

**PRELIMINARY LIMITED OFFERING MEMORANDUM DATED AUGUST 16, 2024**

**NEW ISSUE**

**NOT RATED**

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

*In the opinion of Bond Counsel to the City, interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions on the date thereof, subject to the matters described under “TAX MATTERS” herein, including the alternative minimum tax on certain corporations.*



**\$3,527,000\***

**CITY OF ROYSE CITY, TEXAS,**

**(a municipal corporation of the State of Texas located in Rockwall, Collin and Hunt Counties)**

**SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024**

**(CLEARVIEW RANCH PUBLIC IMPROVEMENT DISTRICT SOUTH ZONE IMPROVEMENT AREA #1 PROJECT)**

**Dated Date: Delivery Date (defined below)**

**Interest to Accrue from Delivery Date**

**Due: September 15, as shown on the inside cover**

The City of Royse City, Texas, Special Assessment Revenue Bonds, Series 2024 (Clearview Ranch Public Improvement District South Zone Improvement Area #1 Project) (the “Bonds”), are being issued by the City of Royse City, 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 15 and September 15, commencing March 15, 2025\*, until maturity or earlier redemption. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. No physical delivery of the Bonds will be made to the beneficial owners thereof. For so long as the book-entry-only system is maintained, the principal of and interest on the Bonds will be paid from the sources described herein by UMB Bank, N.A., Dallas, Texas, as trustee (the “Trustee”), to DTC as the registered owner thereof. See “BOOK-ENTRY-ONLY SYSTEM.”

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), an ordinance expected to be adopted by the City Council of the City (the “City Council”) on August 27, 2024, and an Indenture of Trust, dated as of September 1, 2024 (the “Indenture”), expected to be 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) paying a portion of the actual costs of the South Zone Improvement Area #1 Projects, (ii) funding a reserve fund for payment of principal and interest on the Bonds, and (iii) paying the costs of issuance of the Bonds. See “SOUTH ZONE Improvement Area #1 AUTHORIZED IMPROVEMENTS” and “APPENDIX B — Form of Indenture.”

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

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

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM A FIRST LIEN ON, SECURITY INTEREST IN, AND PLEDGE OF 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 TRUST ESTATE AS IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE CITY OTHER THAN THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY’S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE TRUST ESTATE. SEE “SECURITY FOR THE BONDS.”

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

The Bonds are offered for delivery when, as, and if issued by the City and accepted by the Underwriter (identified below), subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See “APPENDIX D — Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the City by the City Attorney, for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, and for the Developer by their counsel, Winstead PC. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about September 24, 2024 (the “Delivery Date”).

**FMSbonds, Inc.**

\* Preliminary; subject to change.

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

CUSIP Prefix: \_\_\_\_\_ (a)

\$3,527,000\*

CITY OF ROYSE CITY, TEXAS,

(a municipal corporation of the State of Texas located in Rockwall, Collin and Hunt Counties)

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024

(CLEARVIEW RANCH PUBLIC IMPROVEMENT DISTRICT SOUTH ZONE IMPROVEMENT AREA #1 PROJECT)

\$ \_\_\_\_\_ % Term Bonds, Due September 15, 20 \_\_, Priced to Yield \_\_\_\_%; CUSIP \_\_\_\_ (a) (b) (c)

\$ \_\_\_\_\_ % Term Bonds, Due September 15, 20 \_\_, Priced to Yield \_\_\_\_%; CUSIP \_\_\_\_ (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 ("CGS"), managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the service provided by CGS. CUSIP numbers are provided for convenience of reference only. The City, the City's Financial Advisor and the Underwriter do not take any responsibility for the accuracy of such numbers.
- (b) The Bonds are subject to redemption, in whole or in part, before their scheduled maturity, at the option of the City, on any date on or after September 15, 20 \_\_, such redemption date or dates to be fixed by the City, at the redemption price of 100% of principal amount thereof, 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."

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\* Preliminary; subject to change.

**CITY OF ROYSE CITY, TEXAS**

**CITY COUNCIL**

Name	Length of Service	Term Expires (May)
Clay Ellis, Mayor	16 Years	2025
James Branch	15 Years	2025
Michael Holder	5 Years	2025
Bruce Bradley, Mayor Pro Tem	9 Years	2025
Matt Wheatley	13 Years	2026
Janet Nichol, Deputy Mayor Pro-Tem	22 Years <sup>(1)</sup>	2026
Thomas Crowley	14 Years	2026

<sup>(1)</sup> Effective May 14, 2024. Previous service on the City Council: 1995-2005 (councilmember), 2009-2015 (councilmember) and 2015-2021(Mayor).

**CITY MANAGER**

Carl Alsabrook

**CITY SECRETARY**

Deborah Sorensen

**FINANCE DIRECTOR**

Shannon Raymond

**BOND COUNSEL**

McCall, Parkhurst & Horton L.L.P.  
Dallas, Texas

**FINANCIAL ADVISOR**

Specialized Public Finance Inc.  
Dallas, Texas

**PID ADMINISTRATOR**

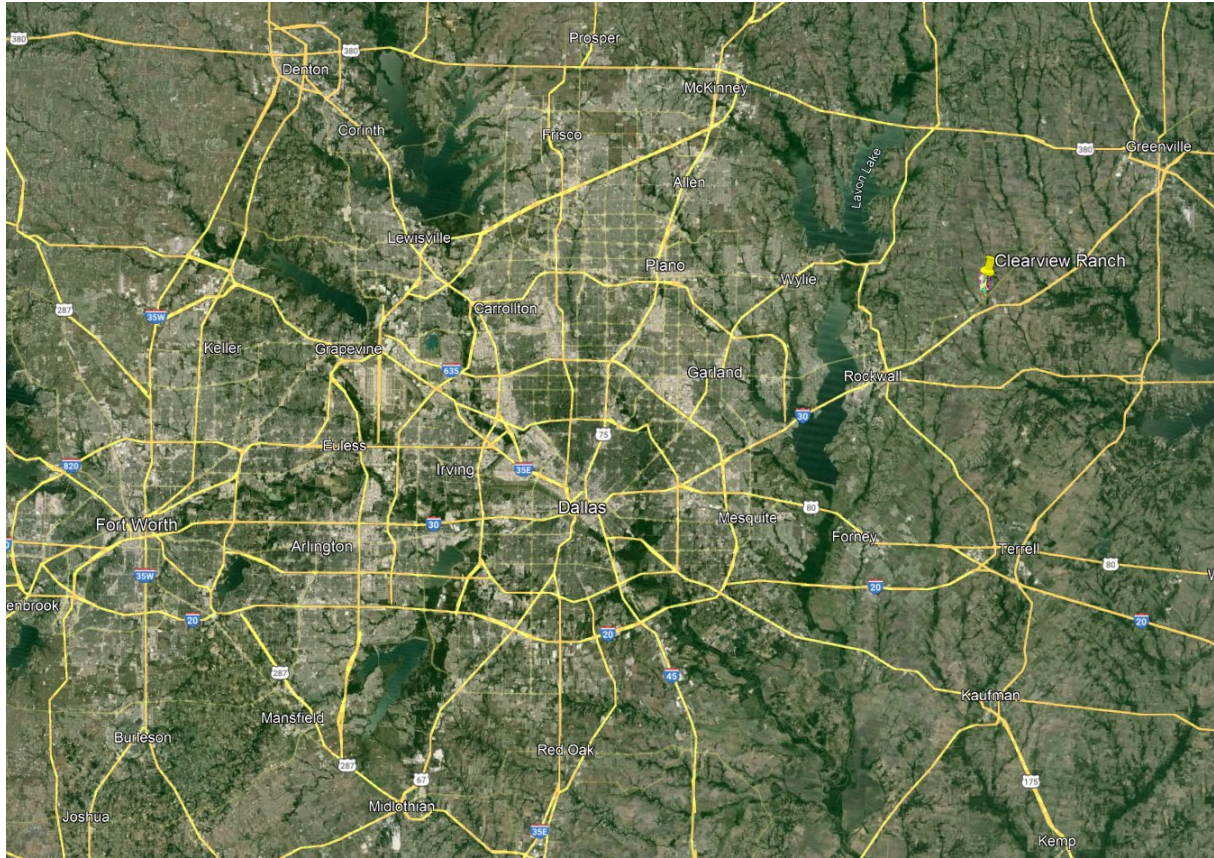
P3Works, LLC  
Austin, Houston and North Richland Hills, Texas

For additional information regarding the City, please contact:

Ms. Shannon Raymond  
Finance Director  
City of Royse City, Texas  
305 N. Arch Street  
Royse City, Texas 75189  
(972) 524-4844

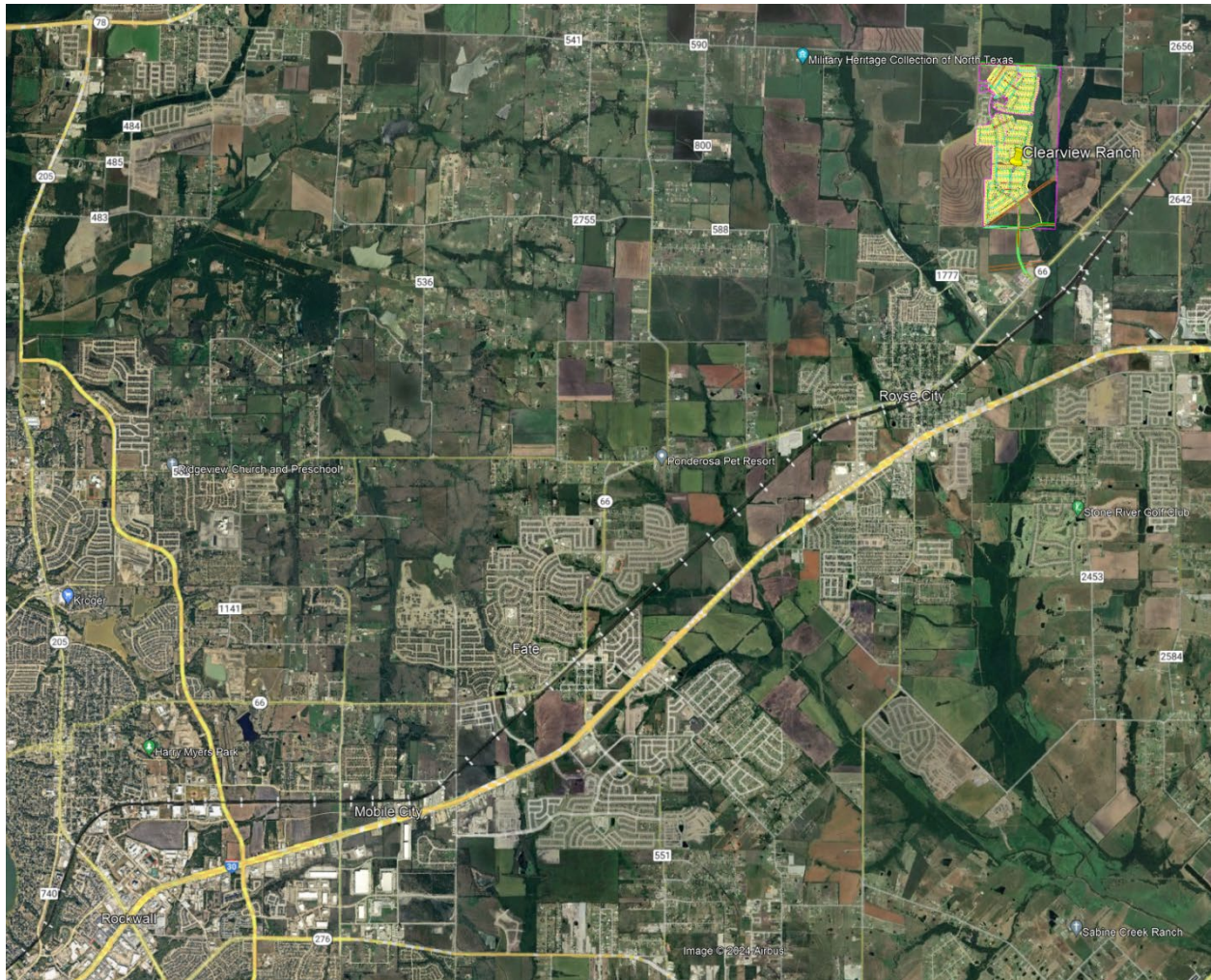
Steven A. Adams, CFA  
Paul Jasin  
Specialized Public Finance Inc.  
4295 Greenville Avenue, Suite 1350  
Dallas, Texas 75206  
(214) 373-3911

## REGIONAL LOCATION MAP OF THE DISTRICT

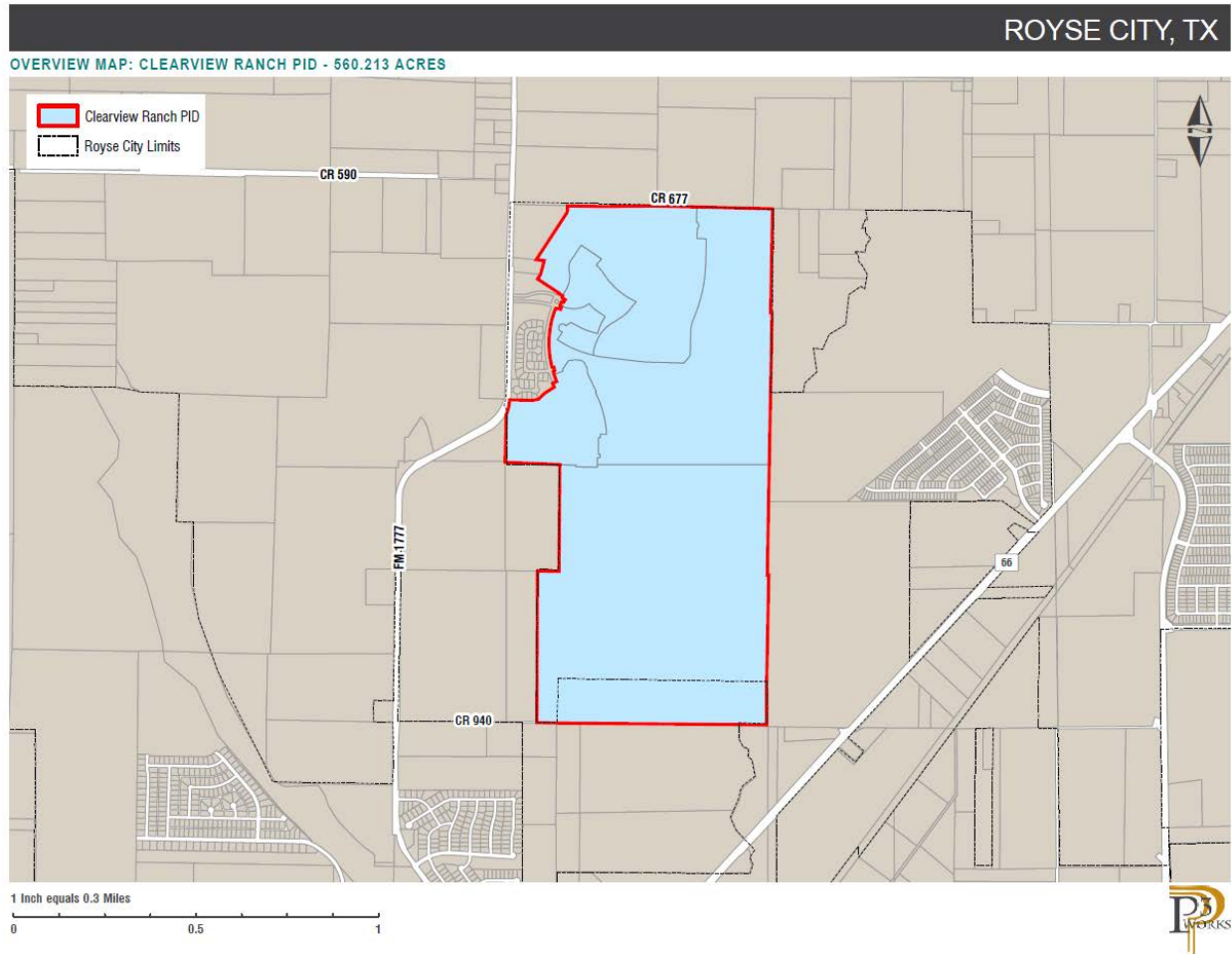




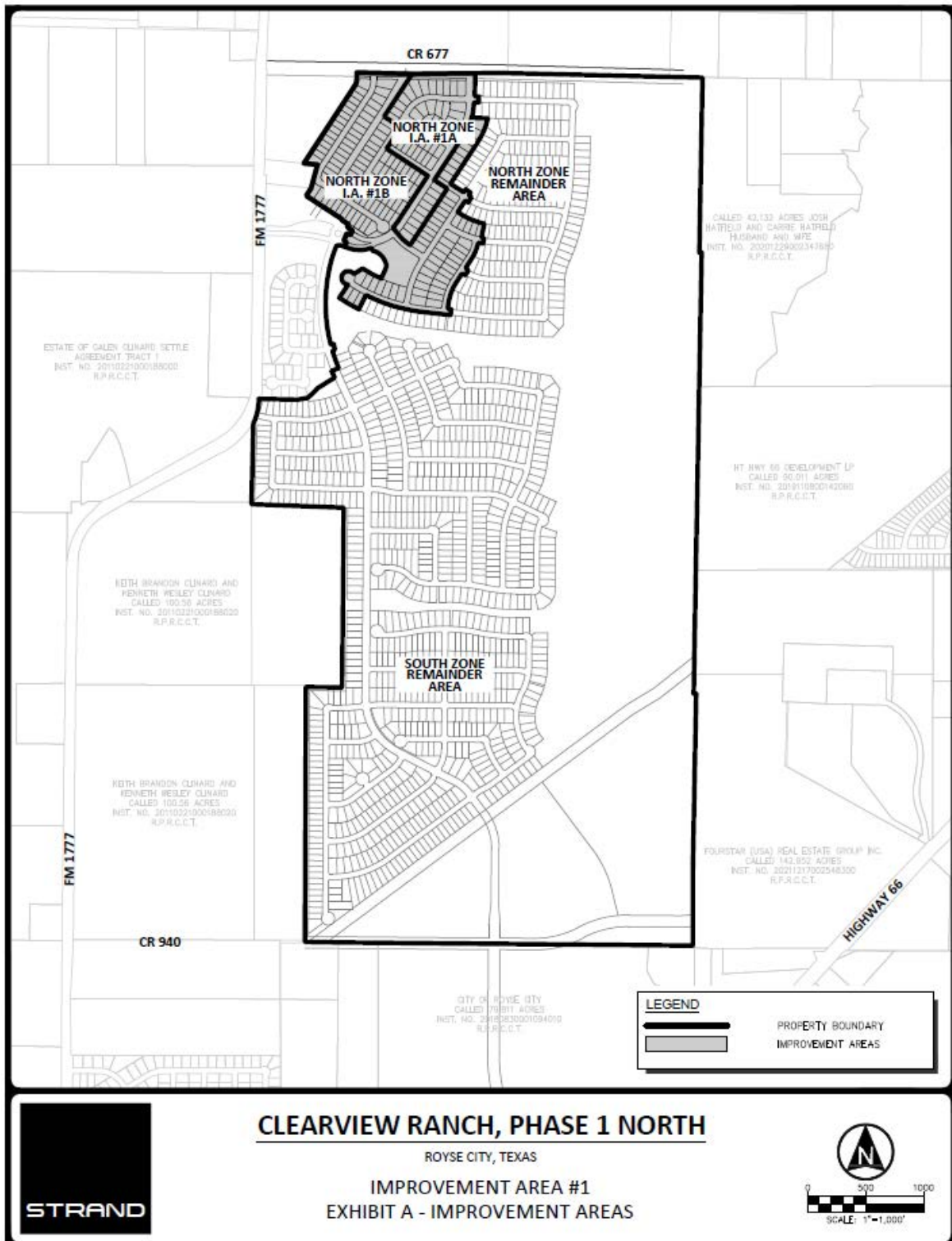
## AREA LOCATION MAP OF THE DISTRICT



## MAP SHOWING BOUNDARIES OF THE DISTRICT

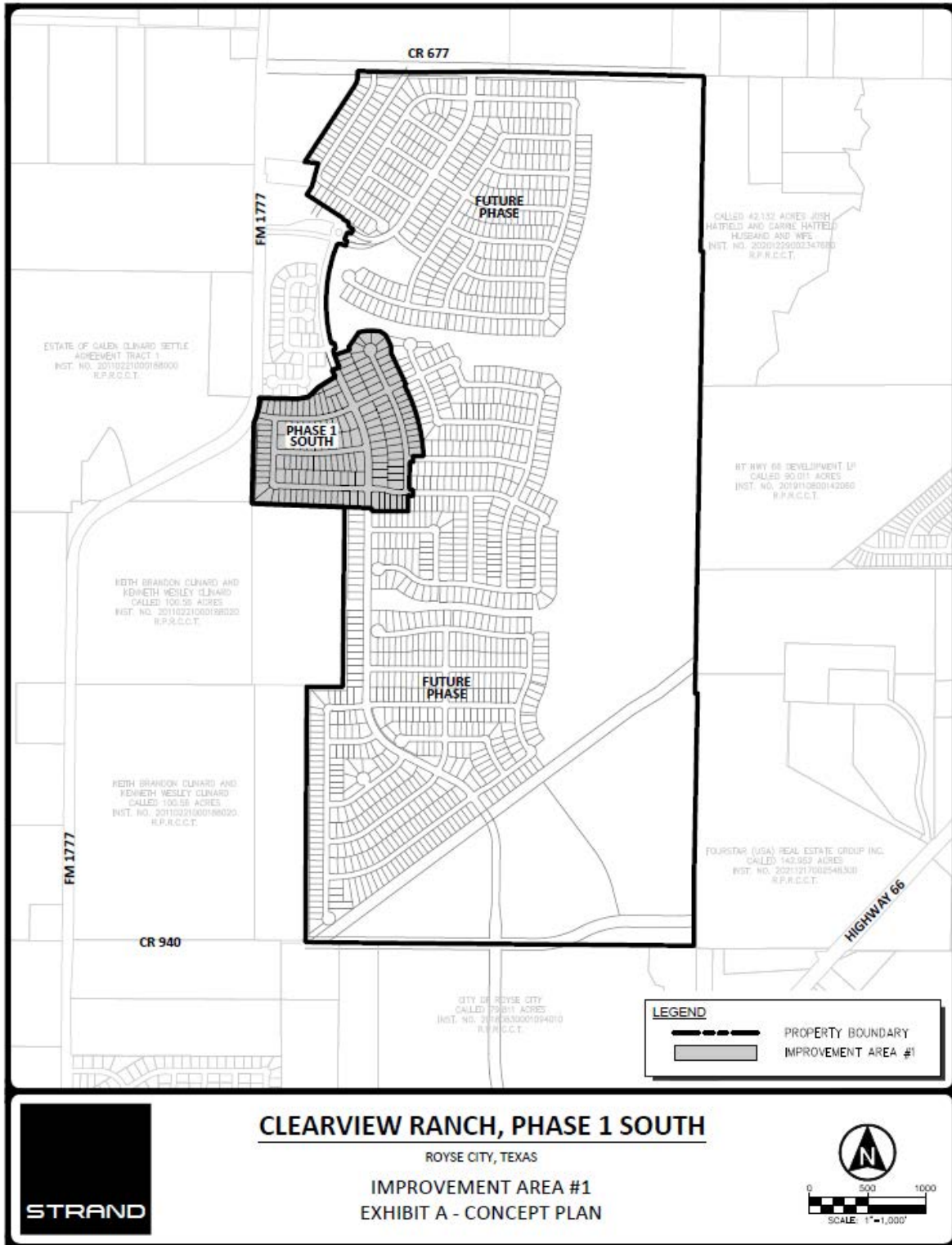


# MAP SHOWING BOUNDARIES OF THE NORTH ZONE



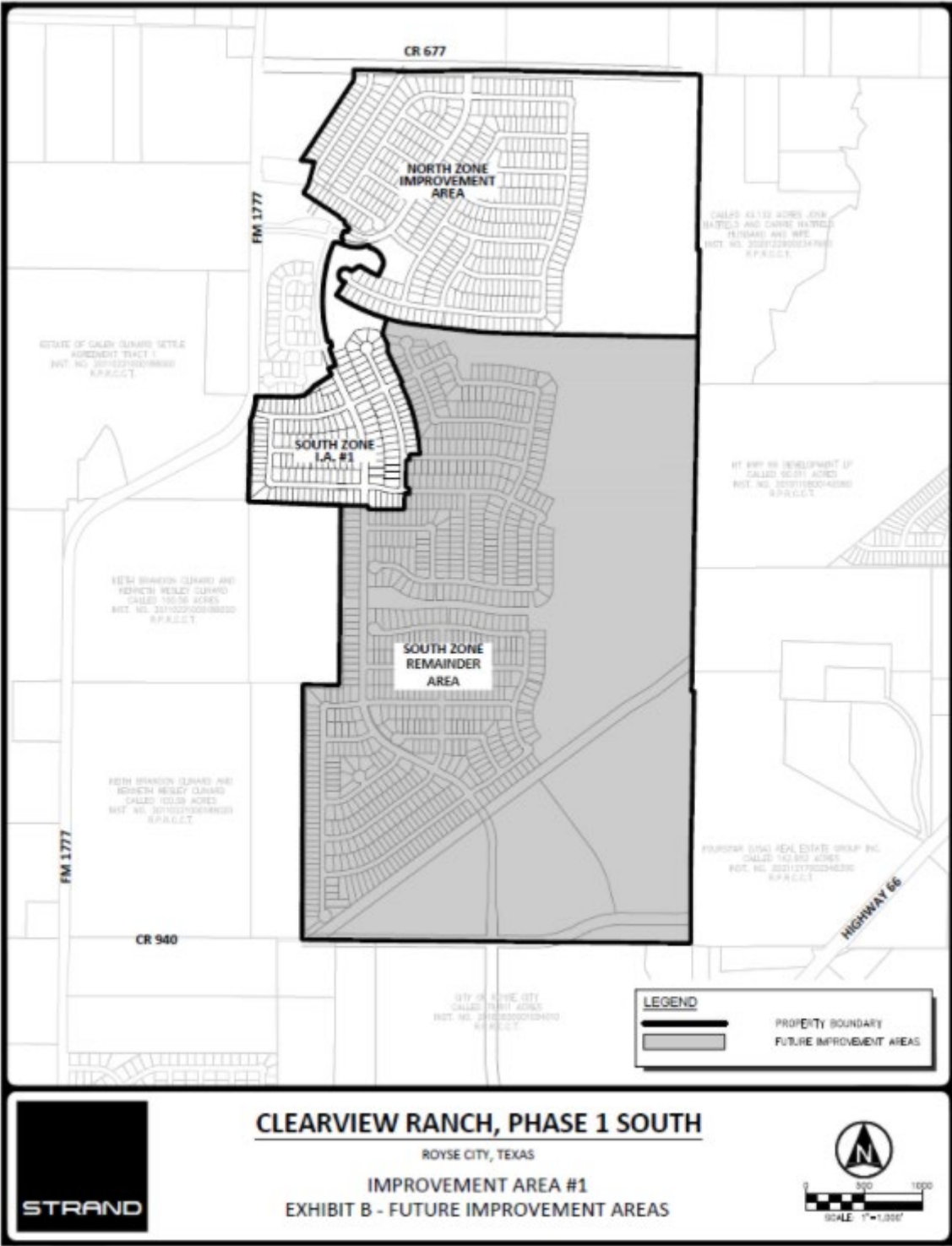


# MAP SHOWING BOUNDARIES OF SOUTH ZONE IMPROVEMENT AREA #1





MAP SHOWING BOUNDARIES OF SOUTH ZONE REMAINDER AREA



**LOT SIZE TABLE**  
BASED ON ZONING REQUIREMENTS

	1/2 LOT SIZE		1/4 LOT SIZE		1/8 LOT SIZE		TOTAL
	1/2 LOT	1/4 LOT	1/4 LOT	1/8 LOT	1/8 LOT	1/16 LOT	
LA 87 - SOUTH	52	31	38	41	8	10	180
LA 87 - SOUTH (ZONE 1)	13	2	16	14	0	0	35
LA 87 - SOUTH (ZONE 2)	81	27	74	30	0	7	149
LA 87 - SOUTH (ZONE 3)	73	51	38	33	8	6	212
LA 87 - SOUTH (ZONE 4)	54	78	15	84	1	9	239
LA 87	55	31	38	18	7	3	152
LA 88	45	38	35	48	4	0	170
LA 89	54	28	32	72	11	17	194
<b>SUBTOTAL</b>	587	278	308	381	37	33	1,000
<b>TOTAL</b>	587	278	308	381	37	33	1,000
<b>TOWNHOMES</b>	318						

LOT COUNT IS PRELIMINARY AND SHOULD NOT BE USED FOR ANALYSIS

**LOT SIZE COUNT**  
**BASED ON ZONING STANDARDS**





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

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

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

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

NONE OF THE CITY, THE UNDERWRITER OR THE DEVELOPER MAKE ANY REPRESENTATION AS TO THE ACCURACY, COMPLETENESS, OR ADEQUACY OF THE INFORMATION SUPPLIED BY THE DEPOSITORY TRUST COMPANY FOR USE IN THIS LIMITED OFFERING MEMORANDUM.

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

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



SECURITIES ACT OF 1933. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS “PLAN,” “EXPECT,” “ESTIMATE,” “PROJECT,” “ANTICIPATE,” “BUDGET” OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER “CONTINUING DISCLOSURE” HEREIN.

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

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

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

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## TABLE OF CONTENTS

INTRODUCTION .....	1	Prepayment of Assessments .....	28
PLAN OF FINANCE .....	2	Priority of Lien .....	29
Development Plan .....	2	Foreclosure Proceedings.....	29
Financing Plan .....	3	THE CITY .....	30
Lot Purchase Agreements .....	4	Background .....	30
The Bonds .....	4	City Government .....	30
Additional Indebtedness .....	4	THE DISTRICT .....	30
LIMITATIONS APPLICABLE TO INITIAL		General .....	30
PURCHASERS .....	5	Powers and Authority of the City .....	31
DESCRIPTION OF THE BONDS .....	6	Utilities .....	31
General Description.....	6	THE SOUTH ZONE IMPROVEMENT	
Redemption Provisions.....	6	AREA #1 AUTHORIZED IMPROVEMENTS .....	31
BOOK-ENTRY-ONLY SYSTEM .....	8	General .....	31
SECURITY FOR THE BONDS.....	10	South Zone Improvement	
General .....	10	Area #1 Authorized Improvements .....	32
Pledged Revenues.....	10	Costs of the South Zone Improvement	
Collection and Deposit of Assessments.....	11	Area #1 Authorized Improvements .....	33
Unconditional Levy of Assessments .....	12	Ownership and Maintenance of the	
Perfected Security Interest.....	12	South Zone Improvement	
Pledged Revenue Fund.....	13	Area #1 Projects .....	33
Bond Fund.....	13	THE DEVELOPMENT .....	34
Project Fund .....	14	Overview .....	34
Reserve Account of the Reserve Fund.....	14	Development Plan .....	34
Delinquency and Prepayment Reserve		Lot Purchase Agreements.....	37
Account of the Reserve Fund .....	15	Capital Improvements Agreement.....	38
Administrative Fund.....	16	Development Services Agreement .....	38
Defeasance.....	16	Additional Improvements – Park	
Events of Default.....	17	Improvements, Amenities, and	
Remedies in Event of Default.....	17	Private Improvements.....	38
Restriction on Owner’s Actions .....	18	Photographs of the Development .....	39
Application of Revenues and Other		Zoning/Permitting .....	41
Moneys after Event of Default .....	19	Education.....	41
Investment or Deposit of Funds.....	19	Environmental .....	41
Against Encumbrances .....	20	Mineral Rights and Easements .....	41
Other Obligations or Other Liens;		Utilities .....	42
Refunding Bonds.....	20	THE DEVELOPER .....	42
SOURCES AND USES OF FUNDS.....	21	General .....	42
DEBT SERVICE REQUIREMENTS <sup>(1)</sup> .....	22	Description of the Developer.....	42
OVERLAPPING TAXES AND DEBT.....	23	Description of Past and Current Projects	
Overlapping Taxes .....	23	of Development Manager.....	43
Overlapping Debt .....	23	Executive Biography of Principals of	
Agricultural Valuation.....	24	the Developer .....	43
Homeowners’ Association.....	24	History and Financing of the District .....	43
ASSESSMENT PROCEDURES.....	24	THE PID ADMINISTRATOR.....	43
General .....	24	APPRAISAL OF PROPERTY WITHIN SOUTH	
Assessment Methodology.....	25	ZONE IMPROVEMENT AREA #1.....	44
Collection and Enforcement of		The Appraisal .....	44
Assessment Amounts .....	26	BONDHOLDERS’ RISKS.....	45
Assessment Amounts.....	27	Deemed Representations and	
		Acknowledgment by Purchasers .....	46

Assessment Limitations.....	46	Litigation — The City .....	58
Recent Changes in State Law Regarding Public Improvement Districts.....	47	Litigation — The Developer.....	58
Potential Future Changes in State Law Regarding Public Improvement Districts .....	47	SUITABILITY FOR INVESTMENT .....	58
General Risks of Real Estate Investment and Development.....	47	ENFORCEABILITY OF REMEDIES .....	58
Risks Related to the Current Residential Real Estate Market .....	48	NO RATING .....	59
Risks Related to Recent Increase in Costs of Building Materials.....	49	CONTINUING DISCLOSURE.....	59
Competition.....	49	The City.....	59
Lien Foreclosure and Bankruptcy.....	49	The City’s Compliance with Prior Undertakings .....	59
Direct and Overlapping Indebtedness, Assessments and Taxes .....	49	The Developer .....	59
Depletion of Reserve Account of the Reserve Fund.....	50	The Developer’s Compliance with Prior Undertakings .....	60
Hazardous Substances .....	50	UNDERWRITING .....	60
Regulation .....	50	REGISTRATION AND QUALIFICATION OF BONDS FOR SALE.....	60
100-Year Flood Plain .....	50	LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS.....	60
Risk from Weather Events.....	51	INVESTMENTS .....	61
Exercise of Mineral Rights.....	51	INFORMATION RELATING TO THE TRUSTEE.....	63
Bondholders’ Remedies and Bankruptcy of Property Owners.....	51	SOURCES OF INFORMATION .....	63
Judicial Foreclosures .....	52	General .....	63
No Acceleration.....	52	Developer .....	64
Limited Secondary Market for the Bonds.....	53	Experts.....	64
No Credit Rating .....	53	Updating of Limited Offering Memorandum .....	64
Chapter 9 Bankruptcy Limitation to Bondholders’ Rights.....	53	FORWARD-LOOKING STATEMENTS.....	64
Tax-Exempt Status of the Bonds .....	53	AUTHORIZATION AND APPROVAL.....	65
Management and Ownership.....	54	APPENDIX A      General Information Regarding the City and Surrounding Area	
Availability of Utilities.....	54	APPENDIX B      Form of Indenture	
Dependence upon Developer.....	54	APPENDIX C      Form of Service and Assessment Plan	
TAX MATTERS .....	55	APPENDIX D      Form of Opinion of Bond Counsel	
Opinion.....	55	APPENDIX E-1    Form of Disclosure Agreement of Issuer	
Federal Income Tax Accounting Treatment of Original Issue Discount .....	55	APPENDIX E-2    Form of Disclosure Agreement of Developer	
Collateral Federal Income Tax Consequences.....	56	APPENDIX F      Reimbursement Agreement	
State, Local and Foreign Taxes .....	57	APPENDIX G      Appraisal of Property within South Zone Improvement Area #1	
Information Reporting and Backup Withholding.....	57		
Future and Proposed Legislation .....	57		
LEGAL MATTERS .....	57		
Legal Proceedings .....	57		
Legal Opinions .....	57		

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## **PRELIMINARY LIMITED OFFERING MEMORANDUM**

**\$3,527,000\***

**CITY OF ROYSE CITY, TEXAS,  
(a municipal corporation of the State of Texas located in Rockwall, Collin and Hunt Counties)  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024  
(CLEARVIEW RANCH PUBLIC IMPROVEMENT DISTRICT  
SOUTH ZONE IMPROVEMENT AREA #1 PROJECT)**

### **INTRODUCTION**

The purpose of this Preliminary Limited Offering Memorandum, including the cover page, the inside cover and the appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Royse City, Texas (the “City”), of its \$3,527,000\* aggregate principal amount of Special Assessment Revenue Bonds, Series 2024 (Clearview Ranch Public Improvement District South Zone Improvement Area #1 Project) (the “Bonds”).

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

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), the ordinance authorizing the issuance of the Bonds expected to be adopted by the City Council of the City (the “City Council”) on August 27, 2024 (the “Bond Ordinance”), and an Indenture of Trust, dated as of September 1, 2024 (the “Indenture”), expected to be entered into by and between the City and UMB Bank, N.A., Dallas, Texas, as trustee (the “Trustee”). The Bonds will be secured by a pledge and lien upon the Trust Estate (as defined in the Indenture), consisting primarily of revenue from special assessments to be levied against assessed parcels located within South Zone Improvement Area #1 (as defined herein) of the Clearview Ranch Public Improvement District (the “Assessments”), pursuant to a separate ordinance expected to be adopted by the City Council on August 27, 2024 (the “Assessment Ordinance”), all to the extent and upon the conditions described in the Indenture. See “SECURITY FOR THE BONDS” and “ASSESSMENT PROCEDURES.” The Clearview Ranch Public Improvement District will be defined herein as the “District.”

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

Set forth herein are brief descriptions of the City, the District, the Developer (as defined herein), the Development Manager (as defined herein), the PID Administrator (as defined herein), the Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan (as defined herein), the Reimbursement Agreement, and the Capital Improvements Agreement (as defined herein), together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the Underwriter, FMSbonds, Inc., 5

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\* Preliminary; subject to change.

Cowboys Way, Suite 300-25, Frisco, Texas 75034, telephone number (214) 302-2246. The Form of Indenture appears in APPENDIX B and the Form of Service and Assessment Plan appears as APPENDIX C. The information provided under this caption “INTRODUCTION” is intended to provide a brief overview of the information provided in the other captions herein and is not intended, and should not be considered, fully representative or complete as to the subjects discussed hereunder.

## PLAN OF FINANCE

### Development Plan

**Land Ownership.** S2 Land Development, LLC, a Texas limited liability company (“S2 Land Development” or “Development Manager”) acquired three contiguous tracts of land as follows: approximately 122.794 acres on March 27, 2023; approximately 406.639 acres on May 1, 2023; and approximately 44.270 acres on June 20, 2023. These contiguous tracts of land were combined to create approximately 574 acres making up the master planned residential community known as Clearview Ranch (the “Development”). Of the 574 acres in the Development, 13.878 acres of land, designated as commercial use, are not included within the District. On or about August 2, 2023, the Development Manager transferred approximately 36.29 acres of land (“South Zone Improvement Area #1”) to Clearview Ranch Land, LLC, a Texas limited liability company (“Clearview Land” or the “Developer” (defined as the “South Zone Improvement Area #1 Developer” in the Service and Assessment Plan)), an affiliate of the Development Manager. The remaining approximately 6.1 acres located within South Zone Improvement Area #1 remain owned by S2 Land, LLC, a Texas limited liability company (“S2 Land”), an affiliate of the Development Manager, but will be platted and conveyed to the HOA (as defined herein). The remaining approximately 414.868 acres located within the South Zone of the District is referred to as the “South Zone Remainder Area.” The land in the South Zone Remainder Area is currently owned by S2 Land. The Development Manager is also referred to in the Service and Assessment Plan as the “South Zone Remainder Area Developer.” It is anticipated that the Developer will purchase sections of land from S2 Land as development in the South Zone continues. On or about May 15, 2023, the Development Manager sold approximately 100.586 acres (the “North Zone”) within the District to Qualico Developments (U.S.), Inc., a Delaware corporation (“Qualico” or the “North Zone Developer”).

**Zone Development.** The Development is expected to be developed in nine phases. Two of the nine phases will be in the North Zone, and the remaining seven phases will be in the South Zone. The land in the North Zone will be owned and developed by Qualico. The North Zone will include: North Zone Improvement Area #1-A, North Zone Improvement Area #1-B, and the North Zone Remainder Area (all as defined in the Service and Assessment Plan and depicted on the map on page v).

The South Zone will consist of South Zone Improvement Area #1 and the South Zone Remainder Area. The land in South Zone Improvement Area #1 is currently owned, and anticipated to be developed by, the Developer. It is anticipated that the Development Manager will continue to act as a development manager for each future phase in the South Zone.

Development in the District began with the construction of certain public improvements benefitting the South Zone, the “South Zone Improvement Area #1 Projects” which are, collectively, the pro rata portion of the South Zone Improvements (as defined herein) allocable to South Zone Improvement Area #1; and (2) the South Zone Improvement Area #1 Improvements (as defined herein). The “South Zone Improvement Area #1 Improvements” are the Authorized Improvements which only benefit the South Zone Improvement Area #1 Assessed Property, and the “South Zone Improvements” are those Authorized Improvements that confer a special benefit to the South Zone Improvement Area #1 Assessed Property and the South Zone Remainder Area Apportioned Property. Construction of the South Zone Improvement Area #1 Projects began in July of 2023 and is expected to be complete in September of 2024. Defined terms not otherwise defined in this paragraph or the Indenture are defined in the Service and Assessment Plan (See “APPENDIX C – Form of Service and Assessment Plan”).

Development in the District will continue with the construction of certain public improvements benefitting the North Zone including the (1) pro rata portion of the North Zone Major Improvements allocable to North Zone Improvement Area #1-A; (2) the pro rata portion of the North Zone Improvements allocable to North Zone Improvement Area #1-A; and (3) the North Zone Improvement Area #1 (collectively, the “North Zone Improvement Area #1-A Projects”). Construction of the North Zone Improvement Area #1-A Projects began in November of 2023 and is expected to be complete by March of 2025. Defined terms not otherwise defined in this paragraph or the Indenture are defined in the Service and Assessment Plan (See “APPENDIX C – Form of Service and Assessment

Plan”). Development of the District is expected to continue in phases until all nine phases are complete, which is expected to occur by January of 2031.

The Developer and Development Manager entered into a Development Services and Management Agreement (the “Development Services Agreement”) pursuant to which the Development Manager provides development and construction management services on behalf of the Developer. As of June 30, 2024, the Developer has spent approximately \$7,108,000 on constructing the South Zone Improvement Area #1 Projects, including approximately \$4,000,000 on the South Zone Improvement Area #1 Improvements.

The boundaries of the District, the South Zone, and the concept plan for the District are shown in the “MAP SHOWING BOUNDARIES OF DISTRICT,” “MAP SHOWING BOUNDARIES OF THE NORTH ZONE,” “MAP SHOWING BOUNDARIES OF SOUTH ZONE IMPROVEMENT AREA #1,” “MAP SHOWING BOUNDARIES OF SOUTH ZONE REMAINDER AREA, and “MAPS SHOWING CONCEPT PLAN OF THE DISTRICT” on pages iv-ix.

The Developer and/or its affiliates also own approximately 13.878 acres of land adjacent to the District, which is zoned for commercial use (the “North Zone Commercial Property”). The North Zone Commercial Property is not included within the boundaries of the District, but will benefit from the North Zone Major Improvements, the costs of which have been allocated to the North Zone Commercial Property, accordingly. See “ASSESSMENT PROCEDURES — Assessment Methodology” and “APPENDIX C — Form of Service and Assessment Plan.”

## **Financing Plan**

*South Zone Improvement Area #1 Projects.* The Developer expects the costs of the South Zone Improvement Area #1 Authorized Improvements will be approximately \$7,820,770\*. The City will finance and/or reimburse the Developer for a portion of the actual costs, paid or incurred by or on behalf of the Developer, of the South Zone Improvement Area #1 Authorized Improvements in the approximate amount of \$3,527,000\*, through the issuance of the Bonds. The balance of the costs of the South Zone Improvement Area #1 Authorized Improvements, in the total approximate amount of \$4,293,770\*, have been or will be financed by the Developer and will not be reimbursed by the City. See “THE SOUTH ZONE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS” and “THE DEVELOPER — History and Financing of the District.”

*Additional Improvements.* The costs of the Park Improvements, Private Improvements, and the Amenities (each as defined herein and collectively, the “Additional Improvements”) were or will be financed by the Developer without reimbursement by the City. See “THE DEVELOPMENT — Additional Improvements – Park Improvements, Amenities, and Private Improvements” and “THE DEVELOPER — History and Financing of the District.”

*North Zone Improvement Area #1-A Projects.* The North Zone Developer expects to enter into a reimbursement agreement with the City (the “North Zone Improvement Area #1-A Reimbursement Agreement”), to be assigned to the Developer, to secure a reimbursement obligation in an amount not to exceed \$883,000, which is expected to provide, in part, for the deposit of assessments and the proceeds from the issuance and sale of Future Improvement Area Bonds (as defined herein) for the payment of the actual costs paid or incurred by or on behalf of the North Zone Developer, for construction of the North Zone Improvement Area #1-A Projects. Construction of the North Zone Improvement Area #1-A Projects began in November of 2023 and is expected to be complete by March of 2025. As of July 1, 2024, the North Zone Developer has spent approximately \$1,670,000 on the construction of the North Zone Improvement Area #1-A Projects.

*Reimbursement Agreement.* The City, the Development Manager, and the North Zone Developer expect to enter into the Reimbursement Agreement Clearview Ranch Public Improvement District (the “Reimbursement Agreement”), which provides, in part, for the deposit of the Assessments and the proceeds from the issuance and sale of bonds, and the payment of the actual costs of the public improvements in the District, including the South Zone Improvement Area #1 Projects. See “SECURITY FOR THE BONDS,” “THE SOUTH ZONE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS,” “APPENDIX C — Form of Service and Assessment Plan” and “APPENDIX F — Reimbursement Agreement.”

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\* Preliminary; subject to change.

## **Lot Purchase Agreements**

General. The Development is planned to include approximately 1,608 single-family residential lots, consisting of the following four residential product types: 22' lots, which are currently anticipated to consist of attached townhomes, 50' lots, 60' lots, and 70' lots, either 120' or 135' in depth, which will consist of detached single-family homes.

South Zone Improvement Area #1. South Zone Improvement Area #1 contains approximately 42.404 acres and is expected to include 155 single-family lots, consisting of 73 50' lots, 67 60' lots, and 15 70' lots. The Developer has entered into a lot purchase agreement (the "South Zone Improvement Area #1 Lot Purchase Agreement") with DRHI, Inc., a Delaware corporation ("DR Horton") for all of the lots in South Zone Improvement Area #1. See "THE DEVELOPMENT – Lot Purchase Agreements."

North Zone Improvement Area #1-A. North Zone Improvement Area #1-A contains approximately 13.856 acres and is expected to include 50 single-family lots, consisting of 15 50' lots, 30 60' lots, and 5 70' lots. It is expected that all homes built in North Zone Improvement Area #1-A will be constructed by Qualico or an affiliate. See "THE DEVELOPMENT."

## **The Bonds**

Proceeds of the Bonds will be used for the purpose of (i) paying a portion of the actual costs of the South Zone Improvement Area #1 Projects (the "Costs"), (ii) funding a reserve fund for payment of principal and interest on the Bonds, and (iii) paying the costs of issuance of the Bonds (collectively, as further described herein under "THE SOUTH ZONE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS", the "Improvement Area #1 Authorized Improvements"). See "SOURCES AND USES OF FUNDS," "THE SOUTH ZONE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS" and "APPENDIX B — Form of Indenture."

Payment of the Bonds is secured by a pledge of and a lien upon the Trust Estate, consisting primarily of Assessments levied against assessed parcels in the South Zone Improvement Area #1 of the District, all to the extent and upon the conditions described herein and in the Indenture. See "SECURITY FOR THE BONDS," "ASSESSMENT PROCEDURES" and "APPENDIX B — Form of Indenture."

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

## **Additional Indebtedness**

The Developer and the North Zone Developer expect to request that the City issue one or more series of future phased bonds (each such series of bonds a "Future Improvement Area Bond") to finance the cost of the certain Authorized Improvements (the "Future Improvement Area Improvements") benefiting specific improvement areas within the District ("Future Improvement Areas") as the development proceeds. The estimated costs of the Future Improvement Area Improvements will be determined as the Future Improvement Areas of the District are developed, and the Service and Assessment Plan will be updated to identify the improvements authorized by the PID Act to be financed by each new series of Future Improvement Area Bonds. Such Future Improvement Area Bonds will be secured by separate assessments (the "Future Improvement Area Assessments") levied pursuant to the PID Act on assessable property within the applicable Future Improvement Area of the District (the "Future Improvement Area Assessed Property") that benefit from the Future Improvement Area Improvements being financed.

**The Bonds and any Future Improvement Area Bonds issued by the City are separate and distinct issues of securities secured by separate assessments. Any Future Improvement Area Bonds and any Refunding Bonds (as defined herein) to be issued by the City are not offered pursuant to this Limited Offering Memorandum. Investors interested in purchasing any of these other City obligations should refer to the offering documents related thereto, when and if available.**



## **LIMITATIONS APPLICABLE TO INITIAL PURCHASERS**

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

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

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

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

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

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

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

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

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

## DESCRIPTION OF THE BONDS

### General Description

The Bonds will mature on the dates and in the amounts set forth in the inside cover page of this Limited Offering Memorandum. Interest on the Bonds will accrue from their date of delivery to the Underwriter (the “Delivery Date”) and will be computed on the basis of a 360-day year of twelve 30-day months and will be payable on each March 15 and September 15, commencing March 15, 2025\* (each, an “Interest Payment Date”), until maturity or prior redemption. UMB Bank, N.A., 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 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.”

### Redemption Provisions

**Optional Redemption.** The City reserves the right and option to redeem Bonds maturing on or after September 15, 20\_\_, in whole or in part, on any date on or after September 15, 20\_\_, such redemption date or dates to be fixed by the City, at the redemption price of 100% of the principal amount of the Bonds to be redeemed, plus accrued and unpaid 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, on any date, at the Redemption Price, from amounts on deposit in the Redemption Fund as a result of Prepayments or any other transfers to the Redemption Fund under the terms of the Indenture. See “ASSESSMENT PROCEDURES — Prepayment of Assessments” for the definition and description of Prepayments.

**Mandatory Sinking Fund Redemption.** The Bonds maturing on September 15 in the years 20\_\_ and 20\_\_ (collectively, the “Term Bonds”), are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at the Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to the Indenture, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

<b>\$      Term Bonds Maturing September 15, 20__</b>	
	<b>Sinking Fund</b>
<b><u>Redemption Date</u></b>	<b><u>Installment Amount</u></b>
September 15, 20__	\$
September 15, 20__	
September 15, 20__	
September 15, 20__ †	
† Stated Maturity	
<b>\$      Term Bonds Maturing September 15, 20__</b>	
	<b>Sinking Fund</b>
<b><u>Redemption Date</u></b>	<b><u>Installment Amount</u></b>
September 15, 20__	\$
September 15, 20__	
September 15, 20__	
September 15, 20__ †	
† Stated Maturity	

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\* Preliminary; subject to change.

At least 30 days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by the Indenture, the Trustee shall select by lot, or by any other customary method that results in a random selection, a principal amount of Bonds of such maturity equal to the Sinking Fund 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 amounts of Bonds required to be redeemed on any redemption date pursuant to the mandatory sinking fund redemption described above shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least 30 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 in integral multiples of \$1,000 by any portion of such Bonds, which, at least 30 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.

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

If less than all of the Bonds are called for optional redemption, the Trustee shall rely on directions provided in a City Order in selecting the Bonds to be redeemed.

If less than all of the Bonds are called for extraordinary optional redemption, the Bonds or portion of a Bond to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds. If less than all Bonds within a Stated Maturity are called for extraordinary optional redemption pursuant to the Indenture, the Trustee shall call by lot the Bonds, or portions thereof, within such Stated Maturity and in such principal amounts, for redemption.

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.

*Notice of Redemption.* Upon written direction of the City to the Trustee of the exercise of any redemption provision under the Indenture, the Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, and subject 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 such notice shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. Notice of redemption having been given as provided in the Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the Redemption Price of such Bonds to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

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

written direction from the City, 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 of the Bonds, unless certain prerequisites to such redemption required by the Indenture have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Trustee prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Trustee on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds, such events shall not constitute an Event of Default under the Indenture, and the Trustee shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

### **BOOK-ENTRY-ONLY SYSTEM**

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

*The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners (as defined herein), or that they will do so on a timely basis or (3) DTC will serve and act in the manner described in this Limited Offering Memorandum. The current rules applicable to DTC are on file with the Securities and Exchange Commission (the "SEC"), 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"). Direct Participants and Indirect Participants are collectively referred to herein as "Participants." DTC has an S&P Global Ratings rating of "AA+". The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at [www.dtcc.com](http://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 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 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 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 detailed 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 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 LIMITED OFFERING MEMORANDUM. THE CURRENT RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

## **SECURITY FOR THE BONDS**

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

### **General**

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM A FIRST LIEN ON, SECURITY INTEREST IN, AND PLEDGE OF 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 TRUST ESTATE AS IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE CITY OTHER THAN THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY'S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE TRUST ESTATE. SEE "APPENDIX B — FORM OF INDENTURE."

The principal of, premium, if any, and interest on the Bonds are secured by a pledge of and a lien upon the pledged revenues (the "Pledged Revenues"), consisting primarily of Assessments expected to be levied against the Assessed Property (as defined herein) levied against assessed parcels in South Zone Improvement Area #1 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, the City has caused the preparation of a Clearview Ranch Public Improvement District Service and Assessment Plan (as updated, amended and supplemented from time to time, the "Service and Assessment Plan"), expected to be approved by the City on August 27, 2024, which describes the special benefit received by the Assessed Property, provides the basis and justification for the determination of special benefit on the Assessed Property, establishes the methodology for the levy of the Assessments and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds. The Service and Assessment Plan is required to be reviewed and updated at least annually (each, an "Annual Service Plan Update") for the purpose of determining the annual budget for improvements and the Annual Installments (as defined below) of Assessments due in a given year. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See "APPENDIX C — Form of Service and Assessment Plan."

### **Pledged Revenues**

The City is authorized by the PID Act, the Assessment Ordinance, and other provisions of applicable law to finance the South Zone Improvement Area #1 Authorized Improvements by levying Assessments upon the Assessed Property. For a description of the assessment methodology and the amounts of Assessments anticipated to be levied in South Zone Improvement Area #1, see "ASSESSMENT PROCEDURES" and "APPENDIX C — Form of Service and Assessment Plan."

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

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

“Additional Interest Rate” means an additional interest rate not to exceed the 0.50% that may be charged on each Assessment pursuant to Section 372.018 of the PID Act.

“Annual Installment” means, with respect to each Assessed Property, each annual payment of: (i) the principal of and interest on the Assessments as shown on Assessment Roll (as defined herein), or in an Annual Service Plan Update, and as shown in Exhibit G-2 to the Service and Assessment Plan, and calculated as provided in Section VI of the Service and Assessment Plan, (ii) Annual Collection Costs, and (iii) the Additional Interest.

“Assessed Property” means the property located in South Zone Improvement Area #1 of the District that benefits from the South Zone Improvement Area #1 Authorized Improvements, and is defined as the “South Zone Improvement Area #1 Assessed Property” in the Service and Assessment Plan.

“Assessment Revenues” means the revenues received by the City from the collection of Assessments, including Prepayments, Annual Installments and Foreclosure Proceeds.

“Other Obligations” means any bonds, temporary notes, time warrants, or an obligation under an installment sale contract or reimbursement agreement secured in whole or in part by an assessment, other than the Assessments securing the Bonds, levied against property within South Zone Improvement Area #1 in accordance with the PID Act.

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

“Pledged Revenues” means, collectively, the (i) Assessment Revenues (excluding the portion of the Assessments and Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs, as set forth in the Service and Assessment Plan), (ii) the moneys held in any of the Pledged Funds and (iii) any additional revenues that the City may pledge to the payment of the Bonds.

The City will covenant in the Indenture that it will take and pursue all reasonable 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” and “APPENDIX C — Form of Service and Assessment Plan.”

### **Collection and Deposit of Assessments**

The Assessments on each parcel, tract or lot which are to be collected in each year during the term of the Bonds are shown on the Assessment Roll. The Assessments, together with the interest thereon, will be deposited in the Pledged Revenue Fund for 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. See “SECURITY FOR THE BONDS — Pledged Revenue Fund.”

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

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



## Unconditional Levy of Assessments

The City is expected to impose Assessments on the property within South Zone Improvement Area #1 sufficient to pay the principal of and interest on the Bonds scheduled for payment from Pledged Revenues as described in the Indenture and in the Service and Assessment Plan and coming due during each fiscal year. The Assessments shall be effective on the date 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 the Additional Interest rate 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, will be calculated annually during the Annual Service Plan Update and will be due when billed, expected to be on or about October 1 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments will be due on or about October 1, 2024, and will be delinquent if not paid prior to February 1, 2025.

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

There is no discount for the early payment of Assessments.

The PID Act provides that the Assessments (including any reassessment, with interest, the expense of collection and reasonable attorney’s fees, if incurred) are a first and prior lien (the “Assessment Lien”) against the Assessed Property, superior to all other liens and claims, except liens and claims for the State, county, school district, or municipality ad valorem taxes and are a personal liability of and charge against the owners of property, regardless of whether the owners are named. Pursuant to the PID Act, the Assessment Lien is effective from the date of the Assessment Ordinance until the 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. The Assessment Lien is superior to any homestead rights of a property owner that were properly claimed after the adoption of the Assessment Ordinance. However, an Assessment Lien may not be foreclosed upon if any homestead rights of a property owner were properly claimed prior to the adoption of the Assessment Ordinance (“Pre-existing Homestead Rights”) for as long as such rights are maintained on the property. See “BONDHOLDERS’ RISKS — Assessment Limitations.”

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

## Perfected Security Interest

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

## **Pledged Revenue Fund**

Immediately upon receipt thereof, the City shall transfer or cause to be transferred, pursuant to a City Order provided to the Trustee for deposit to the Pledged Revenue Fund the Assessments and Annual Installments, other than the portion of the Assessments and Annual Installments allocated to the payment of Annual Collection Costs and Delinquent Collection Costs, which shall be deposited to the Administrative Fund in accordance with the Indenture. Specifically, following the initial deposit to the Pledged Revenue Fund, the City shall transfer or cause to be transferred pursuant to a City Order provided to the Trustee the following amounts from the Pledged Revenue Fund to the following Accounts: (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, and (ii) *second*, if necessary, to the Reserve Account of the Reserve Fund, an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement. Notwithstanding the foregoing, the Additional Interest shall only be utilized for the purposes set forth in the Indenture and, immediately following the initial deposit to the Pledged Revenue Fund, prior to any other transfers or deposits being made under this paragraph, if the Delinquency and Prepayment Reserve Account of the Reserve Fund does not contain the Delinquency and Prepayment Reserve Requirement and Additional Interest is collected, then all such Additional Interest will be transferred into the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement is met. In addition, in the event the City owes Rebataable Arbitrage to the United States Government pursuant to the Indenture, the City shall provide a City Order to the Trustee to transfer to the Rebate Fund, prior to any other transfer under this paragraph, the full amount of Rebataable Arbitrage owed by the City, as further described in the Indenture. If any funds remain on deposit in the Pledged Revenue Fund after the foregoing deposits and the deposits of Prepayments and Foreclosure Proceeds, as described below, are made, the City shall have the option, in its sole and absolute discretion, to use such excess funds for any one or more of the following purposes: (1) pay other costs of the South Zone Improvement Area #1 Projects, (2) pay other costs permitted by the PID Act, or (3) deposit such excess into the Redemption Fund to redeem Bonds as provided in the Indenture.

