Pursuant to the Indenture, a Reserve Account and an Additional Interest Reserve Account will be created within the Reserve Fund for the benefit of the Owners of the Bonds and held by the Trustee.

The Reserve Account of the Reserve Fund will be funded in the amount of the Reserve Account Requirement. Pursuant to the Indenture, the "Reserve Account Requirement" means 50% of the Maximum Annual Debt Service of the Bonds as of the date of issuance; provided, however, that such amount shall be reduced by the amount of any transfers made in connection with the redemption of Bonds due to Prepayments pursuant to the Indenture; and provided further that as a result of an optional redemption pursuant to the Indenture or an extraordinary optional redemption pursuant to the Indenture, the Reserve Account Requirement shall be reduced by a percentage equal to the pro rata principal amount of Bonds redeemed by such redemption compared to the total principal amount of the Outstanding Bonds prior to such redemption or as otherwise provided in a City Certificate delivered in connection with the redemption of such Bonds, which amount may be funded with cash or Investment Securities. Upon initial delivery of the Bonds, the Reserve Account Requirement will be funded from Bond proceeds or cash available for such purpose.

At the Closing Date, the Additional Interest Reserve Account shall be funded as set forth in the Indenture in an amount equal to the Additional Interest Reserve Requirement. "Additional Interest Reserve Requirement" means an amount equal to 1% of the par amount of the Bonds (or such lesser amount that may be identified in a City Certificate pursuant to the Indenture), which will initially be funded in full at the Closing Date, and, if necessary, will thereafter be funded from Additional Interest, if collected, to be deposited to the Pledged Revenue Fund and transferred to the Additional Interest Reserve Account in accordance with provisions of the Indenture.

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 file a City Certificate with the Trustee instructing the Trustee to transfer from the Bond Pledged Revenue Account to the Additional Interest Reserve Account on March 1 and September 1 of each year, an amount equal to the Additional Interest collected, if any, until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account. If, after such deposits, there is surplus Additional Interest remaining in excess of the Additional Interest Reserve Requirement, the Trustee shall transfer such surplus Additional Interest to the Redemption Fund, and shall notify the City of such transfer in writing. Notwithstanding the foregoing, 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, and the Additional Interest Reserve Requirement shall be reduced, accordingly. In the event the Additional Interest Reserve Requirement is reduced in accordance with the above provisions, the City will notify the Trustee, by a City Certificate, of the new Additional Interest Reserve Requirement. In calculating the amounts to be transferred pursuant to the Indenture, the Trustee may conclusively rely on the Annual Installments as shown on the Assessment Roll in the Service and Assessment Plan or an Annual Service Plan Update, unless and until it receives a City Certificate directing that a different amount be used.

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

Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant 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 the Bonds to be redeemed with such 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 Prepayment 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 Prepayment and as a

result of the transfer from the Reserve Account as provided in this paragraph, 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 (including the value of the cash together with the value of any Investment Securities then on deposit 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 Bond Fund 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 as rebatable arbitrage, or (ii) for such other use specified in a 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 the Bond.

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.

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 Bond Fund and applied to the payment of the principal of the Bonds.

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.

Administrative Fund

The City will create under the Indenture an Administrative Fund to be held by the Trustee. Upon receipt, the City shall transfer to the Trustee, for deposit to the Administrative Fund, the portion of the Annual Installment of Assessments allocated to the payment of Administrative Expenses and Delinquent Collection Costs as set forth in the Service and Assessment Plan. Moneys in the Administrative Fund may be used as directed by City Certificate for the purposes set forth in the Service and Assessment Plan, including payment of the Administrative Expenses and Delinquent Collection Costs. See "APPENDIX B — Service and Assessment Plan."

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

Defeasance

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

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

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

Events of Default

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

- 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 such payments; and
- iv. Default in the performance or observance of any covenant, agreement or obligation of the City under the Indenture and the continuation thereof for a period of 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.

Nothing in (i)-(iv) above will be an Event of Default if such provision is in violation of any applicable federal or state law or court order.

Remedies in Event of Default

Subject to the Indenture, upon the happening and continuance of any of the Events of Default described in the Indenture 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 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 AND INTEREST ON THE BONDS, AS APPLICABLE, SHALL NOT BE SUBJECT TO ACCELERATION UNDER ANY CIRCUMSTANCES.

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

Whenever moneys are to be applied pursuant to the Indenture, irrespective of and whether other remedies authorized under the Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or places, and at such time or times and upon such notice and terms as the Trustee may deem appropriate and as may be required by 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 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 under the Indenture, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of at least 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 granted in the Indenture, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 90-day period by the 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 in the Indenture, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided in the Indenture and for the equal benefit of the Owners of all Bonds then Outstanding. The notification, request and furnishing of

indemnity set forth above shall, at the option of the Trustee, be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy under the Indenture.

Subject to the Indenture, 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 in the Indenture and in the Bonds.

In case the Trustee or any Owners shall have proceeded to enforce any right under the Indenture and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or any Owners, then and in every such case the City, the Trustee and the Owners shall be restored to their former positions and rights 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 shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out the Indenture, during the continuance of an Event of Default, notwithstanding the provisions above, be applied by the Trustee, on behalf of the City, to the payment of interest, and principal or Redemption Price then due on Bonds, as follows:

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

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

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

Investment or Deposit of Funds

Money in any Fund or Account established pursuant to the Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) days in advance of the making of such investment. The money in any Fund or Account shall be invested (i) in time deposits or certificates of deposit secured in the manner required by law for public funds, (ii) in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, (iii) in obligations of any agencies or instrumentalities thereof, or (iv) 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 directed by the City to 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. Such investments shall be valued each year in terms of current market value as of September 30. Notwithstanding the preceding sentences, amounts in the Additional Interest Reserve Account may not be invested above the Yield (as defined in the Indenture) 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. 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, upon written direction by the City to the Trustee, such investments shall be promptly sold to prevent any default.

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

If, following an annual calculation of the Rebate Amount in accordance with the Indenture, 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.

Against Encumbrances

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

Additional Obligations

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 any portion of the Trust Estate and are not payable from Pledged Revenues or any other portion of the Trust Estate. Additionally, the City has reserved the right to issue bonds or other obligations secured by and payable from Pledged Revenues or assessments levied against the Assessed Property so long as such pledge is subordinate to the pledge of Pledged Revenues securing payment of the Bonds.

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

Notwithstanding any contrary provision of the Indenture, the City shall not issue additional bonds, notes or other obligations under the Indenture, secured by any pledge of or other lien or charge on the Trust Estate, other than refunding bonds. The City reserves the right to issue refunding bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds or Outstanding refunding bonds and to pay all costs incident to the refunding bonds, as authorized by the laws of the State. In addition, the City reserves the right to issue Additional Obligations as described below, which additional obligations will not be secured by the Trust Estate.

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

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SOURCES AND USES OF FUNDS

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

Sources of Funds:	
Principal Amount	\$
[Net] Premium	
Transfers from funds established under the Refunded Bond Indenture and other funds available to the City	
Total Sources	\$
Uses of Funds:	
Deposit to Bond Proceeds Account of the Project Fund	\$
Deposit to Reserve Account of the Reserve Fund	
Deposit to Costs of Issuance Account of the Project Fund ⁽¹⁾	
Deposit to Principal and Interest Account of the Bond Fund	
Deposit to Additional Interest Reserve Account of the Reserve Fund	
Underwriter's Discount ⁽²⁾	
Total Uses	\$

⁽¹⁾ Includes Bond Insurance Premium.

⁽²⁾ Includes Underwriter's Counsel fee of \$_____.

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DEBT SERVICE REQUIREMENTS

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

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

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OVERLAPPING TAXES AND DEBT

Overlapping Taxes

The land within Major Improvement Area 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 levied by the City.

In addition to the taxes and assessments described above, each lot owner in Major Improvement Area of the District will pay \$875 in the form of an annual maintenance and operation fee and/or a property owner's association fee to the homeowner's association for the property within the District (the "HOA"), which homeowner's association has been formed. In addition to the City, Collin County, Texas, Collin Community College District, and the Prosper Independent School District (for the majority of the Major Improvement Area) and the Celina Independent School District (for an approximately 89 lot portion of the Major Improvement Area) may each levy ad valorem taxes upon land in Major Improvement Area 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 special assessments levied by such other taxing authorities. The following table reflects the overlapping ad valorem tax rates currently levied on property located in Major Improvement Area of the District. The District is located within the boundaries of the City.

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OVERLAPPING TAXES – MAJOR IMPROVEMENT AREA

	Neighborhood Improvement Area #2	Neighborhood Improvement Area #3	Neighborhood Improvement Area #4	Neighborhood Improvement Area #5
<u>Taxing Entity</u>	<u>Tax Year 2023 Ad Valorem Tax Rate⁽¹⁾</u>			
The City	\$0.612154	\$0.612154	\$0.612154	\$0.612154
Collin County, Texas	\$0.149343	\$0.149343	\$0.149343	\$0.149343
Collin Community College District	\$0.081220	\$0.081220	\$0.081220	\$0.081220
Prosper ISD	<u>\$1.257500</u>	<u>\$1.257500</u>	<u>\$1.257500</u>	<u>\$1.257500</u>
Total Existing Tax Rate	<u>\$2.100217</u>	<u>\$2.100217</u>	<u>\$2.100217</u>	<u>\$2.100217</u>
Estimated Average Annual Installment of Assessments as tax rate equivalent per Lot^{(2),(3)}	<u>\$0.111134</u>	<u>\$0.111134</u>	<u>\$0.111134</u>	<u>\$0.111134</u>
Estimated Average Annual Installment of Local NIA Assessment as tax rate equivalent per Lot ^{(2),(3)}	<u>\$0.231865</u>	<u>\$0.257391</u>	<u>\$0.271229</u>	<u>\$0.350266</u>
Net Estimated Total Tax Rate and Average Annual Installments of Assessments and Local NIA Assessment and as tax rate equivalent per Lot^{(2),(3)}	<u>\$2.4432160</u>	<u>\$2.468742</u>	<u>\$2.482580</u>	<u>\$2.561617</u>

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

⁽²⁾ Source: *Municap*. Derived from information presented in the Service and Assessment Plan, and assumes an estimated weighted average home value of \$523,303.

⁽³⁾ Preliminary, subject to change.

Source: *Collin Central Appraisal District and the City*.

OVERLAPPING TAXES – MAJOR IMPROVEMENT AREA

	Neighborhood Improvement Area #6	Neighborhood Improvement Area #7 (Prosper ISD Portion)	Neighborhood Improvement Area #7 (Celina ISD Portion)	Future Improvement Area
<u>Taxing Entity</u>	Tax Year 2023 <u>Ad Valorem Tax Rate⁽¹⁾</u>	Tax Year 2023 <u>Ad Valorem Tax Rate⁽¹⁾</u>	Tax Year 2023 <u>Ad Valorem Tax Rate⁽¹⁾</u>	Tax Year 2023 <u>Ad Valorem Tax Rate⁽¹⁾</u>
The City	\$0.612154	\$0.612154	\$0.612154	\$0.612154
Collin County, Texas	\$0.149343	\$0.149343	\$0.149343	\$0.149343
Collin Community College District	\$0.081220	\$0.081220	\$0.081220	\$0.081220
Prosper ISD	\$1.257500	\$1.257500	----	\$1.257500
Celina ISD	----	----	\$1.238100	----
Total Existing Tax Rate	<u>\$2.100217</u>	<u>\$2.100217</u>	<u>\$2.080817</u>	<u>\$2.100217</u>
Estimated Average Annual Installment of Assessments as tax rate equivalent per Lot^{(2),(3)}	<u>\$0.111134</u>	<u>\$0.111134</u>	<u>\$0.111134</u>	<u>\$0.111134</u>
Estimated Average Annual Installment of Local NIA Assessment as tax rate equivalent per Lot ^{(2),(3)}	<u>\$0.386097</u>	<u>\$0.381514</u>	<u>\$0.381517</u>	<u>\$0.000000</u>
Net Estimated Total Tax Rate and Average Annual Installments of Assessments and Local NIA Assessment and as tax rate equivalent per Lot^{(2),(3)}	<u>\$2.597448</u>	<u>\$2.592865</u>	<u>\$2.573465</u>	<u>\$2.211351</u>

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

⁽²⁾ Source: *Municap*. Derived from information presented in the Service and Assessment Plan, and assumes an estimated weighted average home value of \$523,303.

⁽³⁾ Preliminary, subject to change.

Source: *Collin Central Appraisal District and the City*.

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Overlapping Debt

As noted above, the Major Improvement Area 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 are overlapping debt tables showing the outstanding indebtedness payable from ad valorem taxes with respect to property within the Major Improvement Area of the District and the amount of debt secured by the Assessments and the applicable Local NIA Assessments:

OVERLAPPING DEBT

<u>Taxing or Assessing Entity</u>	Gross Outstanding Debt as of 6/1/2024	Estimated Percentage Applicable ⁽¹⁾	Direct and Estimated Overlapping Debt
The City (Assessments – The Bonds) ⁽⁴⁾	\$ 6,908,000	100.000%	\$ 6,908,000
The City (NIA #2-3 Bonds) ⁽²⁾	3,032,000	100.000%	3,032,000
The City (NIA #4 Bonds) ⁽²⁾	5,171,000	100.000%	5,171,000
The City (NIA #5 Bonds) ⁽²⁾	6,463,000	100.000%	6,463,000
The City (NIA #6-7 Bonds) ⁽²⁾	7,680,000	100.000%	7,680,000
The City (Ad Valorem Taxes)	490,130,000	4.545%	22,276,645
Collin County, Texas	658,360,000	0.128%	842,684
Collin County Community College District	480,350,000	0.143%	686,030
Prosper Independent School District ⁽³⁾	<u>1,938,170,240</u>	1.566%	<u>30,348,923</u>
TOTAL	<u>\$3,596,264,240</u>		<u>\$83,408,281</u>

⁽¹⁾ Based on the taxable appraised value for Major Improvement Area of the District for 2023 and on the Tax Year 2023 Net Taxable Assessed Valuations for the taxing entities.

⁽²⁾ Inclusion of bonds supported by all Local NIA Assessments shown for illustrative purposes. An individual lot owner in one respective NIA is not subject to assessments from the other NIAs.

⁽³⁾ Approximately 89 of the 1,010 lots in Neighborhood Improvement Area #7 located in the Major Improvement Area lie in the Celina Independent School District which has gross outstanding debt in the amount of \$394,000,000.

⁽⁴⁾ Preliminary, subject to change.

Source: Municipal Advisory Council of Texas

ASSESSMENT PROCEDURES

General

Capitalized terms under this caption and not otherwise defined in the Official Statement shall have the meanings given to such terms in the Service and Assessment Plan. As required by the PID Act and in connection with the issuance of the Refunded Bonds, the City adopted a resolution generally describing the Major Improvement Area Projects and the land within the Major Improvement Area of the District to be subject to Assessments to pay the costs therefor. The City caused an assessment roll to be prepared for the Major Improvement Area of the District (the “Assessment Roll”), which Assessment Roll showed the land within the Major Improvement Area 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 in which the Assessment is divided. Statutory notice was given to the owners of the property to be assessed and a public hearing was conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Major Improvement Area Projects and funding the same with Assessments. Following the hearing, the City levied the Assessments and adopted the Assessment Ordinance. Following such adoption, the Assessments became legal, valid and binding liens upon the property against which the Assessments are made. The Assessment Roll was filed with the City Secretary and made available for public inspection. The City is expected to update the Service and Assessment Plan in connection with the issuance of the Bonds. See “APPENDIX B — Service and Assessment Plan.”

Under the PID Act, the Actual Costs of Major Improvement Area Projects may be assessed by the City against the assessable property in the Major Improvement Area of the District so long as the special benefit conferred upon the Assessed Property by the Major Improvement Area Projects equals or exceeds the Assessments. The costs

of the Major Improvement Area Projects may be assessed using any methodology that results in the imposition of equal shares of cost on Assessed Property similarly benefited. The allocation of benefits and assessments to the benefitted land within the Major Improvement Area of the District is presented in the Service and Assessment Plan, which should be read in its entirety. See “APPENDIX B — 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 Major Improvement Area Projects, provides the basis and justification for the determination that such special benefit exceeds the Assessments that were or will be levied, and establishes the methodology by which the City allocates the special benefit of the Major Improvement Area Projects to parcels in a manner that results in equal shares of costs being apportioned to parcels similarly benefited. As set forth in the Service and Assessment Plan, the City Council has determined that the Actual Costs (as defined in the Service Assessment Plan) associated with the Major Improvement Area Projects have been allocated to the Assessed Parcels in Major Improvement Area by spreading the entire Assessment across all Parcels and Lots within Major Improvement Area on the ratio of estimated build-out value of each Parcel or Lot to the estimated build-out value to for all Parcels or Lots within the Major Improvement Area.

For further explanation of the Assessment methodology, see “APPENDIX B —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 situated within the Major Improvement Area of the District. The Assessments and interest thereon are expected to be paid in Annual Installments as described above. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan 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 future owners within the District. See “APPENDIX B — Service and Assessment Plan.”

Collection and Enforcement of Assessment Amounts

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

In the Indenture, the City will covenant 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 updated Assessment Roll and a calculation of the Annual Installment for each Parcel. Administrative Expenses shall be allocated among all Parcels in proportion to the amount of the Annual Installments for the Parcels.

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

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

The City will determine or cause to be determined, no later than February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent 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.

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

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

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

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

Assessment Amounts

The maximum amounts of the Assessments have been established by the methodology described in the Service and Assessment Plan. See “ASSESSMENT PROCEDURES – Assessment Methodology.” The Assessments have been levied against the parcels comprising the Assessed Parcels as indicated on the Assessment Roll. See “APPENDIX B — Service and Assessment Plan.”

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

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

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

Major Improvement Area Assessments

	Lot Type	Original Assessment per Unit ¹	Outstanding Assessment per Unit ¹	Estimated Assessment per Unit after Bond Issuance ^{1,2}
NIA #2	50'	\$4,660	\$4,139	\$3,957
	70'	\$6,071	\$5,393	\$5,156
NIA #3	50'	\$4,942	\$4,390	\$4,197
	60'	\$5,648	\$5,017	\$4,797
	70'	\$6,354	\$5,644	\$5,396
NIA #4	50'	\$6,354	\$5,644	\$5,396
	60'	\$7,060	\$6,271	\$5,996
	70'	\$7,766	\$6,898	\$6,595
NIA #5	50'	\$8,790	\$8,152	\$7,794
	60'	\$10,548	\$9,782	\$9,353
NIA #6	50'	\$8,790	\$8,170	\$7,812
	50'	\$8,790	\$8,170	\$7,812
NIA #7	60'	\$10,548	\$9,427	\$9,014
	70'	\$10,819	\$10,056	\$9,615

1 – Source: *Municap*. Derived from information provided in the Service and Assessment Plan.

2 – Preliminary, subject to change.

Prepayment of Assessments

Pursuant to the PID Act and the Indenture, the owner of any property assessed may voluntarily prepay (a “Prepayment”) all or part of any Assessment levied against any lot or parcel, together with accrued interest to the date of payment, at any time. Upon receipt of such Prepayment, such amounts will be applied towards the redemption or payment of the Bonds. 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 respective Assessment Ordinance until the Assessment is paid, and may be enforced by the City in the same manner as an ad valorem tax levied against real property may be enforced by the City. The owner of any property assessed may pay the entire Assessment levied against any lot or parcel, together with accrued interest to the date of payment, at any time.

Foreclosure Proceedings

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

Any sale of property for nonpayment of an installment or installments of an Assessment will be subject to the lien established for remaining unpaid installments of the Assessment against such property and such property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent installments of the Assessments against such property as they become due and payable. Judicial foreclosure proceedings are not mandatory. In the event a foreclosure is necessary, there could be a delay in payments to owners of the Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and in such event there could be an additional delay in payment of the principal of and interest on Bonds or such payment may not be made in full. The City is not required under any circumstance to purchase the property or to pay the delinquent Assessment 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 A – Form of Indenture.” See also “APPENDIX D – Form of City Disclosure Agreement” for a description of the expected timing of certain events with respect to collection of the delinquent Assessments.

In the Indenture, the City will create 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 Pledged Revenues are insufficient to pay foreclosure costs, the owners of the Bonds may be required to pay amounts necessary to continue foreclosure proceedings. See “SECURITY FOR THE BONDS – Reserve Fund,” “APPENDIX A – Form of Indenture” and “APPENDIX B – Service and Assessment Plan.”

Previous Assessment for City Contributed Major Improvements

Certain off-site major improvements were constructed and installed by the City, a portion of which benefits all Assessed Properties within the District (such portion referred to as the “City Contributed Major Improvements”). The costs of the City Contributed Major Improvements allocable to the property within the District were \$2,543,262 and a portion of such costs was paid in part from assessments (the “2015 CCMI Assessments”) collected as part of the NIA #1 Assessments and the Assessments to reimburse the City for the District's share of such costs. Additionally, the 2015 CCMI Assessments were offset by tax increment revenues generated from a tax increment reinvestment zone, the boundaries of which are coterminous with the District, applied as a credit on a parcel-by-parcel basis to offset the portion of the annual installment of the NIA #1 Assessments and Assessments allocable to such 2015 CCMI Assessments. As provided in the development agreement applicable to the District, the documents related to the tax increment reinvestment zone, and the original Service and Assessment Plan, the annual installments allocable to the 2015 CCMI Assessments were permanently reduced to zero when the ad valorem taxes collected on all parcels within the District in each year of any consecutive two-year period equal or exceed one hundred fifty percent (150%) of the annual installment allocable to the 2015 CCMI Assessments based on a confirming audit; and, after confirming with the Administrator that such conditions had been met, the City provided for the formal release the 2015 CCMI Assessments and such amounts are no longer collected as part of the NIA #1 Assessments and the Assessments.

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ASSESSMENT COLLECTION DATA AND TAXABLE VALUE HISTORY FOR THE MAJOR IMPROVEMENT AREA

Collection and Delinquency History

The following table shows the collection and delinquency history of Assessments in the Major Improvement Area of the District:

COLLECTION AND DELINQUENCY HISTORY OF ASSESSMENTS

Annual Installments Due 1/31⁽¹⁾	Annual Installments Billed⁽²⁾	Delinquent Amount as of 3/1 (following year)⁽³⁾	Delinquent Percentage as of 3/1 (following year)	Delinquent Amount as of 9/1 (following year)⁽³⁾	Delinquent Percentage as of 9/1 (following year)	Annual Installments Collected⁽³⁾⁽⁴⁾
2016	\$0	\$0	0.00%	\$0	0.00%	\$0
2017	\$148,804	\$0	0.00%	\$0	0.00%	\$148,804
2018	\$827,280	\$0	0.00%	\$0	0.00%	\$827,279
2019	\$787,383	\$0	0.00%	\$0	0.00%	\$787,383
2020	\$712,600	\$0	0.00%	\$0	0.00%	\$712,600
2021	\$698,786	\$0	0.00%	\$0	0.00%	\$698,786
2022	\$746,237	\$46,373	6.26%	\$0	0.00%	\$746,237
2023	\$754,375	\$1,973	0.26%	\$849	0.11%	\$754,375 ⁽⁵⁾
2024 ⁽⁶⁾	\$728,085	\$3,910	0.54%	N/A	N/A	\$727,518

- ⁽¹⁾ Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons aged 65 or older, and the disabled, who qualify for an exemption under either Section 11.13(c), 11.32, or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments ("Installment Payments"). Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the Installment Payments are each due before February 1, April 1, June 1, and August 1. Each unpaid Installment Payment is delinquent and incurs penalties and interest if not paid by the applicable date.
- ⁽²⁾ According to the Annual Service and Assessment Plan Update for the respective Fiscal Year. Assessments due January 31, 2017 through January 31, 2019 included 2015 CCMi Assessments.
- ⁽³⁾ According to the Collin County Tax Assessor-Collector.
- ⁽⁴⁾ Includes applicable prepayments and does not include penalties and interest. Amounts collected as of June 28, 2024.
- ⁽⁵⁾ All Annual Installments due as of January 31, 2023 were collected in full as of December 31, 2023.

Foreclosure History for Assessments in the Major Improvement Area

As of June 28, 2024, there has never been a foreclosure sale of any of the assessed properties within the Major Improvement Area of the District for non-payment of Assessments levied therein.

Prepayment History of Assessments in the Major Improvement Area

As of June 28, 2024, there have been six full prepayments of Assessments in the Major Improvement Area of the District totaling \$95,828.

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Top Assessment Payers in the Major Improvement Area of the District

The following table shows the top assessment payers in the Major Improvement Area as of June 15, 2024.

TOP MAJOR IMPROVEMENT AREA ASSESSMENT PAYERS

	Number of Single-Family Lots ⁽¹⁾	Outstanding Assessment	Percent of Outstanding Assessments⁽²⁾	Appraised Value⁽³⁾	Percent of Appraised Value^{(3), (4)}	Appraised Value to Lien
Individual Property Owners	612	\$4,303,081.37	58.43%	\$262,524,362.00	93.664%	61.1 : 1
M/I Homes of DFW, LLC	298	\$2,557,633.78	34.73%	\$15,971,340.00	5.698%	6.2 : 1
Coit Front LLC ⁽⁵⁾	78	\$298,541.58	4.05%	\$0	0.000%	N/A
American Legend Homes, LLC	22	\$126,943.96	1.72%	\$1,785,750.00	0.637%	14.1 : 1
Frontier Retail Partners LP	Commercial	\$77,971.25	1.06%	\$1,770.00	0.001%	0.02 : 1
Total	1,010	\$7,364,171.94	100.00%	\$280,283,222.00	100.00%	38.1 : 1

⁽¹⁾ According to Collin Central Appraisal District online records as of June 15, 2024. Excludes lots with prepaid Assessments as of January 1, 2023.

⁽²⁾ Net of prepaid Assessments.

⁽³⁾ Appraised values exclude values for parcels without completed homes.

⁽⁴⁾ Appraised Values are as of January 1, 2023.

⁽⁵⁾ Appraised Values are reported as of January 1, 2023. The Coit Front, LLC parcels were not subdivided until 2024 and accordingly do not have a 2023 appraised value.

Taxable Assessed Valuation History in the Major Improvement Area of the District

Set forth below is the taxable Assessed Valuation History for the Major Improvement Area of the District.

Year*	Taxable Assessed Valuation
2017	\$119,001
2018	\$1,540,106
2019	\$7,221,761
2020	\$18,677,221
2021	\$51,796,015
2022	\$150,178,532
2023	\$288,638,500

* 2024 Certified Taxable Assessed Valuations are not expected to be available until July 2024.

Collection and Delinquency History of the Local NIA Assessments

THE FOLLOWING SECTION SETS FORTH, FOR INFORMATION PURPOSES ONLY, INFORMATION REGARDING COLLECTION HISTORY FOR THE NIA #2 ASSESSMENTS, THE NIA #3 ASSESSMENTS, THE NIA #4 ASSESSMENTS, AND THE NIA #5 ASSESSMENTS. THE NIA #2 ASSESSMENTS, THE NIA #3 ASSESSMENTS, THE NIA #4 ASSESSMENTS, AND THE NIA #5 ASSESSMENTS ARE LEVIED IN SEPARATE NEIGHBORHOOD IMPROVEMENT AREAS LYING WITHIN THE MAJOR IMPROVEMENT AREA BUT ARE NOT PLEDGED TO AND WILL NOT BE AVAILABLE FOR PAYMENT OF THE BONDS. SEE “BONDHOLDERS RISKS – ASSESSMENT LIMITATIONS.” No assurances can be made that collection of the Assessments will reflect the historical collection of the NIA #2 Assessments, the NIA #3 Assessments, the NIA #4 Assessments, and the NIA #5 Assessments. The NIA #6 Assessments were levied on August 8, 2023 and NIA #7 Assessments were levied on April 9, 2024 and no billing or collection has taken place for such assessments as of the date hereof.

COLLECTION AND DELINQUENCY HISTORY OF NIA #2 ASSESSMENTS

Annual Installments Due 1/31⁽¹⁾	Annual Installments Billed⁽²⁾	Delinquent Amount as of 3/1 (following year)⁽³⁾	Delinquent Percentage as of 3/1 (following year)	Delinquent Amount as of 9/1 (following year)⁽³⁾	Delinquent Percentage as of 9/1 (following year)	Annual Installments Collected⁽³⁾⁽⁴⁾
2020	\$92,659	\$0	0.00%	\$0	0.00%	\$92,659
2021	\$88,900	\$0	0.00%	\$0	0.00%	\$88,900
2022	\$72,560	\$718	0.99%	\$0	0.00%	\$72,560
2023	\$72,554	\$725	1.00%	\$0	0.00%	\$72,554
2024 ⁽⁵⁾	\$70,007	\$0	0.00%	N/A	N/A	\$70,007

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

⁽²⁾ According to the Annual Service and Assessment Plan Update for the respective Fiscal Year.

⁽³⁾ According to the Collin County Tax Assessor-Collector.

⁽⁴⁾ Includes applicable prepayments and does not include penalties and interest.

⁽⁵⁾ Amounts collected as of June 28, 2024.

COLLECTION AND DELINQUENCY HISTORY OF NIA #3 ASSESSMENTS

Annual Installments Due 1/31⁽¹⁾	Annual Installments Billed⁽²⁾	Delinquent Amount as of 3/1 (following year)⁽³⁾	Delinquent Percentage as of 3/1 (following year)	Delinquent Amount as of 9/1 (following year)⁽³⁾	Delinquent Percentage as of 9/1 (following year)	Annual Installments Collected⁽³⁾⁽⁴⁾
2022	\$160,181	\$2,750	1.72%	\$0	0.00%	\$160,181
2023	\$162,981	\$933	0.57%	\$0	0.00%	\$162,981
2024 ⁽⁵⁾	\$156,073	\$0	0.00%	N/A	N/A	\$156,073

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

⁽²⁾ According to the Annual Service and Assessment Plan Update for the respective Fiscal Year.

⁽³⁾ According to the Collin County Tax Assessor-Collector.

⁽⁴⁾ Includes applicable prepayments and does not include penalties and interest.

⁽⁵⁾ Amounts collected as of June 28, 2024.

COLLECTION AND DELINQUENCY HISTORY OF NIA #4 ASSESSMENTS

Annual Installments Due 1/31⁽¹⁾	Annual Installments Billed⁽²⁾	Delinquent Amount as of 3/1 (following year)⁽³⁾	Delinquent Percentage as of 3/1 (following year)	Delinquent Amount as of 9/1 (following year)⁽³⁾	Delinquent Percentage as of 9/1 (following year)	Annual Installments Collected⁽³⁾⁽⁴⁾
2022	\$0	N/A	N/A	N/A	N/A	N/A
2023	\$327,983	\$1,361	0.42%	\$1,361	0.42%	\$327,983 ⁽⁵⁾
2024 ⁽⁶⁾	\$315,082	\$4,323	1.37%	N/A	N/A	\$314,002

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

⁽²⁾ According to the Annual Service and Assessment Plan Update for the respective Fiscal Year.

⁽³⁾ According to the Collin County Tax Assessor-Collector.

⁽⁴⁾ Includes applicable prepayments and does not include penalties and interest.

⁽⁵⁾ All NIA #4 Annual Installments due as of January 31, 2023 were collected in full as of December 31, 2023.

⁽⁶⁾ Amounts collected as of June 28, 2024.

COLLECTION AND DELINQUENCY HISTORY OF NIA #5 ASSESSMENTS

Annual Installments Due 1/31⁽¹⁾	Annual Installments Billed⁽²⁾	Delinquent Amount as of 3/1 (following year)⁽³⁾	Delinquent Percentage as of 3/1 (following year)	Delinquent Amount as of 9/1 (following year)⁽³⁾	Delinquent Percentage as of 9/1 (following year)	Annual Installments Collected⁽³⁾⁽⁴⁾
2024 ⁽⁵⁾	\$493,518	\$4,430	0.90%%	N/A	N/A	\$493,518

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

⁽²⁾ According to the Annual Service and Assessment Plan Update for the respective Fiscal Year.

⁽³⁾ According to the Collin County Tax Assessor-Collector.

⁽⁴⁾ Includes applicable prepayments and does not include penalties and interest.

⁽⁵⁾ Amounts collected as of June 28, 2024.

THE CITY

Background

The City is located in north central Collin and Denton Counties, 40 miles north of Dallas and 15 miles northwest of the City of McKinney. Access to the City is provided by State Highway 289, Dallas Pkwy, FM 455 and FM 428. The City’s location as part of the growing Dallas-Fort Worth Metroplex has resulted in rapid growth over the last several years. Through a series of recent annexations, the City has increased in area. The City currently covers approximately 42.5 square miles. The City’s 2020 census population was 16,739. As of January 1, 2024, the City’s population estimate was 43,039.

City Government

The City is a political subdivision and is a home rule municipality of the State, duly organized and existing under the laws of the State, including the City’s Home Rule Charter. The City adopted a Home Rule Charter on May 12, 2007. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Council members who are elected for staggered three-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer.

The current members of the City Council and their respective expiration of terms of office are set forth on page ii hereof.

City Water and Wastewater

The City will provide both water and wastewater service to the District. The City purchases its water and wastewater treatment wholesale from the Upper Trinity Regional Water District. The City maintains its own water distribution system and wastewater collection and discharge system and has the capacity to treat approximately 2.335 million gallons per day (“MGD”) through a combination of resources. Doe Branch Regional Treatment Plant provides 1.3385 MGD. The Downtown Treatment Plant has a current treatment capacity of 0.95 MGD and is under design to be expanded to 3.0 MGD. The Razor Water Reclamation Plant is under design to provide an additional 0.5 MDG capacity. Construction of the Legacy Hills Water Reclamation Plant commenced in late summer 2022 and is expected to be complete in Fall 2024 to provide an additional 0.95 MGD and will serve the District. The City has also contracted with Upper Trinity Regional Water District for extra discharge capacity to use as needed. The City’s water distribution system and wastewater collection and discharge system has sufficient capacity to provide water and wastewater service to the District.

Major Employers

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

<u>Employer</u>	<u>Product or Service</u>	<u>Employees</u>
Celina Independent School District	Education	623
City of Celina	Municipal Government	280
Gold Star Team – Keller Williams	Real Estate	191
Settlers Ridge Care Center	Nursing Facilities	120
Brookshire	Retail Grocery	105
Chemtrade Logistics	Chemical Products	30
Texas Seasons Nursery	Landscape	29
Celina Montessori Academy	Education	28
CAD/CAM Svc Inc.	Engineering	25
Servpro	Cleanup and Restoration	21

Source: Municipal Advisory Council of Texas

Historical Employment in Collin County

	<u>Average Annual⁽¹⁾</u>				
	<u>2024⁽²⁾</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Civilian Labor Force	656,315	644,705	625,800	599,164	575,879
Total Employed	629,209	622,134	605,672	573,302	539,871
Total Unemployed	27,106	22,571	20,128	25,862	36,008
Unemployment Rate	4.1%	3.5%	3.2%	4.3%	6.3%

⁽¹⁾ Source: Texas Workforce Commission.

⁽²⁾ Data through June 2024.

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Surrounding Economic Activity

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

City of Denton		City of Frisco		City of Lewisville	
Approximately 21 miles from the City		Approximately 12 miles from the City		Approximately 23 miles from the City	
Employer	Employees	Employer	Employees	Employer	Employees
University of North Texas	8,891	Frisco ISD	8,799	Lewisville ISD	3,551
Denton ISD	4,331	City of Frisco	1,738	Wal-Mart	900
Peterbilt Motors-Headquarters & Plant	2,000	T-Mobile USA	1,322	City of Lewisville	842
Denton County	1,822	Keurig Dr. Pepper Inc.	1,213	Medical City of Lewisville	577
Denton State Supported Living Center	1,146	TIAA	906	Mary Kay	571
City of Denton	1,104	Conifer	903	Caliber Collision	545
Texas Presbyterian Hospital	1,100	Bayloe Scott & White/Centennial Hosp	663	SYSICO	476
Texas Womens University	1,077	Dallas Cowboys Football Club	471	Hoya Vision Care	325
Sally Beauty	1,000	Baylor Medical Center (Warren Parkwa	460	Orthofix	250
Medical Center Denton	799	Lexipol	420	The Flooring Services	250

City of McKinney	
Approximately 12 miles from the City	
Employer	Employees
Raytheon Space & Airborne Systems	4,347
McKinney ISD	2,729
Collin County	2,034
Encore Wire Corporation	1,765
Globe Life	1,600
Independent Financial	1,521
City of McKinney	1,508
Collin College	964
Baylor	788
Medical City of McKinney	670

City of Plano	
Approximately 22 miles from the City	
Employer	Employees
JP Morgan Chase	9,500
Capital One Finance	7,542
Toyota Motor North America Inc.	4,573
Bank of America	4,500
AT&T Foundry	2,500
Ericsson	2,406
Liberty Mutual Insurance Company	2,385
Medical City Plano	2,332
USAA	2,092
Fannie Mae	2,000

Source: Municipal Advisory Council of Texas

THE DISTRICT

General

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

Powers and Authority

Pursuant to the PID Act, the City may establish and create the District and undertake, or reimburse a developer for the costs of, improvement projects that confer a special benefit on property located within the District, whether located within the City limits or the City's extraterritorial jurisdiction. The PID Act provides that the City

may levy and collect assessments on property in the District, or portions thereof, payable in periodic installments based on the benefit conferred by an improvement project to pay all or part of its cost.

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake, or reimburse a developer for the costs of, the financing, acquisition, construction or improvement of the Major Improvement Area Projects. See “THE MAJOR IMPROVEMENT AREA PROJECTS.” Pursuant to the authority granted by the PID Act and the Creation Resolution, the City determined to undertake the construction, acquisition or purchase of certain roadway, water, wastewater and drainage public improvements within the Major Improvement Area of the District and outside of the District comprising the Major Improvement Area Projects and to finance a portion of the costs thereof through the issuance of the Refunded Bonds which are now being refunded by the Bonds. The City has further determined to provide for the payment of debt service on the Bonds through Pledged Revenues. See “ASSESSMENT PROCEDURES” herein and “APPENDIX B — Service and Assessment Plan.”

THE MAJOR IMPROVEMENT AREA PROJECTS

General

The Major Improvement Area Projects consisted of the portion of the Major Improvements benefitting the Major Improvement Area. Descriptions of the Major Improvement Area Projects and the actual costs of the Major Improvement Area Improvements are reflected in the Service and Assessment Plan. See “APPENDIX B — Service and Assessment Plan” for more information about the Major Improvement Area Projects.

Ownership and Maintenance of Improvements

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

THE DEVELOPMENT

Overview

The Development, known as “Lilyana,” is an approximately 400.524-acre master planned project located within the city limits of the City. The Development is situated north of Frontier Parkway (FM-1461). The Development is located in a growing development area situated in the southeast quadrant of the City. The City is located in the north-central region of the Dallas-Fort Worth-Arlington TX Metropolitan Statistical Area (the “DFW MSA”).

Status of Development in the District

The District currently includes seven completed single-family residential phases of development (Neighborhood Improvement Area #1, Neighborhood Improvement Area #2, Neighborhood Improvement Area #3, Neighborhood Improvement Area #4, Neighborhood Improvement Area #5, Neighborhood Improvement Area #6, and Neighborhood Improvement Area #7) and one additional phase of expected commercial and mixed use, the development of which has not been completed. Neighborhood Improvement Area #2, Neighborhood Improvement Area #3, Neighborhood Improvement Area #4, Neighborhood Improvement Area #5, Neighborhood Improvement Area #6, Neighborhood Improvement Area #7 and the commercial and mixed-use phase of development are located within the Major Improvement Area.

Neighborhood Improvement Area #1. Development in Neighborhood Improvement Area #1 of the District consisted of the construction of the NIA #1 Improvements. All of the NIA #1 Improvements have been completed and dedicated to the City.

Neighborhood Improvement Area #1 includes 293 lots. Homebuilders in Neighborhood Improvement Area #1 included Highland Homes – Dallas, LLC, a Texas limited liability company (“Highland Homes”), American

Legend Homes, LLC, a Texas limited liability company (“American Legend Homes”), CalAtlantic Homes of Texas Inc., a Delaware corporation, formerly known as Standard Pacific of Texas (“CalAtlantic Homes”), Weekley Homes, LLC, a Delaware limited liability company (“David Weekley Homes”), and Perry Homes, LLC, a Texas limited liability company (“Perry Homes”). As of June 15, 2024, according to publicly available data from the Collin Central Appraisal District, 290 homes are owned by homeowners in Neighborhood Improvement Area #1 and three completed homes are owned by M/I Homes of DFW, LLC as model homes.

Major Improvement Area. The single-family residential portion of the Major Improvement Area was developed in phases, with such phases comprising Neighborhood Improvement Area #2, Neighborhood Improvement Area #3, Neighborhood Improvement Area #4, Neighborhood Improvement Area #5, Neighborhood Improvement Area #6 and Neighborhood Improvement Area #7 of the District. Lot development of the residential portion of the Major Improvement Area consisted of the construction of the Major Improvement Area Projects, the NIA #2 Improvements, the NIA #3 Improvements, the NIA #4 Improvements, the NIA #5 Improvements, the NIA #6 Improvements and the NIA #7 Improvements. All of such improvements except the improvements benefitting Neighborhood Improvement Area #7 have been completed and accepted by the City. The City has not yet accepted the local improvements benefitting Neighborhood Improvement Area #7.

The single-family residential portion of the Major Improvement Area includes 935 lots. Homebuilders in the Major Improvement Area include M/I Homes of DFW, LLC, a Texas limited liability company (“M/I Homes”), American Legend Homes and Highland Homes. As of June 15, 2024, according to publicly available data from the Collin Central Appraisal District, 615 homes are owned by homeowners, 298 lots are owned by M/I Homes, and 22 lots are owned by American Legend Homes.

The commercial and mixed use property in the Major Improvement Area (shown as the “Future Improvement Area” on the “MAP SHOWING BOUNDARIES OF THE DISTRICT AND NEIGHBORHOOD IMPROVEMENT AREAS” on page v hereof) is owned and expected to be developed by Frontier Retail Partners LP and Coit Front LLC. Coit Front LLC has platted 78 townhome lots on approximately 10 acres in such mixed use area. The remaining commercial acreage is owned by Frontier Retail Partners LP. The timing of vertical development on such commercial and mixed use land is unknown.

Aerial photographs of development in the District are below:

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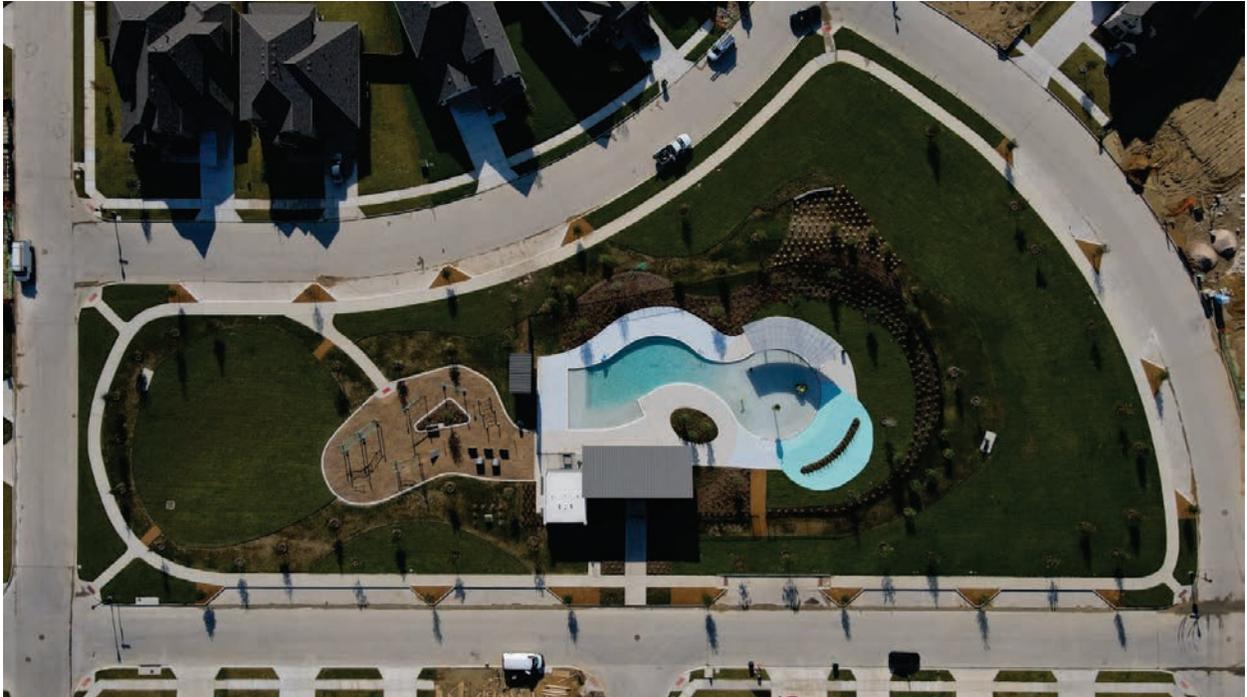




Amenities

The Development features a central Amenity Center including a luxury pool and outdoor pavilion and kitchen that is accessible to residents of the entire Lilyana community. The Development also includes miles of walking and bike paths, community parks, pavilions, grills, and recreational amenities including bocce ball areas, cornhole, sports courts and play areas. The Development also contains many park areas that feature state of the art structured play equipment and a fishing pond with a patio and overlook features. Neighborhood Improvement Area #5 has an additional amenity center with pool, pavilion, and outdoor fitness facilities. Neighborhood Improvement Area #6 and Neighborhood Improvement Area #7 will include a neighborhood park with sand volleyball court, kids’ playground, concrete cornholes, and play areas. The HOA will pay for the ongoing operation, maintenance and repair of the amenities by charging a maintenance and operation fee and/or a property owner’s association fee to be paid by each lot owner within the District. Photographs of completed amenities in the District are shown below.

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Zoning/Permitting

The development of the property within the District is governed by the Concept Plans and Development Regulations as set forth in the City Development Agreement, the City Subdivision Regulations, the City Building Codes, the City Engineering and Construction Standards, the City’s Water and Wastewater Rules, the City’s Model Home Policy, the City’s Water and Sewer Impact Fee Regulations, the City’s Roadway Impact Fee Regulations, the City’s Sign Ordinance, the Approved Plats, and the City Ordinances (collectively, the “Governing Regulations”). The Governing Regulations and the City Development Agreement continue to be applicable even after annexation of the property by the City.