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

If, after the foregoing transfers and any transfer from the Reserve Fund (as described under the subcaptions “Reserve Account of the Reserve Fund” and “Delinquency and Prepayment Account of the Reserve Fund” below), there are insufficient funds to make the payments to the Principal and Interest Account of the Bond Fund described above, the Trustee shall apply the available funds in the Principal and Interest Account first to the payment of interest, then to the payment of principal (including any Sinking Fund Installments) on the Bonds.

The Trustee shall transfer Prepayments to the Redemption Fund promptly after deposit of such amounts into the Pledged Revenue Fund.

Promptly after the deposit of Foreclosure Proceeds into the Pledged Revenue Fund, the Trustee shall transfer such Foreclosure Proceeds *first* to the Reserve Fund to restore any transfers from the Accounts within the Reserve Fund made with respect to the particular Assessed Property to which the Foreclosure Proceeds relate (first to replenish the Reserve Account Requirement, and second to replenish the Delinquency and Prepayment Reserve Requirement), and *second*, 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 the Reserve Fund, the Trustee shall transfer any Pledged Revenues remaining in the Pledged Revenue Fund for the purposes set forth in the first paragraph under this subheading, as directed by the City in a City Order.

## **Bond Fund**

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

If amounts in the Principal and Interest Account are insufficient to pay the amounts due on the Bonds on an Interest Payment Date, the Trustee shall withdraw from the Reserve Fund amounts to cover the amount of such insufficiency pursuant to the Indenture. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account of the Bond Fund and transferred to the Paying Agent/Registrar.

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

### **Project Fund**

Money on deposit in the Project Fund shall be used for the purposes specified in the Indenture. 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 Orders.

Disbursements from the Bond Improvement Account of the Project Fund to pay Costs shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certificate for Payment. Except as provided below money on deposit in the Bond Improvement Account shall be used solely to pay Costs.

If the City Representative determines in his or her sole discretion that certain amounts then on deposit in the Bond Improvement Account of the Project Fund are not expected to be expended for purposes of the Project Fund due to the abandonment, or constructive abandonment, of one or more of the South Zone Improvement Area #1 Projects such that, in the opinion of the City Representative, it is unlikely that the amounts in the Bond Improvement Account will ever be expended for the purposes of the Bond Improvement Account, the City Representative shall file a City Order with the Trustee which identifies the amounts then on deposit in the Bond Improvement Account that are not expected to be used for purposes of the Bond Improvement Account. If such City Order is so filed, the identified amounts on deposit in the Bond Improvement Account shall be transferred to the Bond Fund or to the Redemption Fund to be used to redeem Bonds as directed by the City Representative in a City Order filed with the Trustee. Upon such transfer, the Bond Improvement Account of the Project Fund shall be closed.

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

Upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to the Bond Improvement Account of the Project Fund and used to pay Costs or to the Principal and Interest Account and used to pay interest on the Bonds, as directed in a City Order filed with the Trustee, and the Costs of Issuance Account shall be closed.

In the event the Developer has not completed the South Zone Improvement Area #1 Improvements by September 24, 2029, then the City shall provide written direction to the Trustee to transfer all funds on deposit in the Bond Improvement Account of the Project Fund to the Redemption Fund to redeem Bonds.

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

Pursuant to the Indenture, a Reserve Account will be created within the Reserve Fund, held by the Trustee for the benefit of the Bonds, and initially funded with proceeds of the Bonds in the amount of the Reserve Account Requirement. Pursuant to the Indenture, the "Reserve Account Requirement" for the Bonds is the least of: (i) Maximum Annual Debt Service on the Bonds as of the date of issuance, (ii) 125% of average Annual Debt Service on the Bonds as of the date of issuance, and (iii) 10% of the proceeds of the Bonds; provided, however, that such amount shall be reduced by the amount of any transfers made to the Redemption Fund as a result of Prepayments; and provided further that as a result of (1) a mandatory sinking fund redemption, (2) an optional redemption, or (3) an extraordinary optional redemption, the Reserve Account Requirement shall be reduced by a percentage equal to the pro rata principal amount of Bonds redeemed by such redemption divided by the total principal amount of the

Outstanding Bonds prior to such redemption. As of the Delivery Date, the Reserve Account Requirement is \$\_\_\_\_\_.

In the event of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment, the Trustee, pursuant to a City Order from the City, shall transfer from the Reserve Account of the Reserve Fund to the Redemption Fund the amount specified in such directions, which shall be an amount equal to the principal amount of Bonds to be redeemed 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 to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall, or any additional amounts necessary to permit the Bonds to be redeemed in minimum principal amounts of \$1,000, from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

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 Delinquency and Prepayment Reserve Account of the Reserve Fund (described below) and *second* from the Reserve Account of the Reserve Fund to the Bond Fund the amount necessary to cure such deficiency. If, after a Reserve Account withdrawal, the amount on deposit in the Reserve Account is less than the Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Reserve Account the amount of such deficiency, but only to the extent that such amount is not required for the timely payment of principal, interest, or Sinking Fund Installments.

Whenever, on any Interest Payment Date, or on any other date at the written request of a City Representative, the value of cash and Value of Investment Securities 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 Principal and Interest Account to be used for the payment of interest 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 Order instructing the Trustee to apply such excess: (i) to pay amounts due to the Rebate Fund, in accordance with the Indenture, (ii) to the Administrative Fund in an amount not more than the Annual Collection Costs for the Bonds, (iii) to the Bond Improvement Account of the Project Fund to pay Costs if such application and the expenditure of funds is expected to occur within three years of the date hereof or, (iv) to the Redemption Fund to be applied to the redemption of the Bonds.

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

If the amount held in the Reserve Fund together with the amount held in the Pledged Revenue Fund, the Bond Fund and Redemption Fund is sufficient to pay the principal amount and of all Outstanding Bonds on the next date the Bonds may be optionally redeemed by the City at a redemption price of par, together with the unpaid interest accrued on such Bonds as of such date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds on such date.

### **Delinquency and Prepayment Reserve Account of the Reserve Fund**

Pursuant to the Indenture, a Delinquency and Prepayment Reserve Account will be created within the Reserve Fund, held by the Trustee for the benefit of the Bonds. The Trustee will transfer from the Pledged Revenue Fund to the Delinquency and Prepayment Reserve Account on March 15 of each year, commencing March 15, 2025, an amount the City confirms to the Trustee is equal to the Additional Interest until the Delinquency and Prepayment Reserve Requirement has been accumulated in the Delinquency and Prepayment Reserve Account. The "Delinquency and Prepayment Reserve Requirement" means an amount equal to 5.5% of the principal amount of the then Outstanding Bonds. If at any time the amount on deposit in the Delinquency and Prepayment Reserve Account is less than Delinquency and Prepayment Reserve Requirement, the Trustee shall resume depositing the Additional Interest into the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement has accumulated in the Delinquency and Prepayment Reserve Account. The Additional Interest shall continue to be collected and deposited pursuant to the Indenture until the Bonds are no longer Outstanding.

Upon an extraordinary optional redemption of Bonds due to Prepayments, after transferring funds from the Reserve Account of the Reserve Fund to the Redemption Fund, if there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption as a result of such Prepayment or any additional amounts to permit the redemption of Bonds to be redeemed in minimum principal amounts of \$1,000, the Trustee shall transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

Whenever, on any Interest Payment Date, or on any other date at the written request of a City Representative, the amounts on deposit in the Delinquency and Prepayment Reserve Account exceed the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess, and such excess shall be transferred, at the direction of the City pursuant to a City Order, to the Administrative Fund for the payment of Annual Collection Costs or to the Redemption Fund. In the event that the Trustee does not receive a City Order directing the transfer of such excess to the Administrative Fund within 45 days of providing notice to the City of such excess, the Trustee shall transfer such excess to the Redemption Fund to redeem Bonds and provide the City with written notification of the transfer.

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 Delinquency and Prepayment Reserve Account of the Reserve 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 Delinquency and Prepayment Reserve Account shall be transferred to the Principal and Interest Account of the Bond Fund and applied to the payment of the principal of the Bonds.

#### **Administrative Fund**

The City will create under the Indenture an Administrative Fund held by the Trustee. Immediately upon receipt thereof, the City shall deposit or cause to be deposited to the Administrative Fund the portion of the Annual Installments allocated to the payment of Annual Collection Costs and Delinquent Collection Costs, as set forth in the Service and Assessment Plan. Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered under the Indenture and used as directed by a City Order solely for the purposes set forth in the Service and Assessment Plan, including payment of Annual Collection Costs and Delinquent Collection Costs. See “APPENDIX C — Form of Service and Assessment Plan.”

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

#### **Defeasance**

Any 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 within the meaning of the Indenture (a “Defeased Debt”), when payment of the principal of, premium, if any, on such Defeased Debt, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, upon redemption, or otherwise), either (i) shall have been made in accordance with the terms thereof, or (ii) shall have been provided by irrevocably depositing with the Trustee, in trust, and irrevocably set aside exclusively for such payment, (A) money sufficient to make such payment or (B) Defeasance Securities that mature as to principal and interest in such amount and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation, and expenses of the Trustee pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. Neither Defeasance Securities nor moneys deposited with the Trustee 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 and shall not be part of the Trust Estate. 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 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 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 of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality, and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent.

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

#### **Events of Default**

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

- (i) The failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;
- (ii) The failure of the City to enforce the collection of the Assessments, including the prosecution of foreclosure proceedings;
- (iii) Default in the performance or observance of any covenant, agreement or obligation of the City under the Indenture, other than a default under (iv) below, and the continuation thereof for a period of 90 days after written notice specifying such default and requiring same to be remedied shall have been given to the City by the Trustee, which may give such notice in its discretion and which shall give such notice at the written request of the Owners of not less than 51% in principal amount of the Bonds then Outstanding; provided, however, if the default stated in the notice is capable of cure but cannot reasonably be cured within the applicable period, the City shall be entitled to a further extension of time reasonably necessary to remedy such default so long as corrective action is instituted by the City within the applicable period and is diligently pursued until such failure is corrected, but in no event for a period of time of more than 180 days after such notice; and
- (iv) 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 thereafter.

The Trustee shall not be charged with knowledge of (a) any events or other information, or (b) any default under the Indenture or any other agreement unless a responsible office of the Trustee shall have actual knowledge thereof.

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

Upon the happening and continuance of any Event of Default, then and in every such case the Trustee may proceed, and upon the written request of the Owners of not less than 51% in principal amount of the Bonds then Outstanding under the Indenture shall proceed to protect and enforce 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 shall have no liability for its selection of Trust Estate assets to liquidate or sell.

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

If the assets of the Trust Estate are sufficient to pay all amounts due with respect to all Outstanding Bonds, in the selection of Trust Estate assets to be used in the payment of Bonds due in an Event of Default, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Order, 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 Order, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and the Trustee shall not be liable to any Owner, or other Person, or the City by reason of the following 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, specifically, in inverse order of value pursuant to a certified appraisal of real or personal property or market value of investments as set forth in the U.S. Stock Exchange, and as may be required by law and apply the proceeds thereof in accordance with the Indenture. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or, in the reasonable judgment of the Trustee, proper for the purpose which may be designated in such request.

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

No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy thereunder, unless (i) a default has occurred and is continuing of which the Trustee has received prior notice in writing or of which the Trustee is deemed to have notice, (ii) such default has become an Event of Default and the Owners of not less than 51% of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee directing the Trustee to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee written evidence of indemnity as provided in the Indenture, (iv) the Trustee has for 60 days after such prior written 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 written direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of not less than 51% of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee in writing; 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 registered owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee as advised by its counsel, be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy under the Indenture.

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

In case the Trustee or any Owners shall have proceeded to enforce any right under the Indenture and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or any Owners, then and in every such case the City, the Trustee and the Owners shall be restored to their

former positions and rights thereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

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

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

(i) FIRST: To the payment to the 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

(ii) 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 or Redemption Price and to the Owners entitled thereto, without any discrimination or preference.

The Trustee shall make payments to the Owners of the Bonds pursuant to the Indenture within 30 days of receipt of such good and available funds, and the record date shall be the date the Trustee receives such good and available funds.

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, other than the Reserve Fund, shall be invested by the Trustee in Investment Securities as directed by the City pursuant to a City Order filed with the Trustee; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund or Account will be available at the proper time or times. Money in the Reserve Fund shall be invested in such Investment Securities as directed by the City pursuant to a City Order filed with the Trustee, provided that the final maturity of any individual Investment Security shall not exceed 270 days and the average weighted maturity of any investment pool or no-load money market mutual fund shall not exceed 90 days. Each such City Order shall be a certification, upon which the Trustee may conclusively rely without investigation or inquiry, that the investment directed therein constitutes an Investment Security and that such investments meet the maturity and average weighted maturity requirements set forth in the preceding sentence. Such investments shall be valued each year in terms of the Value of Investment Securities as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in the Funds and Accounts may be invested in common investments of the kind described above, or in a common pool of such investment which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund or Account are held by or on behalf of each such Fund or Account. If necessary, such investments shall be promptly sold to prevent any default under the Indenture. To ensure that cash on hand is invested, if the City does not give the Trustee written or timely instructions with respect to investments of funds, the Trustee is hereby directed to invest and re-invest cash balances in Morgan Stanley, Fidelity or Federated family of funds, but only so long as such funds are authorized investments and permitted under the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, or any successor law, and only so long

as such investments constitute Investment Securities and the money required to be expended from any Fund will be available at the proper time or times.

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

### **Against Encumbrances**

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

So long as Bonds are Outstanding under the Indenture, the City shall not issue any bonds, notes or other evidences of indebtedness other than the Bonds and any Refunding 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.

### **Other Obligations or Other Liens; Refunding Bonds**

The City reserves the right to issue Other Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from the Trust Estate, or any portion thereof.

Other than Refunding Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, or any portion thereof, and will not do or omit to do or suffer to be done or omit to be done any matter or things whatsoever whereby the lien of the Indenture or the priority hereof might or could be lost or impaired; provided, however, that the City has reserved the right to issue bonds or other obligations secure by and payable from the Trust Estate so long as such pledge is subordinate to the pledge of the Trust Estate securing payment of the Bonds.

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 or other property pledged under the Indenture, other than Refunding Bonds and subordinate lien obligations permitted under the Indenture.

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. The principal of all Refunding Bonds must be scheduled to be paid, be subject to mandatory sinking fund redemption or mature on September 15 of the years in which such principal is scheduled to be paid. All Refunding Bonds must bear interest at a fixed rate and any interest payment dates for Refunding Bonds must be March 15 and September 15. The date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of Refunding Bonds shall be set forth in a Supplemental Indenture.

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## SOURCES AND USES OF FUNDS

The table that follows summarizes the expected sources and uses of proceeds of the Bonds:<sup>(1)</sup>

### Sources of Funds:

Principal Amount

\$

**Total Sources**

**\$**

### Use of Funds:

Deposit to Bond Improvement Account of Project Fund

\$

Deposit to Cost of Issuance Account of Project Fund

Deposit to Reserve Account of Reserve Fund

Deposit to Administrative Fund

Underwriter's Discount<sup>(2)</sup>

**Total Uses**

**\$**

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<sup>(1)</sup> To be updated and completed upon pricing.

<sup>(2)</sup> Includes Underwriter's Counsel fee in the amount of \$\_\_\_\_\_.

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### DEBT SERVICE REQUIREMENTS<sup>(1)</sup>

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

<b>Year Ending (September 30)</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$	\$	\$
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
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2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
2054			
<b>Total<sup>(1)</sup></b>	<b><u>\$</u></b>	<b><u>\$</u></b>	<b><u>\$</u></b>

<sup>(1)</sup> To be updated and completed upon pricing. Preliminary; subject to change.

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## OVERLAPPING TAXES AND DEBT

### Overlapping Taxes

The land within South Zone Improvement Area #1 lies within the corporate limits of the City. The land within South Zone Improvement Area #1 has been, and is expected to continue to be, subject to taxes imposed by taxing entities other than the City. Such taxes are payable in addition to the Assessments. The City, Collin County, Collin College, and the Royse City Independent School District (“Royse City ISD”) may each levy ad valorem taxes upon land within South Zone Improvement Area #1 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 levied by such other taxing authorities. The following table reflects the overlapping ad valorem tax rates currently levied on property located in South Zone Improvement Area #1.

#### Overlapping Taxes

Taxing Entity	Tax Year 2023 Ad Valorem Tax Rate <sup>(1)</sup>
City of Royse City	\$0.584000
Collin County	0.149343
Collin College	0.081220
Royse City Independent School District	<u>1.257500</u>
<b>Total Current Tax Rate</b>	<b><u>\$2.072063</u></b>
Estimated Average Annual Installment of Assessment in South Zone Improvement Area #1 as a Tax Rate Equivalent	<u>\$0.540428</u> <sup>(2)</sup>
<b>Estimated Total Tax Rate and Average Annual Installment in South Zone Improvement Area #1 as a Tax Rate Equivalent</b>	<b><u>\$2.612491</u></b> <sup>(2)</sup>

<sup>(1)</sup> As reported by the Collin Central Appraisal District. Per \$100 taxable appraised value.

<sup>(2)</sup> Includes Assessments levied for payment of the Bonds. Derived from information in the Service and Assessment Plan. See “ASSESSMENT PROCEDURES — Assessment Methodology – Estimated South Zone Improvement Area #1 Value to Lien Ratios,” “— Assessment Amounts – Assessment Amounts” and “APPENDIX C — Form of Service and Assessment Plan.” Preliminary; subject to change.

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

### Overlapping Debt

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

#### Overlapping Debt

Taxing or Assessing Entity	Total Outstanding Debt as of July 31, 2024	Estimated % Applicable <sup>(1)</sup>	Direct and Estimated Overlapping Debt <sup>(1)</sup>
The City (Assessments - The Bonds)	\$ 3,527,000 <sup>(2)</sup>	100.00%	\$ 3,527,000 <sup>(2)</sup>
The City (Ad Valorem)	91,310,000	0.49%	447,419
Collin County	841,715,000	0.01%	84,172
Collin College	480,350,000	0.01%	48,035
Royse City Independent School District	535,709,910	0.20%	1,071,420
<b>Total</b>	<b>\$1,952,611,910</b>		<b>\$5,178,045</b>

<sup>(1)</sup> Based on \$14,253,800 prospective market value at completion of South Zone Improvement Area #1, as calculated in the Appraisal (as defined herein), and on certified valuations for the Tax Year 2023 for the taxing entities as certified by the Collin Central Appraisal District.

<sup>(2)</sup> Assumes the Bonds are issued. Preliminary; subject to change.

Source: Municipal Advisory Council of Texas (gross outstanding debt secured by property taxes), the Collin Central Appraisal District, Appraisal and the Service and Assessment Plan.

## **Agricultural Valuation**

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

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

The land within South Zone Improvement Area #1 is no longer entitled to valuation for ad valorem tax purposes based upon its agricultural use. The Developer has paid rollback taxes in the amount of \$33,302.09. The land within the Future Improvement Areas remains entitled to valuation for ad valorem tax purposes based upon its agricultural use.

## **Homeowners' Association**

In addition to the taxes and the Assessments described above, the Developer anticipates that each owner of a single-family lot within the District will pay an annual maintenance and operation fee and/or a property owners' association fee to a homeowners' association (the "HOA") formed by the Developer. The Developer expects the HOA fee to be approximately \$775 annually.

## **ASSESSMENT PROCEDURES**

### **General**

Capitalized terms used under this caption and not otherwise defined in this Preliminary Limited Offering Memorandum shall have the meanings given to such terms in the Service and Assessment Plan. As required by the PID Act, when the City determines to defray a portion of the costs of the South Zone Improvement Area #1 Authorized Improvements through Assessments, it must adopt a resolution generally describing the South Zone Improvement Area #1 Authorized Improvements and the land within South Zone Improvement Area #1 to be subject to Assessments to pay the costs therefor.

The City has caused an assessment roll to be prepared (the "South Zone Improvement Area #1 Assessment Roll," or, generally, the "Assessment Roll"), which Assessment Roll shows the land within the South Zone Improvement Area #1 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. The Assessment Roll will be filed with the City Secretary and made available for public inspection. Statutory notice will be given to the owners of the property to be assessed and a public hearing will be conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the South Zone Improvement Area #1 Authorized Improvements and funding the same with Assessments. The City expects to levy the Assessments and adopt the Assessment Ordinance on August 27, 2024, after which the Assessments will become legal, valid and binding liens upon the Assessed Property.

Under the PID Act, the costs of the South Zone Improvement Area #1 Authorized Improvements may be assessed by the City against the Assessed Property so long as the special benefit conferred upon the Assessed Property by the South Zone Improvement Area #1 Authorized Improvements equals or exceeds the Assessments. The costs of the South Zone Improvement Area #1 Authorized Improvements 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 benefited land within the District is set forth in the Service and Assessment Plan, which should be read in its entirety. See "APPENDIX C — Form of Service and Assessment Plan."

## Assessment Methodology

The Service and Assessment Plan describes the special benefit to be received by each parcel of Assessed Property as a result of the South Zone Improvement Area #1 Authorized Improvements provides the basis and justification for the determination that such special benefit exceeds the Assessments being levied, and establishes the methodology by which the City allocates the special benefit of the South Zone Improvement Area #1 Authorized Improvements to parcels in a manner that results in equal shares of costs being apportioned to parcels similarly benefited. As described in the Service and Assessment Plan, a portion of the costs of the South Zone Improvement Area #1 Authorized Improvements are being funded with proceeds of the Bonds, which are payable from and secured by the Trust Estate consisting of the Pledged Revenues, including primarily the Assessments.

As set forth in the Service and Assessment Plan, the costs of the South Zone Improvements shall be allocated to the South Zone Improvement Area #1 and the South Zone Remainder Area based upon the ratio of the acreage of each area to the acreage of all areas. Currently, South Zone Improvement Area #1 is allocated 9.27% of the South Zone Improvements costs and the South Zone Remainder Area is allocated 90.73% of the South Zone Improvements costs. South Zone Improvement Area #1 and the South Zone Remainder Area's shares of the South Zone Improvements costs as shown in Exhibit B-3 to the Service and Assessment Plan.

The costs of the South Zone Improvement Area #1 Authorized Improvements shall be allocated to each Parcel within the South Zone Improvement Area #1 based on the ratio of the Estimated Buildout Value of each Parcel designated as South Zone Improvement Area #1 Assessed Property to the Estimated Buildout Value of all South Zone Improvement Area #1 Assessed Property. Currently, the South Zone Improvement Area #1 Initial Parcel is the only Parcel within the South Zone Improvement Area #1, and as such, the South Zone Improvement Area #1 Initial Parcel is allocated 100% of the South Zone Improvement Area #1 Authorized Improvements.

The City has determined that such method of allocation will result in the imposition of equal shares of the Assessments on Parcels similarly situated within the District. The Assessments and interest thereon are expected to be paid in Annual Installments as described above. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Developer, all other current owners of property within the District and all future owners and developers within the District. See "APPENDIX C — Form of Service and Assessment Plan."

The table below shows the estimated value to lien analysis in South Zone Improvement Area #1.

### **Estimated South Zone Improvement Area #1 Value to Lien Ratios\***

Lot Type	Number of Lots <sup>(1)</sup>	Base Lot Price <sup>(2)</sup>	Estimated Buildout Value per Lot <sup>(3)</sup>	Total Estimated Buildout Value <sup>(3)</sup>	Maximum Assessment Per Lot <sup>(3)(4)</sup>	Estimated Ratio of Value of Base Lot Price to Assessment	Estimated Ratio of Value of Home Price to Assessment
4 – 50'	73	\$ 81,000	\$370,000	\$27,010,000	\$21,908.30	3.70	16.89
5 – 60'	67	93,600	393,000	26,331,000	23,270.17	4.02	16.89
6 – 70'	15	105,000	415,000	6,225,000	24,572.83	4.27	16.89
<b>Total/Avg.</b>	<b>155</b>			<b>\$59,566,000</b>			

\* Preliminary; subject to change.

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

(2) Based on the actual base lot price from the South Zone Improvement Area #1 Lot Purchase Agreement. Values may differ from those shown in the Appraisal. See "THE DEVELOPMENT — Lot Purchase Agreements."

(3) Derived from information presented in the Service and Assessment Plan.

(4) Pursuant to the Service and Assessment Plan, the maximum Assessment (the "Maximum Assessment") that can be levied on a Lot within South Zone Improvement Area #1 is equal to the lesser of (i) the amount calculated pursuant to Section VI.A of the Service and Assessment Plan or (ii) the amount shown on Exhibit E to the Service and Assessment Plan, as shown in the table above. See "APPENDIX C — Form of Service and Assessment Plan." Preliminary; subject to change.

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## Collection and Enforcement of Assessment Amounts

Under the PID Act, the Annual Installments may be collected in the same manner and at the same time as regular ad valorem taxes of the City. The Assessments may be enforced by the City in the same manner that an ad valorem tax lien against real property is enforced. Delinquent installments of the Assessments incur interest, penalties, and attorney's fees in the same manner as delinquent ad valorem taxes. Under the PID Act, the Assessment Lien is a first and prior lien against the property assessed, superior to all other liens and claims except liens or claims for State, county, school district or 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 an updated Assessment Roll and a calculation of the Annual Installment for each Parcel. Assessments for Annual Collection Costs shall be allocated among all Parcels in proportion to the amount of the Annual Installments for the Parcels.

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

To the extent permitted by law, 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 Property.

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

The City 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 with funds on deposit in the Administrative Fund.

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

## **Assessment Amounts**

*Assessment Amounts.* The Maximum Assessment has been established by the methodology described in Section VI.A of, and shown in Exhibit E to, the Service and Assessment Plan. The Assessment Roll sets forth for each year the Annual Installment for each Parcel consisting of (i) the annual portion allocable to principal and interest on the Assessment for each Parcel, (ii) the Additional Interest and (iii) the component of the Annual Installment allocable to Annual Collection Costs. The Annual Installments may not exceed the amounts shown on the Assessment Roll. The Assessments will be levied against the Parcels comprising the Assessed Property as indicated on the Assessment Roll. See "APPENDIX C — Form of 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, and actual Annual Collection Costs (as provided for in the definition of such term).

*Method of Apportionment of Assessments.* For purposes of the Service and Assessment Plan, the City Council has determined that the Assessments shall initially be allocated entirely to the Assessed Property, which currently consists of the South Zone Improvement Area #1 Initial Parcel (as defined in the Service and Assessment Plan).

*Upon Division Prior to Recording of Subdivision Plat.* Upon the division of any Assessed Property without the recording of a subdivision plat, the PID Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the newly divided Assessed Properties according to the following formula:

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

Where the terms have the following meaning:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

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

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

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

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

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

D = the sum of the Estimated Buildout Value for all the newly subdivided Lots excluding

Non-Benefitted Property

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

The calculation of the Assessment of an Assessed Property shall be performed by the PID Administrator and confirmed by the City Council based on the Estimated Buildout Value of that Assessed Property, as provided by the Owners (as defined in the Service and Assessment Plan).

The sum of the Assessment 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



State law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in the next Annual Service Plan Update and approved by the City Council. The Assessment for any resulting Lot Type may not exceed the Maximum Assessment for such Lot Type. See “APPENDIX C — Form of Service and Assessment Plan.”

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

The following table reflects the estimated allocation of Assessments to be levied and collected.

**Estimated Allocation of Assessments in South Zone Improvement Area #1<sup>(1)</sup>**

Improvement Area		Number of Lots <sup>(2)</sup>	Maximum Assessment Per Lot <sup>(3)</sup>	Total Assessment <sup>(3)</sup>	Estimated Average Annual Installment per Lot <sup>(3)</sup>	Assessments Equivalent Tax Rate per \$100 Assessed Value <sup>(3)</sup>
1	4	73	\$21,908.30	\$1,599,306.15	\$1,999.58	\$0.5404
1	5	67	23,270.17	1,559,101.45	2,123.88	\$0.5404
1	6	15	24,572.83	368,592.40	2,242.78	\$0.5404
<b>Sub/Avg.</b>		<b>155</b>		<b>\$3,527,000.00</b>		<b>\$0.5404</b>

(1) Preliminary; subject to change. Derived from information in the Service and Assessment Plan. Totals may not add due to rounding.

(2) Based on the concept plan for the District.

(3) Pursuant to the Service and Assessment Plan, the Maximum Assessment that can be levied on a Lot in South Zone Improvement Area #1 is equal to the lesser of (i) the amount calculated pursuant to Section VI.A of the Service and Assessment Plan or (ii) the amount shown on Exhibit E to the Service and Assessment Plan. See “APPENDIX C — Form of Service and Assessment Plan.”

The Bonds are secured by a lien on and pledge of the Trust Estate consisting primarily of Pledged Revenues, including the Assessments. See “SECURITY FOR THE BONDS” and “APPENDIX C — Form of Service and Assessment Plan.”

## Prepayment of Assessments

Voluntary Prepayments. Pursuant to the PID Act and the Indenture, the owner of any Assessed Property 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.

Mandatory Prepayment. If an Assessed Property or a portion thereof is conveyed to a party that is exempt from payment of the Assessment under applicable law, or the owner causes a Lot, Parcel or portion thereof to become Non-Benefitted Property, the owner of such Lot, Parcel or portion thereof shall pay to the City, or cause to be paid to the City, the full amount of the Assessment, plus all Prepayment Costs and Delinquent Collection Costs for such Assessed Property, prior to any such conveyance or act, and no such conveyance shall be effective until the City receives such payment.

True-Up of Assessments if Maximum Assessment Exceeded at Plat. Prior to the City approving a final subdivision plat, the PID Administrator will certify that such plat will not result in the Assessment per Lot for any Lot Type to exceed the Maximum Assessment. If the PID Administrator determines that the resulting Assessment per Lot for any Lot Type will exceed the Maximum Assessment for that Lot Type, then (1) the Assessment applicable to each Lot Type shall each be reduced to the Maximum Assessment, and (2) the person or entity filing the plat shall pay to the City, or cause to be paid to the City, the amount the Assessment was reduced, plus Prepayment Costs and Delinquent Collection Costs, if any, prior to the City approving the final plat. The City’s approval of a plat without payment of such amounts does not eliminate the obligation of the person or entity filing the plat to pay such amounts. At no time shall the aggregate Assessments for any Lot exceed the Maximum Assessment. See “ASSESSMENT PROCEDURES — Assessment Methodology – Estimated South Zone Improvement Area #1 Value to Lien Ratios” and “APPENDIX C — Form of Service and Assessment Plan.”

Prepayment as a Result of an Eminent Domain Proceeding or Taking. Subject to applicable law, if any portion of any Parcel of Assessed Property is taken from an owner as a result of eminent domain proceedings or if a transfer of any portion of any Parcel of Assessed Property is made to an entity with the authority to condemn all or a portion of the Assessed Property in lieu of or as a part of an eminent domain proceeding (a “Taking”), the portion of the Assessed Property that was taken or transferred (the “Taken Property”) shall be reclassified as Non-Benefitted Property.

For the Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Assessed Property (the Assessed Property less the Taken Property) (the “Remaining Property”), following the reclassification of the Taken Property as Non-Benefitted Property, subject to an adjustment of the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. The owner of the Remaining Property will remain liable to pay, pursuant to the terms of the Service and Assessment Plan, as updated, and the PID Act, the Assessment that remains due on the Remaining Property, subject to an adjustment in the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. Notwithstanding the foregoing, if the Assessment that remains due on the Remaining Property exceeds the applicable Maximum Assessment, the owner of the Remaining Property will be required to make a Prepayment in an amount necessary to ensure that the Assessment against the Remaining Property does not exceed such Maximum Assessment, in which case the Assessment applicable to the Remaining Property will be reduced by the amount of the partial Prepayment. If the City receives all or a portion of the eminent domain proceeds (or payment made in an agreed sale in lieu of condemnation), such amount shall be credited against the amount of Prepayment, with any remainder credited against the Assessment on the Remaining Property.

In all instances the Assessment remaining on the Remaining Property shall not exceed the applicable Maximum Assessment.

Notwithstanding the previous paragraphs in this subsection, if the owner of the Remaining Property notifies the City and the PID Administrator that the Taking prevents the Remaining Property from being developed for any use which could support the Estimated Buildout Value requirement, the owner shall, upon receipt of the compensation for the Taken Property, be required to prepay the amount of the Assessment required to buy down the outstanding Assessment to the applicable Maximum Assessment on the Remaining Property to support the Estimated Buildout Value requirement. The owner will remain liable to pay the Assessment on both the Taken Property and the Remaining Property until such time that such Assessment has been prepaid in full.

Notwithstanding the previous paragraphs in this subsection, the Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding Bonds.

Reduction of Assessments. If, as a result of cost savings or the failure to construct all or a portion of an Authorized Improvement, the Costs of completed Authorized Improvements are less than the Assessments, the Trustee shall apply amounts on deposit in the Project Fund that are not expected to be used for purposes of the Project Fund to redeem outstanding Bonds. Excess Bond proceeds shall be applied to redeem outstanding Bonds.

### **Priority of Lien**

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

### **Foreclosure Proceedings**

In the event of delinquency in the payment of any Annual Installment, except for unpaid Assessments on homestead property (unless the lien associated with the Assessment attached prior to the date the property became a homestead), the City is empowered to order institution of an action in State district court to foreclose the lien of such

delinquent Annual Installment. In such action the real property subject to the delinquent Annual Installments may be sold at judicial foreclosure sale for the amount of such delinquent Annual Installments, plus penalties and interest.

Any sale of property for nonpayment of an installment or installments of an Assessment will be subject to the lien established for remaining unpaid installments of the Assessment against such property and such property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent installments of the Assessments against such property as they become due and payable. Judicial foreclosure proceedings are not mandatory. In the event a foreclosure is necessary, there could be a delay in payments to owners of the Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and in such event there could be an additional delay in payment of the principal of and interest on the Bonds or such payment may not be made in full. The City is not required under any circumstance to purchase or make payment for the purchase of the delinquent Assessment on the corresponding Assessed Property.

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

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 “APPENDIX B — Form of Indenture” and “APPENDIX C — Form of Service and Assessment Plan.”

## **THE CITY**

### **Background**

The City is primarily located in the northeast corner of Rockwall County, with portions in Hunt and Collin Counties, and sits approximately 35 miles northeast of Dallas. Access to the City is provided by Interstate 30. The City covers approximately 20.35 square miles. The City’s 2020 census population was 13,508. The City’s current population estimate is 19,984.

### **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 operates under a Council/Manager form of government with a City Council comprised of the Mayor and six City Council members who are elected at-large for staggered two-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 and the principal administrators of the City are shown on page i hereof. General information regarding the City and the surrounding area can be found in “APPENDIX A — General Information Regarding the City and Surrounding Area.”

## **THE DISTRICT**

### **General**

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for certain improvements. The District includes approximately 560.213 contiguous acres and lies entirely within the corporate limits of the City. The District was created by Resolution of the City adopted on October 24, 2023, in

accordance with the PID Act (the “Creation Resolution”) for the purpose of undertaking and financing the cost of certain public improvements within the District, including the South Zone Improvement Area #1 Authorized Improvements, authorized by the PID Act and approved by the City Council that confer a special benefit on the District property. The District is not a separate political subdivision of the State and is administered by the City Council. A map of the property within the District is included on page iv hereof.

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

Pursuant to the PID Act, the City may establish and create the District and undertake, or reimburse a developer for the costs of, improvement projects that confer a special benefit on property located within the District, including South Zone Improvement Area #1, whether located within the corporate limits of the City. The PID Act provides that the City may levy and collect Assessments on property in South Zone Improvement Area #1, or portions thereof, payable in full or in periodic installments based on the benefit conferred by an improvement project to pay all or part of its cost.

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake, or reimburse a developer for the costs of, the financing, acquisition, construction, or improvement of the South Zone Improvement Area #1 Authorized Improvements. See “THE SOUTH ZONE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS.” Pursuant to the authority granted by the PID Act and the Creation Resolution, the City has determined to undertake the construction, acquisition or purchase of certain streets, water, sewer, and drainage improvements within South Zone Improvement Area #1 comprising the South Zone Improvement Area #1 Projects and to finance a portion of the costs thereof through the issuance of the Bonds. The City has further determined to provide for the payment of debt service on the Bonds through the Pledged Revenues. See “ASSESSMENT PROCEDURES” and “APPENDIX C — Form of Service and Assessment Plan.”

### **Utilities**

The City will provide both water and wastewater service to the Development. The City contracts with the North Texas Municipal Water District (“NTMWD”) to meet the City’s water supply and sewage treatment and disposal needs. The City also owns various facilities including storage and pump facilities, water distribution and sewage collection lines, meters, valves, and other facilities necessary to provide water and sewer service to its customers. The City then charges its customers such rates that are sufficient to pay the City’s obligations to NTMWD and to pay for the maintenance, operation, and improvement of the City’s water and sewer facilities. Upon final plat of South Zone Improvement Area #1, the City will have sufficient capacity to provide water and sewer service to South Zone Improvement Area #1.

Pursuant to the Capital Improvements Agreement, the Development Manager is responsible for the design, installation, and construction of all water and wastewater improvements necessary to serve the District, as well as all necessary “Oversized Public Infrastructure” to provide service to land outside of the District that may be required by the City pursuant to the Capital Improvements Agreement. The City will reimburse the Development Manager with cash or like-kind, dollar for dollar, impact fee credits for costs incurred for the design and construction of such infrastructure. See “THE DEVELOPMENT — Capital Improvements Agreement” and “— Utilities” and “BONDHOLDERS’ RISKS — Availability of Utilities.”

## **THE SOUTH ZONE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS**

### **General**

The South Zone Improvement Area #1 Authorized Improvements consist of the (i) the South Zone Improvement Area #1 Projects; (ii) the first year’s Annual Collection Costs related to the Bonds; and (iii) Bond Issuance Costs incurred in connection with the issuance of the Bonds. A portion of the costs the South Zone Improvement Area #1 Authorized Improvements will be funded with proceeds of the Bonds. The balance of the costs of the South Zone Improvement Area #1 Authorized Improvements will be paid by the Developer under the terms of the Capital Improvements Agreement and the Service and Assessment Plan without reimbursement by the City. See “APPENDIX C — Form of Service and Assessment Plan.”

## **South Zone Improvement Area #1 Authorized Improvements**

### **South Zone Improvements.**

**Street and Bridges.** Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, and streetlights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included. Related storm drainage improvements, including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage, are included.

**Water.** Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide water service to all Lots within the South Zone.

**Soft Costs.** Costs related to designing, constructing, and installing the South Zone Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, legal fees, and consultant fees.

### **South Zone Improvement Area #1 Improvements.**

**Street.** Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, and streetlights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included. The street improvements will provide benefit to each Lot within South Zone Improvement Area #1.

**Water.** Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide water service per the City's standards to all Lots within South Zone Improvement Area #1.

**Sewer.** Improvements including trench excavation and embedment, trench safety, PVC piping, ductile iron encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service per the City's standards to all Lots within South Zone Improvement Area #1.

**Drainage.** Improvements including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage per the City's standards for all Lots within South Zone Improvement Area #1.

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

### **Bond Issuance Costs.**

**Debt Service Reserve Fund.** Equals the amount to be deposited in the Reserve Account of the Debt Service Reserve Fund under the Indenture in connection with the issuance of the Bonds.

**Underwriter's Discount.** Equals a percentage of the par amount of the Bonds related to the costs of underwriting the Bonds, including underwriter's counsel fee.

**Cost of Issuance.** Includes costs of issuing the Bonds, including but not limited to issuer fees, attorney's fees, financial advisory fees, consultant fees, initial trustee fee, appraisal fees, printing costs, publication costs, City's costs, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of the Bonds.

### **Other Costs.**

**Deposit to Administrative Fund.** Equals the amount necessary to fund the first year's Annual Collection Costs for the Bonds.

## Costs of the South Zone Improvement Area #1 Authorized Improvements

The following table reflects the expected total costs of the South Zone Improvement Area #1 Authorized Improvements.

### **Expected Costs of South Zone Improvement Area #1 Authorized Improvements<sup>(1)</sup>**

South Zone Improvement Area #1 Authorized Improvements	Total Expected Costs of South Zone Improvement Area #1 Authorized Improvements
<b>South Zone Improvements<sup>(2)</sup></b>	
Street and Bridges	\$1,235,642
Water	87,451
Soft Costs	291,080
<i>Subtotal</i>	<i>\$1,614,173</i>
<b>South Zone Improvement Area #1 Improvements</b>	
Street	\$1,585,940
Water	791,117
Sewer	1,150,784
Drainage	1,041,612
Soft Costs	1,005,280
<i>Subtotal</i>	<i>\$5,574,733</i>
<b>Initial Administrative Fund Deposit</b>	\$ 40,000
<b>Bond Issuance Costs</b>	
Debt Service Reserve	\$ 256,800
Underwriter's Discount	105,810
Costs of Issuance	229,255
<i>Subtotal</i>	<i>\$ 591,865</i>
<b>Total<sup>(3)</sup></b>	<b>\$7,820,770</b>

<sup>(1)</sup> Derived from information in the Service and Assessment Plan. Preliminary; subject to change.

<sup>(2)</sup> Represents South Zone Improvement Area #1's allocable share of the South Zone Improvements. See Exhibit B-3 to "APPENDIX C — Form of Service and Assessment Plan."

<sup>(3)</sup> Totals may not add due to rounding.

The total costs of all of the South Zone Improvement Area #1 Authorized Improvements are expected to be approximately \$7,820,770\*. Only a portion of the costs of the South Zone Improvement Area #1 Authorized Improvements, in the approximate amount of \$3,527,000\*, are expected to be paid with proceeds of the Bonds. The balance of the costs of the South Zone Improvement Area #1 Authorized Improvements, in the total approximate amount of \$4,293,770\*, have been or will be financed by the Developer and will not be reimbursed by the City. As of June 30, 2024, the Developer has spent approximately \$7,108,000 on constructing the South Zone Improvement Area #1 Projects, including approximately \$4,000,000 on the South Zone Improvement Area #1 Improvements.

## Ownership and Maintenance of the South Zone Improvement Area #1 Projects

The South Zone Improvement Area #1 Projects will be dedicated to and accepted by the City and will constitute a portion of the City's infrastructure improvements. The City will provide for the ongoing maintenance and repair of the South Zone Improvement Area #1 Projects once constructed and conveyed to and accepted by the City, as outlined in the Service and Assessment Plan.

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\* Preliminary; subject to change.

## THE DEVELOPMENT

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

### Overview

The Development is an approximately 574-acre master planned community project located south of Interstate Highway 30 off of FM 1777 and near Highway 66. Currently, access to the Development is provided from one entry/exit on FM 1777. It is anticipated a second entry/exit point will be constructed on FM 1777, as well as increased ingress and egress points as development continues, including two connection points on CR 677 and one to State Highway 66 via a new collector road. The Developer will also build out CR 940 to intersect the new collector and provide additional connection points to FM 1777 and State Highway 66. The City, located in the northeast region of the Dallas-Fort Worth-Arlington, Texas Metropolitan Statistical Area (the “DFW MSA”), is poised for growth as the overall DFW MSA continues its growth trajectory. The Development is entirely within the corporate limits of the City.

### Development Plan

Land Ownership. S2 Land Development, the Development Manager, acquired three contiguous tracts of land as follows: approximately 122.794 acres on March 27, 2023; approximately 406.639 acres on May 1, 2023; and approximately 44.270 acres on June 20, 2023. These contiguous tracts of land were combined to create approximately 574 acres making up the Development. Of the 574 acres in the Development, 13.878 acres of land, designated as commercial use, are not included within the District. On or about August 2, 2023, the Development Manager transferred approximately 36.29 acres of land, South Zone Improvement Area #1, to the Developer, an affiliate of the Development Manager. The remaining approximately 6.1 acres located within South Zone Improvement Area #1 remained owned by S2 Land, but will be platted and conveyed to the HOA. The remaining approximately 414.868 acres located within the South Zone of the District, the South Zone Remainder Area, is currently owned by S2 Land, an affiliate of the Development Manager. It is anticipated that the Developer will purchase sections of land from S2 Land as development in the South Zone continues. On or about May 15, 2023, the Development Manager sold approximately 100.586 acres, the North Zone, within the District to the North Zone Developer, Qualico.

Zone Development. The Development is expected to be developed in nine phases. Two of the nine phases will be in the North Zone, and the remaining seven phases will be in the South Zone. The land in the North Zone will be owned and developed by Qualico. The North Zone will include: North Zone Improvement Area #1-A, North Zone Improvement Area #1-B, and the North Zone Remainder Area (all as defined in the Service and Assessment Plan and depicted on the map on page v).

The South Zone will consist of South Zone Improvement Area #1 and the South Zone Remainder Area. The land in South Zone Improvement Area #1 is currently owned, and anticipated to be developed by, the Developer. It is anticipated that the Development Manager will continue to act as a development manager for each future phase in the South Zone.

Development in the District began with the construction of the South Zone Improvement Area #1 Projects. Construction of the South Zone Improvement Area #1 Projects began in July of 2023 and is expected to be complete in September of 2024.

Development in the District will continue with the construction of the North Zone Improvement Area #1-A Projects. Construction of the North Zone Improvement Area #1-A Projects began in November of 2023 and is expected to be complete by March of 2025. Development of the District is expected to continue in phases until all nine phases are complete, which is expected to occur by January of 2031.

The Developer and Development Manager entered into the Development Services Agreement, pursuant to which the Development Manager provides development and construction management services on behalf of the Developer. As of June 30, 2024, the Developer has spent approximately \$7,108,000 on constructing the South Zone Improvement Area #1 Projects, including approximately \$4,000,000 on the South Zone Improvement Area #1 Improvements.



The Developer and/or its affiliates also own the North Zone Commercial Property, which consist of approximately 13.878 acres of land adjacent to the District. The North Zone Commercial Property is not included within the boundaries of the District, but will benefit from the North Zone Major Improvements, the costs of which have been allocated to the North Zone Commercial Property, accordingly. See “ASSESSMENT PROCEDURES — Assessment Methodology” and “APPENDIX C — Form of Service and Assessment Plan.”

*Single-Family Lot Development.* The Development is planned to include approximately 1,608 single-family residential lots, consisting of the following residential product types: 22’ lots, which are currently anticipated to consist of attached townhomes, 50’ lots, 60’ lots, and 70’ lots, which will consist of detached single-family homes. South Zone Improvement Area #1 is approximately 42.404 acres and is expected to include 155 single-family lots, consisting of 73 50’ lots, 67 60’ lots, and 15 70’ lots. The following table shows the expected number and type of lots within each Improvement Area of the District.

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The Developer's current expectations regarding buildout of the entire District and sale of lots therein are shown in the following table.

**Expected Buildout of Single-Family Lots within the Development<sup>(1)</sup>**

Improvement Area	Lot Size <sup>(2)</sup>	Number of Lots	Actual/Expected Infrastructure Completion Date	Expected Initial Sale Date of Single-Family Lots to Homebuilders <sup>(3)</sup>	Expected Final Sale Date of Single-Family Lots to Homebuilders <sup>(3)</sup>	Expected Initial Sale Date of Single-Family Lots to Homeowners
South Zone – 1	50'x120'	52	09/30/2024	09/30/2024	01/31/2025	02/28/2025
South Zone – 1	50'x135'	21	09/30/2024	09/30/2024	01/31/2025	02/28/2025
South Zone – 1	60'x120'	26	09/30/2024	09/30/2024	01/31/2025	02/28/2025
South Zone – 1	60'x135'	41	09/30/2024	09/30/2024	01/31/2025	02/28/2025
South Zone – 1	70'x120'	5	09/30/2024	09/30/2024	01/31/2025	02/28/2025
South Zone – 1	70'x135'	10	09/30/2024	09/30/2024	01/31/2025	02/28/2025
North Zone – 1-A	50'x120'	13	03/31/2025	03/31/2025	03/31/2026	08/31/2025
North Zone – 1-A	50'x135'	2	03/31/2025	03/31/2025	03/31/2026	08/31/2025
North Zone – 1-A	60'x120'	16	03/31/2025	03/31/2025	03/31/2026	08/31/2025
North Zone – 1-A	60'x135'	14	03/31/2025	03/31/2025	03/31/2026	08/31/2025
North Zone – 1-A	70'x135'	5	03/31/2025	03/31/2025	03/31/2026	08/31/2025
North Zone – 1-B	50'x120'	61	03/31/2025	03/31/2025	03/31/2026	08/31/2025
North Zone – 1-B	50'x135'	27	03/31/2025	03/31/2025	03/31/2026	08/31/2025
North Zone – 1-B	60'x120'	24	03/31/2025	03/31/2025	03/31/2026	08/31/2025
North Zone – 1-B	60'x135'	30	03/31/2025	03/31/2025	03/31/2026	08/31/2025
North Zone – 1-B	70'x135'	7	03/31/2025	03/31/2025	03/31/2026	08/31/2025
South Zone - 2	50'x120'	73	11/30/2025	11/30/2025	11/30/2026	06/30/2026
South Zone – 2	50'x135'	51	11/30/2025	11/30/2025	11/30/2026	06/30/2026
South Zone – 2	60'x120'	38	11/30/2025	11/30/2025	11/30/2026	06/30/2026
South Zone - 2	60'x135'	33	11/30/2025	11/30/2025	11/30/2026	06/30/2026
South Zone - 2	70'x120'	9	11/30/2025	11/30/2025	11/30/2026	06/30/2026
South Zone - 2	70'x135'	8	11/30/2025	11/30/2025	11/30/2026	06/30/2026
North Zone – 2	50'x120'	34	07/31/2026	07/31/2026	07/31/2027	01/31/2027
North Zone – 2	50'x135'	76	07/31/2026	07/31/2026	07/31/2027	01/31/2027
North Zone – 2	60'x120'	15	07/31/2026	07/31/2026	07/31/2027	01/31/2027
North Zone – 2	60'x135'	94	07/31/2026	07/31/2026	07/31/2027	01/31/2027
North Zone – 2	70'x120'	1	07/31/2026	07/31/2026	07/31/2027	01/31/2027
North Zone – 2	70'x135'	9	07/31/2026	07/31/2026	07/31/2027	01/31/2027
South Zone – 3	50'x120'	55	01/31/2027	01/31/2027	01/31/2028	07/31/2027
South Zone – 3	50'x135'	31	01/31/2027	01/31/2027	01/31/2028	07/31/2027
South Zone – 3	60'x120'	38	01/31/2027	01/31/2027	01/31/2028	07/31/2027
South Zone – 3	60'x135'	19	01/31/2027	01/31/2027	01/31/2028	07/31/2027
South Zone – 3	70'x120'	7	01/31/2027	01/31/2027	01/31/2028	07/31/2027
South Zone – 3	70'x135'	3	01/31/2027	01/31/2027	01/31/2028	07/31/2027
South Zone – 4	50'x120'	45	03/31/2028	03/31/2028	03/31/2029	09/30/2028
South Zone – 4	50'x135'	36	03/31/2028	03/31/2028	03/31/2029	09/30/2028
South Zone – 4	60'x120'	20	03/31/2028	03/31/2028	03/31/2029	09/30/2028
South Zone – 4	60'x135'	48	03/31/2028	03/31/2028	03/31/2029	09/30/2028
South Zone – 4	70'x120'	4	03/31/2028	03/31/2028	03/31/2029	09/30/2028
South Zone – 5	50'x120'	34	05/31/2029	05/31/2029	05/31/2030	11/30/2029
South Zone – 5	50'x135'	29	05/31/2029	05/31/2029	05/31/2030	11/30/2029
South Zone – 5	60'x120'	32	05/31/2029	05/31/2029	05/31/2030	11/30/2029
South Zone – 5	60'x135'	72	05/31/2029	05/31/2029	05/31/2030	11/30/2029
South Zone – 5	70'x120'	11	05/31/2029	05/31/2029	05/31/2030	11/30/2029
South Zone – 5	70'x135'	11	05/31/2029	05/31/2029	05/31/2030	11/30/2029
South Zone - 6&7	22"TH	~318	07/31/2030	07/31/2030	07/31/2031	12/31/2030
<b>Total</b>		<b>~1,608</b>				

<sup>(1)</sup> These projections regarding final buildout and final sale dates were provided by the Developer. Expected buildout and final sale date projections in the Appraisal may vary. There are no assurances that development in the District will proceed as expected.

<sup>(2)</sup> The Service and Assessment Plan notes that the 50' lots in South Zone Improvement Area #1 are Lot Type 4, the 60' lots in South Zone Improvement Area #1 are Lot Type 5, 70' lots in South Zone Improvement Area #1 are Lot Type 6.

<sup>(3)</sup> The North Zone Developer anticipates selling lots in the North Zone to Pacesetter Homes, an affiliate of the North Zone Developer, and potential other homebuilders.

## Lot Purchase Agreements

**South Zone Improvement Area #1 Lot Purchase Agreement.** South Zone Improvement Area #1 contains approximately 42.404 acres and is expected to include 155 single-family lots, consisting of 73 50' lots, 67 60' lots, and 15 70' lots. The Developer has entered into the South Zone Improvement Area #1 Lot Purchase Agreement with DR Horton, in which DR Horton agreed to purchase all 155 lots in South Zone Improvement Area #1. The South Zone Improvement Area #1 Lot Purchase Agreement provides an initial closing (the "Initial Closing") no later than 15 days from substantial completion ("Substantial Completion"), at such time DR Horton will purchase 77 lots. On or before four months after the date of the Initial Closing, DR Horton will purchase the remaining 76 lots.

DR Horton has deposited earnest money in the amount of \$2,611,791. At each closing of the lots, DR Horton will receive back a pro-rata credit of the earnest money on deposit. There are circumstances described in the South Zone Improvement Area #1 Lot Purchase Agreement, the existence of which may result in the termination of the South Zone Improvement Area #1 Lot Purchase Agreement. Pursuant to the South Zone Improvement Area #1 Lot Purchase Agreement, the Developer agreed to use good faith efforts to achieve Substantial Completion by September 29, 2024; provided, however, that if Substantial Completion has not been achieved by January 31, 2025 (the "Outside Completion Date"), DR Horton may either extend the Outside Completion Date for one or more periods not exceeding, in aggregate two years or terminate the South Zone Improvement Area #1 Lot Purchase Agreement, upon which the earnest money shall be returned to DR Horton. The anticipated schedule for sale of single-family lots to DR Horton by lot type in South Zone Improvement Area #1, pursuant to the South Zone Improvement Area #1 Lot Purchase Agreement, is shown in the following tables.

**Expected Sale of Single-Family Lots to Homebuilders by  
Lot Type in South Zone Improvement Area #1<sup>(1)</sup>**

Expected Sale Date	50' Lot	60' Lot	70' Lot	Total Lots
2024	36	33	8	77
2025	37	32	7	76
<b>Total</b>	<b>73</b>	<b>65</b>	<b>15</b>	<b>153</b>

<sup>(1)</sup> Absorption projections in the Appraisal may vary. Excludes two 60' lots for potential future model lots.

The anticipated schedule for sale of single-family homes to homeowners by Lot Type within South Zone Improvement Area #1 is shown in the following tables.

**Expected Sale of Single-Family Homes to Homeowners by  
Lot Type in South Zone Improvement Area #1<sup>(1)</sup>**

Expected Sale Date	50' Lot	60' Lot	70' Lot	Total Lots
2025	36	33	8	77
2026	37	32	7	76
<b>Total</b>	<b>73</b>	<b>65</b>	<b>15</b>	<b>153</b>

<sup>(1)</sup> Absorption projections in the Appraisal may vary. Numbers provided by the Developer are estimates and subject to change. The Developer is not a homebuilder within the District and such numbers are subject to the homebuilder's takedown schedule. Excludes two 60' lots for potential future model lots.

**Actual/Estimated Lot and Home Prices.** The Developer's current expectations regarding base lot and home prices in South Zone Improvement Area #1 are as follows:

**Estimated Single-Family Lot and Home Prices in South Zone Improvement Area #1**

Improvement Area	Lot Size	Quantity	Estimated Average Base Lot Price <sup>(1)</sup>	Estimated Base Home Price <sup>(2)</sup>
South Zone 1	50'x120'	52	\$ 81,000	\$370,000
South Zone 1	50'x135'	21	81,000	370,000
South Zone 1	60'x120'	26	93,600	393,000
South Zone 1	60'x135'	41	93,600	393,000
South Zone 1	70'x120'	5	105,000	415,000
South Zone 1	70'x135'	10	105,000	415,000
<b>Total</b>		<b>155</b>		

<sup>(1)</sup> Estimated base lot prices for South Zone Improvement Area #1 are based on the actual base lot prices in the South Zone Improvement Area #1 Lot Purchase Agreement.

<sup>(2)</sup> Estimated base home prices have been provided by the Developer.

## **Capital Improvements Agreement**

The Development Manager and the City entered into an Agreement for Capital Improvements effective March 31, 2024 (the “Capital Improvements Agreement”) pursuant to which the Development Manager agreed to the Authorized Improvements benefitting the District and the City agreed to finance the costs of the Authorized Improvements through the creation of the District and the levy of the assessments or the issuance of PID Bonds. Notwithstanding anything to the contrary in the Capital Improvements Agreement, the City will not issue bonds until the Development Manager provides reasonably satisfactory evidence to the City (whether in the form of an escrow deposit, line of credit, lender set aside letter, or other form reasonable acceptable to the City) that the Development Manager has sufficient funds available finance the portion of the Authorized Improvements not financed by the proceeds of PID Bonds.

Pursuant to the Capital Improvements Agreement, the Development Manager is responsible for the design, installation, and construction of all water and wastewater improvements necessary to serve the District, as well as all necessary “Oversized Public Infrastructure” to provide service to land outside of the District that may be required by the City pursuant to the Capital Improvements Agreement. The City will reimburse the Development Manager with cash or like-kind, dollar for dollar, impact fee credits for costs incurred for the design and construction of such infrastructure.

## **Development Services Agreement**

The Developer and the Development Manager entered into the Development Services Agreement pursuant to which the Development Manager provides development and construction management services on behalf of the Developer and the Developer agrees to pay the Development Manager a development fee on a per lot basis and to reimburse the Development Manager for costs and expense incurred by the Development Manager.

## **Additional Improvements – Park Improvements, Amenities, and Private Improvements**

Pursuant to the PD Ordinance (as defined herein) and the Capital Improvements Agreement, the Development Manager agreed to dedicate certain lands for trails and/or parks (the “Parkland”) to the City and to construct all “Park Improvements,” including trails, trailways, and trailheads, and open space improvements, including a minimum of four pocket parks, one including a splash pad. The Developer has further agreed to construct the “Amenities,” expected to consist of, among other things, an approximately 6,000+ square foot amenity center (the “Amenity Center”), on a two-acre amenity center site, including a 4,500+ square foot pool, shade structure, building with air conditioned space and restrooms, sports court, sand volleyball court, playground, and greenspace. The Development Manager also expects to construct a main entry feature, a secondary entry feature, masonry screening walls, certain earthwork, retaining walls, streets, drainage, and other similar miscellaneous improvements within the District (the “Private Improvements”).

The Park Improvements expected to be in South Zone Improvement Area #1 include a pocket park and a portion of the trail system. Construction of the Park Improvements expected to be in South Zone Improvement Area #1 began on July 1, 2024 and are expected to be completed by January 31, 2025. The Developer expects construction of the Amenity Center, which will be located in the South Zone Remainder Area, and the remaining Park Improvements to be complete in the second annual quarter of 2030. The Park Improvements will be owned by the City and maintained by the HOA. The Amenity Center and other Private Improvements will be owned and maintained by the HOA.

The Developer anticipates that the Amenity Center will cost approximately \$3,900,000, the pocket parks will cost, in total, approximately \$2,200,000, the main entry will cost approximately \$450,000 and the Private Improvements will cost approximately \$5,810,000 (as set forth in the Service and Assessment Plan), all of which will be funded by the Developer without reimbursement by the City, but with amenity fees being owed with each lot purchased by a homebuilder to offset a portion of the costs of the Park Improvements. As of June 30, 2024, the Developer has spent approximately \$150,000 on Park Improvements.

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## Photographs of the Development

The following photographs shows aerial views of South Zone Improvement Area #1 of the District.







## **Zoning/Permitting**

The District is currently zoned under a planned development ordinance (the “PD Ordinance.”) The PD Ordinance allows certain residential uses and establishes guidelines pertaining to purpose, height, area, and setbacks. Because the District lies within the corporate limits of the City, the City’s zoning and subdivision regulations control the aspects of development not specifically set forth in the PD Ordinance.

## **Education**

The Development is served by Royse City ISD. Royse City ISD encompasses 74.48 square miles and claims a tri-county boundary: Rockwall, Collin, and Hunt Counties. Royse City ISD operates one early childhood learning center, seven elementary schools, two middle schools and one high school. Davis Elementary School, which is approximately 2.5 miles from the District, Ouida Bailey Middle School, which is approximately 3.3 miles from the District, and Royse City High School, which is approximately 6.2 miles from the District, are expected to serve residents in the District.

Additionally, pursuant to the Capital Improvements Agreement, Royse City ISD has the option to purchase land in the District for a school site. As of June 30, 2024, no plans or discussions have occurred relating to the purchase of this land; however, Royse City ISD has four years from the completion of public infrastructure to serve the designated site to exercise this option.

GreatSchools.org rated Davis Elementary School as a 7-out-of-10 and Royse City High School as a 4-out-of-10. Ouida Bailey Middle School was not rated on GreatSchools.org. According to the Texas Education Agency 2021-2022 annual school report cards, Davis Elementary School was rated as “A,” Ouida Bailey Middle School was rated as “C,” and Royse City High School was rated as “B.” The 2022-2023 annual report cards are not yet available. The categories for public school districts and public schools are A, B, C, D or Not Rated.

## **Environmental**

*Site Evaluation.* A Phase One Environmental Site Assessment of the property within the District (the “Phase One ESA”) was completed on January 19, 2023. The Phase One ESA noted two “Recognized Environmental Conditions” relating to “rock piles” and “soil mounds.” Based on these findings, a Phase Two Environmental Site Assessment of the property within the District (the “Phase Two ESA”) was completed on May 15, 2023. The Phase Two ESA noted, upon further investigation of the “rock piles” and “soil mounds,” the areas “did not appear to be affected by chemicals of concern at concentrations exceeding applicable TRRP Action Levels or risk-based screening criteria.” Accordingly, it was concluded that no further investigation or action was warranted.

*Endangered Species.* According to the website for the Texas Parks & Wildlife, the whooping crane is an endangered species in Collin County. The Developer is not aware of any endangered species located on District property.

## **Mineral Rights and Easements**

*Mineral Rights.* The Developer owns all mineral and groundwater rights to the property within the District, save and except for approximately 43.80 acres within the District (the “Douglas Tract”). While the Developer does not own the mineral rights under the Douglas Tract, all surface rights have been removed. The Developer has provided that there are no wells within the District and that no exploration or production of oil, gas, or other mineral or groundwater is occurring, or is expected to occur within the District. The Developer has further provided that it is not aware of any exploration or production of oil, gas, or other mineral or groundwater on property adjacent to the District.

The Developer has no present expectation to exercise its right to explore mineral rights or related real property rights in or around the District. The Developer does not expect any exploration or production of oil, gas, or other mineral or groundwater on property adjacent to the District, if any, to have a material adverse effect on the Development, the property within the District, or the ability of landowners within South Zone Improvement Area #1 of the District to pay Assessments, the Developer makes no guarantee as to such expectation. See “BONDHOLDERS’ RISKS — Exercise of Mineral Rights.”



**Easements.** The land within the District is encumbered by various easements, including an electric utility easement, a sanitary sewer easement, a 50' gas line easement, and a 100' gas line easement. The sanitary sewer easement and the 100' gas line easement are located in areas designated as open space. The 50' gas line easement runs behind a section of lots in North Zone Improvement Area #1-A.

## **Utilities**

**Water and Wastewater.** The City will provide both water and wastewater service to the Development. The City contracts with the NTMWD to meet the City's water supply and sewage treatment and disposal needs. See "THE DISTRICT — Utilities."

**Additional Utilities.** The Developer anticipates additional utilities to be provided by: (1) Telecom – AT&T and SuddenLink/Optimum; (2) Electric – Farmer's Electric; and (3) Natural Gas – SiEnergy.

## **THE DEVELOPER**

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

## **General**

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

## **Description of the Developer**

Clearview Ranch Land, LLC, referred to herein as the "Developer," is a Texas limited liability company, and an affiliate of S2 Land Development, LLC, referred to herein as the "Development Manager." The Developer and the Development Manager are solely owned by Tamara Spicer. The Developer was created for the purpose of acquiring and developing the property in the District as development progresses, beginning with South Zone Improvement Area #1. The Developer is a nominally capitalized limited liability company, the primary asset of which is unsold property within South Zone Improvement Area #1 of the District. The Developer will have no source of funds with which to pay Assessments or taxes levied by the City or any other taxing entity other than funds resulting from the sale of property within South Zone Improvement Area #1 of the District and funds provided by the Development Manager. The Developer's ability to make full and timely payments of Assessments or taxes will directly affect the City's ability to meet its obligation to make payments on the Bonds. See "BONDHOLDERS' RISKS — Dependence Upon Developer."

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## Description of Past and Current Projects of Development Manager

The following is a brief sampling of past and current development projects of the Development Manager and its related entities.

Name	Location	Description	Completion
Magnolia Phase 10	Josephine, TX	330 Lots, 40' product	June 14, 2023
Sweetwater Springs Phase 2	Sherman, TX	234 Lots, 48' product	October 31, 2024 (estimate)
Clearview Ranch Phase 1	Royse City, TX	115 Lots, 50/60/70' products	August 31, 2024 (estimate)
Arbor Trails Phase I	Princeton, TX	261 Lots, 30' product	July 31, 2024 (estimate)
Arbor Trails South	Princeton, TX	272 Lots, 28' product	June 30, 2025 (estimate)
Prairie Lakes Phase 3	Kyle, TX	226 Lots, 40/50/60' products	January 31, 2025 (estimate)
Elevon Phase 4	Lavon, TX	270 Lots, 40/50' products	July 31, 2026 (estimate)

## Executive Biography of Principals of the Developer

Tamara Spicer, PE. Ms. Spicer is cofounder and owner of the Developer and Development Manager. She holds a Bachelor of Science in Civil Engineering from West Point, United States Military Academy. She is the owner of Strand Architecture and Engineering a full-service architecture and engineering company offering services in architecture, engineering, single family architecture and structural services, civil engineering, landscape architecture, survey, as well as other services. Ms. Spicer is the CEO of the Development Manager and heavily involved in strategic business planning, acquisitions, entitlement negotiations, construction, and lot sales.

Justin Christ, PE. Mr. Christ is cofounder of the Developer and the Development Manager. He holds a Bachelor of Science in Civil Engineering from Purdue University. Mr. Christ is the President of the Development Manager and oversees day to day operations of the company, including but not limited to strategic business planning, acquisitions, entitlement negotiations, construction, and lot sales. Formerly a Senior Entitlements Manager at Lennar Homes – DFW region, Justin was responsible for municipal utility districts (“MUDs”) in Princeton and Ennis, Texas. He also worked on MUDs in Collin County and Kaufman County and helped facilitate reimbursements on both public improvement districts and MUDs.

## History and Financing of the District

The Development Manager purchased the property shown on the “MAPS SHOWING CONCEPT PLAN OF THE DISTRICT” on pages viii and ix hereof, which includes the District, in three transactions between March 2023 and June 2023 for an aggregate purchase price of approximately \$15,778,456. The Development Manager’s acquisitions were made on a cash basis, and no third-party financing was used to acquire the land in the District. Since June 2023, the Development Manager has either sold or conveyed portions of the District as described herein. The Developer has not taken any loans or used any third-party financing to purchase or develop the property within South Zone Improvement Area #1 of the District. Thus, there are currently no liens on the property within South Zone Improvement Area #1 of the District which were incurred by the Developer, and the Developer does not currently anticipate incurring any liens on the property within the District for as long as the Developer owns such property (with the exception of the Assessment Lien). The PID Act provides that the Assessment Lien is a first and prior lien against the Assessed Property and is superior to all other liens and claims except liens or claims for State, county, school district, or municipality ad valorem taxes.

## THE PID ADMINISTRATOR

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

The City has selected P3Works, LLC as the initial PID Administrator. The City has entered into an agreement with the PID Administrator to provide specialized services related to the administration of the District needed to support the issuance of the Bonds. The PID Administrator will primarily be responsible for preparing the annual update to the Service and Assessment Plan. The PID Administrator is a consulting firm focused on providing district

services relating to the formation and administration of public improvement districts, and has offices in Austin, Houston and North Richland Hills, Texas.

The PID Administrator's duties will include:

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

## **APPRAISAL OF PROPERTY WITHIN SOUTH ZONE IMPROVEMENT AREA #1**

### **The Appraisal**

General. Integra Realty Resources – Dallas (the “Appraiser”) prepared an appraisal report for the City and the Underwriter dated as of August 16, 2024, based upon a physical inspection of the District conducted on May 12, 2024 (the “Appraisal”). The Appraisal was prepared at the request of the City and the Underwriter. The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to the District. The Appraisal is attached hereto as APPENDIX G and should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions, and qualifications, which are set forth therein. See “APPENDIX G — Appraisal of Property within South Zone Improvement Area #1.”

Value Estimates. The Appraiser estimated the prospective market value at completion of the fee simple interest in the tracts of land comprising South Zone Improvement Area #1 (referenced as Improvement Area #1, Phase 1 South in the Appraisal under certain hypothetical conditions. The Appraisal does not reflect the value of the District or South Zone Improvement Area #1 as if sold to a single purchaser in a single transaction. The hypothetical conditions include the assumption that all of the South Zone Improvement Area #1 Improvement Area #1 Projects in South Zone Improvement Area #1 have been completed in accordance with plans and specifications as of September 13, 2024. See “THE SOUTH ZONE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS” and “THE DEVELOPMENT — Development Plan.” The Appraisal does not reflect the as-is condition of South Zone Improvement Area #1. See “APPENDIX G — Appraisal of Property within South Zone Improvement Area #1.”

The value estimate for the Assessed Property using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal for South Zone Improvement Area #1 as of September 13, 2024 is \$14,253,800.

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

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

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

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

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

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

### **BONDHOLDERS' RISKS**

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

**THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM A FIRST LIEN ON, SECURITY INTEREST IN, AND PLEDGE OF 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 TRUST ESTATE AS IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE CITY OTHER THAN THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY'S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE 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 South Zone Improvement Area #1 to pay Assessments levied by the City, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against property within South Zone Improvement Area #1, (c) general and local economic conditions which may impact real property values, the ability to liquidate real property holdings and the overall value of real property development projects, and (d) general economic conditions which may impact the general ability to market and sell the property within the District, it being understood that poor economic conditions within the City, State and region may slow the assumed pace of sales of such property.

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

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

## Deemed Representations and Acknowledgment by Purchasers

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

## Assessment Limitations

Annual Installments of Assessments are billed to property owners of Assessed Property. Annual Installments are due and payable, and bear the same penalties and interest for non-payment, as 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, interest, and the Annual Collection Costs 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 South Zone Improvement Area #1, the City has established a Reserve Account in the Reserve Fund, to be funded from the proceeds of the Bonds, to cover delinquencies. The Annual Installments are secured by the Assessment Lien. However, there can be no assurance that foreclosure proceedings will occur in a timely manner so as to avoid depletion of the Reserve Account and delay in payments of debt service on the Bonds. See “BONDHOLDERS’ RISKS — Bondholders’ Remedies and Bankruptcy of Property Owners” herein.

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

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

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

Under State law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Ordinance, no such homestead rights will have been claimed. Furthermore, the Developer currently owns 100% of the Assessed Property within South Zone Improvement Area #1 and is not eligible to claim homestead rights.

Consequently, there are and can be no homestead rights on the Assessed Property superior to the Assessment Lien and, therefore, the Assessment Liens may be foreclosed upon by the City.

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

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

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

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

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

During Texas legislative sessions and interim business of the Texas legislature, various proposals and reports have been presented by committees of Texas Senate and Texas House of Representative which suggest or recommend changes to the PID Act relating to oversight of bonds secured by special assessments including adopting requirements relating to levels of build out or adding State level oversight in connection with the issuance of bonds secured by special assessments under the PID Act. The 88th Legislative Session of the State (the "88th Regular Session") concluded on May 29, 2023. When the regular Legislature is not in session, the Governor of Texas may call one or more special sessions, at the Governor's direction, each lasting no more than 30 days, and for which the Governor sets the agenda. Upon conclusion of the 88th Regular Session, the Governor called four special sessions all of which have ended without any legislation being passed by either chamber of the Texas legislature recommending oversight of bonds secured by assessments. It is impossible to predict what new proposals may be presented regarding the PID Act and the issuance of special assessment bonds during any upcoming legislative sessions, whether such new proposals or any previous proposals regarding the same will be adopted by the Texas Senate and House of Representatives and signed by the Governor, and, if adopted, the form thereof. It is impossible to predict with certainty the impact that any such future legislation will or may have on the security for the Bonds.

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

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

development that the necessary revisions to the Service and Assessment Plan will be made, or if made will provide the necessary assessment revenues required to service debt on the Bonds. Nor can there be an assurance that the eventual assessment burden on the property will be marketable.

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

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

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

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

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

In the past, the real estate market has experienced significant slowing of new home sales and new home closings due in part to the subprime mortgage crisis involving adjustable-rate mortgages and other creative mortgage financing tools that allowed persons with higher credit risk to buy homes. The economic crisis that resulted from higher interest rates, at a time when many subprime mortgages were due to reset their interest rates, has served to reduce the availability of mortgages to many potential home buyers, making entry into the real estate market more difficult. In the past few years, both mortgage rates and home prices have increased, which may affect a home purchasers' ability to qualify for a mortgage loan and afford the total financing costs of a new home. Downturns in the real estate market, rising mortgage rates, and other factors beyond the control of the Developer, including general economic conditions, may impact the timing of parcel, lot, and home sales within South Zone Improvement Area #1. No assurances can be given that projected home prices and buildout values presented in this Limited Offering Memorandum will be realized.

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

If the costs of the remaining South Zone Improvement Area #1 Projects are substantially greater than the estimated costs or if the Developer is unable to access building materials in a timely manner, it may affect the ability of the Developer to complete the South Zone Improvement Area #1 Projects or pay the Assessments when due. Additionally, if the costs of materials significantly increase, it may affect the ability of the Developer to complete the South Zone Improvement Area #1 Projects and DR Horton to construct homes within South Zone Improvement Area #1. There is no way to predict whether such cost increases or low supply of building materials will affect the development of the District. See “THE DEVELOPER — History and Financing of the District.”

## Competition

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

Competitive projects in the area include:<sup>(1)</sup>

Project Name	# of Units	Proximity to Development	Developer	Date Started	Actual/Expected Date of Completion	Prices	# of Units Remaining
Creekshaw	755	1 mile	Wynne/Jackson	Oct 2020	Q1-25	\$300k-\$500k	250
Waterscape	1,100	4 miles	Huffines	Mar 2017	Q4-25	\$330k-\$550k	~500
Mercer Meadows	318	2 miles	Signature Developers	~Nov 2023	~Q5-25	\$350k-\$450k	318
Ambergrove	157	1 mile	Century Communities	~Jan 2021	~Q1-23	\$300k-\$400k	~105
Meadows at Morgan Creek	185	1 mile	Altura Homes	~Mar 2017	~Q4-22	\$350k-\$500k	3

<sup>(1)</sup> Information provided by Developer using only publicly available data, with no representation as to accuracy or currency.

There can be no assurances that other similar projects will not be developed in the future or that existing projects will not be upgraded or otherwise become able to compete with the Development.

## Lien Foreclosure and 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. See “OVERLAPPING TAXES AND DEBT.”

## Direct and Overlapping Indebtedness, Assessments and Taxes

The ability of an owner of property within South Zone Improvement Area #1 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 South Zone Improvement Area #1 currently impose ad valorem taxes on the property within South Zone Improvement Area #1 and will likely do so in the future. Such entities could also impose assessment liens on the property within South Zone Improvement Area #1. The imposition of additional liens, or for private financing, may reduce the ability or willingness of the landowners to pay the Assessments. See “OVERLAPPING TAXES AND DEBT.”



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

Failure of the owners of property within South Zone Improvement Area #1 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, 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 Pledged Revenue Fund to the Reserve Account of the Reserve Fund sufficient to cure such deficiency, as described under “SECURITY FOR THE BONDS — Reserve Account of the Reserve Fund” herein.

## **Hazardous Substances**

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

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

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

See “THE DEVELOPMENT — Environmental” for discussion of the Phase One ESA and Phase Two ESA performed on property within the District.

## **Regulation**

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

## **100-Year Flood Plain**

Approximately 241.77 acres within the District are located within an official FEMA 100-year flood plain, as shown on the current Federal Emergency Management Agency’s Flood Insurance Rate Map Community Panel No. 48085C0470J, dated September 26, 2008 (the “Floodplain”). The Developer has received a Conditional Letter of Map Revision (CLOMR) to reclaim approximately 51.36 acres of the Floodplain within the District, none of which is within South Zone Improvement Area #1 on which to construct single-family lots, and has applied for a Letter of Map Revision, which is expected to be approved in the third quarter of 2024. All the lands identified to be within the non-reclaimed portion of the Floodplain will be located within dedicated open space, park, or drainage easements.

Additionally, FEMA will from time to time revise its Flood Insurance Rate Maps. None of the City, the Underwriter, or the Developer make any representation as to whether FEMA may revise its Flood Insurance Rate

Maps, whether such revisions may result in homes that are currently outside of the 100-year flood plain from being included in the 100-year flood plain in the future, or whether extreme flooding events may exceed the Flood Plain.

### **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, hurricanes, tropical storms, flooding, heavy rains and freezes, including events similar to the severe winter storm that the continental United States experienced in February 2021, which resulted in disruptions in the Electric Reliability Council of Texas power grid and prolonged blackouts throughout the State. It is impossible to predict whether similar events will occur in the future and the impact they may have on the City, including land within the District.

### **Exercise of Mineral Rights**

As described herein under “THE DEVELOPMENT— Existing Mineral Rights,” there are certain mineral rights reservations located within the District, including South Zone Improvement Area #1 and not owned by the Developer. There may also be additional mineral rights and related real property rights reflected in the chain of title for the real property within the District recorded in the real property records of Collin County.

The Developer does not expect the existence or exercise of any mineral rights or related real property rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within South Zone Improvement Area #1 to pay Assessments. However, none of the City, the Financial Advisor, or the Underwriter provide any assurances as to such Developer expectations.

### **Bondholders’ Remedies and Bankruptcy of Property Owners**

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, and upon the written request of at least 51% 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 South Zone Improvement Area #1 of the District or sell property within South Zone Improvement Area #1 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 — Chapter 9 Bankruptcy Limitation to Bondholders’ Rights” herein.

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

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

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

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

## **Judicial Foreclosures**

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

## **No Acceleration**

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

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

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

## **No Credit Rating**

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

## **Chapter 9 Bankruptcy Limitation to Bondholders' Rights**

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

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

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

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

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

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

is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of interest on the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. The IRS has an ongoing program of auditing obligations that are issued and sold as bearing tax-exempt interest to determine whether, in the view of the IRS, interest on such obligations is included in the gross income of the owners thereof for federal income tax purposes. In the past, the IRS has announced audit efforts focused 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 disagrees may not be practicable. Any action of the IRS, regardless of the outcome, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of obligations presenting similar tax issues, may affect the market price for, or the marketability of, the Bonds. Finally, if the IRS ultimately determines that the interest on the Bonds is not excluded from the gross income of Bondholders for federal income tax purposes, the City may not have the resources to settle with the IRS, the Bonds are not required to be redeemed, and the interest rate on the Bonds will not increase.

### **Management and Ownership**

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

### **Availability of Utilities**

The progress of development within the District is also dependent upon the City providing an adequate supply of water and sufficient capacity for the collection and treatment of wastewater. The City's water distribution system currently has sufficient capacity to provide water and wastewater service to South Zone Improvement Area #1. Upon final plat of South Zone Improvement Area #1, the City will have sufficient capacity for South Zone Improvement Area #1. Pursuant to the Capital Improvements Agreement, the Development Manager is responsible for the design, installation, and construction of all water and wastewater improvements necessary to serve the District, as well as all necessary "Oversized Public Infrastructure" to provide service to land outside of the District that may be required by the City pursuant to the Capital Improvements Agreement. The City will reimburse the Development Manager with cash or like-kind, dollar for dollar, impact fee credits for costs incurred for the design and construction of such infrastructure. If the City fails to supply water and wastewater services to the property within the District, the development of the land in the District could be adversely affected. See "THE DISTRICT — Utilities" and "THE DEVELOPMENT — Development Plan – Capital Improvements Agreement."

### **Dependence upon Developer**

The Developer currently has the obligation for payment of 100% of the total Assessments. The ability of the Developer to make full and timely payment of the Assessments will directly affect the ability of the City to meet its debt service obligations with respect to the Bonds. The sole assets of the Developer are land within the District, related permits and development rights and minor operating accounts. There can be no assurances given as to the financial ability of the Developer to advance any funds to the City to supplement revenues from the Assessments if necessary, or as to whether the Developer will advance such funds.

Moreover, the City will pay the Developer, or the Developer's designee, from proceeds of the Bonds for project costs actually incurred in developing and constructing the South Zone Improvement Area #1 Projects within South Zone Improvement Area #1. See "THE SOUTH ZONE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS." There can be no assurances given as to the financial ability of the Developer to complete the South Zone Improvement Area #1 Projects or any other improvements.

## **TAX MATTERS**

### **Opinion**

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel to the City, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”), (1) interest on the Bonds for federal income tax purposes will be excludable from the “gross income” of the holders thereof and (2) the Bonds will not be treated as “specified private activity bonds” the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the “Code”). Except as stated above, Bond Counsel to the City will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See “APPENDIX D — Form of Opinion of Bond Counsel.”

In rendering its opinion, Bond Counsel to the City will rely upon (a) certain information and representations of the City, including information and representations contained in the City’s federal tax certificate, and (b) covenants of the City contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the City to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel to the City is conditioned on compliance by the City with such requirements, and Bond Counsel to the City has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel’s opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel’s opinion is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the City with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

### **Federal Income Tax Accounting Treatment of Original Issue Discount**

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the bonds may not be equal to the accrual period or be in excess of one year (the “Original Issue Discount Bonds”). In such event, the difference between (i) the “stated redemption price at maturity” of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The “stated redemption price at maturity” means the sum of all payments to be made on the bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under existing law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue 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 Original Issue Discount Bond was held by such initial owner) is includable in gross income.

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

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

### **Collateral Federal Income Tax Consequences**

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds may be includable in certain corporation's "adjusted financial statement income" determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

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

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

## **Information Reporting and Backup Withholding**

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of foreign investors, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

## **Future and Proposed Legislation**

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.

# **LEGAL MATTERS**

## **Legal Proceedings**

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

McCall, Parkhurst & Horton L.L.P. serves as Bond Counsel to the City. Orrick, Herrington & Sutcliffe LLP serves as Underwriter's Counsel. The legal fees paid to Bond Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

## **Legal Opinions**

The City will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of the State, as recorded in the Bond Register of the Comptroller of Public Accounts of the State, to the effect that the Bonds are valid and binding special, limited obligations of the City. The City will also furnish the legal opinion of Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding special, limited obligations of the City under the Constitution and laws of the State. The legal opinion of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are secured under the Indenture and are payable in accordance with the priorities established in the Indenture from the sources provided therein. 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," including the alternative minimum tax consequences for certain corporations. A copy of the opinion of Bond Counsel is attached hereto as "APPENDIX D — Form of Opinion of Bond Counsel."

Except as noted below, Bond Counsel did not take part in the preparation of the Limited Offering Memorandum, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds herein under the captions or subcaptions "PLAN OF FINANCE — The Bonds,"



“DESCRIPTION OF THE BONDS,” “SECURITY FOR THE BONDS,” “ASSESSMENT PROCEDURES” (except for the subcaptions “Assessment Methodology” and “Assessment Amounts”), “THE DISTRICT” (except for the subcaption “District Collection and Delinquency of Assessments”), “TAX MATTERS,” “LEGAL MATTERS — Legal Proceedings” (first paragraph only), “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,” “INVESTMENTS” and “APPENDIX B — Form of Indenture” and such firm is of the opinion that the information relating to the Bonds, the Bond Ordinance, the Assessment Ordinance and the Indenture and legal issues contained under such captions and subcaptions fairly and accurately describes the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance, the Assessment Ordinance and the Indenture.

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

#### **Litigation — The City**

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

#### **Litigation — The Developer**

At the time of delivery and payment for the Bonds, the Developer will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory body, public board or body pending, or, to the best knowledge of the Developer, threatened against or affecting the Developer or any of its affiliates wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of the Developer or its managing member, or would adversely affect (1) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Service and Assessment Plan, Capital Improvements Agreement, or otherwise described in this Limited Offering Memorandum or (2) the tax-exempt status of interest on the Bonds.

### **SUITABILITY FOR INVESTMENT**

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

### **ENFORCEABILITY OF REMEDIES**

The remedies available to the owners of the Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay. See “BONDHOLDERS’ RISKS — Bondholders’ Remedies and Bankruptcy of Property Owners.” Under existing constitutional and statutory law and judicial decisions, including the federal bankruptcy code, the remedies specified by the Indenture and the

Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by governmental immunity, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors and enacted before or after such delivery, and by general principles of equity that permit the exercise of judicial discretion.

## **NO RATING**

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

## **CONTINUING DISCLOSURE**

### **The City**

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

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

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

During the last five years, the City has complied in all material respects with its continuing disclosure agreements made by it in accordance with the Rule, except as follows: the dissemination agent for City of Royse City, Texas Special Assessment Revenue Bonds, Series 2017 (Waterscape Public Improvement District Major Improvement Area Project) failed to file a notice of optional redemption on behalf of the City for a September 15, 2022 redemption. The notice along with a late notice was filed on August 18, 2023.

### **The Developer**

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

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

### **The Developer's Compliance with Prior Undertakings**

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

### **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 a reoffering discount of \$\_\_\_\_\_ less an underwriting discount of \$\_\_\_\_\_). The Underwriter's obligations are subject to certain conditions precedent and if obligated to purchase any of the Bonds the Underwriter will be obligated to purchase all of the Bonds. The Bonds may be offered and sold by the Underwriter at prices lower than the initial offering prices stated on the inside cover page hereof, and such initial offering prices may be changed from time to time by the Underwriter.

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

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

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

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

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

## INVESTMENTS

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

Under State law, the City is authorized to make investments meeting the requirements of the PFIA, which currently include (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this state that the City selects from a list the governing body or designated investment committee of the City adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in this state that the City selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the City's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the City appoints as the City's custodian of the banking deposits issued for the City's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under SEC Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of the PFIA that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for City deposits, or (ii) certificates of deposits where (a) the funds are invested by the City through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the City, (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1) above or clause (12) below, require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (13) no-load money market mutual funds registered with and regulated by the United States SEC that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with federal SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and (14) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either (a) a duration of one year or more and invest exclusively in obligations described in under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United

States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the City and deposited with the City or a third party selected and approved by the City.

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

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

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

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

Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt by written instrument a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the City to: (a) receive and review the City’s investment policy, (b) acknowledge that

reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the entity's entire portfolio, requires an interpretation of subjective investment standards or relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the Treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

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

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

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

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

### **SOURCES OF INFORMATION**

#### **General**

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

## **Developer**

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

## **Experts**

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

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

## **Updating of Limited Offering Memorandum**

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

## **FORWARD-LOOKING STATEMENTS**

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

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED 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**

The City Council has authorized the use of this Preliminary Limited Offering Memorandum by the Underwriter in connection with the marketing and sale of the Bonds.

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## APPENDIX A

### GENERAL INFORMATION REGARDING THE CITY AND SURROUNDING AREA

The following information has been provided for informational purposes only.

#### General Information

The City is primarily located in the northeast corner of Rockwall County, with portions in Hunt and Collin Counties, and sits approximately 35 miles northeast of Dallas. Access to the City is provided by Interstate 30. The City covers approximately 20.35 square miles. The City's 2020 census population was 13,508. The City's current population estimate is 19,984.

#### Historical Employment in Collin County

	Average Annual				
	2024 <sup>(1)</sup>	2023	2022	2021	2020
Civilian Labor Force	656,315	644,705	625,800	600,186	578,797
Total Employed	629,209	622,134	605,672	574,037	542,541
Total Unemployed	27,103	22,571	20,128	26,149	36,256
Unemployment Rate	4.1%	3.5%	3.2%	4.4%	6.3%

<sup>(1)</sup> Data through June of 2024.

Source: Texas Labor Market Information.

#### Major Employers in the City

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

Employer	Product or Service	Employees
Royse City ISD	Education	1,205
Wal-mart	Retail	260
Buc-ee's	Retail/Fuel	230
Dust Free	Industrial Air Purification	125
City of Royse City	Municipal Government	118
Artisan/AA Granite	Industrial/Retail	100
OMI Crane	Crane Manufacturer	80
Whataburger	Restaurant	65
Four Brothers Farm Equipment	Retail Farm Equipment/Repair	50
J&M Plastics	Axle Manufacturer	40

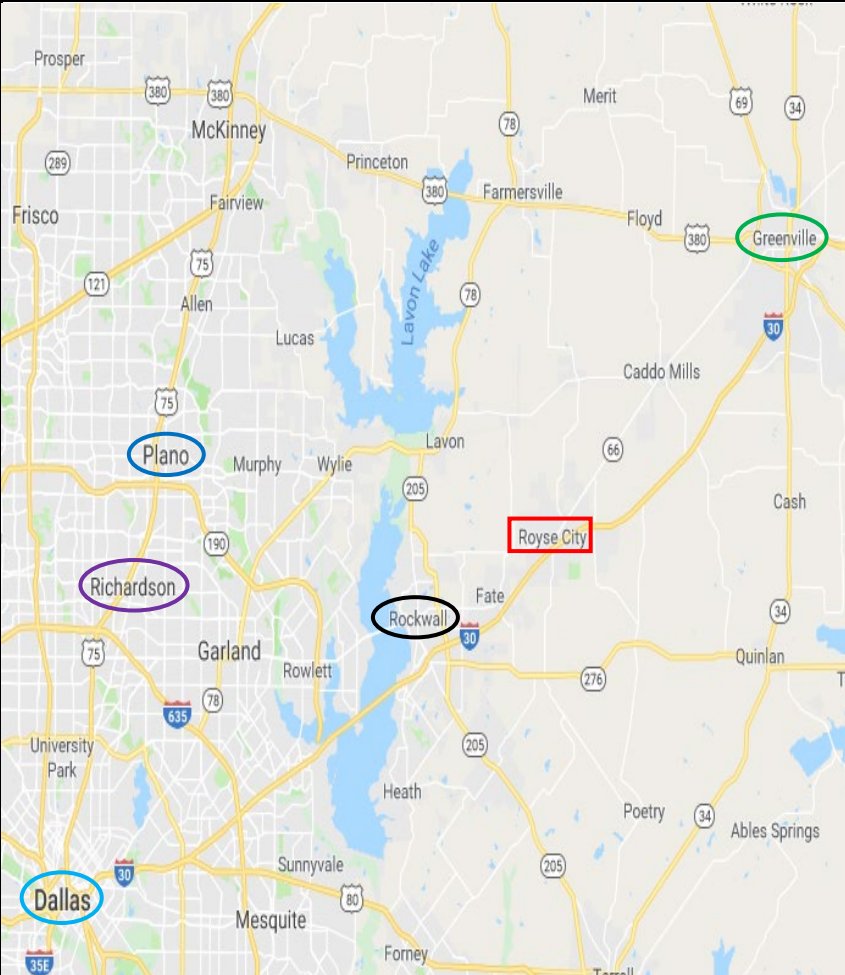
Source: Royse City Economic Development Corporation

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## Surrounding Economic Activity

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

City of Rockwall		City of Greenville		City of Dallas	
Approximately 9 miles from the City		Approximately 18 miles from the City		Approximately 29 miles from the City	
Employer	Employees	Employer	Employees	Employer	Employees
Rockwall ISD	1,985	L-3 Communications	6,500	Dallas ISD	23,271
L-3 Harris Technologies	700	McKesson	500	City of Dallas	13,000
Texas Health Presbyterian Hospital	611	Solvay	350	AT&T Inc.	12,600
Pegasus Food	480	Masonite Corp.	250	Medical City Dallas	10,864
Channell Commercial	460	Weatherford International	225	Parkland Health & Hop System	10,406
Rockwall County	358	Innovations First	225	Texas Instruments Inc.	9,800
City of Rockwall	353	Raytheon	200	Dallas County Community College	8,230
Wal-Mart Superstore	350	West Rock	130	Methodist Dallas Medical Center	6,887
Texas Star Express	275	Texas Book Co	80	Dallas County	6,500
Karat by Lollipup USA	260	Fritz Industries	40	Children's Health	6,276

City of Plano	
Approximately 33 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

City of Richardson	
Approximately 37 miles from the City	
Employer	Employees
State Farm Insurance	10,000
Richardson ISD	5,961
University of Texas at Dallas	3,455
Blue Cross Blue Shield of Texas	3,100
GEICO	2,300
Raytheon	2,200
Realpage	2,100
Cisco	2,000
Texas Instruments	1,800
United Health Care	1,700

Source: Municipal Advisory Council of Texas

APPENDIX B  
FORM OF INDENTURE

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**INDENTURE OF TRUST**

By and Between

**CITY OF ROYSE CITY, TEXAS**

and

**UMB BANK, N.A.,  
as Trustee**

**DATED AS OF SEPTEMBER 1, 2024**

SECURING

**\$4,750,000**

**CITY OF ROYSE CITY, TEXAS  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024  
(CLEARVIEW RANCH PUBLIC IMPROVEMENT DISTRICT  
SOUTH ZONE IMPROVEMENT AREA #1 PROJECT)**

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## **TABLE OF CONTENTS**

<b>INDENTURE OF TRUST</b> .....	6
<b>ARTICLE I. DEFINITIONS, FINDINGS AND INTERPRETATION</b> .....	10
<b>SECTION 1.1. DEFINITIONS</b> .....	10
<b>SECTION 1.2. FINDINGS</b> .....	18
<b>SECTION 1.3. TABLE OF CONTENTS, TITLES AND HEADINGS</b> .....	18
<b>SECTION 1.4. INTERPRETATION</b> .....	18
<b>ARTICLE II. THE BONDS</b> .....	19
<b>SECTION 2.1. SECURITY FOR THE BONDS</b> .....	19
<b>SECTION 2.2. LIMITED OBLIGATIONS</b> .....	19
<b>SECTION 2.3. AUTHORIZATION FOR INDENTURE</b> .....	19
<b>SECTION 2.4. CONTRACT WITH OWNERS AND TRUSTEE</b> .....	19
<b>ARTICLE III. AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS</b> .....	20
<b>SECTION 3.1. AUTHORIZATION</b> .....	20
<b>SECTION 3.2. DATE, DENOMINATION, MATURITIES, NUMBERS AND INTEREST</b> .....	20
<b>SECTION 3.3. CONDITIONS PRECEDENT TO DELIVERY OF BONDS</b> .....	21
<b>SECTION 3.4. MEDIUM, METHOD AND PLACE OF PAYMENT</b> .....	21
<b>SECTION 3.5. EXECUTION AND REGISTRATION OF BONDS</b> .....	22
<b>SECTION 3.6. REFUNDING BONDS</b> .....	23
<b>SECTION 3.7. OWNERSHIP</b> .....	23
<b>SECTION 3.8. REGISTRATION, TRANSFER AND EXCHANGE</b> .....	24
<b>SECTION 3.9. CANCELLATION</b> .....	25
<b>SECTION 3.10. TEMPORARY BONDS</b> .....	25
<b>SECTION 3.11. REPLACEMENT BONDS</b> .....	25
<b>SECTION 3.12. BOOK-ENTRY-ONLY SYSTEM</b> .....	26
<b>SECTION 3.13. SUCCESSOR SECURITIES DEPOSITORY: TRANSFER OUTSIDE BOOK-ENTRY-ONLY SYSTEM</b> .....	27
<b>SECTION 3.14. PAYMENTS TO CEDE &amp; CO</b> .....	27
<b>ARTICLE IV. REDEMPTION OF BONDS BEFORE MATURITY</b> .....	28
<b>SECTION 4.1. LIMITATION ON REDEMPTION</b> .....	28
<b>SECTION 4.2. MANDATORY SINKING FUND REDEMPTION</b> .....	28
<b>SECTION 4.3. OPTIONAL REDEMPTION</b> .....	29
<b>SECTION 4.5. PARTIAL REDEMPTION</b> .....	30
<b>SECTION 4.6. NOTICE OF REDEMPTION TO OWNERS</b> .....	30
<b>SECTION 4.7. PAYMENT UPON REDEMPTION</b> .....	31
<b>SECTION 4.8. EFFECT OF REDEMPTION</b> .....	31
<b>ARTICLE V. FORM OF THE BONDS</b> .....	32
<b>SECTION 5.1. FORM GENERALLY</b> .....	32
<b>SECTION 5.2. FORM OF THE BONDS</b> .....	32
<b>SECTION 5.3. CUSIP REGISTRATION</b> .....	41

SECTION 5.4. LEGAL OPINION.....	41
ARTICLE VI. FUNDS AND ACCOUNTS .....	41
SECTION 6.1. ESTABLISHMENT OF FUNDS AND ACCOUNTS.....	41
SECTION 6.2. INITIAL DEPOSITS TO FUNDS AND ACCOUNTS.....	42
SECTION 6.3. PLEDGED REVENUE FUND.....	43
SECTION 6.4. BOND FUND.....	44
SECTION 6.5. PROJECT FUND.....	44
SECTION 6.6. REDEMPTION FUND.....	46
SECTION 6.7. RESERVE FUND.....	46
SECTION 6.8. REBATE FUND: REBATABLE ARBITRAGE.....	48
SECTION 6.9. ADMINISTRATIVE FUND. ....	48
SECTION 6.10. INVESTMENT OF FUNDS.....	48
ARTICLE VII. COVENANTS.....	50
SECTION 7.1. CONFIRMATION OF ASSESSMENTS.....	50
SECTION 7.2. COLLECTION AND ENFORCEMENT OF ASSESSMENTS.....	50
SECTION 7.3. AGAINST ENCUMBRANCES. ....	51
SECTION 7.4. RECORDS, ACCOUNTS, ACCOUNTING REPORTS.....	51
SECTION 7.5. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON BONDS.....	51
ARTICLE VIII. LIABILITY OF CITY.....	54
SECTION 8.1. LIABILITY OF CITY.....	54
ARTICLE IX. THE TRUSTEE.....	56
SECTION 9.1. ACCEPTANCE OF TRUST; TRUSTEE AS REGISTRAR AND PAYING AGENT.....	56
SECTION 9.2. TRUSTEE ENTITLED TO INDEMNITY.....	56
SECTION 9.3. RESPONSIBILITIES OF THE TRUSTEE. ....	56
SECTION 9.4. PROPERTY HELD IN TRUST. ....	58
SECTION 9.5. TRUSTEE PROTECTED IN RELYING ON CERTAIN DOCUMENTS.....	58
SECTION 9.6. COMPENSATION. ....	59
SECTION 9.7. PERMITTED ACTS.....	59
SECTION 9.8. RESIGNATION OF TRUSTEE.....	59
SECTION 9.9. REMOVAL OF TRUSTEE. ....	60
SECTION 9.10. SUCCESSOR TRUSTEE.....	60
SECTION 9.11. TRANSFER OF RIGHTS AND PROPERTY TO SUCCESSOR TRUSTEE.....	61
SECTION 9.12. MERGER, CONVERSION OR CONSOLIDATION OF TRUSTEE..	61
SECTION 9.13. TRUSTEE TO FILE CONTINUATION STATEMENTS. ....	61
SECTION 9.14. ACCOUNTS, PERIODIC REPORTS AND CERTIFICATES.....	62
SECTION 9.15. CONSTRUCTION OF INDENTURE. ....	62
ARTICLE X. MODIFICATION OR AMENDMENT OF THIS INDENTURE.....	62
SECTION 10.1. AMENDMENTS PERMITTED.....	62
SECTION 10.2. OWNERS' MEETINGS.....	63



<b>SECTION 10.3. PROCEDURE FOR AMENDMENT WITH WRITTEN CONSENT OF OWNERS.....</b>	<b>63</b>
<b>SECTION 10.4. PROCEDURE FOR AMENDMENT NOT REQUIRING OWNER CONSENT.....</b>	<b>64</b>
<b>SECTION 10.5. EFFECT OF SUPPLEMENTAL INDENTURE. ....</b>	<b>65</b>
<b>SECTION 10.6. ENDORSEMENT OR REPLACEMENT OF BONDS ISSUED AFTER AMENDMENTS. ....</b>	<b>65</b>
<b>SECTION 10.7. AMENDATORY ENDORSEMENT OF BONDS. ....</b>	<b>65</b>
<b>SECTION 10.8. WAIVER OF DEFAULT.....</b>	<b>65</b>
<b>SECTION 10.9. EXECUTION OF SUPPLEMENTAL INDENTURE.....</b>	<b>65</b>
<b>ARTICLE XI. DEFAULT AND REMEDIES.....</b>	<b>66</b>
<b>SECTION 11.1. EVENTS OF DEFAULT.....</b>	<b>66</b>
<b>SECTION 11.2. IMMEDIATE REMEDIES FOR DEFAULT. ....</b>	<b>67</b>
<b>SECTION 11.3. RESTRICTION ON OWNER'S ACTION.....</b>	<b>67</b>
<b>SECTION 11.4. APPLICATION OF REVENUES AND OTHER MONEYS AFTER DEFAULT. 68</b>	
<b>SECTION 11.5. EFFECT OF WAIVER. ....</b>	<b>69</b>
<b>SECTION 11.6. EVIDENCE OF OWNERSHIP OF BONDS.....</b>	<b>69</b>
<b>SECTION 11.7. NO ACCELERATION.....</b>	<b>70</b>
<b>SECTION 11.8. MAILING OF NOTICE.....</b>	<b>70</b>
<b>SECTION 11.9. EXCLUSION OF BONDS. ....</b>	<b>70</b>
<b>ARTICLE XII. GENERAL COVENANTS AND REPRESENTATIONS .....</b>	<b>70</b>
<b>SECTION 12.1. REPRESENTATIONS AS TO TRUST ESTATE.....</b>	<b>70</b>
<b>SECTION 12.2. GENERAL.....</b>	<b>71</b>
<b>ARTICLE XIII. SPECIAL COVENANTS .....</b>	<b>71</b>
<b>SECTION 13.1. FURTHER ASSURANCES; DUE PERFORMANCE.....</b>	<b>71</b>
<b>SECTION 13.2. OTHER OBLIGATIONS OR OTHER LIENS; REFUNDING BONDS. ....</b>	<b>71</b>
<b>SECTION 13.3. BOOKS OF RECORD. ....</b>	<b>72</b>
<b>ARTICLE XIV. PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE .....</b>	<b>72</b>
<b>SECTION 14.1. TRUST IRREVOCABLE. ....</b>	<b>72</b>
<b>SECTION 14.2. SATISFACTION OF INDENTURE.....</b>	<b>72</b>
<b>SECTION 14.3. BONDS DEEMED PAID. ....</b>	<b>72</b>
<b>ARTICLE XV. MISCELLANEOUS.....</b>	<b>73</b>
<b>SECTION 15.1. BENEFITS OF INDENTURE LIMITED TO PARTIES. ....</b>	<b>73</b>
<b>SECTION 15.2. SUCCESSOR IS DEEMED INCLUDED IN ALL REFERENCES TO PREDECESSOR.....</b>	<b>73</b>
<b>SECTION 15.3. EXECUTION OF DOCUMENTS AND PROOF OF OWNERSHIP BY OWNERS.....</b>	<b>74</b>
<b>SECTION 15.4. NO WAIVER OF PERSONAL LIABILITY. ....</b>	<b>74</b>
<b>SECTION 15.5. NOTICES TO AND DEMANDS ON CITY AND TRUSTEE. ....</b>	<b>74</b>
<b>SECTION 15.6. PARTIAL INVALIDITY.....</b>	<b>75</b>

<b>SECTION 15.7. APPLICABLE LAWS.....</b>	<b>75</b>
<b>SECTION 15.8. PAYMENT ON BUSINESS DAY. ....</b>	<b>75</b>
<b>SECTION 15.9. COUNTERPARTS. ....</b>	<b>75</b>
<b>SECTION 15.10. NO BOYCOTT OF ISRAEL. ERROR! BOOKMARK NOT DEFINED.</b>	
<b>SECTION 15.11. NO TERRORIST ORGANIZATION.ERROR! BOOKMARK NOT DEFINED.</b>	

## INDENTURE OF TRUST

THIS INDENTURE, dated as of September 1, 2024, is by and between the CITY OF ROYSE CITY, TEXAS (the “*City*”), and UMB BANK, N.A., Dallas, Texas as trustee (together with its successors, the “*Trustee*”). Capitalized terms used in the preambles, recitals and granting clauses and not otherwise defined shall have the meanings assigned thereto in Article I.

WHEREAS, on September 8, 2023, a petition (the “*Petition*”) was submitted and filed with the City Secretary of the City (the “*City Secretary*”) pursuant to the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code, as amended (the “*Act*” or “*PID Act*”), requesting the creation of a public improvement district located within the corporate limits of the City to be known as “Clearview Ranch Public Improvement District” (the “*District*”); and

WHEREAS, the Petition contained the signatures of the owners of taxable real 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 record 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 September 12, 2023, the City Council of the City (the “*City Council*”) adopted Resolution No. 23-09-262R accepting the Petition and calling a public hearing on the creation of the District on October 24, 2023; and

WHEREAS, on October 24, 2023, after due notice, the City Council opened, conducted and closed the public hearing in the manner required by law on the advisability of the improvement projects and services described in the Petition as required by Section 372.009 of the PID Act and, by Resolution No. 23-10-267R adopted by the City Council (the “*Creation Resolution*”), authorized the District in accordance with its finding as to the advisability of the improvement projects and services; and

WHEREAS, on March 18, 2024, the City filed a copy of the Creation Resolution with the County Clerk of Collin County, Texas, recorded in the real property records of Collin County as Document No. 2024000030934; 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 the adoption of the Creation Resolution; and

WHEREAS, the City, pursuant to Section 372.016(b) of the PID Act, published notice of a public hearing in a newspaper of general circulation in the City and where the proposed improvements are to be undertaken to consider the “*South Zone Improvement Area #1 Assessment Roll*” and the “*Clearview Ranch Public Improvement District Preliminary Service and Assessment Plan*” (the “*Service and Assessment Plan*”) and the levy of the “*South Zone Improvement Area #1 Assessment*” on “*South Zone Improvement Area #1 Assessed Property*” in South Zone Improvement Area #1 of the District; and

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

WHEREAS, the City Council convened the public hearing on August 27, 2024, at which all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the Service and Assessment Plan, the South Zone Improvement Area #1 Assessment Roll, and the South Zone Improvement Area #1 Assessment, and to offer testimony pertinent to any issue presented on the amount of the South Zone Improvement Area #1 Assessment, the allocation of Costs, the purposes of the South Zone Improvement Area #1 Assessment, the special benefits of the South Zone Improvement Area #1 Assessment, and the penalties and interest on annual installments and on delinquent annual installments of the South Zone Improvement Area #1 Assessment; and

WHEREAS, at the August 27, 2024 public hearing referenced above, 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 South Zone Improvement Area #1 Assessment Roll, or the levy of the South Zone Improvement Area #1 Assessment; and

WHEREAS, the City Council closed the public hearing and, after considering all written and documentary evidence presented at the public hearing, including all written comments and statements filed with the City, at a meeting held on August 27, 2024, approved and accepted the Service and Assessment Plan in conformity with the requirements of the PID Act and adopted the Assessment Ordinance, which Assessment Ordinance approved the South Zone Improvement Area #1 Assessment Roll and levied the South Zone Improvement Area #1 Assessment; and

WHEREAS, the City, pursuant to Section 372.016(b) of the PID Act, published notice of a public hearing in a newspaper of general circulation in the City and where the proposed improvements are to be undertaken to consider the proposed South Zone Improvement Area #1 Assessment Roll and the Service and Assessment Plan and the levy of the South Zone Improvement Area #1 Assessment on property in South Zone Improvement Area #1 of the District; and

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

WHEREAS, the City Council convened the public hearing on August 27, 2024, at which all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the Service and Assessment Plan, the South Zone Improvement Area #1 Assessment Roll, and the South Zone Improvement Area #1 Assessment, and to offer testimony pertinent to any issue presented on the amount of the South Zone Improvement Area #1 Assessment, the allocation of Costs, the purposes of the South Zone Improvement Area #1 Assessment, the special benefits of the South Zone Improvement Area #1

Assessment, and the penalties and interest on annual installments and on delinquent annual installments of the South Zone Improvement Area #1 Assessment; and

WHEREAS, at the August 27, 2024 public hearing referenced above, 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 South Zone Improvement Area #1 Assessment Roll, or the levy of the South Zone Improvement Area #1 Assessment; and

WHEREAS, the City Council closed the public hearing and, after considering all written and documentary evidence presented at the public hearing, including all written comments and statements filed with the City, at a meeting held on August 27, 2024, approved and accepted the Service and Assessment Plan in conformity with the requirements of the PID Act and adopted the Assessment Ordinance, which Assessment Ordinance approved the South Zone Improvement Area #1 Assessment Roll and levied the South Zone Improvement Area #1 Assessment; and

WHEREAS, the City Council is authorized by the PID Act to issue revenue bonds payable from the South Zone Improvement Area #1 Assessment for the purpose of (i) paying a portion of the Costs, (ii) funding a reserve fund for payment of principal and interest on the Bonds, (iii) paying a portion of the costs incidental to the organization of the District and (iv) paying the costs of issuance of the Bonds; and

WHEREAS, the City Council now desires to issue its revenue bonds, in accordance with the PID Act, such bonds to be entitled “City of Royse City, Texas, Special Assessment Revenue Bonds, Series 2024 (Clearview Ranch Public Improvement District South Zone Improvement Area #1 Project)” (the “*Bonds*”), such Bonds being payable as provided in this Indenture; and

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

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

#### FIRST GRANTING CLAUSE

The Pledged Revenues, as herein defined, including 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

## SECOND GRANTING CLAUSE

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

## THIRD GRANTING CLAUSE

Any and all proceeds of the foregoing property and proceeds from the investment of the foregoing property;

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

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

PROVIDED, HOWEVER, 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 the Bonds at the times and in the manner stated in the Bonds, according to the true intent and meaning thereof, then this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture is to be and remain in full force and effect;

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

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

## ARTICLE 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*”, in the singular, means any of the accounts established pursuant to Section 6.1 of this Indenture, and “*Accounts*”, in the plural, means, collectively, all of the accounts established pursuant to Section 6.1 of this Indenture.

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

“*Additional Interest Rate*” means an additional interest rate not to exceed the 0.50% that may be charged on the Assessments pursuant to Section 372.018 of the PID Act.

“*Administrative Fund*” means that Fund established by Section 6.1 of this Indenture and administered pursuant to Section 6.9 of this Indenture.

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

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

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

“*Annual Installment*” means, with respect to each Assessed Property, each annual payment of: (i) the principal of and interest on the South Zone Improvement Area #1 Assessment

as shown on the Assessment Roll or in an Annual Service Plan Update, and as shown in Exhibit G-2 to the Service and Assessment Plan, and calculated as provided in Section VI of the Service and Assessment Plan, (ii) Annual Collection Costs and (iii) the Additional Interest.

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

*“Applicable Laws”* means the PID Act, and all other laws or statutes, rules, or regulations, and any amendments thereto, of the State or of the United States of America, 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 Property”* means the property located in South Zone Improvement Area #1 of the District that benefits from the South Zone Improvement Area #1 Authorized Improvements, and is defined as the “South Zone Improvement Area #1 Assessed Property” in the Service and Assessment Plan.

*“Assessment”* or *“Assessments”* means an assessment levied against Assessed Property based on the special benefit conferred on such Parcels by the Authorized Improvements.

*“Assessment Ordinance”* means Ordinance No. 24-08-\_\_\_\_ which was passed and adopted by the City Council on August 27, 2024, and levied the Assessments.

*“Assessment Revenues”* means the revenues received by the City from the collection of Assessments, including Prepayments, Annual Installments and Foreclosure Proceeds.

*“Assessment Roll”* means the “South Zone Improvement Area #1 Assessment Roll”, which document is attached to the Service and Assessment Plan as Exhibit G-1, as updated, modified or amended from time to time.

*“Attorney General”* means the Attorney General of the State.

*“Authorized Denomination”* means \$25,000 and any integral multiple of \$1,000 in excess thereof. The City prohibits any Bond to be issued in a denomination of less than \$25,000 and further prohibits the assignment of a CUSIP number to any Bond with a denomination of less than \$25,000, and, except as provided in Section 4.5(a), any attempt to accomplish either of the foregoing shall be void and of no effect .

*“Authorized Improvements”* mean those improvements authorized by Section 372.003 of the PID Act, including those defined in the Service and Assessment Plan as the “South Zone Improvement Area #1 Authorized Improvements”, as further described in Section III.D and depicted on Exhibit H-4 of the Service and Assessment Plan.

*“Bond”* means any of the Bonds.



“*Bond Counsel*” means McCall, Parkhurst & Horton L.L.P. or any other attorney or firm of attorneys designated by the City that are nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

“*Bond Fund*” means the Fund established pursuant to Section 6.1 and administered pursuant to Section 6.4 of this Indenture.

“*Bond Improvement Account*” means the Account in the Project Fund established pursuant to Section 6.1 of this Indenture.

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

“*Bond Ordinance*” means the ordinance adopted by the City Council on August 27, 2024 authorizing the issuance of the Bonds pursuant to this Indenture.

“*Bond Pledged Revenue Account*” means the Account in the Pledged Revenue Fund established pursuant to Section 6.1 of this Indenture.

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

“*Bonds*” means the City’s bonds authorized to be issued by Section 3.1 of this Indenture entitled “City of Royse City, Texas, Special Assessment Revenue Bonds, Series 2024 (Clearview Ranch Public Improvement District South Zone Improvement Area #1 Project)” and, in the event the City issues Refunding Bonds pursuant to Section 13.2 hereof, the term “Bonds” shall include such Refunding Bonds.

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

“*Certificate for Payment*” means a certificate substantially in the form of Exhibit A attached to the Reimbursement Agreement and executed by a Person approved by the City Representative that is delivered to the City Representative and the Trustee specifying the amount of work performed and the Costs thereof, and requesting payment for such Costs from money on deposit in the Project Fund as further described in the Reimbursement Agreement and Section 6.5 of this Indenture.

“*City Order*” means a certificate containing written instructions by the City, signed by the City Representative and delivered to the Trustee.

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

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

“*Comptroller*” means the Comptroller of Public Accounts of the State.

“*Costs*” means the Actual Costs, as defined in the Service and Assessment Plan (excluding Annual Collection Costs), solely for the South Zone Improvement Area #1 Projects, as such amounts are set forth in the Service and Assessment Plan.

“*Costs of Issuance Account*” means the Account in the Project Fund established pursuant to Section 6.1 of this Indenture.

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

“*Delinquency and Prepayment Reserve Account*” means the reserve account administered by the City and segregated from other funds of the City and established by Section 6.1 of this Indenture.

“*Delinquency and Prepayment Reserve Requirement*” means an amount equal to 5.5% of the principal amount of the Outstanding Bonds to be funded from Assessment Revenues deposited to the Pledged Revenue Fund.

“*Delinquent Collection Costs*” mean costs related to the foreclosure on Assessed Property and the costs of collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under the Service and Assessment Plan including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing interest and penalty interest.

“*Delivery Date*” means September [\_\_\_\_], 2024, which is the date of delivery of the Bonds to the initial purchaser or purchasers thereof against payment therefor.

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

“*Developer*” means Clearview Ranch Land, LLC, a Texas limited liability company, and any successor thereto.

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

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

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

*“Fund”*, in the singular, means any of the funds established pursuant to Section 6.1 of this Indenture, and *“Funds”*, in the plural, means, collectively, all 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 Bonds”* means the Initial Bonds authorized by Section 5.2 of this Indenture.

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

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

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

*“Other Obligations”* means any bonds, temporary notes, time warrants, or an obligation under an installment sale contract or reimbursement agreement secured in whole or in part by an assessment, other than the Assessments securing the Bonds, levied against property within South Zone Improvement Area #1 in accordance with the PID Act.

*“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, (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 of this Indenture and (iv) any Bond alleged to have been mutilated, destroyed, lost or stolen which have been paid as provided in this Indenture.

“*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 of this Indenture.

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

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

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

“*Pledged Funds*” means, collectively, 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 of this Indenture and administered pursuant to Section 6.3 of this Indenture.

“*Pledged Revenues*” means, collectively, the (i) Assessment Revenues (excluding the portion of the Assessments and Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs, as set forth in the Service and Assessment Plan), (ii) the moneys held in any of the Pledged Funds and (iii) any additional revenues that the City may pledge to the payment of the Bonds.

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

“*Principal and Interest Account*” means the Account in the Bond Fund established pursuant to Section 6.1 of this Indenture.

“*Project Fund*” means that Fund established pursuant to Section 6.1 and administered pursuant to Section 6.5.

“*Purchaser*” means the initial purchaser of the Bonds.