Education

The Prosper Independent School District (“PISD”) which encompasses approximately 59 square miles and serves a portion of Collin and Denton Counties, serves all of the District except for approximately 89 lots in Neighborhood Improvement Area #7 which are served by Celina ISD (“Celina ISD”) as described below. PISD enrolls over 16,000 students in two high schools, four middle schools and fourteen elementary schools. Students in in Neighborhood Improvement Areas #1 through #6 and in the portion of Neighborhood Improvement Area #7 within Prosper ISD desiring to attend public school will attend Lilyana Elementary School (on site), Rogers Middle School (5.2 miles from the District) and Prosper High School (2.7 miles from the District). According to the Texas Education Agency (“TEA”), PISD, Rogers Middle School and Prosper High School received a “District Accountability Rating” of “A” from the TEA for 2021-2022, the latest year for which ratings are available. Lilyana Elementary has not yet been rated by the TEA. Greatschools.org rates Rogers Middle School a 7/10 and Prosper High School a 6/10, but has not rated Lilyana Elementary School.

Celina ISD operates one primary school for grades pre-kindergarten through kindergarten, two elementary schools for grades first through fifth, one sixth grade center, one junior high school for grades seventh through eighth and one high school for grades ninth through twelfth. All campuses offer enriched curricula with special programs for gifted/talented students as well as students achieving below grade level, and all are equipped with computers and a full cafeteria service. Students in the portion of Neighborhood Improvement Area #7 that is located in Celina ISD are expected to be zoned to attend O’Dell Elementary (approximately 4 miles from the District), Moore Middle School (previously, Celina Junior High) (approximately 8.1 miles from the District), and Celina High School (approximately

8.3 miles from the District). The specific schools within Celina ISD are subject to change prior to development of Neighborhood Improvement Area #7. According to the TEA, Celina ISD, O'Dell Elementary School, Moore Middle School and Celina High School each received a "District Accountability Rating" of "A" from the TEA for 2021-2022, the latest year for which ratings are available. Greatschools.org rates O'Dell Elementary School a 6/10, Moore Middle School a 7/10, and Celina High School a 6/10.

Environmental

A Phase I Environmental Site Assessment (a "Phase I ESA") of approximately 400.524 acres of the District was completed on March 14, 2014. Based on the information presented in the Phase I ESA, the assessment concluded that there was no evidence of recognized environmental conditions in connection with the site.

According to the website for the United States Fish and Wildlife Service, the Whooping Crane is an endangered species in Collin County. The City is not aware of any endangered species in the District.

Flood Designation

According to Federal Emergency Management Agency ("FEMA") Flood Insurance Rate Map No. Panel 48085C0255J effective as of June 2, 2009 (as affected by certain Letters of Map Revision), portions of the property in the District all of which appear to be located in open space, lie in Zone AE. The remainder of the District appears to lie outside of any special flood hazard area.

Utilities

Water and Wastewater. The City provides water and wastewater service to the District. For information about the City's utilities, see "THE CITY – City Water and Wastewater."

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

THE ADMINISTRATOR

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

MuniCap, Inc. ("MuniCap") is a public finance consulting firm with a specialized consulting practice providing services related to the formation and administration of special tax and special assessment districts. MuniCap currently acts as the administrator for over or over 300 special assessment and taxing districts in 30 states.

MuniCap periodically donates to certain charitable or public events hosted by the City.

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

BONDHOLDERS' RISKS

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

General

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

The ability of the City to pay debt service on the Bonds as due is subject to various factors that are beyond the City's control. These factors include, among others, (a) the ability or willingness of property owners within the Major Improvement Area 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 the Major Improvement Area of the District, and (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.

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.

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

Assessment Limitations

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

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

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

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

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

The Assessment Lien is superior to any homestead rights of a property owner that were properly claimed after the adoption of the 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 Texas 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 Texas law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Ordinance, no such homestead rights had been claimed. Consequently, there are and can be no homestead rights on the Assessed Parcels superior to the Assessment Lien and, therefore, the Assessment Lien may be foreclosed upon by the City.

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

The Assessments levied for the payment of the Bonds and the respective Local NIA Assessments which were levied for and pledged to the payment of the respective series of Local NIA Bonds to which they apply have a lien of equal dignity of the respective parcels assessed therefor. In the event of partial payments of the Annual Installments of the Assessments and the respective Local NIA Assessments, the Denton County Tax Assessor/Collector advises that such partial payments will be applied to the payment of the Annual Installments of the Assessments and the respective Local NIA Assessments on a pro rata basis unless otherwise directed by the payer of such Annual Installments of the Assessments and the respective Local NIA Assessments.

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.

Completion of Homes

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

Risks Related to Current Increase in Costs of Building Materials

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

Economic Conditions Affecting the Real Estate Market

The successful sale or resale of residential units in the Development may be affected by unforeseen changes in general economic conditions, fluctuations in the real estate market and other factors beyond the control of the City. No prediction can be made about the state of the real estate market in the future or the availability of financing for potential home buyers.

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

The 87th Legislature passed HB 1543, which became effective September 1, 2021, and requires a person who proposes to sell or otherwise convey real property within a public improvement district to provide to the purchaser of the property, before the execution of a binding contract of purchase and sale, written notice of the obligation to pay public improvement district assessments, in accordance with Section 5.014, Texas Property Code, as amended. In the event a contract of purchase and sale is entered into without the seller providing the notice, the intended purchaser is entitled to terminate the contract or purchase and sale. In addition to the right to terminate the purchase contract, a property owner who did not receive the required notice is entitled, after sale, to sue for damages for (i) all costs relative to the purchase, plus interest and reasonable attorney's fees, or (ii) an amount not to exceed \$5,000, plus reasonable attorney's fees. In a suit filed pursuant to clause (i), any damages awarded must go first to pay any outstanding liens on the property. In such an event, the outstanding Assessments on such property may be prepaid. In the event of such prepayment, a partial redemption of the Bonds could occur. See "DESCRIPTION OF THE BONDS – Redemption Provisions." On payment of all damages respectively to the lienholders and purchaser pursuant to clause (i), the purchaser is required to reconvey the property to the seller. The form of notice to be provided to homebuyers is attached to the Service and Assessment Plan and will be attached to each Annual Service Plan Update. See "APPENDIX B — Service and Assessment Plan."

Loss of Tax Exemption

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

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

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

Bankruptcy

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

Direct and Overlapping Indebtedness, Assessments and Taxes

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

Competition

The housing industry in the Dallas-Fort-Worth MSA area is very competitive. The competitive position of any homebuilder in the construction and sale of single-family residential units is directly related to maintenance of market values in the District. There can be no assurances that other similar single-family residential projects will not be developed in the future or that existing projects will not be upgraded or otherwise able to compete with the Development.

Depletion of Reserve Account of Reserve Fund

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

Hazardous Substance

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 Major Improvement Area of the District be affected by a hazardous substance, the marketability and value of parcels would be reduced by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

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

It is possible that liabilities may arise in the future with respect to any of the land within the Major Improvement Area 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 the previous Phase One ESA performed on property within the District.

Bondholders’ Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds or the occurrence of any other Event of Default under the Indenture, the Trustee may, and upon the written request of at least 25% of the owners of the Bonds then Outstanding, the Trustee shall proceed to protect and enforce its rights and the rights of the owners of the Bonds under the Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for mandamus or the specific performance of any covenant or agreement contained therein or in aid or execution of any power granted or for the enforcement of any proper legal or equitable remedy, as the Trustee shall deem most effectual to protect and enforce such rights. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City’s obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The owners of the Bonds cannot themselves foreclose on property within the Major Improvement Area of the District or sell property within the Major Improvement Area of the District in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the owners of the Bonds further may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See “BONDHOLDERS’ RISKS — Bankruptcy Limitation to Bondholders’ Rights” herein.

Any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a property owner within the Major Improvement Area 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.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. The Court reviewed *Wasson Interests, Ltd. v. City of Jacksonville* again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. 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 the authority or for the benefit of the state. In its decision, the Court held that since the Local Government Immunity Waiver Act waives governmental immunity in certain breach of contract claims without addressing whether the waiver applies to a governmental function or a proprietary function of a city, the Court could not reasonably read the Local Government Immunity Waiver Act to evidence legislative intent to waive immunity when a city performs a proprietary function.

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

Judicial Foreclosures

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

No Acceleration

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

Bankruptcy Limitation to Bondholders’ Rights

The enforceability of the rights and remedies of the owners of the Bonds may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political

subdivisions such as the City. The City is authorized under Texas 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 Texas 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.

Potential Future Changes in State Law Regarding Public Improvement Districts

During prior sessions and interim business of the Texas legislature, various proposals and reports have been presented by committees of Texas Senate and Texas House of Representative which suggest or recommend changes to the PID Act relating oversight of bonds secured by special assessments including adopting requirements relating to levels of build out or adding state level oversight in connection with the issuance of bonds secured by special assessments under the PID Act. To date, no legislation has been introduced to act on such recommendations; however, it is impossible to predict what new proposals may be presented regarding the PID Act and the issuance of special assessment bonds during any upcoming legislative sessions, whether such new proposals or any previous proposals regarding the same will be adopted by the Texas Senate and House of Representatives and signed by the Governor, and, if adopted, the form thereof. It is impossible to predict with certainty the impact that any such future legislation will or may have on the security for the Bonds.

Risk from Weather Events

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

100-Year Flood Plain

According to FEMA Flood Insurance Rate Map No. Panel 48085C0255J effective as of June 2, 2009 (as affected by certain Letters of Map Revision), portions of the property in the District all of which appear to be located in open space, lie in Zone AE. The remainder of the District appears to lie outside of any special flood hazard area.

FEMA will from time to time revise its Flood Insurance Rate Maps. Neither the City nor the Underwriter make any representation as to whether FEMA may revise its Flood Insurance Rate Maps, whether such revisions may result in homes that are currently outside of the 100-year flood plain from being included in the 100-year flood plain in the future, or whether extreme flooding events may occur more often than assumed in creating the 100-year flood plain.

Tax-Exempt Status of the Bonds

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

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

Limited Secondary Market for the Bonds

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

TAX MATTERS

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 C. 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, 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 (“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.

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General to the effect that the Bonds are valid and legally binding obligations of the City under the Constitution and laws of the State, payable from the 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. Locke Lord LLP serves as Underwriter’s Counsel. The legal fees paid to Bond Counsel and Underwriter’s Counsel are contingent upon the sale and delivery of the Bonds.

Legal Opinions

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

Except as noted below, Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Official Statement under the captions or subcaptions “PLAN OF FINANCE,” “DESCRIPTION OF THE BONDS,” “SECURITY FOR THE BONDS” (except for the last paragraph under the subcaption “General”), “ASSESSMENT PROCEDURES” (except for the subcaptions “Assessment Methodology”

and “Assessment Amounts”) “THE DISTRICT,” “TAX MATTERS,” “LEGAL MATTERS — Legal Proceedings,” “LEGAL MATTERS — Legal Opinions,” “SUITABILITY FOR INVESTMENT,” “CONTINUING DISCLOSURE – The City,” “REGISTRATION AND QUALIFICATION OF BONDS FOR SALE,” “LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS” and APPENDIX A 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 overtly threatened against the City affecting the existence of the District, or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof, in accordance with the Indenture, or the collection or application of Assessments securing the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Assessment Ordinance, the Indenture, any action of the City contemplated by any of the said documents, or the collection or application of the Pledged Revenues, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the City or its authority with respect to the Bonds or any action of the City contemplated by any documents relating to the Bonds.

SUITABILITY FOR INVESTMENT

Investment in the Bonds poses certain economic risks. See “BONDHOLDERS’ RISKS.” No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing.

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 — Remedies and Bankruptcy.” Under existing constitutional and statutory law and judicial decisions, including the federal bankruptcy code, the remedies specified by the Indenture and the Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors and enacted before or after such delivery.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2024 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$483.2 million, \$221.8 million and \$261.4 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

BOND INSURANCE RISK FACTORS

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

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

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

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

RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC business ("S&P") has assigned a rating of AA (stable outlook) based on the municipal bond insurance policy of BAM to be issued simultaneously with the delivery of the Bonds. S&P is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings for corporate bonds since 1923 and municipal

bonds since 1940. Long-term debt ratings assigned by S&P reflect its analysis of the overall level of credit risk involved in financings. At present S&P assigns long-term debt ratings with symbols “AAA” (the highest rating) through “D” (the lowest rating). Furthermore, a security rating is not a recommendation to buy, sell, or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds. An explanation of the significance of any rating may be obtained from S&P. The ratings reflect only the view of S&P and the City makes no representation as to the appropriateness of the rating.

CONTINUING DISCLOSURE

The City

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

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

The City’s Compliance with Prior Undertakings

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

In connection with the City’s Special Assessment Revenue Bonds, Series 2018 (Creeks of Legacy Public Improvement District Phase #1B Project), the City timely filed certain financial information and operating data for the fiscal year ended in September 30, 2018 and for the fiscal year ended in September 30, 2019 required by its continuing disclosure undertaking related to such bonds. Due to an administrative oversight, such filings did not include certain information of the general type included in “Table 4 – TIRZ Collection and Credit Information in Phase #1 of the District” and “Table 5 – Collection and Delinquency History in Assessments in Neighborhood Improvement Area #1 of the District” of the final Limited Offering Memorandum for such bonds. On December 3, 2019, the City filed on EMMA the omitted information contained in Table 4 related to its Fiscal Year 2018 filing, as well as a notice of failure to timely file such information. Due to an administrative oversight, the omitted information contained in such Table 5 was not included in the City’s December 3, 2019 supplemental filing. Additionally, on July 2, 2020, the City filed on EMMA the omitted information contained in Table 4 and Table 5 related to its Fiscal Year 2019 filing along with a notice of failure to timely file such information.

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 original issue discount of \$ _____ and less an underwriting

discount of \$_____, which includes Underwriter's Counsel's fee of \$_____). The Underwriter's obligations are subject to certain conditions precedent and if obligated to purchase any of the Bonds the Underwriter will be obligated to purchase all of the Bonds. The Bonds may be offered and sold by the Underwriter at prices lower than the initial offering prices stated on the inside cover page hereof, and such initial offering prices may be changed from time to time by the Underwriter.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

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

LEGAL INVESTMENT 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 "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 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

Under Texas law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor, (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the City selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the City selects; (B) the broker or depository institution

selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the City appoints as its custodian of the banking deposits issued for its account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under Securities and Exchange Commission Rule 15c3-3; (9) certificates of deposit and share certificates (i) issued by or through an institution that either has its main office or a branch office in the State, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Insurance Fund, or are secured as to principal by obligations described in the clauses (1) through (6) or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) 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 (6) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less, (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (13) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (14) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and comply with federal Securities and Exchange Commission Rule 2a-7, and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph

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

Under Texas law, the City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAA-m" or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the

State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

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 (6) of the first paragraph under this subcaption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than "A" or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (6) and (10) through (12) of the first paragraph under this subcaption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the governmental body, held in the name of the governmental body 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 Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

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

Under Texas law the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers' with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an

analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the officers of the City; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the entity's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

INFORMATION RELATING TO THE TRUSTEE

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

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

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

SOURCES OF INFORMATION

General

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

Experts

The information regarding the Service and Assessment Plan in this Official Statement has been provided by MuniCap, Inc. and has been included in reliance upon the authority of such firm as experts in the field of public improvement districts and the formation and administration thereof.

Updating of Official Statement

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

FORWARD-LOOKING STATEMENTS

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

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

AUTHORIZATION AND APPROVAL

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

SCHEDULE I
REFUNDED BONDS

Original Maturity Date	Interest Rate	Amount Refunded	Redemption Price
9/1/2045	7.50%	\$7,460,000	100%

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APPENDIX A
FORM OF INDENTURE

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INDENTURE OF TRUST

By and Between

CITY OF CELINA, TEXAS

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

DATED AS OF AUGUST 1, 2024

SECURING

\$

CITY OF CELINA, TEXAS

SPECIAL ASSESSMENT REVENUE REFUNDING BONDS, SERIES 2024
(WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT
MAJOR IMPROVEMENT AREA PROJECT)

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INDENTURE OF TRUST

THIS INDENTURE of Trust (the "Indenture"), dated as of August 1, 2024 is by and between the CITY OF CELINA, TEXAS (the "City"), and U.S. BANK TRUST COMPANY, NATIONAL 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 in the extraterritorial jurisdiction of the City to be known as the Wells South 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 Collin Central Appraisal District, and the signatures of 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 July 14, 2015, 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 Sec. 372.009 of the PID Act and on July 14, 2015, the City Council made the findings required by Sec. 372.009(b) of the PID Act and, by Resolution No. 2015-34R, adopted by a majority of the members of the City Council, authorized the District in accordance with its finding as to the advisability of the improvement projects and services; and

WHEREAS, on July 24, 2015, the City published notice of its authorization of the District in the *Celina Record*, a newspaper of general circulation in the City and in the part of the extraterritorial jurisdiction of the City in which the District is located and where the improvements were undertaken; and

WHEREAS, no written protests of the District from any owners of record of property within the District were filed with the City Secretary within 20 days after July 24, 2015; and

WHEREAS, the District is now located entirely within the corporate limits of the City; and

WHEREAS, on October 13, 2015, the City Council by Resolution 2015-56R made findings and determinations relating to the Actual Costs of certain Public Improvements (the "Major Improvement Area Projects") benefitting the Major Improvement Area (as hereinafter defined) and directed City staff to (i) prepare a proposed assessment roll as required by Section 372.016(a) of the PID Act, (ii) file said proposed assessment roll with the City Secretary and to make it available for public inspection as required by Section 372.016(b) of the PID Act, (iii) publish such notice as required by Section 372.016(b) of the PID Act, and (iv) prepare a service and assessment plan in accordance with Sections 372.13 and 372.14 of the PID Act; and

WHEREAS, on October 30, 2015, the City Council, pursuant to Section 372.016(b) of the PID Act, published notice of a public hearing in the *Celina Record*, a newspaper of general circulation in the City and in the part of the extraterritorial jurisdiction of the City in which the District is located and where the improvements were undertaken, to consider the proposed Assessment Roll and the Service and Assessment Plan and the levy of the Assessments on property in the District; and

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

WHEREAS, the City Council convened the hearing on November 10, 2015, and at such public hearing all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the proposed Assessment Roll and the Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessment, the allocation of Actual Costs, the purposes of the Assessment, the special benefits of the Assessment, and the penalties and interest on annual installments and on delinquent annual installments of the Assessment, and then the City Council recessed such public hearing until December 7, 2015; and

WHEREAS, on December 7, 2015, the City Council reconvened the public hearing first opened on November 10, 2015 as referenced above, and all persons who appeared, or requested to appear, in person or by their attorney, were also given the opportunity to contend for or contest the proposed Assessment Roll and the Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessment, the allocation of Actual Costs, the purposes of the Assessment, the special benefits of the Assessment, and the penalties and interest on annual installments and on delinquent annual installments of the Assessment, and there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of Costs, the 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, and

WHEREAS, on December 7, 2015, the City approved and accepted the Service and Assessment Plan in conformity with the requirements of the PID Act and adopted the Assessment Ordinance and therein levied the Assessments; and

WHEREAS, the City has previously issued its City of Celina, Texas, Special Assessment Revenue Bonds, Series 2015 (Wells South Public Improvement District Neighborhood Improvement Area #1 Project) (the "Neighborhood Improvement Area #1 Bonds") secured by certain assessments levied against property located within the first construction phase of the District ("Neighborhood Improvement Area #1"); and

WHEREAS, the City has issued its City of Celina, Texas, Special Assessment Revenue Bonds, Series 2015 (Wells South Public Improvement District Major Improvement Area Project) (the "Refunded Bonds") secured by Assessments levied on the assessed property with the portion of the District outside of Neighborhood Improvement Area #1 (the "Major Improvement Area") for

the purpose of financing a portion of the Actual Costs of the Major Improvement Area Projects that benefit assessed property within the Major Improvement Area of the District; and

WHEREAS, the City has previously issued its City of Celina, Texas, Special Assessment Revenue Bonds, Series 2020 (Wells South Public Improvement District Neighborhood Improvement Areas #2-3 Project) (the "Neighborhood Improvement Areas #2-3 Bonds") secured by certain assessments levied against property located within the second and third construction phases of the District; and

WHEREAS, the City has previously issued its City of Celina, Texas, Special Assessment Revenue Bonds, Series 2021 (Wells South Public Improvement District Neighborhood Improvement Area #4 Project) (the "Neighborhood Improvement Area #4 Bonds") secured by certain assessments levied against property located within the fourth construction phase of the District; and

WHEREAS, the City has previously issued its City of Celina, Texas, Special Assessment Revenue Bonds, Series 2022 (Wells South Public Improvement District Neighborhood Improvement Area #5 Project) (the "Neighborhood Improvement Area #5 Bonds") secured by certain assessments levied against property located within the fifth construction phase of the District; and

WHEREAS, the City has previously issued its City of Celina, Texas, Special Assessment Revenue Bonds, Series 2024 (Wells South Public Improvement District Neighborhood Improvement Areas #6-7 Project) (the "Neighborhood Improvement Areas #6-7 Bonds") secured by certain assessments levied against property located within the sixth and seventh construction phases of the District; and

WHEREAS, in the indentures authorizing the Neighborhood Improvement Area #1 Bonds, the Neighborhood Improvement Areas #2-3 Bonds, the Neighborhood Improvement Area #4 Bonds, the Neighborhood Improvement Area #5 Bonds and the Neighborhood Improvement Areas #6-7 Bonds, the City reserved the right to an additional series of bonds as "Additional Obligations" pursuant to other indentures, assessment ordinances, or similar agreements, which do not constitute or create a lien on the trust estate securing each series of bonds and are not payable from pledged revenues which secure the Neighborhood Improvement Area #1 Bonds, the Neighborhood Improvement Areas #2-3 Bonds, the Neighborhood Improvement Area #4 Bonds, the Neighborhood Improvement Area #5 Bonds and the Neighborhood Improvement Areas #6-7 Bonds, respectively; and

WHEREAS, Chapter 1207, Texas Government Code, as amended, and Section 372.027 of the PID Act, provide that the City is authorized to issue refunding bonds for the purpose of refunding the Refunded Bonds and restructuring the City's debt service requirements, and to accomplish such refunding by depositing directly with the paying agent for the Refunded Bonds, the trustee under a trust indenture, or an escrow agent, the proceeds of such refunding bonds, together with other available funds, in an amount sufficient to provide for the payment or redemption of such Refunded Bonds, and that such deposit shall constitute the making of firm banking and financial arrangements for the discharge and final payment or redemption of the Refunded Bonds;

WHEREAS, the City Council is authorized by the PID Act to issue its revenue bonds payable from the Assessments for the purpose of (i) refunding the Refunded Bonds, (ii) funding

a reserve fund for payment of principal and interest on the Bonds, and (iii) paying the costs of issuing the Bonds; and

WHEREAS, the City Council now desires to issue revenue bonds, in accordance with the PID Act and Chapter 1207, Texas Government Code, as amended, to refund the Refunded Bonds, such bonds to be entitled “City of Celina, Texas, Special Assessment Revenue Refunding Bonds, Series 2024 (Wells South Public Improvement District Major Improvement Area Project)” (the “Bonds”), such Bonds being payable solely from the Trust Estate; and

WHEREAS, the City Council has found and determined that: (i) the issuance of the Bonds and restructuring of the debt service requirements for the Refunded Bonds is beneficial to the homeowners in the District and is in the best interests of the City and [(ii) the refunding of the Refunded Bonds will result in a present value debt service savings for the City]; and

WHEREAS, concurrently with the issuance of the Bonds, the City anticipates issuing a separate series of bonds (the “Neighborhood Improvement Area #1 Refunding Bonds”) which will refund, in full, the outstanding Neighborhood Improvement Area #1 Bonds and authorizing a separate indenture which will authorize the issuance of and set forth additional limitations related to the issuance of Additional Obligations; and

WHEREAS, the Bonds are expected to be issued as Additional Obligations under the indentures authorizing the Neighborhood Improvement Area #1 Refunding Bonds, the Neighborhood Improvement Areas #2-3 Bonds, the Neighborhood Improvement Area #4 Bonds, the Neighborhood Improvement Area #5 Bonds and the Neighborhood Improvement Areas #6-7 Bonds, respectively, and will not constitute or create a lien on the trust estate securing each such series of bonds and are not payable from pledged revenues which secure the Neighborhood Improvement Area #1 Refunding Bonds, the Neighborhood Improvement Areas #2-3 Bonds, the Neighborhood Improvement Area #4 Bonds, the Neighborhood Improvement Area #5 Bonds or the Neighborhood Improvement Areas #6-7 Bonds, respectively; 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” means, with respect to a Major Improvement Area Project, the demonstrated, reasonable, allocable, and allowable costs of constructing such Major Improvement Area Project, as specified in a payment request in a form that has been reviewed and approved by the City. Actual Cost may include (a) the costs incurred for the design, planning, financing, administration, management, acquisition, installation, construction and/or implementation of such Major Improvement Area Project, (b) the costs incurred in preparing the construction plans for such Major Improvement Area Project, (c) the fees paid for obtaining permits, licenses or other governmental approvals for such Major Improvement Area Project, (d) the costs incurred for external professional costs, such as engineering, geotechnical, surveying, land planning, architectural landscapers, advertising, marketing and research studies, appraisals, legal, accounting and similar professional services, taxes related to such Major Improvement Area Project, (e) all labor, bonds and materials, including equipment and fixtures, incurred by contractors, builders and materialmen in connection with the acquisition, construction or implementation of such Major Improvement Area Project, (f) all related permitting, zoning and public approval expenses, architectural, engineering, legal and consulting fees, financing charges, taxes, governmental fees and charges, insurance premiums, and miscellaneous expenses, and (g) all payments for Administrative Expenses.

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

“Additional Interest Rate” means the up to rate 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 \$_____ (or such lesser amount that may be identified in a City Certificate pursuant to Section 6.7(b) hereof), which will initially be funded in full at the Closing Date pursuant to Section 6.2 hereof, and, if necessary, will thereafter be funded from Additional Interest, if collected, to be deposited to the Pledged Revenue Fund and transferred to the Additional Interest Reserve Account in accordance with provisions of Section 6.7(b) hereof.

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

“Administrative Expenses” means the administrative, organization, maintenance and operation costs and expenses associated with, or incident to, the administration, organization, maintenance and operation of the District, including, but not limited to, the costs of (i) legal counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, (ii) creating and organizing the District and preparing the Assessment Roll, (iii) computing, levying, collecting and transmitting the Assessments or the Annual Installments thereof, (iv) maintaining the record of Assessments, including payments, reallocations and/or cancellations of the Assessments or Annual Installments thereof, (v) issuing, paying, and

redeeming the Bonds, (vi) investing or depositing the Assessments or other monies, (vii) complying with the PID Act with respect to the Bonds, (viii) paying the paying agent/registrar's and trustee's fees and expenses (including the fees and expenses of its legal counsel) related to the Bonds, and (ix) administering the construction of the Major Improvement Area Projects. Administrative Expenses collected and not expended for actual Administrative Expenses shall be carried forward and applied to reduce Administrative Expenses in subsequent years to avoid the over-collection of amounts to pay Administrative Expenses.

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

"Administrator" means an employee of the City or third-party designee of 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 MuniCap, Inc.

"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 principal and interest due on the Assessments) as shown on the Assessment Roll attached to the Service and Assessment Plan as Appendix E and related to the Bonds; which annual payment includes the Administrative Expenses and the Additional Interest, if any, 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 the annual review and update of the Service and Assessment Plan required by the PID Act and the Service and Assessment Plan.

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

"Assessed Parcel" means each respective parcel of land located within the Major Improvement Area of the District against which an Assessment has been levied by the Assessment Ordinance in accordance with the Service and Assessment Plan.

"Assessed Property" means collectively, all the Assessed Parcels.

"Assessment Ordinance" means Ordinance No. 2015-65 adopted by the City Council on December 7, 2015, that levied the Assessments on the Assessed Property located within the Major Improvement Area 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.

“Assessment Roll” means the assessment roll attached as Appendix E to the Service and Assessment Plan or any other assessment roll 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 Major Improvement Area Projects, as updated, modified, or amended from time to time in accordance with the terms of the Service and Assessment Plan and the PID Act.

“Assessments” means the aggregate assessments shown on the Assessment Roll. The singular of such term means the assessment levied against an Assessed Parcel as shown on the Assessment Roll, 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 \$25,000 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 \$25,000, 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 Major Improvement Area Projects constructed and installed in accordance with the Service and Assessment Plan or an Annual Service Plan Update which will benefit the property within the District.

“Bond” means any of the Bonds.

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

“Bond Date” means the date designated as the initial date of the Bonds by Section 3.2(a) of this Indenture.

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

“Bond Ordinance” means Ordinance No. 2024-_____ adopted by the City Council on August 13, 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 Proceeds Account” means the Account of such name established pursuant to Section 6.1.

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

“Bonds” means the City’s bonds authorized to be issued by Section 3.1 of this Indenture entitled “City of Celina, Texas, Special Assessment Revenue Refunding Bonds, Series 2024 (Wells South Public Improvement District Major Improvement Area 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.

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

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

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

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

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

“CPA Certificate” means a report prepared by an independent certified public accountant 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 Refunded Bonds being refunded with the proceeds of the Bonds.

“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 a delinquent Assessment, including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing 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 St. Paul, Minnesota, 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.

“DTC” shall mean the Depository Trust Company located in 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 such Persons.

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

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

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

“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 in the form set forth in Exhibit A to this Indenture.

“Interest Payment Date” means the date or dates upon which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being on March 1 and September 1 of each year, commencing March 1, 2025.

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

“Major Improvements” mean the Authorized Improvements which benefit all assessed property within the District and are described in Section III.B of the Service and Assessment Plan.

“Major Improvement Area” means the property within the District not within Neighborhood Improvement Area #1 and further identified and depicted in Appendix B-1 of the Service and Assessment Plan or in any Annual Service Plan Update.

“Major Improvement Area Projects” means Major Improvement Area’s proportionate share of the Major Improvements.

“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; [provided, however for purposes of calculating the Maximum Annual Debt Service, the Annual Debt Service due on September 1, 2025, shall be excluded.]

“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 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.

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

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

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

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

“Pledged Revenue Fund” means that fund 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 Administrative Expenses 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.

“Project Fund” means that fund 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 established pursuant to Section 6.1 and administered pursuant to Section 6.8 herein.

“Record Date” means the close of business on the 15th calendar day of the month (whether or not a Business Day) next preceding an Interest Payment Date.

“Redemption Fund” means that fund 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.

“Refunded Bonds” means the Outstanding City of Celina, Texas Special Assessment Revenue Bonds, Series 2015 (Wells South Public Improvement District Major Improvement Area Project) being refunded with the proceeds of the 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 50% of the Maximum Annual Debt Service of the Bonds as of the date of issuance; provided, however, that such amount shall be reduced by the amount of any transfers made pursuant to subsection (d) of Section 6.7; and provided further that as a result of an optional redemption pursuant to Section 4.3 or an extraordinary optional redemption pursuant to Section 4.4, the Reserve Account Requirement shall be reduced by a percentage equal to the pro rata principal amount of Bonds redeemed by such redemption compared to the total principal amount of the Outstanding Bonds prior to such redemption or as otherwise provided in a City Certificate delivered in connection with the redemption of such Bonds. As of the date of delivery of the Bonds, the Reserve Account Requirement is [\$_____].

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

“Service and Assessment Plan” means the document, including the Assessment Roll, as amended, which is attached as Exhibit D to the Bond Ordinance, and which replaces any previously approved Service and Assessment Plan in connection with the Refunded Bonds, including any annual updates thereto.

“Sinking Fund Installment” means the amount of money to redeem or pay at maturity the portion of 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 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 or permitted hereunder.

“Tax Certificate” means the Certificate as to Tax Exemption delivered by the City on the Closing Date for the Bonds setting forth the facts, estimates and circumstances in existence on the Closing Date which establish that it is not expected that the proceeds of the Bonds will be

used in a manner that would cause the interest on such Bonds to be included in the gross income of the Owners thereof for Federal income tax purposes.

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

“Trustee” means U.S. Bank Trust Company, National 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 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 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. Purpose.

(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 Owner, 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, and Chapter 1207, Texas Government Code, as amended. The Bonds shall be issued in the aggregate principal amount of \$_____ for the purpose of (i) refunding the Refunded Bonds, (ii) funding a reserve fund for payment of principal and interest on the Bonds, and (iii) paying the costs of issuing the Bonds.

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

(a) The Bonds shall be dated August 30, 2024 (the “Bond Date”) and shall be issued in Authorized Denominations. The Bonds shall be in fully registered form, without coupons. The Bonds 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 or the most recent Interest Payment Date to which interest has been paid or provided for, at the rate per annum set forth below until the principal thereof has been paid on the maturity date specified below or otherwise provided for. Such interest shall be payable semiannually on March 1 and September 1 of each year, commencing March 1, 2025 computed on the basis of a 360-day year of twelve 30-day months.

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

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

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

- (a) a certified copy of the Assessment Ordinance;
- (b) a certified copy of the Bond Ordinance;
- (c) a copy of this Indenture executed by the Trustee and the City;
- (f) an executed CPA Certificate; and
- (g) a City Certificate directing the authentication and delivery of the Bonds, describing the Bonds to be authenticated and delivered, designating the Purchaser 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 (2) years after the applicable payment or redemption date shall be applied to the next payment or payments on such Bonds thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Bonds, shall be paid to the City to be used for any lawful purpose. Thereafter, none of the City, the Paying Agent/Registrar, or any other Person shall be liable or responsible to any Owners of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to any applicable escheat law or similar law of the State of Texas.

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 no longer holds 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, included in the form of Bond attached hereto as Exhibit A, duly authenticated by manual or electronic 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, included in the form of Bond attached hereto as Exhibit A, manually or electronically 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 such 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 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 interest rate and in any Authorized Denomination and in an aggregate principal amount equal to the unpaid principal amount of the Bond presented for exchange.

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

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

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

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

Section 3.8. Cancellation.

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

Section 3.9. Temporary Bonds.

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

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

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

Section 3.10. Replacement Bonds.

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

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

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

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

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

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

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

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

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

Section 3.11. Book-Entry Only System.

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

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City, the Trustee 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, the Trustee 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, the

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

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

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

Section 3.13. 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 rules and procedures of DTC or 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 Bond Fund pursuant to Article VI, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

Term Bonds Maturing September 1, 20__

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

*Stated Maturity

Term Bonds Maturing September 1, 20__

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

September 1, 20__
September 1, 20__ *

*Stated Maturity

Term Bonds Maturing September 1, 20__

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

shall select a principal amount of Bonds of such maturity equal to the Sinking Fund Installment amount of such Bonds to be redeemed, in accordance with Section 4.5(b), 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 1, 20____, before their respective scheduled maturity dates, in whole or in part, on any date on or after September 1, 20____, such redemption date or dates to be fixed by the City, at the Redemption Price.

Section 4.4. Extraordinary Optional Redemption.

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 any other transfers to the Redemption Fund under the terms of this Indenture.

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 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 or Bond, as applicable, shall be redeemed in the 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) 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 the securities depository, Owner means Cede & Co., as nominee for DTC.

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

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

(d) The City has the right to rescind any optional redemption or extraordinary optional redemption described in Section 4.3 or 4.4 by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. 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 or extraordinary 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 that 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 on or after the date fixed for redemption, the Paying Agent/Registrar 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 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 or evidence of insurance) 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.

(e) A statement relating to a municipal bond insurance policy or surety policy, if any, to be issued for the Bonds may be printed on or attached to each Bond.

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 neither the City, the Trustee or the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds. The 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 Accounts are hereby created and established under the Reserve Fund:

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

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

- (A) Bond Proceeds Account; and
- (B) Costs of Issuance Account.

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

- (A) Bond Pledged Revenue Account.

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

(d) Except as provided in Section 6.10(f) hereof, interest earnings and profit on each respective Fund and Account established by this Indenture shall be applied or withdrawn for the purposes of such Fund or Account as specified below.

(e) The Trustee may, from time to time, upon written direction from the City pursuant to a City Certificate, create additional Funds or Accounts hereunder as may be necessary for the receipt and application of the Assessment Revenues, to facilitate the payment or redemption of the Bonds.

Section 6.2. Initial Deposits to Funds and Accounts.

(a) The proceeds from the sale of the Bonds in the amount of \$_____, and moneys transferred from accounts previously created in the indenture authorizing the Refunded Bonds in an amount of \$_____ shall be paid to the Trustee and deposited or transferred by the Trustee as follows:

- (i) to the Costs of Issuance Account of the Project Fund: \$_____;
- (ii) to the Bond Proceeds Account of the Project Fund: \$_____;
- (iii) to the Reserve Account of the Reserve Fund: \$_____; and

(iv) to the Additional Interest Reserve Account of the Reserve Fund:
\$ _____.

Section 6.3. Pledged Revenue Fund.

(a) On or before February 15 of each year while the Bonds are Outstanding and beginning February 15, 2025, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. From amounts deposited to the Pledged Revenue Fund, the City shall deposit or cause to be deposited the 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 hereof, (iii) third, to the Additional Interest Reserve Account in an amount equal to the Additional Interest collected, if any, in accordance with Section 6.7(b) hereof, and (iv) fourth, 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 (5) Business Days before each Interest Payment Date, the Trustee shall withdraw from the Bond Pledged Revenue Account of the Pledged Revenue Fund and transfer to the Bond Fund, an amount, taking into account any amounts then on deposit in the Bond Fund, such that the amount on deposit in the Bond Fund 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 an Account within 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 Bond Fund first to the payment of interest, and, then to the payment of principal (including any Sinking Fund Installments) on the Bonds.

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

(e) Notwithstanding Section 6.3(a) hereof, the Trustee shall deposit Foreclosure Proceeds 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, the Trustee, at the direction of the City by City Certificate, may apply Assessments for any lawful purposes permitted by the PID Act for which Assessments may be paid, including making transfers to the Redemption Fund to redeem Bonds in accordance with the terms hereof.

(g) Any Pledged Revenues remaining after satisfying the foregoing payments 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 Bond Fund 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 Bond Fund 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 accordance with Section 6.7(f) hereof. Amounts so withdrawn from the Reserve Fund shall be deposited in the Bond Fund 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) On the Closing Date, the proceeds in the Bond Proceeds Account shall be immediately transferred by the Trustee to the paying agent/registrar for the Refunded Bonds to be applied towards the defeasance of the Refunded Bonds, as set forth in the indenture authorizing the Refunded Bonds. Once all of the funds deposited into the Bond Proceeds Account have been transferred to the paying agent/registrar for the Refunded Bonds, the Bond Proceeds Account of the Project Fund shall be closed.

(c) 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.

(d) Not later than six months following the Closing Date or upon an earlier determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to 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.

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

Section 6.6. Redemption Fund.

(a) The Trustee shall cause to be deposited to the Redemption Fund from 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) At the Closing Date, the Reserve Account shall be funded as set forth in Section 6.2 above. The City agrees with the Owners of the Bonds to accumulate, 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 Bond Fund or the Redemption Fund as provided in this Indenture.

(b) At the Closing Date, the Additional Interest Reserve Account shall be funded as set forth in Section 6.2 above. 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 file a City Certificate with the Trustee instructing the Trustee to transfer from the Bond Pledged Revenue Account to the Additional Interest Reserve Account on March 1 and September 1 of each year, an amount equal to the Additional Interest collected, if any, until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account. If, after such deposits, there is surplus Additional Interest remaining in excess of the Additional Interest Reserve Requirement, the Trustee shall transfer such surplus Additional Interest to the Redemption Fund, and shall notify the City of such transfer in writing. Notwithstanding the foregoing, 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, and the Additional Interest Reserve Requirement shall be reduced, accordingly. In the event the Additional Interest Reserve Requirement is reduced in accordance with the above provisions, the City will notify the Trustee, by a City Certificate, of the new Additional Interest Reserve Requirement. In calculating the amounts to be transferred pursuant to this Section, the Trustee may conclusively rely on the Annual Installments as shown on the Assessment Roll in the Service and Assessment Plan or an Annual Service Plan Update, unless and until it receives a City Certificate directing that a different amount be used.

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

(d) Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, 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 the Bonds to be redeemed with such 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 Prepayment 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 Prepayment 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 Bond Fund 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, or (ii) for such other use specified in a 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 the 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 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 Celina, 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 due the United States Government relating to the Bonds, 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 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 (including investment of amounts in the Rebate Fund) 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 Administrative Fund the amounts collected each year to pay the Administrative Expenses and Delinquent Collection Costs.

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

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

Section 6.10. Investment of Funds.

(a) Money in any Fund or Account established pursuant to this Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) days in advance of the making of such investment. The money in any Fund or Account shall be invested (i) in time deposits or certificates of deposit secured in the manner required by law for public funds, (ii) in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, (iii) in obligations of any agencies or instrumentalities thereof, or (iv) 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 directed by the City to 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. Such investments shall be valued each year in terms of current market value as of September 30. Notwithstanding the preceding sentences, 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. 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, upon written direction by the City to the Trustee, such investments shall be promptly sold to prevent any default.

(b) Obligations purchased as an investment of moneys in any Fund or Account shall be deemed to be part of such Fund or Account, subject, however, to the requirements of this Indenture for transfer of interest earnings and profits resulting from investment of amounts in Funds and Accounts. Whenever in this Indenture any moneys are required to be transferred by the City to the Trustee, such transfer 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 and to ensure that an investment it is directed to purchase is a permitted investment pursuant to the terms of this Indenture. 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.

(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 monthly cash transaction statements for such month 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.

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 February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Parcel. Furthermore, nothing shall obligate the City, the City Attorney, or any appropriate designee to undertake collection or foreclosure actions against delinquent accounts in violation of applicable state law, court order, or existing contractual provisions between the City and its appropriate collections enforcement designees.

Section 7.3. Against Encumbrances.

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

Section 7.4. Records, Accounts, Accounting Reports.

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

Section 7.5. Covenants to Maintain Tax-Exempt Status.

(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 Purchaser 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 (including property financed with Gross Proceeds of the Refunded 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 (including property financed with Gross Proceeds of the Refunded Bonds), 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 Purchaser 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, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety

percent (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 one hundred eighty (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, Assistant City Manager, Finance Director, or City Secretary, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Tax Certificate or similar or other appropriate certificate, form or document.

(k) Bonds Not Hedge Bonds.

(i) At the time the Refunded Bonds were issued, the City reasonably expected to spend at least 85% of the spendable proceeds of the Refunded Bonds within three years after the Refunded Bonds were issued.

(ii) Not more than 50% of the proceeds of the Refunded Bonds were invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of four (4) years or more.

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, the Bond 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 Administrative Expenses) 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 Pledged Revenues or the amounts collected to pay Administrative Expenses on deposit in the Administrative Fund. Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding in any court or before any governmental body, agency, or instrumentality against the City or any of its officers, officials, agents, or employees to enforce the provisions of any of the Bond Documents or to enforce all rights of the Owners of the Bonds by mandamus or other proceeding at law or in equity.

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

Whenever in the administration of its duties under this Indenture the City shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the City, be deemed to be conclusively proved and established by a certificate of the Trustee, an Independent Financial Consultant, an independent inspector or 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, to the extent permitted by law, to its satisfaction against any and all costs and expenses, outlays, and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own negligence or willful misconduct; provided, however, the Trustee may not request or require indemnification as a condition to making any deposits, payments, or transfers when required hereunder, or delivering any notice when required hereunder. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as the Trustee, without indemnity, and in such case the Trustee may make transfers from the District Administration Account of the Administrative Fund, and to the extent money in the District Administration Account is insufficient, from the Pledged Revenue Fund to pay all costs and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall, to the extent permitted by law, be entitled to a preference therefor over any Bonds Outstanding hereunder.

Section 9.3. Responsibilities of the Trustee.

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 any 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 negligence or willful misconduct of the agents and attorneys appointed with due care.

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. No implied covenants or obligations shall be read into this Indenture against the Trustee.

The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct, both before and after default by the City. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from this Indenture for the existence, furnishing or use of the Major Improvement Area Projects.

The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default hereunder, unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the City or by the holders of at least a majority of the aggregate principal amount of Bonds then Outstanding. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no default or Event of Default.

In case a default or an Event of Default has occurred and is continuing hereunder (of which the Trustee has been notified), 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 its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

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 rely upon any order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond, or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant, or accountant believed by the Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry into any statements contained or matters referred to in any such instrument. The Trustee may consult with counsel, who may or may not be Bond Counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted to be taken by it in good faith and in accordance therewith.

Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter may be deemed to be conclusively proved and established by a City Certificate, unless other evidence in respect thereof be hereby specifically prescribed. Such City Certificate shall be full warrant for any action taken or suffered in good faith under the provisions hereof, but in its 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, 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.

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 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.

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.

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.

Unless such successor Trustee shall have been appointed by the Owners of the Bonds, the City shall forthwith 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.

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.

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

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

Section 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, on request and so far as may be authorized by law, shall be executed, acknowledged, and delivered by the City.

Section 9.12. Merger, Conversion or Consolidation of Trustee.

Any corporation or association into which the Trustee may be merged or with which it may be consolidated or any corporation or association resulting from any merger, conversion or consolidation to which it shall be a party or any corporation or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder, without any further act, deed or conveyance, provided that such corporation or association shall be a commercial bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 9.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 9.13. Trustee to File Continuation Statements.

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

Section 9.14. Accounts, Periodic Reports and Certificates.

The Trustee shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Funds and Accounts established by this Indenture and which shall at all times be subject to inspection by the City, and the Owner or Owners of not less than 10% in principal amount of any Bonds then Outstanding or their representatives duly authorized in writing.

Section 9.15. Construction of Indenture.

The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Owners of the Bonds. 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, 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 fifty-one percent (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 or the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, (ii) permit the creation by the City of any pledge or lien upon the Trust Estate superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by Applicable Laws or this Indenture), or (iii) reduce the percentage of the Owners of Bonds required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Trustee without its written consent.

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

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

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

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

(iv) to provide for the issuance of bonds issued to refund all of the Bonds, as set forth in Section 13.2; and

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

(c) Any such 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 the issuance of Refunding Bonds in accordance with the provisions of Section 13.2 hereof is 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 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, which Supplemental Indenture 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. 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 sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period; provided, however, that the Trustee during such sixty day period and any such further period during which any such action or proceeding may be pending shall be entitled in its sole discretion

to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture, as it may deem expedient; provided, further, that the Trustee shall have no obligation to take or refrain from taking any such action and the Trustee shall have no liability with respect to any action taken or any instance of inactions.

Section 10.4. Effect of Supplemental Indenture.

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

Section 10.5. Endorsement or Replacement of Bonds Issued After Amendments.

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

Section 10.6. Amendatory Endorsement of Bonds.

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

Section 10.7. Waiver of Default.

With the written consent of at least a majority 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.

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.

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 such 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 such provision is in violation of any applicable federal or 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 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 AND INTEREST ON THE BONDS, AS APPLICABLE, 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 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 judgment of the Trustee, proper for the purpose which may be designated in such request.

Section 11.3. Restriction on Owner's Action.

(a) No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of at least 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 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, 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, 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 Trust Estate is and will 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. Books of Record – Accounts.

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 or 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 any portion of the Trust Estate and are not payable from Pledged Revenues or any other portion of the Trust Estate. Additionally, the City has reserved the right to issue bonds or other obligations secured by and payable from Pledged Revenues or assessments levied against the Assessed Property so long as such pledge is subordinate to the pledge of Pledged Revenues securing payment of the Bonds.

(b) Other than bonds issued to refund all or a portion of the Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will not

do or omit to do or suffer to be or omitted to be done any matter or things whatsoever whereby the lien of this Indenture or the priority hereof might or could be lost or impaired.

(c) Notwithstanding any contrary provision of this Indenture, the City shall not issue additional bonds, notes or other obligations under this Indenture, secured by any pledge of or other lien or charge on the Trust Estate, other than refunding bonds. The City reserves the right to issue refunding bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds or Outstanding refunding bonds and to pay all costs incident to the refunding bonds, as authorized by the laws of the State of Texas. In addition, the City reserves the right to issue Additional Obligations as described below, which additional obligations will not be secured by the Trust Estate.

(d) Notwithstanding anything to the contrary herein, no bond issued to refund all or a portion of the Bonds or the subordinate obligations described by Section 13.2(a) above may be issued by the City unless: (1) the principal (including any principal amounts to be redeemed on a mandatory sinking fund redemption date) of such refunding bonds or subordinate obligations are scheduled to mature on September 1 of the years in which principal is scheduled to mature, and (2) the interest on such refunding bonds or subordinate obligations is scheduled to be paid on March 1 and September 1 of the years in which interest is scheduled to be paid.

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 the principal of and interest on the Bonds has been paid so that the City may determine if the Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the Funds and Accounts held hereunder to the Person entitled hereunder 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 authorized third-party selected by the City verifying the sufficiency of the moneys and/or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if the Bonds are then rated, the Trustee shall have received written confirmation from each rating agency, then publishing a rating on the Bonds, that such deposit will not result in the reduction or withdrawal of the rating on the Bonds. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

ARTICLE XV

MISCELLANEOUS

Section 15.1. Benefits of Indenture Limited to Parties.

Nothing in this Indenture, expressed or implied, is intended to give to any Person other than the City, the Trustee and the Owners, any right, remedy, or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Trustee.

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 or mailed by first-class mail, postage prepaid, or transmitted by facsimile or e-mail (subject to paragraph (c) below) and addressed as follows:

If to the City:

City of Celina, Texas
142 North Ohio Street
Celina, Texas 75009
Attn: City Manager

If to the Trustee
or the Paying Agent/Registrar:

U.S. Bank Trust Company, National Association
111 Filmore Avenue East
St. Paul, Minnesota 55107
Attn: Bond Operations

Any such notice, demand, or request may also be transmitted to the appropriate party by telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change. Notices and consents given by mail in accordance with this Section shall be deemed to have been given five Business Days after the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

(b) The Trustee shall mail to each Owner of a Bond notice of (i) any substitution of the Trustee; or (ii) the redemption or defeasance of all Bonds Outstanding.

(c) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means ("Electronic Means" means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 15.6. Partial Invalidity.

If any Section, paragraph, sentence, clause, or phrase of this Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The City hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid, or unenforceable.

Section 15.7. Applicable Laws.

This Indenture shall be governed by and enforced in accordance with the laws of the State of Texas applicable to contracts made and performed in the State of Texas.

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.

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.

Section 15.11. Municipal Bond Insurance.

The provisions relating to the municipal bond insurance policy with respect to the Bonds and being issued by _____, are set forth in Exhibit B hereto, and such provisions are incorporated herein by reference.

[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 CELINA, TEXAS

By: _____,
Mayor

ATTEST:

By: _____,
City Secretary

[CITY SEAL]

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

*Signature Page to Indenture of Trust
relating to
CITY OF CELINA, TEXAS,
SPECIAL ASSESSMENT REVENUE REFUNDING BONDS, SERIES 2024
(Wells South Public Improvement District Major Improvement Area Project)*

EXHIBIT A

FORM OF BOND

(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

REGISTERED

No. _____

\$ _____

United States of America
State of Texas

CITY OF CELINA, TEXAS
SPECIAL ASSESSMENT REVENUE REFUNDING BOND, SERIES 2024
(WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT
MAJOR IMPROVEMENT AREA PROJECT)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
_____ %	_____	_____	_____

The City of Celina, Texas (the "City"), for value received, hereby promises to pay, solely from the Trust Estate, to

or registered assigns, on the Maturity Date, as specified above, the sum of

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on March 1 and September 1 of each year, commencing March 1, 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 Dallas, Texas (the "Designated Payment/Transfer Office"), of U.S. Bank Trust Company, National Association, as trustee and paying agent/registrant (the "Trustee", which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrant, 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 15th calendar day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 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 30, 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) refunding the Refunded Bonds, (ii) funding a reserve fund for payment of principal and interest on the Bonds, and (iii) paying the costs of issuing the Bonds.

The Bonds are special, limited obligations of the City payable solely from the Trust Estate as defined in the Indenture. Reference is hereby made to the Indenture, copies of which are on file with and available upon request from the Trustee, for the provisions, among others, with respect to the nature and extent of the duties and obligations of the City, the Trustee and the Owners. The Owner of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms, conditions and provisions of the Indenture.

Notwithstanding any provision hereof, the Indenture may be released and the obligation of the City to make money available to pay this Bond may be defeased by the deposit of money and/or certain direct or indirect Defeasance Securities sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in Authorized Denominations, subject to the provisions of the Indenture authorizing redemption in denominations of \$25,000 and any multiple of \$1,000 in excess thereof, except as otherwise provided in the Indenture.

The Bonds are subject to sinking fund redemption prior to their Stated Maturity 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 Bond Fund pursuant to Article VI of the Indenture, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

Term Bonds Maturing September 1, 20__

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

*Stated Maturity

Term Bonds Maturing September 1, 20__

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
------------------------	--------------------------------------

September 1, 20__

September 1, 20__ *

*Stated Maturity

At least 45 days prior to each mandatory sinking fund redemption date and subject to any prior reduction authorized by the Indenture, the Trustee shall select in accordance with the terms of the Indenture, a principal amount of Bonds 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 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 appearing below and not previously credited to a mandatory sinking fund redemption.

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

The 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 from amounts on deposit in the Redemption Fund as a result of Prepayments and other transfers to the Redemption Fund in accordance with the provisions of the Indenture.

If less than all of the Bonds are redeemed pursuant to the mandatory sinking fund redemption, optional redemption or extraordinary optional redemption provisions, the Bonds to be redeemed shall be selected in accordance with the terms of 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 or extraordinary 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 that 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 Owners of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the Owners 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 Owner of this Bond or any predecessor Bond evidencing the same debt shall be conclusive and binding upon such Owner and upon all future Owners thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

As provided in the Indenture, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer as is acceptable to the Trustee, and upon delivery to the Trustee of such certifications and/or opinion of counsel as may be required under the Indenture for the transfer of this Bond. Upon satisfaction of such requirements, one or more new fully registered Bonds of the same Stated Maturity, of Authorized Denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the City nor the 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 and bonds issued to refund all or a portion of the Bonds on the terms and conditions specified in the Indenture.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF CELINA, TEXAS OR 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 Celina, Texas

City Secretary, City of Celina, 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.

The following Certificate of Trustee shall appear on the definitive Bonds:

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.

U.S. BANK TRUST COMPANY, 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), (b), and (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 NUMBERS" shall be deleted;

(ii) in the first paragraph of the Bond, the words "on the Maturity Date, as specified above, the sum of _____ DOLLARS" shall be deleted and the following will be inserted: "on September 1 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

Years Principal Amount (\$) Interest Rate (%)"

(Information to be inserted from Section 3.2(b) hereof); and

(iii) the Initial Bond shall be numbered T-1.

EXHIBIT B
Municipal Bond Insurance Provisions

APPENDIX B
SERVICE AND ASSESSMENT PLAN

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WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT

CELINA, TEXAS

AMENDED AND RESTATED SERVICE AND ASSESSMENT PLAN

December 7, 2015

As updated for Neighborhood Improvement Area #2 on July 10, 2018, Neighborhood Improvement Area #3 on September 8, 2020, Neighborhood Improvement Area #4 on September 28, 2021, Neighborhood Improvement Area #5 on September 13, 2022, Neighborhood Improvement Area #6 on August 8, 2023, Neighborhood Improvement Areas #6-7 Bonds on April 9, 2024, and updated for Major Improvement Area Refunding Bonds and for Neighborhood Improvement Area #1 Refunding Bonds on August 13, 2024.

PREPARED BY:

MUNICAP, INC.
— PUBLIC FINANCE —

WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT

AMENDED AND RESTATED SERVICE AND ASSESSMENT PLAN

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RECITALS

WHEREAS, certain terms used herein are defined in Section I.B hereof; and

WHEREAS, on May 21, 2015, The George White Family Limited Partnership, a Texas limited partnership, and the owner of a majority of certain real property within the extraterritorial jurisdiction of the City, petitioned the City for the creation of a PID; and

WHEREAS, on July 14, 2015, after notice and a public hearing in the manner required by law, the City Council of the City, Texas approved a Resolution No. 2015-34R authorizing the creation of the Wells South Public Improvement District (the “District”); and

WHEREAS, the District is now located entirely within the corporate limits of the City; and

WHEREAS, on December 7, 2015, after notice and public hearings conducted in the manner required by law, the City Council adopted Ordinance Nos. 2015-65 and 2015-66 approving the Wells South Public Improvement District Service and Assessment Plan (the “Original SAP”) and approving the Major Improvement Area Assessment Roll and Neighborhood Improvement Area #1 Assessment Roll and levying assessments on property in the Major Improvement Area and Neighborhood Improvement Area #1; and

WHEREAS, the City and the Master Developer entered that certain Wells South Public Improvement District Reimbursement Agreement, effective December 7, 2015 (the “PID Reimbursement Agreement”), under which the City agrees to reimburse the Master Developer for a portion of the Actual Costs of certain Authorized Improvements with interest, as permitted by the PID Act; and

WHEREAS, on July 10, 2018, after notice and a public hearing conducted in the manner required by law, the City Council adopted Ordinance No. 2018-31 approving an updated Wells South Public Improvement District Service and Assessment Plan (the “2018 SAP Update”) approving the Neighborhood Improvement Area #2 Assessment Roll and levying assessments for Neighborhood Improvement Area #2 Improvements on property in Neighborhood Improvement Area #2 in the District; and

WHEREAS, on August 27, 2019, the City Council approved an Annual Service Plan Update (the “2019 SAP Update”) including reallocation of Neighborhood Improvement Area #2 Assessments in the amount of \$954,263 for the Neighborhood Improvement Area #2 Improvements (from the initial total levy of \$2,125,000) following subdivision of 99 Lots within Neighborhood Improvement Area #2; and

WHEREAS, the City levied Assessments on the Major Improvement Area Assessed Property and Neighborhood Improvement Area #1 Assessed Property for those water and sewer Major Improvements financed and constructed by the City and described in Section III of the Original SAP, constructed and installed in accordance with the Original SAP, as amended or updated from time to time, (the “2015 CCMi Assessment”); and

WHEREAS, in an ordinance adopted by the City Council on August 11, 2020, approving an amended and restated Service and Assessment Plan (the “Original Amended and Restated Service and Assessment Plan”), which updated, amended, restated, and replaced the Original SAP, the 2018 SAP Update, and the 2019 SAP Update, and pursuant to direction from the Administrator that the conditions required for completely reducing the 2015 CCMI Assessments, the City formally released the 2015 CCMI Assessment portion of the Major Improvement Area Assessment and the Neighborhood Improvement Area #1 Assessments, and the 2015 CCMI Assessment portion of the Major Improvement Area Assessment or the Neighborhood Improvement Area #1 Assessments will no longer be included in the Assessment Revenues reimbursed to the City for the costs of the water and sewer Major Improvements financed and constructed by the City; and such amounts have been removed for all purposes of this Service and Assessment Plan: and

WHEREAS, in early 2020, the City and the Master Developer determined that due to the change in the development plan, the Master Developer would no longer construct Neighborhood Improvement Area #2 Improvements related to the unallocated Neighborhood Improvement Area #2 Assessment amount of \$1,170,737 (i.e. \$2,125,000 - \$954,263 = \$1,170,737) and such unallocated Neighborhood Improvement Area #2 Assessment amount was released as described below; and

WHEREAS, on September 8, 2020 after notice and a public hearing conducted in the manner required by law, the City Council adopted Ordinance No. 2020-75 approving the Wells South Public Improvement District Amended and Restated Service and Assessment Plan, dated as of September 8, 2020 (the “2020 Amended and Restated Service and Assessment Plan”), which updated and replaced the Original Amended and Restated Service and Assessment Plan, and approved the Neighborhood Improvement Area #3 Assessment Roll, levied assessments for the Neighborhood Improvement Area #3 Improvements and released that unallocated portion of the Neighborhood Improvement Area #2 Assessments;

WHEREAS, on September 14, 2021 after notice and a public hearing conducted in the manner required by law, the City Council adopted Ordinance No. 2021-78 approving the Wells South Public Improvement District Amended and Restated Service and Assessment Plan, dated as of September 14, 2021 (the “2021 Amended and Restated Service and Assessment Plan”), to update and replace the 2020 Amended and Restated Service and Assessment Plan, which ordinance also approved the Neighborhood Improvement Area #4 Assessment Roll and levied assessments for the Neighborhood Improvement Area #4 Improvements; and

WHEREAS, on September 13, 2022 after notice and a public hearing conducted in the manner required by law, the City Council adopted Ordinance No. 2022-110 approving the Wells South Public Improvement District Amended and Restated Service and Assessment Plan, dated as of September 13, 2022 (the “2022 Amended and Restated Service and Assessment Plan”), to update and replace the 2021 Amended and Restated Service and Assessment Plan, which ordinance also approved the Neighborhood Improvement Area #5 Assessment Roll and levied assessments for the Neighborhood Improvement Area #5 Improvements; and

WHEREAS, on August 8, 2023 after notice and a public hearing conducted in the manner required by law, the City Council adopted Ordinance No. 2023-94 approving the Wells South Public Improvement District Amended and Restated Service and Assessment Plan, dated as of

August 8, 2023 (the “2023 Amended and Restated Service and Assessment Plan”), to update and replace the 2022 Amended and Restated Service and Assessment Plan, which ordinance also approved the Neighborhood Improvement Area #6 Assessment Roll and levied assessments for the Neighborhood Improvement Area #6 Improvements.

WHEREAS, on April 9, 2024 after notice and a public hearing conducted in the manner required by law, the City Council adopted Ordinance No. 2024-22 approving this Wells South Public Improvement District Amended and Restated Service and Assessment Plan, dated as of April 9, 2024 (the “2024 Amended and Restated Service and Assessment Plan”), to update and replace the 2023 Amended and Restated Service and Assessment Plan, which ordinance also updated the Neighborhood Improvement Area #6 Assessment Roll in connection with the issuance of the of the Neighborhood Improvement Areas #6-7 Bonds, and approved the Neighborhood Improvement Area #7 Assessment Roll and levied assessments for the Neighborhood Improvement Area #7 Improvements.

WHEREAS, the City is approving the Major Improvement Area Refunding Bonds to refund the Major Improvement Area Projects Bonds, and the Neighborhood Improvement Area #1 Refunding Bonds to refund Neighborhood Improvement Area #1 Bonds on August 13, 2024; and

NOW THEREFORE, the 2024 Amended and Restated Service and Assessment Plan is updated as set forth below (the Service and Assessment Plan”):

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I. PLAN DESCRIPTION AND DEFINED TERMS

A. INTRODUCTION

The City Council of the City of Celina, Texas authorized the creation of the PID to finance the costs of certain public improvements for the benefit of property in such public improvement district, all of which was located within the extraterritorial jurisdiction of the City at the time the PID was created and all of which was subsequently annexed by the City and is now located within the corporate limits of the City.

The property in the PID is proposed to be developed in multiple phases, and the PID will finance public improvements as the property is developed. Assessments will be imposed on the property that receives a special benefit from the Authorized Improvements to be constructed.

Chapter 372 of the Texas Local Government Code (as amended, the “PID Act”), governs the creation and operation of public improvement districts within the State of Texas. This Service and Assessment Plan (this “SAP”) was prepared pursuant to the PID Act. The PID Act requires that a service plan “(i) cover a period of at least five years; (ii) define the annual indebtedness and the projected costs for improvements, and (iii) include a copy of the notice form required by Section 5.014 of the Texas Property Code, as amended.” The PID Act also requires the City “review and update the service plan annually for the purpose of determining the annual budget for improvements.” The service plan for the PID is described in more detail in Section IV herein. The copy of the notice form required by Section 5.014 of the Texas Property Code, as amended, is attached hereto as Appendix C.

Section 372.014 of the PID Act requires that “an assessment plan must be included in the annual service plan.” The assessment plan is described in Section V of this Service and Assessment Plan.

Section 372.015 of the PID Act requires that “the governing body of the municipality or county shall apportion the cost of an improvement to be assessed against property in an improvement district.” The method of assessing the costs of the Authorized Improvements and apportionment of such costs to the property in the PID is included in Section V of this Service and Assessment Plan.

Section 372.016 of the PID Act requires that “after the total cost of an improvement is determined, the governing body of the municipality or county shall prepare a proposed Assessment Roll. The roll must state the assessment against each parcel of land in the district, as determined by the method of assessment chosen by the municipality or county under this subchapter.” The current Assessment Rolls for the PID are included as Appendix E, Appendix F, Appendix G, Appendix H, Appendix I, Appendix J, Appendix K, and Appendix L of this Service and Assessment Plan. The Assessments as shown on each applicable Assessment Roll are based on the method of assessment and apportionment of costs described in Section V of this Service and Assessment Plan.

B. DEFINITIONS

Capitalized terms used herein shall have the meanings ascribed to them as follows:

“Actual Cost(s)” means with respect to a Public Improvement, the demonstrated, reasonable, allocable, and allowable costs of constructing such Public Improvement as specified in a payment request in a form that has been reviewed and approved by the City. Actual Cost may include (a) the costs incurred for the design, planning, financing, administration, management, acquisition, installation, construction and/or implementation of such Public Improvement, (b) the costs incurred in preparing the construction plans for such Public Improvement, (c) the fees paid for obtaining permits, licenses or other governmental approvals for such Public Improvement, (d) the costs incurred for external professional costs, such as engineering, geotechnical, surveying, land planning, architectural landscapers, advertising, marketing and research studies, appraisals, legal, accounting and similar professional services, taxes related to such Public Improvement (e) all labor, bonds and materials, including equipment and fixtures, incurred by contractors, builders and materialmen in connection with the acquisition, construction or implementation of such Public Improvement, (f) all related permitting, zoning and public approval expenses, architectural, engineering, legal and consulting fees, financing charges, taxes, governmental fees and charges, insurance premiums, and miscellaneous expenses, and (g) all payments for Administrative Expenses.

“Additional Interest Rate” means the rate not to exceed 0.50% that may be collected as part of the Special Assessments collected from the Major Improvement Area, Neighborhood Improvement Area #1, Neighborhood Improvement Area #2, Neighborhood Improvement Area #3, Neighborhood Improvement Area #4, Neighborhood Improvement Area #5, Neighborhood Improvement Area #6, and Neighborhood Improvement Area #7.

“Additional Interest Reserve” has the meaning set forth in Section V.G of this Service and Assessment Plan.

“Administrative Expenses” means the administrative, organization, maintenance and operation costs and expenses associated with, or incident to, the administration, organization, maintenance and operation of the PID, including, but not limited to, the costs of (i) legal counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, (ii) creating and organizing the PID and preparing the Assessment Rolls, (iii) computing, levying, collecting and transmitting the Special Assessments or the Annual Installments thereof, (iv) maintaining the record of Special Assessments, including payments, reallocations and/or cancellations of the Special Assessments or Annual Installments thereof, (v) issuing, paying, and redeeming the PID Bonds, (vi) investing or depositing the Special Assessments or other monies, (vii) complying with the PID Act with respect to the PID Bonds, (viii) paying the paying agent/registrar’s and trustee’s fees and expenses (including the fees and expenses of its legal counsel) related to the PID Bonds, and (ix) administering the construction of the Public Improvements.

“Administrator” means the City or third-party designee of the City who shall have the responsibilities provided for herein, in an Indenture relating to PID Bonds or in any other agreement approved by the City Council.

“Annual Installment” means, with respect to each Parcel, each annual payment of: (i) the Assessments, including interest, as shown on the Assessment Rolls attached hereto as Appendix E, Appendix F, Appendix G, Appendix H, Appendix I, Appendix J, Appendix K, and Appendix L as applicable, or in an Annual Service Plan Update, and calculated as provided in Section V.D of this Service and Assessment Plan, (ii) the amount collected (if applicable) for the Additional Interest Rate for the Additional Interest Reserve described in Section V.G of this Service and Assessment Plan and (iii) the Administrative Expenses described in Section V.F of this Service and Assessment Plan.

“Annual Service Plan Update” has the meaning set forth in Section IV of this SAP.

“Assessed Property” or **“Assessed Properties”** means property on which Special Assessments have been levied as shown on the Assessment Rolls attached hereto as Appendix E, Appendix F, Appendix G, Appendix H, Appendix I, Appendix J, Appendix K, or Appendix L (as each may be updated each year by the Annual Service Plan Update) and which includes any and all Parcels within the PID other than Non-Benefited Property.

“Assessment” or **“Special Assessment”** means an assessment levied against a Parcel imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on any Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and the PID Act.

“Assessment Ordinance” means each Assessment Ordinance adopted by the City Council approving the Service and Assessment Plan (including amendments, updates or supplements to the Service and Assessment Plan) and levying Special Assessments against Assessed Property.

“Assessment Roll” or **“Assessment Rolls”** means collectively or separately as applicable, the Major Improvement Area Assessment Roll, the Neighborhood Improvement Area #1 Assessment Roll, the Neighborhood Improvement Area #2 Assessment Roll, the Neighborhood Improvement Area #3 Assessment Roll, the Neighborhood Improvement Area #4 Assessment Roll, the Neighborhood Improvement Area #5 Assessment Roll, the Neighborhood Improvement Area #6 Assessment Roll, and the Neighborhood Improvement Area #7 Assessment Roll, included in this SAP as Appendix E, Appendix F, Appendix G, Appendix H, Appendix I, Appendix J, Appendix K, and Appendix L, respectively, as each may be updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of PID Bonds or in connection with any Annual Service Plan Update.

“Authorized Improvements” or **“Public Improvements”** mean those public improvements described in Section III of this Service and Assessment Plan and authorized under Section 372.003 of the PID Act, constructed and installed in accordance with this Service and Assessment Plan, and any future updates and/or amendments.

“Budgeted Cost(s)” means the amounts budgeted to construct the Authorized Improvements as used in the preparation of this Service and Assessment Plan.

“Certificate for Payment” means the certificate to be provided by the Master Developer, or his designee, to substantiate the Actual Cost of one or more Authorized Improvements substantially in the form of Exhibit A attached to the PID Reimbursement Agreement or otherwise approved by the Developer and the City.

“City” means the City of Celina, Texas.

“City Council” means the duly elected governing body of the City.

“Commercial Parcel” means a Parcel located within the PID which has been designated at the time of the adoption of the applicable Assessment Rolls and approval of this SAP for the future development of commercial uses such as, but not limited to, office buildings, retail shopping centers, and multi-family residential projects.

“County” means Collin County, Texas.

“Delinquent Collection Costs” means interest, penalties and expenses incurred or imposed with respect to any delinquent Assessment, or an Annual Installment thereof, in accordance with the PID Act which includes the costs related to pursuing collection of such delinquent Assessment, or an Annual Installment thereof, and the costs related to foreclosing the lien against the Assessed Property, including attorney’s fees but excludes any amount collected as an Assessment or interest thereon.

“Developer” means, collectively, the Master Developer, Neighborhood Improvement Areas #5-7 Developer and the Neighborhood Improvement Areas #5-7 Fee Developer.

“Development Agreement” means that certain "Amended and Restated Development Agreement (Wells South Tract)" related to the Property and effective as of April 28, 2015, by and between the City and The George White Family Limited Partnership approved by the City Council on September 8, 2015 and recorded in the real property records of the County as Document No. 20151123001468610 on November 23, 2015; and, as assigned by that certain "Assignment and Assumption of Celina Development Agreement (Wells South)" effective as of January 5, 2016 by and between The George White Family Limited Partnership and Master Developer and recorded in the real property records of the County as Document No. 20160321000333010 on March 21, 2016; and, as amended by that certain "First Amendment to Amended and Restated Development Agreement (Wells South Tract)", effective as of February 13, 2018, by and between the City and Master Developer and approved by the City Council on February 13, 2018 and recorded in the real property records of the County as Document No. 20180511000580740 on May 11, 2018, and any future amendments thereto.

“Future Neighborhood Improvement Areas” means any Neighborhood Improvement Area to be defined and developed after Neighborhood Improvement Area #1, Neighborhood Improvement Area #2, Neighborhood Improvement Area #3, Neighborhood Improvement Area #4, Neighborhood Improvement Area #5, Neighborhood Improvement Area #6, and Neighborhood Improvement Area #7 within the boundaries of the PID and which are not subject to Assessments other than those related to the Major Improvements at this time.

“Future Neighborhood Improvement Area Bonds” means PID Bonds, if and when issued, to fund Future Neighborhood Improvement Area Improvements (or a portion thereof) in a Future Neighborhood Improvement Area that are secured by Assessments levied on Assessed Property within such Future Neighborhood Improvement Area. In connection with Future Neighborhood Improvement Area Bonds (or the creation of an obligation under the PID Reimbursement Agreement related to such Future Neighborhood Improvement Area), Assessments related to such Future Neighborhood Improvement Area Bonds (or the related obligation under the PID Reimbursement Agreement) will be levied only on property located within the applicable Future Neighborhood Improvement Area to finance Authorized Improvements which will only benefit such Future Neighborhood Improvement Area.

“Future Neighborhood Improvement Area Improvements” means those Authorized Improvements which will confer a special benefit solely on the related Future Neighborhood Improvement Area.

“Homebuyer Disclosure” means the form of notice required by the PID Act and Section 5.014 of the Texas Property Code, as amended. A copy of the homebuyer disclosure for the PID is attached as Appendix C hereto.

“Indenture” means an indenture of trust, trust agreement, or similar document between the City and Trustee setting forth the terms and other provisions relating to a series of PID Bonds, as modified, amended, and/or supplemented from time to time.

“Lot” means (i) for any portion of the Property for which a subdivision plat has been recorded in the official public records of the County, a tract of land described as a “lot” in such subdivision plat, and (ii) for any portion of the Property for which a subdivision plat has not been recorded in the official public records of the County, a tract of land anticipated to be described as a “lot” in a final recorded subdivision plat.

“Lot Type” means a classification of final building Lots with similar characteristics (e.g. commercial, light industrial, multifamily residential, single family residential, or other uses), 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 average home value for each home at the time of assessment levy, considering factors such as density, Lot size, proximity to amenities, view premiums, location, and any other factors that may impact the average home value on the Lot, as determined by the Administrator and confirmed by the City Council.

“Major Improvements” means the Authorized Improvements which benefit all Assessed Property within the PID and are described in Section III.B.

“Major Improvement Area” or **“MIA”** means the property within the PID as generally shown in Appendix A and described as the property legally described in Appendix B-1 save and except for the approximately 93.2 acres within Neighborhood Improvement Area #1 legally described in Appendix B-2.

“Major Improvement Area Assessed Property” means, for any year, all Parcels within the Major Improvement Area other than Non-Benefited Property and listed in the Major Improvement Area Assessment Roll against which Assessments relating to the Major Improvement Area Projects have been levied.

“Major Improvement Area Assessment Roll” means the document included in this SAP as Appendix E, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of the Major Improvement Area Bonds or in connection with any Annual Service Plan Update.

“Major Improvement Area Bonds” means those certain City of Celina, Texas Special Assessment Revenue Bonds, Series 2015 (Wells South Public Improvement District Major Improvement Area Project) that were secured by Assessments levied on Major Improvement Area Assessed Property. Following the issuance of the Major Improvement Area Refunding Bonds, the Major Improvement Area Bonds will be refunded and no longer be outstanding.

“Major Improvement Area Refunding Bonds” means those certain City of Celina, Texas Special Assessment Revenue Refunding Bonds, Series 2024 (Wells South Public Improvement District Major Improvement Area Project) issued by the City to refund the Major Improvement Bonds. Following the issuance of the Major Improvement Area Refunding Bonds and the defeasance and refunding of the Major Improvement Area Bonds, the Annual Installments collected from the Major Improvement Area only secure the Major Improvement Area Refunding Bonds.

“Major Improvement Area Projects” means the Major Improvement Area's proportionate share of the Major Improvements.

“Master Developer” means Celina Development, LLC, a Texas limited liability company, including its successors and assigns.

“Neighborhood Improvement Area” or **“NIA”** means one or more Parcels within the PID that are anticipated to be developed in the same general time period. The Parcels within a Neighborhood Improvement Area other than the Non-Benefited Property have been or will be assessed in connection with the issuance of PID Bonds or the creation of an obligation under the PID Reimbursement Agreement for the Authorized Improvements (or the portion thereof) designated in an update to the Assessment Plan that specially benefit the Assessed Property within said Neighborhood Improvement Area, but any Parcels outside of the Neighborhood Improvement Area will not be assessed.

“Neighborhood Improvement Area #1” or **“NIA #1”** means the initial Neighborhood Improvement Area consisting of approximately 93.2 acres within the PID and as specifically described in Appendix B-2 and as depicted in Appendix A.

“Neighborhood Improvement Area #1 Assessed Property” means, for any year, all Parcels within Neighborhood Improvement Area #1, other than Non-Benefited Property, and listed in the Neighborhood Improvement Area #1 Assessment Roll against which Assessments relating to the

Neighborhood Improvement Area #1 Improvements and Neighborhood Improvement Area #1's proportionate share of the Major Improvements have been levied.

“Neighborhood Improvement Area #1 Assessment Roll” means the Assessment Roll covering Neighborhood Improvement Area #1 included in this SAP as Appendix F, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act.

“Neighborhood Improvement Area #1 Bonds” means those certain City of Celina, Texas Special Assessment Revenue Bonds, Series 2015 (Wells South Public Improvement District Neighborhood Improvement Area #1 Project) that were secured by Assessments levied on the Neighborhood Improvement Area #1 Assessed Property. Following the issuance of the Neighborhood Improvement Area #1 Refunding Bonds, the Neighborhood Improvement Area #1 Bonds will be refunded and will no longer be outstanding.

“Neighborhood Improvement Area #1 Refunding Bonds” means those certain City of Celina, Texas Special Assessment Revenue Refunding Bonds, Series 2024 (Wells South Public Improvement District Neighborhood Improvement Area #1 Project) issued to refund the Neighborhood Improvement Area #1 Bonds. Following the issuance of the Neighborhood Improvement Area #1 Refunding Bonds and the defeasance and refunding of the Neighborhood Improvement Area #1 Bonds, the Annual Installments collected from Neighborhood Improvement Area #1 will only secure the Neighborhood Improvement Area #1 Refunding Bonds.

“Neighborhood Improvement Area #1 Improvements” means those Authorized Improvements that confer a special benefit solely on Neighborhood Improvement Area #1 and are described in Section III.C.

“Neighborhood Improvement Area #1 Projects” mean, collectively, the: (i) pro rata portion of the Major Improvements allocable to Neighborhood Improvement Area #1, and (ii) Neighborhood Improvement Area #1 Improvements.

“Neighborhood Improvement Area #2” or **“NIA #2”** means the second Neighborhood Improvement Area consisting of approximately 21.347 acres within the PID and as specifically described in Appendix B-3 and as depicted in Appendix A.

“Neighborhood Improvement Area #2 Assessed Property” means, for any year, all Parcels within Neighborhood Improvement Area #2, other than Non-Benefited Property, and listed in the Neighborhood Improvement Area #2 Assessment Roll against which Assessments relating to the Neighborhood Improvement Area #2 Improvements have been levied.

“Neighborhood Improvement Area #2 Assessment Roll” means the Assessment Roll covering Neighborhood Improvement Area #2 included in this SAP as Appendix G, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act.

“Neighborhood Improvement Area #2 Improvements” means those Authorized Improvements that confer a special benefit solely on Neighborhood Improvement Area #2 and are described in

Section III.D; and, that are financed with a portion of the proceeds of the Neighborhood Improvement Areas #2-3 Bonds

“Neighborhood Improvement Area #3” or **“NIA #3”** means the third Neighborhood Improvement Area consisting of approximately 44.724 acres within the PID and as specifically described in Appendix B-4 and as depicted in Appendix A.

“Neighborhood Improvement Area #3 Assessed Property” means, for any year, all Parcels within Neighborhood Improvement Area #3, other than Non-Benefited Property, and listed in the Neighborhood Improvement Area #3 Assessment Roll against which Assessments relating to the Neighborhood Improvement Area #3 Improvements have been levied.

“Neighborhood Improvement Area #3 Assessment Roll” means the Assessment Roll covering Neighborhood Improvement Area #3 included in this SAP as Appendix H, as the same may be updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act.

“Neighborhood Improvement Area #3 Improvements” means those Authorized Improvements that confer a special benefit solely on Neighborhood Improvement Area #3 and are described in Section III.E; and, that are financed with a portion of the proceeds of the Neighborhood Improvement Areas #2-3 Bonds.

“Neighborhood Improvement Area #4” or **“NIA #4”** means the fourth Neighborhood Improvement Area consisting of approximately 67.494 acres within the PID and as specifically described in Appendix B-5 and as depicted in Appendix A.

“Neighborhood Improvement Area #4 Assessed Property” means, for any year, all Parcels within Neighborhood Improvement Area #4, other than Non-Benefited Property, and listed in the Neighborhood Improvement Area #4 Assessment Roll against which Assessments relating to the Neighborhood Improvement Area #4 Improvements have been levied.

“Neighborhood Improvement Area #4 Assessment Roll” means the Assessment Roll covering Neighborhood Improvement Area #4 included in this SAP as Appendix I, as the same may be updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act.

“Neighborhood Improvement Area #4 Bonds” means those certain City of Celina, Texas Special Assessment Revenue Bonds, Series 2021 (Wells South Public Improvement District Neighborhood Improvement Area #4 Project) that are secured by Assessments levied on the Neighborhood Improvement Area #4 Assessed Property.

“Neighborhood Improvement Area #4 Improvements” means those Authorized Improvements that confer a special benefit solely on Neighborhood Improvement Area #4 and are described in Section III.F; and, that are financed with a portion of the proceeds of the Neighborhood Improvement Areas #4 Bonds.

“Neighborhood Improvement Area #5” or **“NIA #5”** means the fifth Neighborhood Improvement Area consisting of approximately 54.720 acres within the PID and as specifically described in Appendix B-6 and as depicted in Appendix A.

“Neighborhood Improvement Area #5 Assessed Property” means, for any year, all Parcels within Neighborhood Improvement Area #5, other than Non-Benefited Property, and listed in the Neighborhood Improvement Area #5 Assessment Roll against which Assessments relating to the Neighborhood Improvement Area #5 Improvements have been levied.

“Neighborhood Improvement Area #5 Assessment Roll” means the Assessment Roll covering Neighborhood Improvement Area #5 included in this SAP as Appendix J, as the same may be updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act.

“Neighborhood Improvement Area #5 Bonds” means those certain City of Celina, Texas Special Assessment Revenue Bonds, Series 2022 (Wells South Public Improvement District Neighborhood Improvement Area #5 Project) that are secured by Assessments levied on the Neighborhood Improvement Area #5 Assessed Property.

“Neighborhood Improvement Area #5 Improvements” means those Authorized Improvements that confer a special benefit solely on Neighborhood Improvement Area #5 and are described in Section III.G; and, that are financed with a portion of the proceeds of the Neighborhood Improvement Areas #5 Bonds.

“Neighborhood Improvement Area #6” or **“NIA #6”** means the sixth Neighborhood Improvement Area consisting of approximately 21.063 acres within the PID and as specifically described in Appendix B-7 and as depicted in Appendix A.

“Neighborhood Improvement Area #6 Assessed Property” means, for any year, all Parcels within Neighborhood Improvement Area #6, other than Non-Benefited Property, and listed in the Neighborhood Improvement Area #6 Assessment Roll against which Assessments relating to the Neighborhood Improvement Area #6 Improvements have been levied.

“Neighborhood Improvement Area #6 Assessment Roll” means the Assessment Roll covering Neighborhood Improvement Area #6 included in this SAP as Appendix K, as the same may be updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act.

“Neighborhood Improvement Area #6 Reimbursement Agreement Obligation” means the reimbursement obligation related to the Actual Costs of the Neighborhood Improvement Area #6 Improvements to be paid from Assessments secured by the Neighborhood Improvement Area #6 Assessed Property for the Neighborhood Improvement Area #6 Improvements under the terms of the Reimbursement Agreement and/or with a portion of the proceeds of the Neighborhood Improvement Areas #6-7 Bonds allocable to Neighborhood Improvement Area #6.

“Neighborhood Improvement Area #6 Improvements” means those Authorized Improvements that confer a special benefit solely on Neighborhood Improvement Area #6 and are described in

Section III.H; and, that are financed with a portion of the proceeds of the Neighborhood Improvement Areas #6-7 Bonds allocable to Neighborhood Improvement Area #6.

“Neighborhood Improvement Area #7” or **“NIA #7”** means the seventh Neighborhood Improvement Area consisting of approximately 48.38 acres within the PID and as specifically described in Appendix B-8 and as depicted in Appendix A.

“Neighborhood Improvement Area #7 Assessed Property” means, for any year, all Parcels within Neighborhood Improvement Area #7 other than Non-Benefited Property, and listed in the Neighborhood Improvement Area #7 Assessment Roll against which Assessments relating to the Neighborhood Improvement Area #7 Improvements have been levied.

“Neighborhood Improvement Area #7 Assessment Roll” means the Assessment Roll covering Neighborhood Improvement Area #7 included in this SAP as Appendix L, as the same may be updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act.

“Neighborhood Improvement Area #7 Improvements” means those Authorized Improvements that confer a special benefit solely on Neighborhood Improvement Area #7 and are described in Section III.I; and, that are financed with a portion of the proceeds of the Neighborhood Improvement Areas #6-7 Bonds allocable to Neighborhood Improvement Area #7.

“Neighborhood Improvement Areas #2-3 Bonds” means those certain City of Celina, Texas Special Assessment Revenue Bonds, Series 2020 (Wells South Public Improvement District Neighborhood Improvement Areas #2-3 Project) that are secured by actual revenues received by or on behalf of the City from the collection of Assessments levied against Neighborhood Improvement Area #2 Assessed Property and Neighborhood Improvement Area #3 Assessed Property, or the Annual Installments thereof, for the Neighborhood Improvement Area #2 Improvements and Neighborhood Improvement Area #3 Improvements.

“Neighborhood Improvement Areas #5-7 Developer” means M/I Homes of DFW, LLC, a Delaware limited liability company, including its successors and assigns.

“Neighborhood Improvement Areas #5-7 Fee Developer” means HWC Development Management Services, L.P., a Texas limited partnership, acting on behalf of the Neighborhood Improvement Areas #5-7 Developer in the development of Neighborhood Improvements Areas #5, #6 and #7.

“Neighborhood Improvement Areas #6-7 Bonds” means those certain City of Celina, Texas Special Assessment Revenue Bonds, Series 2024 (Wells South Public Improvement District Neighborhood Improvement Areas #6-7 Project) that are secured by actual revenues received by or on behalf of the City from the collection of Assessments levied against Neighborhood Improvement Area #6 Assessed Property and Neighborhood Improvement Area #7 Assessed Property, or the Annual Installments thereof, for the Neighborhood Improvement Area #6 Improvements and Neighborhood Improvement Area #7 Improvements.

“Non-Benefited Property” means Parcels within the boundaries of the PID that accrue no special benefit from the Authorized Improvements as determined by City Council, which may include Public Property and easements that create an exclusive use for a public utility provider. Property identified as Non-Benefited Property at the time the Assessments (i) are levied or (ii) are reallocated pursuant to a subdivision of a Parcel is not assessed. Assessed Property converted to Non-Benefited Property, if the Assessments may not be reallocated pursuant to Section VI.H, remains subject to the Assessments and requires the Assessments to be prepaid as provided for in Section VI.I.

“Owner’s Association” means a homeowner’s association or property owner’s association.

“Owner’s Association Assessment Allocation” means 1% of the total Assessment collected from a specific Parcel or Neighborhood Improvement Area as may be shown in an Assessment Roll that is allocated to cover the benefit received by the Owner’s Association from the Authorized Improvements benefitting the Owner’s Association Property.

“Owner’s Association Property” or **“OAP”** means property within the boundaries of the PID that is owned by or irrevocably offered for dedication to, whether in fee simple or through an easement, to an Owner’s Association established for the benefit of a group of homeowners or property owners within the PID.

“Parcel” means a property identified by either a tax map identification number assigned by the Collin Central Appraisal District for real property tax purposes, by metes and bounds description, by lot and block number in a final subdivision plat recorded in the official public records of the County, or by any other means determined by the City.

“PID” has the meaning set forth in Section I.A of this Service and Assessment Plan.

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

“PID Bonds” means the Major Improvement Area Refunding Bonds, the Neighborhood Improvement Area #1 Refunding Bonds, the Neighborhood Improvement Areas #2-3 Bonds, the Neighborhood Improvement Area #4 Bonds, the Neighborhood Improvement Area #5 Bonds, the Neighborhood Improvement Areas #6-7 Bonds and any Future Neighborhood Improvement Area Bonds if issued to finance Authorized Improvements in a Future Neighborhood Improvement Area.

“PID Reimbursement Agreement” means that certain PID Reimbursement Agreement – Wells South, dated December 7, 2015, by and between the City and the Master Developer in which the City agrees to reimburse the Master Developer for a portion of Actual Costs of the Authorized Improvements with interest as permitted by the PID Act.

“Prepayment Costs” mean interest and Administrative Expenses to the date of prepayment, to the extent not paid in an Annual Installment, plus any additional amounts due pursuant to the Indenture related to the PID Bonds, if any, reasonably expected to be incurred by or imposed upon the City as a result of any prepayment of an Assessment and the PID Bonds secured by such Assessment, each to the date of prepayment and to the extent each is allowable by law.

“Property” means the approximately 400.524 acres of property depicted and described by metes and bounds on Exhibit B to Resolution No. 2015-34R as adopted by City Council on July 14, 2015 and is legally described in Appendix B-1 to this SAP and is depicted in Appendix A of this SAP.

“Public Property” means real property, right-of-way and easements located within the boundaries of the PID owned by or irrevocably offered for dedication to the federal government, the State of Texas, the County, the City, a school district, a public utility provider or any other political subdivision or public agency, whether in fee simple, through an easement, prescription, or by plat.

“Residential Parcel” means a Parcel located within the PID which has been designated at the time of the approval of this SAP for the future development of single family residential homes.

“Service and Assessment Plan” means this 2024 Amended and Restated Service and Assessment Plan prepared for the PID pursuant to the PID Act, as the same may be amended and updated from time to time in accordance with the PID Act.

“Trustee” means the trustee as specified in an Indenture, and any successor thereto permitted under such Indenture.

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II. PROPERTY INCLUDED IN THE PID

A. PROPERTY INCLUDED IN THE PID

The PID is currently located within the City and contains approximately 400.524 gross acres. A map of the property within the PID is shown on Appendix A and described in Appendix B-1 to this Service and Assessment Plan.

At completion, the PID is expected to consist of 1,309 single family residential units, 78 attached townhomes, and approximately 53,143 gross square feet of commercial, right-of-way, landscaping, and infrastructure necessary to provide roadways, drainage, and utilities to the PID.

The property within the PID is proposed to be developed as shown in Table II-A.

Table II-A
Proposed Development within the PID

Proposed Development	Quantity	Measurement
<i>Residential:</i>		
Single Family – 70 Ft ¹	159	Units
Single Family – 60 Ft	388	Units
Single Family – 50 Ft	762	Units
Townhomes	78	Units
<i>Subtotal Residential</i>	<i>1,387</i>	<i>Units</i>
<i>Non-Residential:</i>		
Commercial	53,143	Square feet
<i>Subtotal Commercial</i>	<i>53,143</i>	<i>Square feet</i>

¹70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are typically 74 ft.

B. PROPERTY LOCATED IN NEIGHBORHOOD IMPROVEMENT AREA #1

Neighborhood Improvement Area #1 consists of approximately 93.2 acres and contains 293 single family residential units. A map of the property within Neighborhood Improvement Area #1 is shown on Appendix A and described in Appendix B-2 to this Service and Assessment Plan.

The property within Neighborhood Improvement Area #1 of the PID has been developed as shown in Table II-B.

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Table II-B
Actual Development – Neighborhood Improvement Area #1

Proposed Development	Quantity	Measurement
Single Family – 70 Ft	85	Units
Single Family – 60 Ft	111	Units
Single Family – 50 Ft	97	Units
Total	293	Units

C. PROPERTY LOCATED IN THE MAJOR IMPROVEMENT AREA

The Major Improvement Area consists of Neighborhood Improvement Area #2, Neighborhood Improvement Area #3, Neighborhood Improvement Area #4, Neighborhood Improvement Area #5, Neighborhood Improvement Area #6, Neighborhood Improvement Area #7, and the Future Neighborhood Improvement Areas. A map of the property within the Major Improvement Area is shown on Appendix A and described in Appendix B-1 (save and except for the approximately 93.2 acres within Neighborhood Improvement Area #1 legally described in Appendix B-2) to this Service and Assessment Plan.

At completion, the Major Improvement Area is expected to consist of 1,016 single family residential units, 78 attached townhomes, and approximately 53,143 gross square feet of commercial, right-of-way, landscaping, and infrastructure necessary to provide roadways, drainage, and utilities to the PID.

The property within the Major Improvement Area is proposed to be developed as shown in Table II-C.