“*Rebatable Arbitrage*” means rebatable arbitrage as defined in Section 1.148-3 of the Treasury Regulations.

*“Rebate Fund”* means that Fund established pursuant to Section 6.1 of this Indenture and administered pursuant to Section 6.8 of this Indenture.

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

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

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

*“Refunding Bonds”* means bonds issued to refund all or any portion of the Outstanding Bonds and secured by a parity lien with the Outstanding Bonds on the Trust Estate, as more specifically described in the indenture authorizing such Refunding Bonds.

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

*“Reimbursement Agreement”* means the South Zone Improvement Area #1 Reimbursement Agreement, Clearview Ranch Public Improvement District, by and between the City and the Developer, dated as of [August 27, 2024], as may be amended and/or supplemented from time to time.

*“Reserve Account”* means the Account in the Reserve Fund established pursuant to Section 6.1 of this Indenture.

*“Reserve Account Requirement”* means the least of: (i) Maximum Annual Debt Service on the Bonds as of the date of issuance, (ii) 125% of average Annual Debt Service on the Bonds as of the date of issuance, and (iii) 10% of the proceeds of the Bonds; provided, however, that such amount shall be reduced by the amount of any transfers made pursuant to Section 6.7(c); and provided further that as a result of (1) a mandatory sinking fund redemption pursuant to Section 4.2, (2) an optional redemption pursuant to Section 4.3 or (3) 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 divided by the total principal amount of the Outstanding Bonds prior to such redemption. As of the Delivery Date, the Reserve Account Requirement is [\$\_\_\_\_\_], which is an amount equal to the Reserve Account Requirement defined above.

*“Reserve Fund”* means that fund established pursuant to Section 6.1 of this Indenture and administered pursuant to Section 6.7 of this Indenture.

*“Reserve Fund Obligations”* means cash or Investment Securities.

*“Service and Assessment Plan”* means the Service and Assessment plan approved by the City Council on August 27, 2024 by the Assessment Ordinance.

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

*“South Zone”* means South Zone Improvement Area #1 and the South Zone Remainder Area.

*“South Zone Improvement Area #1”* means approximately 42.404 acres located within the District, more specifically described in Exhibit K-5 to the Service and Assessment Plan.

*“South Zone Improvement Area #1 Improvements”* means the Authorized Improvements which only benefit the Assessed Property.

*“South Zone Improvement Area #1 Projects”* means, collectively, (1) the pro rata portion of the South Zone Improvements allocable to South Zone Improvement Area #1 and, (2) the South Zone Improvement Area #1 Improvements.

*“South Zone Improvements”* means those Authorized Improvements that confer a special benefit to the South Zone.

*“South Zone Remainder Area”* means approximately 414.868 acres located within the District, and more specifically described in Exhibit K-6 and depicted on Exhibit A-5 in the Service and Assessment Plan.

*“Special Record Date”* has the meaning set forth in in the form of Bond included in Section 5.2 hereof.

*“State”* means the State of Texas.

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

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

*“Treasury Regulations”* shall have the meaning assigned to such term in Section 7.5(c) of this Indenture.

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

*“Trustee”* means UMB Bank, N.A., Dallas, Texas, a national banking association duly organized and validly existing under the laws of the United States of America, in its capacity as trustee hereunder, 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.

“*Value of Investment Securities*” means the amortized value of any Investment Securities, provided, however, that all United States of America, United States Treasury Obligations – State and Local Government Series shall be valued at par and those obligations which are redeemable at the option of the holder shall be valued at the price at which such obligations are then redeemable. The computations shall include accrued interest on the investment securities paid as a part of the purchase price thereof and not collected. For the purposes of this definition “amortized value,” when used with respect to a security purchased at par means the purchase price of such security and when used with respect to a security purchased at a premium above or discount below par, means as of any subsequent date of valuation, the value obtained by dividing the total premium or discount by the number of interest payment dates remaining to maturity on any such security after such purchase and by multiplying the amount as calculated by the number of interest payment dates having passed since the date of purchase and (i) in the case of a security purchased at a premium, by deducting the product thus obtained from the purchase price, and (ii) in the case of a security purchased at a discount, by adding the product thus obtained to the purchase price.

#### 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. Security for the Bonds.**

(a) The Bonds, as to principal, interest and redemption premium, if any, are and shall be equally and ratably secured by and payable from a first lien on, security interest in, and pledge of the Trust Estate.

(b) The lien on, security interest in and pledge of the Trust Estate shall be valid and binding and fully perfected from and after the Delivery 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 Chapter 1208 of the Texas Government Code, as amended, which applies to the issuance of the Bonds and the pledge of the Trust Estate granted by the City under this Indenture, and such pledge is therefore valid, effective and perfected. If State 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 Chapter 9, Business and Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the lien on and security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under State law to comply with the applicable provisions of Chapter 9, Business and Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

#### **Section 2.2. Limited Obligations.**

The Bonds are special and limited obligations of the City, payable solely from and secured solely by the Trust Estate; 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 2.3. Authorization for Indenture.**

The terms and provisions of this Indenture and the execution and delivery hereof by the City to the Trustee have been duly authorized by official action of the City Council. 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 and/or convenient in order to better secure the Bonds and is a contract or agreement necessary, useful and/or convenient to carry out and effectuate the purposes herein described.

#### **Section 2.4. Contract with Owners and Trustee.**

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



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

### ARTICLE 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, including particularly the PID Act. The Bonds shall be issued in the aggregate principal amount of \$4,750,000 for the purpose of (i) paying a portion of the Costs, (ii) funding a reserve fund for payment of principal and interest on the Bonds, and (iii) paying the costs of issuance of the Bonds.

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

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

(b) Interest shall accrue and be paid on each Bond from the later of the Delivery 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 on a date of earlier redemption, or otherwise provided for. Such interest shall be payable semiannually on March 15 and September 15 of each year, commencing March 15, 2025, computed on the basis of a 360-day year of twelve 30-day months.

(c) The Bonds shall mature on September 15 in the years and in the principal amounts and shall bear interest at the rates 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, and shall otherwise have the terms, tenor, denominations, details, and specifications as set forth in the form of Bond set forth in Section 5.2.

### **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 the executed Reimbursement Agreement with all executed amendments thereto;
- (d) a copy of this Indenture executed by the Trustee and the City;
- (e) an executed City Order directing the authentication and delivery of the Bonds, describing the Bonds to be authenticated and delivered, designating the purchasers to whom the Bonds are to be delivered, stating the purchase price of the Bonds and stating that all items required by this Section are therewith delivered to the Trustee;
- (f) an executed Signature and No-Litigation Certificate;
- (g) an executed opinion of Bond Counsel; and
- (h) the approving opinion of the Attorney General of the State and the State Comptroller's registration certificate.

### **Section 3.4. Medium, Method and Place of Payment.**

- (a) Principal of and interest on the Bonds shall be paid in lawful money of the United States of America, as provided in this Section.
- (b) Interest on the Bonds shall be payable to the Owners thereof as shown in the Register at the close of business on the relevant Record Date or Special Record Date, as applicable.
- (c) Interest on the Bonds shall be paid by check, dated as of the Interest Payment Date, and sent, first class United States mail, postage prepaid, by the Paying Agent/Registrar to each Owner at the address of each as such appears in the Register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the Owner; provided, however, the Owner shall bear all risk and expense of such other banking arrangement.
- (d) The principal of each Bond shall be paid to the Owner of such Bond on the due date thereof, whether at the maturity date or the date of prior redemption thereof, upon presentation and surrender of such Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar.

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

(f) Unclaimed payments of amounts due hereunder shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds to which such unclaimed payments pertain. Subject to any escheat, abandoned property, or similar law of the State, any such payments remaining unclaimed by the Owners entitled thereto for three (3) years after the applicable payment or redemption date shall be applied to the next payment or payments on the Bonds thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Bonds, shall be paid to the City to be used for any lawful purpose. Thereafter, none of the City, the Paying Agent/Registrar, or any other Person shall be liable or responsible to any holders of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to any applicable escheat law or similar law of the State.

### **Section 3.5. Execution and Registration of Bonds.**

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

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

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

(d) On the Delivery Date, one Initial Bond representing the entire principal amount of all Bonds, payable in stated installments to the Purchaser, or its designee, executed with the manual or facsimile signatures of the Mayor and the City Secretary, approved by the Attorney General, and registered and manually signed by the Comptroller, 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. Refunding Bonds.**

(a) Except in accordance with the provisions of this Indenture, including Section 13.2, the City shall not issue additional bonds, notes or other obligations payable from any portion of 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. Except as limited by the terms of this Indenture, including Section 13.2, the City reserves the right to incur debt payable from sources other than the Trust Estate, including revenue derived from contracts with other entities, including private corporations, municipalities and political subdivisions issued particularly for the purchase, construction, improvement, extension, replacement, enlargement or repair of the facilities needed in performing any such contract.

(b) The principal of all Refunding Bonds must be scheduled to be paid, be subject to mandatory sinking fund redemption or mature on September 15 of the years in which such principal is scheduled to be paid. All Refunding Bonds must bear interest at a fixed rate and any interest payment dates for Refunding Bonds must be March 15 and September 15. The date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of Refunding Bonds shall be set forth in a Supplemental Indenture.

(c) Upon their authorization by the City, the Refunding Bonds of a series issued under this Section 3.6 and in accordance with Article IV hereof shall be issued and shall be delivered to the purchasers or owners thereof, but before, or concurrently with, the delivery of said Refunding Bonds to such purchasers or owners there shall have been filed with the Trustee the items required by Section 3.3 above.

### **Section 3.7. 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 Record Date or Special Record Date, as applicable) and for all other purposes, whether or not such Bond is overdue, and none of the City, the Trustee or 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 3.8. 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 maintain a copy of the Register, and shall cause the Register to be current with all registration and transfer information as from time to time may be applicable.

(b) A Bond shall be transferable only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer 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. The Trustee is hereby authorized to authenticate and deliver Bonds exchanged for other Bonds in accordance with this Section.

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

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

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

(g) Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond or portion thereof called for redemption prior to maturity within

forty-five (45) days prior to the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond.

### **Section 3.9. 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. Whenever in this Indenture provision is made for the cancellation by the Trustee of any Bonds, the Trustee shall dispose of cancelled Bonds in accordance with its record retention policies.

### **Section 3.10. 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 3.11. Replacement Bonds.**

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the City shall issue and 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 City shall issue and the Trustee, pursuant to the applicable laws of the State 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 3.12. Book-Entry-Only System.**

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

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

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

#### **Section 3.13. 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 blanket issuer 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 3.14. Payments to Cede & Co.**

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



## ARTICLE IV

### REDEMPTION OF BONDS BEFORE MATURITY

#### Section 4.1. **Limitation on Redemption.**

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

#### Section 4.2. **Mandatory Sinking Fund Redemption.**

(a) The Bonds maturing on September 15 in the years 20\_\_, 20\_\_, and 20\_\_ (collectively, the “*Term Bonds*”), are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at the Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

Term Bonds maturing September 15, 20\_\_

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 2025	
September 15, 2026	
September 15, 2027	
September 15, 2028	
September 15, 2029	
September 15, 2030	
September 15, 2031	
September 15, 2032	
September 15, 2033	
September 15, 2034*	

Term Bonds maturing September 15, 20\_\_

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 2035	
September 15, 2036	
September 15, 2037	
September 15, 2038	
September 15, 2039	
September 15, 2040	
September 15, 2041	
September 15, 2042	
September 15, 2043	
September 15, 2044*	

Term Bonds maturing September 15, 20\_\_

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 2045	

September 15, 2046  
September 15, 2047  
September 15, 2048  
September 15, 2049  
September 15, 2050  
September 15, 2051  
September 15, 2052  
September 15, 2053  
September 15, 2054\*

\* Stated Maturity.

(b) At least thirty (30) days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by this Indenture, the Trustee shall select by lot, or by any other customary method that results in a random selection, a principal amount of Bonds of such maturity equal to the Sinking Fund 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 mandatory sinking fund redemption, as provided in Section 4.6.

(c) 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, at the option of the City, by the principal amount of any Bonds of such maturity which, at least thirty (30) 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 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 in integral multiples of \$1,000 by any portion of such Bonds, which, at least 30 days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or the extraordinary optional redemption provisions in Sections 4.3 and 4.4, respectively, 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 Bonds maturing on or after September 15, 20[ ], in whole or in part, on any date on or after September 15, 20[ ], such redemption date or dates to be fixed by the City, at the Redemption Price.

#### **Section 4.4. Extraordinary Optional Redemption.**

The City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, on any date, at the Redemption Price, from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund as provided in Section 6.7) 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 hereof, Bonds shall be redeemed in minimum principal amounts of \$1,000 or any integral thereof. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by \$1,000. No redemption shall result in a Bond in a denomination of less than the Authorized Denomination in effect at that time; provided, however, if the principal amount of the Outstanding Bond is less than an Authorized Denomination after giving effect to such partial redemption, a Bond in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued.

(b) If less than all of the Bonds are called for optional redemption pursuant to Section 4.3 hereof, the Trustee shall rely on directions provided in a City Order in selecting the Bonds to be redeemed.

(c) 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 to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds. If less than all Bonds within a Stated Maturity are called for extraordinary optional redemption pursuant to Section 4.4 hereof, the Trustee shall call by lot the Bonds, or portions thereof, within such Stated Maturity and in such principal amounts, for redemption.

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

#### **Section 4.6. Notice of Redemption to Owners.**

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

(b) The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, and subject to Section 4.5, 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 this Indenture. Upon written direction from the City, the Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

(e) With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by this Indenture have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Trustee prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Trustee on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds, such events shall not constitute an Event of Default under this Indenture, and the Trustee shall give notice, in the manner in which the notice of redemption was given, to the effect 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 corporate trust office of the Trustee on or after the date fixed for redemption, the Trustee shall pay the Redemption Price on such Bond to the date of redemption from the moneys set aside for such purpose.

#### **Section 4.8. Effect of Redemption.**

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

## ARTICLE V

### FORM OF THE BONDS

#### Section 5.1. Form Generally.

(a) The Bonds, including the Registration Certificate of the Comptroller, 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 this Article with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Indenture, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Bonds, as evidenced by their execution thereof.

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

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

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

#### Section 5.2. Form of the Bonds.

##### (a) Form of Bond.

NEITHER THE FAITH AND CREDIT NOR THE TAXING  
POWER OF THE STATE OF TEXAS, THE CITY, OR ANY  
OTHER POLITICAL CORPORATION, SUBDIVISION OR  
AGENCY THEREOF, IS PLEDGED TO THE PAYMENT  
OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

REGISTERED  
NO. \_\_\_\_\_

United States of America  
State of Texas

REGISTERED  
\$ \_\_\_\_\_

CITY OF ROYSE CITY, TEXAS  
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2024  
(CLEARVIEW RANCH PUBLIC IMPROVEMENT  
DISTRICT SOUTH ZONE IMPROVEMENT AREA #1  
PROJECT)

INTEREST RATE

MATURITY DATE

DELIVERY DATE

CUSIP NUMBER

\_\_\_\_\_ %                      September 15, 20\_\_\_\_                      September \_\_, 2024                      \_\_\_\_\_

The City of Royse City, 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 Delivery Date, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on March 15 and September 15 of each year, commencing March 15, 2025.

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 UMB Bank, N.A., as trustee and paying agent/registrar (the “*Trustee*”), or, with respect to a successor trustee and paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements acceptable to the Trustee, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall be the Person in whose name this Bond is registered at the close of business on the “Record Date,” which shall be the last Business Day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a “*Special Record Date*”) will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (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 as of the Delivery Date and issued in the aggregate principal amount of \$4,750,000 and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of September 1, 2024 (the “*Indenture*”), by and between the City and the Trustee, to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying a portion of the Costs, (ii) funding a reserve fund for payment of principal and interest on the Bonds, (iii) paying a portion of the costs incidental to the organization of the District, and (iv) paying the costs of issuance of the Bonds.

The Bonds are special, limited obligations of the City payable solely from the Trust Estate. 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.

IN THE INDENTURE, THE CITY HAS RESERVED THE RIGHT to issue Refunding Bonds payable from and secured by a first lien on, security interest in, and pledge of the Trust Estate.

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

The Bonds are issuable as fully registered bonds only in denominations of \$25,000 and any multiple of \$1,000 in excess thereof (“*Authorized Denominations*”). Except to the extent permitted by the Indenture, the City prohibits the breaking up or allocation of CUSIP numbers to any Bond or Bonds in denominations of less than \$25,000, and any attempt to do so will be void and of no effect.

The Bonds maturing on September 15 in the years 20\_\_, 20\_\_, and 20\_\_ (collectively, “*Term Bonds*”), are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at the Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article 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 15, 20\_\_

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 2025	
September 15, 2026	
September 15, 2027	
September 15, 2028	
September 15, 2029	
September 15, 2030	
September 15, 2031	
September 15, 2032	
September 15, 2033	
September 15, 2034*	

Term Bonds maturing September 15, 20\_\_

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 2035	
September 15, 2036	
September 15, 2037	
September 15, 2038	
September 15, 2039	
September 15, 2040	
September 15, 2041	
September 15, 2042	
September 15, 2043	
September 15, 2044*	

Term Bonds maturing September 15, 20\_\_

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 2045	
September 15, 2046	
September 15, 2047	
September 15, 2048	
September 15, 2049	
September 15, 2050	
September 15, 2051	
September 15, 2052	
September 15, 2053	
September 15, 2054*	

\* Stated Maturity.

At least thirty (30) days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by the Indenture, the Trustee shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Bonds of such maturity equal to the Sinking Fund Installment amounts 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 mandatory sinking fund redemption, as provided in Section 4.6 of the Indenture.

The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least thirty (30) 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 in integral multiples of \$1,000 by any portion of such Bonds which, at least thirty (30) days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions in the Indenture and not previously credited to a mandatory sinking fund redemption.

The City reserves the right and option to redeem Bonds maturing on or after September 15, 20[ ], in whole or in part, on any date on or after September 15, 20[ ], such redemption date or dates to be fixed by the City, at the Redemption Price.

The Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on any date, at the Redemption Price from amounts on deposit in the Redemption Fund as a result of Prepayments or any other transfers to the Redemption Fund under the terms of the Indenture.

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

If less than all of the Bonds are called for optional redemption, the Trustee shall rely on directions provided in a City Order in selecting the Bonds to be redeemed.

If less than all of the Bonds are called for extraordinary optional redemption, the Bonds or portion of a Bond to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds. If less than all Bonds within a Stated Maturity are called for extraordinary optional redemption, the Trustee shall call by lot the Bonds, or portions thereof, within such Stated Maturity and in such principal amounts, for redemption.

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

The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond (or portion thereof) to be redeemed, at the address shown 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 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 so given 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. Upon written direction from the City, 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 of the Bonds, unless certain prerequisites to such redemption required by the Indenture have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Trustee prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Trustee on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds, such events shall not constitute an Event of Default under the Indenture, and the Trustee shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the City and the rights of the holders of the Bonds under the Indenture at any time Outstanding affected by such modification. The Indenture also contains provisions permitting the holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the holders of all the Bonds, to waive compliance by the City with certain past defaults under the Bond Ordinance or the Indenture and their consequences. Any such consent or waiver by the holder of this Bond or any predecessor Bond evidencing the same debt shall be conclusive and binding upon such holder and upon all future holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

As provided in the Indenture, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar, and upon delivery to the Trustee of such certifications and/or opinion of counsel as may be required under the Indenture for the transfer of

this Bond. Upon satisfaction of such requirements, one or more new fully registered Bonds of the same Stated Maturity, of Authorized Denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the City nor the Trustee shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within forty-five (45) calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

The City, the Trustee, and any other Person may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the Person in whose name this Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the City nor the Trustee shall be affected by notice to the contrary.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY, COLLIN COUNTY, 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.

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City Secretary

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Mayor

[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 that this Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and that this Bond has been registered this day by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this \_\_\_\_\_.

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas

[SEAL]

(c) Form of Certificate of Trustee.

CERTIFICATE OF TRUSTEE

It is hereby certified that this is one of the Bonds of the series of Bonds referred to in the within mentioned Indenture.

UMB BANK, N.A.,  
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 and address, including 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 register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed by:

\_\_\_\_\_  
\_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Trustee.

(e) The Initial Bond shall be in the form set forth in paragraphs (a) through (d) of this section, except for the following alterations:

(i) immediately under the name of the Bond the heading "INTEREST RATE" and "MATURITY DATE" shall both be completed with the expression "As Shown Below," and the reference to the "CUSIP NUMBER" shall be deleted;

(ii) in the first paragraph of the Bond, the words "on the Maturity Date, as specified above, the sum of \_\_\_\_\_ DOLLARS" shall be deleted and the following will be inserted: "on September 15 in each of the years, in the principal amounts and bearing interest at the per annum rates set forth in the following schedule:

<u>Year</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>
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(Information to be inserted from Section 3.2(c)); and

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

### **Section 5.3. CUSIP Registration.**

The City may secure identification numbers through CUSIP Global Services, managed by S&P Global Markets Intelligence on behalf of the American Bankers Association, New York, New York, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof and none of the City, the attorneys approving said Bonds as to legality or the Trustee are to be held responsible for CUSIP numbers incorrectly printed on the Bonds. Except as authorized under Section 4.5 hereof, the City prohibits any Bond to be issued in a denomination of less than \$25,000 and further prohibits the assignment of a CUSIP number to any Bond with a denomination of less than \$25,000, and any attempt to accomplish either of the foregoing shall be void and of no effect. The Trustee may include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Bondholders and that neither the City nor the Trustee shall be liable for any inaccuracies in such numbers.

### **Section 5.4. 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.

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

(A) Principal and Interest Account.

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

(A) Reserve Account; and

(B) Delinquency and Prepayment Reserve Account.

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

(A) Bond Improvement Account; and

(B) Costs of Issuance Account.

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

(A) Bond Pledged Revenue Account.

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

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

**Section 6.2. Initial Deposits to Funds and Accounts.**

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

(i) to the Reserve Account of the Reserve Fund: \$ \_\_\_\_\_, which is equal to the initial Reserve Account Requirement;

(ii) to the Costs of Issuance Account of the Project Fund: \$ \_\_\_\_\_;

- (iii) to the Bond Improvement Account of the Project Fund: \$ \_\_\_\_\_; and
- (iv) to the Administrative Fund: \$ \_\_\_\_\_.

**Section 6.3. Pledged Revenue Fund.**

(a) Immediately upon receipt thereof, the City shall transfer or cause to be transferred, pursuant to a City Order provided to the Trustee for deposit to the Pledged Revenue Fund the Assessments and Annual Installments, other than the portion of the Assessments and Annual Installments allocated to the payment of Annual Collection Costs and Delinquent Collection Costs, which shall be deposited to the Administrative Fund in accordance with Section 6.9 hereof. Specifically, following the initial deposit to the Pledged Revenue Fund, the City shall transfer or cause to be transferred pursuant to a City Order provided to the Trustee the following amounts from the Pledged Revenue Fund to the following Accounts: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund, an amount sufficient to pay debt service on the Bonds next coming due, and (ii) second, if necessary, to the Reserve Account of the Reserve Fund, an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement. Notwithstanding the foregoing, the Additional Interest shall only be utilized for the purposes set forth in Section 6.7 hereof and, immediately following the initial deposit to the Pledged Revenue Fund, prior to any other transfers or deposits being made under this Section 6.3(a), if the Delinquency and Prepayment Reserve Account of the Reserve Fund does not contain the Delinquency and Prepayment Reserve Requirement and Additional Interest is collected, then all such Additional Interest will be transferred into the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement is met. In addition, in the event the City owes Rebatable Arbitrage to the United States Government pursuant to Section 6.8 hereof, the City shall provide a City Order to the Trustee to transfer to the Rebate Fund, prior to any other transfer under this Section 6.3(a), the full amount of Rebatable Arbitrage owed by the City, as provided in Sections 6.8 and 6.10(f) hereof. If any funds remain on deposit in the Pledged Revenue Fund after the foregoing deposits and the deposits set forth in Section 6.3(d) and 6.3(e) are made, the City shall have the option, in its sole and absolute discretion, to use such excess funds for any one or more of the following purposes: (1) pay other costs of the South Zone Improvement Area #1 Projects, (2) pay other costs permitted by the PID Act, or (3) deposit such excess into the Redemption Fund to redeem Bonds as provided in Article IV. Along with each transfer to the Trustee, the City shall provide a certificate as to the Funds, Accounts and payments into which the amounts are to be deposited or paid.

(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 Pledged Revenue Fund and transfer to the Principal and Interest Account of the Bond Fund, an amount, taking into account any amounts then on deposit in such Principal and Interest Account, such that the amount on deposit in the Principal and Interest Account equals the principal (including any Sinking Fund Installments) and interest due on the Bonds on the next Interest Payment Date.

(c) If, after the foregoing transfers and any transfer from the Reserve Fund as provided in Section 6.7, there are insufficient funds to make the payments provided in paragraph (b) above, the Trustee shall apply the available funds in the Principal and Interest Account first



to the payment of interest, then to the payment of principal (including any Sinking Fund Installments) on the Bonds.

(d) The Trustee shall transfer Prepayments to the Redemption Fund promptly after deposit of such amounts into the Pledged Revenue Fund.

(e) Promptly after the deposit of Foreclosure Proceeds into the Pledged Revenue Fund, the Trustee shall transfer such Foreclosure Proceeds first to the Reserve Fund to restore any transfers from the Accounts within the Reserve Fund made with respect to the particular Assessed Property to which the Foreclosure Proceeds relate (first to replenish the Reserve Account Requirement, and second to replenish the Delinquency and Prepayment Reserve Requirement), and second, to the Redemption Fund.

(f) After satisfaction of the requirement to provide for the final payment of the principal and interest on the Bonds and to fund any deficiency that may exist in the Reserve Fund, the Trustee shall transfer any Pledged Revenues remaining in the Pledged Revenue Fund for the purposes set forth in Section 6.3(a) hereof, as directed by the City in a City Order.

#### **Section 6.4. Bond Fund.**

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

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

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

#### **Section 6.5. Project Fund.**

(a) Money on deposit in the Project Fund shall be used for the purposes specified in clauses (i) and (iv) of Section 3.1.

(b) Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to one or more City Orders. Disbursements from the Bond Improvement Account of the Project Fund to pay Costs shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certificate for Payment. The funds from the Bond Improvement Account of the Project Fund shall be disbursed in accordance with a Certificate for Payment as described in the Reimbursement Agreement. Each such Certificate for Payment shall include a list of the payees and the payments to be made to such payees as well as a statement that all payments shall be

made by check or wire transfer in accordance with the payment instructions set forth in such Certificate for Payment or in the invoices submitted therewith and the Trustee may rely on such payment instructions with no duty to investigate or inquire as to the authenticity of or authorization for the invoice or the payment instructions contained therein.

(c) Except as provided in Section 6.5(d) and (f), money on deposit in the Bond Improvement Account shall be used solely to pay Costs.

(d) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Bond Improvement Account of the Project Fund are not expected to be expended for purposes of the Project Fund due to the abandonment, or constructive abandonment, of one or more of the South Zone Improvement Area #1 Projects such that, in the opinion of the City Representative, it is unlikely that the amounts in the Bond Improvement Account of the Project Fund will ever be expended for the purposes of the Bond Improvement Account of the Project Fund, the City Representative shall file a City Order with the Trustee which identifies the amounts then on deposit in the Bond Improvement Account of the Project Fund that are not expected to be used for purposes of the Bond Improvement Account of the Project Fund. If such City Order is so filed, the identified amounts on deposit in the Bond Improvement Account of the Project Fund shall be transferred to the Bond Fund or to the Redemption Fund as directed by the City Representative in a City Order filed with the Trustee. Upon such transfers, the Bond Improvement Account of the Project Fund shall be closed.

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

(f) Upon the filing of a City Order stating that all South Zone Improvement Area #1 Projects have been completed and that all Costs have been paid, or that any Costs are not required to be paid from the Bond Improvement Account pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining within the Bond Improvement Account of the Project Fund to the Bond Fund or to the Redemption Fund as directed by the City Representative in a City Order filed with the Trustee. Upon such transfer, the Bond Improvement Account shall be closed.

(g) Upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to the Bond Improvement Account of the Project Fund and used to pay Costs or to the Principal and Interest Account and used to pay interest on the Bonds, as directed in a City Order filed with the Trustee, and the Costs of Issuance Account shall be closed.

(h) In the event the Developer has not completed the South Zone Improvement Area #1 Projects by September 24, 2029, then the City may provide written direction to the Trustee to transfer all funds on deposit in the Bond Improvement Account of the Project Fund to the Redemption Fund to redeem Bonds pursuant to Section 4.3 hereof.

#### **Section 6.6. Redemption Fund.**

The Trustee, pursuant to a City Order, 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) The City agrees with the Owners of the Bonds to accumulate and, when accumulated, maintain in the Reserve Account, an amount equal to not less than the Reserve Account Requirement. All amounts deposited in the Reserve Account shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund as provided in this Indenture. The Trustee will transfer from the Pledged Revenue Fund to the Delinquency and Prepayment Reserve Account on March 15 of each year, commencing March 15, 2025, an amount the City confirms to the Trustee is equal to the Additional Interest until the Delinquency and Prepayment Reserve Requirement has been accumulated in the Delinquency and Prepayment Reserve Account; provided, however, that at any time the amount on deposit in the Delinquency and Prepayment Reserve Account is less than Delinquency and Prepayment Reserve Requirement, the Trustee shall resume depositing the Additional Interest into the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement has accumulated in the Delinquency and Prepayment Reserve Account. In calculating the amounts to be transferred pursuant to this Section, the Trustee may conclusively rely on a City Order, which shall be based on the Annual Installments as shown on the Assessment Roll in the Service and Assessment Plan unless and until it receives a City Order directing that a different amount be used. The Additional Interest shall continue to be collected and deposited pursuant to this Section 6.7 until the Bonds are no longer Outstanding.

(b) Whenever a transfer is made from 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.

(c) In the event of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment pursuant to Section 4.4, the Trustee, pursuant to a City Order from the City, shall transfer from the Reserve Account of the Reserve Fund to the Redemption Fund the amount specified in such directions, which shall be an amount equal to the principal amount of Bonds to be redeemed 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 to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall or any additional amounts to permit the redemption of Bonds to be redeemed in minimum principal amounts of \$1,000 from the Delinquency and

Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

(d) Whenever, on any Interest Payment Date, or on any other date at the written request of a City Representative, the value of cash and Value of Investment Securities 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 Principal and Interest Account to be used for the payment of interest on the Bonds on the next Interest Payment Date in accordance with Section 6.4, unless within thirty days of such notice to the City Representative, the Trustee receives a City Order instructing the Trustee to apply such excess: (i) to pay amounts due under Section 6.8 hereof, (ii) to the Administrative Fund in an amount not more than the Annual Collection Costs for the Bonds, (iii) to the Bond Improvement Account of the Project Fund to pay Costs if such application and the expenditure of funds is expected to occur within three years of the date hereof or (iv) 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 amounts on deposit in the Delinquency and Prepayment Reserve Account exceed the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess, and such excess shall be transferred, at the direction of the City pursuant to a City Order, to the Administrative Fund for the payment of Annual Collection Costs or to the Redemption Fund. In the event that the Trustee does not receive a City Order directing the transfer of such excess to the Administrative Fund within 45 days of providing notice to the City of such excess, the Trustee shall transfer such excess to the Redemption Fund to redeem Bonds pursuant to Section 4.4 hereof and provide the City with written notification of the transfer. The Trustee shall incur no liability for the accuracy or validity of the transfer so long as the Trustee made such transfer in full compliance with this Section.

(f) Reserved.

(g) 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 Delinquency and Prepayment Reserve Account of the Reserve Fund and second from the Reserve Account of the Reserve Fund to the Bond Fund the amounts necessary to cure such deficiency.

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

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

(j) If the amount held in the Reserve Fund together with the amount held in the Pledged Revenue Fund, the Bond Fund and Redemption Fund is sufficient to pay the principal amount and of all Outstanding Bonds on the next date the Bonds may be optionally redeemed by the City at a redemption price of par, together with the unpaid interest accrued on such Bonds as of such date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds on such date.

#### **Section 6.8. Rebate Fund: Rebatable Arbitrage.**

(a) The Rebate Fund is 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 in accordance with the Code. The Rebate Fund shall not be part of the Trust Estate and shall not be security for the Bonds.

(b) In order to assure that Rebatable Arbitrage 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 City's federal tax certificate for the Bonds, as further set forth in written directions from the City to the Trustee. The Trustee may conclusively rely on such written instructions as set forth in this Section and shall not be responsible for any loss or liability resulting from the investment of funds under this Section, but only so long as the Trustee follows such written instructions in all respects.

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

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

#### **Section 6.9. Administrative Fund.**

(a) Immediately upon receipt thereof, the City shall deposit or cause to be deposited to the Administrative Fund the portion of the Assessments and Annual Installments allocated to the payment of Annual Collection Costs and Delinquent Collection Costs, as set forth in the Service and Assessment Plan.

(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 Order solely for the purposes set forth in the Service and Assessment Plan, including payment of Annual Collection Costs and Delinquent Collection Costs. The Administrative Fund shall not be part of the Trust Estate and shall not be security for the Bonds.

#### **Section 6.10. Investment of Funds.**

(a) Money in any Fund or Account, other than the Reserve Fund, shall be invested by the Trustee in Investment Securities as directed by the City pursuant to a City Order filed with the Trustee; provided that all such deposits and investments shall be made in such manner that

the money required to be expended from any Fund or Account will be available at the proper time or times. Money in the Reserve Fund shall be invested in such Investment Securities as directed by the City pursuant to a City Order filed with the Trustee, provided that the final maturity of any individual Investment Security shall not exceed 270 days and the average weighted maturity of any investment pool or no-load money market mutual fund shall not exceed 90 days. Each such City Order shall be a certification, upon which the Trustee may conclusively rely without investigation or inquiry, that the investment directed therein constitutes an Investment Security and that such investments meet the maturity and average weighted maturity requirements set forth in the preceding sentence. Such investments shall be valued each year in terms of the Value of Investment Securities as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in the Funds and Accounts may be invested in common investments of the kind described above, or in a common pool of such investment which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund or Account are held by or on behalf of each such Fund or Account. If necessary, such investments shall be promptly sold to prevent any default under this Indenture. To ensure that cash on hand is invested, if the City does not give the Trustee written or timely instructions with respect to investments of funds, the Trustee is hereby directed to invest and re-invest cash balances in Morgan Stanley, Fidelity or Federated family of funds, but only so long as such funds are authorized investments and permitted under the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, or any successor law, and only so long as such investments constitute Investment Securities and the money required to be expended from any Fund will be available at the proper time or times.

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

(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 not incur any liability for losses arising from any investments made pursuant to this Section. The Trustee shall not be required to determine suitability or legality of any investments or whether investments comply with this Section. The parties acknowledge that the Trustee is not providing investment supervision, recommendations or advice.

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

(e) The Trustee will furnish to the City, upon the City's written request, periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the City. Upon the City's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The City waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law. The City further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

(f) In the event it is found, after an annual calculation has been done pursuant to Section 6.8 hereof, that the City owes Rebatale Arbitrage to the United States Government, the City shall direct the Trustee, pursuant to a City Order, to transfer to the Rebate Fund the investment earnings on funds on deposit in the Pledged Funds in an amount equal to the Rebatale Arbitrage owed by the City. The City Order shall specify the amount to be transferred and the Pledged Fund or Pledged Funds from which the investment earnings shall be transferred.

#### **Section 6.11. Security of Funds.**

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

### **ARTICLE VII**

#### **COVENANTS**

##### **Section 7.1. Confirmation of Assessments.**

The City hereby confirms, covenants, and agrees that, in the Assessment Ordinance, it has levied the Assessments against the Assessed Property from which the Assessment 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 reasonable 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.

(b) 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.

(c) 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 Assessments or the corresponding particular Assessed Property.

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

#### **Section 7.3. Against Encumbrances.**

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

(b) So long as Bonds are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds and Refunding Bonds, secured by any pledge of or other lien or charge on the Trust Estate, 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 Bonds are Outstanding, it will keep and maintain a proper and complete system of records and accounts pertaining to the Assessments. The Trustee and holder or holders of any Bonds or any duly authorized agent or agents of such holders shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds during the City's regular business hours and on a mutually agreeable date not later than twenty days after the City receives such request.

#### **Section 7.5. Covenants Regarding Tax Exemption of Interest on Bonds.**

(a) The City covenants to take any action necessary to assure, or refrain from any action that would adversely affect, the treatment of the Bonds as an obligation described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Bonds (less amounts deposited to a reserve fund, if any) are used for any "private



business use,” as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the City, with respect to such private business use, do not, under the terms of this Article or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the “private business use” described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a “private business use” that is “related” and not “disproportionate,” within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount that is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action that would otherwise result in the Bonds being treated as a “private activity bond” within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Bonds being “federally guaranteed” within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds that were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) that produces a materially higher yield over the term of the Bonds, other than investment property acquired with –

(A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of refunding bonds, for a period of 90 days or less until such proceeds are needed for the purpose for which the Bonds or refunding bonds are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

(8) to refrain from using the proceeds of the Bonds or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings); and

(9) to pay to the United States of America at least once during each five-year period (beginning on the Delivery Date) an amount that is at least equal to 90 percent of the “Excess Earnings,” within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

(b) In order to facilitate compliance with the above covenant (a)(9), the Rebate Fund is established by the City pursuant to Section 6.1 for the sole benefit of the United States of America, and such Rebate Fund shall not be subject to the claim of any other person, including without limitation the registered Owner. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) The City understands that the term “proceeds” includes “disposition proceeds” as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto (the “*Treasury Regulations*”). In the event that regulations or rulings are hereafter promulgated that modify or expand provisions of the Code, as applicable to the Bonds, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Bonds, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the Mayor, City Manager and Director of Finance to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the City, that may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) The City covenants to account for the expenditure of sale proceeds and investment earnings to be used for Costs on its books and records in accordance with the requirements of the Code. The City recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the South Zone Improvement Area #1 Projects are completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the City recognizes that in order for proceeds to be expended under the Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the Delivery Date, or (2) the date the Bonds are retired. The City agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to

assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) The City covenants that the projects funded with the proceeds of the Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other compensation, unless the City obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains a legal opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

## **ARTICLE VIII**

### **LIABILITY OF CITY**

#### **Section 8.1. Liability of City.**

(a) Neither the full faith and credit nor the general taxing power of the City is pledged to the payment of the Bonds, and, except for the Trust Estate, no City taxes, fee or revenues from any source are pledged to the payment of, or available to pay any portion of, the Bonds or any other obligations relating to the District. The City shall never be liable for any obligations relating to the Bonds or other obligations relating to the District, other than as specifically provided for in this Indenture.

(b) 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.

(c) 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.

(d) No provision of this Indenture, the Bonds, the Assessment Ordinance, or any agreement, document, instrument, or certificate executed, delivered or approved in connection with the issuance, sale, delivery, or administration of the Bonds (collectively, the “*Bond Documents*”), shall require the City to expend or risk its own general funds or other funds or otherwise incur any financial liability (other than with respect to the Trust Estate and the Annual

Collection Costs) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if in the judgment of the City there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it.

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

(f) 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 deem reasonable.

(g) 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. Acceptance of Trust; Trustee as Registrar and Paying Agent.**

(a) The Trustee accepts and agrees to execute the respective trusts imposed upon it by this Indenture, but only upon the express terms and conditions and subject to the provisions of this Indenture to all of which the parties hereto and the respective Owners of the Bonds agree. No implied covenants or obligations shall be read into this Indenture against the Trustee.

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

#### **Section 9.2. Trustee Entitled to Indemnity.**

The Trustee shall be under no obligation to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified, 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, that in no event shall the Trustee request or require indemnification as a condition to making any deposits, payments or transfers (provided such payment or transfer is prior to an Event of Default) when required hereunder, or to deliver any notice when required hereunder. To the extent permitted by law and during the occurrence of an Event of Default, the Trustee shall be entitled to indemnification as a condition to making any deposits, payments or transfers when required hereunder, or to delivering any notice when required hereunder. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or exercise any such rights and powers as Trustee, and in such case the Trustee may make transfers from the Administrative Fund, and to the extent money in the Administrative Fund is insufficient, from the Pledged Revenue Fund, to pay all fees, 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.**

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

under the Code; (v) any loss suffered in connection with any investment of funds in accordance with this Indenture; or (vi) to undertake any other action unless specifically authorized pursuant to a written direction by the City or pursuant to this Indenture.

(b) 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. The Trustee will, prior to any Event of Default and after curing of any Event of Default, perform such duties and only such duties as are specifically set forth herein. The Trustee will, during the existence of an Event of Default, exercise such rights and powers vested in it by this Indenture and 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/her own affairs.

(c) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from this Indenture for the existence, furnishing or use of the South Zone Improvement Area #1 Projects. The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in principal amount of the Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

(d) The Trustee shall not be liable for any error of judgment made in good faith by any one of its officers, unless it shall be established that the Trustee was negligent in ascertaining the pertinent facts.

(e) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the discharge of this Indenture.

(f) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents, attorneys, or receivers, and shall not be responsible for any misconduct or negligence on the part of any agent, attorney, or receiver appointed or chosen by it with due care, and the Trustee shall be entitled to rely and act upon the opinion or advice of counsel, who may be counsel to the City, concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such agents, attorneys, and receivers as may reasonably be employed in connection with the trusts hereof. The Trustee shall not be responsible for any loss or damage resulting from any action or nonaction by it taken or omitted to be taken in good faith in reliance upon such opinion or advice of counsel.

(g) The Trustee shall not be responsible for any recital herein (except with respect to the authentication certificate of the Trustee endorsed on the Bonds) or for the recording, filing, or refileing of this Indenture in connection therewith, or for the validity of the execution by the City

of this Indenture or of any Supplemental Indentures or instruments of further assurance, or for the sufficiency or security of the Bonds. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Indenture.

(h) The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the validity or sufficiency of this Indenture or of the Bonds. The Trustee shall not be accountable for the use or application of any Bonds or the proceeds thereof or of any money paid to or upon the order of the City under any provision of this Indenture.

#### **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.**

(a) The Trustee may conclusively 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 that the Trustee shall in good faith reasonably believe to be qualified in relation to the subject matter or is selected by the City in accordance with this Indenture, and the Trustee shall be under no duty to make any investigation or inquiry into, and shall not be deemed to have knowledge of, any statements contained or matters referred to in any such instrument. The Trustee may consult with counsel selected by the Trustee with due care that is nationally recognized in the field of municipal bond law, who may or may not be Bond Counsel, and any advice from such counsel with respect to compliance with the provisions of this Indenture shall be full and complete authorization and protection in respect of any action taken, suffered or omitted to be taken by it hereunder, reasonably and in good faith, in accordance with such advice.

(b) 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 Order, unless other evidence in respect thereof be hereby specifically prescribed. Such City Order shall be full warrant for any action taken or suffered in good faith under the provisions hereof, but 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 be entitled to conclusively rely upon the foregoing as sufficient evidence of the facts set forth herein. The execution of any City Order

shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent thereto have occurred.

(c) 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.

#### **Section 9.6. Compensation.**

Unless otherwise provided by contract with the Trustee, the Trustee, at the written direction of the City, shall transfer from the Administrative Fund, the previously determined and agreed upon, reasonable compensation for all services rendered by it hereunder, including its services as Paying Agent/Registrar and extraordinary services rendered, 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, all pursuant to a City Order and subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by such City Order, and the Trustee shall have a lien therefor on any and all funds at any time held by it hereunder prior to any Bonds Outstanding. 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 the Trustee has 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 shall make such payment from lawfully available funds in the Administrative Fund, and to the extent moneys in the Administrative Fund are insufficient then from other lawfully available funds (other than funds designated by the City for arbitrage rebate purposes) in its possession under the provision of this Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder. The right of the Trustee to fees, expenses, and indemnification, to the extent permitted by law, shall survive the release, discharge, and satisfaction of the Indenture.

#### **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 holders of Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not such committee shall represent the holders of a majority of the Bonds. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be liable for any permissive actions taken except as a consequence of its own negligence or misconduct.

#### **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 60 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. Notwithstanding the foregoing, if, after 60 days following receipt of the notice, the City has not appointed a successor Trustee, the Trustee may apply to a court of competent jurisdiction to appoint a successor Trustee, at no expense to the City, and such resignation shall take effect upon the court's appointment of a successor Trustee.

#### **Section 9.9. Removal of Trustee.**

The Trustee may be removed at any time by (i) the Owners of at least a majority in aggregate Outstanding principal amount of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or by their attorneys-in-fact, duly authorized and delivered to the City, or (ii) so long as the City is not in default under this Indenture, the City. Copies of each such instrument shall be delivered by the City to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the City or the Owners of not less than 10% in aggregate Outstanding principal amount of the Bonds.

#### **Section 9.10. Successor Trustee.**

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

(b) If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, a successor Trustee may be appointed within one year after any such vacancy shall have occurred by the Owners of at least 50% of the aggregate Outstanding principal amount of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or their attorneys-in-fact, duly authorized and delivered to such successor Trustee, with notification thereof being given to the predecessor Trustee and the City.

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

(d) If in a proper case no appointment of a successor Trustee shall be made within 45 days after the giving by any Trustee of any notice of resignation in accordance with Section 9.8 or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem

proper, appoint such successor and the City shall be responsible for the costs of such appointment process.

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

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

#### **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, upon the receipt of payment of its outstanding charges, shall pay over, assign, and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance, or instrument in writing from the City be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties, or obligations, any and all such deeds, conveyances, and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged, and delivered by the City.

#### **Section 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.**

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Trust Estate provided herein, and such pledge is, under current law, valid, effective

and perfected. If necessary, the Trustee shall file or cause to be filed, at the City's expense, such continuation statements as may be delivered to the Trustee 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; provided unless the Trustee is otherwise notified by the City, the Trustee may conclusively rely upon the initial filing statements delivered to it in filing any continuation statements hereunder. The Trustee is not responsible for the initial filing of any financing statements. The City shall timely deliver a copy of such filed financing statement, if any, to the Trustee.

#### **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 the 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.

#### **Section 9.16. Offering Documentation**

The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum, or any other disclosure material prepared or distributed with response to the Bonds and, except as otherwise provided in the continuing disclosure agreement of the issuer, shall have no responsibility for compliance with any State or federal securities laws in connection with the Bonds.

### **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 the Bonds of at least fifty-one percent (51%) of the aggregate principal amount of the Bonds then Outstanding and City approval of such modification or amendment. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the principal of or interest rate thereon, or otherwise alter or impair the

obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, (ii) permit the creation by the City of any pledge or lien upon the Trust Estate, or any portion thereof, superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except for the issuance of Refunding Bonds or as otherwise permitted by Applicable Laws or this Indenture), or (iii) reduce the percentage of Owners of the Bonds required for the amendment hereof. Any such amendment shall 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 anyone or more of the following purposes:

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

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

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

(iv) to authorize the issuance of Refunding Bonds pursuant to Section 13.2 hereof; 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.

#### **Section 10.2. Owners' Meetings.**

The City may at any time call a meeting of the Owners of the Bonds. In such event the City is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof, and to fix and adopt reasonable rules and regulations for the conduct of said meeting; provided, however, that the same may not conflict with the terms of this Indenture. Without limiting the generality of the immediately preceding sentence, such rules and regulations may not reduce the percentage of Owners of Bonds required for the amendment of this Indenture as provided herein.

#### **Section 10.3. Procedure for Amendment with Written Consent of Owners.**

(a) 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, 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, if such

consent is required pursuant to Section 10.1, 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.

(b) Such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners as required by this Indenture and a notice shall have been mailed as hereinafter in this Section provided and the City has delivered to the Trustee an opinion of Bond Counsel to the effect that such amendment is permitted and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 11.6. 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.

(c) 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.

#### **Section 10.4. Procedure for Amendment Not Requiring Owner Consent.**

(a) 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, to take effect when and as provided in this Section. The City shall direct the Trustee to provide a copy of such Supplemental Indenture, together with a notice stating that the Supplemental Indenture does not require Owner consent, mailed by first class mail to each Owner of Bonds, but failure to mail copies of such Supplemental Indenture shall not affect the validity of the Supplemental Indenture. The Trustee shall retain the proof of its mailing of such notice. A record, consisting of the papers required by this Section 10.4, shall be proof of the matters therein stated until the contrary is proved.

(b) The Supplemental Indenture shall become effective upon the execution and delivery of such Supplemental Indenture by the Trustee and the City, and the Supplemental

Indenture shall be deemed conclusively binding upon the City, the Trustee and the Owners of all Bonds as of the date of such execution and delivery.

**Section 10.5. 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 10.6. 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 10.7. 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 10.8. Waiver of Default.**

With the written consent of the Owners of at least fifty-one percent (51%) of the aggregate principal amount of the Bonds then Outstanding, the Owners may waive compliance by the City with certain past defaults under this Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners.

**Section 10.9. 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 or immunities under this Indenture or otherwise.

No such amendment shall modify any of the rights or obligations of the Trustee without its written consent. In executing or accepting any Supplemental Indenture, the Trustee shall be

fully protected in relying upon such an opinion of qualified counsel addressed and delivered to the Trustee stating that (i) the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture, (ii) the execution and delivery of the Supplemental Indenture will not adversely affect the exclusion from federal gross income of the interest on the Bonds, and (iii) such Supplemental Indenture will, upon the execution and delivery thereof, be a valid and binding obligation of the City.

## **ARTICLE XI**

### **DEFAULT AND REMEDIES**

#### **Section 11.1. Events of Default.**

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

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

(ii) The failure of the City to enforce the collection of the Assessments including the prosecution of foreclosure proceedings, in accordance with Section 7.2; and

(iii) Default in the performance or observance of any covenant, agreement or obligation of the City under this Indenture, other than a default under (iv) below, and the continuation thereof for a period of ninety (90) days after written notice specifying such default and requiring same to be remedied shall have been given to the City by the Trustee, which may give such notice in its discretion and which shall give such notice at the written request of the Owners of not less than fifty-one percent (51%) in principal amount of the Bonds then Outstanding; provided, however, if the default stated in the notice is capable of cure but cannot reasonably be cured within the applicable period, the City shall be entitled to a further extension of time reasonably necessary to remedy such default so long as corrective action is instituted by the City within the applicable period and is diligently pursued until such failure is corrected, but in no event for a period of time of more than one hundred eighty (180) days after such notice.

(iv) The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within thirty (30) days thereafter.

The Trustee shall not be charged with knowledge of (a) any events or other information, or (b) any default under this Indenture or any other agreement unless a responsible office of the Trustee shall have actual knowledge thereof.

## **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, then and in every such case the Trustee may proceed, and upon the written request of the Owners of not less than fifty-one percent (51%) in principal amount of the Bonds then Outstanding hereunder shall proceed, to protect and enforce 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 shall have no liability for its selection of Trust Estate assets to liquidate or sell.

(b) PURSUANT TO SECTION 11.7, THE PRINCIPAL OF THE BONDS SHALL NOT BE SUBJECT TO ACCELERATION UNDER ANY CIRCUMSTANCES.

(c) If the assets of the Trust Estate are sufficient to pay all amounts due with respect to 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 Order, 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 Order, 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, specifically, in inverse order of value pursuant to a certified appraisal of real or personal property or market value of investments as set forth in the U.S. Stock Exchange, and as may be required by law and apply the proceeds thereof in accordance with the provisions of this Section. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or, in the reasonable judgment of the Trustee, proper for the purpose which may be designated in such request.

## **Section 11.3. Restriction on Owner's Action.**

(a) No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any



other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing as provided in Section 11.1, or of which by such Section it is deemed to have notice, (ii) such default has become an Event of Default and the Owners of not less than fifty-one percent (51%) of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee written evidence of indemnity as provided in Section 9.2, (iv) the Trustee has for 60 days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no written direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of not less than fifty-one percent (51%) of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee in writing; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the Owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee as advised by its counsel, be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

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

(c) In case the Trustee or any Owners of Bonds 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 of Bonds, then and in every such case the City, the Trustee and the Owners of Bonds shall be restored to their former positions and rights 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 fees, costs, and expenses), 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, 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 or Redemption Price and to the Owners entitled thereto, without any discrimination or preference.

The Trustee shall make payments to the Owners of Bonds pursuant to this Section 11.4 within thirty (30) days of receipt of such good and available funds, and the record date shall be the date the Trustee receives such good and available funds.

(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 any Bond shall bind all future Owners of the same Bond 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, 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.

## **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 be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

(b) The City shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Trust Estate and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) Subject to Section 7.2(d), the City will take all steps reasonably necessary and appropriate, and will provide written direction to 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.

**Section 12.2. General.**

The City shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the City under the provisions of this Indenture.

**ARTICLE 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. Other Obligations or Other Liens; Refunding Bonds.**

(a) The City reserves the right to issue Other Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from Trust Estate, or any portion thereof.

(b) Other than Refunding Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, or any portion thereof, and will not do or omit to do or suffer to be done or omit to be done any matter or things whatsoever whereby the lien of this Indenture or the priority hereof might or could be lost or impaired; provided, however, that the City has reserved the right to issue bonds or other obligations secure by and payable from the Trust Estate so long as such pledge is subordinate to the pledge of the Trust Estate securing payment of the Bonds.

(c) Notwithstanding any contrary provision of this Indenture, but subject to Section 7.3, 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 or other property pledged under this Indenture, other than Refunding Bonds and subordinate lien obligations permitted under this Indenture. 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.

**Section 13.3. Books of Record.**

(a) The City shall cause to be kept full and proper books of record and accounts, in which full, true and proper entries will be made of all dealings, business and affairs of the City, which relate to the Trust Estate and the Bonds.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 13.3 except to receive and retain same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture.

**ARTICLE XIV**

**PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE  
INDENTURE**

**Section 14.1. Trust Irrevocable.**

The trust created by the terms and provisions of this Indenture is irrevocable until the Bonds secured hereby are fully paid or provision is made for their payment as provided in this Article.

**Section 14.2. Satisfaction of Indenture.**

If the City shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the Bonds, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the City to the Owners of such Bonds, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have evidencing that principal of and interest on all of the Bonds has been paid so that the City may determine if this Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the Funds and Accounts held hereunder to the Person entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the City.

**Section 14.3. Bonds Deemed Paid.**

(a) Any Outstanding Bonds shall, prior to the Stated Maturity or redemption date thereof, be deemed to have been paid and no longer Outstanding within the meaning of this Indenture (a "*Defeased Debt*"), and particularly this Article XIV, when payment of the principal of, premium, if any, on such Defeased Debt, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), either (1) shall have been made in accordance with the terms thereof, or (2) shall have been provided by irrevocably depositing with the Trustee, in trust, and irrevocably set aside exclusively for such payment, (A) money sufficient to make such payment or (B) Defeasance Securities that mature as to principal and interest in such amount and at such times as will insure the availability, without

reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation, and expenses of the Trustee pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. 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 and shall not be a part of the Trust Estate. 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 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.

(b) Any determination not to redeem Defeased Debt that is made in conjunction with the payment arrangements specified in Sections 14.3(a)(1) or 14.3(a)(2) shall not be irrevocable, provided that: (1) in the proceedings providing for such defeasance, the City expressly reserves the right to call the Defeased Debt for redemption; (2) the City gives notice of the reservation of that right to the Owners of the Defeased Debt immediately following the defeasance; (3) the City directs that notice of the reservation be included in any defeasance or redemption notices that it authorizes; and (4) at or prior to the time of the redemption, the City satisfies the conditions of clause (a) of this Section 14.3 with respect to such Defeased Debt as though it was being defeased at the time of the exercise of the option to redeem the Defeased Debt, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the Defeased Debt.

(c) Until all Defeased Debt shall have become due and payable, the Trustee and the Paying Agent/Registrar each shall perform the services of Trustee and Paying Agent/Registrar for such Defeased Debt the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services as required by this Indenture.

## **ARTICLE XV**

### **MISCELLANEOUS**

#### **Section 15.1. Benefits of Indenture Limited to Parties.**

Nothing in this Indenture, expressed or implied, is intended to give to any Person other than the City, the Trustee and the Owners, any right, remedy, or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Trustee. This Indenture sets forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written.

#### **Section 15.2. Successor is Deemed Included in All References to Predecessor.**

Whenever in this Indenture or any Supplemental Indenture either the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the

City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

**Section 15.3. Execution of Documents and Proof of Ownership by Owners.**

(a) 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.

(b) Except as otherwise expressly provided herein, 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.

(c) 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.

(d) 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. No 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 herein, all notices or other instruments required or permitted under this Indenture shall be in writing and shall be faxed, delivered by hand, or mailed by first class mail, postage prepaid, and addressed as follows:

If to the City

City of Royse City, Texas  
305 N. Arch Street  
Royse City, Texas 75189  
Attn: Director of Finance  
Telephone: (972) 636-2250

If to the Trustee, initially also acting in  
the capacity of Paying Agent/Registrar

UMB Bank, N.A.  
5910 N. Central Expressway, Suite 1900  
Dallas, Texas 75206  
Attn: Corporate Trust Administration  
Telephone: (214) 389-5947

(b) Any such notice, demand, or request may also be transmitted to the appropriate party by telegram or 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.

(c) 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.

(d) The Trustee shall mail to each Owner of a Bond notice of the redemption or defeasance of all Bonds Outstanding.

#### **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 anyone 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 applicable to contracts made and performed in the State. Venue and exclusive jurisdiction of any action to enforce or construe this Indenture shall be in a state court of competent jurisdiction in Collin County, Texas or any federal court with diversity jurisdiction.

#### **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. Texas Government Code Verifications.

(a) The Trustee makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as 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.

(1) 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.

(2) 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.

(3) 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.

(4) 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. Disclosure of Interested Parties.

The Trustee represents and warrants that it is exempt from the requirements of Section 2252.908 of the Texas Government Code, as amended, pursuant to subsection (c)(4) thereof. Accordingly, the Trustee is not required to file a Certificate of Interested Parties Form 1295.

IN WITNESS WHEREOF, the City and the Trustee have caused this Indenture of Trust to be executed as of the date hereof.