Table II-C
Proposed Development – Major Improvement Area

Proposed Development	Quantity	Measurement
<i>Residential:</i>		
Single Family – 70 Ft	74	Units
Single Family – 60 Ft	277	Units
Single Family – 50 Ft	665	Units
Townhomes	78	Units
<i>Subtotal Residential</i>	<i>1,094</i>	<i>Units</i>
<i>Non-Residential:</i>		
Commercial	53,143	Square feet
<i>Subtotal Commercial</i>	<i>53,143</i>	<i>Square feet</i>

D. PROPERTY LOCATED IN NEIGHBORHOOD IMPROVEMENT AREA #2

Neighborhood Improvement Area #2 consists of approximately 21.347 acres and contains 99 single family residential units. A map of the property within Neighborhood Improvement Area #2 is shown on Appendix A and described in Appendix B-3 to this Service and Assessment Plan.

The property within Neighborhood Improvement Area #2 of the PID has been developed as shown in Table II-D.

Table II-D
Actual Development – Neighborhood Improvement Area #2

Development	Quantity	Measurement
Single Family – 70 Ft	7	Units
Single Family – 50 Ft	92	Units
Total	99	Units

E. PROPERTY LOCATED IN NEIGHBORHOOD IMPROVEMENT AREA #3

Neighborhood Improvement Area #3 consists of approximately 44.724 acres and contains 182 single family residential units. A map of the property within Neighborhood Improvement Area #3 is shown on Appendix A and described in Appendix B-4 to this Service and Assessment Plan.

The property within Neighborhood Improvement Area #3 of the PID has been developed as shown in Table II-E.

Table II-E
Actual Development – Neighborhood Improvement Area #3

Development	Quantity	Measurement
Single Family – 70 Ft	8	Units
Single Family – 60 Ft	94	Units
Single Family – 50 Ft	80	Units
Total	182	Units

F. PROPERTY LOCATED IN NEIGHBORHOOD IMPROVEMENT AREA #4

Neighborhood Improvement Area #4 consists of approximately 67.494 acres and contains 276 single family residential units. A map of the property within Neighborhood Improvement Area #4 is shown on Appendix A and described in Appendix B-5 to this Service and Assessment Plan.

The property within Neighborhood Improvement Area #4 of the PID has been developed as shown in Table II-F.

Table II-F
Actual Development – Neighborhood Improvement Area #4

Development	Quantity	Measurement
Single Family – 70 Ft	20	Units
Single Family – 60 Ft	100	Units
Single Family – 50 Ft	156	Units
Total	276	Units

G. PROPERTY LOCATED IN NEIGHBORHOOD IMPROVEMENT AREA #5

Neighborhood Improvement Area #5 consists of approximately 54.720 acres and contains 207 single family residential units. A map of the property within Neighborhood Improvement Area #5 is shown on Appendix A and described in Appendix B-6 to this Service and Assessment Plan.

The property within Neighborhood Improvement Area #5 of the PID has been developed as shown in Table II-G.

**Table II-G
Actual Development – Neighborhood Improvement Area #5**

Proposed Development	Quantity	Measurement
Single Family – 60 Ft	68	Units
Single Family – 50 Ft	139	Units
Total	207	Units

H. PROPERTY LOCATED IN NEIGHBORHOOD IMPROVEMENT AREA #6

Neighborhood Improvement Area #6 consists of approximately 21.063 acres and contains 100 single family residential units. A map of the property within Neighborhood Improvement Area #6 is shown on Appendix A and described in Appendix B-7 to this Service and Assessment Plan.

The property within Neighborhood Improvement Area #6 of the PID has been developed as shown in Table II-H.

**Table II-H
Actual Development – Neighborhood Improvement Area #6**

Proposed Development	Quantity	Measurement
Single Family – 50 Ft	100	Units
Total	100	Units

I. PROPERTY LOCATED IN NEIGHBORHOOD IMPROVEMENT AREA #7

Neighborhood Improvement Area #7 consists of approximately 48.38 acres and is projected to contain 152 single family residential units. A map of the property within Neighborhood Improvement Area #7 is shown on Appendix A and described in Appendix B-8 to this Service and Assessment Plan.

The property within Neighborhood Improvement Area #7 of the PID is anticipated to be developed as shown in Table II-I.

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**Table II-I
Proposed Development – Neighborhood Improvement Area #7**

Proposed Development	Quantity	Measurement
Single Family – 70 Ft	39	Units
Single Family – 60 Ft	15	Units
Single Family – 50 Ft	98	Units
Total	152	Units

J. PROPERTY LOCATED IN FUTURE NEIGHBORHOOD IMPROVEMENT AREAS

As Future Neighborhood Improvement Areas are developed, additional PID Bonds may be issued and/or obligations may be incurred under the PID Reimbursement Agreement for each Future Neighborhood Improvement Area. In connection with the issuance of each new series of PID Bonds and/or new obligations under the PID Reimbursement Agreement, if issued and/or incurred, this Service and Assessment Plan will be updated to add additional details of each new Neighborhood Improvement Area as shown above. A map of the property that may be developed as a Future Neighborhood Improvement Area is shown in Appendix A. The potential Future Neighborhood Improvement Areas are shown for illustrative purposes only and are subject to adjustment. The current Parcels in the PID are shown on the Assessment Rolls included as Appendix E, Appendix F, Appendix G, Appendix H, Appendix I, Appendix J, Appendix K, and Appendix L.

The estimated number of units at the build-out of the PID is based on the land use approvals by the City for the property, the anticipated subdivision of property in the PID, and the Developer’s estimate of the highest and best use of the property within the PID.

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III. DESCRIPTION OF THE AUTHORIZED IMPROVEMENTS

A. AUTHORIZED IMPROVEMENT OVERVIEW

372.003. Authorized Improvements

(a) If the governing body of a municipality or county finds that it promotes the interests of the municipality or county, the governing body may undertake an improvement project that confers a special benefit on a definable part of the municipality or county or the municipality's extraterritorial jurisdiction. A project may be undertaken in the municipality or county or the municipality's extraterritorial jurisdiction.

(b) A public improvement may include:

- (i) landscaping;
- (ii) erection of fountains, distinctive lighting, and signs;
- (iii) acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of way;
- (iv) construction or improvement of pedestrian malls;
- (v) acquisition and installation of pieces of art;
- (vi) acquisition, construction, or improvement of libraries;
- (vii) acquisition, construction, or improvement of off-street parking facilities;
- (viii) acquisition, construction, improvement, or rerouting of mass transportation facilities;
- (ix) acquisition, construction, or improvement of water, wastewater, or drainage facilities or improvements;
- (x) the establishment or improvement of parks;
- (xi) projects similar to those listed in Subdivisions (i)-(x);
- (xii) acquisition, by purchase or otherwise, of real property in connection with an authorized improvement;
- (xiii) special supplemental services for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation, and cultural enhancement;
- (xiv) payment of expenses incurred in the establishment, administration and operation of the district; and
- (xv) the development, rehabilitation, or expansion of affordable housing

The City has determined that of the improvements authorized under the PID Act, it will undertake at this time only those Authorized Improvements more particularly described in Section III.B, Section III.C, Section III.D, Section III.E, Section III.F., Section III.G, Section III.H, and Section III.I. Any change to the list of Authorized Improvements, including any Future Neighborhood Improvement Area Improvements as described in Section III.J, will require the approval of the City.

B. DESCRIPTIONS AND COSTS OF MAJOR IMPROVEMENTS

The Major Improvements benefit the entire PID. The Actual Costs of the Major Improvements are allocated proportionally throughout the entire PID, excluding Non-Benefited Property, in a manner that anticipates planned development of the PID based on the estimated build-out-value.

The Major Improvements descriptions are presented below as provided by the project engineer. The Actual Costs of the Major Improvements are shown in Table III-A.

A description of the Major Improvements follows:

Roadway Improvements

The roadway improvement portion of the Major Improvements consists of the construction of perimeter road and thoroughfare improvements, including related paving, sidewalks, retaining walls, signage, and traffic control devices, and the acquisition of related rights-of-way, as described in the Development Agreement and which benefit the Major Improvement Area Assessed Property. The City has determined that the acquisition of rights-of-way related to road improvements as described in the Development Agreement meets the requirements of its current policy on the financing of roadway rights-of-way through public improvement district assessments. The roadway improvements have been constructed according to City standards.

Storm Drainage Improvements

The storm drainage improvement portion of the Major Improvements consists of the construction of two detention ponds and appurtenances thereto to appropriately control and convey storm water. The storm drainage improvements have been constructed according to City standards.

Wastewater Improvements

The wastewater improvement portion of the Major Improvements consists of construction and installation of pipes, service lines, manholes, encasements and appurtenances necessary to provide sanitary sewer service to the Assessed Property. The wastewater improvements have been constructed according to City standards.

Water Improvements

The water improvement portion of the Major Improvements consists of construction and installation of waterlines, mains, pipes, valves and appurtenances, necessary for the water distribution system that services the Assessed Property. The water improvements have been constructed according to City standards.

Open Space/Trail System Improvements

The open space and trail system improvement portion of the Major Improvements consists of certain public open space and trail systems as described in the Development Agreement. The

public open space and trail system improvements have been constructed according to City standards.

Table III-A
Major Improvement Costs

Authorized Improvements	Total Major Improvement Costs	NIA #1 Allocated Amount	MIA Allocated Amount ¹
Roadway Improvements	\$3,878,507	\$291,826	\$3,586,681
Storm Drainage Improvements	\$801,703	\$89,128	\$712,575
Wastewater Improvements	\$441,572	\$49,695	\$391,877
Water Improvements	\$484,865	\$54,130	\$430,735
Open Space/Trail System Improvements	\$188,000	\$0	\$188,000
Soft Costs	\$939,922	\$103,422	\$836,500
Total Authorized Improvements	\$6,734,569	\$588,201	\$6,146,368

Note: Original cost estimates provided by Huitt-Zollars Engineering. The Actual Costs shown above provided in the 1Q20 developer quarterly disclosure.

C. DESCRIPTIONS AND COSTS OF NEIGHBORHOOD IMPROVEMENT AREA #1 IMPROVEMENTS

The Neighborhood Improvement Area #1 Improvements descriptions are presented below as provided by the project engineer. The Actual Costs of the Neighborhood Improvement Area #1 Projects are shown in Table III-B.

A description of the Neighborhood Improvement Area #1 Improvements are as follows:

Roadway Improvements

The roadway improvement portion of the Neighborhood Improvement Area #1 Improvements consists of the construction of road and thoroughfare improvements, including related paving, sidewalks, retaining walls, signage, and traffic control devices, and the acquisition of related rights-of-way, as described in the Development Agreement and which benefit the Neighborhood Improvement Area #1 Assessed Property. The City has determined that the acquisition of rights-of-way related to roadway improvements as described in the Development Agreement meets the requirements of its current policy on the financing of roadway rights-of-way through public improvement district assessments. The roadway improvements have been constructed according to City standards.

Storm Drainage Improvements

The storm drainage improvement portion of the Neighborhood Improvement Area #1 Improvements consists of construction of detention ponds and appurtenances thereto to appropriately control and convey storm water. The storm drainage improvements have been constructed according to City standards.

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Wastewater Improvements

The wastewater improvement portion of the Neighborhood Improvement Area #1 Improvements consists of construction and installation of pipes, service lines, manholes, encasements and appurtenances necessary to provide sanitary sewer service to Neighborhood Improvement Area #1 Assessed Property. The wastewater improvements have been constructed according to City standards.

Water Improvements

The water improvement portion of the Neighborhood Improvement Area #1 Improvements consists of construction and installation of a looped water main network, waterlines, mains, pipes, valves and appurtenances, necessary for the portion of the water distribution system that will service the Neighborhood Improvement Area #1 Assessed Property. The water improvements have been constructed according to City standards.

Table III-B
Neighborhood Improvement Area #1 Project Costs

Authorized Improvements	NIA #1's Proportionate Share of Major Improvements	NIA #1 Improvements	Total NIA #1 Projects
Roadway Improvements	\$291,826	\$2,741,495	\$3,033,321
Storm Drainage Improvements	\$89,128	\$557,644	\$646,772
Wastewater Improvements	\$49,695	\$444,583	\$494,278
Water Improvements	\$54,130	\$587,046	\$641,176
Soft Costs	\$103,422	\$814,934	\$918,356
Total Authorized Improvements	\$588,201	\$5,145,702	\$5,733,903

Note: Original cost estimates provided by Huitt-Zollars Engineering. The Actual Costs shown above provided in the 1Q19 developer quarterly disclosure.

D. DESCRIPTIONS AND COSTS OF NEIGHBORHOOD IMPROVEMENT AREA #2 IMPROVEMENTS

The Neighborhood Improvement Area #2 Improvements descriptions are presented below as provided by the project engineer. The Actual Costs of the Neighborhood Improvement Area #2 Improvements are shown in Table III-C.

A description of the Neighborhood Improvement Area #2 Improvements are as follows:

Roadway Improvements

The roadway improvement portion of the Neighborhood Improvement Area #2 Improvements consists of the construction of road and thoroughfare improvements, including related paving, sidewalks, retaining walls, signage, and traffic control devices, and the acquisition of related rights-of-way, as described in the Development Agreement and which benefit the Neighborhood Improvement Area #2 Assessed Property. The City has determined that the acquisition of rights-of-way related to roadway improvements as described in the Development Agreement meets the

requirements of its current policy on the financing of roadway rights-of-way through public improvement district assessments. The roadway improvements have been constructed according to City standards.

Storm Drainage Improvements

The storm drainage improvement portion of Neighborhood Improvement Area #2 Improvements consists of the construction of erosion control improvements to appropriately control and convey storm water for the benefit of Neighborhood Improvement Area #2 Assessed Property. The storm drainage improvements have been constructed according to City standards.

Wet Utility Improvements

The wet utility improvements portion of the Neighborhood Improvement Area #2 Improvements consists of construction and installation of pipes, service lines, manholes, encasements and appurtenances necessary to provide sanitary sewer service and construction and installation of a looped water main network, waterlines, mains, pipes, valves and appurtenances, necessary for the portion of the water distribution system that will service the Neighborhood Improvement Area #2 Assessed Property. The wet utilities improvements have been constructed according to City standards.

**Table III-C
Neighborhood Improvement Area #2 Costs**

Authorized Improvements	Total
Roadway Improvements	\$1,822,022
Wet Utilities	\$861,273
Storm Drainage Improvements	\$58,120
Soft Costs	\$750,731
Total Authorized Improvements	\$3,492,146

Note: Actual Costs provided by the Master Developer.

E. DESCRIPTIONS AND COSTS OF NEIGHBORHOOD IMPROVEMENT AREA #3 IMPROVEMENTS

The Neighborhood Improvement Area #3 Improvements descriptions are presented below as provided by the project engineer. The Actual Costs of the Neighborhood Improvement Area #3 Improvements are shown in Table III-D. Information relating to the costs of the Neighborhood Improvement Area #1 Projects in the indentures relating to the Major Improvement Area Bonds and the Neighborhood Improvement Area #1 Bonds is now included in Table III-B.

A description of the Neighborhood Improvement Area #3 Improvements are as follows:

Roadway Improvements

The roadway improvement portion of the Neighborhood Improvement Area #3 Improvements consists of the construction of road and thoroughfare improvements, including related paving, sidewalks, retaining walls, signage, and traffic control devices, and the acquisition of related rights-of-way, as described in the Development Agreement and which benefit the Neighborhood

Improvement Area #3 Assessed Property. The City has determined that the acquisition of rights-of-way related to roadway improvements as described in the Development Agreement meets the requirements of its current policy on the financing of roadway rights-of-way through public improvement district assessments. The roadway improvements have been constructed according to City standards.

Storm Drainage Improvements

The storm drainage improvement portion of Neighborhood Improvement Area #3 Improvements consists of the construction of erosion control improvements to appropriately control and convey storm water for the benefit of Neighborhood Improvement Area #3 Assessed Property. The storm drainage improvements have been constructed according to City standards.

Wet Utility Improvements

The wet utility improvements portion of the Neighborhood Improvement Area #3 Improvements consists of construction and installation of pipes, service lines, manholes, encasements and appurtenances necessary to provide sanitary sewer service and construction and installation of a looped water main network, waterlines, mains, pipes, valves and appurtenances, necessary for the portion of the water distribution system that will service the Neighborhood Improvement Area #3 Assessed Property. The wet utilities improvements have been constructed according to City standards.

**Table III-D
Neighborhood Improvement Area #3 Costs**

Authorized Improvements	Total
Roadway Improvements	\$1,409,003
Wet Utilities	\$1,651,648
Storm Drainage Improvements	\$86,080
Soft Costs	\$323,988
Total Authorized Improvements	\$3,470,719

Note: Actual Costs provided by the Master Developer.

F. DESCRIPTIONS AND COSTS OF NEIGHBORHOOD IMPROVEMENT AREA #4 IMPROVEMENTS

The Neighborhood Improvement Area #4 Improvements descriptions are presented below as provided by the project engineer. The Actual Costs of the Neighborhood Improvement Area #4 Improvements are shown in Table III-E.

A description of the Neighborhood Improvement Area #4 Improvements are as follows:

Roadway Improvements

The roadway improvement portion of the Neighborhood Improvement Area #4 Improvements consists of the construction of road and thoroughfare improvements, including related paving, sidewalks, retaining walls, signage, and traffic control devices, and the acquisition of related rights-of-way, as described in the Development Agreement and which benefit the Neighborhood

Improvement Area #4 Assessed Property. The City has determined that the acquisition of rights-of-way related to roadway improvements as described in the Development Agreement meets the requirements of its current policy on the financing of roadway rights-of-way through public improvement district assessments. The roadway improvements have been constructed according to City standards.

Water Improvements

The water improvement portion of the Neighborhood Improvement Area #4 Improvements consists of construction and installation of a looped water main network, waterlines, mains, pipes, valves and appurtenances, necessary for the portion of the water distribution system that will service the Neighborhood Improvement Area #4 Assessed Property. The water improvements have been constructed according to City standards.

Wastewater Improvements

The wastewater improvement portion of the Neighborhood Improvement Area #4 Improvements consists of construction and installation of pipes, service lines, manholes, encasements and appurtenances necessary to provide sanitary sewer service to Neighborhood Improvement Area #4 Assessed Property. The wastewater improvements have been constructed according to City standards.

Storm Drainage Improvements

The storm drainage improvement portion of the Neighborhood Improvement Area #4 Improvements consists of construction of detention ponds and appurtenances thereto to appropriately control and convey storm water. The storm drainage improvements have been constructed according to City standards.

**Table III-E
Neighborhood Improvement Area #4 Costs**

Authorized Improvements	Total
Roadway Improvements	\$2,078,164
Water Improvements	\$950,663
Wastewater Improvements	\$836,916
Storm Drainage Improvements	\$1,286,117
Soft Costs and Contingency	\$1,058,491
Total Authorized Improvements	\$6,210,351

Note: Actual Costs provided by the Master Developer.

G. DESCRIPTIONS AND COSTS OF NEIGHBORHOOD IMPROVEMENT AREA #5 IMPROVEMENTS

The Neighborhood Improvement Area #5 Improvements descriptions are presented below as provided by the project engineer. The Actual Costs of the Neighborhood Improvement Area #5 Improvements are shown in Table III-F.

A description of the Neighborhood Improvement Area #5 Improvements are as follows:

Roadway Improvements

The roadway improvement portion of the Neighborhood Improvement Area #5 Improvements consists of the construction of road and thoroughfare improvements, including related paving, sidewalks, retaining walls, signage, and traffic control devices, and the acquisition of related rights-of-way, as described in the Development Agreement and which benefit the Neighborhood Improvement Area #5 Assessed Property. The City has determined that the acquisition of rights-of-way related to roadway improvements as described in the Development Agreement meets the requirements of its current policy on the financing of roadway rights-of-way through public improvement district assessments. The roadway improvements have been constructed according to City standards.

Water Improvements

The water improvement portion of the Neighborhood Improvement Area #5 Improvements consists of construction and installation of a looped water main network, waterlines, mains, pipes, valves and appurtenances, necessary for the portion of the water distribution system that will service the Neighborhood Improvement Area #5 Assessed Property. The water improvements have been constructed according to City standards.

Wastewater Improvements

The wastewater improvement portion of the Neighborhood Improvement Area #5 Improvements consists of construction and installation of pipes, service lines, manholes, encasements and appurtenances necessary to provide sanitary sewer service to Neighborhood Improvement Area #5 Assessed Property. The wastewater improvements have been constructed according to City standards.

Storm Drainage Improvements

The storm drainage improvement portion of the Neighborhood Improvement Area #5 Improvements consists of construction of detention ponds and appurtenances thereto to appropriately control and convey storm water. The storm drainage improvements have been constructed according to City standards.

Other Soft and Miscellaneous Improvements

The other soft and miscellaneous portion of the Neighborhood Improvement Area #5 Improvements consist of site preparation, signage, district formation costs, contingency, maintenance bonds, platting, permitting, engineering, staking and other soft costs.

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**Table III-F
Neighborhood Improvement Area #5 Costs**

Authorized Improvements	Total^(a)
Roadway Improvements	\$2,109,604
Water Improvements	\$819,434
Wastewater Improvements	\$642,607
Storm Drainage Improvements	\$963,088
Other Soft and Miscellaneous Costs	\$749,448
Total Authorized Improvements	\$5,284,180

Note: Costs provided by the Neighborhood Improvement Areas #5-7 Fee Developer.

H. DESCRIPTIONS AND COSTS OF NEIGHBORHOOD IMPROVEMENT AREA #6 IMPROVEMENTS

The Neighborhood Improvement Area #6 Improvements descriptions are presented below as provided by the project engineer. The Budgeted Costs of the Neighborhood Improvement Area #6 Improvements are shown in Table III-G.

A description of the Neighborhood Improvement Area #6 Improvements are as follows:

Roadway Improvements

The roadway improvement portion of the Neighborhood Improvement Area #6 Improvements consists of the construction of road and thoroughfare improvements, including related paving, sidewalks, retaining walls, signage, and traffic control devices, and the acquisition of related rights-of-way, as described in the Development Agreement and which benefit the Neighborhood Improvement Area #6 Assessed Property. The City has determined that the acquisition of rights-of-way related to roadway improvements as described in the Development Agreement meets the requirements of its current policy on the financing of roadway rights-of-way through public improvement district assessments. The roadway improvements have been constructed according to City standards.

Water Improvements

The water improvement portion of the Neighborhood Improvement Area #6 Improvements consists of construction and installation of a looped water main network, waterlines, mains, pipes, valves and appurtenances, necessary for the portion of the water distribution system that will service the Neighborhood Improvement Area #6 Assessed Property. The water improvements have been constructed according to City standards.

Wastewater Improvements

The wastewater improvement portion of the Neighborhood Improvement Area #6 Improvements consists of construction and installation of pipes, service lines, manholes, encasements and appurtenances necessary to provide sanitary sewer service to Neighborhood Improvement Area #6 Assessed Property. The wastewater improvements have been constructed according to City standards.

Storm Drainage Improvements

The storm drainage improvement portion of the Neighborhood Improvement Area #6 Improvements consists of construction of erosion control improvement to appropriately control and convey storm water for the benefit of Neighborhood Improvement Area #6. The storm drainage improvements have been constructed according to City standards.

Other Soft and Miscellaneous Improvements

The other soft and miscellaneous portion of the Neighborhood Improvement Area #6 Improvements consist of site preparation, signage, district formation costs, contingency, maintenance bonds, platting, permitting, engineering, staking and other soft costs.

Table III-G
Neighborhood Improvement Area #6 Costs

Authorized Improvements	Total
Roadway Improvements	\$847,220
Water Improvements	\$492,443
Wastewater Improvements	\$303,329
Storm Drainage Improvements	\$785,141
Other Soft and Miscellaneous Costs	\$532,396
Total Authorized Improvements	\$2,960,529

Note: Costs provided by the Neighborhood Improvement Areas #5-7 Fee Developer. The figures shown in Table III-G may be revised in Annual Service Plan Updates and may be reallocated between line items so long as the total Neighborhood Improvement Area #7 Improvements amount does not change.

I. DESCRIPTIONS AND COSTS OF NEIGHBORHOOD IMPROVEMENT AREA #7 IMPROVEMENTS

The Neighborhood Improvement Area #7 Improvements descriptions are presented below as provided by the project engineer. The Budgeted Costs of the Neighborhood Improvement Area #7 Improvements are shown in Table III-H.

A description of the Neighborhood Improvement Area #7 Improvements are as follows:

Roadway Improvements

The roadway improvement portion of the Neighborhood Improvement Area #7 Improvements consists of the construction of road and thoroughfare improvements, including related paving, sidewalks, retaining walls, signage, and traffic control devices, and the acquisition of related rights-of-way, as described in the Development Agreement and which benefit the Neighborhood Improvement Area #7 Assessed Property. The City has determined that the acquisition of rights-of-way related to roadway improvements as described in the Development Agreement meets the requirements of its current policy on the financing of roadway rights-of-way through public improvement district assessments. The roadway improvements will be constructed according to City standards.

Water Improvements

The water improvement portion of the Neighborhood Improvement Area #7 Improvements consists of construction and installation of a looped water main network, waterlines, mains, pipes, valves and appurtenances, necessary for the portion of the water distribution system that will service the Neighborhood Improvement Area #7 Assessed Property. The water improvements will be constructed according to City standards.

Wastewater Improvements

The wastewater improvement portion of the Neighborhood Improvement Area #7 Improvements consists of construction and installation of pipes, service lines, manholes, encasements and appurtenances necessary to provide sanitary sewer service to Neighborhood Improvement Area #7 Assessed Property. The wastewater improvements will be constructed according to City standards.

Storm Drainage Improvements

The storm drainage improvement portion of the Neighborhood Improvement Area #7 Improvements consists of construction of erosion control improvement to appropriately control and convey storm water for the benefit of Neighborhood Improvement Area #7. The storm drainage improvements will be constructed according to City standards.

Other Soft and Miscellaneous Improvements

The other soft and miscellaneous portion of the Neighborhood Improvement Area #7 Improvements consist of site preparation, signage, district formation costs, contingency, maintenance bonds, platting, permitting, engineering, staking and other soft costs.

Table III-H
Neighborhood Improvement Area #7 Costs

Authorized Improvements	Total
Roadway Improvements	\$1,766,051
Water Improvements	\$1,131,127
Wastewater Improvements	\$838,263
Storm Drainage Improvements	\$581,947
Other Soft and Miscellaneous Costs	\$871,217
Total Authorized Improvements	\$5,188,605

Note: Costs provided by the Neighborhood Improvement Areas #5-7 Fee Developer. The figures shown in Table III-H may be revised in Annual Service Plan Updates and may be reallocated between line items so long as the total Neighborhood Improvement Area #7 Improvements amount does not change.

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J. FUTURE NEIGHBORHOOD IMPROVEMENT AREA IMPROVEMENTS

As Future Neighborhood Improvement Areas are developed, if Future Neighborhood Improvement Area Bonds are issued and/or obligations under the PID Reimbursement Agreement for each Future Neighborhood Improvement Area are incurred, then this SAP will be amended to identify the specific Future Neighborhood Improvement Area Improvements that confer a special benefit to the property inside each Future Neighborhood Improvement Area (e.g. a Table III-I will be added to show the costs for the specific Future Neighborhood Improvement Area Improvements financed within the specific Future Neighborhood Improvement Area being developed.)

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IV. SERVICE PLAN

A. PROJECTED SOURCES AND USES OF FUNDS

The PID Act requires the service plan to cover a period of at least five years. The service plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the PID during the five-year period. The Major Improvements, the Neighborhood Improvement Area #1 Projects, the Neighborhood Improvement Area #2 Improvements, the Neighborhood Improvement Area #3 Improvements, and Neighborhood Improvement Area #4 Improvements, Neighborhood Improvement Area #5 Improvements, and Neighborhood Improvement Area #6 Improvements have been constructed and accepted by the City. Construction of the Neighborhood Improvement Area #7 Improvements began in September 2023 and were completed on April 22, 2024.

The service plan shall be reviewed and updated at least annually for the purpose of determining the annual budget for Administrative Expenses, updating the estimated Authorized Improvement costs, and updating the Assessment Rolls. Any update to this Service and Assessment Plan is herein referred to as an “Annual Service Plan Update.”

As Future Neighborhood Improvement Areas are developed in connection with the issuance of PID Bonds, if any, or the creation of an obligations under the PID Reimbursement Agreement, if any, related to such Future Neighborhood Improvement Area, this Service and Assessment Plan will be amended (e.g. a new table will be added to include Neighborhood Improvement Area #8, etc.).

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Major Improvement Area- Original

The Actual Costs for the Major Improvement Area Projects plus costs related to the issuance of the Major Improvement Area Bonds, and payment of expenses incurred in the establishment, administration and operation of the PID is \$8,471,369 as shown in Table IV-A.1

Table IV-A.1
Sources and Uses of Funds – MIA Bonds – Original

Sources of Funds	Amount
Gross Bond Amount	\$8,040,000
Master Developer Contribution ¹	\$431,369
Total Sources of Funds	\$8,471,369
Uses of Funds	
Project Fund Deposits:	
Authorized Improvements ²	\$6,146,368
Master Developer's Counsel/SAP/Appraisal	\$98,829
<i>Subtotal</i>	<i>\$6,245,197</i>
Other Fund Deposits	
Debt Service Reserve Fund ³	\$653,930
Capitalized Interest ⁴	\$1,020,075
Additional Proceeds	\$2,448
Cost of Issuance	\$336,598
Underwriter's Discount/Underwriter's Counsel ⁵	\$213,121
Total Uses of Funds	\$8,471,369

¹Master Developer funded all costs not covered by the PID Bonds.

²See Table III-A for details.

³The PID Bonds include a debt service reserve fund calculated in accordance with IRS rules.

⁴The PID Bonds include 21 months of capitalized interest.

⁵The PID Bonds had a 2.65% Underwriter's Discount, which included Underwriter's Counsel Fee.

Major Improvement Area – Outstanding

The Major Improvement Area Refunding Bonds are being issued to refund the outstanding Major Improvement Area Bonds. Table IV-A.2 on the following page shows the updated sources and uses for the Major Improvement Area Refunding Bonds.

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Table IV-A.2
Updated Sources and Uses of Funds – Major Improvement Area Refunding Bonds

Sources of Funds	Major Improvement Area
Gross Bond Par Amount	\$6,908,000
Available Trust Fund Balances ¹	\$1,769,248
Total Sources	\$8,677,248
Use of Funds	
Deposit to Escrow Fund for MIA Bonds	\$7,739,750
<i>Subtotal</i>	<i>\$7,739,750</i>
Bond Issuance Costs	
Original Issue Discount	\$13,075
Underwriter's Discount ²	\$207,240
Cost of Issuance	\$356,163
Debt Service Reserve Fund	\$291,940
Additional Interest Reserve Account	\$69,080
<i>Subtotal</i>	<i>\$937,498</i>
Total Uses	\$8,677,248

¹Represents funds available from pre-refunding Trust Accounts, which includes the funds available for September 1, 2024, Principal and Interest payment of the Major Improvement Area Bonds.

²The PID Bonds have a 3.00% Underwriter's Discount, which includes Underwriter's Counsel Fee.

Prior to the issuance of the Major Improvement Area Refunding Bonds, the outstanding principal due, interest due, Administrative Expenses, and the Additional Interest Component for the Additional Interest Reserve from 2024 to 2045 was \$7,225,000 \$7,369,125, \$924,404 and \$442,200 respectively, which was anticipated to be collected from 1,089 Lots (the initial 1,094 Lots less 5 fully prepaid Lots) within the Major Improvement Area.

Following the issuance of the Major Improvement Area Refunding Bonds, the total principal due, interest due, Administrative Expenses and the Additional Interest Component for the Additional Interest Reserve from 2024 to 2045 is \$6,908,000, \$5,201,188, \$924,404 and \$69,080 respectively and is anticipated to be collected from 1,089 Lots (the initial 1,094 Lots less 5 fully prepaid Lots) within the Major Improvement Area. As a result, the savings related to the principal, interest, Administrative Expenses and the Additional Interest Reserve arising from issuance of the Major Improvement Area Refunding Bonds are \$317,000, \$2,167,936, \$0 and \$373,120, respectively, totaling \$2,858,056. Table IV-A.3 on the following page shows a summary of net savings from the refunding.

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Table IV-A.3
Summary of Savings –Major Improvement Area Refunding Bonds

	Lots	Period	Principal	Interest	Administrative Expenses	Additional Interest ¹	Total
Major Improvement Area Bonds-Original	1,094	2016-2045	\$8,040,000	\$12,581,009	\$1,200,055	\$838,734	\$22,659,798
Estimated Savings after Refunding							
Major Improvement Area Bonds-Outstanding ²	1,089	2024-2045	\$7,225,000	\$7,369,125	\$924,404	\$442,200	\$15,960,728
Major Improvement Area Refunding Bonds	1,089	2024-2045	\$6,908,000	\$5,201,188	\$924,404	\$69,080	\$13,102,672
Net Refunding related savings			\$317,000	\$2,167,936	\$0	\$373,120	\$2,858,056

¹It is anticipated that the Additional Interest Reserve related to the Major Improvement Area Refunding Bonds will be initially funded with available funds. In the event the Additional Interest Reserve account drops below the required reserve amount, Additional Interest Component will be collected and used for funding the Additional Interest Reserve for the Major Improvement Area Refunding Bonds.

²Outstanding as of July 31, 2024.

Neighborhood Improvement Area #1- Original

The Actual Costs for the Neighborhood Improvement Area #1 Projects plus costs related to the issuance of the Neighborhood Improvement Area #1 Bonds, and payment of expenses incurred in the establishment, administration, and operation of the PID is \$6,978,903 as shown in Table IV-B.1 on the following page.

Table IV-B.1
Sources and Uses of Funds – Neighborhood Improvement Area #1 Bonds- Original

Sources of Funds	Amount
Gross Bond Amount	\$5,790,000
Master Developer Contribution ¹	\$1,188,903
Total Sources of Funds	\$6,978,903
Uses of Funds	
Project Fund Deposits:	
Authorized Improvements ²	\$5,733,903
Master Developer’s Counsel/SAP/Appraisal	\$71,171
<i>Subtotal</i>	<i>\$5,805,074</i>
Other Fund Deposits	
Debt Service Reserve Fund ³	\$412,100
Capitalized Interest ⁴	\$357,247
Additional Proceeds	\$0
Cost of Issuance	\$251,003
Underwriter’s Discount/Underwriter’s Counsel ⁵	\$153,479
Total Uses of Funds	\$6,978,903

¹Master Developer funded all costs not covered by the PID Bonds.

²See Table III-B for details.

³The PID Bonds include a debt service reserve fund calculated in accordance with IRS rules.

⁴The PID Bonds include 12 months of capitalized interest.

⁵The PID Bonds had a 2.65% Underwriter's Discount, which included Underwriter's Counsel Fee.

Neighborhood Improvement Area #1- Outstanding

The Neighborhood Improvement Area #1 Refunding Bonds are being issued to refund the outstanding Neighborhood Improvement Area #1 Bonds. Table IV-B.2 shows the updated sources and uses for the Neighborhood Improvement Area #1 Refunding Bonds on the following page.

Table IV-B.2
Sources and Uses of Funds – Neighborhood Improvement Area #1 Refunding Bonds - Updated

Sources of Funds	Neighborhood Improvement Area #1
Gross Bond Amount	\$4,930,000
Re-offering Premium	\$160,632
Available Trust Fund Balances ¹	\$865,571
Total Sources	\$5,956,203
Uses of Funds	
Deposit to Escrow Fund For NIA #1 Bonds	\$5,269,688
<i>Subtotal</i>	<i>\$5,269,688</i>
Bond Issuance Costs	
Underwriter's Discount ²	\$147,900
Cost of Issuance	\$313,783
Gross Bond Insurance Premium	\$68,644
Surety Bond	\$8,826
Debt Service Reserve Fund	\$98,063
Additional Interest Reserve	\$49,300
<i>Subtotal</i>	<i>\$686,515</i>
Total Uses	\$5,956,203

¹Represents the funds available from pre-refunding Trust Accounts, which includes the amounts available for the September 1, 2024, Principal and Interest payment for the Neighborhood Improvement Area #1 Bonds.

²The PID Bonds have a 3.00% Underwriter's Discount, which includes Underwriter's Counsel Fee.

Prior to the issuance of the Neighborhood Improvement Area #1 Refunding Bonds, the outstanding principal due, interest due, Administrative Expenses, and the Additional Interest Component for the prepayment reserve and delinquency reserve from 2024 to 2045 was \$4,937,940, \$4,051,563, \$924,404 and \$318,450 respectively, which was anticipated to be collected from 284 Lots (the initial 293 Lots less 8 fully prepaid Lots and 1 partially prepaid Lot) within Neighborhood Improvement Area #1.

Following the issuance of the Neighborhood Improvement Area #1 Refunding Bonds, the total principal due, interest due, Administrative Expenses and the Additional Interest Component for the Additional Interest Reserve from 2024 to 2045 is \$4,930,000, \$3,145,726, \$924,404 and \$49,300 respectively, for the Neighborhood Improvement area #1 Refunding Bonds, which is

anticipated to be collected from 284 Lots (the initial 293 Lots less 8 fully prepaid Lots and 1 partially prepaid Lot) within Neighborhood Improvement Area #1. As a result, the savings related to the reduction in principal, interest, Administrative Expenses and the Additional Interest Reserve from the Neighborhood Improvement Area #1 Refunding Bonds are \$7,940, \$905,836, \$0, and \$269,150, respectively, totaling \$1,182,926. Table IV-B.3 on the following page shows a summary of net savings from the refunding.

Table IV-B.3
Summary of Savings –Neighborhood Improvement Area #1 Refunding Bonds

	Lots	Period	Principal	Interest	Administrative Expenses	Additional Interest¹	Total Annual Installments
Neighborhood Improvement Area #1 Bonds- Original	293	2016-2045	\$5,790,000	\$7,108,200	\$1,210,921	\$568,656	\$14,677,777
Estimated Savings after the Refunding							
Neighborhood Improvement Area #1 Bonds- Outstanding ²	284	2024-2045	\$4,937,940	\$4,051,563	\$924,404	\$318,450	\$10,232,356
Neighborhood Improvement Area #1 Refunding Bonds	284	2024-2045	\$4,930,000	\$3,145,726	\$924,404	\$49,300	\$9,049,430
Net Refunding related savings			\$7,940	\$905,836	\$0	\$269,150	\$1,182,926

¹It is anticipated that the Additional Interest Reserve related to the Neighborhood Improvement Area #1 Refunding Bonds will be initially funded with available funds. In the event the Additional Interest Reserve drops below the required reserve amount, Additional Interest will be collected and used for funding the Additional interest Reserve for the Neighborhood Improvement Area #1 Refunding Bonds.

²Outstanding as of July 31, 2024.

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Neighborhood Improvement Area #2

The Actual Costs for the Neighborhood Improvement Area #2 Improvements plus costs related to financing such improvements, and payment of expenses incurred in the administration and operation of the PID and issuing the Neighborhood Improvement Areas #2-3 Bonds is \$3,649,490 as shown in Table IV-C.

Table IV-C
Sources and Uses of Funds – NIA #2

Sources of Funds	Amount
Gross Bond Amount	\$920,000
Reimbursement Agreement Payment ¹	\$25,000
Bond Premium	\$14,248
Master Developer Contribution ²	\$2,690,242
Total Sources of Funds	\$3,649,490
Uses of Funds	
Project Fund Deposits:	
Authorized Improvements ³	\$3,492,146
Other Fund Deposits	
Debt Service Reserve Fund ⁴	\$69,738
Cost of Issuance	\$60,006
Underwriter's Discount/Underwriter's Counsel ⁵	\$27,600
Total Uses of Funds	\$3,649,490

¹Represents payments made under the PID Reimbursement Agreement.

²Master Developer funded all costs not covered by the PID Bonds.

³See Table III-C for details.

⁴The PID Bonds include a debt service reserve fund calculated in accordance with IRS rules.

⁵The PID Bonds have a 3.0% Underwriter's Discount, which includes Underwriter's Counsel Fee.

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Neighborhood Improvement Area #3

The Actual Costs for the Neighborhood Improvement Area #3 Improvements plus costs related to the issuance of the Neighborhood Improvement Areas #2-3 Bonds, and payment of expenses incurred in the establishment, administration and operation of the PID is \$3,964,618 as shown in Table IV-D.

Table IV-D
Sources and Uses of Funds – NIA #3

Sources of Funds	Amount
Gross Bond Amount	\$2,275,000
Bond Premium	\$36,372
Master Developer Contribution ¹	\$1,653,246
Total Sources of Funds	\$3,964,618
Uses of Funds	
Project Fund Deposits:	
Authorized Improvements ²	\$3,470,719
Other Fund Deposits	
Debt Service Reserve Fund ³	\$172,451
Administrative Fund	\$25,000
Capitalized Interest ⁴	\$79,814
Cost of Issuance	\$148,384
Underwriter's Discount/Underwriter's Counsel ⁵	\$68,250
Total Uses of Funds	\$3,964,618

¹Master Developer will fund all costs not covered by the PID Bonds.

²See Table III-D for final costs of the Neighborhood Improvement Area #3 Improvements.

³The PID Bonds include a debt service reserve fund calculated in accordance with IRS rules.

⁴The PID Bonds include 12 months of capitalized interest.

⁵The PID Bonds have a 3.0% Underwriter's Discount, which includes Underwriter's Counsel Fee.

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Neighborhood Improvement Area #4

The Actual Costs for the Neighborhood Improvement Area #4 Improvements plus costs related to the issuance of the Neighborhood Improvement Area #4 Bonds, and payment of expenses incurred in the establishment, administration, and operation of the PID is \$7,258,014 as shown in Table IV-E.

Table IV-E
Sources and Uses of Funds – NIA #4

Sources of Funds	Amount
Gross Bond Amount	\$5,255,000
Bond Premium	\$99,439
Master Developer Contribution ¹	\$1,903,575
Total Sources of Funds	\$7,258,014
Uses of Funds	
Project Fund Deposits:	
Authorized Improvements ²	\$6,210,351
Other Fund Deposits	
Debt Service Reserve Fund ³	\$393,728
Administrative Fund	\$25,000
Capitalized Interest ⁴	\$166,580
Cost of Issuance	\$304,705
Underwriter's Discount/Underwriter's Counsel ⁵	\$157,650
Total Uses of Funds	\$7,258,014

¹Master Developer funded all costs not covered by the PID Bonds.

²See Table III-E for final costs of the Neighborhood Improvement Area #4 Improvements.

³The PID Bonds include a debt service reserve fund calculated in accordance with IRS rules.

⁴The PID Bonds include 12 months of capitalized interest.

⁵The PID Bonds have a 3.0% Underwriter's Discount, which includes Underwriter's Counsel Fee.

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Neighborhood Improvement Area #5

The Actual Costs for the Neighborhood Improvement Area #5 Improvements plus costs related to the issuance of the Neighborhood Improvement Area #5 Bonds, and payment of expenses incurred in the establishment, administration, and operation of the PID is \$6,789,687 as shown in Table IV-F. The sources and uses of funds shown in Table IV-F shall be updated each year in the Annual Service Plan Update to reflect any revisions to the Actual Costs and additional PID Bond issues, if any.

Table IV-F
Projected Sources and Uses of Funds – NIA #5

Sources of Funds	Total
Gross Bond Amount	\$6,463,000
NIA #5 Developer Contribution ¹	\$326,687
Total Sources	\$6,789,687
Uses of Funds	
NIA #5 Improvements ² :	
Roadway Improvements	\$2,109,604
Water Improvements	\$819,434
Wastewater Improvements	\$642,607
Storm Drainage Improvements	\$963,088
Other Soft and Miscellaneous Costs	\$749,448
<i>Subtotal</i>	<i>\$5,284,180</i>
<i>Bond Issuance Costs:</i>	
Cost of issuance	\$360,483
Capitalized interest ³	\$320,611
Reserve fund ⁴	\$590,523
Administrative Expenses	\$40,000
Underwriter's discount ⁵	\$193,890
<i>Subtotal</i>	<i>\$1,505,507</i>
Total Uses	\$6,789,687

¹NIA #5-7 Developer funded all costs not covered by the PID Bonds.

²See Table III-F for details.

³The PID Bonds include 12 months of capitalized interest.

⁴The PID Bonds include a debt service reserve fund calculated in accordance with IRS rules.

⁵The PID Bonds have a 3.0% Underwriter's Discount, which includes Underwriter's Counsel Fee.

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Neighborhood Improvement Area #6 – Original

The Budgeted Costs for the Neighborhood Improvement Area #6 Improvements, and payment of expenses incurred in the administration and operation of the PID were \$3,000,529 as shown in Table IV-G on the following page.

Table IV-G
Projected Sources and Uses of Funds – NIA #6 – Original

Sources of Funds	Total
NIA #6 Reimbursement Agreement Obligation	\$2,785,000
NIA #6 Developer Contribution ¹	\$215,529
Total Sources	\$3,000,529
Uses of Funds	
<i>NIA #6 Improvements ²:</i>	
Roadway Improvements	\$847,220
Water Improvements	\$492,443
Wastewater Improvements	\$303,329
Storm Drainage Improvements	\$785,141
Other Soft and Miscellaneous Costs	\$532,396
<i>Subtotal</i>	<i>\$2,960,529</i>
<i>Other Assessment Levy Costs:</i>	
Administrative Expenses	\$40,000
<i>Subtotal</i>	<i>\$40,000</i>
Total Uses	\$3,000,529

¹NIA #5-7 Developer will fund all costs not covered by the Reimbursement Agreement.

²See Table III-G for details.

Neighborhood Improvement Area #6 (Updated) and Neighborhood Improvement Area #7

The sources and uses of funds shown in Table IV-G are being updated to reflect the issuance of the Neighborhood Improvement Areas #6-7 Bonds allocated to Neighborhood Improvement Area #6 as shown in Table IV-H. The updated Budgeted Costs for the Neighborhood Improvement Area #6 Improvements, plus costs related to the issuance of the Neighborhood Improvement Areas #6-7 Bonds and payment of expenses incurred in the administration and operation of the PID allocated to Neighborhood Improvement Area #6, is \$3,596,723 as shown in Table IV-H. The Budgeted Costs for the Neighborhood Improvement Area #7 Improvements plus costs related to the issuance of the Neighborhood Improvement Areas #6-7 Bonds and payment of expenses incurred in the administration, and operation of the PID allocated to Neighborhood Improvement Area #7, is \$6,266,594 as shown in Table IV-H. As such, the total Budgeted Costs for the Neighborhood Improvement Area #6 Improvements, Budgeted Costs for the Neighborhood Improvement Area #7 Improvements, plus costs related to the issuance of the Neighborhood Improvement Areas #6-7 Bonds and payment of expenses incurred in the administration, and operation of the PID is \$9,863,318 as shown in Table IV-H.