CITY OF ROYSE CITY, TEXAS

By: \_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Secretary

(CITY SEAL)

*City Signature Page to Indenture of Trust*

UMB BANK, N.A.,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

*Trustee Signature Page to Indenture of Trust*

## APPENDIX C

### FORM OF SERVICE AND ASSESSMENT PLAN

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# *Clearview Ranch Public Improvement District*

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## SERVICE AND ASSESSMENT PLAN

JULY 29, 2024



AUSTIN, TX | NORTH RICHLAND HILLS, TX | HOUSTON, TX

## TABLE OF CONTENTS

Table of Contents .....	1
Introduction .....	3
Section I: Definitions .....	4
Section II: The District .....	14
Section III: Authorized Improvements .....	15
Section IV: Service Plan .....	19
Section V: Assessment Plan .....	19
Section VI: Terms of the Assessments .....	27
Section VII: Assessment Roll .....	34
Section VIII: Additional Provisions .....	34
Exhibits .....	36
Appendices .....	38
Exhibit A-1 – Map of the District .....	39
Exhibit A-2 – Map of North Zone Improvement Area #1-A and North Zone Improvement Area #1-B .....	40
Exhibit A-3 – Map of North Zone Remainder Area .....	41
Exhibit A-4 – Map of South Zone Improvement Area #1 .....	42
Exhibit A-5 – Map of South Zone Remainder Area .....	43
Exhibit A-6 – Lot Type Classification Map .....	44
Exhibit B-1 – Project Costs .....	45
Exhibit B-2 – North Zone Apportionment of Costs .....	46
Exhibit B-3 – South Zone Apportionment of Costs .....	47
Exhibit B-4 – North Zone Estimated Buildout Value .....	48
Exhibit C – Service Plan .....	49
Exhibit D – Sources and Uses of Funds .....	50
Exhibit E – Maximum Assessment and Tax Rate Equivalent .....	51
Exhibit F-1 – North Zone Improvement Area #1-A Assessment Roll .....	52
Exhibit F-2 – North Zone Improvement Area #1-A Annual Installments .....	53
Exhibit G-1 – South Zone Improvement Area #1 Assessment Roll .....	54
Exhibit G-2 – South Zone Improvement Area #1 Annual Installments .....	55

Exhibit H-1 – Maps of North Zone Major Improvements and North Zone Improvements.....	56
Exhibit H-2 – Maps of North Zone Improvement Area #1 Improvements .....	57
Exhibit H-3 – Maps of South Zone Improvements.....	61
Exhibit H-4 – Maps of South Zone Improvement Area #1 Improvements .....	62
Exhibit I – Form of Notice of Assessment Termination .....	66
Exhibit J-1 – Installment Schedule for North Zone Improvement Area #1-A Reimbursement Obligation.....	69
Exhibit J-2 – Debt Service Schedule for South Zone Improvement Area #1 Bonds.....	70
Exhibit K-1 – District Legal Description .....	71
Exhibit K-2 – North Zone Improvement Area #1-A Legal Description .....	77
Exhibit K-3 – North Zone Improvement Area #1-B Legal Description .....	79
Exhibit K-4 – North Zone Remainder Area Legal Description .....	85
Exhibit K-5 – South Zone Improvement Area #1 Legal Description.....	90
Exhibit K-6 – South Zone Remainder Area Legal Description .....	94
Appendix A – Engineer’s Report .....	98
Appendix B – Buyer Disclosures.....	117
Clearview Ranch Public Improvement District North Zone Improvement Area #1-A Initial Parcel Buyer Disclosure .....	118
Clearview Ranch Public Improvement District North Zone Improvement Area #1-A Lot Type 1 Buyer Disclosure .....	124
Clearview Ranch Public Improvement District North Zone Improvement Area #1-A Lot Type 2 Buyer Disclosure .....	130
Clearview Ranch Public Improvement District North Zone Improvement Area #1-A Lot Type 3 Buyer Disclosure .....	136
Clearview Ranch Public Improvement District South Zone Improvement Area #1 Initial Parcel Buyer Disclosure .....	142
Clearview Ranch Public Improvement District South Zone Improvement Area #1 Lot Type 4 Buyer Disclosure .....	148
Clearview Ranch Public Improvement District South Zone Improvement Area #1 Lot Type 5 Buyer Disclosure .....	154
Clearview Ranch Public Improvement District South Zone Improvement Area #1 Lot Type 6 Buyer Disclosure .....	160



## INTRODUCTION

Capitalized terms used in this Service and Assessment Plan shall have the meanings given to them in **Section I** unless otherwise defined in this Service and Assessment Plan or unless the context in which a term is used clearly requires a different meaning. Unless otherwise defined, a reference to a “Section,” an “Exhibit,” or an “Appendix” shall be a reference to a Section of this Service and Assessment Plan or an Exhibit or Appendix attached to and made a part of this Service and Assessment Plan for all purposes.

On October 24, 2023, the City Council passed and approved Resolution No. 23-10-267R authorizing the establishment of the District in accordance with the PID Act, which authorization was effective upon approval in accordance with the PID Act. The purpose of the District is to finance the Actual Costs of Authorized Improvements that confer a special benefit on approximately 560.213 acres located within the corporate limits of the City, as described by the legal description on **Exhibit K-1** and depicted on **Exhibit A-1**.

The PID Act requires a Service Plan must (i) cover a period of at least five years; (ii) define the annual indebtedness and projected cost of the Authorized Improvements; and (iii) include a copy of the notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan is contained in **Section IV** and the notice form is attached as **Appendix B**.

The PID Act requires that the Service Plan include an Assessment Plan that assesses the Actual Costs of the Authorized Improvements against the Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements. The Assessment Plan is contained in **Section V**.

The PID Act requires an Assessment Roll that states the Assessment against each Parcel determined by the method chosen by the City Council. The Assessment against each Parcel of Assessed Property must be sufficient to pay the share of the Actual Costs of the Authorized Improvements apportioned to such Parcel and cannot exceed the special benefit conferred on the Parcel by such Authorized Improvements. The North Zone Improvement Area #1-A Assessment Roll is included as **Exhibit F-1**. The South Zone Improvement Area #1 Assessment Roll is included as **Exhibit G-1**.

## SECTION I: DEFINITIONS

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

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

**“Additional Interest Rate”** means an additional interest rate not to exceed the 0.50% that may be charged on Assessments securing PID Bonds pursuant to Section 372.018 of the PID Act. The Additional Interest Rate is not charged on Assessments securing the North Zone Improvement Area #1-A Reimbursement Obligation.

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

**“Annual Collection Costs”** mean the actual or budgeted costs and expenses related to the collection of assessments and operation of the District, including, but not limited to, costs and expenses for: (1) the Administrator; (2) City staff; (3) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (4) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (5) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (6) paying and redeeming PID Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with this Service and Assessment Plan, the PID Act, and any Indenture, with respect to the PID Bonds, including the City’s continuing disclosure requirements;

and (9) the paying agent/registrar and Trustee in connection with PID Bonds, including their respective legal counsel. Annual Collection Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

**“Annual Installment”** means the annual installment payment of an Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest related to the PID Bonds, if applicable.

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

**“Apportioned Property”** means any Parcel within the District against which the costs of the Authorized Improvements are apportioned based on special conferred benefit and against which an Assessment is anticipated to be levied.

**“Assessed Property”** means any Parcel within the District against which an Assessment is levied.

**“Assessment”** means an assessment levied against Assessed Property to pay the costs of certain Authorized Improvements as specified herein, which Assessment is imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on an Assessment Roll, subject to reallocation upon the subdivision of such Assessed Property or reduction according to the provisions herein and in the PID Act.

**“Assessment Ordinance”** means an ordinance adopted by the City Council in accordance with the PID Act that levies an Assessment on the Assessed Property, as shown on any Assessment Roll.

**“Assessment Plan”** means the methodology employed to assess the Actual Costs of the Authorized Improvements against the Assessed Property based on the special benefits conferred on such property by the Authorized Improvements, more specifically set forth and described in **Section V**.

**“Assessment Roll”** means any assessment roll for the Assessed Property, including the North Zone Improvement Area #1-A Assessment Roll and the South Zone Improvement Area #1 Assessment Roll, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including in any Annual Service Plan Updates. The Assessment Rolls are included in this Service and Assessment Plan as **Exhibit F-1** and **Exhibit G-1**.

**“Authorized Improvements”** means the improvements authorized by Section 372.003 of the PID Act, and described in **Sections III.A, III.B, III.C, III.D, and III.E** as further depicted on **Exhibits H-1, 2, 3, and 4**.

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

**“City”** means the City of Royse City, Texas.

**“City Council”** means the governing body of the City.

**“County”** means Collin County, Texas.

**“Delinquent Collection Costs”** mean costs related to the foreclosure on Assessed Property and the costs of collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under this Service and Assessment Plan, including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing interest and penalty interest.

**“District”** means the Clearview Ranch Public Improvement District containing approximately 560.213 acres located within the corporate limits of the City, and more specifically described in **Exhibit K-1** and depicted on **Exhibit A-1**.

**“Engineer’s Report”** means the report provided by a licensed professional engineer that describes the Authorized Improvements, including their costs, location, and benefit, and is attached hereto as **Appendix A**.

**“Estimated Buildout Value”** means the estimated value of an Assessed Property with fully constructed horizontal and vertical improvements thereon, as provided by the Owners and confirmed by the City Council, by considering such factors as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, builder contracts, discussions with homebuilders, reports from third party consultants, or any other factors that, in the judgment of the City, may impact value. The Estimated Buildout Value for each Lot Type is shown on **Exhibit E**.

**“Indenture”** means an Indenture of Trust entered into between the City and the Trustee in connection with the issuance of each series of PID Bonds, as amended from time to time, setting forth the terms and conditions related to a series of PID Bonds.

**“Lot”** means (1) for any portion of the District for which a final subdivision plat has been recorded in the Plat or Official Public Records of the County, a tract of land described by “lot” in such subdivision plat; and (2) for any portion of the District for which a subdivision plat has not been recorded in the Plat or Official Public Records of the County, a tract of land anticipated to be

described as a “lot” in a final recorded subdivision plat as shown on a concept plan or a preliminary plat. A “Lot” shall not include real property owned by a government entity, even if such property is designated as a separate described tract or lot on a recorded subdivision plat.

**“Lot Type”** means a classification of final building Lots with similar characteristics (e.g. lot size, home product, Estimated Buildout Value, etc.), as determined by the Administrator and confirmed by the City Council. In the case of single-family residential Lots, the Lot Type shall be further defined by classifying the residential Lots by the Estimated Buildout Value of the Lot as provided by the Owners, and confirmed by the City Council, as shown on **Exhibit E**.

**“Lot Type 1”** means a Lot within North Zone Improvement Area #1-A zoned as a 50’ Lot. The buyer disclosure for Lot Type 1 is attached within **Appendix B**.

**“Lot Type 2”** means a Lot within North Zone Improvement Area #1-A zoned as a 60’ Lot. The buyer disclosure for Lot Type 2 is attached within **Appendix B**.

**“Lot Type 3”** means a Lot within North Zone Improvement Area #1-A zoned as a 70’ Lot. The buyer disclosure for Lot Type 3 is attached within **Appendix B**.

**“Lot Type 4”** means a Lot within South Zone Improvement Area #1 zoned as a 50’ Lot. The buyer disclosure for Lot Type 4 is attached within **Appendix B**.

**“Lot Type 5”** means a Lot within South Zone Improvement Area #1 zoned as a 60’ Lot. The buyer disclosure for Lot Type 5 is attached within **Appendix B**.

**“Lot Type 6”** means a Lot within South Zone Improvement Area #1 zoned as a 70’ Lot. The buyer disclosure for Lot Type 6 is attached within **Appendix B**.

**“Maximum Assessment”** means, for each Lot Type, an Assessment equal to the lesser of (1) the amount calculated pursuant to **Section VI.A**, or (2) the amount shown on **Exhibit E**.

**“Non-Benefitted Property”** means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements as determined by the City Council.

**“North Zone”** means North Zone Improvement Area #1-A, North Zone Improvement Area #1-B, and the North Zone Remainder Area.

**“North Zone Commercial Property”** means the area outside the boundary of the District which benefits from the North Zone Major Improvements, and to which a portion of the costs of the North Zone Major Improvements is allocated, as shown on **Exhibit B-2**.

**“North Zone Developer”** means Qualico Developments, Inc. and any successors or assigns thereof that intends to develop the property in the North Zone of the District for the ultimate purpose of transferring title to end-users.

**“North Zone Improvement Area #1”** means North Zone Improvement Area #1-A and North Zone Improvement Area #1-B.

**“North Zone Improvement Area #1 Improvements”** means the Authorized Improvements which only benefit the North Zone Improvement Area #1-A Assessed Property and the North Zone Improvement Area #1-B Apportioned Property, as further described in **Section III.C** and Depicted on **Exhibit H-2**.

**“North Zone Improvement Area #1-A”** means approximately 13.856 acres located within the North Zone of the District, more specifically described in **Exhibit K-2** and depicted on **Exhibit A-2**.

**“North Zone Improvement Area #1-A Annual Installment”** means the Annual Installment of the North Zone Improvement Area #1-A Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; and (3) Annual Collection Costs related to Improvement Area #1, as shown on **Exhibit F-2**.

**“North Zone Improvement Area #1-A Assessed Property”** means any Parcel within North Zone Improvement Area #1-A against which a North Zone Improvement Area #1-A Assessment is levied.

**“North Zone Improvement Area #1-A Assessment”** means an Assessment levied against North Zone Improvement Area #1-A Assessed Property, related to the North Zone Improvement Area #1-A Authorized Improvements, and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the North Zone Improvement Area #1-A Assessment Roll, subject to reallocation or reduction pursuant to the provisions set forth in **Section VI** herein and in the PID Act.

**“North Zone Improvement Area #1-A Assessment Roll”** means the Assessment Roll for the North Zone Improvement Area #1-A Assessed Property, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including any updates prepared in connection with the issuance of PID Bonds or any Annual Service Plan Updates. The North Zone Improvement Area #1-A Assessment Roll is included in this Service and Assessment Plan as **Exhibit F-1**.

**“North Zone Improvement Area #1-A Authorized Improvements”** means collectively, (1) the North Zone Improvement Area #1-A Projects; (2) the first year’s Annual Collection Costs related

to the North Zone Improvement Area #1-A Reimbursement Obligation; and (3) Bond Issuance Costs incurred or to be incurred in connection with the issuance of PID Bonds to refinance the North Zone Improvement Area #1-A Reimbursement Obligation, if such PID Bonds are issued.

**“North Zone Improvement Area #1-A Initial Parcel”** means all of the North Zone Improvement Area #1-A Assessed Property against which the entire North Zone Improvement Area #1-A Assessment is levied, as shown on the North Zone Improvement Area #1-A Assessment Roll.

**“North Zone Improvement Area #1-A Projects”** means collectively, (1) the pro rata portion of the North Zone Major Improvements allocable to North Zone Improvement Area #1-A; (2) the pro rata portion of the North Zone Improvements allocable to North Zone Improvement Area #1-A; and (3) the pro rata portion of the North Zone Improvement Area #1 Improvements allocable to North Zone Improvement Area #1-A.

**“North Zone Improvement Area #1-A Reimbursement Agreement”** means that certain Reimbursement Agreement, effective \_\_\_\_\_ entered into by and between the City and North Zone Developer, in which the North Zone Developer, either directly or through affiliates, agrees to construct the North Zone Major Improvements, the North Zone Improvements and the North Zone Improvement Area #1 Improvements and to fund certain Actual Costs of the North Zone Major Improvements, the North Zone Improvements and the North Zone Improvement Area #1 Improvements, and the City agrees to reimburse the North Zone Developer for Actual Costs of the North Zone Improvement Area #1-A Projects paid solely from the revenue collected by the City from North Zone Improvement Area #1-A Assessments, including North Zone Improvement Area #1-A Annual Installments.

**“North Zone Improvement Area #1-A Reimbursement Obligation”** means an amount not to exceed \$883,000 secured by North Zone Improvement Area #1-A Assessments to be paid to the North Zone Developer pursuant to the North Zone Improvement Area #1-A Reimbursement Agreement. The Annual Installments for the North Zone Improvement Area #1-A Reimbursement Obligation are shown on **Exhibit J-1**.

**“North Zone Improvement Area #1-B”** means approximately 38.169 acres located within the District, more specifically described in **Exhibit K-3** and depicted on **Exhibit A-2**.

**“North Zone Improvement Area #1-B Apportioned Property”** means any Parcel within North Zone Improvement Area #1-B against which a portion of the costs of the North Zone Major Improvements, the North Zone Improvements and the North Zone Improvement Area #1 Improvements are apportioned based on special conferred benefit and against which an Assessment is anticipated to be levied.



**“North Zone Improvement Area #1-B Projects”** means (1) the pro rata portion of the North Zone Major Improvements allocable to North Zone Improvement Area #1-B; (2) the pro rata portion of the North Zone Improvements allocable to North Zone Improvement Area #1-B; and (3) the pro rata portion of the North Zone Improvement Area #1 Improvements allocable to North Zone Improvement Area #1-B.

**“North Zone Improvements”** means the Authorized Improvements which only benefit the North Zone Improvement Area #1-A Assessed Property, The North Zone Improvement Area #1-B Apportioned Property, and the North Zone Remainder Area Apportioned Property as further described in **Section III.B** and Depicted on **Exhibit H-1**.

**“North Zone Major Improvements”** means the Authorized Improvements which only benefit the North Zone Improvement Area #1-A Assessed Property, the North Zone Improvement Area #1-B Apportioned Property, the North Zone Remainder Area Apportioned Property, and the North Zone Commercial Property, as further described in **Section III.A** and Depicted on **Exhibit H-1**.

**“North Zone Remainder Area”** means approximately 50.916 acres located within the District, more specifically described in **Exhibit K-4** and depicted on **Exhibit A-3**. The North Zone Remainder Area includes all of the North Zone save and except North Zone Improvement Area #1-A and North Zone Improvement Area #1-B.

**“North Zone Remainder Area Apportioned Property”** means any Parcel within the North Zone Remainder Area against which a portion of the costs of the North Zone Major Improvements and the North Zone Improvements are apportioned based on special conferred benefit and against which an Assessment is anticipated to be levied.

**“North Zone Remainder Area Projects”** means (1) the pro rata portion of the North Zone Major Improvements allocable to the North Zone Remainder Area, and (2) the pro rata portion of the North Zone Improvements allocable to the North Zone Remainder Area.

**“Notice of Assessment Termination”** means a document that shall be recorded in the Official Public Records of the County evidencing the termination of an Assessment, a form of which is attached as **Exhibit I**.

**“Owner” or “Owners”** means the South Zone Improvement Area #1 Developer, the South Zone Remainder Area Developer, and the North Zone Developer.

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



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

**“PID Bonds”** means any bonds issued by the City in one or more series and secured in whole or in part by Assessments.

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

**“Prepayment Costs”** means interest, including Additional Interest and Annual Collection Costs, to the date of Prepayment.

**“Private Improvements”** means improvements required to be constructed by the Owner that are not Authorized Improvements.

**“Service and Assessment Plan”** means this Clearview Ranch Public Improvement District Service and Assessment Plan as updated, amended, or supplemented from time to time.

**“Service Plan”** means the plan described in **Section IV** which covers a period of at least five years and defines the annual indebtedness and projected costs of the Authorized Improvements.

**“South Zone”** means South Zone Improvement Area #1 and the South Zone Remainder Area.

**“South Zone Improvement Area #1”** means approximately 42.404 acres located within the South Zone of the District, and more specifically described in **Exhibit K-5** and depicted on **Exhibit A-4**.

**“South Improvement Area #1 Annual Installment”** means the Annual Installment of the South Zone Improvement Area #1 Assessment as calculated by the Administrator and approved by the City Council that includes: (1) principal; (2) interest; (3) Annual Collection Costs related to South Zone Improvement Area #1; and (4) Additional Interest related to the South Zone Improvement Area #1 Bonds, as shown on **Exhibit G-2**.

**“South Zone Improvement Area #1 Assessed Property”** means any Parcel within South Zone Improvement Area #1 against which a South Zone Improvement Area #1 Assessment is levied.

**“South Zone Improvement Area #1 Assessment”** means an Assessment levied against the South Zone Improvement Area #1 Assessed Property, related to the South Zone Improvement Area #1 Authorized Improvements, and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the South Zone Improvement Area #1 Assessment Roll, subject to reallocation or reduction pursuant to the provisions set forth in **Section VI** herein and in the PID Act.

**“South Zone Improvement Area #1 Assessment Roll”** means the Assessment Roll for the South Zone Improvement Area #1 Assessed Property within the South Zone of the District, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including any Annual Service Plan Updates. The South Zone Improvement Area #1 Assessment Roll is included in this Service and Assessment Plan as **Exhibit G-1**.

**“South Zone Improvement Area #1 Authorized Improvements”** means, collectively, (1) the South Zone Improvement Area #1 Projects; (2) the first year’s Annual Collection Costs related to the South Zone Improvement Area #1 Bonds; and (3) Bond Issuance Costs incurred in connection with the issuance of the South Zone Improvement Area #1 Bonds.

**“South Zone Improvement Area #1 Bonds”** means those certain “City of Royse City, Texas, Special Assessment Revenue Bonds, Series 2024 (Clearview Ranch Public Improvement District South Zone Improvement Area #1 Project)” that are secured by South Zone Improvement Area #1 Assessments.

**“South Zone Improvement Area #1 Developer”** means Clearview Ranch Land, LLC, a Texas limited liability company, and any successors or assigns thereof that intends to develop the property in the South Zone Improvement Area #1 of the District for the ultimate purpose of transferring title to end users.

**“South Zone Improvement Area #1 Improvements”** means the Authorized Improvements which only benefit the South Zone Improvement Area #1 Assessed Property, as further described in **Section III.D** and depicted on **Exhibit H-4**.

**“South Zone Improvement Area #1 Initial Parcel”** means all the South Zone Improvement Area #1 Assessed Property against which the entire South Zone Improvement Area #1 Assessment is levied as shown on the South Zone Improvement Area #1 Assessment Roll.

**“South Zone Improvement Area #1 Projects”** means, collectively, (1) the pro rata portion of the South Zone Improvements allocable to South Zone Improvement Area #1; and (2) the South Zone Improvement Area #1 Improvements.

**“South Zone Improvements”** means those Authorized Improvements that confer a special benefit to the South Zone Improvement Area #1 Assessed Property and the South Zone Remainder Area Apportioned Property, as further described in **Section III.D**, and depicted on **Exhibit H-3**.

**“South Zone Remainder Area”** means approximately 414.868 acres located within the District, and more specifically described in **Exhibit K-6** and depicted on **Exhibit A-5**. The South Zone

Remainder Area includes all of the South Zone save and except South Zone Improvement Area #1.

**“South Zone Remainder Area Apportioned Property”** means any Parcel within the South Zone Remainder Area against which a portion of the costs of the South Zone Improvements are apportioned based on special conferred benefit and against which an Assessment is anticipated to be levied.

**“South Zone Remainder Area Developer”** means S2 Land, LLC, a Texas limited liability company, and any successors or assigns thereof that intends to develop the property in the South Zone Remainder Area of the District for the ultimate purpose of transferring title to end-users.

**“Trustee”** means the trustee or successor trustee under an Indenture.

## SECTION II: THE DISTRICT

The District includes approximately 560.213 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described on **Exhibit K-1** and depicted on **Exhibit A-1**. Development of the District is anticipated to include approximately 1608 Lots developed with single-family homes.

North Zone Improvement Area #1-A includes approximately 13.856 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described on **Exhibit K-2** and depicted on **Exhibit A-2**. Development of North Zone Improvement Area #1-A is anticipated to include approximately 50 Lots developed with single-family homes (15 single-family homes that are on Lots classified as Lot Type 1, 30 single-family homes that are on Lots classified as Lot Type 2, and 5 single-family homes that are on Lots classified as Lot Type 3).

North Zone Improvement Area #1-B includes approximately 38.169 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described on **Exhibit K-3** and depicted on **Exhibit A-2**. Development of North Zone Improvement Area #1-B is anticipated to include approximately 149 Lots developed with single-family homes.

The North Zone Remainder Area includes approximately 50.916 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described on **Exhibit K-4** and depicted on **Exhibit A-3**. Development of North Zone Remainder Area is anticipated to include approximately 229 Lots developed with single-family homes.

South Zone Improvement Area #1 includes approximately 42.404 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described on **Exhibit K-5** and depicted on **Exhibit A-4**. Development of South Zone Improvement Area #1 is anticipated to include approximately 155 Lots developed with single-family homes (73 single-family homes that are on Lots classified as Lot Type 4, 67 single-family homes that are on Lots classified as Lot Type 5, and 15 single-family homes that are on Lots classified as Lot Type 6).

The South Zone Remainder Area includes approximately 414.868 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described on **Exhibit K-6** and depicted on **Exhibit A-5**. Development of South Zone Remainder Area is anticipated to include approximately 1,025 Lots developed with single-family homes.

## SECTION III: AUTHORIZED IMPROVEMENTS

Based on information provided by the Owners and their engineer and reviewed by the City staff and by third-party consultants retained by the City, the City has determined that the Authorized Improvements confer a special benefit on the Assessed Property, the Apportioned Property and the North Zone Commercial Property. Authorized Improvements will be designed and constructed in accordance with the City's standards and specifications and will be owned and operated by the City. The budget for the Authorized Improvements is shown on **Exhibit B-1**. The allocation and apportionment of the Authorized Improvements is shown on **Exhibit B-2** and **Exhibit B-3**.

### A. North Zone Major Improvements

- *Streets*

Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, and streetlights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included. The street improvements will provide benefit to each Lot within the North Zone and the North Zone Commercial Property.

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, and erosion control, and all necessary appurtenances required to provide water service to all Lots within the North Zone and the North Zone Commercial Property.

- *Soft Costs*

Costs related to designing, constructing, and installing the North Zone Major Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, District Formation Costs, legal fees, and consultant fees.

### B. North Zone Improvements

- *Streets*

Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, and streetlights. All related earthwork,

excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included. The street improvements will provide benefit to each Lot within the North Zone.

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, and erosion control, and all necessary appurtenances required to provide water service to all Lots within the North Zone.

- *Soft Costs*

Costs related to designing, constructing, and installing the North Zone Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, District Formation Costs, legal fees, and consultant fees.

## **C. North Zone Improvement Area #1 Improvements**

- *Streets*

Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, and streetlights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included. The street improvements will provide benefit to each Lot within North Zone Improvement Area #1.

- *Water*

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

- *Sewer*

Improvements including trench excavation and embedment, trench safety, PVC piping, ductile iron encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to all Lots within North Zone Improvement Area #1.

- *Drainage*

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

- *Soft Costs*

Costs related to designing, constructing, and installing the North Zone Improvement Area #1 Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, District Formation Costs, legal fees, and consultant fees.

#### **D. South Zone Improvements**

- *Street and Bridges*

Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, and streetlights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included. Related storm drainage improvements, including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage, are included.

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide water service to all Lots within the South Zone.

- *Soft Costs*

Costs related to designing, constructing, and installing the South Zone Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, legal fees, and consultant fees.

## **E. South Zone Improvement Area #1 Improvements**

### ▪ *Streets*

Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, and streetlights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included. The street improvements will provide benefit to each Lot within South Zone Improvement Area #1.

### ▪ *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide water service per the City's standards to all Lots within South Zone Improvement Area #1.

### ▪ *Sewer*

Improvements including trench excavation and embedment, trench safety, PVC piping, ductile iron encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service per the City's standards to all Lots within South Zone Improvement Area #1.

### ▪ *Drainage*

Improvements including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage per the City's standards for all Lots within South Zone Improvement Area #1.

### ▪ *Soft Costs*

Costs related to designing, constructing, and installing the South Zone Improvement Area #1 Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, legal fees, and consultant fees.

## **F. Bond Issuance Costs**

### ▪ *Debt Service Reserve Fund*

Equals the amount to be deposited in a debt service reserve fund under an applicable



Indenture in connection with the issuance of PID Bonds.

- *Underwriter's Discount*

Equals a percentage of the par amount of a particular series of PID Bonds related to the costs of underwriting such PID Bonds, including underwriter's counsel fee.

- *Cost of Issuance*

Includes costs of issuing a particular series of PID Bonds, including but not limited to issuer fees, attorney's fees, financial advisory fees, consultant fees, initial trustee fee, appraisal fees, printing costs, publication costs, City's costs, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of PID Bonds.

**G. Other Costs**

- *Deposit to Administrative Fund*

Equals the amount necessary to fund the first year's Annual Collection Costs for a particular series of PID Bonds.

## SECTION IV: SERVICE PLAN

The PID Act requires the Service Plan to cover a period of at least five years. The Service Plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the District during the five-year period. The Service Plan is also required to include a copy of the buyer disclosure notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan must be reviewed and updated in each Annual Service Plan Update. **Exhibit C** summarizes the initial Service Plan for the District. Per the PID Act and Section 5.014 of the Texas Property Code, as amended, this Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosure for the District. The buyer disclosures are attached hereto as **Appendix B**.

**Exhibit D** summarizes the sources and uses of funds required to construct the Authorized Improvements and Private Improvements. The sources and uses of funds shown on **Exhibit D** shall be updated in an Annual Service Plan Update.

## SECTION V: ASSESSMENT PLAN

The PID Act allows the City Council to apportion the costs of the Authorized Improvements to the Assessed Property and Apportioned Property based on the special benefit received from the Authorized Improvements. The PID Act allows the City to allocate cost of the Authorized

Improvements to property outside of the boundaries of the District, such as the North Commercial Property, based on the special benefit received from the Authorized Improvements. The PID Act provides that such costs may be apportioned: (1) equally per front foot or square foot; (2) according to the value of property as determined by the City Council, with or without regard to improvements constructed on the property; or (3) in any other manner approved by the City Council that results in imposing equal shares of such costs on property similarly benefited. The PID Act further provides that the City Council may establish by ordinance reasonable classifications and formulas for the apportionment of the cost between the City and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

This section of this Service and Assessment Plan describes the special benefit received by each Parcel within the District as a result of the Authorized Improvements and provides the basis and justification for the determination that this special benefit equals or exceeds the amount of the Assessments to be levied on the Assessed Property for such Authorized Improvements.

The determination by the City Council of the assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Owners, and all future owners and developers of the Assessed Property.

#### **A. Assessment Methodology**

Acting in its legislative capacity and based on information provided by the Owners and their engineers and reviewed by the City staff and by third-party consultants retained by the City, the City Council has determined that the costs related to the Authorized Improvements shall be allocated as follows:

- First, the costs of the North Zone Major Improvements shall be allocated between the North Zone Commercial Property and the North Zone pro rata based on the ratio of the acreage of each area to the acreage of both areas. Second, the North Zone Major Improvements allocated to the North Zone shall be allocated between the North Zone Improvement Area #1-A, the North Zone Improvement Area #1-B and the North Zone Remainder Area based upon the ratio of the Estimated Buildout Value of each area to the Estimated Buildout Value of all areas. Currently, the North Zone Commercial Property is allocated 9.18% of the North Zone Major Improvements costs, and the North Zone is allocated the remaining 90.82% of the North Zone Major Improvement costs. Of the North Zone Major Improvement costs allocable to the North Zone, North Zone Improvement Area #1-A is allocated 11.99% of the North Zone Major Improvements costs, North Zone Improvement Area #1-B is allocated 34.42% of the North Zone Major

Improvements costs, and the North Zone Remainder Area is allocated 53.59% of the North Zone Major Improvements costs. The North Zone Commercial Property, the North Zone Improvement Area #1-A, the North Zone Improvement Area #1-B and the North Zone Remainder Area's shares of the North Zone Major Improvements costs are illustrated in **Exhibit B-2**.

- The costs of the North Zone Improvements shall be allocated to North Zone Improvement Area #1-A, North Zone Improvement Area #1-B and the North Zone Remainder Area based upon the ratio of the Estimated Buildout Value of each area to the Estimated Buildout Value of all areas. Currently, North Zone Improvement Area #1-A is allocated 11.99% of the North Zone Improvements costs, North Zone Improvement Area #1-B is allocated 34.42% of the North Zone Improvements costs, and the North Zone Remainder Area is allocated 53.59% of the North Zone Improvements costs. North Zone Improvement Area #1-A, North Zone Improvement Area #1-B and the North Zone Remainder Area's shares of the North Zone Improvements costs are illustrated in **Exhibit B-2**.
- The costs of the North Zone Improvement Area #1 Improvements shall be allocated to North Zone Improvement Area #1-A and North Zone Improvement Area #1-B based upon the ratio of the Estimated Buildout Value of each area to the Estimated Buildout Value of all areas. Currently, North Zone Improvement Area #1-A is allocated 25.83% of the North Zone Improvement Area #1 Improvements costs, and North Zone Improvement Area #1-B is allocated 74.17% of the North Zone Improvement Area #1 Improvements costs. North Zone Improvement Area #1-A and North Zone Improvement Area #1-B's shares of the North Zone Improvement Area #1 Improvements costs are illustrated in **Exhibit B-2**.
- The costs of the North Zone Improvement Area #1-A Authorized Improvements shall be allocated to each Parcel within North Zone Improvement Area #1-A based on the ratio of the Estimated Buildout Value of each Parcel designated as the North Zone Improvement Area #1-A Assessed Property to the Estimated Buildout Value of all North Zone Improvement Area #1-A Assessed Property. Currently, the North Zone Improvement Area #1-A Initial Parcel is the only Parcel within North Zone Improvement Area #1-A, and as such, the North Zone Improvement Area #1-A Initial Parcel is allocated 100% of the North Zone Improvement Area #1-A Authorized Improvements.
- The costs of the South Zone Improvements shall be allocated to South Zone Improvement Area #1 and the South Zone Remainder Area based upon the ratio of the acreage of each area to the acreage of all areas. Currently, South Zone Improvement Area #1 is allocated 9.27% of the South Zone Improvements costs and the South Zone Remainder Area is

allocated 90.73% of the South Zone Improvements costs. South Zone Improvement Area #1 and the South Zone Remainder Area's shares of the South Zone Improvements costs are illustrated in **Exhibit B-3**.

- The costs of the South Zone Improvement Area #1 Authorized Improvements shall be allocated to each Parcel within South Zone Improvement Area #1 based on the ratio of the Estimated Buildout Value of each Parcel designated as South Zone Improvement Area #1 Assessed Property to the Estimated Buildout Value of all South Zone Improvement Area #1 Assessed Property. The Estimated Buildout Value of South Zone Improvement Area #1 is shown on **Exhibit E**. Currently, the South Zone Improvement Area #1 Initial Parcel is the only Parcel within South Zone Improvement Area #1, and as such, the South Zone Improvement Area #1 Initial Parcel is allocated 100% of the South Zone Improvement Area #1 Authorized Improvements.

## **B. Assessments**

The North Zone Improvement Area #1-A Assessment will be levied on the North Zone Improvement Area #1-A Initial Parcel in the amount shown on the North Zone Improvement Area #1-A Assessment Roll, attached hereto as **Exhibit F-1**. The projected North Zone Improvement Area #1-A Annual Installments are shown on **Exhibit F-2**. Upon division or subdivision of the North Zone Improvement Area #1-A Initial Parcel, the North Zone Improvement Area #1-A Assessment will be reallocated pursuant to **Section VI**.

The South Zone Improvement Area #1 Assessment will be levied on the South Zone Improvement Area #1 Initial Parcel in the amount shown on the South Zone Improvement Area #1 Assessment Roll, attached hereto as **Exhibit G-1**. The projected South Zone Improvement Area #1 Annual Installments are shown on **Exhibit G-2**. Upon division or subdivision of the South Zone Improvement Area #1 Initial Parcel, the South Zone Improvement Area #1 Assessment will be reallocated pursuant to **Section VI**.

The Maximum Assessment for each Lot Type is shown on **Exhibit E**. In no case will the Assessment for Lots classified as Lot Type 1, Lot Type 2, Lot Type 3, Lot Type 4, Lot Type 5 or Lot Type 6 respectively, exceed the corresponding Maximum Assessment for each Lot Type classification.

## **C. Findings of Special Benefit**

Acting in its legislative capacity and based on information provided by the Owners and their engineer and reviewed by the City staff and by third-party consultants retained by the City, the City Council has found and determined the following:

- *North Zone Improvement Area #1-A*

- The costs of the North Zone Improvement Area #1-A Authorized Improvements equal \$2,491,811, as shown on **Exhibit B-1**;
- The North Zone Improvement Area #1-A Assessed Property receives special benefit from the North Zone Improvement Area #1-A Authorized Improvements equal to or greater than the Actual Cost of the North Zone Improvement Area #1-A Authorized Improvements;
- The North Zone Improvement Area #1-A Initial Parcel will be allocated 100% of the North Zone Improvement Area #1-A Assessment levied for the North Zone Improvement Area #1-A Authorized Improvements, which equals \$883,000 as shown on the North Zone Improvement Area #1-A Assessment Roll attached hereto as **Exhibit F-1**;
- The special benefit (  $\geq \$2,491,811$ ) received by the North Zone Improvement Area #1-A Initial Parcel from the North Zone Improvement Area #1-A Authorized Improvements is greater than or equal to the amount of the North Zone Improvement Area #1-A Assessment (\$883,000) levied on the North Zone Improvement Area #1-A Initial Parcel for the North Zone Improvement Area #1-A Authorized Improvements; and
- At the time the City Council approved the Service and Assessment Plan, the North Zone Developer owned 100% of the North Zone Improvement Area #1-A Initial Parcel. The North Zone Developer acknowledged that the North Zone Improvement Area #1-A Authorized Improvements confer a special benefit on the North Zone Improvement Area #1-A Initial Parcel and consented to the imposition of the North Zone Improvement Area #1-A Assessments to pay for the Actual Costs associated therewith. The North Zone Developer has ratified, confirmed, accepted, agreed to, and approved: (1) the determinations and findings by the City Council as to the special benefits described herein and the applicable Assessment Ordinance; (2) the Service and Assessment Plan and the applicable Assessment Ordinance; and (3) the levying of the North Zone Improvement Area #1-A Assessment on the North Zone Improvement Area #1-A Initial Parcel.

- *South Zone Improvement Area #1*

- The costs of the South Zone Improvement Area #1 Authorized Improvements equal \$7,820,770 as shown on **Exhibit B-1**;

- The South Zone Improvement Area #1 Assessed Property receives special benefit from the South Zone Improvement Area #1 Authorized Improvements equal to or greater than the Actual Cost of the South Zone Improvement Area #1 Authorized Improvements;
  - The South Zone Improvement Area #1 Initial Parcel will be allocated 100% of the South Zone Improvement Area #1 Assessment levied for the South Zone Improvement Area #1 Authorized Improvements, which equals \$3,527,000 as shown on the South Zone Improvement Area #1 Assessment Roll attached hereto as **Exhibit G-1**;
  - The special benefit ( $\geq \$7,820,770$ ) received by the South Zone Improvement Area #1 Initial Parcel from the South Zone Improvement Area #1 Authorized Improvements is equal to or greater than the amount of the South Zone Improvement Area #1 Assessment (\$3,527,000) levied on the South Zone Improvement Area #1 Initial Parcel for the South Zone Improvement Area #1 Authorized Improvements; and
  - At the time the City Council approved the Service and Assessment Plan, the South Zone Improvement Area #1 Developer owned 100% of the South Zone Improvement Area #1 Initial Parcel. The South Zone Improvement Area #1 Developer acknowledged that the South Zone Improvement Area #1 Authorized Improvements confer a special benefit on the South Zone Improvement Area #1 Initial Parcel and consented to the imposition of South Zone Improvement Area #1 Assessment to pay for the Actual Costs associated therewith. The South Zone Improvement Area #1 Developer ratified, confirmed, accepted, agreed to, and approved: (1) the determinations and findings by the City Council as to the special benefits described herein and the applicable Assessment Ordinance; (2) the Service and Assessment Plan and the applicable Assessment Ordinance; and (3) the levying of the South Zone Improvement Area #1 Assessment on the South Zone Improvement Area #1 Initial Parcel.
- *North Zone Improvement Area #1-B*
    - The costs of the North Zone Improvement Area #1-B Projects allocable to the North Zone Improvement Area #1-B Apportioned Property equal \$6,616,447 as shown on **Exhibit B-2**; and
    - The North Zone Improvement Area #1-B Apportioned Property receives special benefit from the North Zone Improvement Area #1-B Projects; and

- The North Zone Improvement Area #1-B Apportioned Property will be apportioned 31.26% of the North Zone Major Improvements, which equals \$530,268, 34.42% of the North Zone Improvements, which equals \$486,409, and 74.17% of the North Zone Improvement Area #1 Improvements, which equals \$5,599,771, as shown on **Exhibit B-2**, of which all or a portion is anticipated to be levied at a later date; and
  - It is anticipated, at the time the City Council approved this Service and Assessment Plan, the North Zone Developer owned 100% of North Zone Improvement Area #1-B. The North Zone Developer acknowledged that the North Zone Major Improvements, the North Zone Improvements, and the North Zone Improvement Area #1 Improvements confer a special benefit on North Zone Improvement Area #1-B and consented to the apportionment of the North Zone Improvement Area #1-B portion of costs in anticipation of a future levy of Assessments by the City Council to pay for all or a portion of the North Zone Improvement Area #1-B portion of costs associated therewith. The North Zone Developer ratified, confirmed, accepted, agreed to, and approved: (1) the determinations and findings by the City Council as to the special benefits described herein; (2) this Service and Assessment Plan; and (3) the Apportionment of costs on the North Zone Improvement Area #1-B Apportioned Property.
- *North Zone Remainder Area*
- The costs of the North Zone Remainder Area Projects allocable to the North Zone Remainder Area Apportioned Property equal \$1,582,665 as shown on **Exhibit B-2**; and
  - The North Zone Remainder Area Apportioned Property receives special benefit from the North Zone Remainder Area Projects; and
  - The North Zone Remainder Area Apportioned Property will be apportioned 48.67% of the North Zone Major Improvements, which equals \$825,470, and 53.59% of the North Zone Improvements, which equals \$757,195 as shown on **Exhibit B-2**, of which all or a portion is anticipated to be levied at a later date; and
  - It is anticipated, at the time the City Council approved this Service and Assessment Plan, the North Zone Developer owned 100% of the North Zone Remainder Area Apportioned Property. The North Zone Developer acknowledged that the North Zone Major Improvements and North Zone Improvements confer a special benefit on the North Zone Remainder Area and consented to the apportionment of the

North Zone Remainder Area portion of costs in anticipation of a future levy of Assessments by the City Council to pay for all or a portion of the North Zone Remainder Area portion of costs associated therewith. The North Zone Developer ratified, confirmed, accepted, agreed to, and approved: (1) the determinations and findings by the City Council as to the special benefits described herein; (2) this Service and Assessment Plan; and (3) the Apportionment of costs on North Zone Remainder Area Apportioned Property.

▪ *South Zone Remainder Area*

- The costs of the South Zone Improvements allocable to the South Zone Remainder Area Apportioned Property equal \$15,792,581 as shown on **Exhibit B-3**; and
- The South Zone Remainder Area Apportioned Property receives special benefit from the South Zone Improvements; and
- The South Zone Remainder Area Apportioned Property will be apportioned 90.73% of the South Zone Improvements, which equals \$15,792,581, as shown on **Exhibit B-3**, of which all or a portion is anticipated to be levied at a later date; and
- It is anticipated, at the time the City Council approved this Service and Assessment Plan, the South Zone Remainder Area Developer owned 100% of the South Zone Remainder Area Apportioned Property. The South Zone Remainder Area Developer acknowledged that the South Zone Improvements confer a special benefit on the South Zone Remainder Area and consented to the apportionment of the South Zone Remainder Area portion of costs in anticipation of a future levy of Assessments by the City Council to pay for all or a portion of the South Zone Remainder Area portion of costs associated therewith. The South Zone Remainder Area Developer ratified, confirmed, accepted, agreed to, and approved: (1) the determinations and findings by the City Council as to the special benefits described herein; (2) this Service and Assessment Plan; and (3) the Apportionment of costs on South Zone Remainder Area Apportioned Property.

**D. Annual Collection Costs**

The Annual Collection Costs shall be paid for annually by the owner of each Parcel pro rata based on the ratio of the amount of outstanding Assessment remaining on the Parcel to the total outstanding Assessment. The Annual Collection Costs shall be collected as part of and in the same manner as Annual Installments in the amounts shown on the Assessment Roll, which may be revised based on Actual Costs incurred in Annual Service Plan Updates.



## **E. Additional Interest**

The interest rate on Assessments securing each respective series of PID Bonds may exceed the interest rate on each respective series of PID Bonds by the Additional Interest Rate. To the extent required by any Indenture, Additional Interest shall be collected as part of each Annual Installment and shall be deposited pursuant to the applicable Indenture.

The interest on the North Zone Improvement Area #1-A Assessment securing the North Zone Improvement Area #1-A Reimbursement Obligation shall be collected at rates established under the North Zone Improvement Area #1-A Reimbursement Agreement as part of the North Zone Improvement Area #1-A Annual Installment pursuant to the North Zone Improvement Area #1-A Reimbursement Agreement, which will not include Additional Interest unless and until PID Bonds secured by the North Zone Improvement Area #1-A Assessment are issued.

The interest on the South Zone Improvement Area #1 Assessment securing the South Zone Improvement Area #1 Bonds shall be collected at the rates established under the Indenture relating to such PID Bonds, plus the Additional Interest Rate, as part of the South Zone Improvement Area #1 Annual Installment. The Additional Interest shall be collected in the amounts and during the periods of time established under the Indenture relating to South Zone Improvement Area #1 Bonds.

## **SECTION VI: TERMS OF THE ASSESSMENTS**

Any reallocation of Assessments as described in this Section VI shall be considered an administrative action of the City and will not be subject to the notice or public hearing requirements under the PID Act.

### **A. Reallocation of Assessments**

#### *1. Upon Division Prior to Recording of Subdivision Plat*

Upon the division of any Assessed Property (without the recording of a subdivision plat), the Administrator shall reallocate the Assessment for the Assessed Property prior to the division among the newly divided Assessed Properties according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

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

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

The calculation of the Assessment of an Assessed Property shall be performed by the Administrator and confirmed by the City Council and shall be based on the Estimated Buildout Value of that Assessed Property, as provided by the Owners. The Estimated Buildout Values for Lot Type 1, Lot Type 2, Lot Type 3, Lot Type 4, Lot Type 5, and Lot Type 6 are shown on **Exhibit E** and will not change in future Annual Service Plan Updates but **Exhibit E** may be updated in future Annual Service Plan Updates to account for additional Lot Types. The calculation as confirmed by the City Council shall be conclusive and binding.

The sum of the Assessments for all newly divided Assessed Properties shall equal the Assessment for the Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in the Annual Service Plan Update immediately following such reallocation.

## *2. Upon Subdivision by a Recorded Subdivision Plat*

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

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

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

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

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

Prior to the recording of a subdivision plat, the Owners shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat. The calculation of the Assessment for a Lot shall be performed

by the Administrator and confirmed by the City Council based on Estimated Buildout Value information provided by the Owners. The Estimated Buildout Values for Lot Type 1, Lot Type 2, Lot Type 3, Lot Type 4, Lot Type 5 and Lot Type 6 are shown on **Exhibit E** and will not change in future Annual Service Plan Updates. The calculation as confirmed by the City Council shall be conclusive and binding.

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

### *3. Upon Consolidation*

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

## **B. Mandatory Prepayment of Assessments**

If an Assessed Property or a portion thereof is conveyed to a party that is exempt from payment of the Assessment under applicable law, or the owner causes a Lot, Parcel or portion thereof to become Non-Benefitted Property, the owner of such Lot, Parcel or portion thereof shall pay to the City, or cause to be paid to the City, the full amount of the Assessment, plus all Prepayment Costs and Delinquent Collection Costs for such Assessed Property, prior to any such conveyance or act, and no such conveyance shall be effective until the City receives such payment. Following payment of the foregoing costs in full, the City shall provide the owner with a recordable "Notice of Assessment Termination," a form of which is attached hereto as **Exhibit I.**

## **C. True-Up of Assessments if Maximum Assessment Exceeded at Plat**

Prior to the City approving a final subdivision plat, the Administrator will certify that such plat will not result in the Assessment per Lot for any Lot Type to exceed the Maximum Assessment. If the Administrator determines that the resulting Assessment per Lot for any Lot Type will exceed the Maximum Assessment for that Lot Type, then (1) the Assessment applicable to each Lot Type

shall each be reduced to the Maximum Assessment, and (2) the person or entity filing the plat shall pay to the City , or cause to be paid to the City , the amount the Assessment was reduced, plus Prepayment Costs and Delinquent Collection Costs, if any, prior to the City approving the final plat. The City 's approval of a plat without payment of such amounts does not eliminate the obligation of the person or entity filing the plat to pay such amounts. At no time shall the aggregate Assessments for any Lot exceed the Maximum Assessment.

#### **D. Reduction of Assessments**

If as a result of cost savings or the failure to construct all or a portion of an Authorized Improvement the Actual Costs of any Authorized Improvements are less than the Assessments, then (i) in the event PID Bonds have not been issued for the purpose of financing Authorized Improvements affected by such reduction in Actual Costs, the City Council shall reduce each Assessment on an Assessed Property on a pro rata basis such that the sum of the resulting reduced Assessments for all Assessed Property equals the reduced Actual Costs that were expended, or (ii) in the event that PID Bonds have been issued for the purpose of financing Authorized Improvements affected by such reduction in Actual Costs, the Trustee shall apply amounts on deposit in the applicable account of the project fund created under the Indenture relating to such series of PID Bonds that are not expected to be used for the purposes of the project fund as directed by the City pursuant to the terms of such Indenture. Such excess PID Bond proceeds may be used for any purpose authorized by such Indenture. The Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding PID Bonds.

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

#### **E. Prepayment of Assessments**

The owner of any Assessed Property may, at any time, pay all or any part of an Assessment in accordance with the PID Act. If an Annual Installment has been billed, or the Annual Service Plan Update has been approved by the City Council prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If an Assessment on an Assessed Property is prepaid in full, with Prepayment Costs, (1) the Administrator shall cause the Assessment to be reduced to zero on said Assessed Property and the Assessment Roll to be revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment

and corresponding Annual Installments shall terminate with respect to said Assessed Property; and (4) the City shall provide the owner with a recordable "Notice of Assessment Termination."

If an Assessment on an Assessed Property is prepaid in part with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced on said Assessed Property and the Assessment Roll revised accordingly by allocating the amount of the Prepayment pro rata to each remaining Annual Installment, or of PID Bonds were issued secured by such Assessment, in accordance with the applicable Indenture; (2) the Administrator shall prepare the revised Assessment Roll and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment will be reduced to the extent of the Prepayment made.

#### **F. Payment of Assessment in Annual Installments**

Assessments that are not paid in full shall be due and payable in Annual Installments. **Exhibit F-2** shows the estimated North Zone Improvement Area #1-A Annual Installments, and **Exhibit G-2** shows the estimated South Zone Improvement Area #1 Annual Installments. Annual Installments are subject to adjustment in each Annual Service Plan Update.

Prior to the recording of a final subdivision plat, if any Parcel shown on the Assessment Roll is assigned multiple tax parcel identification numbers for billing and collection purposes, the Annual Installment shall be allocated pro rata based on the acreage of the Parcel not including any Non-Benefitted Property, as shown by the Collin Central Appraisal District for each tax parcel identification number.

The Administrator shall prepare and submit to the City Council for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include updated Assessment Rolls and updated calculations of Annual Installments. The Annual Collection Costs for a given Assessment shall be paid by the owner of each Parcel pro rata based on the ratio of the amount of outstanding Assessment remaining on the Parcel to the total outstanding Assessment. Annual Installments shall be reduced by any credits applied under an applicable Indenture, such as capitalized interest, interest earnings on account balances, and any other funds available to the Trustee for such purposes. Annual Installments shall be collected by the City in the same manner and at the same time as ad valorem taxes. Annual Installments shall be subject to the penalties, procedures, and foreclosure sale in case of delinquencies as set forth in the PID Act and in the same manner as ad valorem taxes due and owing to the City. To the extent permitted by the PID Act or other applicable law, the City Council may provide for other means of collecting Annual Installments, but in no case shall the City take any action, or fail to take any action, that would cause it to be in default under any Indenture. Assessments shall have the lien priority specified in the PID Act.

Sales of the Assessed Property for nonpayment of Annual Installments shall be subject to the lien for the remaining unpaid Annual Installments against the Assessed Property, and the Assessed Property may again be sold at a judicial foreclosure sale if the purchaser fails to timely pay any of the remaining unpaid Annual Installments as they become due and payable.

The City reserves the right to refund PID Bonds in accordance with applicable law, including the PID Act. In the event of a refunding, the Administrator shall recalculate the Annual Installments so that total Annual Installments will be sufficient to pay the refunding bonds, and the refunding bonds shall constitute "PID Bonds."

Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be due when billed and shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments of the North Zone Improvement Area #1-A Assessments and South Zone Improvement Area #1 Assessments shall be due when billed and shall be delinquent if not paid prior to February 1, 2025.

Failure of an owner of an Assessed Property to receive an invoice for an Annual Installment shall not relieve said owner of the responsibility for payment of the Assessment. Assessments, or Annual Installments thereof, that are delinquent shall incur Delinquent Collection Costs.

#### **G. Prepayment as a Result of an Eminent Domain Proceeding or Taking**

Subject to applicable law, if any portion of any Parcel of Assessed Property is taken from an owner as a result of eminent domain proceedings or if a transfer of any portion of any Parcel of Assessed Property is made to an entity with the authority to condemn all or a portion of the Assessed Property in lieu of or as a part of an eminent domain proceeding (a "**Taking**"), the portion of the Assessed Property that was taken or transferred (the "**Taken Property**") shall be reclassified as Non-Benefitted Property.

For the Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Assessed Property (the Assessed Property less the Taken Property) (the "**Remaining Property**"), following the reclassification of the Taken Property as Non-Benefitted Property, subject to an adjustment of the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. The owner of the Remaining Property will remain liable to pay, pursuant to the terms of this Service and Assessment Plan, as updated, and the PID Act, the Assessment that remains due on the Remaining Property, subject to an adjustment in the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. Notwithstanding the

foregoing, if the Assessment that remains due on the Remaining Property exceeds the applicable Maximum Assessment, the owner of the Remaining Property will be required to make a Prepayment in an amount necessary to ensure that the Assessment against the Remaining Property does not exceed such Maximum Assessment, in which case the Assessment applicable to the Remaining Property will be reduced by the amount of the partial Prepayment. If the City receives all or a portion of the eminent domain proceeds (or payment made in an agreed sale in lieu of condemnation), such amount shall be credited against the amount of Prepayment, with any remainder credited against the Assessment on the Remaining Property.

In all instances the Assessment remaining on the Remaining Property shall not exceed the applicable Maximum Assessment.

By way of illustration, if an owner owns 100 acres of Assessed Property subject to a \$100 Assessment and 10 acres is taken through a Taking, the 10 acres of Taken Property shall be reclassified as Non-Benefitted Property and the remaining 90 acres constituting the Remaining Property shall be subject to the \$100 Assessment (provided that this \$100 Assessment does not exceed the Maximum Assessment on the Remaining Property). If the Administrator determines that the \$100 Assessment reallocated to the Remaining Property would exceed the Maximum Assessment, as applicable, on the Remaining Property by \$10, then the owner shall be required to pay \$10 as a Prepayment of the Assessment against the Remaining Property and the Assessment on the Remaining Property shall be adjusted to \$90.

Notwithstanding the previous paragraphs in this subsection, if the owner of the Remaining Property notifies the City and the Administrator that the Taking prevents the Remaining Property from being developed for any use which could support the Estimated Buildout Value requirement, the owner shall, upon receipt of the compensation for the Taken Property, be required to prepay the amount of the Assessment required to buy down the outstanding Assessment to the applicable Maximum Assessment on the Remaining Property to support the Estimated Buildout Value requirement. The owner will remain liable to pay the Assessment on both the Taken Property and the Remaining Property until such time that such Assessment has been prepaid in full.

Notwithstanding the previous paragraphs in this subsection, the Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding PID Bonds.

## **SECTION VII: ASSESSMENT ROLL**

The North Zone Improvement Area #1-A Assessment Roll is attached as **Exhibit F-1**. The Administrator shall prepare and submit to the City Council for review and approval proposed revisions to the North Zone Improvement Area #1-A Assessment Roll and North Zone Improvement Area #1-A Annual Installments for each Parcel as part of each Annual Service Plan Update.

The South Zone Improvement Area #1 Assessment Roll is attached as **Exhibit G-1**. The Administrator shall prepare and submit to the City Council for review and approval proposed revisions to the South Zone Improvement Area #1 Assessment Roll and South Zone Improvement Area #1 Annual Installments for each Parcel as part of each Annual Service Plan Update.

## **SECTION VIII: ADDITIONAL PROVISIONS**

### **A. Calculation Errors**

If the owner of a Parcel claims that an error has been made in any calculation required by this Service and Assessment Plan, including, but not limited to, any calculation made as part of any Annual Service Plan Update, the owner's sole and exclusive remedy shall be to submit a written notice of error to the Administrator by December 1<sup>st</sup> of each year following City Council's approval of the calculation. Otherwise, the owner shall be deemed to have unconditionally approved and accepted the calculation. The Administrator shall provide a written response to the City Council and the owner not later than 30 days after receipt of such written notice of error by the Administrator. The City Council shall consider the owner's notice of error and the Administrator's response at a public meeting, and, not later than 30 days after closing such meeting, the City Council shall make a final determination as to whether an error has been made. If the City Council determines that an error has been made, the City Council shall take such corrective action as is authorized by the PID Act, this Service and Assessment Plan, the applicable Assessment Ordinance, the applicable Indenture, or as otherwise authorized by the discretionary power of the City Council. The determination by the City Council as to whether an error has been made, and any corrective action taken by the City Council, shall be final and binding on the owner and the Administrator.

### **B. Amendments**

Amendments to this Service and Assessment Plan must be made by the City Council in accordance with the PID Act. To the extent permitted by the PID Act, this Service and Assessment Plan may be amended without notice to owners of the Assessed Property: (1) to correct mistakes



and clerical errors; (2) to clarify ambiguities; and (3) to provide procedures to collect Assessments, Annual Installments, and other charges imposed by this Service and Assessment Plan.

### **C. Administration and Interpretation**

The Administrator shall: (1) perform the obligations of the Administrator as set forth in this Service and Assessment Plan; (2) administer the District for and on behalf of and at the direction of the City Council; and (3) interpret the provisions of this Service and Assessment Plan. Interpretations of this Service and Assessment Plan by the Administrator shall be in writing and shall be appealable to the City Council by owners of Assessed Property adversely affected by the interpretation. Appeals shall be decided by the City Council after holding a public meeting at which all interested parties have an opportunity to be heard. Decisions by the City Council shall be final and binding on the owners of Assessed Property and developers and their successors and assigns.

### **D. Form of Buyer Disclosure/Filing Requirements**

Per Section 5.014 of the Texas Property Code, as amended, this Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosures for the District. The buyer disclosures are attached hereto as **Appendix B**. Within seven days of approval by the city Council, the City shall file and record in the real property records of the County the executed ordinance of this Service and Assessment Plan, or any future Annual Service Plan Updates. The executed ordinance, including any attachments, approving this Service an Assessment Plan or any future Annual Service Plan Updates shall be filed and recorded in their entirety.

### **E. Severability**

If any provision of this Service and Assessment Plan is determined by a governmental agency or court to be unenforceable, the unenforceable provision shall be deleted and, to the maximum extent possible, shall be rewritten to be enforceable. Every effort shall be made to enforce the remaining provisions.