Table IV-H
Projected Sources and Uses of Funds – NIA #6 (Updated) and NIA #7

Sources of Funds	NIA #6	NIA #7	Total
Gross Bond Amount	\$2,785,000	\$4,895,000	\$7,680,000
Original Issue Discount	(\$8,806)	(\$15,011)	(\$23,817)
Developer Contribution ¹	\$811,723	\$1,371,594	\$2,183,318
Total Sources	\$3,596,723	\$6,266,594	\$9,863,318
Uses of Funds			
<u>NIA #6 Improvements²:</u>			
Roadway Improvements	\$847,220	\$0	\$847,220
Water Improvements	\$492,443	\$0	\$492,443
Wastewater Improvements	\$303,329	\$0	\$303,329
Storm Drainage Improvements	\$785,141	\$0	\$785,141
Other Soft and Miscellaneous Costs	\$532,396	\$0	\$532,396
<i>Subtotal</i>	<i>\$2,960,529</i>	<i>\$0</i>	<i>\$2,960,529</i>
<u>Other Assessment Levy Cost (Neighborhood Improvement Area #6¹):</u>			
Administrative Expenses	\$40,000	\$0	\$40,000
<i>Subtotal</i>	<i>\$40,000</i>	<i>\$0</i>	<i>\$40,000</i>
<u>NIA #7 Improvements¹:</u>			
Roadway Improvements	\$0	\$1,766,051	\$1,766,051
Water Improvements	\$0	\$1,131,127	\$1,131,127
Wastewater Improvements	\$0	\$838,263	\$838,263
Storm Drainage Improvements	\$0	\$581,947	\$581,947
Other Soft and Miscellaneous Costs	\$0	\$871,217	\$871,217
<i>Subtotal</i>	<i>\$0</i>	<i>\$5,188,605</i>	<i>\$5,188,605</i>
<u>Bond Issuance Costs:</u>			
Cost of issuance	\$200,187	\$314,199	\$514,386
Capitalized interest ⁵	\$48,949	\$85,791	\$134,740
Reserve fund ⁶	\$263,508	\$463,150	\$726,657
Administrative Expenses	\$0	\$68,000	\$68,000
Underwriter's discount ⁷	\$83,550	\$146,850	\$230,400
<i>Subtotal</i>	<i>\$596,194</i>	<i>\$1,077,989</i>	<i>\$1,674,184</i>
Total Uses	\$3,596,723	\$6,266,594	\$9,863,318

¹NIA #5-7 Developer will fund all costs not covered by the Reimbursement Agreement and/or Neighborhood Improvement Areas #6-7 Bonds without reimbursement.

²See Table III-G for details.

³Represents fees paid by the NIA #5-7 Developer in 2023 as part of the levy of assessments under the Neighborhood Improvement Area #6 Reimbursement Agreement Obligation which are available to pay initial Administrative Expenses related to Neighborhood Improvement Area #6.

⁴See Table III-H for details.

⁵The PID Bonds include 5 months of capitalized interest.

⁶The PID Bonds include a debt service reserve fund calculated in accordance with IRS rules.

⁷The PID Bonds have a 3.0% Underwriter's Discount, which includes a fee or the underwriter's legal counsel.

B. PROJECTED FIVE YEAR SERVICE PLAN

Major Improvement Area

The annual projected costs and annual projected indebtedness for the Major Improvement Area following the issuance of the Major Improvement Area Refunding Bonds is shown in Table IV-I. The annual projected costs and indebtedness are subject to revision, and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

**Table IV-I
Annual Projected Costs and Annual Projected Indebtedness – MIA - Updated**

Year	Annual Projected Costs	Annual Projected Indebtedness	Other Funding Sources	Projected MIA Annual Installments
2023 & Prior ¹	\$8,471,369	\$8,040,000	\$431,369	\$5,238,332
2024	\$1,316,315	\$0	\$0	\$620,579
2025	\$0	\$0	\$0	\$654,185
2026	\$0	\$0	\$0	\$653,554
2027	\$0	\$0	\$0	\$652,375
2028	\$0	\$0	\$0	\$651,648
2029	\$0	\$0	\$0	\$650,318
2030	\$0	\$0	\$0	\$648,385
Total	\$9,787,684	\$8,040,000	\$431,369	\$9,769,375

¹Projected Annual Installments prior to 2025 are related to the Major Improvement Area Bonds. Projected Annual Installments beginning in 2025 are related to the Major Improvement Area Refunding Bonds.

The annual projected costs shown in Table IV-I are the annual expenditures relating to the Major Improvement Area Projects shown in Table III-A, and the costs associated with setting up the PID and costs of issuance including reserves shown in Table IV-A that are allocable to the Major Improvement Area. The Other Funding Sources (the “Other Funding Sources”) identified above include the amounts contributed by the Master Developer in connection with the issuance of the original Major Improvement Area Bonds.

Neighborhood Improvement Area #1

The annual projected costs and annual projected indebtedness for Neighborhood Improvement Area #1 following the issuance of the Neighborhood Improvement Area #1 Refunding Bonds is shown in Table IV-J. The annual projected costs and indebtedness are subject to revision, and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

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Table IV-J
Annual Projected Costs and Annual Projected Indebtedness – NIA #1 - Updated

Year	Annual Projected Costs	Annual Projected Indebtedness	Other Funding Sources	Projected NIA #1 Annual Installments
2023 & Prior	\$6,978,903	\$5,790,000	\$1,188,903	\$4,029,704
2024	\$1,000,258	\$0	\$0	\$428,579
2025	\$0	\$0	\$0	\$452,845
2026	\$0	\$0	\$0	\$452,216
2027	\$0	\$0	\$0	\$451,217
2028	\$0	\$0	\$0	\$449,848
2029	\$0	\$0	\$0	\$449,109
2030	\$0	\$0	\$0	\$448,946
Total	\$7,979,161	\$5,790,000	\$1,188,903	\$7,162,465

¹Projected Annual Installments prior to 2025 are related to the Neighborhood Improvement Area #1 Bonds. Projected Annual Installments beginning in 2025 are related to the Neighborhood Improvement Area #1 Refunding Bonds.

The annual projected costs shown in Table IV-J are the annual expenditures relating to the Improvement Area #1 Projects shown in Table III-B, and the costs associated with setting up the PID and costs of issuance including reserves shown in Table IV-B that are allocable to Neighborhood Improvement Area #1. The Other Funding Sources, (the “Other Funding Sources”) identified above include the amounts contributed by the Master Developer in connection with the issuance of the Neighborhood Improvement Area #1 Bonds.

Neighborhood Improvement Area #2

The annual projected costs and annual projected indebtedness for Neighborhood Improvement Area #2 is shown in Table IV-K on the following page. The annual projected costs and indebtedness are subject to revision, and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

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Table IV-K
Annual Projected Costs and Annual Projected Indebtedness – NIA #2

Year	Annual Projected Costs	Annual Projected Indebtedness	Other Funding Sources	Projected NIA #2 Annual Installments
2023 & Prior	\$3,649,490	\$945,000	\$2,704,490	\$327,491
2024	\$0	\$0	\$0	\$72,239
2025	\$0	\$0	\$0	\$71,957
2026	\$0	\$0	\$0	\$71,682
2027	\$0	\$0	\$0	\$71,288
2028	\$0	\$0	\$0	\$65,901
2029	\$0	\$0	\$0	\$65,702
Total	\$3,649,490	\$945,000	\$2,704,490	\$746,259

The annual projected costs shown in Table IV-K are the annual expenditures relating to the Neighborhood Improvement Area #2 Improvements shown in Table III-C, and the costs associated with setting up the PID and costs of issuance including reserves shown in Table IV-C that are allocable to Neighborhood Improvement Area #2. The difference between the total projected cost and the total projected indebtedness, if any, is the amount contributed by the Master Developer.

Neighborhood Improvement Area #3

The annual projected costs and annual projected indebtedness for Neighborhood Improvement Area #3 is shown in Table IV-L. The annual projected costs and indebtedness are subject to revision, and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

Table IV-L
Annual Projected Costs and Annual Projected Indebtedness – NIA #3

Year	Annual Projected Costs	Annual Projected Indebtedness	Other Funding Sources	Projected NIA #3 Annual Installments
2023 & Prior	\$3,964,617	\$2,275,000	\$1,689,617	\$323,162
2024	\$0	\$0	\$0	\$162,311
2025	\$0	\$0	\$0	\$161,642
2026	\$0	\$0	\$0	\$160,983
2027	\$0	\$0	\$0	\$165,085
2028	\$0	\$0	\$0	\$159,017
2029	\$0	\$0	\$0	\$158,141
Total	\$3,964,617	\$2,275,000	\$1,689,617	\$1,290,343

The annual projected costs shown in Table IV-L are the annual expenditures relating to the Neighborhood Improvement Area #3 Improvements shown in Table III-D, and the costs associated with setting up the PID and costs of issuance including reserves shown in Table IV-D

that are allocable to Neighborhood Improvement Area #3. The difference between the total projected cost and the total projected indebtedness, if any, is the amount contributed by the Developer.

Neighborhood Improvement Area #4

The annual projected costs and annual projected indebtedness for Neighborhood Improvement Area #4 is shown in Table IV-M. The annual projected costs and indebtedness are subject to revision, and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

Table IV-M
Annual Projected Costs and Annual Projected Indebtedness – NIA #4

Year	Annual Projected Costs	Annual Projected Indebtedness	Other Funding Sources	Projected NIA #4 Annual Installments
2023 & Prior	\$7,258,014	\$5,255,000	\$2,003,014	\$327,983
2024	\$0	\$0	\$0	\$327,973
2025	\$0	\$0	\$0	\$327,913
2026	\$0	\$0	\$0	\$327,803
2027	\$0	\$0	\$0	\$327,645
2028	\$0	\$0	\$0	\$327,977
2029	\$0	\$0	\$0	\$328,215
Total	\$7,258,014	\$5,255,000	\$2,003,014	\$2,295,507

The annual projected costs shown in Table IV-M are the annual expenditures relating to the Neighborhood Improvement Area #4 Improvements shown in Table III-E, and the costs associated with setting up the PID and costs of issuance including reserves shown in Table IV-E that are allocable to Neighborhood Improvement Area #4. The difference between the total projected cost and the total projected indebtedness, if any, is the amount contributed by the Master Developer.

Neighborhood Improvement Area #5

The annual projected costs and annual projected indebtedness for Neighborhood Improvement Area #5 is shown in Table IV-N. The annual projected costs and indebtedness are subject to revision, and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

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Table IV-N
Annual Projected Costs and Annual Projected Indebtedness – NIA #5

Year	Annual Projected Costs	Annual Projected Indebtedness	Other Funding Sources	Projected NIA #5 Annual Installments ⁽¹⁾
2023 & Prior ¹	\$6,789,687	\$6,463,000	\$326,687	\$0
2024	\$0	\$0	\$0	\$507,164
2025	\$0	\$0	\$0	\$506,980
2026	\$0	\$0	\$0	\$506,662
2027	\$0	\$0	\$0	\$507,211
2028	\$0	\$0	\$0	\$506,577
2029	\$0	\$0	\$0	\$506,461
Total	\$6,789,687	\$6,463,000	\$326,687	\$3,041,055

¹Administrative Expenses in year 2023 are funded with bond proceeds and interest in year 2023 is funded with capitalized interest.

The annual projected costs shown in Table IV-N are the annual expenditures relating to the Neighborhood Improvement Area #5 Improvements shown in Table III-F, and the costs associated with setting up the PID and costs of issuance including reserves shown in Table IV-F that are allocable to Neighborhood Improvement Area #5. The difference between the total projected cost and the total projected indebtedness, if any, is the amount contributed by the by the Neighborhood Improvement Areas #5-7 Developer.

Neighborhood Improvement Area #6

The annual projected costs and annual projected indebtedness for Neighborhood Improvement Area #6 is shown in Table IV-O. The annual projected costs and indebtedness are subject to revision, and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

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Table IV-O
Annual Projected Costs and Annual Projected Indebtedness – NIA #6

Year	Annual Projected Costs	Annual Projected Indebtedness	Other Funding Sources¹	Projected NIA #6 Annual Installments
2023	\$3,000,529	\$2,785,000	\$215,529	\$0
2024 ²	\$596,194	\$0	\$596,194	\$0
2025	\$0	\$0	\$0	\$255,263
2026	\$0	\$0	\$0	\$255,803
2027	\$0	\$0	\$0	\$255,370
2028	\$0	\$0	\$0	\$255,016
2029	\$0	\$0	\$0	\$255,742
2030	\$0	\$0	\$0	\$255,496
Total	\$3,596,723	\$2,785,000	\$811,723	\$1,532,689

¹The other funding sources represent Budgeted Costs of the Authorized Improvements to be paid by the Developer without reimbursement through the PID. See Table IV-G for details.

²Administrative Expenses in the amount of \$40,000 were funded by the NIA #5-7 Fee Developer at the time the Neighborhood Improvement Area #6 Assessments were levied in 2023 and interest for year 2024 is being funded with capitalized interest.

The annual projected costs shown in Table IV-O are the annual expenditures relating to the Neighborhood Improvement Area #6 Improvements shown in Table III-G, and the costs of issuance including reserves shown in Table IV-G.2 that are allocable to Neighborhood Improvement Area #6. The difference between the total projected cost and the total projected indebtedness, if any, is the amount contributed by the Neighborhood Improvement Areas #5-7 Developer.

Neighborhood Improvement Area #7

The annual projected costs and annual projected indebtedness for Neighborhood Improvement Area #7 is shown in Table IV-P. The annual projected costs and indebtedness are subject to revision, and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

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**Table IV-P
Annual Projected Costs and Annual Projected Indebtedness – NIA #7**

Year	Annual Projected Costs	Annual Projected Indebtedness	Other Funding Sources¹	Projected NIA #7 Annual Installments
2024 ²	\$6,266,594	\$4,895,000	\$1,371,594	\$0
2025	\$0	\$0	\$0	\$403,591
2026	\$0	\$0	\$0	\$404,236
2027	\$0	\$0	\$0	\$403,857
2028	\$0	\$0	\$0	\$398,507
2029	\$0	\$0	\$0	\$397,441
2030	\$0	\$0	\$0	\$404,457
2031	\$0	\$0	\$0	\$404,143
Total	\$6,266,594	\$4,895,000	\$1,371,594	\$2,816,232

¹The other funding sources represent Budgeted Costs of the Authorized Improvements to be paid by the Developer without reimbursement through the PID. See Table IV-H for details.

²Administrative Expenses for year 2024 are being funded with Bond proceeds and interest for year 2024 is being funded with capitalized interest.

The annual projected costs shown in Table IV-P are the annual expenditures relating to the Neighborhood Improvement Area #7 Improvements shown in Table III-H, and the costs of issuance including reserves shown in Table IV-H that are allocable to Neighborhood Improvement Area #7. The difference between the total projected cost and the total projected indebtedness, if any, is the amount contributed by the Neighborhood Improvement Areas #5-7 Developer.

C. PID ASSESSMENT NOTICE

The PID Act requires that this Service and Assessment Plan and each Annual Service Plan Update include a copy of the notice form required by Section 5.014 of the Texas Property Code (the “PID Assessment Notice”). The PID Assessment Notice is attached hereto as Appendix C and may be updated in an Annual Service Plan Update.

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V. ASSESSMENT PLAN

A. INTRODUCTION

The PID Act requires the City Council to apportion the costs of the Authorized Improvements on the basis of special benefits conferred upon the property because of the Authorized Improvements. The PID Act provides that the costs of the Authorized Improvements may be assessed: (i) equally per front foot or square foot; (ii) according to the value of the property as determined by the governing body, with or without regard to improvements on the property; or (iii) in any other manner that results in imposing equal shares of the cost on property similarly benefited. The PID Act further provides that the governing body may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the municipality and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

For purposes of this Service and Assessment Plan, the City Council has determined that the costs of the Authorized Improvements shall be allocated in such a manner that the Actual Costs of the Authorized Improvements that only benefit the PID shall be allocated on the basis of estimated buildout value of each Lot Type once such property is developed, and that such method of allocation will result in the imposition of equal shares of the Actual Costs of the Authorized Improvements to Parcels similarly benefited.

At this time, it is impossible to determine with absolute certainty the amount of special benefit each Parcel within the Future Neighborhood Improvement Area will receive from the Future Neighborhood Improvement Area Improvements that are to be financed with PID Bonds and/or the PID Reimbursement Agreement for each Future Neighborhood Improvement Area. Therefore, Parcels within the Future Neighborhood Improvement Area have only been assessed for the special benefits conferred upon such Parcel at this time from the Major Improvements.

In connection with the issuance of PID Bonds and/or incurrence of an obligation under the PID Reimbursement Agreement relating to the Future Neighborhood Improvement Area, this Service and Assessment Plan will be updated to reflect the special benefit each Parcel of Future Neighborhood Improvement Area Assessed Property receives from the Future Neighborhood Improvement Area Improvements. Prior to assessing Parcels located within the Future Neighborhood Improvement Area in connection with issuance of PID Bonds and/or the incurrence of an obligation under the PID Reimbursement Agreement for each Future Neighborhood Improvement Area, each owner of the Parcels to be assessed must acknowledge that the Authorized Improvements to be financed confer a special benefit on their Parcel and must consent to the imposition of Assessments to pay for the Actual Costs of such Authorized Improvements.

This section of this Service and Assessment Plan currently (i) describes the special benefit received by each Parcel within the PID as a result of the Authorized Improvements, (ii) provides the basis and justification for the determination that this special benefit exceeds the amount of the Assessments levied or to be levied on the Assessed Property for such Authorized Improvements, and (iii) establishes the methodologies by which the City Council allocates and reallocates the special benefit of the Authorized Improvements, as applicable, to Parcels in a manner that results

in equal shares of the Actual Costs of such Authorized Improvements being apportioned to Parcels similarly benefited. The determination by the City Council of the assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers, rationally exercised on the basis of analysis of relevant facts and upon advice of qualified consultants and is conclusive and binding on the Developer and all future owners and developers of the Assessed Property.

B. SPECIAL BENEFIT

The Assessed Property must receive a direct and special benefit from the Authorized Improvements, which must be equal to or greater than the amount of the Assessments. The Authorized Improvements are provided specifically for the benefit of the Assessed Property. The Authorized Improvements and the costs of issuance and payment of costs incurred in the establishment of the PID are authorized by the Act. These Authorized Improvements are provided specifically for the benefit of the Assessed Property.

Each owner of the Assessed Property has acknowledged that the Authorized Improvements confer a special benefit on the Assessed Property and has or will consent to the imposition of the Assessments to pay for the Actual Costs associated therewith. Each of the owners is acting in its interest in consenting to this apportionment and levying of the Assessments because the special benefit conferred upon the Assessed Property by the Authorized Improvements exceeds the amount of the Assessments.

The Authorized Improvements provide a special benefit to the Assessed Property as a result of the close proximity of these improvements to the Assessed Property and the specific purpose of these improvements of providing infrastructure for the Assessed Property. In other words, the Assessed Property could not be used in the manner proposed without the construction of the Authorized Improvements. The Authorized Improvements are being provided specifically to meet the needs of the Assessed Property as required for the proposed use of the property.

The Assessments are being levied to provide the Authorized Improvements that are required for the highest and best use of the Assessed Property (i.e., the use of the property that is most valuable, including any costs associated with that use). Highest and best use can be defined as “the reasonably probable and legal use of property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.” (*Dictionary of Real Estate Appraisal, Third Edition.*) The Authorized Improvements are expected to be required for the proposed use of the Assessed Property to be physically possible, appropriately supported, financially feasible, and maximally productive.

The Developer has evaluated the potential use of the property and has determined that the highest and best use of the property is the use intended and the legal use for the property as described in Section II of this Service and Assessment Plan. The use of the Assessed Property as described herein will require the construction of the Authorized Improvements.

The Assessments will repay financing that is on advantageous terms, as the PID Bonds issued to finance the Authorized Improvements will pay interest that is exempt from federal income tax. As a result, all other terms being equal (e.g., maturity, fixed vs. variable rate, credit quality), the tax-

exempt bonds will have a lower interest rate than debt that is not tax-exempt. The PID Bonds also have a longer term than other available financings and may either be repaid or assumed by a buyer at the buyer's option. As a result of these advantageous terms, the financing provided by the PID is the most beneficial means of financing the Authorized Improvements.

Each owner of the Assessed Property has or will ratify, confirm, accept, agree to and approve: (i) the determinations and finding by the City Council as to the special benefits described in this Service and Assessment Plan and the Assessment Ordinance; (ii) the Service and Assessment Plan and the Assessment Ordinance, and (iii) the levying of the Assessments on the Assessed Property. Use of Assessed Property as described in this Service and Assessment Plan and as authorized by the PID Act requires that Authorized Improvements be acquired, constructed, installed, and/or improved. Funding the Actual Costs of the Authorized Improvements through the PID has been determined by the City Council to be the most beneficial means of doing so. As a result, the Authorized Improvements result or will result in a special benefit to the Assessed Property, and this special benefit exceeds or will exceed the amount of the Assessment. This conclusion is based on and supported by the evidence, information, and testimony provided to the City Council.

In summary, the Authorized Improvements result in a special benefit to the Assessed Property for the following reasons:

1. The Authorized Improvements are being provided specifically for the use of the Assessed Property, are necessary for the proposed best use of the property and provide a special benefit to the Assessed Property as a result;
2. The property owner has consented to the imposition of the Assessments for the purpose of providing the Authorized Improvements and the property owner is acting in its interest by consenting to this imposition;
3. The Authorized Improvements are required for the highest and best use of the Assessed Property;
4. The highest and best use of the Assessed Property is the use of the Assessed Property that is most valuable (including any costs associated with the use of the Assessed Property);
5. Financing of the costs of the Authorized Improvement through the PID is determined to be the most beneficial means of providing for the Authorized Improvements; and,
6. As a result, the special benefits to the Assessed Property from the Authorized Improvements will be equal to or greater than the Assessments.

C. ALLOCATION OF ACTUAL COSTS OF MAJOR IMPROVEMENTS

The Major Improvements will provide a special benefit to the Property, other than the Non-Benefited Property, in the Major Improvement Area and the Property, other than the Non-Benefited Property, in the Neighborhood Improvement Area #1. The Actual Costs of the Major Improvements are, therefore, allocated to the Major Improvement Area Assessed Property and the Neighborhood Improvement Area #1 Assessed Property, as shown in Table V-A. The costs

detailed in Table V-A are subject to revision through the Annual Service Plan Updates but may not result in increased Assessments except as authorized under this SAP or the PID Act.

Table V-A
Cost Allocation of Major Improvements

Authorized Improvements	Total Cost ¹	NIA #1 Major Improvements		MIA Major Improvements	
		% Allocation	Share of Costs	% Allocation	Share of Costs
Roadway Improvements	\$3,878,507	8%	\$291,826	92%	\$3,586,681
Storm Drainage Improvements	\$801,703	11%	\$89,128	89%	\$712,575
Wastewater Improvements	\$441,572	11%	\$49,695	89%	\$391,877
Water Improvements	\$484,865	11%	\$54,130	89%	\$430,735
Open Space/Trail System Improvements	\$188,000	0%	\$0	100%	\$188,000
Soft Costs	\$939,922	11%	\$103,422	89%	\$836,500
Total Authorized Improvements	\$6,734,569		\$588,201		\$6,146,368

¹See Table III-A for details.

D. ASSESSMENT METHODOLOGY

The Actual Costs may be assessed by the City Council against the Assessed Property so long as the special benefit conferred upon the Assessed Property by the Authorized Improvements equals or exceeds the Assessments. The Actual Costs may be assessed using any methodology that results in the imposition of equal shares of the Actual Costs on Assessed Property similarly benefited.

1. Assessment Methodology for the Major Improvement Area

For purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the Major Improvement Area Projects financed with the Major Improvement Area Bonds, refinanced with the Major Improvement Area Bonds, and by the Master Developer shall be allocated to the Major Improvement Area Assessed Property by spreading the entire Assessment across the Parcels based on the ratio of the estimated buildout value of each Lot to the estimated total buildout value for all Parcels within the Major Improvement Area.

Based on the Actual Costs of the Major Improvement Area Projects, the City Council has determined that the benefit to the Major Improvement Area Assessed Property from the Major Improvement Area Projects is at least equal to the Assessments levied on the Major Improvement Area Assessed Property.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the ratio of the estimated buildout value of each lot to the total estimated buildout value for all Parcels. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Parcel based on the ratio of the estimated buildout value at the time residential Lots are platted to the total estimated buildout value for lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council. For multifamily units, when final multifamily building sites are platted, Assessments will be apportioned proportionately among each multifamily unit based on the ratio of the estimated buildout value at the time multifamily units are platted to the total estimated buildout value of all multifamily units in the platted Parcel, as determined by the Administrator and confirmed by the

City Council. For non-residential Parcels, when final building sites are platted, Assessments will be apportioned proportionately among each Parcel based ratio of the estimated buildout value at the time non-residential Parcels are platted to the total estimated buildout value for lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council.

The Assessment and Annual Installments for each Parcel or Lot located within the Major Improvement Area is shown on the Major Improvement Area Assessment Roll, attached as Appendix E, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

2. Assessment Methodology for Neighborhood Improvement Area #1

For purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the Neighborhood Improvement Area #1 Projects financed with the Neighborhood Improvement Area #1 Bonds, refinanced with the Neighborhood Improvement Area #1 Refunding Bonds, and by the Master Developer shall be allocated to the Neighborhood Improvement Area #1 Assessed Property by spreading the entire Assessment across the Parcels based on the ratio of the estimated buildout value of each Lot to the estimated total buildout value for all Parcels within Neighborhood Improvement Area #1.

Based on the Actual Costs provided by the Master Developer for the Neighborhood Improvement Area #1 Projects, the City Council has determined that the benefit to the Neighborhood Area #1 Assessed Property from the Neighborhood Improvement Area #1 Projects is at least equal to the Assessments levied on the Neighborhood Improvement Area #1 Assessed Property.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the ratio of the estimated buildout value of each lot to the total estimated buildout value for all Parcels. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Parcel based on the ratio of the estimated buildout value at the time residential Lots are platted to the total estimated buildout value for lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council.

The Assessment and Annual Installments for each Parcel or Lot located within Neighborhood Improvement Area #1 is shown on the Neighborhood Improvement Area #1 Assessment Roll, attached as Appendix F, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

3. Assessment Methodology for Neighborhood Improvement Area #2

For purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the Neighborhood Improvement Area #2 Improvements financed with the Neighborhood Improvement Areas #2-3 Bonds and by the Master Developer shall be allocated to the Neighborhood Improvement Area #2 Assessed Property by spreading the entire Assessment across the Parcels based on the ratio of the estimated buildout value of each Lot to the estimated total buildout value for all Parcels within Neighborhood Improvement Area #2.

Based on the Actual Costs provided by the Master Developer for the Neighborhood Improvement Area #2 Improvements, the City Council has determined that the benefit to the Neighborhood Area #2 Assessed Property from the Neighborhood Improvement Area #2 Improvements is at least equal to the Assessments levied on the Neighborhood Improvement Area #2 Assessed Property.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the ratio of the estimated buildout value of each lot to the total estimated buildout value for all Parcels. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Parcel based on the ratio of the estimated buildout value at the time residential Lots are platted to the total estimated buildout value for lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council.

The Assessment and Annual Installments for each Parcel or Lot located within Neighborhood Improvement Area #2 is shown on the Neighborhood Improvement Area #2 Assessment Roll, attached as Appendix G, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

4. Assessment Methodology for Neighborhood Improvement Area #3

For purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the Neighborhood Improvement Area #3 Improvements financed with the Neighborhood Improvement Areas #2-3 Bonds and by the Master Developer shall be allocated to the Neighborhood Improvement Area #3 Assessed Property by spreading the entire Assessment across the Parcels based on the ratio of the estimated buildout value of each Lot to the estimated total buildout value for all Parcels within Neighborhood Improvement Area #3.

Based on the Actual Costs provided by the Master Developer for the Neighborhood Improvement Area #3 Improvements, the City Council has determined that the benefit to the Neighborhood Area #3 Assessed Property from the Neighborhood Improvement Area #3 Improvements is at least equal to the Assessments levied on the Neighborhood Improvement Area #3 Assessed Property.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the ratio of the estimated buildout value of each lot to the total estimated buildout value for all Parcels. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Parcel based on the ratio of the estimated buildout value at the time residential Lots are platted to the total estimated buildout value for lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council.

The Assessment and Annual Installments for each Parcel or Lot located within Neighborhood Improvement Area #3 is shown on the Neighborhood Improvement Area #3 Assessment Roll, attached as Appendix H, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

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5. Assessment Methodology for Neighborhood Improvement Area #4

For purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the Neighborhood Improvement Area #4 Improvements to be financed with the Neighborhood Improvement Areas #4 Bonds and by the Master Developer shall be allocated to the Neighborhood Improvement Area #4 Assessed Property by spreading the entire Assessment across the Parcels based on the ratio of the estimated buildout value of each Lot to the estimated total buildout value for all Parcels within Neighborhood Improvement Area #4.

Based on the Actual Costs provided by the Master Developer for the Neighborhood Improvement Area #4 Improvements, the City Council has determined that the benefit to the Neighborhood Area #4 Assessed Property from the Neighborhood Improvement Area #4 Improvements is at least equal to the Assessments levied on the Neighborhood Improvement Area #4 Assessed Property.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the ratio of the estimated buildout value of each lot to the total estimated buildout value for all Parcels. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Parcel based on the ratio of the estimated buildout value at the time residential Lots are platted to the total estimated buildout value for lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council.

The Assessment and Annual Installments for each Parcel or Lot located within Neighborhood Improvement Area #4 is shown on the Neighborhood Improvement Area #4 Assessment Roll, attached as Appendix I, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

6. Assessment Methodology for Neighborhood Improvement Area #5

For purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the Neighborhood Improvement Area #5 Improvements to be financed with the Neighborhood Improvement Areas #5 Bonds and by the Neighborhood Improvement Areas #5-7 Developer shall be allocated to the Neighborhood Improvement Area #5 Assessed Property by spreading the entire Assessment across the Parcels based on the ratio of the estimated buildout value of each Lot to the estimated total buildout value for all Parcels within Neighborhood Improvement Area #5.

Based on the Actual Costs provided by the Neighborhood Improvement Areas #5-7 Fee Developer for the Neighborhood Improvement Area #5 Improvements, the City Council has determined that the benefit to the Neighborhood Area #5 Assessed Property from the Neighborhood Improvement Area #5 Improvements is at least equal to the Assessments levied on the Neighborhood Improvement Area #5 Assessed Property.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the ratio of the estimated buildout value of each lot to the total estimated buildout value for all Parcels. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Parcel based on the ratio of the

estimated buildout value at the time residential Lots are platted to the total estimated buildout value for lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council.

The Assessment and Annual Installments for each Parcel or Lot located within Neighborhood Improvement Area #5 is shown on the Neighborhood Improvement Area #5 Assessment Roll, attached as Appendix J, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

7. Assessment Methodology for Neighborhood Improvement Area #6

For purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the Neighborhood Improvement Area #6 Improvements to be financed by Neighborhood Improvement Area #6's share of the Neighborhood Improvement Areas #6-7 Bonds and by the Neighborhood Improvement Areas #5-7 Developer shall be allocated to the Neighborhood Improvement Area #6 Assessed Property by spreading the entire Assessment across the Parcels based on the ratio of the estimated buildout value of each Lot to the estimated total buildout value for all Parcels within Neighborhood Improvement Area #6.

Based on the Budgeted Costs provided by the Neighborhood Improvement Areas #5-7 Fee Developer for the Neighborhood Improvement Area #6 Improvements, the City Council has determined that the benefit to the Neighborhood Improvement Area #6 Assessed Property from the Neighborhood Improvement Area #6 Improvements is at least equal to the Assessments levied on the Neighborhood Improvement Area #6 Assessed Property.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the ratio of the estimated buildout value of each lot to the total estimated buildout value for all Parcels. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Parcel based on the ratio of the estimated buildout value at the time residential Lots are platted to the total estimated buildout value for lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council.

The Assessment and Annual Installments for each Parcel or Lot located within Neighborhood Improvement Area #6 is shown on the Neighborhood Improvement Area #6 Assessment Roll, attached as Appendix K, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

8. Assessment Methodology for Neighborhood Improvement Area #7

For purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the Neighborhood Improvement Area #7 Improvements to be financed by Neighborhood Improvement Area #7's share of the Neighborhood Improvement Areas #6-7 Bonds, and by the Neighborhood Improvement Areas #5-7 Developer shall be allocated to the Neighborhood Improvement Area #7 Assessed Property by spreading the entire Assessment across the Parcels based on the ratio of the estimated buildout value of each Lot to the estimated total buildout value for all Parcels within Neighborhood Improvement Area #7.

Based on the Budgeted Costs provided by the Neighborhood Improvement Areas #5-7 Fee Developer for the Neighborhood Improvement Area #7 Improvements, the City Council has determined that the benefit to the Neighborhood Improvement Area #7 Assessed Property from the Neighborhood Improvement Area #7 Improvements is at least equal to the Assessments levied on the Neighborhood Improvement Area #7 Assessed Property.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the ratio of the estimated buildout value of each lot to the total estimated buildout value for all Parcels. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Parcel based on the ratio of the estimated buildout value at the time residential Lots are platted to the total estimated buildout value for lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council.

The Assessment and Annual Installments for each Parcel or Lot located within Neighborhood Improvement Area #7 is shown on the Neighborhood Improvement Area #7 Assessment Roll, attached as Appendix L, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

9. Assessment Methodology for Future Neighborhood Improvement Areas

When any given Future Neighborhood Improvement Areas are developed and the issuance of Future Neighborhood Improvement Area Bonds, if any, or the incurrence of an obligation under the PID Reimbursement Agreement related to such Future Neighborhood Improvement Area(s) are contemplated, if any, this SAP will be amended to determine the assessment methodology necessary to apply equal shares of the Actual Costs of Future Neighborhood Improvement Area Improvements on Assessed Property similarly benefited within that Future Neighborhood Improvement Area.

E. ASSESSMENTS

The Assessments have been levied on each Parcel of Assessed Property within the Major Improvement Area, Neighborhood Improvement Area #1, Neighborhood Improvement Area #2, Neighborhood Improvement Area #3, Neighborhood Improvement Area #4, Neighborhood Improvement Area #5, Neighborhood Improvement Area #6, and Neighborhood Improvement Area #7, according to the Assessment Rolls, attached hereto as Appendix E, Appendix F, Appendix G, Appendix H, Appendix I, Appendix J, Appendix K, and Appendix L, respectively. The Annual Installments of the Assessments will be collected at the time and in the amounts shown on the Assessment Rolls, subject to any revisions made during an Annual Service Plan Update. Non-Benefitted Property will not be subject to any Assessments.

See Appendix D for Assessment per unit and estimated tax rate equivalent calculation details.

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F. ADMINISTRATIVE EXPENSES

The cost of administering the PID and collecting the Annual Installments shall be paid for on a pro rata basis by each Parcel or Lot based on the amount of outstanding assessment remaining on the Parcel or Lot. The Administrative Expenses shall be collected as part of and in the same manner as Annual Installments in the amounts shown on the Major Improvement Area Assessment Roll, the Neighborhood Improvement Area #1 Assessment Roll, the Neighborhood Improvement Area #2 Assessment Roll, the Neighborhood Improvement Area #3 Assessment Roll, the Neighborhood Improvement Area #4 Assessment Roll, the Neighborhood Improvement Area #5 Assessment Roll, Neighborhood Improvement Area #6 Assessment Roll, and the Neighborhood Improvement Area #7 Assessment Roll shown on Appendix E, Appendix F, Appendix G, Appendix H, Appendix I, Appendix J, Appendix K, and Appendix L, respectively, which are subject to revision through Annual Service Plan Updates.

G. ADDITIONAL INTEREST RESERVE

Pursuant to the PID Act, the interest rate for Assessments which secure a series of PID Bonds, may exceed the actual interest rate per annum paid on the PID Bonds by no more than one half of one percent (0.50%). Funds generated by the Additional Interest Rate (the “Additional Interest Component”), if any, related to a series of PID Bonds are held in reserves held under the respective Indenture for such series of PID Bonds (“Additional Interest Reserve”), which may be used to fund the associated interest charged between the date of prepayment of an Assessment and the date on which the related PID bonds are redeemed, to offset any possible delinquent payments as provided for in the applicable Indenture.

With respect to the Neighborhood Improvement Area #2-3 Bonds, Neighborhood Improvement Area #4 Bonds, Neighborhood Improvement Area #5 Bonds, and Neighborhood Improvement Area #6-7 Bonds, this Additional Interest Reserve shall be funded each year up to 5.50% of the par amount of the respective series of PID Bonds. If, in a given year, the Additional Interest Reserve is fully funded at 5.50% of the par amount of the applicable series of PID Bonds, the City shall not collect the Additional Interest Rate in such year. However, in the event such amount is reduced below the required reserve, the City shall resume collecting the Additional Interest Rate as set forth in the applicable Indenture.

With respect to the Major Improvement Area Refunding Bonds and Neighborhood Improvement Area #1 Refunding Bonds, this Additional Interest Reserve shall be fully funded up to an amount set forth in each respective Indenture from available funds. Following the issuance of the Major Improvement Area Refunding Bonds and Neighborhood Improvement Area #1 Refunding Bonds, in the event the amount deposited into the Additional Interest Reserve should drop below the established reserve, the City shall resume collecting the Additional Interest Reserve as set forth in the applicable Indenture.

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VI. TERMS OF THE ASSESSMENTS

A. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN THE MAJOR IMPROVEMENT AREA

The Assessments and Annual Installments for the Major Improvement Area Assessed Property are shown on the Major Improvement Area Assessment Roll in Appendix E. The Assessment and Annual Installments shall not be changed except as authorized under the terms of this SAP and the PID Act.

The Annual Installments shall be collected in an amount sufficient to pay (i) the principal and interest on the Major Improvement Area Refunding Bonds (ii) to fund the Additional Interest Reserve described in Section V.G, and (iii) to cover the Administrative Expenses of the Major Improvement Area.

B. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN NEIGHBORHOOD IMPROVEMENT AREA #1

The Assessments and Annual Installments for the Neighborhood Improvement Area #1 Assessed Property are shown on the Neighborhood Improvement Area #1 Assessment Roll in Appendix F. The Assessment and Annual Installments shall not be changed except as authorized under the terms of this SAP and the PID Act.

The Annual Installments shall be collected in an amount sufficient to pay (i) the principal and interest on the Neighborhood Improvement Area #1 Refunding Bonds, (ii) to fund the Additional Interest Reserve described in Section V.G, and (iii) to cover the Administrative Expenses of Neighborhood Improvement Area #1.

C. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN NEIGHBORHOOD IMPROVEMENT AREA #2

The Assessments and Annual Installments for the Neighborhood Improvement Area #2 Assessed Property are shown on the Neighborhood Improvement Area #2 Assessment Roll in Appendix G. The Assessment and Annual Installments shall not be changed except as authorized under the terms of this SAP and the PID Act.

The Annual Installments shall be collected in an amount sufficient to pay (i) Neighborhood Improvement Area #2's portion of the principal and interest on the Neighborhood Improvement Areas #2-3 Bonds, (ii) to fund the Additional Interest Reserve described in Section V.G, and (iii) to cover Administrative Expenses of Neighborhood Improvement Area #2.

D. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN NEIGHBORHOOD IMPROVEMENT AREA #3

The Assessments and Annual Installments for the Neighborhood Improvement Area #3 Assessed Property are shown on the Neighborhood Improvement Area #3 Assessment Roll in Appendix H.

The Assessment and Annual Installments shall not be changed except as authorized under the terms of this SAP and the PID Act.

The Annual Installments shall be collected in an amount sufficient to pay (i) Neighborhood Improvement Area #3's portion of the principal and interest on the Neighborhood Improvement Areas #2-3 Bonds, (ii) to fund the Additional Interest Reserve described in Section V.G, and (iii) to cover Administrative Expenses of Neighborhood Improvement Area #3.

E. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN NEIGHBORHOOD IMPROVEMENT AREA #4

The Assessments and Annual Installments for the Neighborhood Improvement Area #4 Assessed Property are shown on the Neighborhood Improvement Area #4 Assessment Roll in Appendix I. The Assessment and Annual Installments shall not be changed except as authorized under the terms of this SAP and the PID Act.

The Annual Installments shall be collected in an amount sufficient to pay (i) the principal and interest on the Neighborhood Improvement Area #4 Bonds, (ii) to fund the Additional Interest Reserve described in Section V.G, and (iii) to cover Administrative Expenses of Neighborhood Improvement Area #4.

F. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN NEIGHBORHOOD IMPROVEMENT AREA #5

The Assessments and Annual Installments for the Neighborhood Improvement Area #5 Assessed Property are shown on the Neighborhood Improvement Area #5 Assessment Roll in Appendix J. The Assessment and Annual Installments shall not be changed except as authorized under the terms of this SAP and the PID Act.

The Annual Installments shall be collected in an amount sufficient to pay (i) the principal and interest on the Neighborhood Improvement Area #5 Bonds, (ii) to fund the Additional Interest Reserve described in Section V.G, and (iii) to cover Administrative Expenses of Neighborhood Improvement Area #5.

G. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN NEIGHBORHOOD IMPROVEMENT AREA #6

The Assessments and Annual Installments for the Neighborhood Improvement Area #6 Assessed Property are shown on the Neighborhood Improvement Area #6 Assessment Roll in Appendix K. The Assessment and Annual Installments shall not be changed except as authorized under the terms of this SAP and the PID Act.

The Annual Installments shall be collected in an amount sufficient to pay (i) the principal and interest on Neighborhood Improvement Area #6's share of the Neighborhood Improvement Areas #6-7 Bonds, (ii) to fund the Additional Interest Reserve described in Section V.G, and (iii) to cover Administrative Expenses of Neighborhood Improvement Area #6.

H. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN NEIGHBORHOOD IMPROVEMENT AREA #7

The Assessments and Annual Installments for the Neighborhood Improvement Area #7 Assessed Property are shown on the Neighborhood Improvement Area #7 Assessment Roll in Appendix L. The Assessment and Annual Installments shall not be changed except as authorized under the terms of this SAP and the PID Act.

The Annual Installments shall be collected in an amount sufficient to pay (i) the principal and interest on Neighborhood Improvement Area #7's share of the Neighborhood Improvement Areas #6-7 Bonds, (ii) to fund the Additional Interest Reserve described in Section V.G, and (iii) to cover Administrative Expenses of Neighborhood Improvement Area #7.

I. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN FUTURE NEIGHBORHOOD IMPROVEMENT AREAS

As Future Neighborhood Improvement Areas are developed, if Assessments are levied to finance Authorized Improvements benefitting any Future Neighborhood Improvement Area then this Service and Assessment Plan will be amended to determine the Assessment and Annual Installments for each Assessed Property located within Future Neighborhood Improvement Areas (e.g., an Appendix will be added as the Assessment Roll for Neighborhood Improvement Area #8, etc.). The Assessments shall not exceed the benefit received by the Assessed Property.

J. REALLOCATION OF ASSESSMENTS

1. Upon Division Prior to Recording of Subdivision Plat

Upon the division of any Assessed Property (without the recording of subdivision plat), the Administrator shall reallocate the Assessment for the Assessed Property prior to the division among the newly divided Assessed Properties according to the following formula:

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

Where the terms have the following meanings:

- A = the Assessment for the new divided Assessed Property
- B = the Assessment for the Assessed Property prior to division
- C = the estimated build out value of the new divided Assessed Property
- D = the sum of the estimated build out value for all of the new divided Assessed Properties

The calculation of the estimated build out value of an Assessed Property shall be performed by the Administrator based on information from the City, the Developer, third party consultants, the Official Public Records of Collin County, Texas, and any other relevant source of information regarding the Assessed Property. 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 an update to this Service and Assessment Plan approved by the City Council.

2. Upon Subdivision by a Recorded Subdivision Plat

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

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

Where the terms have the following meanings:

A = the Assessment for the new subdivided Lot

B = the Assessment for the Parcel prior to subdivision

C = the sum of the estimated build out value of all new subdivided Lots with same Lot Type

D = the sum of the estimated build out value for all of the new subdivided Lots excluding Non-Benefitted Property

E = the number of Lots with same Lot Type

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

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

3. Upon Consolidation

Upon the consolidation of two or more Parcels, the Assessment for the consolidated Parcel shall be the sum of the Assessments for the Parcels prior to consolidation. The reallocation of an Assessment for a Parcel that is a homestead under Texas law may not exceed the Assessment prior to the reallocation and to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the consolidation of the Parcels. Any reallocation pursuant to this section shall be reflected in an Annual Service Plan Update approved by the City Council.

4. Upon Change from a Commercial Parcel to a Residential Parcel

Should an owner of an Assessed Property choose to change the intended land use for all or a portion of a Commercial Parcel to a Residential Parcel, the owner will, upon approval for the initial single family residential home building permit from the City, be required to pay down the Assessment and all Prepayment Costs for each Lot on the affected Assessed Property to a level equal to the average Assessment that a Lot within its similar Lot type is assessed.

K. MANDATORY PREPAYMENT OF ASSESSMENTS

1. If a Parcel subject to Assessments is transferred to a party that is exempt from the payment of the Assessment under applicable law, or if an owner causes a Parcel subject to Assessments to become Non-Benefited Property, the party transferring such Parcel shall pay to the City the full amount of the principal portion of the Assessment on such Parcel, plus all Prepayment Costs, prior to any such transfer or act.
2. The payments required above shall be treated the same as any Assessment that is due and owing under the PID Act, the Assessment Ordinance, and this Service and Assessment Plan, including the same lien priority, penalties, procedures, and foreclosure specified by the PID Act.

L. REDUCTION OF ASSESSMENTS

1. If after all Authorized Improvements to be funded with a series of PID Bonds have been completed and Actual Costs for such Authorized Improvements are less than the Actual Costs used to calculate the Assessments securing such series of PID Bonds, resulting in excess PID Bond proceeds being available to redeem PID Bonds of such series, then the Assessment securing such series of PID Bonds for each Parcel of Assessed Property shall be reduced by the City Council (in accordance with the applicable Indenture) such that the sum of the resulting reduced Assessments for all Assessed Properties equals the actual reduced Actual Costs and such excess Bond proceeds shall applied to redeem PID Bonds of such series. The Assessments shall not be reduced to an amount less than the related outstanding series of PID Bonds. If all of the Authorized Improvements are not completed, the City may reduce the Assessments in another method if it determines such method would better reflect the benefit received by the Parcels from the Authorized Improvements completed.
2. If all the Authorized Improvements are not undertaken, resulting in excess PID Bond proceeds being available to redeem PID Bonds, then the Assessments and Annual Installments for each Parcel shall be appropriately reduced by the City Council to reflect only the amounts required to repay the PID Bonds, including interest on the PID Bonds and Collection Costs, and such excess Bond proceeds shall be applied to redeem PID Bonds, in accordance with the applicable Indenture. The City Council may reduce the Assessments and the Annual Installments for each Parcel (i) in an amount that represents the Authorized Improvements provided for each Parcel or (ii) by an equal percentage calculated based on estimated build out value of each Parcel or Lot, if determined by the City Council to be the most fair and practical means of reducing the Assessments for each Parcel, and in accordance with the terms of the applicable Indenture, such that the sum of the resulting reduced Assessments equals the amount required to repay

the PID Bonds, including interest on the PID Bonds and Administrative Expenses. The principal portion of the Assessment for each Parcel shall be reduced pro rata to the reduction in the Assessments for each Parcel such that the sum of the resulting reduced principal portion of the PID Bonds is equal to the outstanding principal amount of the PID Bonds.

3. If after all Authorized Improvements to be funded with a series of PID Bonds have been completed and the Actual Costs for the Authorized Improvements are less than the Budgeted Costs used to calculate the Assessments securing the PID Bonds, resulting in excess Bond proceeds, then the City Council may reduce the Assessment securing the PID Bonds for each Assessed Property on a pro rata basis, and in accordance with the terms of the applicable Indenture, such that the sum of the resulting reduced Assessments for all Assessed Properties equals the reduced Actual Costs. The Assessments shall not be reduced to an amount less than the related outstanding series of PID Bonds.
4. Similarly, if the City does not undertake some of the Authorized Improvements with the PID Bonds then the City Council may reduce the Assessment securing the PID Bonds for each Assessed Property pro-rata to reflect only the Actual Costs that were expended. The Assessments shall not be reduced to an amount less than the related outstanding series of PID Bonds and in accordance with the terms of the applicable Indenture.
5. The City Council may apply excess PID Bond proceeds to the redemption of the respective PID Bonds in accordance with the terms of the applicable Indenture.

M. PAYMENT OF ASSESSMENTS

1. Payment in Full

- (a) The Assessment for any Parcel may be paid in full at any time. Such payment shall include all Prepayment Costs. If prepayment in full will result in redemption of PID Bonds, the payment amount shall be reduced by the amount, if any, of interest through the date of redemption of PID Bonds and reserve funds applied to the redemption under the applicable Indenture, net of any other costs applicable to the redemption of PID Bonds.
- (b) If an Annual Installment has been billed prior to payment in full of an Assessment, the Annual Installment shall be due and payable and shall be credited against the payment-in-full amount.
- (c) Upon payment in full of the Assessment and all Prepayment Costs, the City shall deposit the payment in accordance with the Indenture or applicable reimbursement agreement; whereupon, the Assessment shall be reduced to zero, and the owner's obligation to pay the Assessment and Annual Installments thereof shall automatically terminate.
- (d) At the option of the owner responsible to pay an Assessment, the Assessment on any Parcel plus Prepayment Costs related thereto may be paid in part. Upon the payment of such amounts for a Parcel, the Assessment for the Parcel shall be reduced, the Assessment Roll shall be updated to reflect such partial payment, and the obligation to pay the Annual Installment for such Parcel shall be reduced to the extent the partial payment is made.

2. Payment of Annual Installments

The PID Act provides that an Assessment for a Parcel may be paid in full at any time. If not paid in full, the PID Act authorizes the Assessment to be paid in installments and additionally allows the City to collect interest, Administrative Expenses and other authorized charges in installments. An Assessment for a Parcel that is not paid in full will be collected in Annual Installments each year in the amounts shown on the Assessment Roll, as updated as provided for herein, which include interest, Administrative Expenses, and payments required for the Additional Interest Rate (if applicable).

Major Improvement Area- Original

Each Assessment for the Major Improvement Area Assessed Property has been paid with interest of no more than the actual interest rate paid on the Major Improvement Area Bonds. The Major Improvement Area Assessment Roll set forth for each year the Annual Installment for each Parcel based on an interest rate of 7.50% in years 1 through 8 (2016-2024) and the Additional Interest Component at the rate of 0.5% to fund prepayment reserve and delinquency reserve. Furthermore, the Annual Installments may not exceed the amounts shown on the Major Improvement Area Assessment Roll, attached hereto as Appendix E.

Major Improvement Area- Updated

The Major Improvement Area Bonds are being refunded by the Major Improvement Area Refunding Bonds.

Each Assessment for the Major Improvement Area Assessed Property shall be paid with interest of no more than the actual interest rate paid on the Major Improvement Area Refunding Bonds (plus Additional Interest Component, as applicable). The Major Improvement Area Assessment Roll sets forth each year the Annual Installment for each Parcel based on an estimated interest rate of 5.80% for years 2025 through 2045 for the Major Improvement Area Refunding Bonds, Administrative Expenses, and Additional Interest Component at the rate of 0.5% as applicable.

Neighborhood Improvement Area #1- Original

Each Assessment for the Neighborhood Improvement Area #1 Assessed Property has been paid with interest of no more than the actual interest rate paid on the Neighborhood Improvement Area #1 Bonds. The Neighborhood Improvement Area #1 Assessment Roll sets forth for each year the Annual Installment for each Parcel based on an interest rate of 6.25% in years 1 through 8 (2016-2024) and the Additional Interest Component at the rate of 0.5% to fund prepayment reserve and delinquency reserve. Furthermore, the Annual Installments may not exceed the amounts shown on the Neighborhood Improvement Area #1 Assessment Roll, attached hereto as Appendix F.

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Neighborhood Improvement Area #1- Updated

The Neighborhood Improvement Area #1 Bonds are being refunded by the Neighborhood Improvement Area #1 Refunding Bonds.

Each Assessment for the Neighborhood Improvement Area #1 Assessed Property shall be paid with interest of no more than the actual interest rate paid on the Neighborhood Improvement Area #1 Refunding Bonds (plus Additional Interest Component, as applicable). The Neighborhood Improvement Area #1 Assessment Roll sets forth for each year the Annual Installment for each Parcel based on an estimated interest rate of 5.00% for years 2025 through 2045 for the Neighborhood Improvement Area #1 Refunding Bonds, Administrative Expenses, and Additional Interest Component at the rate of 0.5%, as applicable.

Neighborhood Improvement Area #2

Each Assessment for the Neighborhood Improvement Area #2 Assessed Property shall be paid with interest of no more than the actual interest rate paid on the Neighborhood Improvement Areas #2-3 Bonds. The Neighborhood Improvement Area #2 Assessment Roll sets forth for each year the Annual Installment for each Parcel based on an interest rate of 2.50% in years 1 through 5 (2021-2025), 3.125% in years 6 through 10 (2026-2030), and 4.00% in years 11 through 30 (2031-2050) and the Additional Interest Component at the rate of 0.5% to fund the Additional Interest Reserve. Furthermore, the Annual Installments may not exceed the amounts shown on the Neighborhood Improvement Area #2 Assessment Roll, attached hereto as Appendix G.

Neighborhood Improvement Area #3

Each Assessment for the Neighborhood Improvement Area #3 Assessed Property shall be paid with interest of no more than the actual interest rate paid on the Neighborhood Improvement Areas #2-3 Bonds. The Neighborhood Improvement Area #3 Assessment Roll sets forth for each year the Annual Installment for each Parcel based on an interest rate of 2.50% in years 1 through 5 (2021-2025), 3.125% in years 6 through 10 (2026-2030), and 4.00% in years 11 through 30 (2031-2050) and the Additional Interest Component at the rate of 0.5% to fund the Additional Interest Reserve. Furthermore, the Annual Installments may not exceed the amounts shown on the Neighborhood Improvement Area #3 Assessment Roll, attached hereto as Appendix H.

Neighborhood Improvement Area #4

Each Assessment for the Neighborhood Improvement Area #4 Assessed Property shall be paid with interest of no more than the actual interest rate paid on the Neighborhood Improvement Area #4 Bonds. The Neighborhood Improvement Area #4 Assessment Roll sets forth for each year the Annual Installment for each Parcel based on an interest rate of 2.50% in years 1 through 5 (2022-2026), 3.00% in years 6 through 10 (2027-2031), 3.375% in years 11 through 20 (2032-2041), and 4.00% in years 21 through 30 (2042-2051) and the Additional Interest Component at the rate of 0.5% to fund the Additional Interest Reserve. Furthermore, the Annual Installments may not exceed the amounts shown on the Neighborhood Improvement Area #4 Assessment Roll, attached hereto as Appendix I.

Neighborhood Improvement Area #5

Each Assessment for the Neighborhood Improvement Area #5 Assessed Property shall be paid with interest of no more than the actual interest rate paid on the Neighborhood Improvement Area #5 Bonds. The Neighborhood Improvement Area #5 Assessment Roll sets forth for each year the Annual Installment for each Parcel based on an interest rate of 4.50% in years 1 through 5 (2023-2027), 4.875% in years 6 through 10 (2028-2032), 5.50% in years 11 through 20 (2033-2042), and 5.625% in years 21 through 30 (2043-2052) and the Additional Interest Component at the rate of 0.5% to fund the Additional Interest Reserve. Furthermore, the Annual Installments may not exceed the amounts shown on the Neighborhood Improvement Area #5 Assessment Roll, attached hereto as Appendix J.

Neighborhood Improvement Area #6

Each Assessment for the Neighborhood Improvement Area #6 Assessed Property shall be paid with interest of no more than the actual interest rate paid on the Neighborhood Improvement Areas #6-7 Bonds. The Neighborhood Improvement Area #6 Assessment Roll sets forth for each year the Annual Installment for each Parcel based on an interest rate of 4.625% in years 1 through 8 (2024-2031), 5.500% in years 9 through 20 (2032-2044), and 5.750% in years 21 through 31 (2045-2054), and the Additional interest Component at the rate of 0.5% to fund the Additional Interest Reserve. Furthermore, the Annual Installments may not exceed the amounts shown on the Neighborhood Improvement Area #6 Assessment Roll, attached hereto as Appendix K.

Neighborhood Improvement Area #7

Each Assessment for the Neighborhood Improvement Area #7 Assessed Property shall be paid with interest of no more than the actual interest rate paid on the Neighborhood Improvement Areas #6-7 Bonds. The Neighborhood Improvement Area #7 Assessment Roll sets forth for each year the Annual Installment for each Parcel based on an interest rate of 4.625% in years 1 through 8 (2024-2031), 5.500% in years 9 through 20 (2032-2044), and 5.750% in years 21 through 31 (2045-2054), and the Additional Interest Component at the rate of 0.5% to fund the Additional Interest Reserve. Furthermore, the Annual Installments may not exceed the amounts shown on the Neighborhood Improvement Area #7 Assessment Roll, attached hereto as Appendix L.

Reduction of Assessments

The Annual Installments shall be reduced to equal the actual costs of repaying the related series of PID Bonds and/or obligations under the PID Reimbursement Agreement and actual Administrative Expenses (as provided for in the definition of such term), taking into consideration any other available funds for these costs, such as interest income on account balances.

The City reserves and shall have the right and option to refund PID Bonds in accordance with Section 372.027 of the PID Act and the Indenture related to such PID Bonds. In the event of issuance of refunding bonds, the Administrator shall recalculate the Annual Installments, and if necessary, may adjust, or decrease, the amount of the Annual Installment so that total Annual Installments of Assessments will be produced in annual amounts that are required to pay the debt service on the refunding bonds when due and payable as required by and established in the

ordinance and/or the indenture authorizing and securing the refunding bonds, and such refunding bonds shall constitute “PID Bonds” for purposes of this SAP.

N. COLLECTION OF ANNUAL INSTALLMENTS

The Administrator shall, no less frequently than annually, prepare and submit to the City for its approval, an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include an updated Assessment Roll and a calculation of the Annual Installment for each Assessed Property. Administrative Expenses shall be allocated among Assessed Properties in proportion to the amount of the Annual Installments before Administrative Expenses for the Assessed Property. Each Annual Installment shall be reduced by any credits applied under the applicable Indenture, such as capitalized interest, interest earnings on any account balances, and any other funds available to the Trustee for such purpose, and existing deposits for an Additional Interest Reserve, as applicable. Annual Installments may be collected by the City (or such entity to whom the City directs) 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. The Assessments shall have lien priority as specified in the PID Act.

Any sale of Assessed Property for nonpayment of the delinquent Annual Installments shall be subject to the lien established for the remaining unpaid Assessment against such Assessed Property and such Assessed Property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent Annual Installments against such Assessed Property as they become due and payable.

Major Improvement Area

Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be updated annually. 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 relating to the Major Improvement Area Bonds were due when billed and were delinquent if not paid prior to February 1, 2017.

Neighborhood Improvement Area #1

Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be updated annually. 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 relating to the Neighborhood Improvement Area #1 Bonds were due when billed and were delinquent if not paid prior to February 1, 2017.

Neighborhood Improvement Area #2

Calculation of Annual Installments shall be as of September 1 of each year. Collection of the initial Annual Installments relating to the Neighborhood Improvement Area #2 Improvements that benefit the Neighborhood Improvement Area #2 Assessed Property were due when billed, and were delinquent if not paid prior to February 1, 2021

Neighborhood Improvement Area #3

Calculation of Annual Installments shall be as of September 1 of each year. Collection of the initial Annual Installments relating to the Neighborhood Improvement Area #3 Improvements that benefit the Neighborhood Improvement Area #3 Assessed Property were due when billed, and were delinquent if not paid prior to February 1, 2021

Neighborhood Improvement Area #4

Calculation of Annual Installments shall be as of September 1 of each year. Collection of the initial Annual Installments relating to the Neighborhood Improvement Area #4 Improvements that benefit the Neighborhood Improvement Area #4 Assessed Property were due when billed, and were delinquent if not paid prior to February 1, 2022

Neighborhood Improvement Area #5

Calculation of Annual Installments shall be as of September 1 of each year. Collection of the initial Annual Installments relating to the Neighborhood Improvement Area #5 Improvements that benefit the Neighborhood Improvement Area #5 Assessed Property were due when billed, and were delinquent if not paid prior to February 1, 2023.

Neighborhood Improvement Area #6

Calculation of Annual Installments shall be as of September 1 of each year. Collection of the initial Annual Installments relating to the Neighborhood Improvement Area #6 Improvements that benefit the Neighborhood Improvement Areas #6 Assessed Property will be due when billed and will be delinquent if not paid prior to the first February 1 following issuance of the Neighborhood Improvement Areas #6-7 Bonds. The first payment of the Annual Installment of the Assessment levied against the Neighborhood Improvement Area #6 Assessed Property shall commence upon the issuance of the Neighborhood Improvement Areas #6-7 Bonds will be delinquent if not paid prior to February 1, 2025.

Neighborhood Improvement Area #7

Calculation of Annual Installments shall be as of September 1 of each year. Collection of the initial Annual Installments relating to the Neighborhood Improvement Area #7 Improvements that benefit the Neighborhood Improvement Area #7 Assessed Property will be due when billed and will be delinquent if not paid prior to the first February 1 following issuance of the Neighborhood Improvement Areas #6-7 Bonds. The first payment of the Annual Installment of the Assessment levied against the Neighborhood Improvement Area #7 Assessed Property shall commence upon the issuance of the Neighborhood Improvement Areas #6-7 Bonds will be delinquent if not paid prior to February 1, 2025.

O. SURPLUS FUNDS REMAINING IN THE NEIGHBORHOOD IMPROVEMENT AREA #5 BONDS ACCOUNT

If proceeds from the Neighborhood Improvement Area #5 Bonds still remain after all of the Neighborhood Improvement Area #5 Improvements are constructed and accepted by the City, the

proceeds may be utilized in accordance with the Indenture related to the Neighborhood Improvement Area #5 Bonds.

P. SURPLUS FUNDS REMAINING IN THE NEIGHBORHOOD IMPROVEMENT AREAS #6-7 BONDS ACCOUNT

If proceeds from the Neighborhood Improvement Areas #6-7 Bonds still remain after all of the Neighborhood Improvement Area #6 Improvements and the Neighborhood Improvement Area #7 Improvements are constructed and accepted by the City, the proceeds may be utilized in accordance with the Indenture related to the Neighborhood Improvement Areas #6-7 Bonds.

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VII. THE ASSESSMENT ROLL

A. MAJOR IMPROVEMENT AREA ASSESSMENT ROLL

The City Council has evaluated each Parcel in the Major Improvement Area (based on numerous factors such as the applicable zoning for developable area, the use of proposed Owner's Association Property, the Public Property, the types of Authorized Improvements, and other development factors deemed relevant by the City Council) to determine the amount of Assessed Property within the Major Improvement Area.

The Major Improvement Area Assessed Property was assessed for the special benefits conferred upon the property from the Major Improvement Area Projects. Table VII-A summarizes the \$8,471,369 in special benefit received by the Major Improvement Area Assessed Property from the Major Improvement Area Projects, a portion of cost of the PID formation and administration, and the Major Improvement Area Bond issuance costs. The outstanding par amount of the Major Improvement Area Bonds is \$8,040,000. The assessment for each Major Improvement Area Assessed Property is calculated based on the allocation methodologies described in section V.D.1. The Major Improvement Area Assessment Roll is attached hereto as Appendix E.

The Major Improvement Area Assessments shown in Appendix E are being updated to reflect the issuance of the Major Improvement Area Refunding Bonds. The Major Improvement Area Refunding Bonds related principal savings total amount is \$317,000. Following the issuance of the Major Improvement Area Refunding Bonds, there is a \$2,064,684 excess benefit shown as shown below. The assessment for each Major Improvement Area Assessed Property is calculated based on the allocation methodologies described in section V.D.1. The Major Improvement Area Assessment Roll is attached hereto as Appendix E.

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Table VII-A
Special Benefit Summary – Major Improvement Area- Updated

Special Benefit	Major Improvement Area Bonds	Major Improvement Area Refunding Bonds
Special Benefit		
<i>Major Improvement Area Projects ¹</i>	\$6,146,368	\$6,146,368
Major Improvement Area Bond Issuance Costs		
Developer's Counsel/SAP/Appraisal	\$98,829	\$98,829
Reserve Fund	\$653,930	\$653,930
Capitalized Interest	\$1,020,075	\$1,020,075
Additional Proceeds	\$2,448	\$2,448
Underwriter's Discount	\$213,121	\$213,121
Cost of Issuance	\$336,598	\$336,598
<i>Subtotal Major Improvement Area Bond Issuance Costs</i>	<i>\$2,325,001</i>	<i>\$2,325,001</i>
Major Improvement Area Refunding Bond Issuance Costs		
Underwriter's Discount	\$0	\$207,240
Additional Interest Reserve	\$0	\$739,837
Cost of Issuance	\$0	\$356,163
Original Issue Discount (OID)	\$0	\$13,075
<i>Subtotal Major Improvement Area Refunding Bond Issuance Costs</i>	<i>\$0</i>	<i>\$1,316,315</i>
Total Special Benefit	\$8,471,369	\$9,787,684
Special Benefit		
Total Special Benefit	\$8,471,369	\$9,787,684
Original Assessment	\$8,040,000	\$8,040,000
Refunding Related Savings Assessment Lien Reduction	\$0	(\$317,000)
Excess Benefit	\$431,369	\$2,064,684

¹See Table III-A for details.

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B. NEIGHBORHOOD IMPROVEMENT AREA #1 ASSESSMENT ROLL

The City Council has evaluated each Parcel in Neighborhood Improvement Area #1 (based on numerous factors such as the applicable zoning for developable area, the use of proposed Owner's Association Property, the Public Property, the types of Authorized Improvements, and other development factors deemed relevant by the City Council) to determine the amount of Assessed Property within the Parcel.

The Neighborhood Improvement Area #1 Assessed Property was assessed for the special benefits conferred upon the property resulting from the Neighborhood Improvement Area #1 Projects. Table VII-B summarized the \$6,978,902 in special benefit received by the Neighborhood Improvement Area #1 Assessed Property from the Neighborhood Improvement Area #1 Projects, a portion of the costs of the PID formation and administration, and the Neighborhood Improvement Area #1 Bond Issuance costs. The outstanding par amount of the Neighborhood Improvement Area #1 Bonds is \$5,790,000. The Assessment for each Neighborhood Improvement Area #1 Assessed Property is calculated on the allocation methodologies described in Section V.D.2. The Neighborhood Improvement Area #1 Assessment Roll is attached hereto as Appendix F.

The Neighborhood Improvement Area #1 Assessments shown in Appendix I are being updated to reflect the Neighborhood Improvement Area #1 Refunding Bonds. The Neighborhood Improvement Area #1 Refunding Bonds related principal savings total amount is \$7,940. Following the issuance of the Major Improvement Area Refunding Bonds, there is \$2,197,101 in excess benefit as shown below. The Assessment for each Neighborhood Improvement Area #1 Assessed Property is calculated on the allocation methodologies described in Section V.D.2. The Neighborhood Improvement Area #1 Assessment Roll is attached hereto as Appendix F.

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Table VII-B
Special Benefit Summary – Neighborhood Improvement Area #1- Updated

Special Benefit	Neighborhood Improvement Area #1 Bonds	Neighborhood Improvement Area #1 Bonds
Special Benefit		
<i>Neighborhood Improvement Area #1 Projects ¹</i>	\$5,733,903	\$5,733,903
Neighborhood Improvement Area #1 Bond Issuance Costs		
Developer's Counsel/SAP/Appraisal	\$71,171	\$71,172
Reserve Fund	\$412,100	\$412,101
Capitalized Interest	\$357,247	\$357,248
Underwriter's Discount	\$153,479	\$153,480
Cost of Issuance	\$251,002	\$251,003
<i>Subtotal Neighborhood Improvement Area #1 Bond Issuance Costs</i>	\$1,244,999	\$1,245,000
Neighborhood Improvement Area #1 Refunding Bond Issuance Costs		
Underwriter's Discount	\$0	\$147,900
Costs of Issuance	\$0	\$313,783
Additional Interest Reserve	\$0	\$461,106
Gross Bond Insurance Premium	\$0	\$68,644
Surety Bond	\$0	\$8,826
<i>Subtotal Neighborhood Improvement Area #1 Refunding Bond Issuance Costs</i>	\$0	\$1,000,258
Total Special Benefit	\$6,978,902	\$7,979,161
Special Benefit		
Total Special Benefit	\$6,978,902	\$7,979,161
Assessment	\$5,790,000	\$5,790,000
Refunding Related Savings Assessment Lien Reduction	\$0	(\$7,940)
Excess Benefit	\$1,188,902	\$2,197,101

¹See Table III-B for details.

C. NEIGHBORHOOD IMPROVEMENT AREA #2 ASSESSMENT ROLL

The City Council has evaluated each Parcel in Neighborhood Improvement Area #2 (based on numerous factors such as the applicable zoning for developable area, the use of proposed Owner's Association Property, the Public Property, the types of Authorized Improvements, and other development factors deemed relevant by the City Council) to determine the amount of Assessed Property within the Parcel.

The Neighborhood Improvement Area #2 Assessed Property was assessed for the special benefits conferred upon the property resulting from the Neighborhood Improvement Area #2 Improvements. Table VII-C summarizes the \$3,649,490 in special benefit received by the Neighborhood Improvement Area #2 Assessed Property from the Neighborhood Improvement Area #2 Improvements, a portion of the costs of the PID administration, costs related to financing

the Neighborhood Improvement Area #2 Improvements, and the issuance of the Neighborhood Improvement Areas #2-3 Bonds. The portion of the par amount of the Neighborhood Improvement Areas #2-3 Bonds relating to Neighborhood Improvement Area #2 is \$920,000 plus \$25,000 in principal payments paid under the PID Reimbursement Agreement, which is less than the benefit received by the Neighborhood Improvement Area #2 Assessed Property. Accordingly, the total Assessment applied to all the Neighborhood Improvement Area #2 Assessed Property is \$945,000 plus annual Administrative Expenses. The Assessment for each Neighborhood Improvement Area #2 Assessed Property is calculated based on the allocation methodologies described in Section V.D.3. The Neighborhood Improvement Area #2 Assessment Roll is attached hereto as Appendix G.

Table VII-C
Special Benefit Summary – Neighborhood Improvement Area #2

Special Benefit	Total Cost
Neighborhood Improvement Area #2 Improvements ¹	\$3,492,146
PID Formation/Bond Costs of Issuance:	
Reserve Fund	\$69,738
Underwriter’s Discount/Underwriter’s Counsel	\$60,006
Cost of Issuance	\$27,600
<i>Subtotal PID Formation/Bond Costs of Issuance</i>	<i>\$157,344</i>
Total Special Benefit	\$3,649,490
Special Benefit:	
Total Special Benefit	\$3,649,490
Assessment	\$945,000
Excess Benefit	\$2,704,490

¹See Table III-C for details.

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D. NEIGHBORHOOD IMPROVEMENT AREA #3 ASSESSMENT ROLL

The City Council has evaluated each Parcel in Neighborhood Improvement Area #3 (based on numerous factors such as the applicable zoning for developable area, the use of proposed Owner's Association Property, the Public Property, the types of Authorized Improvements, and other development factors deemed relevant by the City Council) to determine the amount of Assessed Property within the Parcel.

The Neighborhood Improvement Area #3 Assessed Property was assessed for the special benefits conferred upon the property resulting from the Neighborhood Improvement Area #3 Improvements. Table VII-D summarizes the \$3,964,617 in special benefit received by the Neighborhood Improvement Area #3 Assessed Property from the Neighborhood Improvement Area #3 Improvements, a portion of the costs of the PID formation and administration, and the Neighborhood Improvement Areas #2-3 Bond issuance costs. The portion of the par amount of the Neighborhood Improvement Areas #2-3 Bonds relating to Neighborhood Improvement Area #3 is \$2,275,000, which is less than the benefit received by the Neighborhood Improvement Area #3 Assessed Property. Accordingly, the total Assessment applied to all the Neighborhood Improvement Area #3 Assessed Property is \$2,275,000 plus annual Administrative Expenses. The Assessment for each Neighborhood Improvement Area #3 Assessed Property is calculated based on the allocation methodologies described in Section V.D.4. The Neighborhood Improvement Area #3 Assessment Roll is attached hereto as Appendix H.

Table VII-D
Special Benefit Summary – Neighborhood Improvement Area #3

Special Benefit	Total Cost
Neighborhood Improvement Area #3 Improvements ¹	\$3,470,719
PID Formation/Bond Costs of Issuance:	
Reserve Fund	\$172,451
Administrative Fund	\$25,000
Capitalized Interest	\$79,814
Underwriter's Discount/Underwriter's Counsel	\$68,250
Cost of Issuance	\$148,384
<i>Subtotal PID Formation/Bond Costs of Issuance</i>	<i>\$493,898</i>
Total Special Benefit	\$3,964,617
Special Benefit:	
Total Special Benefit	\$3,964,617
Assessment	\$2,275,000
Excess Benefit	\$1,689,617

¹See Table III-D for details.

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E. NEIGHBORHOOD IMPROVEMENT AREA #4 ASSESSMENT ROLL

The City Council has evaluated each Parcel in Neighborhood Improvement Area #4 (based on numerous factors such as the applicable zoning for developable area, the use of proposed Owner's Association Property, the Public Property, the types of Authorized Improvements, and other development factors deemed relevant by the City Council) to determine the amount of Assessed Property within the Parcel.

The Neighborhood Improvement Area #4 Assessed Property was assessed for the special benefits conferred upon the property resulting from the Neighborhood Improvement Area #4 Improvements. Table VII-E summarizes the \$7,258,014 in special benefit received by the Neighborhood Improvement Area #4 Assessed Property from the Neighborhood Improvement Area #4 Improvements, a portion of the costs of the PID formation and administration, and the Neighborhood Improvement Area #4 Bond issuance costs. The par amount of the Neighborhood Improvement Area #4 Bonds relating to Neighborhood Improvement Area #4 is \$5,255,000, which is less than the benefit received by the Neighborhood Improvement Area #4 Assessed Property. Accordingly, the total Assessment applied to all the Neighborhood Improvement Area #4 Assessed Property is \$5,255,000 plus annual Administrative Expenses. The Assessment for each Neighborhood Improvement Area #4 Assessed Property is calculated based on the allocation methodologies described in Section V.D.5. The Neighborhood Improvement Area #4 Assessment Roll is attached hereto as Appendix I.

Table VII-E
Special Benefit Summary – Neighborhood Improvement Area #4

Special Benefit	Total Cost
Neighborhood Improvement Area #4 Improvements ¹	\$6,210,351
PID Formation/Bond Costs of Issuance:	
Reserve Fund	\$393,728
Administrative Fund	\$25,000
Capitalized Interest	\$166,580
Underwriter's Discount/Underwriter's Counsel	\$157,650
Cost of Issuance	\$304,705
<i>Subtotal PID Formation/Bond Costs of Issuance</i>	<i>\$1,047,663</i>
Total Special Benefit	\$7,258,014
Special Benefit:	
Total Special Benefit	\$7,258,014
Assessment	\$5,255,000
Excess Benefit	\$2,003,014

¹See Table III-E for details.

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F. NEIGHBORHOOD IMPROVEMENT AREA #5 ASSESSMENT ROLL

The City Council has evaluated each Parcel in Neighborhood Improvement Area #5 (based on numerous factors such as the applicable zoning for developable area, the use of proposed Owner's Association Property, the Public Property, the types of Authorized Improvements, and other development factors deemed relevant by the City Council) to determine the amount of Assessed Property within the Parcel.

The Neighborhood Improvement Area #5 Assessed Property was assessed for the special benefits conferred upon the property resulting from the Neighborhood Improvement Area #5 Improvements. Table VII-F summarizes the \$6,789,687 in special benefit expected to be received by the Neighborhood Improvement Area #5 Assessed Property from the Neighborhood Improvement Area #5 Improvements, a portion of the costs of the PID formation and administration, and the Neighborhood Improvement Area #5 Bond issuance costs. The par amount of the Neighborhood Improvement Area #5 Bonds is \$6,463,000, which is less than the benefit received by the Neighborhood Improvement Area #5 Assessed Property. Accordingly, the total Assessment applied to all the Neighborhood Improvement Area #5 Assessed Property is \$6,463,000 plus annual Administrative Expenses. The Assessment for each Neighborhood Improvement Area #5 Assessed Property is calculated based on the allocation methodologies described in Section V.D.6. The Neighborhood Improvement Area #5 Assessment Roll is attached hereto as Appendix J.

Table VII-F
Special Benefit Summary – Neighborhood Improvement Area #5

Special Benefit	Total Cost
Neighborhood Improvement Area #5 Improvements ¹	\$5,284,180
PID Formation/Bond Costs of Issuance:	
Cost of Issuance	\$360,483
Capitalized Interest	\$320,611
Reserve Fund	\$590,523
Administrative Expense	\$40,000
Underwriter's Discount	\$193,890
<i>Subtotal PID Formation/Bond Costs of Issuance</i>	<i>\$1,505,507</i>
Total Special Benefit	\$6,789,687
Special Benefit:	
Total Special Benefit	\$6,789,687
Projected Assessment	\$6,463,000
Excess Benefit	\$326,687

¹See Table III-F for details.

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G. NEIGHBORHOOD IMPROVEMENT AREA #6 ASSESSMENT ROLL

The City Council has evaluated each Parcel in Neighborhood Improvement Area #6 (based on numerous factors such as the applicable zoning for developable area, the use of proposed Owner's Association Property, the Public Property, the types of Authorized Improvements, and other development factors deemed relevant by the City Council) to determine the amount of Assessed Property within the Parcel.

The Neighborhood Improvement Area #6 Assessed Property was assessed for the special benefits conferred upon the property resulting from the Neighborhood Improvement Area #6 Improvements. Table VII-G summarizes the \$3,605,529 in special benefit expected to be received by the Neighborhood Improvement Area #6 Assessed Property from the Neighborhood Improvement Area #6 Improvements, the Neighborhood Improvement Area #6-7 Bond issuance costs allocable to Neighborhood Improvement Area #6, and other Assessment levy costs. The total amount of the Neighborhood Improvement Areas #6-7 Bonds allocable to Neighborhood Improvement Area #6, is \$2,785,000, which is less than the benefit received by the Neighborhood Improvement Area #6 Assessed Property. Accordingly, the total Assessment applied to all the Neighborhood Improvement Area #6 Assessed Property is \$2,785,000 plus annual Administrative Expenses. The Assessment for each Neighborhood Improvement Area #6 Assessed Property is calculated based on the allocation methodologies described in Section V.D.7. The Neighborhood Improvement Area #6 Assessment Roll is attached hereto as Appendix K.

Table VII-G
Special Benefit Summary – Neighborhood Improvement Area #6

Special Benefit	Total Cost
Neighborhood Improvement Area #6 Improvements ¹	\$2,960,529
Other Assessment Levy Costs	
Administrative Expenses	\$40,000
<i>Subtotal</i>	\$3,000,529
Original Issue Discount	\$8,806
Bond Costs of Issuance:	
Cost of Issuance	\$200,187
Capitalized Interest	\$48,949
Reserve Fund	\$263,508
Administrative Expense	\$0
Underwriter's Discount	\$83,550
<i>Subtotal Bond Costs of Issuance</i>	\$596,194
Total Special Benefit	\$3,605,529
Special Benefit:	
Total Special Benefit	\$3,605,529
Projected Assessment	\$2,785,000
Excess Benefit	\$820,529

¹See Table III-G for details.

H. NEIGHBORHOOD IMPROVEMENT AREA #7 ASSESSMENT ROLL

The City Council has evaluated each Parcel in Neighborhood Improvement Area #7 (based on numerous factors such as the applicable zoning for developable area, the use of proposed Owner's Association Property, the Public Property, the types of Authorized Improvements, and other development factors deemed relevant by the City Council) to determine the amount of Assessed Property within the Parcel.

The Neighborhood Improvement Area #7 Assessed Property is being assessed for the special benefits conferred upon the property resulting from the Neighborhood Improvement Area #7 Improvements. Table VII-H summarizes the \$6,281,605 in special benefit expected to be received by the Neighborhood Improvement Area #7 Assessed Property from the Neighborhood Improvement Area #7 Improvements, and the Neighborhood Improvement Areas #6-7 Bond issuance costs allocable to Neighborhood Improvement Area #7. The total amount of the Neighborhood Improvement Areas #6-7 Bonds allocable to Neighborhood Improvement Area #7, is \$4,895,000, which is less than the benefit received by the Neighborhood Improvement Area #7 Assessed Property. Accordingly, the total Assessment to be applied to all the Neighborhood Improvement Area #7 Assessed Property is \$4,895,000 plus annual Administrative Expenses. The Assessment for each Neighborhood Improvement Area #7 Assessed Property is calculated based on the allocation methodologies described in Section V.D.8. The Neighborhood Improvement Area #7 Assessment Roll is attached hereto as Appendix L.

Table VII-H
Special Benefit Summary – Neighborhood Improvement Area #7

Special Benefit	Total Cost
Neighborhood Improvement Area #7 Improvements ¹	\$5,188,605
Original Issue Discount	\$15,011
<u>Bond Costs of Issuance:</u>	
Cost of Issuance	\$314,199
Capitalized Interest	\$85,791
Reserve Fund	\$463,150
Administrative Expense	\$68,000
Underwriter's Discount	\$146,850
<i>Subtotal Bond Costs of Issuance</i>	<i>\$1,077,989</i>
Total Special Benefit	\$6,281,605
<u>Special Benefit:</u>	
Total Special Benefit	\$6,281,605
Projected Assessment	\$4,895,000
Excess Benefit	\$1,386,605

¹See Table III-H for details.

I. FUTURE NEIGHBORHOOD IMPROVEMENT AREA ASSESSMENT ROLL

As Future Neighborhood Improvement Areas are developed, if Assessments are levied to finance Authorized Improvements benefitting any Future Neighborhood Improvement Area then this SAP will be amended to determine the Assessment for each Parcel or Lot located within such Future

Neighborhood Improvement Areas (e.g. an appendix will be added as the Assessment Roll for Future Improvement Areas).

J. ANNUAL ASSESSMENT ROLL UPDATES

The Administrator shall prepare, and shall submit to the City Council for approval, annual updates to the Assessment Rolls in conjunction with the Annual Service Plan Update to reflect the following matters, together with any other changes helpful to the Administrator or the City and permitted by the PID Act: (i) the identification of each Parcel (ii) the Assessment for each Parcel of Assessed Property, including any adjustments authorized by this Service and Assessment Plan or in the PID Act; (iii) the Annual Installment for the Assessed Property for the year (if the Assessment is payable in installments); and (iv) payments of the Assessment, if any, as provided by Section VI.K of this Service and Assessment Plan.

Once PID Bonds are issued, the Assessment Rolls shall be updated, which update may be done in the next Annual Service Plan Update, to reflect any changes resulting from the issuance of the PID Bonds. This update shall reflect the actual interest on the PID Bonds on which the Annual Installments shall be paid, any reduction in the Assessments, and any revisions in the Actual Costs to be funded by the PID Bonds and Developer funds.

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VIII. MISCELLANEOUS PROVISIONS

A. ADMINISTRATIVE REVIEW

The City may elect to designate a third party to serve as Administrator. The City shall notify Developer in writing at least thirty (30) days in advance before appointing a third party Administrator.

To the extent consistent with the PID Act, if an owner of the Assessed Property claims that a calculation error has been made in the Assessment Roll, including the calculation of the Annual Installment, that owner must send a written notice describing the error to the Administrator no later than thirty (30) days after the date the invoice or other bill for the Annual Installment is received. If the owner fails to give such notice, such owners shall be deemed to have accepted the calculation of the Assessment Roll (including the Annual Installments) and to have waived any objection to the calculation. The Administrator shall promptly review the notice, and if necessary, meet with the Assessed Property owner, consider written and oral evidence regarding the alleged error and decide whether, in fact, such a calculation error occurred.

If the Administrator determines that a calculation error has been made and the Assessment Roll should be modified or changed in favor of the Assessed Property owner, such change or modification shall be presented to the City for approval, to the extent permitted by the PID Act. A cash refund may not be made for any amount previously paid by the Assessed Property owner (except for the final year during which the Annual Assessment shall be collected), but an adjustment may be made in the amount of the Annual Installment to be paid in the following year. The decision of the Administrator regarding a calculation error relating to the Assessment Roll may be appealed to City Council. Any amendments made to the Assessment Roll pursuant to calculation errors shall be made pursuant to the PID Act.

The decision of the Administrator, or if such decision is appealed to the City Council, the decision of the City Council shall be conclusive as long as there is a reasonable basis for such determination. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any other appeal or legal action by such owner.

B. TERMINATION OF ASSESSMENTS

Each Assessment shall terminate on the date the Assessment is paid in full, including payment of any unpaid Annual Installments and Delinquent Collection Costs, if any. After the termination of the Assessment, and the collection of any delinquent Annual Installments and Delinquent Collection Costs, the City shall provide the owner of the affected Parcel a recordable “Notice of the PID Assessment Termination.”

C. AMENDMENTS

Amendments to the Service and Assessment Plan can be made as permitted or required by the PID Act and under Texas law.

The City Council reserves the right to the extent permitted by the PID Act to amend this Service and Assessment Plan without notice under the PID Act and without notice to property owners of Parcels:(i) to correct mistakes and clerical errors; (ii) to clarify ambiguities; and (iii) to provide procedures for the collection and enforcement of Assessments, Prepayment Costs, collection costs, and other charges imposed by the Service and Assessment Plan.

D. ADMINISTRATION AND INTERPRETATION OF PROVISIONS

The City Council shall administer the PID, this Service and Assessment Plan, and all Annual Service Plan Updates consistent with the PID Act and shall make all interpretations and determinations related to the application of this Service and Assessment Plan unless stated otherwise herein or in the Indenture, such determination shall be conclusive.

E. SEVERABILITY

If any provision, section, subsection, sentence, clause or phrase of this Service and Assessment Plan or the application of same to an assessed Parcel or any person or set of circumstances is for any reason held to be unconstitutional, void or invalid, the validity of the remaining portions of this Service and Assessment Plan or the application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the City Council in adopting this Service and Assessment Plan that no part hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any other part hereof, and all provisions of this Service and Assessment Plan are declared to be severable for that purpose.

If any provision of this Service and Assessment Plan is determined by a court to be unenforceable, the unenforceable provision shall be deleted from this Service and Assessment Plan and the unenforceable provision shall, to the extent possible, be rewritten to be enforceable and to give effect to the intent of the City.

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APPENDIX A
PID MAP

APPENDIX B-1
LEGAL DESCRIPTION – ALL PROPERTY

APPENDIX B-2
LEGAL DESCRIPTION – NEIGHBORHOOD IMPROVEMENT AREA #1

APPENDIX B-3
LEGAL DESCRIPTION – NEIGHBORHOOD IMPROVEMENT AREA #2

APPENDIX B-4
LEGAL DESCRIPTION – NEIGHBORHOOD IMPROVEMENT AREA #3

APPENDIX B-5
LEGAL DESCRIPTION – NEIGHBORHOOD IMPROVEMENT AREA #4

APPENDIX B-6
LEGAL DESCRIPTION – NEIGHBORHOOD IMPROVEMENT AREA #5

APPENDIX B-7
LEGAL DESCRIPTION – NEIGHBORHOOD IMPROVEMENT AREA #6

APPENDIX B-8
LEGAL DESCRIPTION – NEIGHBORHOOD IMPROVEMENT AREA #7

APPENDIX C
PID ASSESSMENT NOTICE

[AFTER RECORDING RETURN TO:

_____]

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF CELINA, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

LOT TYPE _____ PRINCIPAL ASSESSMENT: \$ _____

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Celina, Texas (the “City”), for the costs of a portion of a public improvement or services project (the “Authorized Improvements”) undertaken for the benefit of the property within *Wells South Public Improvement District* (the “District”) created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City. The exact amount of each annual installment will be approved each year by the City Council in the annual service plan update for the District. More information about the assessments, including the amounts and due dates, may be obtained from the City.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

¹ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF
PURCHASER

SIGNATURE OF
PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER]²

² To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

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 COLLIN

§

§

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 Texas⁴

⁴ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

APPENDIX D
ASSESSMENT PER UNIT AND PROJECTED TAX RATE EQUIVALENTS

Appendix D

A) Proposed Development

Table D-A.1 shows the proposed Lot Types to be developed within the PID.

Table D-A.1
Proposed Development within the PID

Proposed Development	Quantity	Measurement
<u>Residential:</u>		
Single Family – 70 Ft	159	Units
Single Family – 60 Ft	388	Units
Single Family – 50 Ft	762	Units
Townhomes	78	Units
<i>Subtotal Residential</i>	<i>1,387</i>	<i>Units</i>
<u>Non-Residential:</u>		
Commercial	53,143	Square feet
<i>Subtotal Commercial</i>	<i>53,143</i>	<i>Square feet</i>

Table D-A.2 shows the proposed Lot Types within the Major Improvement Area.

Table D-A.2
Proposed Development – Major Improvement Area

Proposed Development	Quantity	Measurement
<u>Residential:</u>		
Single Family – 70 Ft	74	Units
Single Family – 60 Ft	277	Units
Single Family – 50 Ft	665	Units
Townhomes	78	Units
<i>Subtotal Residential</i>	<i>1,094</i>	<i>Units</i>
<u>Non-Residential:</u>		
Commercial	53,143	Square feet
<i>Subtotal Commercial</i>	<i>53,143</i>	<i>Square feet</i>

Table D-A.3 shows the Lot Types within Neighborhood Improvement Area #1.

Table D-A.3
Actual Development – Neighborhood Improvement Area #1

Development	Quantity	Measurement
Single Family – 70 Ft	85	Units
Single Family – 60 Ft	111	Units
Single Family – 50 Ft	97	Units
Total	293	Units

Table D-A.4 shows the Lot Types within Neighborhood Improvement Area #2.

Table D-A.4
Actual Development – Neighborhood Improvement Area #2

Development	Quantity	Measurement
Single Family – 70 Ft	7	Units
Single Family – 50 Ft	92	Units
Total	99	Units

Table D-A.5 shows the Lot Types within Neighborhood Improvement Area #3.

Table D-A.5
Actual Development – Neighborhood Improvement Area #3

Development	Quantity	Measurement
Single Family – 70 Ft	8	Units
Single Family – 60 Ft	94	Units
Single Family – 50 Ft	80	Units
Total	182	Units

Table D-A.6 shows the Lot Types within Neighborhood Improvement Area #4.

Table D-A.6
Actual Development – Neighborhood Improvement Area #4

Development	Quantity	Measurement
Single Family – 70 Ft	20	Units
Single Family – 60 Ft	100	Units
Single Family – 50 Ft	156	Units
Total	276	Units

Table D-A.7 shows the Lot Types within Neighborhood Improvement Area #5.

Table D-A.7
Proposed Development – Neighborhood Improvement Area #5

Proposed Development	Quantity	Measurement
Single Family – 60 Ft	68	Units
Single Family – 50 Ft	139	Units
Total	207	Units

Table D-A.8 shows the Lot Types within Neighborhood Improvement Area #6.

Table D-A.8
Proposed Development – Neighborhood Improvement Area #6

Proposed Development	Quantity	Measurement
Single Family – 50 Ft	100	Units
Total	100	Units

Table D-A.9 shows the Lot Types within Neighborhood Improvement Area #7.

Table D-A.9
Proposed Development – Neighborhood Improvement Area #7

Proposed Development	Quantity	Measurement
Single Family – 70 Ft	39	Units
Single Family – 60 Ft	15	Units
Single Family – 50 Ft	98	Units
Total	152	Units

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B) Allocation of Assessments to Lots within the Major Improvement Area

Table D-B.1 sets forth the original Assessment per unit and estimated tax rate equivalent relating to the Major Improvement Area Bonds for each Lot Type within the Major Improvement Area.