## EXHIBITS

The following Exhibits are attached to and made a part of this Service and Assessment Plan for all purposes:

<b>Exhibit A-1</b>	Map of the District
<b>Exhibit A-2</b>	Map of North Zone Improvement Area #1-A and North Zone Improvement Area #1-B
<b>Exhibit A-3</b>	Map of North Zone Remainder Area
<b>Exhibit A-4</b>	Map of South Zone Improvement Area #1
<b>Exhibit A-5</b>	Map of South Zone Remainder Area
<b>Exhibit A-6</b>	Lot Type Classification Map
<b>Exhibit B-1</b>	Project Costs
<b>Exhibit B-2</b>	North Zone Apportionment of Costs
<b>Exhibit B-3</b>	South Zone Apportionment of Costs
<b>Exhibit B-4</b>	North Zone Estimated Buildout Value
<b>Exhibit C</b>	Service Plan
<b>Exhibit D</b>	Sources and Uses of Funds
<b>Exhibit E</b>	Maximum Assessment and Tax Rate Equivalent
<b>Exhibit F-1</b>	North Zone Improvement Area #1-A Assessment Roll
<b>Exhibit F-2</b>	North Zone Improvement Area #1-A Annual Installments
<b>Exhibit G-1</b>	South Zone Improvement Area #1 Assessment Roll
<b>Exhibit G-2</b>	South Zone Improvement Area #1 Annual Installments
<b>Exhibit H-1</b>	Maps of North Zone Major Improvements and North Zone Improvements
<b>Exhibit H-2</b>	Maps of North Zone Improvement Area #1 Improvements
<b>Exhibit H-3</b>	Maps of South Zone Improvements
<b>Exhibit H-4</b>	Maps of South Zone Improvement Area #1 Improvements
<b>Exhibit I</b>	Form of Notice of Assessment Termination
<b>Exhibit J-1</b>	Installment Schedule for North Zone Improvement Area #1-A Reimbursement Obligation
<b>Exhibit J-2</b>	Debt Service Schedule for South Zone Improvement Area #1 Bonds
<b>Exhibit K-1</b>	District Legal Description
<b>Exhibit K-2</b>	North Zone Improvement Area #1-A Legal Description
<b>Exhibit K-3</b>	North Zone Improvement Area #1-B Legal Description
<b>Exhibit K-4</b>	North Zone Remainder Area Legal Description
<b>Exhibit K-5</b>	South Zone Improvement Area #1 Legal Description

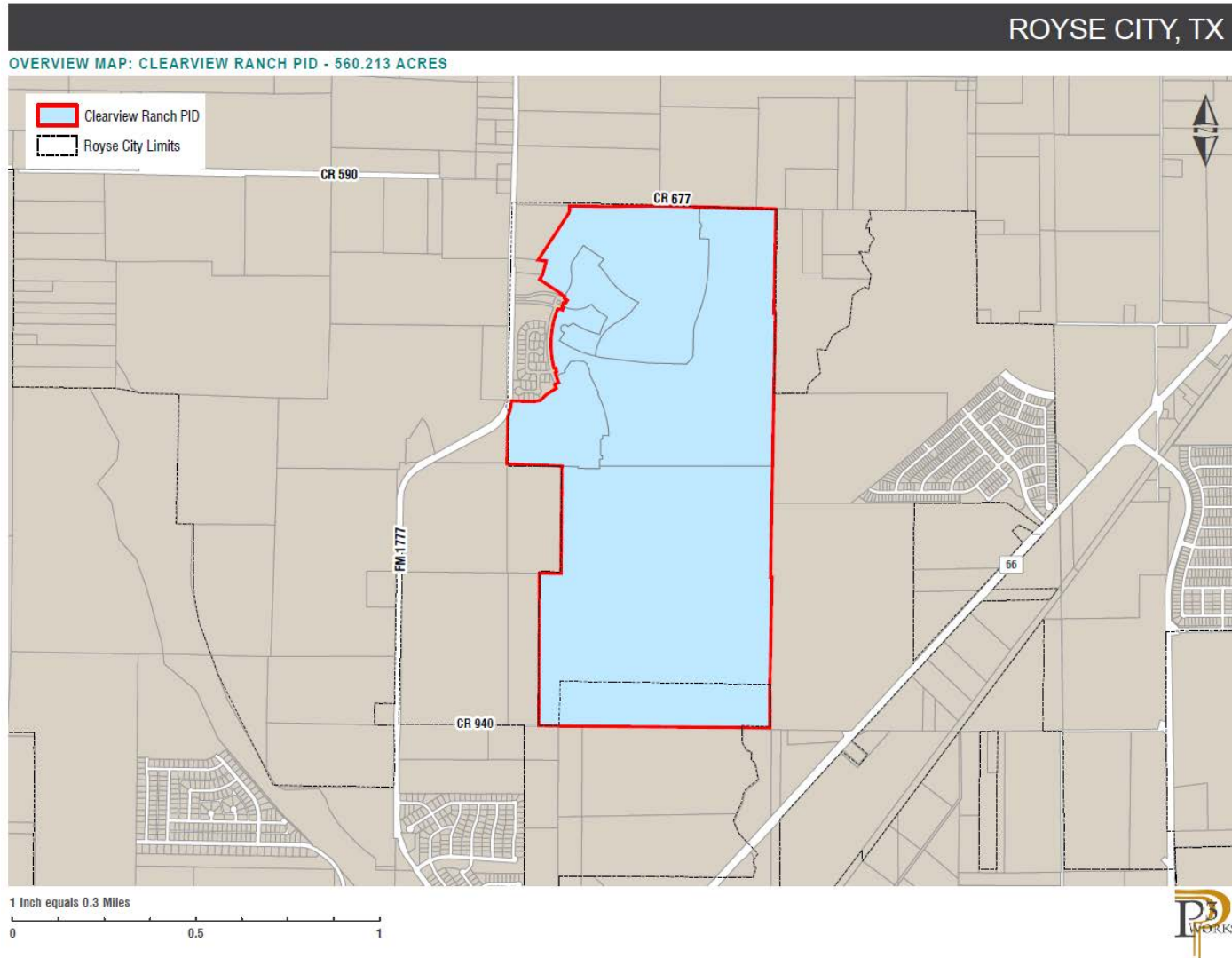
**Exhibit K-6**     South Zone Remainder Area Legal Description

## APPENDICES

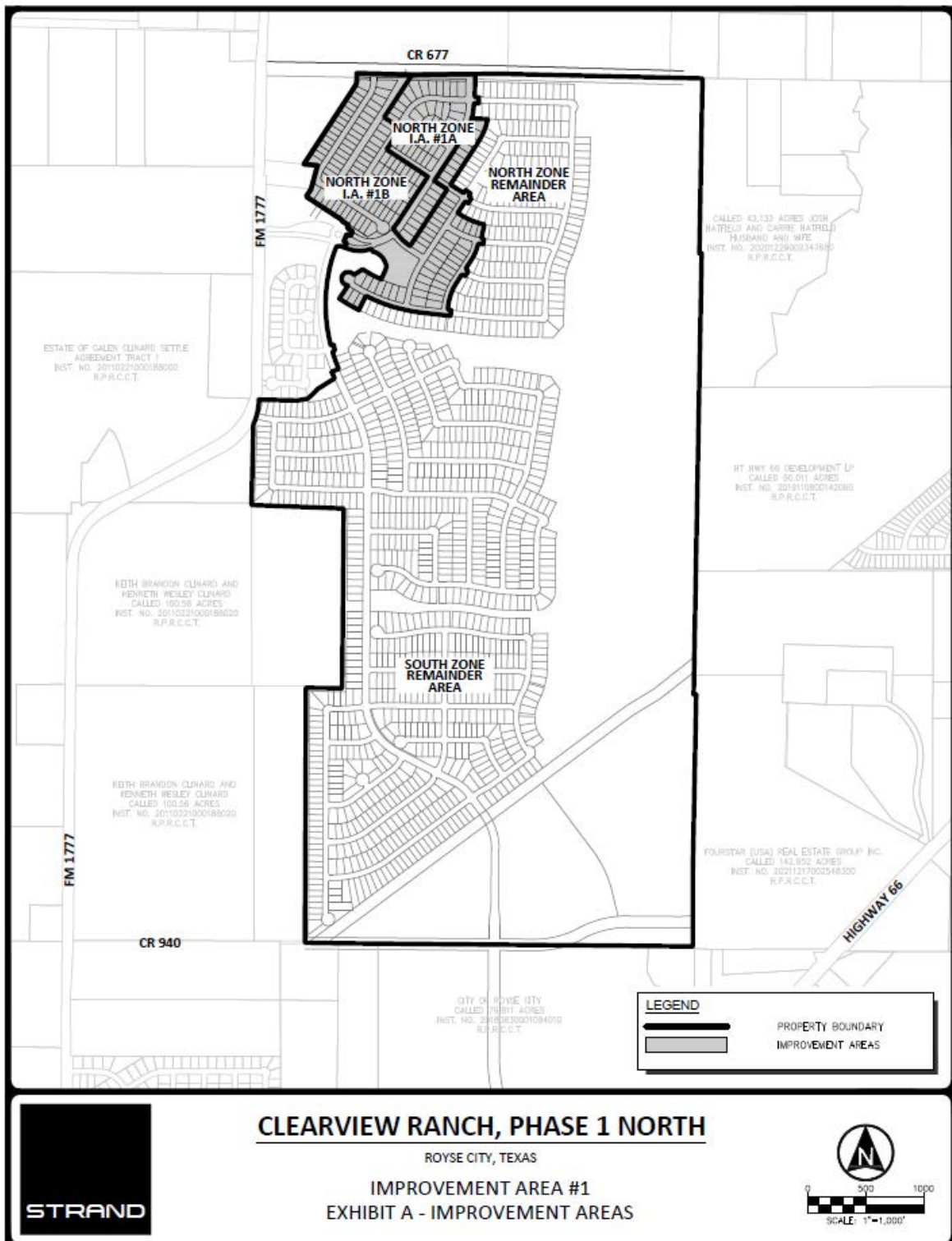
The following Appendices are attached to and made a part of this Service and Assessment Plan for all purposes:

<b>Appendix A</b>	Engineer's Report
<b>Appendix B</b>	Buyer Disclosures

## EXHIBIT A-1 – MAP OF THE DISTRICT



## EXHIBIT A-2 – MAP OF NORTH ZONE IMPROVEMENT AREA #1-A AND NORTH ZONE IMPROVEMENT AREA #1-B

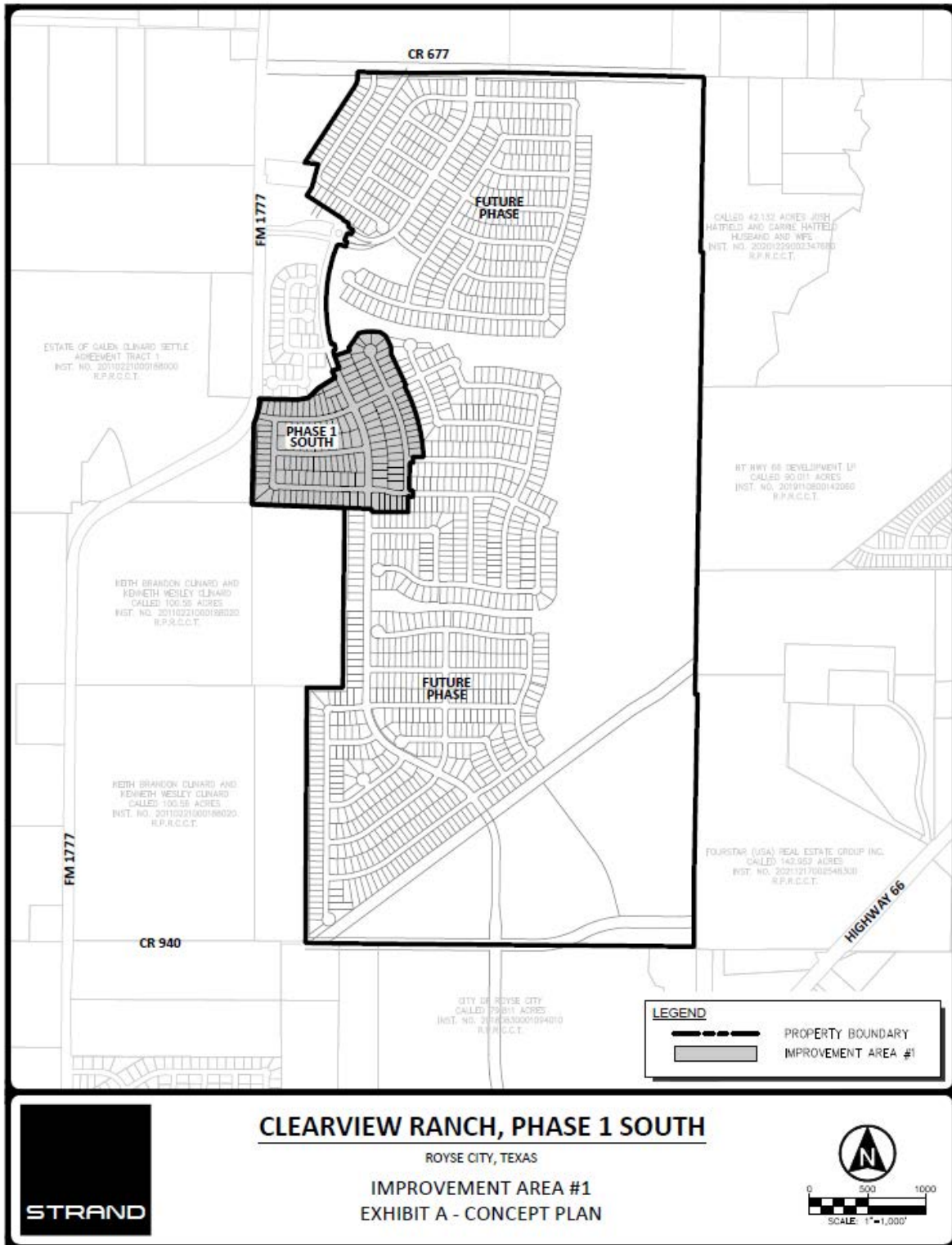


**EXHIBIT A-3 – MAP OF NORTH ZONE REMAINDER AREA**





## EXHIBIT A-4 – MAP OF SOUTH ZONE IMPROVEMENT AREA #1

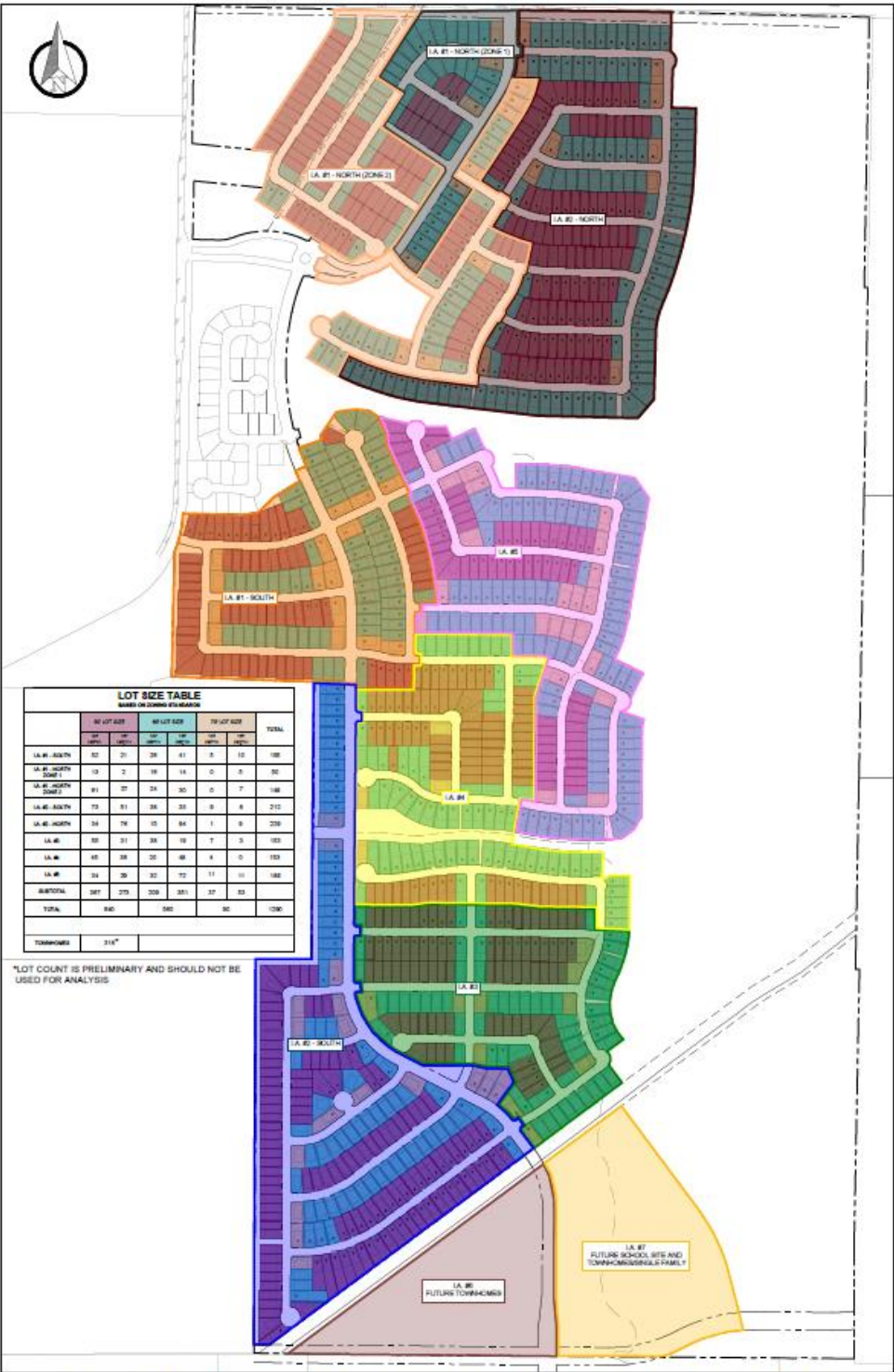




**EXHIBIT A-5 – MAP OF SOUTH ZONE REMAINDER AREA**



## EXHIBIT A-6 – LOT TYPE CLASSIFICATION MAP



## CLEARVIEW RANCH - OVERALL IMPROVEMENT AREAS

**LOT SIZE COUNT**  
BASED ON ZONING STANDARDS

## EXHIBIT B-1 – PROJECT COSTS

	Total Costs <sup>(a)</sup>	Private Costs	Authorized Improvements	North Zone Commercial Property <sup>(b)</sup>	North Zone Improvement Area #1-A	North Zone Improvement Area #1-B	North Zone Remainder Area	South Zone Improvement Area #1	South Zone Remainder Area						
	%	\$	%	\$	%	\$	%	\$	%						
North Zone Major Improvements <sup>(c)</sup>															
Street	\$ 563,120	\$ -	\$ 563,120	9.18%	\$ 51,716	10.89%	\$ 61,298	31.26%	\$ 176,049	48.67%	\$ 274,056	0.00%	\$ -	0.00%	\$ -
Water	827,161	-	827,161	9.18%	75,965	10.89%	90,041	31.26%	258,597	48.67%	402,559	0.00%	-	0.00%	-
Soft Costs	305,862	-	305,862	9.18%	28,090	10.89%	33,295	31.26%	95,622	48.67%	148,855	0.00%	-	0.00%	-
	\$ 1,696,143	\$ -	\$ 1,696,143		\$ 155,771		\$ 184,634		\$ 530,268		\$ 825,470		\$ -		\$ -
North Zone Improvements <sup>(d)</sup>															
Street	\$ 846,457	\$ -	\$ 846,457	0.00%	\$ -	11.99%	\$ 101,459	34.42%	\$ 291,390	53.59%	\$ 453,608	0.00%	\$ -	0.00%	\$ -
Water	311,712	-	311,712	0.00%	-	11.99%	37,363	34.42%	107,306	53.59%	167,043	0.00%	-	0.00%	-
Soft Costs	254,797	-	254,797	0.00%	-	11.99%	30,541	34.42%	87,713	53.59%	136,543	0.00%	-	0.00%	-
	\$ 1,412,966	\$ -	\$ 1,412,966		\$ -		\$ 169,362		\$ 486,409		\$ 757,195		\$ -		\$ -
North Zone Improvement Area #1 Improvements <sup>(e)</sup>															
Street	\$ 2,454,358	\$ -	\$ 2,454,358	0.00%	\$ -	25.83%	\$ 633,873	74.17%	\$ 1,820,485	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Water	1,062,630	-	1,062,630	0.00%	-	25.83%	274,440	74.17%	788,190	0.00%	-	0.00%	-	0.00%	-
Sewer	1,454,771	-	1,454,771	0.00%	-	25.83%	375,716	74.17%	1,079,055	0.00%	-	0.00%	-	0.00%	-
Drainage	1,216,398	-	1,216,398	0.00%	-	25.83%	314,152	74.17%	902,246	0.00%	-	0.00%	-	0.00%	-
Soft Costs	1,361,395	-	1,361,395	0.00%	-	25.83%	351,600	74.17%	1,009,795	0.00%	-	0.00%	-	0.00%	-
	\$ 7,549,552	\$ -	\$ 7,549,552		\$ -		\$ 1,949,781		\$ 5,599,771		\$ -		\$ -		\$ -
South Zone Improvements <sup>(f)</sup>															
Street and Bridges	\$ 13,324,788	\$ -	\$ 13,324,788	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	9.27%	\$ 1,235,642	90.73%	\$ 12,089,146
Water	943,043	-	943,043	0.00%	-	0.00%	-	0.00%	-	0.00%	-	9.27%	87,451	90.73%	855,592
Soft Costs	3,138,923	-	3,138,923	0.00%	-	0.00%	-	0.00%	-	0.00%	-	9.27%	291,080	90.73%	2,847,842
	\$ 17,406,754	\$ -	\$ 17,406,754		\$ -		\$ -		\$ -		\$ -		\$ 1,614,173		\$ 15,792,581
South Zone Improvement Area #1 Improvements															
Street	\$ 1,585,940	\$ -	\$ 1,585,940	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	100.00%	\$ 1,585,940	0.00%	\$ -
Water	791,117	-	791,117	0.00%	-	0.00%	-	0.00%	-	0.00%	-	100.00%	791,117	0.00%	-
Sewer	1,150,784	-	1,150,784	0.00%	-	0.00%	-	0.00%	-	0.00%	-	100.00%	1,150,784	0.00%	-
Drainage	1,041,612	-	1,041,612	0.00%	-	0.00%	-	0.00%	-	0.00%	-	100.00%	1,041,612	0.00%	-
Soft Costs	1,005,280	-	1,005,280	0.00%	-	0.00%	-	0.00%	-	0.00%	-	100.00%	1,005,280	0.00%	-
	\$ 5,574,733	\$ -	\$ 5,574,733		\$ -		\$ -		\$ -		\$ -		\$ 5,574,733		\$ -
Private Improvements															
Earthwork	\$ 2,479,779	\$ 2,479,779	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Retaining Walls	487,577	487,577	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Miscellaneous	782,920	782,920	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Soft Costs	704,380	704,380	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-
	\$ 4,454,656	\$ 4,454,656			\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
Bond Issuance Costs <sup>(g)</sup>															
Debt Service Reserve	\$ 320,949	\$ -	\$ 320,949		\$ -		\$ 64,149		\$ -		\$ -		\$ 256,800		\$ -
Underwriter's Discount	132,300	-	132,300		-		26,490		-		-		105,810		-
Costs of Issuance	286,650	-	286,650		-		57,395		-		-		229,255		-
	\$ 739,899	\$ -	\$ 739,899		\$ -		\$ 148,034		\$ -		\$ -		\$ 591,865		\$ -
Other Costs <sup>(h)</sup>															
Deposit to Administrative Fund	\$ 80,000	\$ -	\$ 80,000		\$ -		\$ 40,000		\$ -		\$ -		\$ 40,000		\$ -
	\$ 80,000	\$ -	\$ 80,000		\$ -		\$ 40,000		\$ -		\$ -		\$ 40,000		\$ -
Total	\$ 38,914,702	\$ 4,454,656	\$ 34,460,046		\$ 155,771		\$ 2,491,811		\$ 6,616,447		\$ 1,582,665		\$ 7,820,770		\$ 15,792,581

### Footnotes:

[a] Per Engineer's Report - Clearview Ranch North, Phase 1 and Engineer's Report - Clearview Ranch South, Phase 1, provided by the Owner on March 6, 2024.

[b] Not reimbursable through Assessments.

[c] First, the costs of the North Zone Major Improvements shall be allocated between the North Zone Commercial Property and the North Zone pro rata based on the ratio of the acreage of each area to the acreage of both areas. Second, the North Zone Major Improvements allocated to the North Zone shall be allocated between the North Zone Improvement Area #1-A, the North Zone Improvement Area #1-B and the North Zone Remainder Area based upon the ratio of the Estimated Buildout Value of each area to the Estimated Buildout Value of all areas.

[d] The costs of the North Zone Improvements apportioned pro rata based on Estimated Buildout Value between North Zone Improvement Area #1-A, North Zone Improvement Area #1-B, and the North Zone Remainder Area.

[e] The costs of the North Zone Improvement Area #1 Improvements apportioned pro rata based on Estimated Buildout Value between North Zone Improvement Area #1-A, and North Zone Improvement Area #1-B.

[f] The costs of the South Zone Improvements apportioned pro rata based on acreage between South Zone Improvement Area #1, and the South Zone Remainder Area.

[g] The costs shown for North Zone Improvement Area #1-A are preliminary estimates only and will be updated if PID Bonds are issued to refinance the North Zone Improvement Area #1-A Reimbursement Obligation. If such PID Bonds are not issued within five years from the date the North Zone Improvement Area #1-A Assessments are levied, the North Zone Improvement Area #1-A Assessments will be reduced in an amount equal to the estimated Bond Issuance Costs as shown in this table. The City Council shall reduce the North Zone Improvement Area #1-A Assessments on a pro-rata basis among all North Zone Improvement Area #1-A Assessed Properties. If Assessments are levied or PID Bonds are issued to finance Authorized Improvements allocable to North Zone Improvement Area #1-B, North Zone Remainder Area or South Zone Remainder Area, Bond Issuance Costs associated with such Assessments or PID Bonds will be determined at the time of levy or issuance, as applicable.

## EXHIBIT B-2 – NORTH ZONE APPORTIONMENT OF COSTS

Area	Acreage <sup>[a]</sup>	Estimated Buildout Value <sup>[b]</sup>	North Zone Major Improvements <sup>[c]</sup>		North Zone Improvements <sup>[d]</sup>		North Zone Improvement Area #1 Improvements <sup>[e]</sup>		Total Apportionment for Future Funding <sup>[f]</sup>
			Acreage Allocation	Est. Buildout Value Allocation	Est. Buildout Value Allocation	Est. Buildout Value Allocation	Est. Buildout Value Allocation	Est. Buildout Value Allocation	
			%	\$	%	\$	%	\$	
<i>North Zone</i>									
<i>Improvement Area #1</i>									
Improvement Area #1-A	13.856	\$ 21,875,000		11.99% \$ 184,634	11.99%	\$ 169,362	25.83%	\$ 1,949,781	
Improvement Area #1-B	38.169	\$ 62,825,000		34.42% \$ 530,268	34.42%	\$ 486,409	74.17%	\$ 5,599,771	\$ 6,616,447
<b>Improvement Area #1 Subtotal</b>	<b>52.025</b>	<b>\$ 84,700,000</b>		<b>46.41% \$ 714,901</b>	<b>46.41%</b>	<b>\$ 655,771</b>	<b>100.00%</b>	<b>\$ 7,549,552</b>	
Remainder Area	50.916	\$ 97,800,000		53.59% \$ 825,470	53.59%	\$ 757,195			\$ 1,582,665
<b>North Zone Total</b>	<b>102.941</b>	<b>\$ 182,500,000</b>	<b>90.82%</b>	<b>\$ 1,540,371</b>	<b>100.00%</b>	<b>\$ 1,412,966</b>			
Commercial Property	10.410	N/A	9.18%	\$ 155,771					
<b>NZ &amp; NZ Commercial Property Total</b>	<b>113.351</b>	<b>\$ 182,500,000</b>	<b>100.00%</b>	<b>\$ 1,696,143</b>					

**Footnotes:**

[a] Acreage of North Zone Improvement Area #1-A, North Zone Improvement Area #1-B, and North Zone Remainder Area per legal descriptions provided by the Developer. Acreage of North Zone Commercial Property per Collin Central Appraisal District.

[b] Calculations of Estimated Buildout Values in the North Zone shown on **Exhibit B-4**.

[c] The costs of the North Zone Major Improvements apportioned first pro rata based on acreage between the North Zone and the North Zone Commercial Property, and second, pro rata based on Estimated Buildout Value to North Zone Improvement Area #1-A, North Zone Improvement Area #1-B, and the North Zone Remainder Area.

[d] The costs of the North Zone Improvements apportioned pro rata based on Estimated Buildout Value between North Zone Improvement Area #1-A, North Zone Improvement Area #1-B, and the North Zone Remainder Area.

[e] The North Zone Improvement Area #1 Improvements are allocated pro rata based on Estimated Buildout Value between North Zone Improvement Area #1-A and North Zone Improvement Area #1-B.

[f] Reimbursable in part or in full from future Assessments levied on North Zone Improvement Area #1-B, and the North Zone Remainder Area.

### EXHIBIT B-3 – SOUTH ZONE APPORTIONMENT OF COSTS

Area	Acreage <sup>[a]</sup>	South Zone Improvements <sup>[b]</sup>		Total Apportionment for Future Funding <sup>[c]</sup>
		%	\$	
South Zone				
Improvement Area #1	42.404	9.27%	\$ 1,614,173	
Remainder Area	414.868	90.73%	\$ 15,792,581	\$ 15,792,581
South Zone Total	457.272		\$ 17,406,754	

**Footnotes:**

[a] Acreage of South Zone Improvement Area #1, and South Zone Remainder Area per legal descriptions provided by the Developer.

[b] The costs of the South Zone Improvements apportioned pro rata based on acreage between South Zone Improvement Area #1, and the South Zone Remainder Area. It is then allocated to each Lot Type in South Zone Improvement Area #1 based on Estimated Buildout Value.

[c] Reimbursable in part or in full from future Assessments levied on the South Zone Remainder Area.

## EXHIBIT B-4 – NORTH ZONE ESTIMATED BUILDOUT VALUE

Lot Type	Units <sup>[a]</sup>	Estimated Buildout Value	
		Per Unit <sup>[a]</sup>	Total
North Zone			
Improvement Area #1-A			
Lot Type 1	15	\$ 400,000.00	\$ 6,000,000.00
Lot Type 2	30	450,000.00	13,500,000.00
Lot Type 3	5	475,000.00	2,375,000.00
Subtotal	50	\$ 21,875,000.00	
Improvement Area #1-B			
50'	88	\$ 400,000.00	\$ 35,200,000.00
60'	54	450,000.00	24,300,000.00
70'	7	475,000.00	3,325,000.00
Subtotal	149	\$ 62,825,000.00	
North Zone Remainder Area			
50'	110	\$ 400,000.00	\$ 44,000,000.00
60'	109	450,000.00	49,050,000.00
70'	10	475,000.00	4,750,000.00
Subtotal	229	\$ 97,800,000.00	
North Zone Total	428	\$ 182,500,000.00	

Footnotes:

[a] Per information provided by the Owners on July 25, 2024.

## EXHIBIT C – SERVICE PLAN

North Zone Improvement Area #1-A						
Installment Due		1/31/2025	1/31/2026	1/31/2027	1/31/2028	1/31/2029
Principal		\$ 11,168.99	\$ 11,839.13	\$ 12,549.48	\$ 13,302.44	\$ 14,100.59
Interest		\$ 52,980.00	\$ 52,309.86	\$ 51,599.51	\$ 50,846.54	\$ 50,048.40
	(1)	\$ 64,148.99	\$ 64,148.99	\$ 64,148.99	\$ 64,148.99	\$ 64,148.99
Annual Collection Costs	(2)	\$ 40,000.00	\$ 40,800.00	\$ 41,616.00	\$ 42,448.32	\$ 43,297.29
<b>Total Annual Installment</b>	<b>(3) = (1) + (2)</b>	<b>\$ 104,148.99</b>	<b>\$ 104,948.99</b>	<b>\$ 105,764.99</b>	<b>\$ 106,597.31</b>	<b>\$ 107,446.28</b>

South Zone Improvement Area #1						
Installment Due		1/31/2025	1/31/2026	1/31/2027	1/31/2028	1/31/2029
Principal		\$ 45,000.00	\$ 47,000.00	\$ 50,000.00	\$ 53,000.00	\$ 56,000.00
Interest		\$ 211,620.00	\$ 208,920.00	\$ 206,100.00	\$ 203,100.00	\$ 199,920.00
	(1)	\$ 256,620.00	\$ 255,920.00	\$ 256,100.00	\$ 256,100.00	\$ 255,920.00
Additional Interest	(2)	\$ 17,635.00	\$ 17,410.00	\$ 17,175.00	\$ 16,925.00	\$ 16,660.00
Annual Collection Costs	(3)	\$ 40,000.00	\$ 40,800.00	\$ 41,616.00	\$ 42,448.32	\$ 43,297.29
<b>Total Annual Installment</b>	<b>(4) = (1) + (2) + (3)</b>	<b>\$ 314,255.00</b>	<b>\$ 314,130.00</b>	<b>\$ 314,891.00</b>	<b>\$ 315,473.32</b>	<b>\$ 315,877.29</b>

## EXHIBIT D – SOURCES AND USES OF FUNDS

	Private Costs	North Zone Commercial Property	North Zone Improvement Area #1-A	North Zone Improvement Area #1-B	North Zone Remainder Area	South Zone Improvement Area #1	South Zone Remainder Area	Total
<b>Sources of Funds</b>								
North Zone Improvement Area #1-A Reimbursement Obligation	\$ -	\$ -	\$ 883,000	\$ -	\$ -	\$ -	\$ -	\$ 883,000
South Zone Improvement Area #1 Bonds	-	-	-	-	-	3,527,000	-	3,527,000
Apportionment of Costs <sup>[a]</sup>	-	-	-	6,616,447	1,582,665	-	15,792,581	23,991,693
Owner Contribution - Private Costs <sup>[b]</sup>	4,454,656	-	-	-	-	-	-	4,454,656
Owner Contribution <sup>[b]</sup>	-	155,771	1,608,811	-	-	4,293,770	-	6,058,353
<b>Total Sources</b>	<b>\$ 4,454,656</b>	<b>\$ 155,771</b>	<b>\$ 2,491,811</b>	<b>\$ 6,616,447</b>	<b>\$ 1,582,665</b>	<b>\$ 7,820,770</b>	<b>\$ 15,792,581</b>	<b>\$ 38,914,702</b>
<b>Uses of Funds</b>								
North Zone Major Improvements	\$ -	\$ 155,771	\$ 184,634	\$ 530,268	\$ 825,470	\$ -	\$ -	\$ 1,696,143
North Zone Improvements	-	-	169,362	486,409	757,195	-	-	1,412,966
North Zone Improvement Area #1 Improvements	-	-	1,949,781	5,599,771	-	-	-	7,549,552
South Zone Improvements	-	-	-	-	-	1,614,173	15,792,581	17,406,754
South Zone Improvement Area #1 Improvements	-	-	-	-	-	5,574,733	-	5,574,733
Private Improvements <sup>[b]</sup>	4,454,656	-	-	-	-	-	-	4,454,656
	<u>\$ 4,454,656</u>	<u>\$ 155,771</u>	<u>\$ 2,303,777</u>	<u>\$ 6,616,447</u>	<u>\$ 1,582,665</u>	<u>\$ 7,188,905</u>	<u>\$ 15,792,581</u>	<u>\$ 38,094,803</u>
<b>Bond Issuance Costs<sup>[c]</sup></b>								
Debt Service Reserve	\$ -	\$ -	\$ 64,149	\$ -	\$ -	\$ 256,800	\$ -	\$ 320,949
Underwriter's Discount	-	-	26,490	-	-	105,810	-	132,300
Costs of Issuance	-	-	57,395	-	-	229,255	-	286,650
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 591,865</u>	<u>\$ -</u>	<u>\$ 739,899</u>
<b>Other Costs<sup>[c]</sup></b>								
Deposit to Administrative Fund	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ 40,000	\$ -	\$ 80,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 80,000</u>
<b>Total Uses</b>	<b>\$ 4,454,656</b>	<b>\$ 155,771</b>	<b>\$ 2,491,811</b>	<b>\$ 6,616,447</b>	<b>\$ 1,582,665</b>	<b>\$ 7,820,770</b>	<b>\$ 15,792,581</b>	<b>\$ 38,914,702</b>

**Footnotes:**

[a] Apportioned costs to be levied in part or in full at a later date.

[b] Not reimburseable to Owner through Assessments.

[c] The costs shown for North Zone Improvement Area #1-A are preliminary estimates only and will be updated if PID Bonds are issued to refinance the North Zone Improvement Area #1-A Reimbursement Obligation. If such PID Bonds are not issued within five years from the date the North Zone Improvement Area #1-A Assessments are levied, the North Zone Improvement Area #1-A Assessments will be reduced in an amount equal to the estimated Bond Issuance Costs as shown in this table. The City Council shall reduce the North Zone Improvement Area #1-A Assessments on a pro-rata basis among all North Zone Improvement Area #1-A Assessed Properties. If Assessments are levied or PID Bonds are issued to finance Authorized Improvements allocable to North Zone Improvement Area #1-B, North Zone Remainder Area or South Zone Remainder Area, Bond Issuance Costs associated with such Assessments or PID Bonds will be determined at the time of levy or issuance, as applicable.



## EXHIBIT E – MAXIMUM ASSESSMENT AND TAX RATE EQUIVALENT

Lot Type	Units <sup>[a]</sup>	Estimated Buildout Value		Assessment		Average Annual Installment		PID TRE
		Per Unit <sup>[a]</sup>	Total	Per Unit	Total	Per Unit	Total	
North Zone								
Improvement Area #1-A								
Lot Type 1	15	\$ 400,000	\$ 6,000,000	\$ 16,146.29	\$ 242,194.29	\$ 2,162.10	\$ 32,431.48	\$ 0.5405
Lot Type 2	30	450,000	13,500,000	18,164.57	544,937.14	2,432.36	72,970.82	0.5405
Lot Type 3	5	475,000	2,375,000	19,173.71	95,868.57	2,567.49	12,837.46	0.5405
Subtotal	50	\$ 21,875,000		\$ 883,000.00		\$ 118,239.76		
South Zone								
Improvement Area #1								
Lot Type 4	73	\$ 370,000	\$ 27,010,000	\$ 21,908.30	\$ 1,599,306.15	\$ 1,999.58	\$ 145,969.65	\$ 0.5404
Lot Type 5	67	393,000	26,331,000	23,270.17	1,559,101.45	2,123.88	142,300.14	0.5404
Lot Type 6	15	415,000	6,225,000	24,572.83	368,592.40	2,242.78	33,641.65	0.5404
Subtotal	155	\$ 59,566,000		\$ 3,527,000.00		\$ 321,911.44		

Footnotes:

[a] Per information provided by the Owners on July 25, 2024.

## EXHIBIT F-1 – NORTH ZONE IMPROVEMENT AREA #1-A ASSESSMENT ROLL

Property ID <sup>[a]</sup>	Lot Type	Outstanding Assessment	Total Annual Installment Due 1/31/2025
2892837	North Zone Improvement Area #1-A Initial Parcel	\$ 725,898.93	\$ 85,619.07
2892846	North Zone Improvement Area #1-A Initial Parcel	\$ 157,101.07	\$ 18,529.92
<b>Total</b>		<b>\$ 883,000.00</b>	<b>\$ 104,148.99</b>

### **Footnotes**

[a] Per Collin Central Appraisal District. Rockwall Central Appraisal District provides for collection of all Annual Installments for Assessed Property. Subject to change prior to billing. The Assessment and Annual Installment have initially been allocated between all Property IDs within North Zone Improvement Area #1-A pro rata based on acreage as reported by Collin Central Appraisal District. Future allocation of the Assessment will be done in accordance with Section VI of this Service and Assessment Plan.

## EXHIBIT F-2 – NORTH ZONE IMPROVEMENT AREA #1-A ANNUAL INSTALLMENTS

Installment Due 1/31	Principal	Interest <sup>[a]</sup>	Annual Collection Costs	Total Annual Installment Due <sup>[b]</sup>
2025	\$ 11,168.99	\$ 52,980.00	\$ 40,000.00	\$ 104,148.99
2026	\$ 11,839.13	\$ 52,309.86	\$ 40,800.00	\$ 104,948.99
2027	\$ 12,549.48	\$ 51,599.51	\$ 41,616.00	\$ 105,764.99
2028	\$ 13,302.44	\$ 50,846.54	\$ 42,448.32	\$ 106,597.31
2029	\$ 14,100.59	\$ 50,048.40	\$ 43,297.29	\$ 107,446.28
2030	\$ 14,946.63	\$ 49,202.36	\$ 44,163.23	\$ 108,312.22
2031	\$ 15,843.42	\$ 48,305.56	\$ 45,046.50	\$ 109,195.49
2032	\$ 16,794.03	\$ 47,354.96	\$ 45,947.43	\$ 110,096.42
2033	\$ 17,801.67	\$ 46,347.32	\$ 46,866.38	\$ 111,015.36
2034	\$ 18,869.77	\$ 45,279.22	\$ 47,803.70	\$ 111,952.69
2035	\$ 20,001.96	\$ 44,147.03	\$ 48,759.78	\$ 112,908.77
2036	\$ 21,202.08	\$ 42,946.91	\$ 49,734.97	\$ 113,883.96
2037	\$ 22,474.20	\$ 41,674.79	\$ 50,729.67	\$ 114,878.66
2038	\$ 23,822.65	\$ 40,326.34	\$ 51,744.27	\$ 115,893.25
2039	\$ 25,252.01	\$ 38,896.98	\$ 52,779.15	\$ 116,928.14
2040	\$ 26,767.13	\$ 37,381.86	\$ 53,834.73	\$ 117,983.72
2041	\$ 28,373.16	\$ 35,775.83	\$ 54,911.43	\$ 119,060.42
2042	\$ 30,075.55	\$ 34,073.44	\$ 56,009.66	\$ 120,158.65
2043	\$ 31,880.08	\$ 32,268.91	\$ 57,129.85	\$ 121,278.84
2044	\$ 33,792.89	\$ 30,356.10	\$ 58,272.45	\$ 122,421.44
2045	\$ 35,820.46	\$ 28,328.53	\$ 59,437.90	\$ 123,586.88
2046	\$ 37,969.69	\$ 26,179.30	\$ 60,626.65	\$ 124,775.64
2047	\$ 40,247.87	\$ 23,901.12	\$ 61,839.19	\$ 125,988.18
2048	\$ 42,662.74	\$ 21,486.25	\$ 63,075.97	\$ 127,224.96
2049	\$ 45,222.51	\$ 18,926.48	\$ 64,337.49	\$ 128,486.48
2050	\$ 47,935.86	\$ 16,213.13	\$ 65,624.24	\$ 129,773.23
2051	\$ 50,812.01	\$ 13,336.98	\$ 66,936.72	\$ 131,085.71
2052	\$ 53,860.73	\$ 10,288.26	\$ 68,275.46	\$ 132,424.45
2053	\$ 57,092.37	\$ 7,056.62	\$ 69,640.97	\$ 133,789.96
2054	\$ 60,517.91	\$ 3,631.07	\$ 71,033.79	\$ 135,182.78
<b>Total</b>	<b>\$ 883,000.00</b>	<b>\$ 1,041,469.67</b>	<b>\$ 1,622,723.17</b>	<b>\$ 3,547,192.83</b>

**Footnotes:**

[a] Interest is calculated at a 6.00% rate for all years which is less than 2.0% above the Bond Buyer 25-Bond Revenue Index as of July 25, 2024.

[b] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

## EXHIBIT G-1 – SOUTH ZONE IMPROVEMENT AREA #1 ASSESSMENT ROLL

Property ID <sup>[a]</sup>	Lot Type	Outstanding Assessment	Total Annual Installment Due 1/31/2025
2893224	South Zone Improvement Area #1 Initial Parcel	\$ 3,527,000.00	\$ 314,255.00
Total		\$ 3,527,000.00	\$ 314,255.00

### **Footnotes**

[a] Per Collin Central Appraisal District. Rockwall Central Appraisal District provides for collection of all Annual Installments for Assessed Property. Subject to change prior to billing. Future allocation of the Assessment will be done in accordance with Section VI of this Service and Assessment Plan.

## EXHIBIT G-2 – SOUTH ZONE IMPROVEMENT AREA #1 ANNUAL INSTALLMENTS

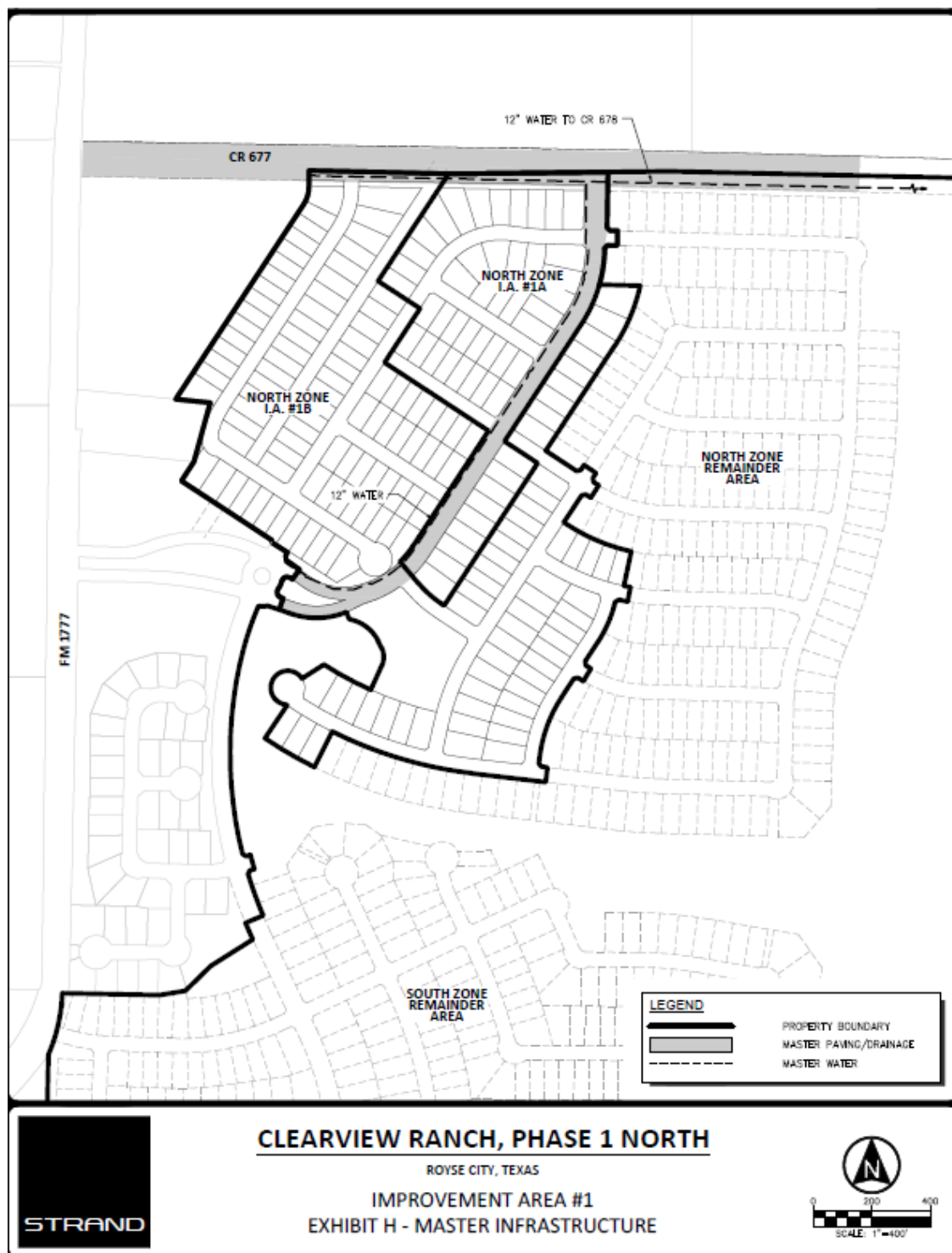
Installment Due 1/31	Principal	Interest <sup>[a]</sup>	Additional Interest	Annual Collection Costs	Total Annual Installment Due <sup>[b]</sup>
2025	\$ 45,000.00	\$ 211,620.00	\$ 17,635.00	\$ 40,000.00	\$ 314,255.00
2026	\$ 47,000.00	\$ 208,920.00	\$ 17,410.00	\$ 40,800.00	\$ 314,130.00
2027	\$ 50,000.00	\$ 206,100.00	\$ 17,175.00	\$ 41,616.00	\$ 314,891.00
2028	\$ 53,000.00	\$ 203,100.00	\$ 16,925.00	\$ 42,448.32	\$ 315,473.32
2029	\$ 56,000.00	\$ 199,920.00	\$ 16,660.00	\$ 43,297.29	\$ 315,877.29
2030	\$ 60,000.00	\$ 196,560.00	\$ 16,380.00	\$ 44,163.23	\$ 317,103.23
2031	\$ 63,000.00	\$ 192,960.00	\$ 16,080.00	\$ 45,046.50	\$ 317,086.50
2032	\$ 67,000.00	\$ 189,180.00	\$ 15,765.00	\$ 45,947.43	\$ 317,892.43
2033	\$ 71,000.00	\$ 185,160.00	\$ 15,430.00	\$ 46,866.38	\$ 318,456.38
2034	\$ 75,000.00	\$ 180,900.00	\$ 15,075.00	\$ 47,803.70	\$ 318,778.70
2035	\$ 80,000.00	\$ 176,400.00	\$ 14,700.00	\$ 48,759.78	\$ 319,859.78
2036	\$ 85,000.00	\$ 171,600.00	\$ 14,300.00	\$ 49,734.97	\$ 320,634.97
2037	\$ 90,000.00	\$ 166,500.00	\$ 13,875.00	\$ 50,729.67	\$ 321,104.67
2038	\$ 95,000.00	\$ 161,100.00	\$ 13,425.00	\$ 51,744.27	\$ 321,269.27
2039	\$ 101,000.00	\$ 155,400.00	\$ 12,950.00	\$ 52,779.15	\$ 322,129.15
2040	\$ 107,000.00	\$ 149,340.00	\$ 12,445.00	\$ 53,834.73	\$ 322,619.73
2041	\$ 113,000.00	\$ 142,920.00	\$ 11,910.00	\$ 54,911.43	\$ 322,741.43
2042	\$ 120,000.00	\$ 136,140.00	\$ 11,345.00	\$ 56,009.66	\$ 323,494.66
2043	\$ 127,000.00	\$ 128,940.00	\$ 10,745.00	\$ 57,129.85	\$ 323,814.85
2044	\$ 135,000.00	\$ 121,320.00	\$ 10,110.00	\$ 58,272.45	\$ 324,702.45
2045	\$ 143,000.00	\$ 113,220.00	\$ 9,435.00	\$ 59,437.90	\$ 325,092.90
2046	\$ 152,000.00	\$ 104,640.00	\$ 8,720.00	\$ 60,626.65	\$ 325,986.65
2047	\$ 161,000.00	\$ 95,520.00	\$ 7,960.00	\$ 61,839.19	\$ 326,319.19
2048	\$ 170,000.00	\$ 85,860.00	\$ 7,155.00	\$ 63,075.97	\$ 326,090.97
2049	\$ 181,000.00	\$ 75,660.00	\$ 6,305.00	\$ 64,337.49	\$ 327,302.49
2050	\$ 192,000.00	\$ 64,800.00	\$ 5,400.00	\$ 65,624.24	\$ 327,824.24
2051	\$ 203,000.00	\$ 53,280.00	\$ 4,440.00	\$ 66,936.72	\$ 327,656.72
2052	\$ 215,000.00	\$ 41,100.00	\$ 3,425.00	\$ 68,275.46	\$ 327,800.46
2053	\$ 228,000.00	\$ 28,200.00	\$ 2,350.00	\$ 69,640.97	\$ 328,190.97
2054	\$ 242,000.00	\$ 14,520.00	\$ 1,210.00	\$ 71,033.79	\$ 328,763.79
<b>Total</b>	<b>\$ 3,527,000.00</b>	<b>\$ 4,160,880.00</b>	<b>\$ 346,740.00</b>	<b>\$ 1,622,723.17</b>	<b>\$ 9,657,343.17</b>

**Footnotes:**

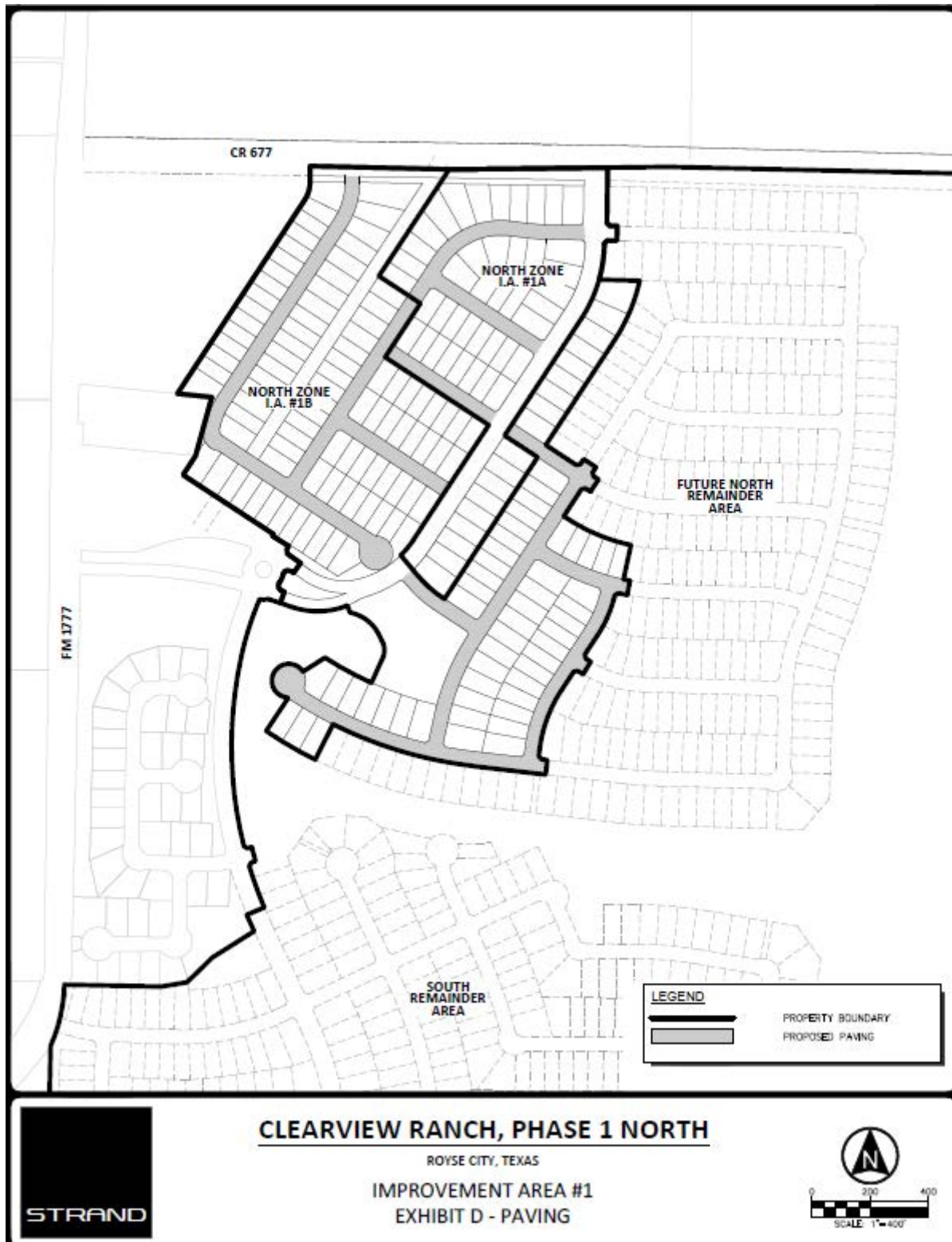
[a] Interest is calculated at 6.00% for illustrative purposes.