**Table D-B.1
Original Assessment Allocation - Major Improvement Area**

Lot Size	Units/GSF	Estimated Buildout Value	Total Assessment	Annual Installment (1st Full Year After Cap I) ¹	Assessment Per Unit/SF	Annual Installment Per Unit/SF	Equivalent Tax Rate (Per \$100/AV)
<i>NIA #2</i>							
50 Ft	92	\$30,360,000	\$428,675	\$40,224	\$4,660	\$437	\$0.13
70 Ft	7	\$3,010,000	\$42,500	\$3,988	\$6,071	\$570	\$0.13
OAP	-	-	\$4,759	\$447	-	-	-
<i>Subtotal</i>	<i>99</i>	<i>\$33,370,000</i>	<i>\$475,935</i>	<i>\$44,658</i>			
<i>NIA #3</i>							
50 Ft	80	\$28,000,000	\$395,353	\$37,097	\$4,942	\$464	\$0.13
60 Ft	94	\$37,600,000	\$530,902	\$49,816	\$5,648	\$530	\$0.13
70 Ft	8	\$3,600,000	\$50,831	\$4,770	\$6,354	\$596	\$0.13
OAP	-	-	\$9,870	\$926	-	-	-
<i>Subtotal</i>	<i>182</i>	<i>\$69,200,000</i>	<i>\$986,955</i>	<i>\$92,608</i>			
<i>NIA #4</i>							
50 Ft	156	\$70,200,000	\$991,206	\$93,007	\$6,354	\$596	\$0.13
60 Ft	100	\$50,000,000	\$705,987	\$66,244	\$7,060	\$662	\$0.13
70 Ft	20	\$11,000,000	\$155,317	\$14,574	\$7,766	\$729	\$0.13
OAP	-	-	\$18,712	\$1,756	-	-	-
<i>Subtotal</i>	<i>276</i>	<i>\$131,200,000</i>	<i>\$1,871,222</i>	<i>\$175,581</i>			
<i>NIA #5</i>							
50 Ft	139	\$90,350,000	\$1,221,839	\$114,648	\$8,790	\$825	\$0.13
60 Ft	68	\$53,040,000	\$717,281	\$67,304	\$10,548	\$990	\$0.13
OAP	-	-	\$19,587	\$1,838	-	-	-
<i>Subtotal</i>	<i>207</i>	<i>\$143,390,000</i>	<i>\$1,958,706</i>	<i>\$183,790</i>			
<i>NIA #6</i>							
50 Ft	100	\$65,000,000	\$879,021	\$82,481	\$8,790	\$825	\$0.13
OAP	-	-	\$8,879	\$833	-	-	-
<i>Subtotal</i>	<i>100</i>	<i>\$65,000,000</i>	<i>\$887,900</i>	<i>\$83,314</i>			
<i>NIA #7</i>							
50 Ft	98	\$63,700,000	\$861,440	\$80,831	\$8,790	\$825	\$0.13
60 Ft	15	\$11,700,000	\$158,224	\$14,847	\$10,548	\$990	\$0.13
70 Ft	39	\$31,200,000	\$421,930	\$39,591	\$10,819	\$1,015	\$0.13
OAP	-	-	\$14,562	\$1,366	-	-	-
<i>Subtotal</i>	<i>152</i>	<i>\$106,600,000</i>	<i>\$1,456,155</i>	<i>\$136,634</i>			
<i>NIA #8</i>							
Townhome	78	\$23,400,000	\$316,447	\$29,679	\$4,057	\$380	\$0.13
Area F	53,143	\$6,111,445	\$82,647	\$7,751	\$1.56	\$0.15	\$0.13
OAP	-	-	\$4,031	\$396	-	-	-
<i>Subtotal</i>	<i>-</i>	<i>\$29,511,445</i>	<i>\$403,126</i>	<i>\$37,826</i>			
Total	1,094	\$578,271,445	\$8,040,000	\$754,412			

Note: Estimates in Table D-B.1 are based on updated Lot counts and estimated buildout values provided by the Master Developer as part of updates to this SAP. Although the actual unit counts and estimated unimproved land value may vary from the estimates shown, the original assessment allocation for each Lot Type will not change unless modified in a Service Plan Update approved by the City Council, subject to the terms of this SAP, the PID Act, and any other documents associated with PID Bonds.

¹Represents original annual installment first year after capitalized interest.

Table D-B.2 sets forth the outstanding Assessment per unit and estimated tax rate equivalent relating to the Major Improvement Area Refunding Bonds for each Lot Type within the Major Improvement Area.

Table D-B.2
Outstanding Assessment Allocation – Major Improvement Area Refunding

Lot Size	Units/GSF ¹	Estimated Buildout Value	Total Outstanding Assessment	Average Outstanding Annual Installment ²	Outstanding Assessment Per Unit/SF	Average Outstanding Annual Installment Per Unit/SF	Equivalent Tax Rate (Per \$100/AV)
<i>NIA #2</i>							
50 Ft	90	\$29,700,000	\$356,143	\$33,007	\$3,957	\$367	\$0.11
70 Ft	7	\$3,010,000	\$36,094	\$3,345	\$5,156	\$478	\$0.11
OAP	-	\$0	\$0	\$0	-	-	-
<i>Subtotal</i>	<i>97</i>	<i>\$32,710,000</i>	<i>\$392,237</i>	<i>\$36,352</i>			
<i>NA #3</i>							
50'	79	\$27,650,000	\$331,561	\$30,729	\$4,197	\$389	\$0.11
60'	93	\$37,200,000	\$446,079	\$41,342	\$4,797	\$445	\$0.11
70'	8	\$3,600,000	\$43,169	\$4,001	\$5,396	\$500	\$0.11
OAP	-	\$0	\$0	\$0	\$0	\$0	\$0.00
<i>Subtotal</i>	<i>180</i>	<i>\$68,450,000</i>	<i>\$820,809</i>	<i>\$76,071</i>			
<i>NIA #4</i>							
50'	156	\$70,200,000	\$841,793	\$78,016	\$5,396	\$500	\$0.11
60'	100	\$50,000,000	\$599,568	\$55,567	\$5,996	\$556	\$0.11
70'	20	\$11,000,000	\$131,905	\$12,225	\$6,595	\$611	\$0.11
OAP	-	\$0	\$0	\$0	\$0	\$0	\$0.00
<i>Subtotal</i>	<i>276</i>	<i>\$131,200,000</i>	<i>\$1,573,266</i>	<i>\$145,808</i>			
<i>NIA #5</i>							
50'	139	\$90,350,000	\$1,083,419	\$100,410	\$7,794	\$722	\$0.11
60'	67	\$52,260,000	\$626,668	\$58,079	\$9,353	\$867	\$0.11
OAP	-	\$0	\$0	\$0	\$0	\$0	\$0.00
<i>Subtotal</i>	<i>206</i>	<i>\$142,610,000</i>	<i>\$1,710,088</i>	<i>\$158,488</i>			
<i>NIA #6</i>							
50'	100	\$65,000,000	\$779,438	\$72,237	\$7,794	\$722	\$0.11
OAP	-	\$0	\$0	\$0	\$0	\$0	\$0.00
<i>Subtotal</i>	<i>100</i>	<i>\$65,000,000</i>	<i>\$779,438</i>	<i>\$72,237</i>			
<i>NIA #7</i>							
50'	98	\$63,700,000	\$763,850	\$70,792	\$7,794	\$722	\$0.11
60'	15	\$11,700,000	\$140,299	\$13,003	\$9,353	\$867	\$0.11
70'	39	\$31,200,000	\$374,130	\$34,674	\$9,593	\$889	\$0.11
OAP	-	\$0	\$0	\$0			
<i>Subtotal</i>	<i>152</i>	<i>\$106,600,000</i>	<i>\$1,278,279</i>	<i>\$118,469</i>			
<i>NIA #8</i>							
Townhome	78	\$23,400,000	\$280,598	\$26,005	\$3,597	\$333	\$0.11
Area F	53,143	\$6,111,445	\$73,285	\$6,792	\$1.38	\$0.13	\$0.11
OAP	-	\$0	\$0	\$0			
<i>Subtotal</i>		<i>\$29,511,445</i>	<i>\$353,882</i>	<i>\$32,797</i>			
Total	1,089	\$576,081,445	\$6,908,000	\$640,222			

Note: Estimates in Table D-B.2 are based on updated Lot counts, including related prepayments, and estimated buildout values provided by the Master Developer as part of as part this SAP. Although the actual unit counts and estimated unimproved land value may vary from the estimates shown, the outstanding assessment allocation for each Lot Type will not change unless modified in a Service Plan Update approved by the City Council, subject to the terms of this SAP, the PID Act, and any other documents associated with PID Bonds.

¹Assessments on (2) 50 Ft Lots in NIA #2, one (1) 50 Ft Lot in NIA #3, one (1) 60 Ft Lot in NIA #3, one (1) 60 Ft Lot in NIA #5 and Major Improvement Area's share of the OAP for each NIA have prepaid their Assessment in full.

²Represents average Annual Installment for remaining years excluding actual amounts billed previously.

C) Allocation of Assessments to Lots within Neighborhood Improvement Area #1

Table D-C.1 sets forth the original Assessment per unit and estimated tax rate equivalent relating to the Neighborhood Improvement Area #1 Bonds for each Lot Type within Neighborhood Improvement Area #1.

Table D-C.1
Original Assessment Allocation – NIA #1

Lot Size ¹	Units	Estimated Buildout Value	Total Assessment	Average Annual Installment	Assessment Per Unit/SF	Annual Installment Per Unit/SF	Equivalent Tax Rate (Per \$100/AV)
50 Ft	97	\$33,920,027	\$1,566,997	\$137,959	\$16,155	\$1,422	\$0.41
60 Ft	111	\$46,411,431	\$2,144,060	\$188,764	\$19,316	\$1,701	\$0.41
70 Ft	85	\$43,748,565	\$2,021,044	\$177,933	\$23,777	\$2,093	\$0.41
OAP	-	-	\$57,900	\$5,098	-	-	-
Total	293	\$124,080,023	\$5,790,000	\$509,753			

Note: Estimates are based on information provided by the Master Developer as part of this SAP.

¹70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are typically 74 ft.

Table D-C.2 sets forth the outstanding Assessment per unit and estimated tax rate equivalent relating to the Neighborhood Improvement Area #1 Refunding Bonds for each Lot Type within Neighborhood Improvement Area #1.

Table D-C.2
Outstanding Assessment Allocation – NIA #1 Refunding

Lot Size ¹	Units ²	Estimated Buildout Value	Total Outstanding Assessment	Average Outstanding Annual Installment	Outstanding Assessment Per Unit/SF	Average Outstanding Annual Installment Per Unit/SF	Equivalent Tax Rate (Per \$100/AV)
50'	93	\$32,850,985	\$1,350,722	\$120,670	\$14,296	\$1,277	\$0.37
60'	106	\$44,320,826	\$1,811,856	\$162,802	\$17,093	\$1,536	\$0.37
70'	85	\$43,233,876	\$1,767,421	\$158,810	\$21,041	\$1,891	\$0.37
OAP	-	-	\$0	\$0	-	-	-
Total	284	\$120,405,687	\$4,930,000	\$442,282			

Note: Estimates are based on information provided by the Master Developer as part of this SAP.

¹70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are typically 74 ft.

²Assessments on five (5) 60 Ft Lots and two (2) 50 Ft Lots, one (1) 70 Ft Lot and the OAP have prepaid their Assessment in full, and one (1) 50 Ft Lot have prepaid their Assessment partially.

D) Allocation of Assessments to Lots within Neighborhood Improvement Area #2

Table D-D.1 on the following page sets forth the original Assessment per unit and estimated tax rate equivalent relating to Neighborhood Improvement Area #2's portion of the Neighborhood Improvement Areas #2-3 Bonds for each Lot Type within Neighborhood Improvement Area #2.

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Table D-D.1
Original Assessment Allocation – NIA #2

Lot Size ¹	Units	Estimated Buildout Value	Total Assessment	Average Annual Installment ²	Assessment Per Unit/SF	Average Annual Installment Per Unit/SF	Equivalent Tax Rate (Per \$100/AV)
50 Ft	92	\$30,360,000	\$851,163	\$71,679	\$9,252	\$779	\$0.24
70 Ft	7	\$3,010,000	\$84,387	\$7,107	\$12,055	\$1,015	\$0.24
OAP	-	-	\$9,450	\$796	-	-	-
Total	99	\$33,370,000	\$945,000	\$79,582			

Note: Estimates are based on information provided by the Master Developer as part of this SAP.

¹70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are typically 74 ft.

²Represents average Annual Installment for remaining years excluding actual amounts billed previously.

Table D-D.2 sets forth the outstanding Assessment per unit and estimated tax rate equivalent relating to Neighborhood Improvement Area #2's portion of the Neighborhood Improvement Areas #2-3 Bonds for each Lot Type within Neighborhood Improvement Area #2.

Table D-D.2
Outstanding Assessment Allocation – NIA #2

Lot Size ¹	Units ²	Estimated Buildout Value	Total Outstanding Assessment	Average Outstanding Annual Installment ³	Outstanding Assessment Per Unit/SF	Average Outstanding Annual Installment Per Unit/SF	Equivalent Tax Rate (Per \$100/AV)
50 Ft	90	\$29,700,000	\$752,003	\$68,864	\$8,194	\$765	\$0.23
70 Ft	7	\$3,010,000	\$76,213	\$6,979	\$10,677	\$997	\$0.23
OAP			\$0	\$0	-	-	-
Total	97	\$32,710,000	\$828,216	\$75,843			

Note: Estimates are based on information provided by the Master Developer as part of this SAP.

¹70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are typically 74 ft.

²Assessments on (2) 50 Ft Lots and the OAP have prepaid their Assessment in full.

³Represents average Annual Installment for remaining years excluding actual amounts billed previously.

Table D-D.3 sets forth the combined original Assessment per unit and estimated tax rate equivalent for each Lot Type within Neighborhood Improvement Area #2 relating to Neighborhood Improvement Area #2's portion of the Neighborhood Improvement Areas #2-3 Bonds as shown in Table D-D.1 and Neighborhood Improvement Area #2's portion of the Major Improvement Area Bonds as shown in Table D-B.1.

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Table D-D.3
Original Assessment Allocation (Combined) – NIA #2

Lot Size ¹	Units	Estimated Buildout Value	Total Assessment	Average Annual Installment	Assessment Per Unit/SF	Average Annual Installment Per Unit/SF	Equivalent Tax Rate (Per \$100/AV)
50 Ft	92	\$30,360,000	\$1,279,838	\$111,903	\$13,911	\$1,216	\$0.37
70 Ft	7	\$3,010,000	\$126,888	\$11,094	\$18,127	\$1,585	\$0.37
OAP	-		\$14,209	\$1,242	-	-	-
Total	99	\$33,370,000	\$1,420,935	\$124,240			

Note: Estimates are based on information provided by the Master Developer as part of this SAP.

¹70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are typically 74 ft.

Table D-D.4 sets forth the combined outstanding Assessment per unit and estimated tax rate equivalent for each Lot Type within Neighborhood Improvement Area #2 relating to Neighborhood Improvement Area #2's portion of the Neighborhood Improvement Areas #2-3 Bonds as shown in Table D-D.2 and Neighborhood Improvement Area #2's portion of the Major Improvement Area Bonds as shown in Table D-B.2.

Table D-D.4
Outstanding Assessment Allocation (Combined) – NIA #2

Lot Size ¹	Units ²	Estimated Buildout Value	Total Outstanding Assessment	Average Outstanding Annual Installment	Outstanding Assessment Per Unit/SF	Average Outstanding Annual Installment Per Unit/SF	Equivalent Tax Rate (Per \$100/AV)
50 Ft	90	\$29,700,000	\$1,089,987	\$102,014	\$12,111	\$1,133	\$0.34
70 Ft	7	\$3,010,000	\$110,467	\$10,339	\$15,781	\$1,477	\$0.34
OAP		-	\$0	\$0	-	-	-
Total	97	\$32,710,000	\$1,200,453	\$112,353			

Note: Estimates are based on information provided by the Master Developer as part of this SAP.

¹70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are typically 74 ft.

²Assessments on (2) 50 Ft Lots and the OAP have prepaid their Assessment in full.

E) Allocation of Assessments to Lots within Neighborhood Improvement Area #3

Table D-E.1 sets forth the original Assessment per unit and estimated tax rate equivalent relating to Neighborhood Improvement Area #3's portion of the Neighborhood Improvement Areas #2-3 Bonds for each Lot Type within Neighborhood Improvement Area #3.

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Table D-E.1
Original Assessment Allocation – NIA #3

Lot Size ¹	Units/SF	Estimated Buildout Value	Total Assessment	Average Annual Installment ²	Assessment Per Unit/SF	Average Annual Installment Per Unit/SF	Equivalent Tax Rate (Per \$100/AV)
50 Ft	80	\$28,000,000	\$911,315	\$73,320	\$11,391	\$917	\$0.26
60 Ft	94	\$37,600,000	\$1,223,766	\$98,458	\$13,019	\$1,047	\$0.26
70 Ft	8	\$3,600,000	\$117,169	\$9,427	\$14,646	\$1,178	\$0.26
OAP	-	-	\$22,750	\$1,830	-	-	-
Total	182	\$69,200,000	\$2,275,000	\$183,036			

Note: Estimates are based on information provided by the Master Developer as part of this SAP.

¹70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are anticipated to be 74 ft.

²Represents average Annual Installment excluding first year amount paid from capitalized interest.

Table D-E.2 sets forth the outstanding Assessment per unit and estimated tax rate equivalent relating to Neighborhood Improvement Area #3's portion of the Neighborhood Improvement Areas #2-3 Bonds for each Lot Type within Neighborhood Improvement Area #3.

Table D-E.2
Outstanding Assessment Allocation – NIA #3

Lot Size ¹	Units/SF ²	Estimated Buildout Value	Total Outstanding Assessment	Average Outstanding Annual Installment ³	Outstanding Assessment Per Unit/SF	Average Outstanding Annual Installment Per Unit/SF	Equivalent Tax Rate (Per \$100/AV)
50 Ft	79	\$27,650,000	\$856,052	\$71,787	\$10,836	\$909	\$0.26
60 Ft	93	\$37,200,000	\$1,151,722	\$96,581	\$12,384	\$1,039	\$0.26
70 Ft	8	\$3,600,000	\$111,457	\$9,347	\$13,932	\$1,168	\$0.26
OAP			\$0	\$0	-	-	-
Total	180	\$68,450,000	\$2,119,231	\$177,715			

Note: Estimates are based on information provided by the Master Developer as part of this SAP.

¹70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are anticipated to be 74 ft.

²Assessments on (1) 50 Ft Lot, (1) 60 Ft Lot, and the OAP have prepaid their Assessment in full.

³Represents average Annual Installment excluding first year amount paid from capitalized interest.

Table D-E.3 sets forth the combined original Assessment per unit and estimated tax rate equivalent for each Lot Type within Neighborhood Improvement Area #3 relating to Neighborhood Improvement Area #3's portion of the Neighborhood Improvement Areas #2-3 Bonds as shown in Table D-E.1 and Neighborhood Improvement Area #3's portion of the Major Improvement Area Bonds as shown in Table D-B.1.

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Table D-E.3
Original Assessment Allocation (Combined) – NIA #3

Lot Size ¹	Units/SF	Estimated Buildout Value	Total Assessment	Average Annual Installment	Assessment Per Unit/SF	Average Annual Installment Per Unit/SF	Equivalent Tax Rate (Per \$100/AV)
50 Ft	80	\$28,000,000	\$1,306,668	\$110,417	\$16,333	\$1,380	\$0.39
60 Ft	94	\$37,600,000	\$1,754,668	\$148,274	\$18,667	\$1,577	\$0.39
70 Ft	8	\$3,600,000	\$168,000	\$14,196	\$21,000	\$1,775	\$0.39
OAP	-	-	\$32,620	\$2,756	-	-	-
Total	182	\$69,200,000	\$3,261,955	\$275,644			

Note: Estimates are based on information provided by the Master Developer as part of this SAP.

¹70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are anticipated to be 74 ft.

Table D-E.4 sets forth the combined outstanding Assessment per unit and estimated tax rate equivalent for each Lot Type within Neighborhood Improvement Area #3 relating to Neighborhood Improvement Area #3’s portion of the Neighborhood Improvement Areas #2-3 Bonds as shown in Table D-E.2 and Neighborhood Improvement Area #3’s portion of the Major Improvement Area Bonds as shown in Table D-B.2.

Table D-E.4
Outstanding Assessment Allocation (Combined) – NIA #3

Lot Size ¹	Units/SF ²	Estimated Buildout Value	Total Outstanding Assessment	Average Outstanding Annual Installment	Outstanding Assessment Per Unit/SF	Average Outstanding Annual Installment Per Unit/SF	Equivalent Tax Rate (Per \$100/AV)
50 Ft	79	\$27,650,000	\$1,187,613	\$102,515	\$15,033	\$1,298	\$0.37
60 Ft	93	\$37,200,000	\$1,597,801	\$137,923	\$17,181	\$1,483	\$0.37
70 Ft	8	\$3,600,000	\$154,626	\$13,347	\$19,328	\$1,668	\$0.37
OAP			\$0	\$0	-	-	-
Total	180	\$68,450,000	\$2,940,040	\$253,786			

Note: Estimates are based on information provided by the Master Developer as part of this SAP.

¹70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are anticipated to be 74 ft.

¹70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are anticipated to be 74 ft.

²Assessments on (1) 50 Ft Lot, (1) 60 Ft Lot, and the OAP have prepaid their Assessment in full.

F) Allocation of Assessments to Lots within Neighborhood Improvement Area #4

Table D-F.1 sets forth the original Assessment per unit and estimated tax rate equivalent relating to the Neighborhood Improvement Area #4 Bonds for each Lot Type within Neighborhood Improvement Area #4.

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Table D-F.1
Original Assessment Allocation – NIA #4

Lot Size ¹	Units/SF	Estimated Buildout Value	Total Assessment	Average Annual Installment	Assessment Per Unit/SF	Average Annual Installment Per Unit/SF	Equivalent Tax Rate (Per \$100/AV)
50 Ft	156	\$70,200,000	\$2,783,628	\$193,375	\$17,844	\$1,240	\$0.28
60 Ft	100	\$50,000,000	\$1,982,641	\$137,732	\$19,826	\$1,377	\$0.28
70 Ft	20	\$11,000,000	\$436,181	\$30,301	\$21,809	\$1,515	\$0.28
OAP	-	-	\$52,550	\$3,651	-	-	-
Total	276	\$131,200,000	\$5,255,000	\$365,059			

Note: Estimates are based on information provided by the Master Developer as part of this SAP.

¹70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are anticipated to be 74 ft.

Table D-F.2 sets forth the outstanding Assessment per unit and estimated tax rate equivalent relating to the Neighborhood Improvement Area #4 Bonds for each Lot Type within Neighborhood Improvement Area #4.

Table D-F.2
Outstanding Assessment Allocation – NIA #4

Lot Size ¹	Units/SF ²	Estimated Buildout Value	Total Outstanding Assessment	Average Outstanding Annual Installment	Outstanding Assessment Per Unit/SF	Average Outstanding Annual Installment Per Unit/SF	Equivalent Tax Rate (Per \$100/AV)
50 Ft	156	\$70,200,000	\$2,692,668	\$191,002	\$17,261	\$1,224	\$0.27
60 Ft	100	\$50,000,000	\$1,917,854	\$136,041	\$19,179	\$1,360	\$0.27
70 Ft	20	\$11,000,000	\$421,928	\$29,929	\$21,096	\$1,496	\$0.27
OAP	-	-	\$0	\$0	-	-	-
Total	276	\$131,200,000	\$5,032,450	\$356,973			

Note: Estimates are based on information provided by the Master Developer as part of this SAP.

¹70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are anticipated to be 74 ft.

²Assessments on the OAP have prepaid their Assessment in full.

Table D-F.3 sets forth the combined original Assessment per unit and estimated tax rate equivalent for each Lot Type within Neighborhood Improvement Area #4 relating to the Neighborhood Improvement Area #4 Bonds as shown in Table D-F.1 and Neighborhood Improvement Area #4's portion of the Major Improvement Area Bonds as shown in Table D-B.1.

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Table D-F.3
Original Assessment Allocation (Combined) – NIA #4

Lot Size ¹	Units/SF	Estimated Buildout Value	Total Assessment	Average Annual Installment	Assessment Per Unit/SF	Average Annual Installment Per Unit/SF	Equivalent Tax Rate (Per \$100/AV)
50 Ft	156	\$70,200,000	\$3,774,834	\$286,383	\$24,198	\$1,836	\$0.41
60 Ft	100	\$50,000,000	\$2,688,628	\$203,976	\$26,886	\$2,040	\$0.41
70 Ft	20	\$11,000,000	\$591,498	\$44,875	\$29,575	\$2,244	\$0.41
OAP	-	-	\$71,262	\$5,406	-	-	-
Total	276	\$131,200,000	\$7,126,222	\$540,640			

Note: Estimates are based on information provided by the Master Developer as part of this SAP.

¹70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are anticipated to be 74 ft.

Table D-F.4 sets forth the combined outstanding Assessment per unit and estimated tax rate equivalent for each Lot Type within Neighborhood Improvement Area #4 relating to the Neighborhood Improvement Area #4 Bonds as shown in Table D-F.2 and Neighborhood Improvement Area #4’s portion of the Major Improvement Area Bonds as shown in Table D-B.2.

Table D-F.4
Outstanding Assessment Allocation (Combined) – NIA #4

Lot Size ¹	Units/SF ²	Estimated Buildout Value	Total Outstanding Assessment	Average Outstanding Annual Installment	Outstanding Assessment Per Unit/SF	Average Outstanding Annual Installment Per Unit/SF	Equivalent Tax Rate (Per \$100/AV)
50 Ft	156	\$70,200,000	\$3,534,461	\$269,018	\$22,657	\$1,724	\$0.38
60 Ft	100	\$50,000,000	\$2,517,422	\$191,608	\$25,174	\$1,916	\$0.38
70 Ft	20	\$11,000,000	\$553,833	\$42,154	\$27,692	\$2,108	\$0.38
OAP	-	-	\$0	\$0	-	-	-
Total	276	\$131,200,000	\$6,605,716	\$502,781			

Note: Estimates are based on information provided by the Master Developer as part of this SAP.

¹70 ft lot size designation is based on a minimum front footage requirements of 70 ft. Actual lots sizes are anticipated to be 74 ft.

²Assessments on the OAP have prepaid their Assessment in full.

G) Allocation of Assessments to Lots within Neighborhood Improvement Area #5

Table D-G.1 sets forth the original Assessment per unit and estimated tax rate equivalent relating to the Neighborhood Improvement Area #5 Bonds for each Lot Type within Neighborhood Improvement Area #5.

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Table D-G.1
Original Assessment Allocation – NIA #5

Lot Size	Units/SF	Estimated Buildout Value	Total Assessment	Average Annual Installment	Assessment Per Unit/SF	Average Annual Installment Per Unit/SF	Equivalent Tax Rate (Per \$100/AV)
50 Ft	139	\$90,350,000	\$4,031,611	\$316,466	\$29,004	\$2,277	\$0.35
60 Ft	68	\$53,040,000	\$2,366,759	\$185,781	\$34,805	\$2,732	\$0.35
OAP	-	-	\$64,630	\$5,073	-	-	-
Total	207	\$143,390,000	\$6,463,000	\$507,320			

Note: Estimates are based on information provided by the Neighborhood Improvement Areas #5-7 Developer and Neighborhood Improvement Areas #5-7 Fee Developer as part of this SAP.

Table D-G.2 sets forth the outstanding Assessment per unit and estimated tax rate equivalent relating to the Neighborhood Improvement Area #5 Bonds for each Lot Type within Neighborhood Improvement Area #5.

Table D-G.2
Outstanding Assessment Allocation – NIA #5

Lot Size ¹	Units/SF ²	Estimated Buildout Value	Total Outstanding Assessment	Average Outstanding Annual Installment	Outstanding Assessment Per Unit/SF	Average Outstanding Annual Installment Per Unit/SF	Equivalent Tax Rate (Per \$100/AV)
50 Ft	139	\$90,350,000	\$4,003,485	\$318,201	\$28,802	\$2,289	\$0.35
60 Ft	67	\$52,260,000	\$2,315,685	\$184,053	\$34,562	\$2,747	\$0.35
OAP	-	-	\$63,830	\$5,073	-	-	-
Total	206	\$142,610,000	\$6,383,000	\$507,327			

Note: Estimates are based on information provided by the Neighborhood Improvement Areas #5-7 Developer and Neighborhood Improvement Areas #5-7 Fee Developer as part of this SAP.

¹Assessments on (1) 60 Ft Lot and the OAP have prepaid their Assessment in full.

Table D-G.3 sets forth the combined original Assessment per unit and estimated tax rate equivalent for each Lot Type within Neighborhood Improvement Area #5 relating to the Neighborhood Improvement Area #5 Bonds as shown in Table D-G.1 and Neighborhood Improvement Area #5's portion of the Major Improvement Area Bonds as shown in Table D-B.1.

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Table D-G.3
Original Assessment Allocation (Combined) – NIA #5

Lot Size	Units/SF	Estimated Buildout Value	Total Assessment	Average Annual Installment	Assessment Per Unit/SF	Average Annual Installment Per Unit/SF	Equivalent Tax Rate (Per \$100/AV)
50 Ft	139	\$90,350,000	\$5,130,692	\$419,595	\$36,911	\$3,019	\$0.48
60 Ft	68	\$53,040,000	\$3,086,865	\$253,351	\$45,395	\$3,726	\$0.48
OAP	-	-	\$83,006	\$6,797	-	-	-
Total	207	\$143,390,000	\$8,300,563	\$679,743			

Note: Estimates are based on information provided by the Neighborhood Improvement Areas #5-7 Developer and Neighborhood Improvement Areas #5-7 Fee Developer as part of this SAP.

Table D-G.4 sets forth the combined outstanding Assessment per unit and estimated tax rate equivalent for each Lot Type within Neighborhood Improvement Area #5 relating to the Neighborhood Improvement Area #5 Bonds as shown in Table D-G.2 and Neighborhood Improvement Area #5’s portion of the Major Improvement Area Bonds as shown in Table D-B.2.

Table D-G.4
Outstanding Assessment Allocation (Combined) – NIA #5

Lot Size¹	Units/SF	Estimated Buildout Value	Total Outstanding Assessment	Average Outstanding Annual Installment	Outstanding Assessment Per Unit/SF	Average Outstanding Annual Installment Per Unit/SF	Equivalent Tax Rate (Per \$100/AV)
50 Ft	139	\$90,350,000	\$5,086,904	\$418,611	\$36,596	\$3,012	\$0.46
60 Ft	67	\$52,260,000	\$2,942,353	\$242,132	\$43,916	\$3,614	\$0.46
OAP	-	-	\$63,830	\$5,073	-	-	-
Total	206	\$142,610,000	\$8,093,088	\$665,816			

Note: Estimates are based on information provided by the Neighborhood Improvement Areas #5-7 Developer and Neighborhood Improvement Areas #5-7 Fee Developer as part of this SAP.

¹Assessments on (1) 60 Ft Lot and the OAP have prepaid their Assessment in full.

H) Allocation of Assessments to Lots within Neighborhood Improvement Area #6

Table D-H.1 sets forth the original Assessment per unit and estimated tax rate equivalent relating to the Neighborhood Improvement Area #6 Reimbursement Agreement Obligation for each Lot Type within Neighborhood Improvement Area #6.

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Table D-H.1
Original Assessment Allocation – NIA #6

Lot Size	Units/SF	Estimated Buildout Value	Total Assessment	Average Annual Installment	Assessment Per Unit/SF	Average Annual Installment Per Unit/SF	Equivalent Tax Rate (Per \$100/AV)
50 Ft	100	\$65,000,000	\$2,757,150	\$250,789	\$27,572	\$2,508	\$0.39
OAP	-	-	\$27,850	\$2,533	-	-	-
Total	100	\$65,000,000	\$2,785,000	\$253,323			

Note: Estimates are based on information provided by the Neighborhood Improvement Areas #5-7 Developer and Neighborhood Improvement Areas #5-7 Fee Developer as part of this SAP.

Table D-H.2 sets forth the outstanding Assessment per unit and estimated tax rate equivalent relating to Neighborhood Improvement Area #6’s portion of the Neighborhood Improvement Areas #6-7 Bonds for each Lot Type within Neighborhood Improvement Area #6.

Table D-H.2
Outstanding Assessment Allocation – NIA #6

Lot Size ¹	Units/SF	Estimated Buildout Value	Total Outstanding Assessment ¹	Average Outstanding Annual Installment	Outstanding Assessment Per Unit/SF	Average Outstanding Annual Installment Per Unit/SF	Equivalent Tax Rate (Per \$100/AV)
50 Ft	100	\$65,000,000	\$2,757,150	\$260,869	\$27,572	\$2,609	\$0.40
OAP	-	-	\$27,850	\$2,635	-	-	-
Total	100	\$65,000,000	\$2,785,000	\$263,504			

Note: Estimates are based on information provided by the Neighborhood Improvement Areas #5-7 Developer and Neighborhood Improvement Areas #5-7 Fee Developer as part of this SAP.

¹Updated to reflect the issuance of the Neighborhood Improvement Areas #6-7 Bonds issued in April 2024.

Table D-H.3 sets forth the combined original Assessment per unit and estimated tax rate equivalent for each Lot Type within Neighborhood Improvement Area #6 relating to the Neighborhood Improvement Area #6 Reimbursement Agreement Obligation as shown in Table D-H.1 and Neighborhood Improvement Area #6’s portion of the Major Improvement Area Bonds as shown in Table D-B.1.

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Table D-H.3
Original Assessment Allocation (Combined) – NIA #6

Lot Size ¹	Units/SF	Estimated Buildout Value	Total Assessment	Average Annual Installment	Assessment Per Unit/SF	Average Annual Installment Per Unit/SF	Equivalent Tax Rate (Per \$100/AV)
50 Ft	100	\$65,000,000	\$2,757,150	\$260,869	\$27,572	\$2,609	\$0.40
OAP	-	-	\$27,850	\$2,635	-	-	-
Total	100	\$65,000,000	\$2,785,000	\$263,504			

Note: Estimates are based on information provided by the Neighborhood Improvement Areas #5-7 Developer and Neighborhood Improvement Areas #5-7 Fee Developer as part of this SAP.

Table D-H.4 sets forth the combined outstanding Assessment per unit and estimated tax rate equivalent for each Lot Type within Neighborhood Improvement Area #6 relating to Neighborhood Improvement Area #6’s portion of the Neighborhood Improvement Areas #6-7 Bonds as shown in Table D-H.2 and Neighborhood Improvement Area #6’s portion of the Major Improvement Area Bonds as shown in Table D-B.2.

Table D-H.4
Outstanding Assessment Allocation (Combined) – NIA #6

Lot Size ¹	Units/SF	Estimated Buildout Value	Total Outstanding Assessment ¹	Average Outstanding Annual Installment	Outstanding Assessment Per Unit/SF	Average Outstanding Annual Installment Per Unit/SF	Equivalent Tax Rate (Per \$100/AV)
50 Ft	100	\$65,000,000	\$3,536,588	\$333,106	\$35,366	\$3,331	\$0.51
OAP	-	-	\$27,850	\$2,635	-	-	-
Total	100	\$65,000,000	\$3,564,438	\$335,741			

Note: Estimates are based on information provided by the Neighborhood Improvement Areas #5-7 Developer and Neighborhood Improvement Areas #5-7 Fee Developer as part of this SAP.

¹Updated to reflect the issuance of the Neighborhood Improvement Areas #6-7 Bonds issued in April 2024.

D) Allocation of Assessments to Lots within Neighborhood Improvement Area #7

Table D-I.1 sets forth the estimated Assessment per unit and estimated tax rate equivalent relating to Neighborhood Improvement Area #7’s portion of the Neighborhood Improvement Areas #6-7 Bonds for each Lot Type within Neighborhood Improvement Area #7.

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Table D-I.1
Assessment Allocation – NIA #7

Lot Size	Units/SF	Estimated Buildout Value	Total Assessment	Average Annual Installment	Assessment Per Unit/SF	Average Annual Installment Per Unit/SF	Equivalent Tax Rate (Per \$100/AV)
50'	98	\$63,700,000	\$2,908,087	\$248,178	\$29,674	\$2,532	\$0.39
60'	15	\$11,250,000	\$513,595	\$43,830	\$34,240	\$2,922	\$0.39
70'	39	\$31,200,000	\$1,424,369	\$121,556	\$36,522	\$3,117	\$0.39
OAP	-	-	\$48,950	\$4,177	-	-	-
Total	152	\$106,150,000	\$4,895,000	\$417,742			

Note: Estimates are based on information provided by the Neighborhood Improvement Areas #5-7 Fee Developer as part of this SAP.

Table D-I.2 sets forth the outstanding Assessment per unit and estimated tax rate equivalent relating to Neighborhood Improvement Area #7's portion of the Neighborhood Improvement Areas #6-7 Bonds for each Lot Type within Neighborhood Improvement Area #7.

Table D-I.2
Outstanding Assessment Allocation – NIA #7

Lot Size	Units/SF	Estimated Buildout Value	Total Outstanding Assessment	Average Outstanding Annual Installment	Outstanding Assessment Per Unit/SF	Average Outstanding Annual Installment Per Unit/SF	Equivalent Tax Rate (Per \$100/AV)
50'	98	\$63,700,000	\$2,908,087	\$244,055	\$29,674	\$2,490	\$0.38
60'	15	\$11,250,000	\$513,595	\$43,102	\$34,240	\$2,873	\$0.38
70'	39	\$31,200,000	\$1,424,369	\$119,537	\$36,522	\$3,065	\$0.38
OAP	-	-	\$48,950	\$4,108	-	-	-
Total	152	\$106,150,000	\$4,895,000	\$410,802			

Note: Estimates are based on information provided by the Neighborhood Improvement Areas #5-7 Fee Developer as part of this SAP.

Table D-I.3 sets forth the combined estimated Assessment per unit and estimated tax rate equivalent for each Lot Type within Neighborhood Improvement Area #7 relating to Neighborhood Improvement Area #7's portion of the Neighborhood Improvement Areas #6-7 Bonds as shown in Table D-I.1 and Neighborhood Improvement Area #7's portion of the Major Improvement Area Bonds as shown in Table D-B.1.

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Table D-I.3
Assessment Allocation (Combined) – NIA #7

Lot Size	Units/SF	Estimated Buildout Value	Total Assessment	Average Annual Installment	Assessment Per Unit/SF	Average Annual Installment Per Unit/SF	Equivalent Tax Rate (Per \$100/AV)
50'	98	\$63,700,000	\$3,709,638	\$330,803	\$37,853	\$3,376	\$0.52
60'	15	\$11,250,000	\$655,156	\$58,423	\$43,677	\$3,895	\$0.52
70'	39	\$31,200,000	\$1,816,966	\$162,026	\$46,589	\$4,155	\$0.52
OAP	-		\$48,950	\$4,177	-	-	-
Total	152	\$106,150,000	\$6,230,710	\$555,430			

Note: Estimates are based on information provided by the Neighborhood Improvement Areas #5-7 Developer and Neighborhood Improvement Areas #5-7 Fee Developer as part of this SAP.

Table D-I.4 sets forth the combined outstanding Assessment per unit and estimated tax rate equivalent for each Lot Type within Neighborhood Improvement Area #7 relating to Neighborhood Improvement Area #7's portion of the Neighborhood Improvement Areas #6-7 Bonds as shown in Table D-I.2 and Neighborhood Improvement Area #7's portion of the Major Improvement Area Bonds as shown in Table D-B.2.

Table D-I.4
Outstanding Assessment Allocation (Combined) – NIA #7

Lot Size	Units/SF	Estimated Buildout Value	Total Outstanding Assessment	Average Outstanding Annual Installment	Outstanding Assessment Per Unit/SF	Average Outstanding Annual Installment Per Unit/SF	Equivalent Tax Rate (Per \$100/AV)
50'	98	\$63,700,000	\$3,673,649	\$315,006	\$37,486	\$3,214	\$0.49
60'	15	\$11,250,000	\$648,800	\$55,633	\$43,253	\$3,709	\$0.49
70'	39	\$31,200,000	\$1,799,338	\$154,289	\$46,137	\$3,956	\$0.49
OAP	-		\$48,950	\$4,108	-	-	-
Total	152	\$106,150,000	\$6,170,738	\$529,035			

Note: Estimates are based on information provided by the Neighborhood Improvement Areas #5-7 Developer and Neighborhood Improvement Areas #5-7 Fee Developer as part of this SAP.

APPENDIX E
MAJOR IMPROVEMENT AREA ASSESSMENT ROLL

Appendix E
Major Improvement Area Assessment Roll

Parcel
Original Assessment
Outstanding Assessment

All Parcels
\$8,040,000
\$6,908,000

Year ¹	Principal ²	Interest ²	Principal ³	Interest ³	CCMI ⁴	Admin Expenses ⁵	Additional Interest Reserve ⁶	Capitalized Interest/ Available Credits	Total Annual Installment
2016	\$0	\$417,075	\$0	\$0	\$417,075	\$30,000	\$0	(\$417,075)	\$30,000
2017	\$0	\$603,000	\$0	\$0	\$603,000	\$30,600	\$68,005	(\$603,000)	\$98,605
2018	\$80,000	\$603,000	\$0	\$0	\$683,000	\$29,067	\$40,200	(\$20,336)	\$731,931
2019	\$85,000	\$597,000	\$0	\$0	\$682,000	\$23,836	\$39,800	(\$14,849)	\$730,787
2020	\$95,000	\$590,625	\$0	\$0	\$0	\$28,600	\$39,375	(\$174,381)	\$579,219
2021	\$112,818	\$583,500	\$0	\$0	\$0	\$32,000	\$38,900	(\$55,614)	\$711,604
2022	\$111,274	\$576,000	\$0	\$0	\$0	\$32,000	\$38,368	(\$4,650)	\$752,992
2023	\$191,736	\$568,125	\$0	\$0	\$0	\$34,400	\$37,811	\$0	\$832,072
2024	\$139,172	\$559,500	\$0	\$0	\$0	\$35,150	\$37,300	\$0	\$771,122
2025	\$0	\$0	\$161,000	\$423,726	\$0	\$35,853	\$0	\$0	\$620,579
2026	\$0	\$0	\$202,000	\$381,880	\$0	\$36,570	\$33,735	\$0	\$654,185
2027	\$0	\$0	\$212,000	\$371,528	\$0	\$37,301	\$32,725	\$0	\$653,554
2028	\$0	\$0	\$222,000	\$360,663	\$0	\$38,047	\$31,665	\$0	\$652,375
2029	\$0	\$0	\$233,000	\$349,285	\$0	\$38,808	\$30,555	\$0	\$651,648
2030	\$0	\$0	\$244,000	\$337,344	\$0	\$39,584	\$29,390	\$0	\$650,318
2031	\$0	\$0	\$255,000	\$324,839	\$0	\$40,376	\$28,170	\$0	\$648,385
2032	\$0	\$0	\$268,000	\$311,770	\$0	\$41,184	\$26,895	\$0	\$647,849
2033	\$0	\$0	\$282,000	\$297,030	\$0	\$42,007	\$25,555	\$0	\$646,592
2034	\$0	\$0	\$296,000	\$281,520	\$0	\$42,847	\$24,145	\$0	\$644,512
2035	\$0	\$0	\$312,000	\$265,240	\$0	\$43,704	\$22,665	\$0	\$643,609
2036	\$0	\$0	\$328,000	\$248,080	\$0	\$44,578	\$21,105	\$0	\$641,763
2037	\$0	\$0	\$345,000	\$230,040	\$0	\$45,470	\$19,465	\$0	\$639,975
2038	\$0	\$0	\$363,000	\$211,065	\$0	\$46,379	\$17,740	\$0	\$638,184
2039	\$0	\$0	\$382,000	\$191,100	\$0	\$47,307	\$15,925	\$0	\$636,332
2040	\$0	\$0	\$404,000	\$168,180	\$0	\$48,253	\$14,015	\$0	\$634,448
2041	\$0	\$0	\$428,000	\$143,940	\$0	\$49,218	\$11,995	\$0	\$633,153
2042	\$0	\$0	\$452,000	\$118,260	\$0	\$50,203	\$9,855	\$0	\$630,318
2043	\$0	\$0	\$478,000	\$91,140	\$0	\$51,207	\$7,595	\$0	\$627,942
2044	\$0	\$0	\$506,000	\$62,460	\$0	\$52,231	\$5,205	\$0	\$625,896
2045	\$0	\$0	\$535,000	\$32,100	\$0	\$53,275	\$2,675	\$0	\$623,050
\$815,000	\$5,097,825	\$6,908,000	\$5,201,188	\$2,385,075	\$1,200,056	\$750,834	(\$1,289,905)	\$18,682,999	

¹Represent the bond year for Major Improvements Area Bonds for years 2016-2024, and the Major Improvement Area Refunding Bonds for years 2024-2045.

²The principal and interest amounts for years 2016-2024 are based on Major Improvement Area Bonds and are calculated using an 7.50% interest rate.

³The principal and interest amounts for years 2024-2040 are based on the Major Improvements Area Refunding Bonds and are calculated using an estimated interest rate of 5.80% for years 2024 through 2045.

⁴Represents principal and interest on the City Contributed Major Improvement. The CCMI requirements were met, and payment concluded in 2019.

⁵The amounts shown include estimated district administration and assessment collection costs and will be updated each year in the Annual Service Plan Updates.

⁶ Additional Interest Component will only be collected as needed following the issuance of the Major Improvement Area Refunding Bonds and will be updated in each Annual Service Plan Update.