[b] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

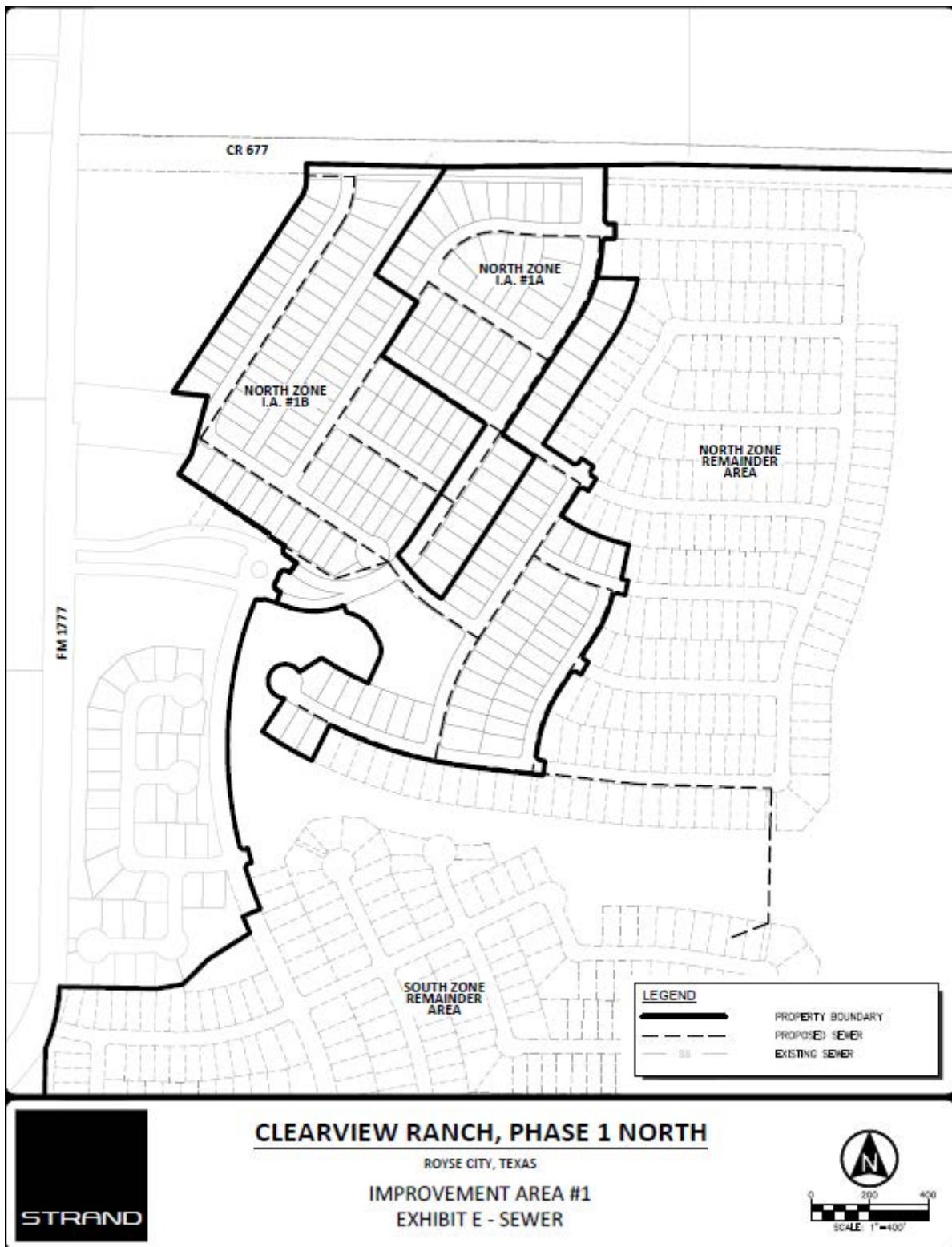
## EXHIBIT H-1 – MAPS OF NORTH ZONE MAJOR IMPROVEMENTS AND NORTH ZONE IMPROVEMENTS



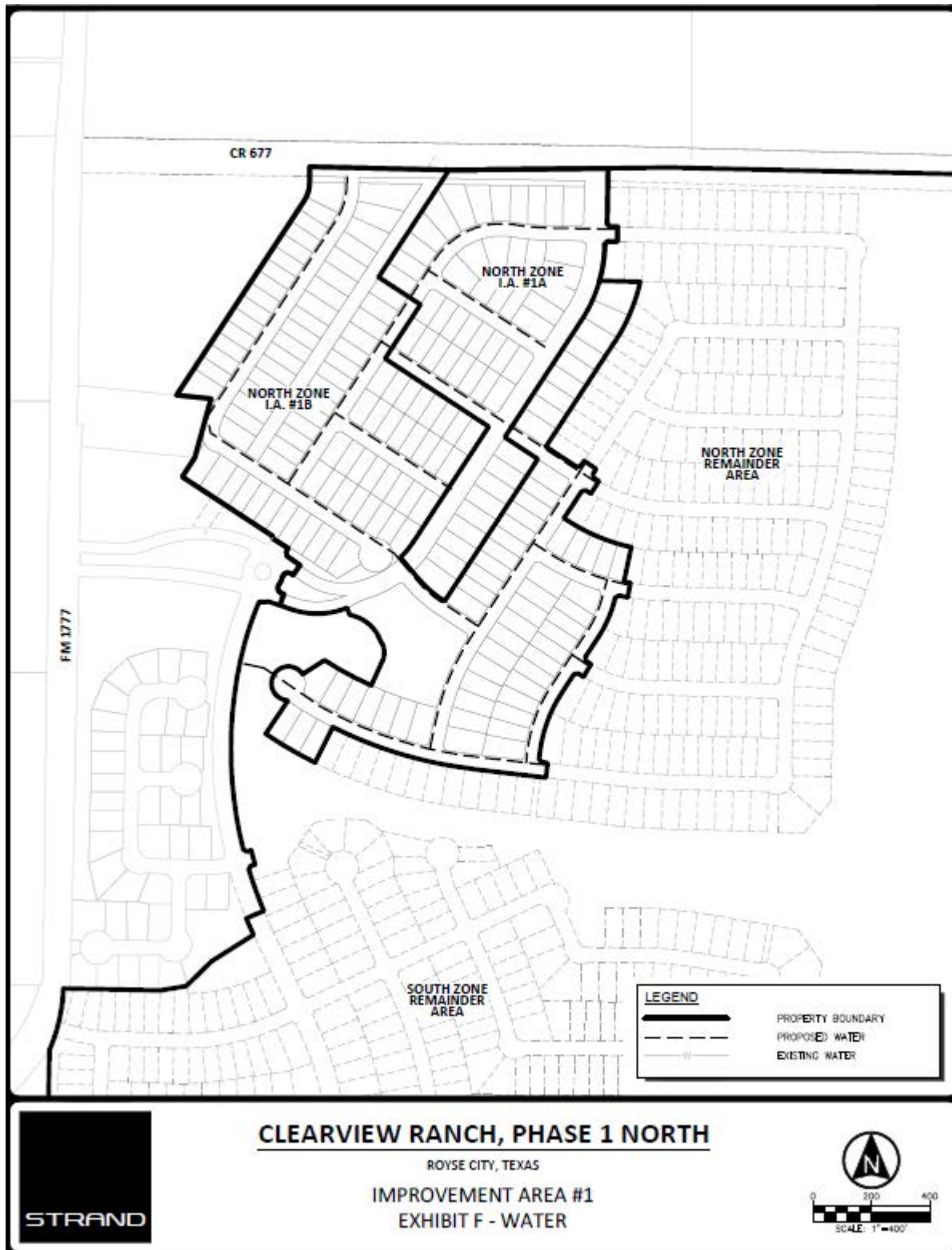
## EXHIBIT H-2 – MAPS OF NORTH ZONE IMPROVEMENT AREA #1 IMPROVEMENTS

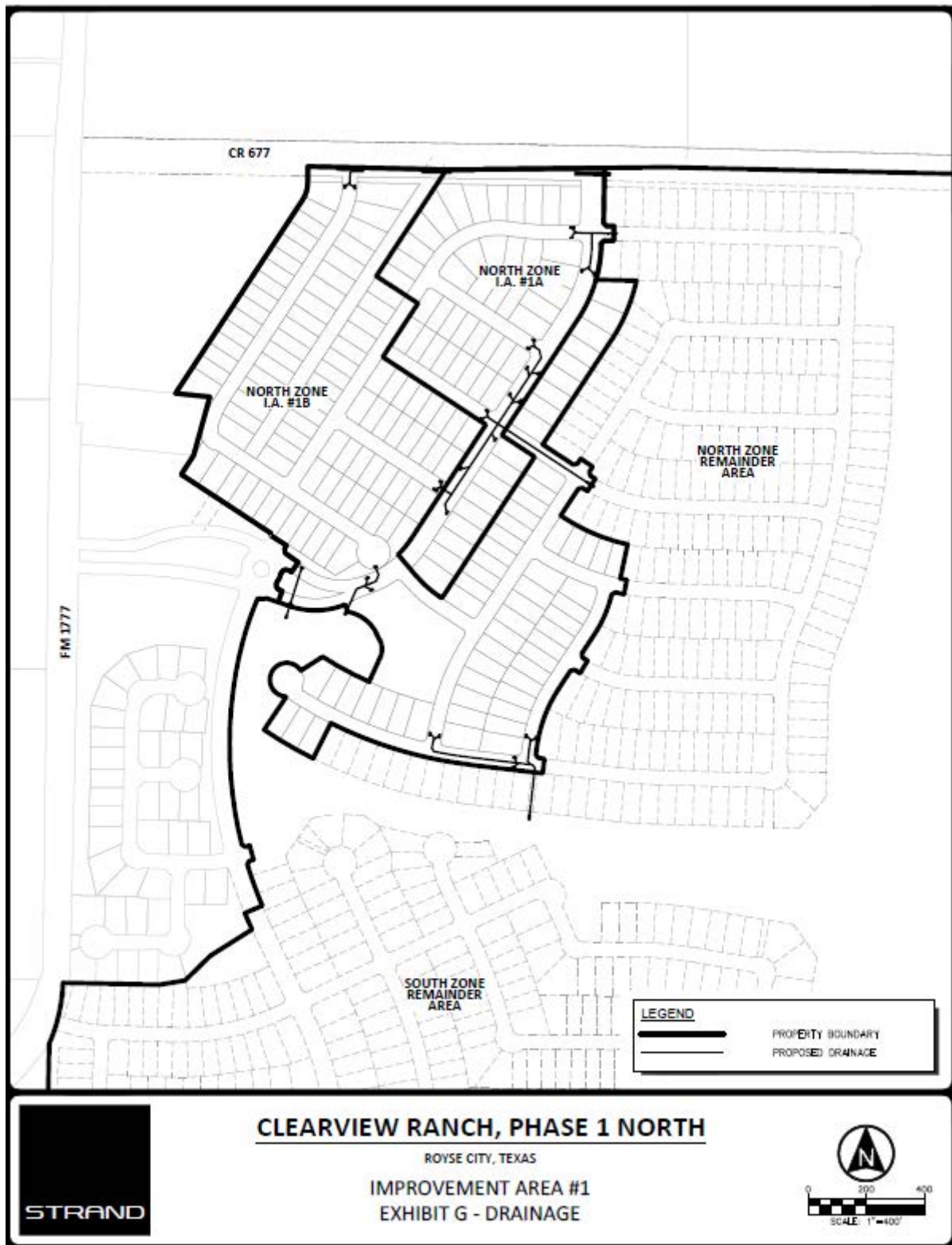




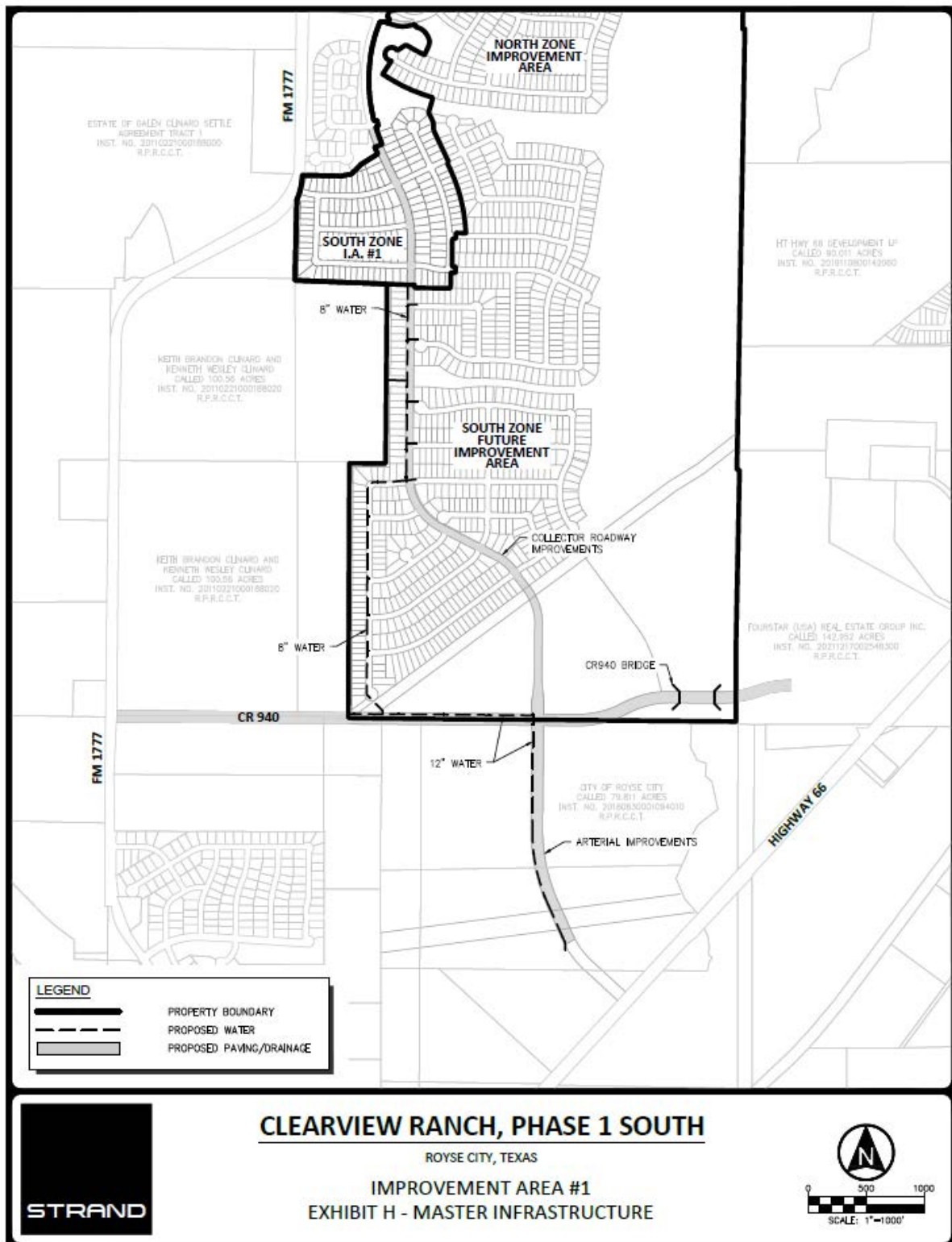




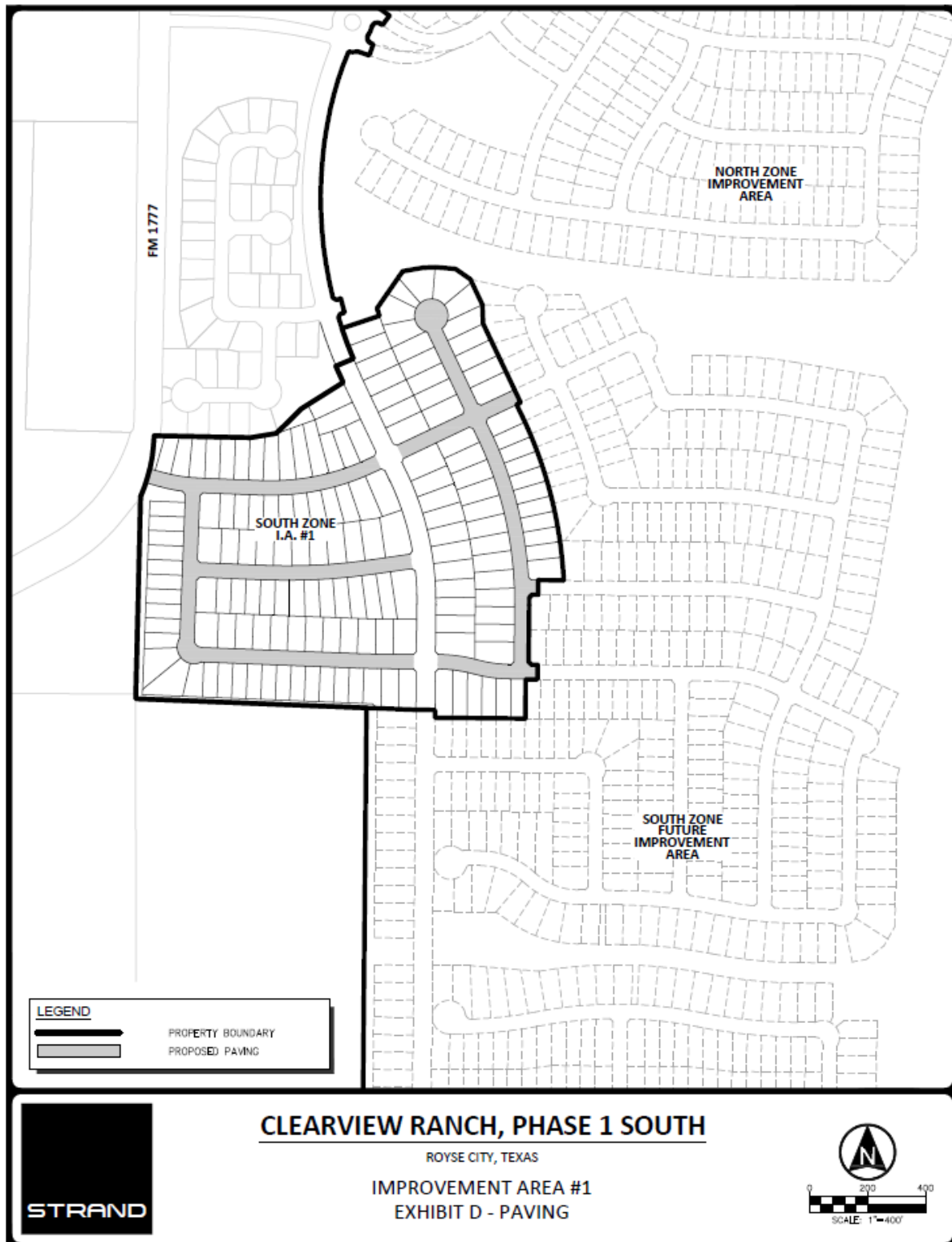




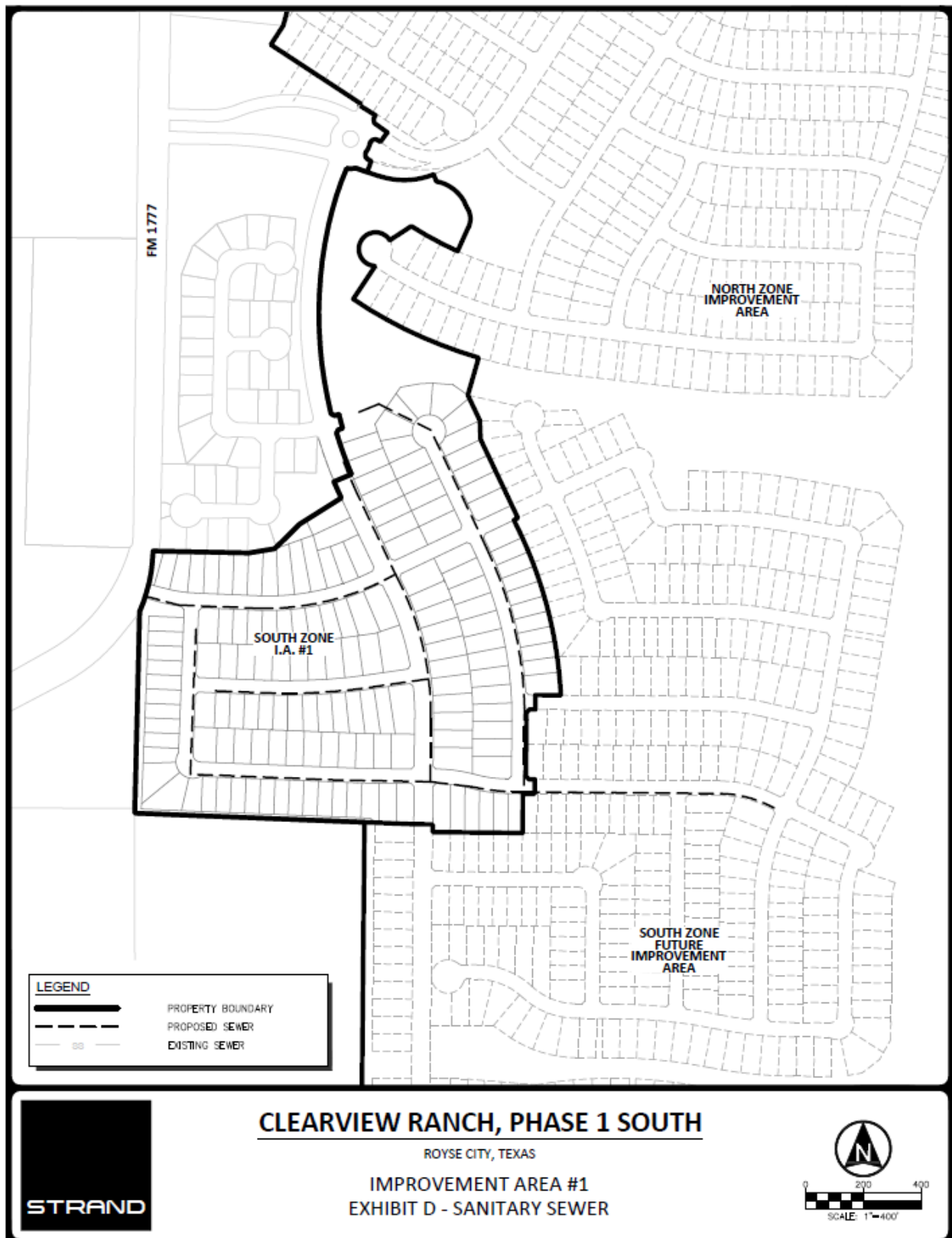
## EXHIBIT H-3 – MAPS OF SOUTH ZONE IMPROVEMENTS

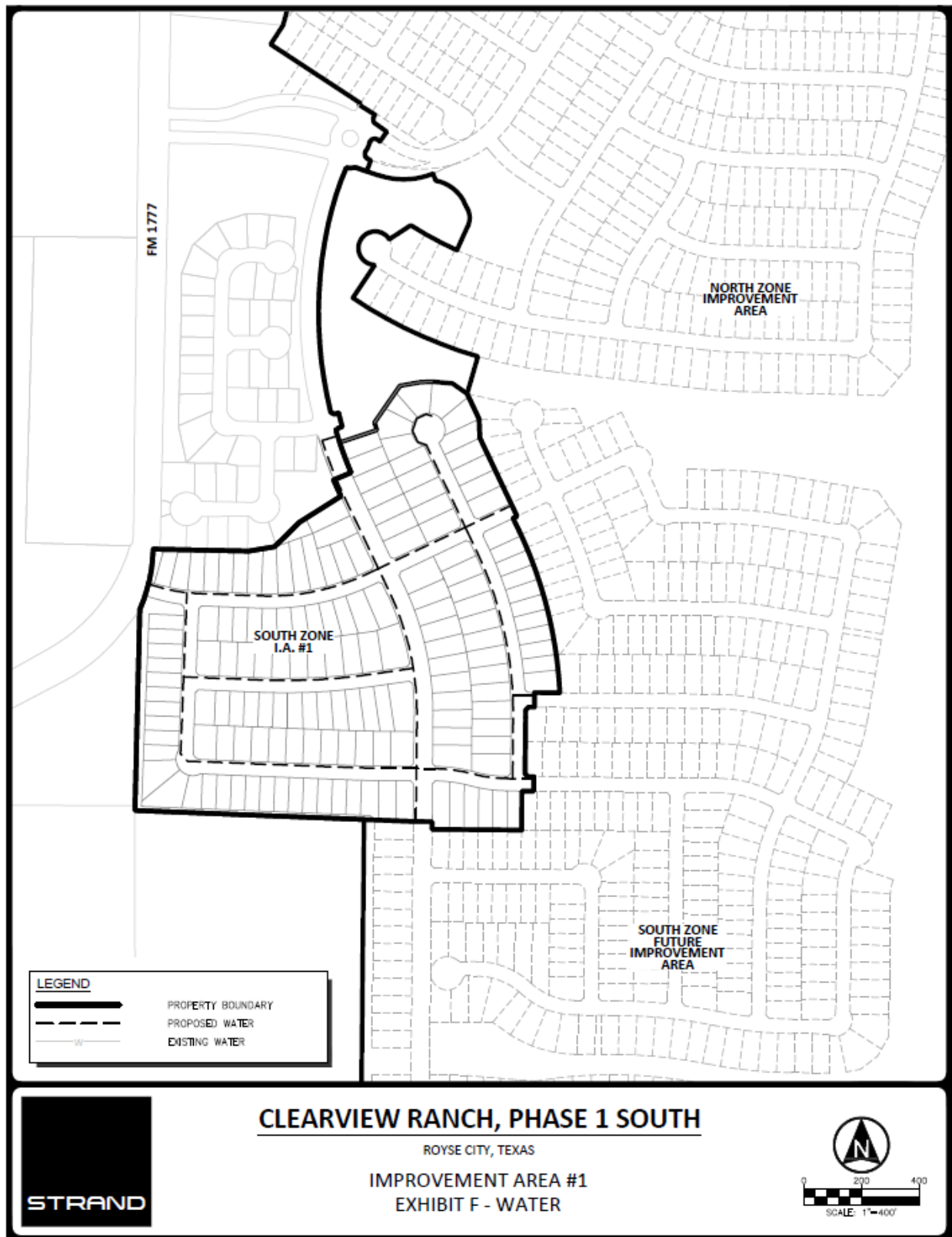


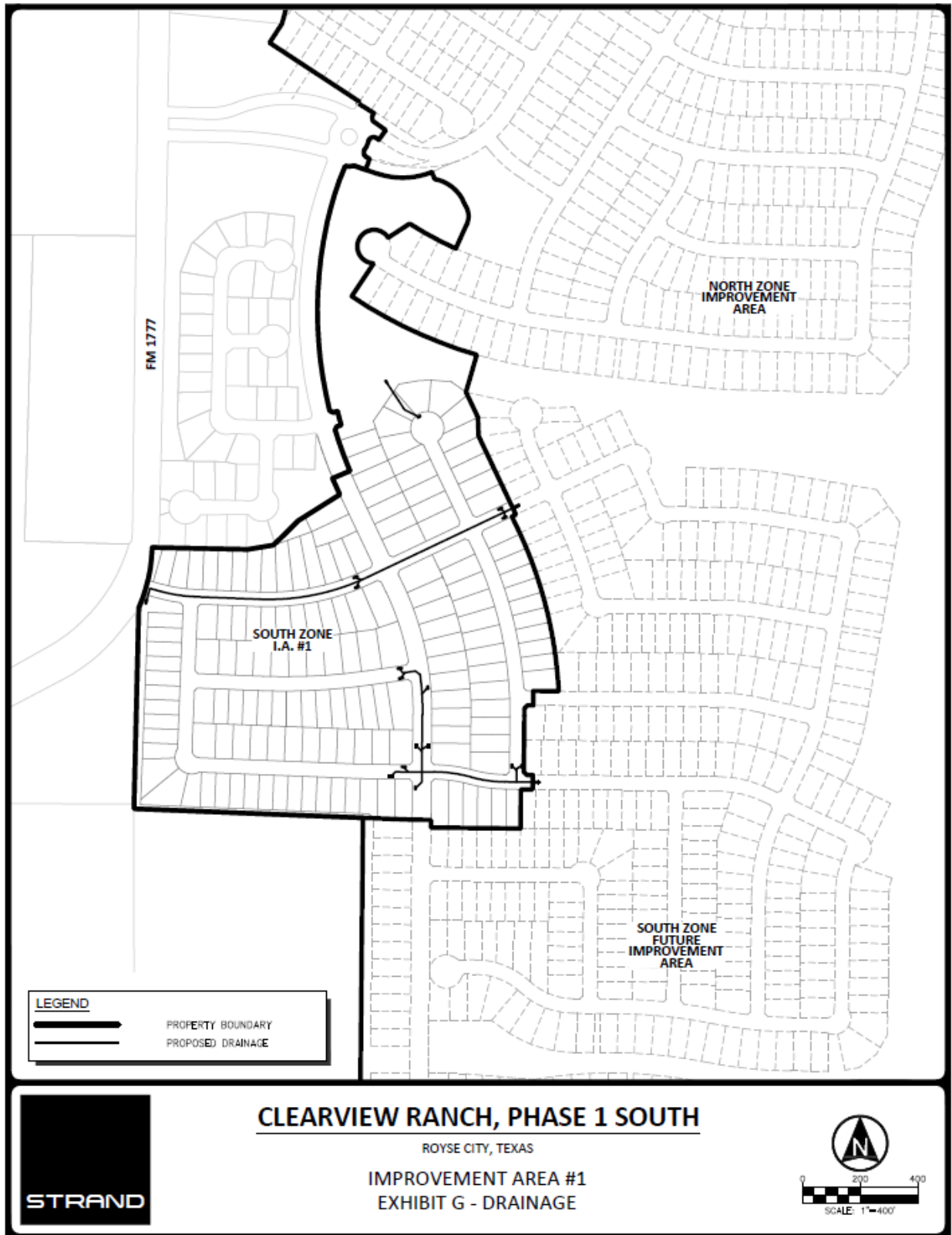
## EXHIBIT H-4 – MAPS OF SOUTH ZONE IMPROVEMENT AREA #1 IMPROVEMENTS











## EXHIBIT I – FORM OF NOTICE OF ASSESSMENT TERMINATION



P3Works, LLC  
9284 Huntington Square, Suite 100  
North Richland Hills, TX 76182

[Date]  
Collin County Clerk's Office  
Honorable [County Clerk]  
[County Clerk's office address]

**Re: City of Royse City Lien Release documents for filing**

Dear Ms./Mr. [County Clerk]

Enclosed is a lien release that the City of Royse City is requesting to be filed in your office. Lien release for [insert legal description]. Recording Numbers: [Plat]. Please forward copies of the filed documents to my attention:

City of Royse City  
Attn: City Secretary  
PO Box 638  
305 N Arch St  
Royse City, TX 75189

Please contact me if you have any questions or need additional information.

Sincerely,  
[Signature]

P3Works, LLC  
(817) 393-0353  
Admin@P3-Works.com  
www.P3-Works.com



**[City Secretary Name]  
PO Box 638  
305 N Arch St  
Royse City, TX 75189**

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

**FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN**

**STATE OF TEXAS** §  
§ **KNOWN ALL MEN BY THESE PRESENTS:**  
**COUNTY OF COLLIN** §

**THIS FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN** (this "Full Release") is executed and delivered as of the Effective Date by the City of Royse City, Texas, a Texas home rule municipality (the "City").

## RECITALS

**WHEREAS**, the governing body (hereinafter referred to as the "City Council") of the City, Texas is authorized by Chapter 372, Texas Local Government Code, as amended (hereinafter referred to as the "Act"), to create public improvement districts within the corporate limits of the City; and

**WHEREAS**, on October 24, 2023, the City Council of the City approved Resolution No. 23-10-267R creating the Clearview Ranch Public Improvement District (the “District”); and

**WHEREAS**, the District consists of approximately 560.213 contiguous acres within the corporate limits of the City; and

**WHEREAS**, on \_\_\_\_\_, the City Council, approved Ordinance No. \_\_\_\_\_, (hereinafter referred to as the "Assessment Ordinance") approving a service and assessment plan and assessment roll for the real property located with the District, the Assessment Ordinance being recorded on \_\_\_\_\_, as Instrument No. \_\_\_\_\_ in the Official Public Records of Collin County, Texas; and

**WHEREAS**, the Assessment Ordinance imposed an assessment in the amount of [amount] (hereinafter referred to as the "Lien Amount") and further imposed a lien to secure the payment of the Lien Amount (the "Lien") against the following property located within the District, to wit:



**EXHIBIT J-1 – INSTALLMENT SCHEDULE FOR NORTH ZONE IMPROVEMENT AREA  
#1-A REIMBURSEMENT OBLIGATION**

Installment Due 1/31	Principal	Interest <sup>[a]</sup>	Total Annual Installment Due
2025	\$ 11,168.99	\$ 52,980.00	\$ 64,148.99
2026	\$ 11,839.13	\$ 52,309.86	\$ 64,148.99
2027	\$ 12,549.48	\$ 51,599.51	\$ 64,148.99
2028	\$ 13,302.44	\$ 50,846.54	\$ 64,148.99
2029	\$ 14,100.59	\$ 50,048.40	\$ 64,148.99
2030	\$ 14,946.63	\$ 49,202.36	\$ 64,148.99
2031	\$ 15,843.42	\$ 48,305.56	\$ 64,148.99
2032	\$ 16,794.03	\$ 47,354.96	\$ 64,148.99
2033	\$ 17,801.67	\$ 46,347.32	\$ 64,148.99
2034	\$ 18,869.77	\$ 45,279.22	\$ 64,148.99
2035	\$ 20,001.96	\$ 44,147.03	\$ 64,148.99
2036	\$ 21,202.08	\$ 42,946.91	\$ 64,148.99
2037	\$ 22,474.20	\$ 41,674.79	\$ 64,148.99
2038	\$ 23,822.65	\$ 40,326.34	\$ 64,148.99
2039	\$ 25,252.01	\$ 38,896.98	\$ 64,148.99
2040	\$ 26,767.13	\$ 37,381.86	\$ 64,148.99
2041	\$ 28,373.16	\$ 35,775.83	\$ 64,148.99
2042	\$ 30,075.55	\$ 34,073.44	\$ 64,148.99
2043	\$ 31,880.08	\$ 32,268.91	\$ 64,148.99
2044	\$ 33,792.89	\$ 30,356.10	\$ 64,148.99
2045	\$ 35,820.46	\$ 28,328.53	\$ 64,148.99
2046	\$ 37,969.69	\$ 26,179.30	\$ 64,148.99
2047	\$ 40,247.87	\$ 23,901.12	\$ 64,148.99
2048	\$ 42,662.74	\$ 21,486.25	\$ 64,148.99
2049	\$ 45,222.51	\$ 18,926.48	\$ 64,148.99
2050	\$ 47,935.86	\$ 16,213.13	\$ 64,148.99
2051	\$ 50,812.01	\$ 13,336.98	\$ 64,148.99
2052	\$ 53,860.73	\$ 10,288.26	\$ 64,148.99
2053	\$ 57,092.37	\$ 7,056.62	\$ 64,148.99
2054	\$ 60,517.91	\$ 3,631.07	\$ 64,148.99
<b>Total</b>	<b>\$ 883,000.00</b>	<b>\$ 1,041,469.67</b>	<b>\$ 1,924,469.67</b>

**Footnotes:**

[a] Interest is calculated at a 6.00% rate for all years which is less than 2.0% above the Bond Buyer 25-Bond Revenue Index as of July 25, 2024.

<p><b>EXHIBIT J-2 – DEBT SERVICE SCHEDULE FOR SOUTH ZONE IMPROVEMENT AREA</b></p> <p><b>#1 BONDS</b></p>
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[To be inserted upon pricing]

## EXHIBIT K-1 – DISTRICT LEGAL DESCRIPTION

### 560.213 ACRE PID TRACT DESCRIPTION

BEING a tract of land situated in the J. Foot Survey, Abstract Number 333 and the R. Crafford Survey, Abstract Number 229, Collin County, Texas and being a portion of that certain called 178.533 acre tract of land described in deed to S2 Land Development, LLC, as recorded in Instrument Number 2023000048123, Real Property Records, Collin County, Texas and a portion of that certain called 228.106 acre tract of land described in deed to S2 Land Development, LLC, as recorded in Instrument Number 2023000048122, Real Property Records, Collin County, Texas and all of that certain called 122.761 acre tract of land described in deed to S2 Land Development, LLC, as recorded in Instrument Number 2023000034559, Real Property Records, Collin County, Texas and all of that certain called 44.270 acre tract of land described in deed to S2 Land Development, LLC, as recorded in Instrument Number 2023000071489, Real Property Records, Collin County, Texas and being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set at the northeast corner of said called 178.533 acre tract, said point being in the south Right-of-Way line of County Road 677 and being the northwest corner of a 20' strip of land that is a portion of the land described to Kerla Christian Adult Homes 1, L.P., as recorded in Volume 6070, Page 3419, Real Property Records, Collin County, Texas;

THENCE S 01°02'36"W, a distance of 1500.68 feet along the east line of said called 178.533 acre tract and said 20' strip to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE S 88°57'24"E, a distance of 20.00 feet continuing along said east line and the south line of said 20' strip to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set in the west line of a called 42.132 acre tract of land described in deed to Josh Hatfield and Carrie Hatfield, Husband and Wife, as recorded in Instrument Number 20201229002347680, Real Property Records, Collin County, Texas;

THENCE S 01°02'36"W, a distance of 2722.75 feet continuing along said east line and then along the east line of said called 228.106 acre tract and along the west line of said called 42.132 acre tract and then along the west line of that certain called 90.011 acre tract of land described in deed to HT HWY 66 Development LP, as recorded in Instrument Number 201911080014420620, Real Property Records, Collin County, Texas to a 1/2 inch iron rod found at the southwest corner of said called 90.011 acre tract and being the northwest corner of that certain called 142.952 acre tract of land described in deed to Fourstar (USA) Real Estate Group Inc., as recorded in Instrument Number 20211217002548300, Real Property Records, Collin County, Texas;

THENCE S 01°01'53"W, a distance of 1043.80 feet continuing along the east line of said called 228.106 acre tract and along the west line of said called 142.952 acre tract to a 1/2 inch iron rod



found, being the southeast corner of said called 228.106 acre tract and the most northerly northeast corner of said called 122.761 acre tract;

THENCE S 01°03'19"W, a distance of 16.64 feet along the east line of said called 122.761 acre tract and along the west line of said called 142.952 acre tract to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE S 89°24'52"E, a distance of 21.98 feet continuing along said east line and said west line to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set, being the most easterly northeast corner of said called 122.761 acre tract;

THENCE S 01°07'24"W, a distance of 1540.66 feet continuing along the east line of said called 122.761 acre tract and then along the east line of said called 44.27 acre tract and along the west line of said called 142.952 acre tract to a 1/2 inch iron rod found;

THENCE S 00°03'18"E, a distance of 619.28 feet along the east line of said called 44.27 acre tract and the west line of said called 142.952 acre tract to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set in the approximate centerline of County Road 940 (not maintained in this area), being the southeast corner of said called 44.27 acre tract;

THENCE N 89°30'17"W, a distance of 3026.61 feet, along the south line of said called 44.27 acre tract and said centerline to a one inch iron rod found, being the southwest corner of said called 44.27 acre tract and the most southerly southeast corner of said called 122.761 acre tract;

THENCE N 89°00'24"W, a distance of 301.62 feet along the most southerly south line of said called 122.761 acre tract to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set, being the most southerly southwest corner of said called 122.761 acre tract and being the southeast corner of that certain called 100.56 acre tract described in deed to Keith Brandon Clinard and Kenneth Wesley Clinard, as recorded in Instrument Number 20110221000188020, Real Property Records, Collin County, Texas;

THENCE N 00°16'15"E, a distance of 2184.99 feet along the west line of said called 122.761 acre tract and along the east line of said called 100.56 acre tract to a 1/2 inch pipe found under a root, being the northwest corner of said called 122.761 acre tract;

THENCE S 89°37'53"E, a distance of 309.60 feet along the north line of said called 122.761 acre tract to a 1/2 inch iron rod found, being the southwest corner of said called 228.106 acre tract;

THENCE N 00°30'50"E, a distance of 1540.14 feet along the west line of said called 122.761 acre tract and the east line of a Clinard tract to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE N 87°45'25"W, a distance of 791.58 feet to a 5/8 inch iron rod found at the most westerly southwest corner of said called 228.106 acre tract;

THENCE N 01°22'24"E, a distance of 693.77 feet along the west line of said called 228.106 acre tract to a 1/2 inch iron rod found at the beginning of a non-tangent curve to the left;

THENCE with said curve, an arc distance of 214.48 feet, through a central angle of 21°39'40", having a radius of 567.33 feet and a long chord of which bears N 12°35'21"E, 213.21 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE N 10°18'48"E, a distance of 0.88 feet to the southwest corner of a 15' Right-of-Way dedication as recorded on the plat of the Kerala Christian Retirement Community, Phase 1 of Phase 1A, as recorded in Volume 2014, Page 249, Real Property Records, Collin County, Texas;

THENCE the following courses and distances along the southerly line of said Kerala Christian Retirement Community, Phase 1 of Phase 1A:

S 88°45'30"E, a distance of 330.39 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

N 80°23'05"E, a distance of 89.17 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

N 46°28'13"E, a distance of 57.77 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

N 45°06'36"E, a distance of 63.38 feet to a 5/8 inch iron rod found;

N 57°47'05"E, a distance of 168.97 feet to a 5/8 inch iron rod found at the beginning of a non-tangent curve to the right;

With said curve, an arc distance of 61.59 feet, through a central angle of 2°22'50", having a radius of 1482.50 feet and a long chord of N 24°06'05"W, 61.59 feet to a 5/8 inch iron rod found;

N 67°05'20"E, a distance of 65.00 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set at the beginning of a non-tangent curve to the right;

With said curve, an arc distance of 150.37 feet, through a central angle of 6°04'41", having a radius of 1417.50 feet and a long chord of which bears N 19°52'19"W, 150.30 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

N 28°48'32"E, a distance of 14.03 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

N 74°18'30"E, a distance of 15.13 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

N 14°52'15"W, a distance of 50.00 feet to a 1/2 inch iron rod with yellow plastic cap stamped

"Pierce Murray" set at the beginning of a non-tangent curve to the left;

With said curve, an arc distance of 4.78 feet, through a central angle of  $0^{\circ}29'21''$ , having a radius of 560.00 feet and a long chord of which bears  $S\ 74^{\circ}29'36''W$ , 4.78 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

$S\ 74^{\circ}14'55''W$ , a distance of 10.82 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

$N\ 59^{\circ}58'42''W$ , a distance of 13.95 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set at the beginning of a non-tangent curve to the right;

With said curve, an arc distance of 650.00 feet, through a central angle of  $26^{\circ}16'23''$ , having a radius of 1417.50 feet and a long chord of which bears  $N\ 00^{\circ}52'01''W$ , 644.32 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

$N\ 12^{\circ}16'10''E$ , a distance of 5.00 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set at the beginning of a curve to the right;

With said curve, an arc distance of 204.87 feet, through a central angle of  $10^{\circ}59'46''$ , having a radius of 1067.50 feet and a long chord of which bears  $N\ 17^{\circ}46'03''E$ , 204.56 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set at the beginning of a non-tangent curve to the left;

With said curve, an arc distance of 31.14 feet, through a central angle of  $17^{\circ}50'22''$ , having a radius of 100.00 feet and a long chord of which bears  $N\ 87^{\circ}53'56''E$ , 31.01 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

$S\ 71^{\circ}00'57''E$ , a distance of 42.06 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

$N\ 19^{\circ}44'14''E$ , a distance of 41.00 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

$N\ 70^{\circ}25'44''W$ , a distance of 9.51 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set at the beginning of a curve to the right;

With said curve, an arc distance of 34.73 feet, through a central angle of  $107^{\circ}33'38''$ , having a radius of 18.50 feet and a long chord of which bears  $N\ 16^{\circ}49'03''W$ , 29.85 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set at the beginning of a reverse curve to the left;

With said curve, an arc distance of 30.13 feet, through a central angle of  $25^{\circ}01'05''$ , having a radius of 69.00 feet and a long chord of which bears  $N\ 24^{\circ}27'01''E$ , 29.89 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set at the beginning of a reverse curve to the right;



With said curve, an arc distance of 36.72 feet, through a central angle of  $113^{\circ}42'42''$ , having a radius of 18.50 feet and a long chord of which bears  $N 68^{\circ}47'28''E$ , 30.98 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

S  $54^{\circ}21'31''E$ , a distance of 9.30 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

N  $35^{\circ}38'29''E$ , a distance of 41.00 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

N  $54^{\circ}21'31''W$ , a distance of 55.70 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

N  $04^{\circ}16'18''W$ , a distance of 16.14 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

N  $31^{\circ}55'01''E$ , a distance of 11.57 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

N  $58^{\circ}04'59''W$ , a distance of 65.00 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE N  $31^{\circ}55'01''E$ , 7.08 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE N  $56^{\circ}43'35''W$ , a distance of 369.87 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE N  $33^{\circ}16'25''E$ , a distance of 77.85 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set at the southeast corner of that certain tract of land described in deed to St. Thomas United Church of Royse City, Inc., as recorded in Instrument Number 20170913001230450, Real Property Records, Collin County, Texas;

THENCE N  $15^{\circ}19'43''E$ , a distance of 208.20 feet along the east line of said St. Thomas United Church of Royse City tract to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE N  $84^{\circ}17'23''W$ , a distance of 118.05 feet along the north line of said Church tract to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE N  $33^{\circ}16'25''E$ , a distance of 793.81 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set at the beginning of a curve to the left;

THENCE with said curve, an arc distance of 59.28 feet, through a central angle of  $32^{\circ}20'43''$ , having a radius of 105.00 feet and a long chord of which bears  $N 17^{\circ}06'03''E$ , 58.49 feet to a 1/2

inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE N 00°55'42"E, a distance of 58.99 feet to the occupied south Right-of-Way line of County Road 677;

THENCE S 88°37'47"E, a distance of 493.47 feet along said south line to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE N 89°17'52"E, a distance of 732.70 feet continuing along said south line to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE S 88°40'02"E, a distance of 1740.81 feet, continuing along said south line and returning to the Point of Beginning and containing 24,402,884 square feet or 560.213 acres of land, more or less.

## EXHIBIT K-2 – NORTH ZONE IMPROVEMENT AREA #1-A LEGAL DESCRIPTION

CLEARVIEW RANCH NORTH ZONE A#1-A 13.856 ACRES

BEING a tract of land situated in the J. Foot Survey, Abstract Number 333, Collin County, Texas and being a portion of those certain 2 tracts of land (Tracts 1 and 2) described in deed to Qualico Developments (U.S.), Inc., as recorded in Instrument Number 2023000053623, Real Property Records, Collin County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING at the northwest corner of said Tract 1, also being the northeast corner of that certain called 10.410 acre tract of land described in deed to S2 Land, LLC, as recorded in Instrument Number 2023000089509, Real Property Records, Collin County, Texas and being in the occupied south Right-of-Way line of County Road 677;

THENCE S 88°37'47"E, a distance of 474.54 feet along said occupied south Right-of-Way line of County Road 677 to the POINT OF BEGINNING:

THENCE S 88°37'47"E, a distance of 18.93 feet continuing along said south Right-of-Way line;

THENCE N 89°17'52"E, a distance of 523.04 feet continuing along said south Right-of-Way line;

THENCE S 00°55'42"W, a distance of 189.21 feet;

THENCE S 44°04'18"E, a distance of 14.14 feet;

THENCE S 89°04'18"E, a distance of 1.01 feet to the beginning of a non-tangent curve to the right

THENCE with said curve, an arc distance of 24.64 feet, through a central angle of 0°17'42", having a radius of 4785.00 feet and having a long chord of which bears S 88°55'27"E, 24.64 feet;

THENCE S 01°13'24"W, a distance of 50.00 feet to the beginning of a non-tangent curve to the left;

THENCE with said curve, an arc distance of 24.39 feet, through a central angle of 0°17'42", having a radius of 4735.00 feet and having a long chord of which bears N 88°55'27"W, 24.39 feet;

THENCE N 89°04'18"W, a distance of 8.51 feet;

THENCE S 45°55'42"W, a distance of 14.14 feet;

THENCE S 00°55'42"W, a distance of 1.82 feet to the beginning of a curve to the right;

THENCE with said curve, an arc distance of 272.39 feet, through a central angle of 32°20'43", having a radius of 482.50 feet and a long chord of which bears S 17°06'03"W, 268.78 feet;

THENCE S 33°16'25"W, a distance of 476.52 feet;

THENCE S 56°43'35"E, a distance of 135.00 feet;

THENCE S 33°16'25"W, a distance of 580.00 feet;

THENCE N 56°43'35"W, a distance of 8.40 feet to the beginning of curve to the right;

THENCE with said curve, an arc distance of 109.41 feet, through a central angle of 16°42'58", having a radius of 375.00 feet and having a long chord of which bears N 48°22'06"W, 109.02 feet;

THENCE N 40°00'37"W, a distance of 94.92 feet to the beginning of a non-tangent curve to the left;

THENCE with said curve, an arc distance of 67.61 feet, through a central angle of 12°12'00", having a radius of 317.50 feet and having a long chord of which bears N 39°22'25"E, 67.48 feet;

THENCE N 33°16'25"E, a distance of 469.76 feet;

THENCE N 56°43'35"W, a distance of 423.00 feet;

THENCE N 33°16'25"E, a distance of 220.00 feet;

THENCE N 56°43'35"W, a distance of 170.00 feet;

THENCE N 33°16'25"E, a distance of 436.91 feet returning to the Point of Beginning and containing 603,576 square feet or 13.856 acres of land, more or less.

### **EXHIBIT K-3 – NORTH ZONE IMPROVEMENT AREA #1-B LEGAL DESCRIPTION**

CLEARVIEW RANCH NORTH ZONE A#1-B 38.169 ACRES

BEING a tract of land situated in the J. Foot Survey, Abstract Number 333, Collin County, Texas and being a portion of those certain 2 tracts of land (Tracts 1 and 2) described in deed to Qualico Developments (U.S.), Inc., as recorded in Instrument Number 2023000053623, Real Property Records, Collin County, Texas and a portion of that certain called 423.333 acre tract of land described in deed to S2 Land, LLC, as recorded in Instrument Number 2023000089511, Real Property Records, Collin County, Texas and being more particularly described by metes and bounds as follows:

BEGINNING at the northwest corner of said Tract 1, also being the northeast corner of that certain called 10.410 acre tract of land described in deed to S2 Land, LLC, as recorded in Instrument Number 2023000089509, Real Property Records, Collin County, Texas and being in the occupied south Right-of-Way line of County Road 677;

THENCE S 88°37'47"E, a distance of 474.54 feet along said occupied south Right-of-Way line of County Road 677;

THENCE S 33°16'25"W, a distance of 436.91 feet;

THENCE S 56°43'35"E, a distance of 170.00 feet;

THENCE S 33°16'25"W, a distance of 220.00 feet;

THENCE S 56°43'35"E, a distance of 423.00 feet;

THENCE S 33°16'25"W, a distance of 469.76 feet to the beginning of a curve to the right;

THENCE with said curve, an arc distance of 67.61 feet, through a central angle of 12°12'00", having a radius of 317.50 feet and having a long chord of which bears S 39°22'25"W, 67.48 feet;

THENCE S 40°00'37"E, a distance of 94.92 feet to the beginning of a curve to the left;

THENCE with said curve, an arc distance of 109.41 feet, through a central angle of 16°42'58", having a radius of 375.00 feet and having a long chord of which bears S 48°22'06"E, 109.02 feet;

THENCE S 56°43'35"E, a distance of 8.40 feet;

THENCE N 33°16'25"E, a distance of 580.00 feet;

THENCE N 56°43'35"W, a distance of 135.00 feet;

THENCE N 33°16'25"E, a distance of 476.52 feet to the beginning of a curve to the left;

THENCE with said curve, an arc distance of 148.58 feet, through a central angle of 17°38'36", having a radius of 482.50 feet and having a long chord of which bears N 24°27'07"E, 147.99 feet;

THENCE S 88°23'44"E, a distance of 138.21 feet to the beginning of a non-tangent curve to the right;

THENCE with said curve, an arc distance of 223.66 feet, through a central angle of 20°45'11", having a radius of 617.50 feet and having a long chord of which bears S 22°53'49"W, 222.44 feet;

THENCE S 33°16'25"W, a distance of 426.52 feet;

THENCE S 56°43'35"E, a distance of 125.00 feet;

THENCE N 78°16'25"E, a distance of 14.14 feet;

THENCE N 33°16'25"E, a distance of 20.50 feet;

THENCE S 56°43'35"E, a distance of 50.00 feet;

THENCE S 33°16'25"W, a distance of 20.50 feet;

THENCE S 11°43'35"E, a distance of 14.14 feet;

THENCE S 56°43'35"E, a distance of 3.10 feet to the beginning of a curve to the left;

THENCE with said curve, an arc distance of 17.05 feet, through a central angle of 2°03'24", having a radius of 475.00 feet, and having a long chord of which bears S 57°45'17"E, 17.05 feet;

THENCE S 32°28'38"W, a distance of 50.01 feet to the beginning of a non-tangent curve to the right;

THENCE with said curve, an arc distance of 17.75 feet, through a central angle of 1°56'12", having a radius of 525.00 feet, and having a long chord of which bears N 57°41'41"W, 17.74 feet;

THENCE N 56°43'35"W, a distance of 3.10 feet;

THENCE S 78°16'25"W, a distance of 14.14 feet;

THENCE S 33°16'25"W, a distance of 109.87 feet to the beginning of a non-tangent curve to the left;

THENCE with said curve, an arc distance of 251.23 feet, through a central angle of 22°19'02", having a radius of 645.00 feet and a having a long chord of which bears S 66°43'17"E, 249.65 feet;

THENCE S 12°07'11"W, a distance of 120.00 feet to the beginning of a non-tangent curve to the left;

THENCE with said curve, an arc distance of 22.46 feet, through a central angle of 1°40'57", having a radius of 765.00 feet and having a long chord of which bears S 78°43'17"E, 22.46 feet;

THENCE S 10°26'14"W, a distance of 50.00 feet to the beginning of a non-tangent curve to the right;

THENCE with said curve, an arc distance of 30.95 feet, through a central angle of 2°10'35", having a radius of 815.00 feet and having a long chord of which bears N 78°28'28"W, 30.96 feet;

THENCE S 59°01'12"W, a distance of 14.40 feet;

THENCE S 15°04'29"W, a distance of 13.94 feet to the beginning of a curve to the right;

THENCE with said curve, an arc distance of 134.99 feet, through a central angle of 18°11'56", having a radius of 425.00 feet and a long chord of which bears S 24°10'27"W, 134.43 feet;

THENCE S 33°16'25"W, a distance of 79.26 feet;

THENCE S 11°43'35"E, a distance of 14.14 feet;

THENCE S 56°43'35"E, a distance of 4.78 feet to the beginning of a curve to the left;

THENCE with said curve, an arc distance of 15.22 feet, through a central angle of 2°19'29", having a radius of 375.00 feet and having a long chord of which S 57°53'20"E, 15.21 feet;

THENCE S 30°56'56"W, a distance of 50.00 feet to the beginning of a non-tangent curve to the right;

THENCE with said curve, an arc distance of 17.24 feet, through a central angle of 2°19'29", having a radius of 425.00 feet and having a long chord of which bears N 57°53'20"W, 17.24 feet;

THENCE N 56°43'35"W, a distance of 4.78 feet;



THENCE S 78°16'25"W, a distance of 14.14 feet;

THENCE S 33°16'25"W, a distance of 76.51 feet to the beginning of curve to the left;

THENCE with said curve, an arc distance of 220.78 feet, through a central angle of 26°37'54", having a radius of 475.00 feet and having a long chord of which bears S 19°57'28"W, 218.80 feet;

THENCE S 06°38'31"W, a distance of 18.99 feet;

THENCE S 38°21'29"E, a distance of 14.14 feet;

THENCE S 83°21'29"E, a distance of 20.50 feet;

THENCE S 06°38'31"W, a distance of 50.00 feet;

THENCE N 83°21'29"W, a distance of 252.52 feet to the beginning of a curve to the right;

THENCE with said curve, an arc distance of 498.75 feet, through a central angle of 20°03'13", having a radius of 1425.00 feet and having a long chord of which bears N 73°19'52"W, 496.21 feet;

THENCE S 26°41'44"W, a distance of 135.00 feet to the beginning of a non-tangent curve to the right;

THENCE with said curve, an arc distance of 194.34 feet, through a central angle of 7°08'16", having a radius of 1560.00 feet and having a long chord of which bears N 59°44'08"W, 194.21 feet;

THENCE N 33°50'00"E, a distance of 135.00 feet to the beginning of a non-tangent curve to the right;

THENCE with said curve, an arc distance of 3.55 feet, through a central angle of 00°08'34", having a radius of 1425.00 feet and having a long chord of which bears N 56°05'43"W, 3.55 feet to the beginning of a compound curve to the right;

THENCE with said curve, an arc distance of 233.01 feet, through a central angle of 232°10'40", having a radius of 57.50 feet and having a long chord of which bears N 31°02'56"E, 103.28 feet;

THENCE N 57°08'16"E, a distance of 89.42 feet to the beginning of a non-tangent curve to the left;

THENCE with said curve, an arc distance of 181.14 feet, through a central angle of 8°22'11", having a radius of 1240.00 feet and having a long chord of which bears S 61°35'25"E, 180.97 feet;



THENCE N 24°13'29"E, a distance of 89.35 feet to the beginning of a curve to the left;

THENCE with said curve, an arc distance of 63.31 feet, through a central angle of 51°49'06", having a radius of 70.00 feet and having a long chord of which bears N 00°35'11"W, 61.17 feet;

THENCE N 26°35'19"W, a distance of 24.74 feet to the beginning of a curve to the left;

THENCE with said curve, an arc distance of 126.98 feet, through a central angle of 51°58'00", having a radius of 140.00 feet and having a long chord of which bears N 52°45'18"W, 122.67 feet;

THENCE N 22°03'16"W, a distance of 26.86 feet to the beginning of a non-tangent curve to the right;

THENCE with said curve, an arc distance of 193.75 feet, through a central angle of 41°02'19", having a radius of 270.50 feet and having a long chord of which bears S 88°27'54"W, 189.63 feet;

THENCE N 71°00'57"W, a distance of 41.26 feet;

THENCE N 19°44'14"E, a distance of 41.00 feet;

THENCE N 70°25'44"W, a distance of 9.51 feet to the beginning of a curve to the right;

THENCE with said curve, an arc distance of 34.73 feet, through a central angle of 107°33'38", having a radius of 18.50 feet and having a long chord of which bears N 16°49'03"W, 29.85 feet to the beginning of a reverse curve to the left;

THENCE with said curve, an arc distance of 30.13 feet, through a central angle of 25°01'05", having a radius of 69.00 feet and having a long chord of which bears N 24°27'01"E, 29.89 feet to the beginning of a reverse curve to the right;

THENCE with said curve, an arc distance of 36.72 feet, through a central angle of 113°42'42", having a radius of 18.50 feet and having a long chord of which bears N 68°47'28"E, 30.98 feet;

THENCE S 54°21'31"E, a distance of 9.30 feet;

THENCE N 35°38'29"E, a distance of 41.00 feet

THENCE N 54°21'31"W, a distance of 55.70 feet;

THENCE N 04°16'18"W, a distance of 16.14 feet;

THENCE N 31°55'01"E, a distance of 11.57 feet;

THENCE N 58°04'59"W, a distance of 65.00 feet;

THENCE N 31°55'01"E, a distance of 7.08 feet;

THENCE N 56°43'35"W, a distance of 369.87 feet;

THENCE N 33°16'25"E, a distance of 77.85 feet;

THENCE N 15°19'43"E, a distance of 208.20 feet;

THENCE N 84°17'23"W, a distance of 118.05 feet;

THENCE N 33°16'25"E, a distance of 793.81 feet to the beginning of a curve to the left;

THENCE with said curve, an arc distance of 59.28 feet, through a central angle of 32°20'43", having a radius of 105.00 feet and having a long chord of which bears N 17°06'03"E, 58.49 feet;

THENCE N 00°55'42"E, a distance of 58.99 feet returning to the Point of Beginning and containing 1,662,641 square feet or 38.169 acres of land, more or less.