APPENDIX F
NEIGHBORHOOD IMPROVEMENT AREA #1 ASSESSMENT ROLL

Appendix F
Neighborhood Improvement Area #1 Projects Assessment Roll

Parcel
Original Assessment
Outstanding Assessment

All Parcels
\$5,790,000
\$4,930,000

Year ¹	Principal ²	Interest ²	Principal ³	Interest ³	CCMI ⁴	Admin Expenses ⁵	Additional Interest Reserve ⁶	Capitalized Interest/ Available Credits	Total Annual Installment
2016	\$0	\$250,297	\$0	\$0	\$250,297	\$0	\$0	(\$250,297)	\$0
2017	\$0	\$361,875	\$0	\$0	\$361,875	\$30,600	\$68,005	(\$106,951)	\$353,529
2018	\$75,000	\$361,875	\$0	\$0	\$436,875	\$20,933	\$40,200	\$0	\$498,008
2019	\$80,000	\$357,188	\$0	\$0	\$437,188	\$31,836	\$39,800	\$0	\$508,824
2020	\$85,000	\$352,188	\$0	\$0	\$0	\$31,600	\$39,375	(\$24,000)	\$484,163
2021	\$215,000	\$339,063	\$0	\$0	\$0	\$36,000	\$38,900	(\$33,695)	\$595,268
2022	\$125,000	\$332,965	\$0	\$0	\$0	\$36,000	\$38,368	(\$2,984)	\$529,349
2023	\$100,000	\$325,625	\$0	\$0	\$0	\$34,400	\$37,811	\$0	\$497,836
2024	\$172,060	\$318,698	\$0	\$0	\$0	\$35,150	\$36,821	\$0	\$562,728
2025	\$0	\$0	\$125,000	\$267,726	\$0	\$35,853	\$0	\$0	\$428,579
2026	\$0	\$0	\$152,000	\$240,250	\$0	\$36,570	\$24,025	\$0	\$452,845
2027	\$0	\$0	\$159,000	\$232,650	\$0	\$37,301	\$23,265	\$0	\$452,216
2028	\$0	\$0	\$166,000	\$224,700	\$0	\$38,047	\$22,470	\$0	\$451,217
2029	\$0	\$0	\$173,000	\$216,400	\$0	\$38,808	\$21,640	\$0	\$449,848
2030	\$0	\$0	\$181,000	\$207,750	\$0	\$39,584	\$20,775	\$0	\$449,109
2031	\$0	\$0	\$190,000	\$198,700	\$0	\$40,376	\$19,870	\$0	\$448,946
2032	\$0	\$0	\$198,000	\$189,200	\$0	\$41,184	\$18,920	\$0	\$447,304
2033	\$0	\$0	\$207,000	\$179,300	\$0	\$42,007	\$17,930	\$0	\$446,237
2034	\$0	\$0	\$217,000	\$168,950	\$0	\$42,847	\$16,895	\$0	\$445,692
2035	\$0	\$0	\$227,000	\$158,100	\$0	\$43,704	\$15,810	\$0	\$444,614
2036	\$0	\$0	\$237,000	\$146,750	\$0	\$44,578	\$14,675	\$0	\$443,003
2037	\$0	\$0	\$248,000	\$134,900	\$0	\$45,470	\$13,490	\$0	\$441,860
2038	\$0	\$0	\$260,000	\$122,500	\$0	\$46,379	\$12,250	\$0	\$441,129
2039	\$0	\$0	\$272,000	\$109,500	\$0	\$47,307	\$10,950	\$0	\$439,757
2040	\$0	\$0	\$284,000	\$95,900	\$0	\$48,253	\$9,590	\$0	\$437,743
2041	\$0	\$0	\$298,000	\$81,700	\$0	\$49,218	\$8,170	\$0	\$437,088
2042	\$0	\$0	\$312,000	\$66,800	\$0	\$50,203	\$6,680	\$0	\$435,683
2043	\$0	\$0	\$326,000	\$51,200	\$0	\$51,207	\$5,120	\$0	\$433,527
2044	\$0	\$0	\$341,000	\$34,900	\$0	\$52,231	\$3,490	\$0	\$431,621
2045	\$0	\$0	\$357,000	\$17,850	\$0	\$53,275	\$1,785	\$0	\$429,910
	\$852,060	\$2,999,772	\$4,930,000	\$3,145,726	\$1,486,234	\$1,180,922	\$627,080	(\$417,927)	\$13,317,634

¹ Represent the bond year for the Neighborhood Improvement Area #1 Bonds for years 2016-2024, and the Neighborhood Improvement Area #1 Refunding Bonds for years 2024-2045.

² The principal and interest amounts for years 2016-2024 are based Neighborhood Improvement Area #1 and are calculated using an 6.25% interest rate.

³ The principal and interest amounts for years 2024-2045 are based on the Neighborhood Improvement Area #1 Refunding Bonds and are calculated using an estimated interest rate of 5.00% for years 2024 through 2045.

⁴ Represents principal and interest on the City Contributed Major Improvements. The CCMI requirements were met, and payment concluded in 2019.

⁵ The amounts shown include estimated district administration and assessment collection costs and will be updated each year in the Annual Service Plan Updates.

⁶ Additional Interest Component will only be collected as needed following the issuance of the Neighborhood Improvement Area #1 Refunding Bonds and will be updated in each Annual Service Plan Update.

APPENDIX G
NEIGHBORHOOD IMPROVEMENT AREA #2 ASSESSMENT ROLL

Appendix G
Neighborhood Improvement Area #2 Assessment Roll

**Parcel
Units
Assessment**

**All Parcels
99
\$945,000**

Year¹	Principal	Interest	Administrative Expenses²	Additional Interest Reserve	Capitalized Interest/Other Credits	Total Annual Installment³
9/1/2020	\$25,000	\$54,322	\$13,337	\$0	\$0	\$92,659
9/1/2021	\$43,014	\$52,900	\$21,000	\$0	\$0	\$71,704
9/1/2022 ⁴	\$28,770	\$33,174	\$15,000	\$4,385	\$0	\$81,329
9/1/2023	\$20,000	\$32,670	\$15,600	\$4,285	\$0	\$72,555
9/1/2024	\$20,000	\$31,826	\$15,929	\$4,141	\$0	\$71,896
9/1/2025	\$20,000	\$31,285	\$15,918	\$4,041	\$0	\$71,244
9/1/2026	\$20,000	\$30,785	\$16,236	\$3,941	\$0	\$70,962
9/1/2027	\$20,000	\$30,160	\$16,561	\$3,841	\$0	\$70,562
9/1/2028	\$15,000	\$29,535	\$16,892	\$3,741	\$0	\$65,168
9/1/2029	\$15,000	\$29,066	\$17,230	\$3,666	\$0	\$64,963
9/1/2030	\$15,000	\$28,597	\$17,575	\$3,591	\$0	\$64,763
9/1/2031	\$20,000	\$28,129	\$17,926	\$3,516	\$0	\$69,571
9/1/2032	\$20,000	\$27,329	\$18,285	\$3,416	\$0	\$69,030
9/1/2033	\$20,000	\$26,529	\$18,651	\$3,316	\$0	\$68,495
9/1/2034	\$20,000	\$25,729	\$19,024	\$0	\$0	\$64,752
9/1/2035	\$20,000	\$24,929	\$19,404	\$0	\$0	\$64,333
9/1/2036	\$20,000	\$24,129	\$19,792	\$0	\$0	\$63,921
9/1/2037	\$20,000	\$23,329	\$20,188	\$0	\$0	\$63,517
9/1/2038	\$20,000	\$22,529	\$20,592	\$0	\$0	\$63,120
9/1/2039	\$25,000	\$21,729	\$21,004	\$0	\$0	\$67,732
9/1/2040	\$25,000	\$20,729	\$21,424	\$0	\$0	\$67,152
9/1/2041	\$25,000	\$19,729	\$21,852	\$0	\$0	\$66,581
9/1/2042	\$25,000	\$18,729	\$22,289	\$0	\$0	\$66,018
9/1/2043	\$25,000	\$17,729	\$22,735	\$0	\$0	\$65,464
9/1/2044	\$25,000	\$16,729	\$23,190	\$0	\$0	\$64,918
9/1/2045	\$30,000	\$15,729	\$23,653	\$0	\$0	\$69,382
9/1/2046	\$90,000	\$14,529	\$24,127	\$0	\$0	\$128,655
9/1/2047	\$95,000	\$10,929	\$24,609	\$0	\$0	\$130,538
9/1/2048	\$100,000	\$7,129	\$25,101	\$0	\$0	\$132,230
9/1/2049	\$78,216	\$3,129	\$25,603	\$0	\$0	\$106,948
Total	\$945,000	\$753,764	\$590,728	\$45,881	\$0	\$2,290,163

¹ The 9/1/XX dates represent the assessment (bond) year end for the Neighborhood Improvement Areas #2-3 Bonds.

² Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.

³ Annual Installments are calculated using a 2.50% interest rate for years 2021-2025, 3.125% interest rate for years 2026-2030, and 4.0% thereafter on the Neighborhood Improvement Areas #2-3 Bonds plus the Additional Interest Component plus Administrative Expenses.

⁴ Principal payment in 2022 includes prepayments and redemptions.

APPENDIX H
NEIGHBORHOOD IMPROVEMENT AREA #3 ASSESSMENT ROLL

Appendix H
Neighborhood Improvement Area #3 Assessment Roll

**Parcel
Units
Assessment**

**All Parcels
182
\$2,275,000**

Year¹	Principal	Interest	Administrative Expenses²	Additional Interest Reserve	Capitalized Interest/Other Credits	Total Annual Installment³
9/1/2021	\$0	\$79,814	\$0	\$0	(\$79,814)	\$0
9/1/2022	\$53,019	\$86,806	\$22,000	\$11,375	\$0	\$173,200
9/1/2023	\$62,750	\$85,806	\$26,000	\$11,175	\$0	\$185,731
9/1/2024	\$40,000	\$83,424	\$26,481	\$10,796	\$0	\$160,701
9/1/2025	\$40,000	\$82,375	\$26,530	\$10,596	\$0	\$159,502
9/1/2026	\$40,000	\$81,375	\$27,061	\$10,396	\$0	\$158,832
9/1/2027	\$45,000	\$80,125	\$27,602	\$10,196	\$0	\$162,924
9/1/2028	\$40,000	\$78,719	\$28,154	\$9,971	\$0	\$156,844
9/1/2029	\$40,000	\$77,469	\$28,717	\$9,771	\$0	\$155,958
9/1/2030	\$40,000	\$76,219	\$29,291	\$9,571	\$0	\$155,082
9/1/2031	\$40,000	\$74,969	\$29,877	\$9,371	\$0	\$154,218
9/1/2032	\$45,000	\$73,369	\$30,475	\$9,171	\$0	\$158,015
9/1/2033	\$45,000	\$71,569	\$31,084	\$8,946	\$0	\$156,600
9/1/2034	\$45,000	\$69,769	\$31,706	\$0	\$0	\$146,475
9/1/2035	\$50,000	\$67,969	\$32,340	\$0	\$0	\$150,309
9/1/2036	\$50,000	\$65,969	\$32,987	\$0	\$0	\$148,956
9/1/2037	\$50,000	\$63,969	\$33,647	\$0	\$0	\$147,616
9/1/2038	\$55,000	\$61,969	\$34,320	\$0	\$0	\$151,289
9/1/2039	\$55,000	\$59,769	\$35,006	\$0	\$0	\$149,775
9/1/2040	\$60,000	\$57,569	\$35,706	\$0	\$0	\$153,275
9/1/2041	\$60,000	\$55,169	\$36,420	\$0	\$0	\$151,590
9/1/2042	\$65,000	\$52,769	\$37,149	\$0	\$0	\$154,918
9/1/2043	\$65,000	\$50,169	\$37,892	\$0	\$0	\$153,061
9/1/2044	\$70,000	\$47,569	\$38,649	\$0	\$0	\$156,219
9/1/2045	\$70,000	\$44,769	\$39,422	\$0	\$0	\$154,192
9/1/2046	\$200,000	\$41,969	\$40,211	\$0	\$0	\$282,180
9/1/2047	\$210,000	\$33,969	\$41,015	\$0	\$0	\$284,984
9/1/2048	\$215,000	\$25,569	\$41,835	\$0	\$0	\$282,405
9/1/2049	\$225,000	\$16,969	\$42,672	\$0	\$0	\$284,641
9/1/2050	\$199,231	\$7,969	\$43,526	\$0	\$0	\$250,726
Total	\$2,275,000	\$1,855,919	\$967,777	\$121,336	(\$79,814)	\$5,140,218

¹The 9/1/XX dates represent the assessment (bond) year end for the Neighborhood Improvement Areas #2-3 Bonds.

²Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.

³Annual Installments are calculated using a 2.50% interest rate for years 2021-2025, 3.125% interest rate for years 2026-2030, and 4.0% thereafter on the Neighborhood Improvement Areas #2-3 Bonds plus the Additional Interest Component plus Administrative Expenses.

APPENDIX I
NEIGHBORHOOD IMPROVEMENT AREA #4 ASSESSMENT ROLL

Appendix I
Neighborhood Improvement Area #4 Assessment Roll

**Parcel
Units
Assessment**

**All Parcels
276
\$5,255,000**

Year¹	Principal	Interest	Administrative Expenses²	Additional Interest Reserve	Capitalized Interest/Other Credits	Total Annual Installment³
9/1/2022	\$52,550	\$166,580	\$0	\$0	(\$166,580)	\$52,550
9/1/2023	\$84,000	\$190,106	\$25,500	\$26,275	\$0	\$325,881
9/1/2024	\$86,000	\$188,006	\$26,010	\$25,592	\$0	\$325,608
9/1/2025	\$88,000	\$185,856	\$26,530	\$25,162	\$0	\$325,548
9/1/2026	\$90,000	\$183,656	\$27,061	\$24,722	\$0	\$325,439
9/1/2027	\$92,000	\$181,406	\$27,602	\$24,272	\$0	\$325,280
9/1/2028	\$95,000	\$178,646	\$28,154	\$23,812	\$0	\$325,612
9/1/2029	\$98,000	\$175,796	\$28,717	\$23,337	\$0	\$325,850
9/1/2030	\$101,000	\$172,856	\$29,291	\$0	\$0	\$303,147
9/1/2031	\$105,000	\$169,826	\$29,877	\$0	\$0	\$304,703
9/1/2032	\$107,000	\$166,676	\$30,475	\$0	\$0	\$304,150
9/1/2033	\$112,000	\$163,064	\$31,084	\$0	\$0	\$306,149
9/1/2034	\$116,000	\$159,284	\$31,706	\$0	\$0	\$306,990
9/1/2035	\$118,000	\$155,369	\$32,340	\$0	\$0	\$305,709
9/1/2036	\$123,000	\$151,387	\$32,987	\$0	\$0	\$307,374
9/1/2037	\$128,000	\$147,236	\$33,647	\$0	\$0	\$308,882
9/1/2038	\$131,000	\$142,916	\$34,320	\$0	\$0	\$308,235
9/1/2039	\$137,000	\$138,494	\$35,006	\$0	\$0	\$310,500
9/1/2040	\$140,000	\$133,871	\$35,706	\$0	\$0	\$309,577
9/1/2041	\$146,000	\$129,146	\$36,420	\$0	\$0	\$311,566
9/1/2042	\$150,000	\$124,218	\$37,149	\$0	\$0	\$311,367
9/1/2043	\$157,000	\$118,218	\$37,892	\$0	\$0	\$313,110
9/1/2044	\$162,000	\$111,938	\$38,649	\$0	\$0	\$312,587
9/1/2045	\$170,000	\$105,458	\$39,422	\$0	\$0	\$314,880
9/1/2046	\$380,000	\$98,658	\$40,211	\$0	\$0	\$518,869
9/1/2047	\$395,000	\$83,458	\$41,015	\$0	\$0	\$519,473
9/1/2048	\$411,000	\$67,658	\$41,835	\$0	\$0	\$520,493
9/1/2049	\$427,000	\$51,218	\$42,672	\$0	\$0	\$520,890
9/1/2050	\$444,000	\$34,138	\$43,526	\$0	\$0	\$521,664
9/1/2051	\$409,450	\$16,378	\$44,396	\$0	\$0	\$470,224
Total	\$5,255,000	\$4,091,511	\$989,202	\$173,174	(\$166,580)	\$10,342,306

¹The 9/1/XX dates represent the assessment (bond) year end for the Neighborhood Improvement Area #4 Bonds.

²Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.

³Annual Installments are calculated using an interest rate of 2.50% in years 1 through 5 (2022-2026), 3.0% in years 6 through 10 (2027-2031), 3.375% in years 11 through 20 (2032-2041), and 4.0% in years 21 through 30 (2042-2051) on the Neighborhood Improvement Area #4 Bonds plus the Additional Interest Component plus Administrative Expenses.

APPENDIX J
NEIGHBORHOOD IMPROVEMENT AREA #5 ASSESSMENT ROLL

Appendix J
Neighborhood Improvement Area #5 Assessment Roll

**Parcel
Units
Assessment**

**All Parcels
207
\$6,463,000**

Year¹	Principal²	Interest²	Administrative Expenses³	Additional Interest Reserve	Capitalized Interest/Other Credits	Total Annual Installment
9/1/2023	\$0	\$320,611	\$0	\$0	(\$320,611)	\$0
9/1/2024	\$80,000	\$354,049	\$40,800	\$32,315	\$0	\$507,164
9/1/2025	\$83,000	\$350,449	\$41,616	\$31,915	\$0	\$506,980
9/1/2026	\$86,000	\$346,714	\$42,448	\$31,500	\$0	\$506,662
9/1/2027	\$90,000	\$342,844	\$43,297	\$31,070	\$0	\$507,211
9/1/2028	\$93,000	\$338,794	\$44,163	\$30,620	\$0	\$506,577
9/1/2029	\$97,000	\$334,260	\$45,046	\$30,155	\$0	\$506,461
9/1/2030	\$102,000	\$329,531	\$45,947	\$29,670	\$0	\$507,149
9/1/2031	\$107,000	\$324,559	\$46,866	\$29,160	\$0	\$507,585
9/1/2032	\$111,000	\$319,343	\$47,804	\$28,625	\$0	\$506,771
9/1/2033	\$117,000	\$313,931	\$48,760	\$28,070	\$0	\$507,761
9/1/2034	\$123,000	\$307,496	\$49,735	\$27,485	\$0	\$507,716
9/1/2035	\$129,000	\$300,731	\$50,730	\$26,870	\$0	\$507,331
9/1/2036	\$136,000	\$293,636	\$51,744	\$26,225	\$0	\$507,606
9/1/2037	\$143,000	\$286,156	\$52,779	\$25,545	\$0	\$507,480
9/1/2038	\$150,000	\$278,291	\$53,835	\$24,830	\$0	\$506,956
9/1/2039	\$159,000	\$270,041	\$54,911	\$24,080	\$0	\$508,033
9/1/2040	\$167,000	\$261,296	\$56,010	\$23,285	\$0	\$507,591
9/1/2041	\$176,000	\$252,111	\$57,130	\$22,450	\$0	\$507,691
9/1/2042	\$185,000	\$242,431	\$58,272	\$21,570	\$0	\$507,274
9/1/2043	\$196,000	\$232,256	\$59,438	\$20,645	\$0	\$508,339
9/1/2044	\$205,000	\$221,231	\$60,627	\$19,665	\$0	\$506,523
9/1/2045	\$218,000	\$209,700	\$61,839	\$18,640	\$0	\$508,179
9/1/2046	\$420,000	\$197,438	\$63,076	\$17,550	\$0	\$698,063
9/1/2047	\$445,000	\$173,813	\$64,337	\$15,450	\$0	\$698,600
9/1/2048	\$471,000	\$148,781	\$65,624	\$13,225	\$0	\$698,630
9/1/2049	\$498,000	\$122,288	\$66,937	\$10,870	\$0	\$698,094
9/1/2050	\$527,000	\$94,275	\$68,275	\$8,380	\$0	\$697,930
9/1/2051	\$558,000	\$64,631	\$69,641	\$5,745	\$0	\$698,017
9/1/2052	\$591,000	\$33,244	\$71,034	\$2,955	\$0	\$698,233
Total	\$6,463,000	\$7,664,931	\$1,582,723	\$658,565	(\$320,611)	\$16,048,608

¹The 9/1/XX dates represent the assessment (bond) year end for the Neighborhood Improvement Area #5 Bonds.

² Principal and interest amounts are calculated using an interest rate of 4.50% in years 1 through 5 (2023-2027), 4.875% in years 6 through 10 (2028-2032), 5.50% in years 11 through 20 (2033-2042), and 5.625% in years 21 through 30 (2043-2052) on the Neighborhood Improvement Area #5 Bonds.

³ Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year. Administrative Expenses in year 2023 are funded with Bond proceeds.

APPENDIX K
NEIGHBORHOOD IMPROVEMENT AREA #6 ASSESSMENT ROLL

Appendix K
Neighborhood Improvement Area #6 Assessment Roll

**Parcel
Units
Assessment**

**All Parcels
100
\$2,785,000**

Year¹	Principal²	Interest²	Administrative Expenses³	Additional Interest Reserve	Capitalized Interest/Other Credits	Total Annual Installment
9/1/2024	\$0	\$48,949	\$0	\$0	(\$48,949)	\$0
9/1/2025	\$16,000	\$157,338	\$68,000	\$13,925	\$0	\$255,263
9/1/2026	\$16,000	\$156,598	\$69,360	\$13,845	\$0	\$255,803
9/1/2027	\$15,000	\$155,858	\$70,747	\$13,765	\$0	\$255,370
9/1/2028	\$14,000	\$155,164	\$72,162	\$13,690	\$0	\$255,016
9/1/2029	\$14,000	\$154,516	\$73,605	\$13,620	\$0	\$255,742
9/1/2030	\$13,000	\$153,869	\$75,077	\$13,550	\$0	\$255,496
9/1/2031	\$12,000	\$153,268	\$76,579	\$13,485	\$0	\$255,332
9/1/2032	\$11,000	\$152,713	\$78,111	\$13,425	\$0	\$255,248
9/1/2033	\$40,000	\$152,108	\$50,000	\$13,370	\$0	\$255,478
9/1/2034	\$43,000	\$149,908	\$50,250	\$13,170	\$0	\$256,328
9/1/2035	\$45,000	\$147,543	\$50,501	\$12,955	\$0	\$255,999
9/1/2036	\$47,000	\$145,068	\$50,754	\$12,730	\$0	\$255,551
9/1/2037	\$50,000	\$142,483	\$51,008	\$12,495	\$0	\$255,985
9/1/2038	\$52,000	\$139,733	\$51,263	\$12,245	\$0	\$255,240
9/1/2039	\$56,000	\$136,873	\$51,519	\$11,985	\$0	\$256,376
9/1/2040	\$58,000	\$133,793	\$51,776	\$11,705	\$0	\$255,274
9/1/2041	\$62,000	\$130,603	\$52,035	\$11,415	\$0	\$256,053
9/1/2042	\$65,000	\$127,193	\$52,296	\$11,105	\$0	\$255,593
9/1/2043	\$69,000	\$123,618	\$52,557	\$10,780	\$0	\$255,955
9/1/2044	\$72,000	\$119,823	\$52,820	\$10,435	\$0	\$255,077
9/1/2045	\$88,000	\$115,863	\$53,084	\$10,075	\$0	\$267,021
9/1/2046	\$167,000	\$110,803	\$53,349	\$9,635	\$0	\$340,787
9/1/2047	\$177,000	\$101,200	\$53,616	\$8,800	\$0	\$340,616
9/1/2048	\$188,000	\$91,023	\$53,884	\$7,915	\$0	\$340,822
9/1/2049	\$199,000	\$80,213	\$54,154	\$6,975	\$0	\$340,341
9/1/2050	\$212,000	\$68,770	\$54,424	\$5,980	\$0	\$341,174
9/1/2051	\$225,000	\$56,580	\$54,696	\$4,920	\$0	\$341,196
9/1/2052	\$238,000	\$43,643	\$54,970	\$3,795	\$0	\$340,407
9/1/2053	\$253,000	\$29,958	\$55,245	\$2,605	\$0	\$340,807
9/1/2054	\$268,000	\$15,410	\$55,521	\$1,340	\$0	\$340,271
Total	\$2,785,000	\$3,650,471	\$1,743,363	\$315,735	(\$48,949)	\$8,445,620

¹The 9/1/XX dates represent the assessment (bond) year end for the Neighborhood Improvement Areas #6-7 Bonds.

²Principal and interest amounts are calculated using an interest rate of 4.625% in years 1 through 8 (2024-2031), 5.500% in years 9 through 20 (2032-2044), and 5.750% in years 21 through 31 (2045-2054) on the Neighborhood Improvement Areas #6-7 Bonds.

³Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year for years 2024 through 2032, and a 0.5% increase per year thereafter. Administrative Expenses in year 2024 were partially funded at the time the Neighborhood Improvement Area #6 Assessments were levied, and the remaining amount is being funded with Bond proceeds.

APPENDIX L
NEIGHBORHOOD IMPROVEMENT AREA #7 ASSESSMENT ROLL

Appendix L
Neighborhood Improvement Area #7 Assessment Roll

**Parcel
Units
Assessment**

**All Parcels
152
\$4,895,000**

Year¹	Principal²	Interest²	Administrative Expenses³	Additional Interest Reserve	Capitalized Interest/Other Credits	Total Annual Installment
9/1/2024	\$0	\$85,791	\$0	\$0	(\$85,791)	\$0
9/1/2025	\$34,000	\$275,756	\$69,360	\$24,475	\$0	\$403,591
9/1/2026	\$35,000	\$274,184	\$70,747	\$24,305	\$0	\$404,236
9/1/2027	\$35,000	\$272,565	\$72,162	\$24,130	\$0	\$403,857
9/1/2028	\$30,000	\$270,946	\$73,605	\$23,955	\$0	\$398,507
9/1/2029	\$29,000	\$269,559	\$75,077	\$23,805	\$0	\$397,441
9/1/2030	\$36,000	\$268,218	\$76,579	\$23,660	\$0	\$404,457
9/1/2031	\$36,000	\$266,553	\$78,111	\$23,480	\$0	\$404,143
9/1/2032	\$66,000	\$264,888	\$50,000	\$23,300	\$0	\$404,188
9/1/2033	\$70,000	\$261,258	\$50,250	\$22,970	\$0	\$404,478
9/1/2034	\$74,000	\$257,408	\$50,501	\$22,620	\$0	\$404,529
9/1/2035	\$78,000	\$253,338	\$50,754	\$22,250	\$0	\$404,341
9/1/2036	\$83,000	\$249,048	\$51,008	\$21,860	\$0	\$404,915
9/1/2037	\$87,000	\$244,483	\$51,263	\$21,445	\$0	\$404,190
9/1/2038	\$92,000	\$239,698	\$51,519	\$21,010	\$0	\$404,226
9/1/2039	\$98,000	\$234,638	\$51,776	\$20,550	\$0	\$404,964
9/1/2040	\$103,000	\$229,248	\$52,035	\$20,060	\$0	\$404,343
9/1/2041	\$109,000	\$223,583	\$52,296	\$19,545	\$0	\$404,423
9/1/2042	\$115,000	\$217,588	\$52,557	\$19,000	\$0	\$404,145
9/1/2043	\$122,000	\$211,263	\$52,820	\$18,425	\$0	\$404,507
9/1/2044	\$128,000	\$204,553	\$53,084	\$17,815	\$0	\$403,451
9/1/2045	\$154,000	\$197,513	\$53,349	\$17,175	\$0	\$422,037
9/1/2046	\$284,000	\$188,658	\$53,616	\$16,405	\$0	\$542,679
9/1/2047	\$301,000	\$172,328	\$53,884	\$14,985	\$0	\$542,197
9/1/2048	\$320,000	\$155,020	\$54,154	\$13,480	\$0	\$542,654
9/1/2049	\$339,000	\$136,620	\$54,424	\$11,880	\$0	\$541,924
9/1/2050	\$360,000	\$117,128	\$54,696	\$10,185	\$0	\$542,009
9/1/2051	\$382,000	\$96,428	\$54,970	\$8,385	\$0	\$541,782
9/1/2052	\$406,000	\$74,463	\$55,245	\$6,475	\$0	\$542,182
9/1/2053	\$431,000	\$51,118	\$55,521	\$4,445	\$0	\$542,084
9/1/2054	\$458,000	\$26,335	\$55,799	\$2,290	\$0	\$542,424
Total	\$4,895,000	\$6,290,166	\$1,731,162	\$544,365	(\$85,791)	\$13,374,902

¹The 9/1/XX dates represent the assessment (bond) year end for the Neighborhood Improvement Areas #6-7 Bonds.

²Principal and interest amounts are calculated using an interest rate of 4.625% in years 1 through 8 (2024-2031), 5.500% in years 9 through 20 (2032-2044), and 5.750% in years 21 through 31 (2045-2054) on the Neighborhood Improvement Areas #6-7 Bonds.

³Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year for years 2024 through 2032, and a 0.5% increase per year thereafter. Administrative Expenses in year 2024 are being funded with Bond proceeds.

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APPENDIX C

FORM OF OPINION OF BOND COUNSEL

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August 30, 2024



Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201-7932
United States

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IN REGARD to the authorization and issuance of the “City of Celina, Texas Special Assessment Revenue Refunding Bonds, Series 2024 (Wells South Public Improvement District Major Improvement Area Project)” (the “Bonds”), dated August 30, 2024, in the principal amount of \$ _____, we have examined the legality and validity of the issuance thereof by the City of Celina, Texas (the “City”) solely to express legal opinions as to the validity of the Bonds, the defeasance and discharge of the City’s outstanding obligations being refunded by 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, unless redeemed prior to maturity in accordance with the terms stated on the Bonds, on September 1 in each of the years specified in an Indenture of Trust (the “Indenture”), dated as of August 1, 2024 with U.S. Bank Trust Company, 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. 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 enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors’ rights generally or the exercise of judicial discretion in accordance with the general principles of equity.

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.

2. The outstanding obligations refunded, discharged, paid and retired with the proceeds of the Bonds have been defeased and are regarded as being outstanding only for the purpose of receiving payment from the funds held by the trustee for the outstanding obligations being refunded ("Refunded Bonds Trustee") and in accordance with the provisions of Texas Government Code, Chapter 1207, as amended. In rendering this opinion, we have relied upon the certificate of the Refunded Bonds Trustee as to the sufficiency of cash deposited with the Refunded Bonds Trustee for the purposes of paying the outstanding obligations refunded and to be retired with the proceeds of the Bonds and the interest thereon.

3. 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 D

FORM OF CITY DISCLOSURE AGREEMENT

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**CITY OF CELINA, TEXAS,
SPECIAL ASSESSMENT REVENUE REFUNDING BONDS, SERIES 2024
(WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT
MAJOR IMPROVEMENT AREA PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF THE ISSUER

This Continuing Disclosure Agreement of the Issuer dated as of August 1, 2024 (this “Disclosure Agreement”) is executed and delivered by and between the City of Celina, Texas (the “Issuer”), and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc. (in such capacity, the “Dissemination Agent”) with respect to the Issuer’s “Special Assessment Revenue Refunding Bonds, Series 2024 (Wells South Public Improvement District Major Improvement Area Project)” (the “Bonds”). The Issuer 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 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, as amended or supplemented, including the Exhibits hereto, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Additional Obligations” shall have the meaning assigned to such term in the Indenture.

“Administrative Expenses” shall have the meaning assigned to such term in the Indenture.

“Administrator” shall mean the Issuer or third-party designee of the Issuer who shall have the responsibilities provided in the Service and Assessment Plan, the Indenture, or any other agreement or document approved by the Issuer related to the duties and responsibilities of the administration of the District. The initial Administrator is MuniCap, Inc.

“Annual Financial Information” shall mean annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Annual Issuer Report” shall mean any Annual Issuer Report prepared by the Issuer pursuant to, and as described in, Section 3, containing the information required by Section 4 of this Disclosure Agreement.

“Annual Service Plan Update” shall have the meaning assigned to such term in Section 4(a)(ii) of this Disclosure Agreement.

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

“Assessments” means the aggregate assessments as shown on the Assessment Roll. The singular of either such term means the assessment levied against an Assessed Parcel, including the portion to be paid for Administrative Expenses, as shown on the Assessment Roll, subject to reallocation upon the subdivision of an Assessed Parcel, or consolidation of multiple Assessed Parcels, or reduction according to the provisions of the Service and Assessment Plan and the PID Act.

“Business Day” shall have the meaning assigned to such term in the Indenture.

“Disclosure Representative” shall mean the Director of Finance 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., 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 Wells South Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System available on the internet at <http://emma.msrb.org>.

“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 twelve consecutive months beginning on October 1 and ending on September 30, as same may be changed in accordance with Section 3 below.

“Foreclosure Proceeds” shall have the meaning assigned to such term in the Indenture.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“Major Improvement Area” shall have the meaning assigned to such term in the Indenture.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive continuing disclosure reporting pursuant to the Rule.

“Outstanding” shall have the meaning assigned to such term in the Indenture.

“Owner” shall have the meaning assigned to such term in the Indenture.

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

“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 meaning assigned to such term in the Indenture.

“Trustee” shall mean U.S. Bank Trust Company, National Association, Dallas, Texas or any successor trustee pursuant to the Indenture.

SECTION 3. Provision of Annual Issuer Reports.

(a) The Issuer shall cause and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other form required by the MSRB, commencing with the Fiscal Year ended September 30, 2024, 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; provided that the audited financial statements of the Issuer, if prepared and when available, may be submitted separately from the Annual Issuer Report, and later than the date required in this paragraph for the filing of the Annual Issuer Report if audited financial statements are not available by that date; provided further, however, that the Annual Financial Information must be submitted not later than six months after the end of the Issuer’s Fiscal Year. 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 give notice of such change in the same manner as for a Listed Event under Section 5(a). All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

If by the fifth (5th) day before the filing date required under Section 4 of this Disclosure Agreement, 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 filing date required under Section 4 of this Disclosure Agreement; or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Issuer Report within the time required under this Disclosure Agreement, 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 six months after the end of each Fiscal Year; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than on the last Business Day of the six month period after the end of the Fiscal Year.

(b) The Issuer shall or shall cause the Dissemination Agent to:

(i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Issuer Report on the date required in subsection (a);

(ii) file the Annual Issuer Report (excluding the audited financial statements of the Issuer, if any, which shall be filed by the Issuer or the Dissemination Agent upon receipt from the Issuer) containing or incorporating by reference the information set forth in Section 4 hereof; and

(iii) if the Issuer has provided the Dissemination Agent with the completed Annual Issuer Report and the Dissemination Agent has filed such Annual Issuer Report with the MSRB, then the Dissemination Agent shall file a report with the Issuer certifying 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.

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, the following:

(a) Within six (6) months after the end of each Fiscal Year the Annual Financial Information of the Issuer (any or all of which may be unaudited) being:

(i) Tables setting forth the following information, as of the end of such Fiscal Year:

(A) For the Bonds, the maturity date or dates, the interest rate or rates, the original aggregate principal amount and principal amount remaining Outstanding; and

(B) The amounts in the funds and accounts under the Indenture securing the Bonds.

(C) Any assets and liabilities of the pledged Trust Estate not covered in other responses.

(ii) Updates to the information in the Service and Assessment Plan as most recently amended or supplemented (a “Annual Service Plan Update”), including any changes to the methodology for levying the Assessments. Until building permits have been issued for parcels or lots representing, in the aggregate, 95% of the total Assessments levied within the Major Improvement Area, such Annual Service Plan Update shall include the number of new homes completed in the Major Improvement Area during such Fiscal Year and the aggregate number of new homes completed within the Major Improvement Area since filing the initial Annual Issuer Report for Fiscal Year ended September 30, 2024.

(iii) The individual and aggregate taxable assessed valuation for parcels or lots within the Major Improvement Area based on the most recent certified tax roll available to the Issuer.

(iv) For the Major Improvement Area, the total amount of Annual Installments assessed and collected during such Fiscal Year, together with the amount of delinquent Assessments collected and Assessments prepaid during such Fiscal Year.

(v) As of February 15 of the calendar year immediately succeeding such Fiscal Year, in each case with respect to the most recent billing period (generally, October 1 of the preceding calendar year through January 31 of the current calendar year), the total amount of the following with respect to the Major Improvement Area:

(A) Annual Installments invoiced,

B) Annual Installments collected (as reported by the County Tax Assessor Collector or the Administrator),

(C) delinquent Annual Installments,

(D) Foreclosure Proceeds collected, and

(E) prepaid Assessments collected.

(vi) The current or delinquent status of the payment of the Assessments for each parcel or lot in the Major Improvement Area as of February 15 of the calendar year immediately succeeding such Fiscal Year.

(vii) The principal and interest paid on the Bonds during such Fiscal Year and the minimum scheduled principal and interest required to be paid on the Bonds in the next Fiscal Year.

(viii) 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) If not provided with the financial information provided under subsection 4(a) above, if prepared and when available, the audited financial statements of the Issuer for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer. If audited financial statements are not included with the

financial information provided under subsection 4(a) above, unaudited financial statements shall be included with such financial information within the time period specified.

See Exhibit B hereto for a form for submitting the information set forth in the preceding paragraphs. The Issuer has designated MuniCap, Inc. as the initial Administrator. The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Financial Information.

Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to and are publicly accessible from the MSRB. If the document included by reference is a final offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, each of the following is a Listed Event with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of Owners, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of 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.

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 issuance of additional bonds, if any, under the Indenture or 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 5 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 in writing to immediately file a notice of such occurrence with the MSRB. The Dissemination Agent shall file such notice no later than the Business Day immediately following the day on which it receives written notice of such occurrence from the Issuer. Any such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event.

Additionally, the Issuer shall notify the MSRB, in a timely manner, of any failure by the Issuer to provide annual audited financial statements or Annual Financial Information as required under this Disclosure Agreement. See Exhibit A hereto for a form for submitting “Notice to MSRB of Failure to File.”

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Dissemination Agent to disseminate such information as provided herein, and the date the Issuer

desires for the Dissemination Agent to disseminate the information (which date shall not be more than ten (10) Business Days after the occurrence of the Listed Event or failure to file).

In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures made pursuant to Sections 4 and 5 of this Disclosure Agreement. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 5 is filed within ten (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative 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. 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 Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer, the Trustee or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under number 2, 7, 8 (as to bond calls only), 10, 13, 14, or 15 of 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 occurrence of the event, notify the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (b).

(d) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall immediately file a notice of such occurrence with the MSRB.

SECTION 6. Termination of Reporting Obligations. The obligations of the Issuer 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 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 Dissemination Agent may assume that the Issuer is an obligated person with respect to the Bonds until it receives written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Bonds, and the Dissemination Agent may conclusively rely upon such written notice with no duty to make investigation or inquiry into any statements contained or matters referred to in such written notice. If such termination occurs prior

to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to such series of Bonds under Section 5(a).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The Dissemination Agent may resign by providing 30 days prior written notice to the Issuer. The initial Dissemination Agent appointed hereunder shall be HTS Continuing Disclosure Services, a division of Hilltop Securities Inc.

SECTION 8. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested by the Issuer), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the delivery of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Issuer Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Issuer Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Issuer 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 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 or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of any of the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds, shall, upon being indemnified to its satisfaction), or any Owner or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate to cause the Issuer, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. To the extent permitted by law, the Issuer agrees to hold harmless the Dissemination Agent, its officers, directors, employees and agents, but only with funds to be provided from Administrative Expenses collected as part of the Assessments collected from the property owners in the Major Improvement Area of the District against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The fact that the Dissemination Agent may have a banking or other business relationship with the Issuer or any person with whom the Issuer contracts in connection with the transaction described in the Indenture, apart from the relationship created by the Indenture or this Disclosure Agreement, shall not be construed to mean that the Dissemination Agent has actual knowledge of any event described in Section 5 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement.

The Dissemination Agent may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the

Dissemination Agent shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT 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 IS UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION. THE ISSUER DOES NOT WAIVE, AND EXPRESSLY RESERVES, ITS GOVERNMENTAL IMMUNITY FOR SUIT AND LIABILITY.

SECTION 12. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit C which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments. Failure to adhere to such expected timeline shall not constitute a default by the Issuer under this Disclosure Agreement, the Indenture, the Bonds or any other document related to the Bonds.

SECTION 13. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer or Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council members, officer, agent or employee of the Issuer or Dissemination Agent in other than that person's official capacity.

SECTION 14. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 15. Sovereign Immunity. The Dissemination Agent agrees that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent and the Owners and the beneficial owners from time to time

of the Bonds and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 17. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent, but only with funds to be provided from Assessments collected from the property owners in the Major Improvement Area of the District, for the fees and expenses for its services rendered in accordance with this Disclosure Agreement.

SECTION 18. Statutory Verifications. The Dissemination Agent and Administrator each respectively makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the “Government Code”), in entering into this Disclosure Agreement. As used in such verifications, “affiliate” means an entity that controls, is controlled by, or is under common control with the Dissemination Agent or Administrator, as applicable, within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Disclosure Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Disclosure Agreement, notwithstanding anything in this Disclosure Agreement to the contrary.

a. Not a Sanctioned Company. The Dissemination Agent and Administrator each respectively represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Dissemination Agent, Administrator and each of their respective parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

b. No Boycott of Israel. The Dissemination Agent and Administrator each respectively hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Disclosure Agreement. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.

c. No Discrimination Against Firearm Entities. The Dissemination Agent and Administrator each respectively hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Disclosure Agreement. As used in the foregoing verification, “discriminate

against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

d. No Boycott of Energy Companies. The Dissemination Agent and Administrator each respectively hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Disclosure Agreement. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

SECTION 19. 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. 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 20. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 20. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature pages follow.]

CITY OF CELINA, TEXAS
(as Issuer)

By: _____
City Manager

HTS Continuing Disclosure Services, a division of
Hilltop Securities Inc.
(as Dissemination Agent)

By: _____
Authorized Officer

EXHIBIT A

**NOTICE TO MSRB OF FAILURE TO FILE
ANNUAL ISSUER REPORT**

Name of Issuer: City of Celina, Texas
Name of Bond Issue: Special Assessment Revenue Refunding Bonds, Series 2024
(Wells South Public Improvement District Major Improvement Area Project)
Date of Delivery _____, 20__
CUSIP Nos: [Insert CUSIP Nos]

NOTICE IS HEREBY GIVEN that the City of Celina, Texas, has not provided [an Annual Issuer Report][annual audited financial statements] with respect to the above-named bonds as required by the Continuing Disclosure Agreement of the Issuer dated August 1, 2024 between the Issuer and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., as Dissemination Agent. The Issuer anticipates that [the Annual Issuer Report][annual audited financial statements] will be filed by _____.

Dated: _____

HTS Continuing Disclosure Services, a division of
Hilltop Securities Inc.
on behalf of the City of Celina, Texas
(as Dissemination Agent)

By: _____

Title: _____

cc: City of Celina, Texas

EXHIBIT B

**CITY OF CELINA, TEXAS,
SPECIAL ASSESSMENT REVENUE REFUNDING BONDS, SERIES 2024
(WELLS SOUTH PUBLIC IMPROVEMENT DISTRICT
MAJOR IMPROVEMENT AREA PROJECT)**

ANNUAL ISSUER REPORT*

Delivery Date: _____, 20__

CUSIP Nos: [Insert CUSIP Nos]

DISSEMINATION AGENT

Name: _____
Address: _____
City: _____
Telephone: _____
Contact Person: _____

Section 4(a)(i)(A)

BONDS OUTSTANDING

CUSIP Number	Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Outstanding Interest Amount

Section 4(a)(i)(B)

INVESTMENTS

Fund/Account Name	Investment Description	Par Value	Book Value	Market Value

Section 4(a)(i)(C)

ASSETS AND LIABILITIES OF PLEDGED TRUST ESTATE

ASSETS

Bond Proceed Balance, if any _____
Funds and Accounts [list] _____
TOTAL ASSETS _____

LIABILITIES

Outstanding Bond Principal _____
Outstanding Expenses (if any) _____
TOTAL LIABILITIES _____

EQUITY

Assets Less Liabilities _____

**OUTSTANDING
ASSESSMENTS**

Form of Accounting Cash Accrual Modified Accrual
 Audited Unaudited

ITEMS REQUIRED BY SECTION 4(a)(ii)-(viii)

[Insert a line item for each applicable listing]

EXHIBIT C

**BASIC TIMELINE FOR ASSESSMENT COLLECTIONS
AND PURSUIT OF DELINQUENCIES**

<u>Date</u>	<u>Delinquency Clock (Days)</u>	<u>Activity</u>
January 31		Assessments are due.
February 1	1	Assessments Delinquent if not received.
February 15	15	<p>Issuer forwards payment to Trustee for all collections received as of February 15, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter.</p> <p>Issuer and/or Administrator should be aware of actual and specific delinquencies Issuer and/or Administrator should be aware if Reserve Fund needs to be utilized for debt service payment on March 1. If there is to be a shortfall, the Trustee and Dissemination Agent should be immediately notified.</p> <p>Issuer and/or Administrator should also be aware if, based on collections, there will be a shortfall for September payment.</p> <p>Issuer and/or Administrator should determine if previously collected surplus funds, if any, plus actual collections will be fully adequate for debt service in March and September.</p> <p>At this point, if total delinquencies are under 5% and if there is adequate funding for March and 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. For properties delinquent by more than one year or if the delinquency exceeds \$10,000 the matter will be referred for commencement of foreclosure.</p> <p>If there are over 5% delinquencies or if there is inadequate funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account of such amounts as shall be required for the full March and September payments, the collection-foreclosure procedure will proceed against all delinquent properties.</p>

March 1	29/30	Trustee pays bond interest payments to bondholders.
		Reserve Fund payment to Bond Fund may be required if Assessments are below approximately 50% collection rate.
		Issuer, or the Trustee on behalf of the Issuer, to notify Dissemination Agent of the occurrence of draw on the Reserve Fund and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw or Fund for debt service.
		Use of Reserve Fund for debt service payment should trigger commencement of foreclosure on delinquent properties.
		Issuer determines whether or not any Annual Installments are delinquent and, if such delinquencies exist, the Issuer commences as soon as practicable appropriate and legally permissible actions to obtain such delinquent Annual Installments.
March 20	48/49	Issuer and/or Administrator to notify Dissemination Agent for disclosure to MSRB of all delinquencies.
		If any property owner with ownership of property responsible for more than \$10,000 of the Assessments is delinquent or if a total of delinquencies is over 5%, or if it is expected that Reserve Fund moneys will need to be utilized for either the March or September bond payments, the Disclosure Representative shall work with City Attorney's office, or the appropriate designee, to satisfy payment of all delinquent Assessments.
April 15	74/75	Preliminary Foreclosure activity commences, and Issuer to notify Dissemination Agent of the commencement of preliminary foreclosure activity.
		If Dissemination Agent has not received Foreclosure Schedule and Plan of Collections, Dissemination Agent to request same from the Issuer.
May 1	90/91	If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, and if instructed by the bondholders

		under Section 11.2 of the Indenture, Dissemination Agent requests that the Issuer commence foreclosure or provide plan for collection.
May 15	104/105	The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination Agent for dissemination to those bondholders who have requested to be notified of collections progress. The goal for the foreclosure actions is a filing by no later than June 1 (day 120/121).
June 1	121/122	Foreclosure action to be filed with the court.
June 15	135/136	Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status. Dissemination Agent notifies bondholders.
July 1	151/152	If bondholders and Dissemination Agent have not been notified of a foreclosure action, Dissemination Agent will notify the Issuer that it is appropriate to file action.

A committee of not less than 25% of the Owners may request a meeting with the City Manager or Director of Finance to discuss the Issuer's actions in pursuing the repayment of any delinquencies. This would also occur after day 30 if it is apparent that a Reserve Fund draw is required. Further, if delinquencies exceed 5%, Owners may also request a meeting with the Issuer at any time to discuss the Issuer's plan and progress on collection and foreclosure activity. If the Issuer is not diligently proceeding with the foreclosure process, the Owners may seek an action for mandamus or specific performance to direct the Issuer to pursue the collections of delinquent Assessments.

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APPENDIX E

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____
Member Surplus Contribution: \$ _____
Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

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