## EXHIBIT K-4 – NORTH ZONE REMAINDER AREA LEGAL DESCRIPTION

CLEARVIEW RANCH NORTH ZONE REMAINDER 50.916 ACRES

BEING a tract of land situated in the J. Foot Survey, Abstract Number 333, Collin County, Texas and being a portion of those certain 2 tracts of land (Tracts 1 and 2) described in deed to Qualico Developments (U.S.), Inc., as recorded in Instrument Number 2023000053623, Real Property Records, Collin County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING at the northwest corner of said Tract 1, also being the northeast corner of that certain called 10.410 acre tract of land described in deed to S2 Land, LLC, as recorded in Instrument Number 2023000089509, Real Property Records, Collin County, Texas and being in the occupied south Right-of-Way line of County Road 677;

THENCE S 88°37'47"E, a distance of 493.47 feet along said occupied south Right-of-Way line of County Road 677;

THENCE N 89°17'52"E, a distance of 523.04 feet continuing along said south Right-of-Way line to the POINT OF BEGINNING:

THENCE N 89°17'52"E, a distance of 209.66 feet continuing along said south Right-of-Way line;

THENCE S 88°40'02"E, a distance of 644.87 feet continuing along said south Right-of-Way line;

THENCE S 01°36'16"W, a distance of 215.86 feet to the beginning of a non-tangent curve to the right;

THENCE with said curve, an arc distance of 110.77 feet, through a central angle of 110°22'30", having a radius of 57.50 feet and having a long chord of which bears S 07°39'44"E, 94.42 feet;

THENCE S 01°36'16"W, a distance of 146.25 feet;

THENCE S 88°23'44"E, a distance of 135.00 feet;

THENCE S 01°36'16"W, a distance of 359.94 feet to the beginning of a curve to the right;

THENCE with said curve, an arc distance of 825.26 feet, through a central angle of 21°53'27", having a radius of 2160.00 feet and having a long chord of which bears S 12°32'59"W, 820.25 feet to the beginning of a reverse curve to the left;

THENCE with said curve, an arc distance of 168.11 feet, through a central angle of 21°53'27", having a radius of 440.00 feet and having a long chord of which bears S 12°32'59"W, 167.09 feet;

THENCE S 01°36'16"W, a distance of 363.07 feet;

THENCE S 40°36'59"W, a distance of 138.42 feet;

THENCE N 88°23'44"W, a distance of 497.23 feet to the beginning of a curve to the right;

THENCE with said curve, an arc distance of 141.11, through a central angle of 5°02'15", having a radius of 1605.00 feet and having a long chord of which bears N 85°52'36"W, 141.07 feet;

THENCE N 83°21'29"W, a distance of 511.04 feet to the beginning of a curve to the right;

THENCE with said curve, an arc distance of 546.00 feet, through a central angle of 20°03'13", having a radius of 1560.00 feet and having a long chord of which bears N 73°19'52"W, 543.22 feet;

THENCE N 26°41'44"E, a distance of 135.00 feet to the beginning of a non-tangent curve to the left;

THENCE with said curve, an arc distance of 498.75 feet, through a central angle of 20°03'13", having a radius of 1425.00 feet and having a long chord of which bears S 73°19'52"E, 496.21 feet;

THENCE S 83°21'29"E, a distance of 252.52 feet;

THENCE N 06°38'31"E, a distance of 50.00 feet;

THENCE N 83°21'29"W, a distance of 20.50 feet;

THENCE N 38°21'29"W, a distance of 14.14 feet;

THENCE N 06°38'31"E, a distance of 18.99 feet to the beginning of a curve to the right;

THENCE with said curve, an arc distance of 220.78 feet, through a central angle of 26°37'54", having a radius of 475.00 feet and having a long chord of which bears N 19°57'28"E, 218.80 feet;

THENCE N 33°16'25"E, a distance of 76.51 feet;

THENCE N 78°16'25"E, a distance of 14.14 feet;

THENCE S 56°43'35"E, a distance of 4.78 feet to the beginning of a curve to the left;

THENCE with said curve, an arc distance of 17.24 feet, through a central angle of  $2^{\circ}19'29''$ , having a radius of 425.00 feet and having a long chord of which bears S  $57^{\circ}53'20''$ E, 17.24 feet;

THENCE N  $30^{\circ}56'56''$ E, a distance of 50.00 feet to the beginning of a non-tangent curve to the right;

THENCE with said curve, an arc distance of 15.22 feet, through a central angle of  $2^{\circ}19'29''$ , having a radius of 375.00 feet and having a long chord of which bears N  $57^{\circ}53'20''$ W, 15.21 feet;

THENCE N  $56^{\circ}43'35''$ W, a distance of 4.78 feet;

THENCE N  $11^{\circ}43'35''$ W, a distance of 14.14 feet;

THENCE N  $33^{\circ}16'25''$ E, a distance of 79.26 feet to the beginning of a curve to the left;

THENCE with said curve, an arc distance of 134.99, through a central angle of  $18^{\circ}11'56''$ , having a radius of 425.00 feet and having a long chord of which bears N  $24^{\circ}10'27''$ E, 134.43 feet;

THENCE N  $15^{\circ}04'29''$ E, a distance of 13.94 feet;

THENCE N  $59^{\circ}01'12''$ E, a distance of 14.40 feet to the beginning of a non-tangent curve to the left;

THENCE with said curve, an arc distance of 30.96 feet, through a central angle of  $2^{\circ}10'35''$ , having a radius of 815.00 feet and having a long chord of which bears S  $78^{\circ}28'28''$ E, 30.96 feet;

THENCE N  $10^{\circ}26'14''$ E, a distance of 50.00 feet to the beginning of a non-tangent curve to the right;

THENCE with said curve, an arc distance of 22.46 feet, through a central angle of  $1^{\circ}40'57''$ , having a radius of 765.00 feet and having a long chord of which bears N  $78^{\circ}43'17''$ W, 22.46 feet;

THENCE N  $12^{\circ}07'11''$ E, a distance of 120.00 feet to the beginning of a non-tangent curve to the right;

THENCE with said curve, an arc distance of 251.23 feet, through a central angle of  $22^{\circ}19'02''$ , having a radius of 645.00 feet and having a long chord of which bears N  $66^{\circ}43'17''$ W, 249.65 feet;

THENCE N  $33^{\circ}16'25''$ E, a distance of 109.87 feet;

THENCE N 78°16'25"E, a distance of 14.14 feet;

THENCE S 56°43'35"E, a distance of 3.10 feet to the beginning of a curve to the left;

THENCE with said curve, an arc distance of 17.75 feet, through a central angle of 1°56'12", having a radius of 525.00 feet and having a long chord of which bears S 57°41'41"E, 17.74 feet;

THENCE N 32°28'38"E, a distance of 50.01 feet to the beginning of a non-tangent curve to the right;

THENCE with said curve, an arc distance of 17.05 feet, through a central angle of 2°03'24", having a radius of 475.00 feet and having a long chord of which bears N 57°45'17"W, 17.05 feet;

THENCE N 56°43'35"W, a distance of 3.10 feet;

THENCE N 11°43'35"W, a distance of 14.14 feet;

THENCE N 33°16'25"E, a distance of 20.50 feet;

THENCE N 56°43'35"W, a distance of 50.00 feet;

THENCE S 33°16'25"W, a distance of 20.50 feet;

THENCE S 78°16'25"W, a distance of 14.14 feet;

THENCE N 56°43'35"W, a distance of 125.00 feet;

THENCE N 33°16'25"E, a distance of 426.52 feet to the beginning of a curve to the left;

THENCE with said curve, an arc distance of 223.66 feet, through a central angle of 20°53'49", having a radius of 617.50 feet and having a long chord of which bears N 22°53'49"E, 222.44 feet;

THENCE N 88°23'44"W, a distance of 138.21 feet to the beginning of a non-tangent curve to the left;

THENCE with said curve, an arc distance of 123.81 feet, through a central angle of 14°42'06", having a radius of 482.50 feet and having a long chord of which bears N 08°16'45"E, 123.47 feet;

THENCE N 00°55'42"E, a distance of 1.82 feet;

THENCE N 45°55'42"E, a distance of 14.14 feet;

THENCE S 89°04'18"E, a distance of 8.51 feet to the beginning of a curve to the right;

THENCE with said curve, an arc distance of 24.39 feet, through a central angle of 0°17'42", having a radius of 4735.00 feet and having a long chord of which bears S 88°55'27"E, 24.39 feet;

THENCE N 01°13'24"E, a distance of 50.00 feet to the beginning of a non-tangent curve to the left;

THENCE with said curve, an arc distance of 24.64 feet, through a central angle of 0°17'42", having a radius of 4785.00 feet and having a long chord of which bears N 88°55'27"W, 24.64 feet;

THENCE N 89°04'18"W, a distance of 1.01 feet;

THENCE N 44°04'18"W, a distance of 14.14 feet;

THENCE N 00°55'42"E, a distance of 189.21 feet returning to the Point of Beginning and containing 2,217,889 square feet or 50.916 acres of land, more or less.

## EXHIBIT K-5 – SOUTH ZONE IMPROVEMENT AREA #1 LEGAL DESCRIPTION

CLEARVIEW RANCH SOUTH ZONE A#1 42.404 ACRES

BEING a tract of land situated in the J. Foot Survey, Abstract Number 333 and the R. Crafford Survey, Abstract Number 229, Collin County, Texas and being all of that certain called 36.294 acre tract of land described in deed to Clearview Ranch Land, LLC, as recorded in Instrument Number 2023000089510, Real Property Records, Collin County, Texas and a portion of that certain called 423.333 acre tract of land described in deed to S2 Land, LLC, as recorded in Instrument Number 2023000089511, Real Property Records, Collin County, Texas and being more particularly described by metes and bounds as follows:

BEGINNING at the southwest corner of said called 36.294 acre tract;

THENCE N 01°22'24"E, a distance of 693.77 feet to the beginning of a non-tangent curve to the left;

THENCE with said curve, an arc distance of 214.48 feet, through a central angle of 21°39'40", having a radius of 567.33 feet and having a long chord of which bears N 12°35'21"E, 213.21 feet;

THENCE N 10°18'48"E, a distance of 0.88 feet to the southerly line of the Kerala Christian Retirement Community, Phase 1 of Phase 1A, as recorded in Volume 2014, Page 248, Real Property Records, Collin County, Texas;

THENCE the following courses and distances along the southerly and easterly line of said Kerala Christian Retirement Community, Phase 1 of Phase 1A:

S 88°45'30"E, a distance of 330.39 feet;

N 80°23'05"E, a distance of 89.17 feet;

N 46°28'13"E, a distance of 57.77 feet;

N 45°06'36"E, a distance of 63.38 feet;

N 57°47'05"E, a distance of 168.97 feet to the beginning of a non-tangent curve to the right;

With said curve, an arc distance of 61.59 feet, through a central angle of 2°22'50", having a radius of 1482.50 feet and having a long chord of which bears N 24°06'05"W, 61.59 feet;



N 67°05'20"E, a distance of 65.00 feet to the beginning of a non-tangent curve to the right;

With said curve, an arc distance of 150.37 feet, through a central angle of 6°04'41", having a radius of 1417.50 feet and having a long chord of which bears N 19°52'19"W, 150.30 feet;

N 28°48'32"E, a distance of 14.03 feet;

N 74°18'30"E, a distance of 15.13 feet;

N 14°52'15"W, a distance of 50.00 feet to the beginning of a non-tangent curve to the left;

With said curve, an arc distance of 4.78 feet, through a central angle of 0°29'21", having a radius of 560.00 feet and having a long chord of which bears S 74°29'36"W, 4.78 feet;

S 74°14'55"W, a distance of 10.82 feet;

N 59°58'42"W, a distance of 13.95 feet to the beginning of a non-tangent curve to the right;

With said curve, an arc distance of 650.00 feet, through a central angle of 26°16'23", having a radius of 1417.50 feet and having a long chord of which bears N 00°52'01"W, 644.32 feet;

N 12°16'10"E, a distance of 5.00 feet to the beginning of a curve to the right;

With said curve, an arc distance of 204.87 feet, through a central angle of 10°59'46", having a radius of 1067.50 feet and having a long chord of which bears N 17°46'03"E, 204.56 feet to the beginning of a reverse curve to the left;

With said curve, an arc distance of 31.14 feet, through a central angle of 17°50'22", having a radius of 100.00 feet and having a long chord of which bears N 87°53'56"E, 31.01 feet;

S 71°00'57"E, at a distance of 42.06 feet pass the easterly line of said Kerala Christian Retirement Community, Phase 1 of Phase 1A, in all a total distance of 83.32 feet to the beginning of a curve to the left;

THENCE with said curve, an arc distance of 193.75 feet, through a central angle of 41°02'19", having a radius of 270.50 feet and having a long chord of which bears N 88°27'54"E, 189.63 feet;

THENCE S 22°03'16"E, a distance of 26.86 feet to the beginning of a non-tangent curve to the right;

THENCE with said curve, an arc distance of 126.98 feet, through a central angle of 51°58'00", having a radius of 140.00 feet and having a long chord of which bears S 52°45'18"E, 122.67 feet;

THENCE S 26°35'19"E, a distance of 24.74 to the beginning of a curve to the right;

THENCE with said curve, an arc distance of 63.31 feet, through a central angle of 51°49'06", having a radius of 70.00 feet and having a long chord of which bears S 00°35'11"E, 61.17 feet;

THENCE S 24°13'29"W, a distance of 89.35 feet to the beginning of a non-tangent curve to the right;

THENCE with said curve, an arc distance of 181.14 feet, through a central angle of 8°22'11", having a radius of 1240.00 feet and having a long chord of which bears N 61°35'25"W, 180.97 feet;

THENCE S 57°08'16"W, a distance of 89.42 feet to the beginning of a non-tangent curve to the left;

THENCE with said curve, an arc distance of 233.01 feet, through a central angle of 232°10'40", having a radius of 57.50 feet and having a long chord of which bears S 31°02'56"W, 103.28 feet to the beginning of a compound curve to the left;

THENCE with said curve, an arc distance of 3.55 feet, through a central angle of 0°08'34", having a radius of 1425.00 feet and having a long chord of which bears S 56°05'43"E, 3.55 feet;

THENCE S 33°50'00"W, a distance of 135.00 feet to the beginning of a non-tangent curve to the left;

THENCE with said curve, an arc distance of 479.03 feet, through a central angle of 17°35'38", having a radius of 1560.00 feet and having a long chord of which bears S 64°57'49"E, 477.15 feet;

THENCE S 16°14'22"W, a distance of 133.80 feet;

THENCE S 25°22'41"E, a distance of 96.64 feet;

THENCE S 02°12'20"E, a distance of 65.27 feet;

THENCE S 25°22'41"E, a distance of 300.00 feet;

THENCE S 64°37'19"W, a distance of 15.00 feet;

THENCE S 25°22'41"E, a distance of 48.83 feet to the beginning of a curve to the right;

THENCE with said curve, an arc distance of 579.85 feet, through a central angle of 22°33'45", having a radius of 1472.50 feet and having a long chord of which bears S 14°05'49"E, 576.12 feet;

THENCE N 89°29'10"W, a distance of 87.24 feet;

THENCE S 00°30'50"W, a distance of 50.00 feet;

THENCE N 89°29'10"W, a distance of 20.74 feet;

THENCE S 44°52'02"W, a distance of 13.98 feet to the beginning of a non-tangent curve to the right;

THENCE with said curve, an arc distance of 25.52 feet, through a central angle of 1°04'52", having a radius of 1352.50 feet and having a long chord of which bears S 00°01'36"E, 25.52 feet;

THENCE S 00°30'50"W, a distance of 194.48 feet;

THENCE S 44°29'10"E, a distance of 14.14 feet;

THENCE S 89°29'10"E, a distance of 20.50 feet;

THENCE S 00°30'50"W, a distance of 50.00 feet;

THENCE N 89°29'10"W, a distance of 40.50 feet;

THENCE S 00°30'50"W, a distance of 135.00 feet;

THENCE N 89°29'10"W, a distance of 310.00 feet;

THENCE N 00°30'50"E, a distance of 26.81 feet;

THENCE N 89°29'10"W, a distance of 65.00 feet;

THENCE N 87°45'25"W, a distance of 170.08 feet;

THENCE N 87°45'25"W, a distance of 791.58 feet returning to the Point of Beginning and containing 1,847,118 square feet or 42.404 acres of land, more or less.

## EXHIBIT K-6 – SOUTH ZONE REMAINDER AREA LEGAL DESCRIPTION

CLEARVIEW RANCH SOUTH ZONE REMAINDER 414.868 ACRES

BEING a tract of land situated in the J. Foot Survey, Abstract Number 333 and the R. Crafford Survey, Abstract Number 229, Collin County, Texas and being a portion of that certain called 423.333 acre tract of land described in deed to S2 Land, LLC, as recorded in Instrument Number 2023000089511, Real Property Records, Collin County, Texas and being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch iron rod with yellow plastic cap stamped “Pierce Murray” found at the northeast corner of said called 423.333 acre tract, said point being in the south Right-of-Way line of County Road 677 and being the northwest corner of a 20’ strip of land that is a portion of the land described to Kerla Christian Adult Homes 1, L.P., as recorded in Volume 6070, Page 3419, Real Property Records, Collin County, Texas;

THENCE S 01°02’36”W, a distance of 1500.68 feet along the east line of said called 423.333 acre tract and said 20’ strip;

THENCE S 88°57’24”E, a distance of 20.00 feet continuing along said east line and the south line of said 20’ strip to the west line of a called 42.132 acre tract of land described in deed to Josh Hatfield and Carrie Hatfield, Husband and Wife, as recorded in Instrument Number 20201229002347680, Real Property Records, Collin County, Texas;

THENCE S 01°02’36”W, a distance of 2722.75 feet continuing along said east line and along the west line of said called 42.132 acre tract and then along the west line of that certain called 90.011 acre tract of land described in deed to HT HWY 66 Development LP, as recorded in Instrument Number 201911080014420620, Real Property Records, Collin County, Texas to a 1/2 inch iron rod found at the southwest corner of said called 90.011 acre tract and being the northwest corner of that certain called 142.952 acre tract of land described in deed to Fourstar (USA) Real Estate Group Inc., as recorded in Instrument Number 20211217002548300, Real Property Records, Collin County, Texas;

THENCE S 01°01’53”W, a distance of 1043.80 feet continuing along the east line of said called 423.333 acre tract and along the west line of said called 142.952 acre tract to a 1/2 inch iron rod found;

THENCE S 01°03’19”W, a distance of 16.64 feet continuing along the east line of said called 423.333 acre tract;

THENCE S 89°24’52”E, a distance of 21.98 feet continuing along the east line of said called 423.333 acre tract;

THENCE S 01°07'24"W, a distance of 1540.66 feet continuing along the east line of said called 423.333 acre tract to a 1/2 inch iron rod found;

THENCE S 00°03'18"E, a distance of 619.28 feet continuing along the east line of said called 423.333 acre tract and the west line of said called 142.952 acre tract to the approximate centerline of County Road 940 (not maintained in this area), being the southeast corner of said called 423.333 acre tract;

THENCE N 89°30'17"W, a distance of 3026.61 feet, along the south line of said called 423.333 acre tract and said centerline to a one inch iron rod found;

THENCE N 89°00'24"W, a distance of 301.62 feet continuing along the south line of said called 423.333 acre tract to the southwest corner of said called 423.333 acre tract and being the southeast corner of that certain called 100.56 acre tract described in deed to Keith Brandon Clinard and Kenneth Wesley Clinard, as recorded in Instrument Number 20110221000188020, Real Property Records, Collin County, Texas;

THENCE N 00°16'15"E, a distance of 2184.99 feet along the west line of said called 423.333 acre tract and along the east line of said called 100.56 acre tract to a 1/2 inch pipe found under a root;

THENCE S 89°37'53"E, a distance of 309.60 feet;

THENCE N 00°30'50"E, a distance of 1540.14 feet along the west line of said called 423.333 acre tract and the east line of a Clinard tract;

THENCE S 87°45'25"E, a distance of 170.08 feet;

THENCE S 89°29'10"E, a distance of 65.00 feet;

THENCE S 00°30'50"W, a distance of 26.81 feet;

THENCE S 89°29'10"E, a distance of 310.00 feet;

THENCE N 00°30'50"E, a distance of 135.00 feet;

THENCE S 89°29'10"E, a distance of 40.50 feet;

THENCE N 00°30'50"E, a distance of 50.00 feet;

THENCE N 89°29'10"W, a distance of 20.50 feet;

THENCE N 44°29'10"W, a distance of 14.14 feet;

THENCE N 00°30'50"E, 194.48 feet to the beginning of a curve to the left;

THENCE with said curve, an arc distance of 25.52 feet, through a central angle of  $1^{\circ}04'52''$ , having a radius of 1352.50 feet and a long chord of which bears  $N\ 00^{\circ}01'36''W$ , 25.52 feet;

THENCE  $N\ 44^{\circ}52'02''E$ , a distance of 13.98 feet;

THENCE  $S\ 89^{\circ}29'10''E$ , a distance of 20.74 feet;

THENCE  $N\ 00^{\circ}30'50''E$ , a distance of 50.00 feet;

THENCE  $S\ 89^{\circ}29'10''E$ , a distance of 87.24 feet to the beginning of a non-tangent curve to the left;

THENCE with said curve, an arc distance of 579.85 feet, through a central angle of  $22^{\circ}05'49''$ , having a radius of 1472.50 feet and a long chord of which bears  $N\ 14^{\circ}05'49''W$ , 576.12 feet;

THENCE  $N\ 25^{\circ}22'41''W$ , a distance of 48.83 feet;

THENCE  $N\ 64^{\circ}37'19''E$ , a distance of 15.00 feet;

THENCE  $N\ 25^{\circ}22'41''W$ , a distance of 300.00 feet;

THENCE  $N\ 02^{\circ}12'20''W$ , a distance of 65.27 feet;

THENCE  $N\ 25^{\circ}22'41''W$ , a distance of 96.64 feet;

THENCE  $N\ 16^{\circ}14'22''E$ , a distance of 133.80 feet to the beginning of a non-tangent curve to the left;

THENCE with said curve, an arc distance of 261.31 feet, through a central angle of  $9^{\circ}35'31''$ , having a radius of 1560.00 feet and having a long chord of which bears  $S\ 78^{\circ}33'34''E$ , 261.00 feet;

THENCE  $S\ 83^{\circ}21'26''E$ , a distance of 511.04 feet to the beginning of a curve to the left;

THENCE with said curve, an arc distance of 141.11 feet, through a central angle of  $5^{\circ}02'15''$ , having a radius of 1605.00 feet and a long chord of which bears  $S\ 85^{\circ}52'36''E$ , 141.07 feet;

THENCE  $S\ 88^{\circ}23'44''E$ , a distance of 497.23 feet;

THENCE  $N\ 40^{\circ}36'59''E$ , a distance of 138.42 feet;

THENCE  $N\ 01^{\circ}36'16''E$ , a distance of 363.07 feet to the beginning of a curve to the right;

THENCE with said curve, an arc distance of 168.11 feet, through a central angle of  $21^{\circ}53'27''$ , having a radius of 440.00 feet and a long chord of which bears  $N 12^{\circ}32'59''E$ , 167.09 feet to the beginning of a reverse curve to the left;

THENCE with said curve, an arc distance of 825.26 feet, through a central angle of  $21^{\circ}53'27''$ , having a radius of 2160.00 feet and a long chord of which bears  $N 12^{\circ}32'59''E$ , 820.25 feet;

THENCE  $N 01^{\circ}36'16''E$ , a distance of 359.94 feet;

THENCE  $N 88^{\circ}23'44''W$ , a distance of 135.00 feet;

THENCE  $N 01^{\circ}36'16''E$ , a distance of 146.25 feet to the beginning of a non-tangent curve to the left;

THENCE with said curve, an arc distance of 110.77 feet, through a central angle of  $110^{\circ}22'30''$ , having a radius of 57.50 feet and a long chord of which bears  $N 07^{\circ}39'44''W$ , 94.42 feet;

THENCE  $N 01^{\circ}36'16''E$ , a distance of 215.86 feet;

THENCE  $S 88^{\circ}40'02''E$ , a distance of 1095.94 feet, returning to the Point of Beginning and containing 18,071,661 square feet or 414.868 acres of land, more or less.

## **APPENDIX A – ENGINEER’S REPORT**

[Remainder of page left intentionally blank.]



# STRAND

Re: Engineer's Report  
Clearview Ranch North, Phase 1  
Royse City, Texas

## **Introduction:**

Clearview Ranch North, Phase 1 is a proposed single-family development including approximately 52.03 acres and is anticipated to include approximately 199 single-family homes located south east of the intersection of County Road 677 and FM 1777 in the City of Royse City, Texas as depicted on Exhibit A. This Engineer's report includes the documents requested by the City of Royse City for the formation of the Public Improvement District (PID) and the issuance of bonds by the City. Bonds are anticipated to be used to finance public infrastructure projects vital for the development within the PID.

## **Development Costs:**

An Engineers' opinion of probable cost has been prepared for all off-site and on-site infrastructure and is included as Exhibit C.

## **Development Improvements:**

Development improvements have been separated into Direct Public, Master Public, and Private improvements. The Direct Public and Master Public improvements will be included in the PID.

Direct Public improvements for Improvement Area #1 are depicted in Exhibits D through G. Master public improvements are depicted in Exhibits H.

## **Development Schedule:**

The preliminary plat for Improvement Area #1 has been approved by the City of Royse City.

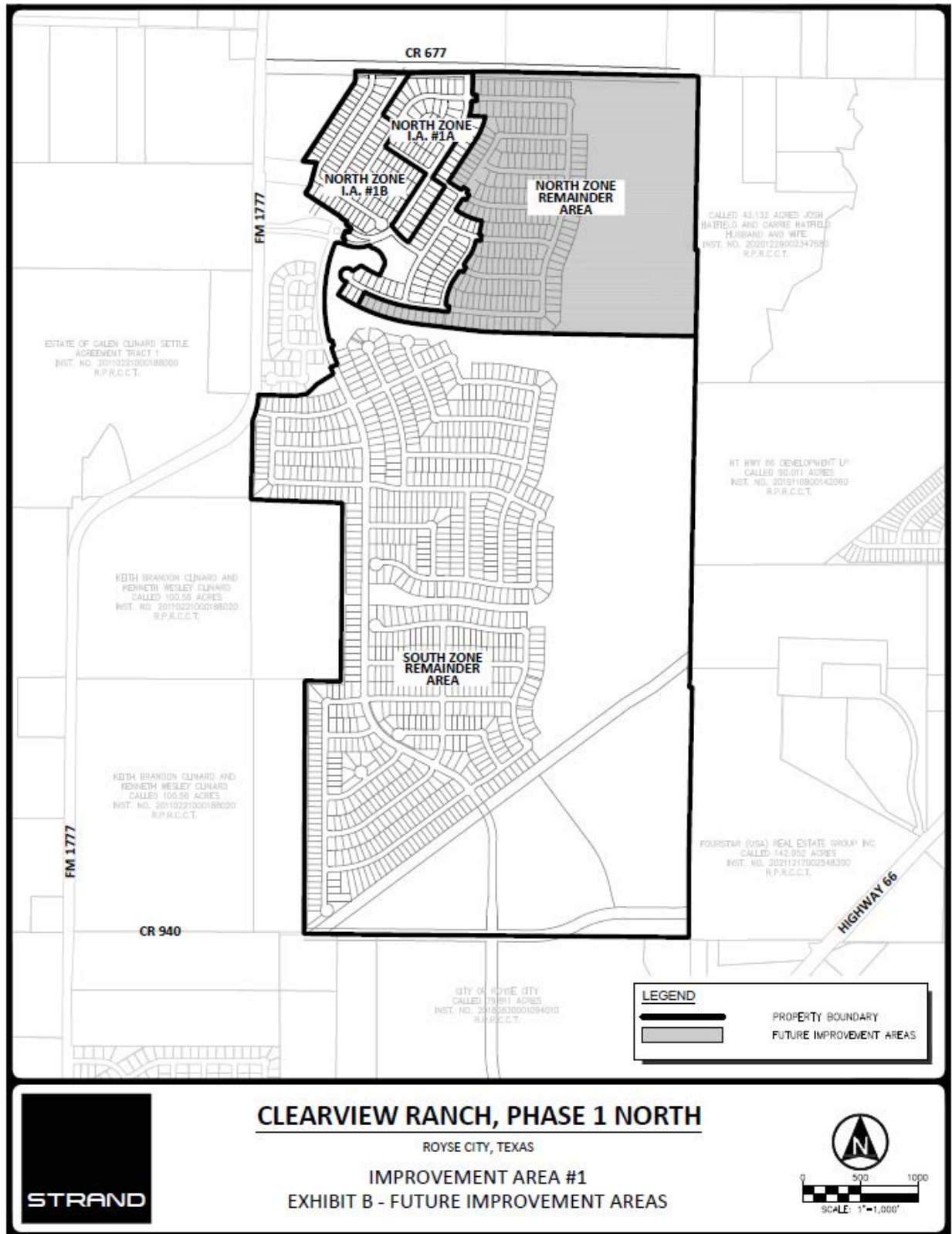
The flood study has been approved by the City of Royse City.

Design of the on-site civil construction plans for Improvement Area #1 are completed and have been approved by the City of Royse City. Design of the off-site civil construction plans for Improvement Area #1 are anticipated to be approved by the City of Royse City by July 2024.

## **Construction Stage:**

Clearview Ranch North, Phase 1 is currently under construction with expected final acceptance in March of 2025.





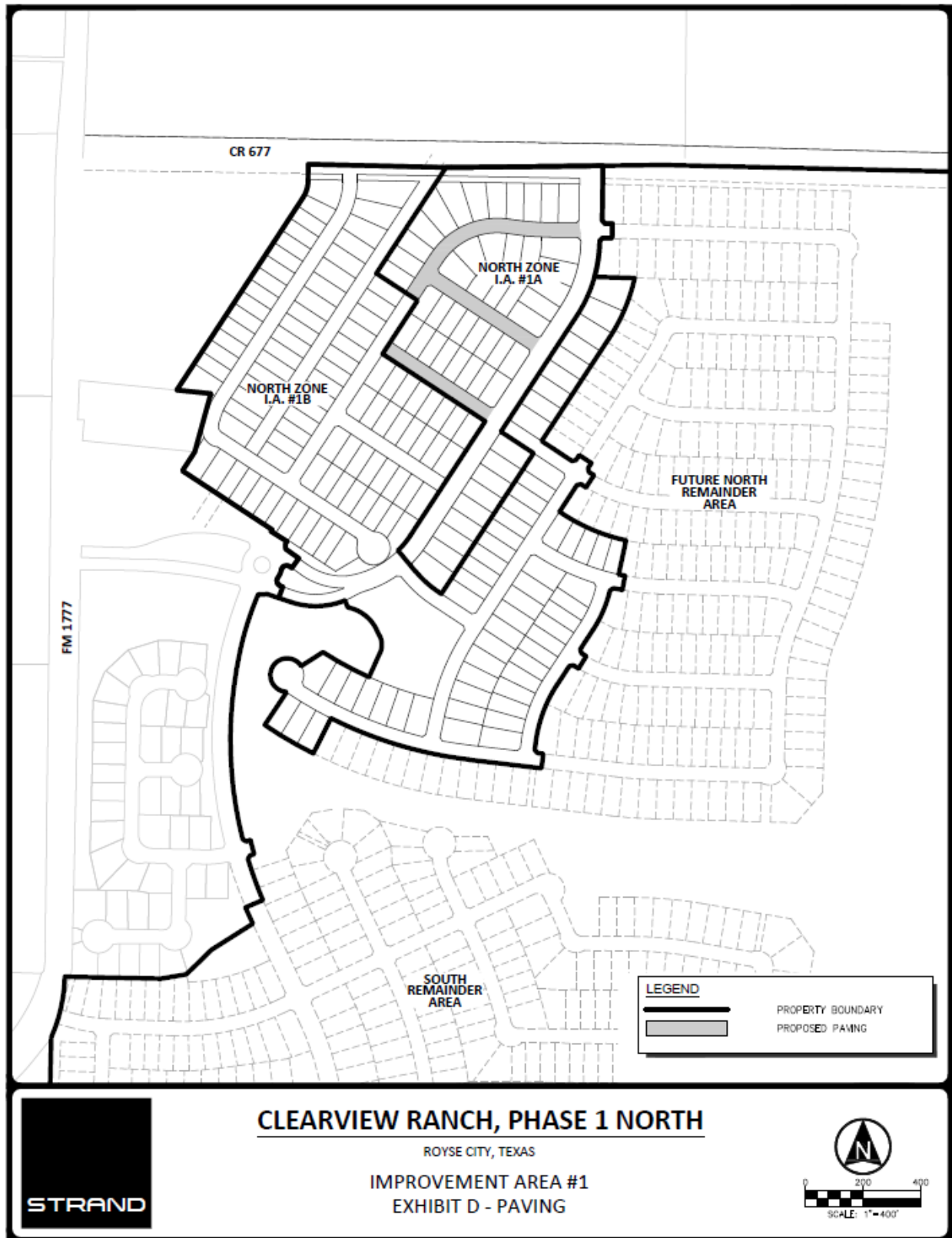
# EXHIBIT C

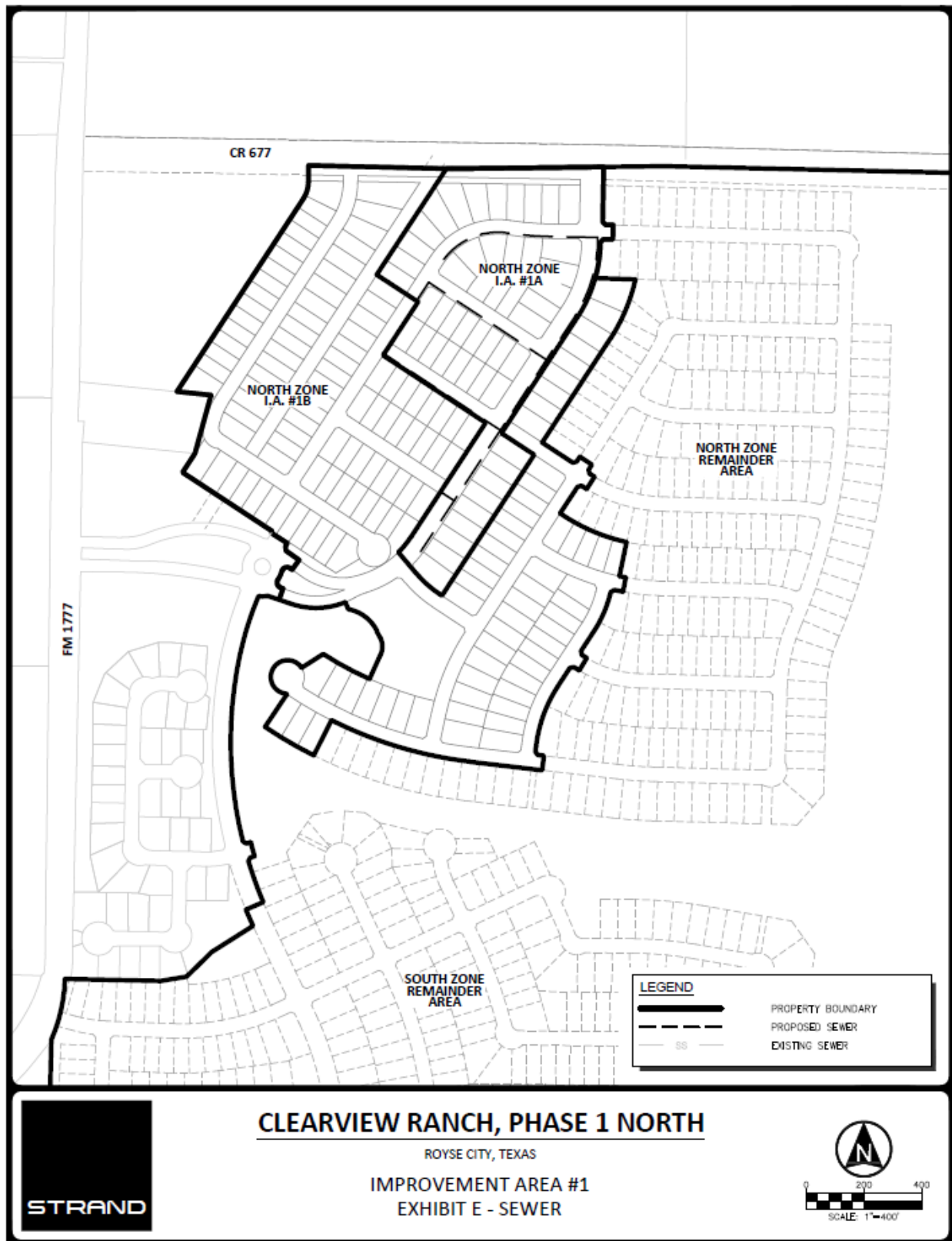
<div>STRAND</div> <div>ARCHITECTURE   ENGINEERING</div>				
OPINION OF PROBABLE CONSTRUCTION COST				
PUBLIC IMPROVEMENT DISTRICT				
PROJECT: CLEARVIEW RANCH NORTH - IMPROVEMENT AREA #1				
DATE: June 2024				
DIVISION / COST TYPE SUMMARY				
IMPROVEMENT AREA #1A				
DIVISION	DIRECT PUBLIC	MASTER PUBLIC	PRIVATE	TOTAL
A. Earthwork	\$ 110,749	\$ -	\$ 309,333	\$ 420,082
B. Water	\$ 230,801	\$ 238,996	\$ -	\$ 469,797
C. Sanitary Sewer	\$ 342,487	\$ -	\$ -	\$ 342,487
D. Storm Sewer	\$ 458,317	\$ -	\$ -	\$ 458,317
E. Paving	\$ 416,734	\$ 649,123	\$ -	\$ 1,065,857
F. Retaining Wall	\$ -	\$ -	\$ 29,664	\$ 29,664
H. Miscellaneous	\$ -	\$ -	\$ 255,000	\$ 255,000
<b>SUBTOTAL</b>	<b>\$ 1,559,088</b>	<b>\$ 888,119</b>	<b>\$ 593,997</b>	<b>\$ 3,041,203</b>
IMPROVEMENT AREA #1B				
DIVISION	DIRECT PUBLIC	MASTER PUBLIC	PRIVATE	TOTAL
A. Earthwork	\$ 54,182	\$ -	\$ 1,125,471	\$ 1,179,652
B. Water	\$ 831,829	\$ 72,716	\$ -	\$ 904,545
C. Sanitary Sewer	\$ 1,112,284	\$ -	\$ -	\$ 1,112,284
D. Storm Sewer	\$ 758,081	\$ -	\$ -	\$ 758,081
E. Paving	\$ 1,872,693	\$ 197,334	\$ -	\$ 2,070,027
F. Retaining Wall	\$ -	\$ -	\$ 160,062	\$ 160,062
H. Miscellaneous	\$ -	\$ -	\$ 260,620	\$ 260,620
I. Offsite Paving (FM 1777 to CR 678)	\$ -	\$ 563,120	\$ -	\$ 563,120
J. Offsite Water (FM 1777 to CR 678)	\$ -	\$ 827,161	\$ -	\$ 827,161
<b>SUBTOTAL</b>	<b>\$ 4,629,070</b>	<b>\$ 1,660,332</b>	<b>\$ 1,546,153</b>	<b>\$ 7,835,554</b>
A. Survey, Platting, Engineering, Permitting & Staking	\$ 742,579	\$ 138,980	\$ 194,944	\$ 1,076,503
B. Miscellaneous & Contingency	\$ 618,816	\$ 115,817	\$ 214,015	\$ 948,648
C. Survey, Platting, Engineering, Permitting & Staking	\$ -	\$ 166,834	\$ -	\$ 166,834
D. Miscellaneous & Contingency	\$ -	\$ 139,028	\$ -	\$ 139,028
<b>SUBTOTAL</b>	<b>\$ 1,361,395</b>	<b>\$ 560,659</b>	<b>\$ 408,958</b>	<b>\$ 2,331,012</b>
<b>TOTAL</b>	<b>\$ 7,549,552</b>	<b>\$ 3,109,109</b>	<b>\$ 2,549,108</b>	<b>\$ 13,207,769</b>

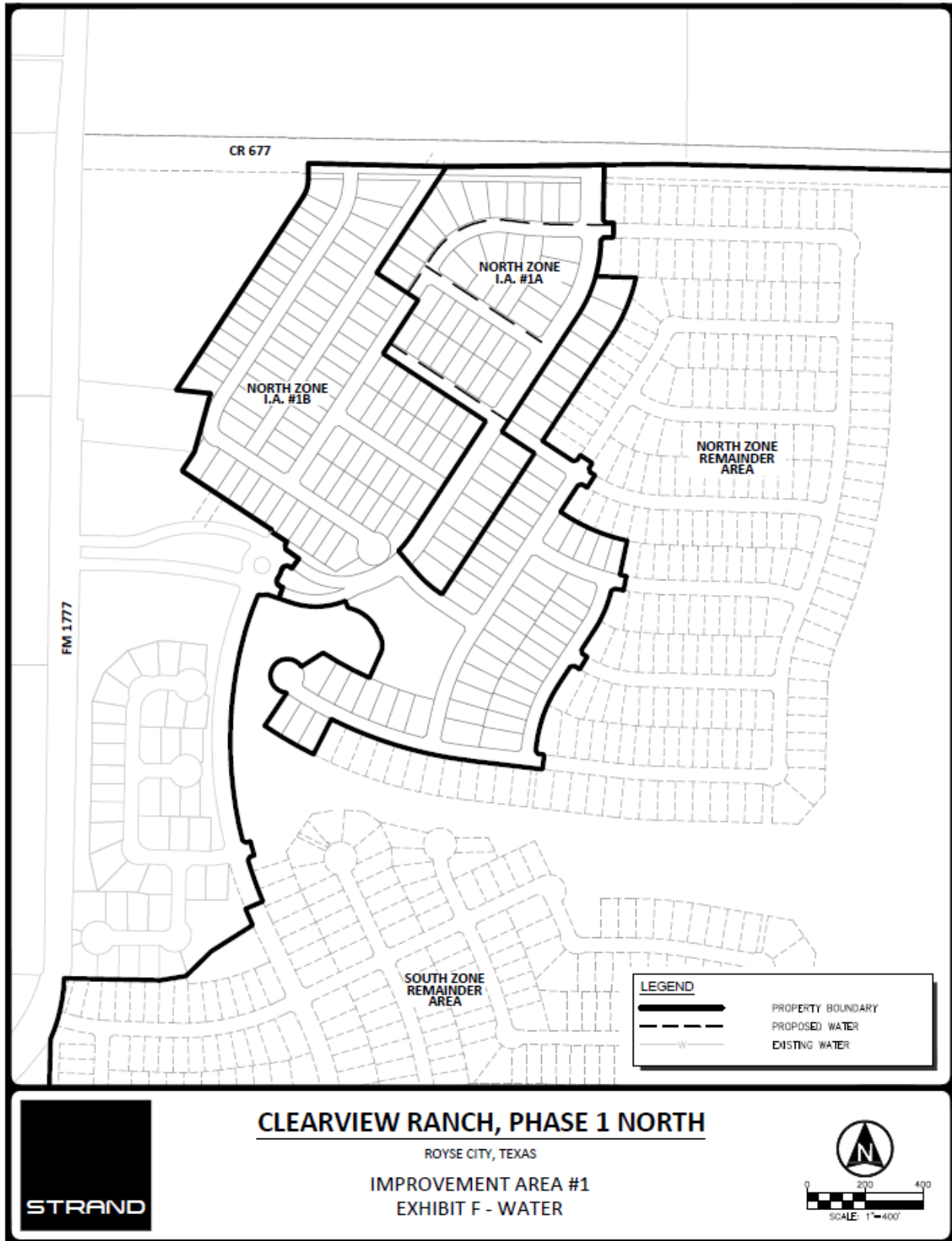
## Notes/Assumptions:

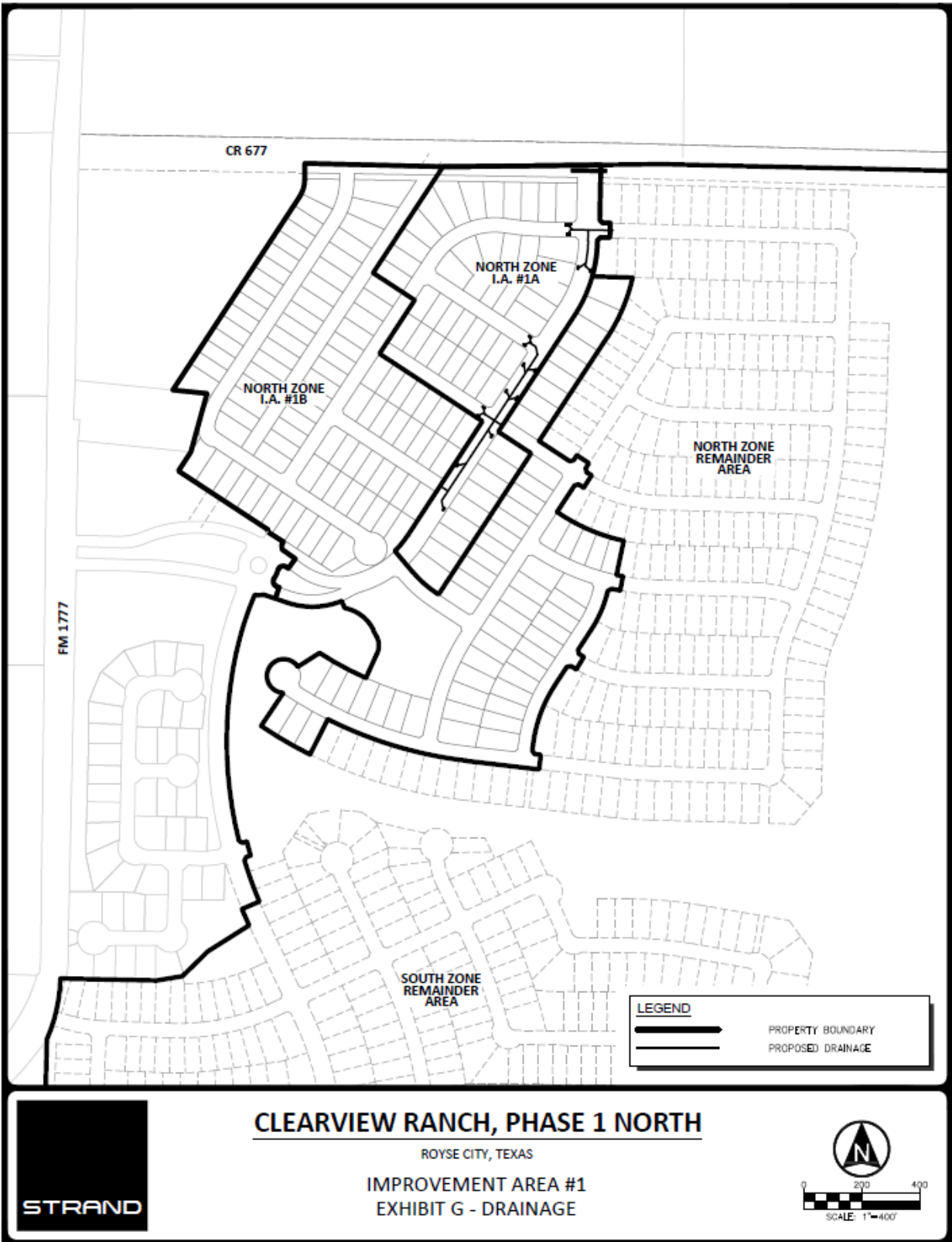
- 1) The Public Improvements detailed in this OPC include work within the existing and proposed public right-of-way. Private improvements include items related to individual lot costs related to pad preparation for builder.
- 2) This Engineer's opinion of probable cost is made on the basis of the Engineer's experience and best judgment as a design professional. This opinion of probable cost does not include city fees; such as easement acquisition, permits, and application fees among others. It must be recognized that any evaluation of work to be performed to construct this project must be by necessity and is speculative in nature until completion of its actual detailed design. In addition the Engineer has no control over the cost of labor, materials or services to be furnished by others or over market conditions. Accordingly, Strand Systems Engineer, Inc. cannot guarantee that actual costs will not vary from the opinions expressed herein.
- 3) Land cost, easement acquisition, interest, inflation, legal fees, marketing, financing, closing cost, cost of sales, HOA funding, overhead, maintenance insurance, taxes, etc... are not included in this OPC



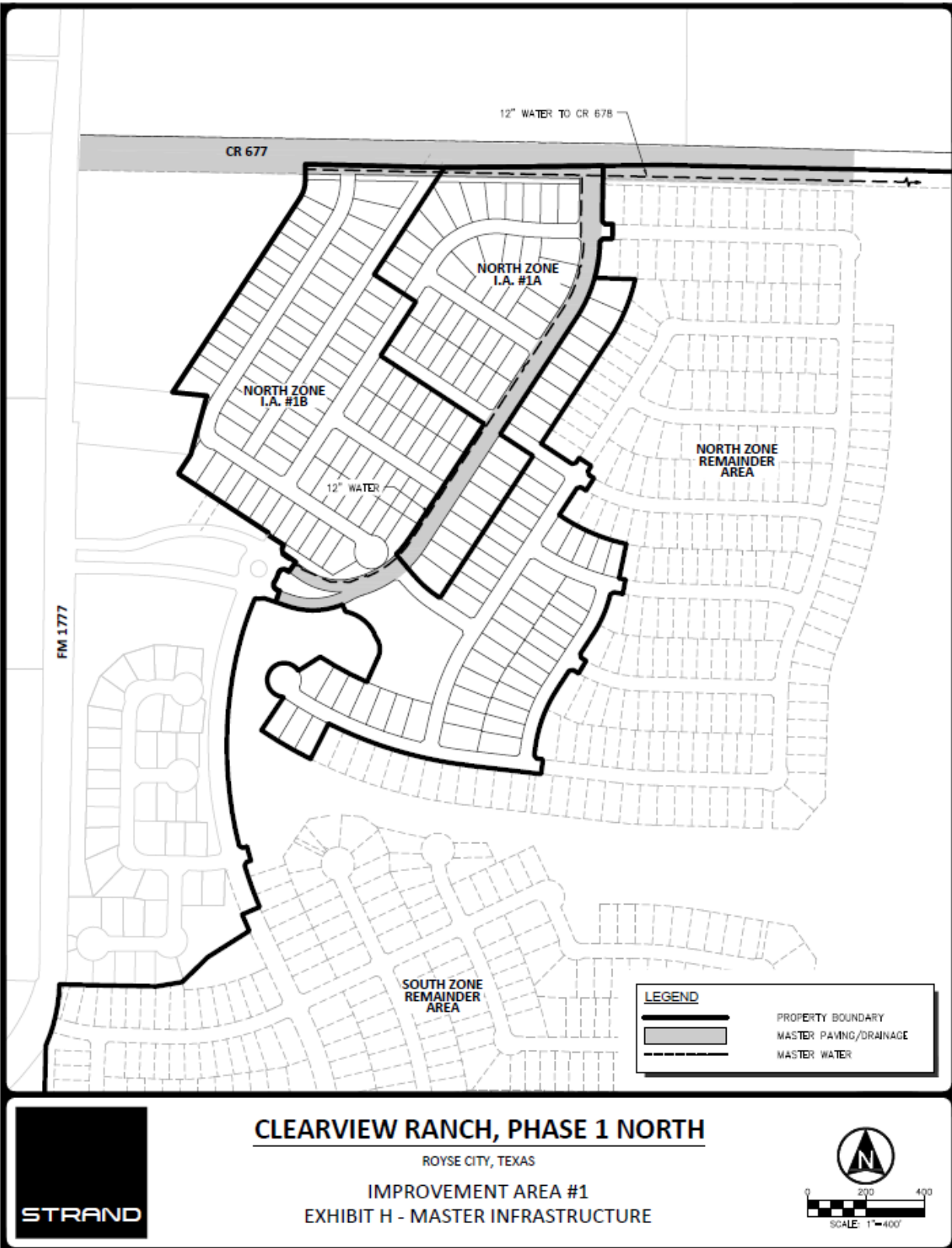












# STRAND

Re: Engineer's Report  
Clearview Ranch South, Phase 1  
Royse City, Texas

## **Introduction:**

Clearview Ranch South, Phase 1 is a proposed single-family development including approximately 42.40 acres and is anticipated to include approximately 155 single-family homes located south east of the intersection of County Road 677 and FM 1777 in the City of Royse City, Texas as depicted on Exhibit A. This Engineer's report includes the documents requested by the City of Royse City for the formation of the Public Improvement District (PID) and the issuance of bonds by the City. Bonds are anticipated to be used to finance public infrastructure projects vital for the development within the PID.

## **Development Costs:**

An Engineers' opinion of probable cost has been prepared for all off-site and on-site infrastructure and is included as Exhibit C.

## **Development Improvements:**

Development improvements have been separated into Direct Public, Master Public, and Private improvements. The Direct Public improvements will be included in the PID.

Direct Public Improvements for Improvement Area #1 are depicted in Exhibits D through G and Master Public improvements are depicted in Exhibit H.

## **Development Schedule:**

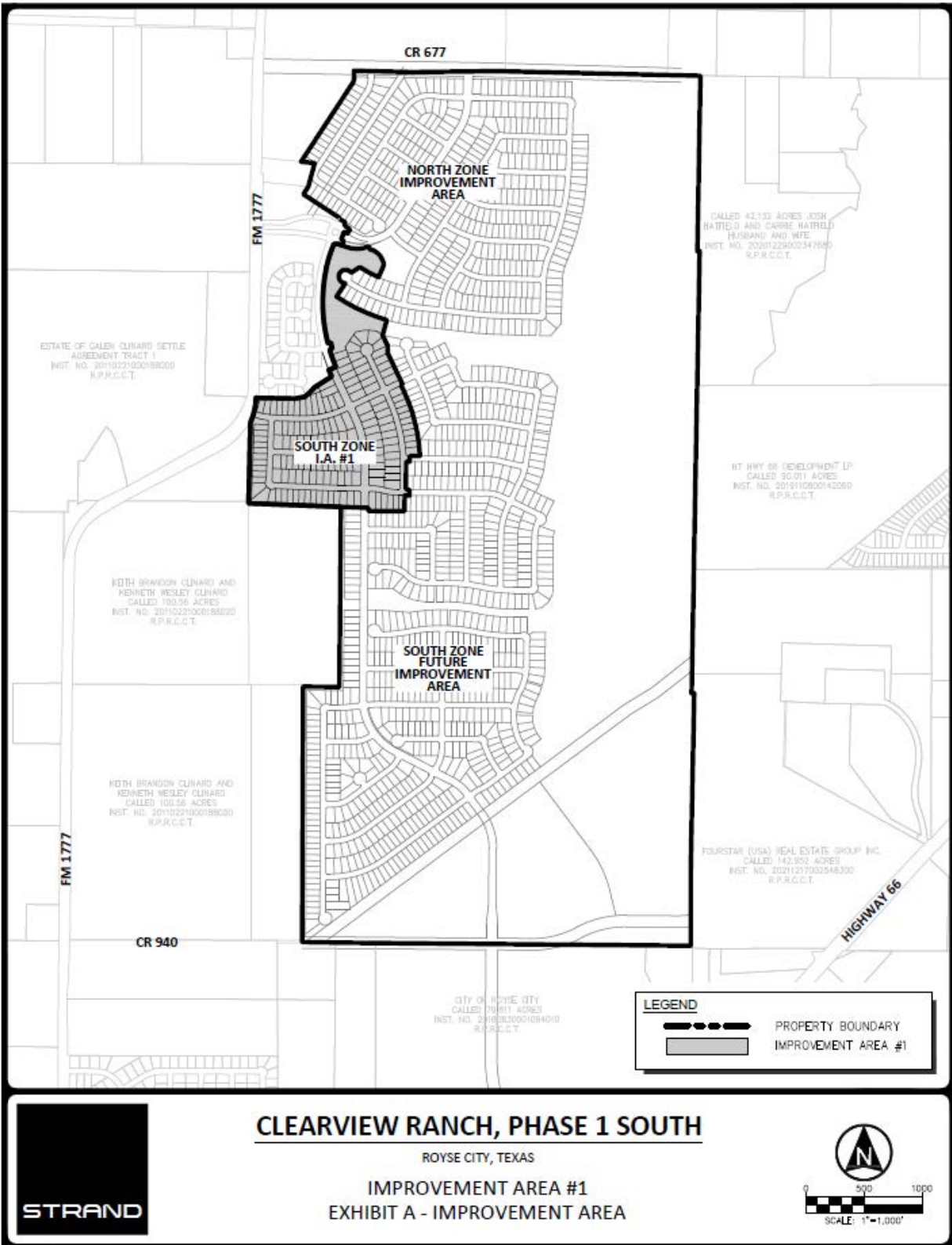
The preliminary plat for Improvement Area #1 has been approved by the City of Royse City.

The flood study has been approved by the City of Royse City.

Design of the on-site and off-site civil construction plans for Improvement Area #1 are completed and have been approved by the City of Royse City.

## **Construction Stage:**

Clearview Ranch South, Phase 1 is currently under construction with expected final acceptance in September of 2024.



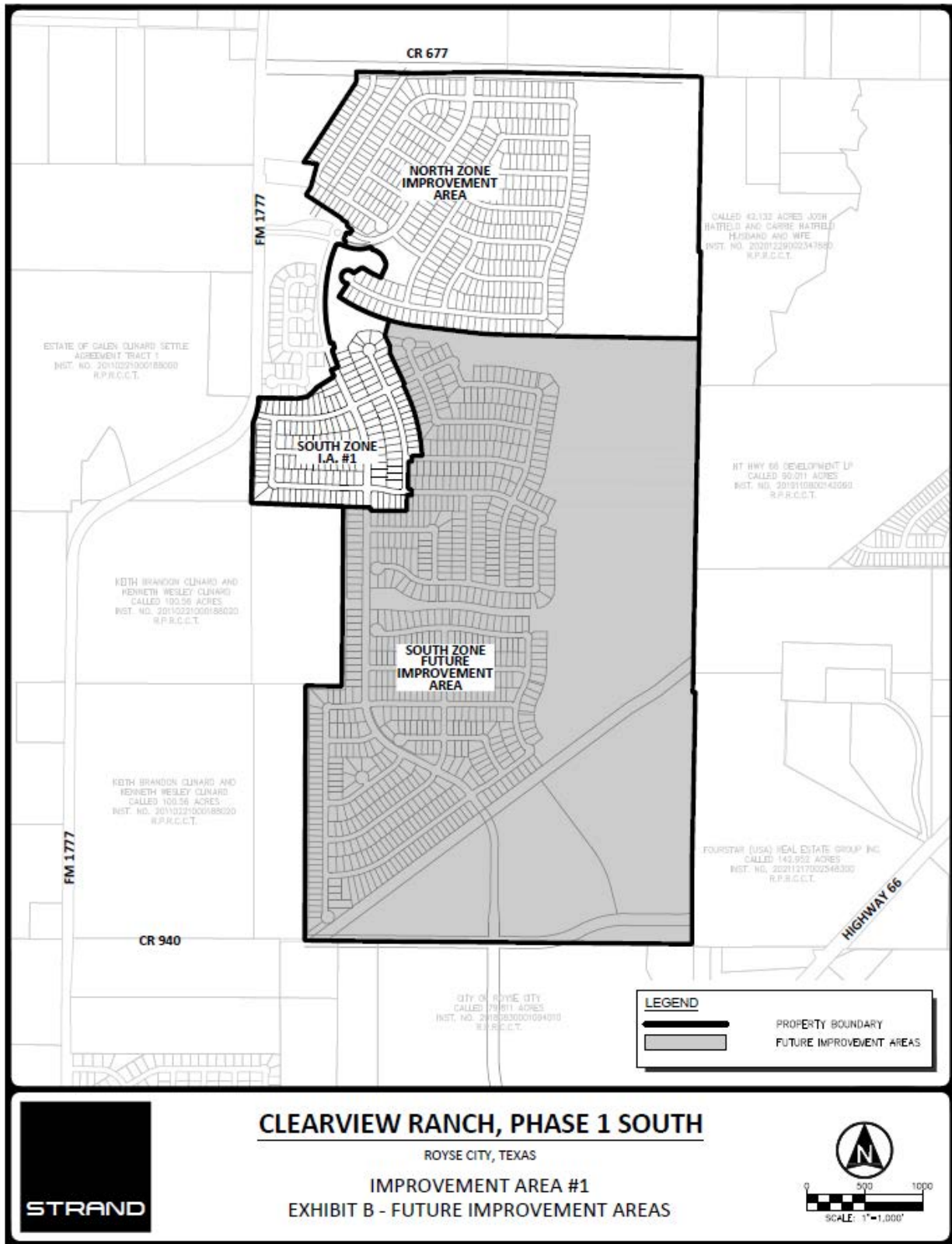


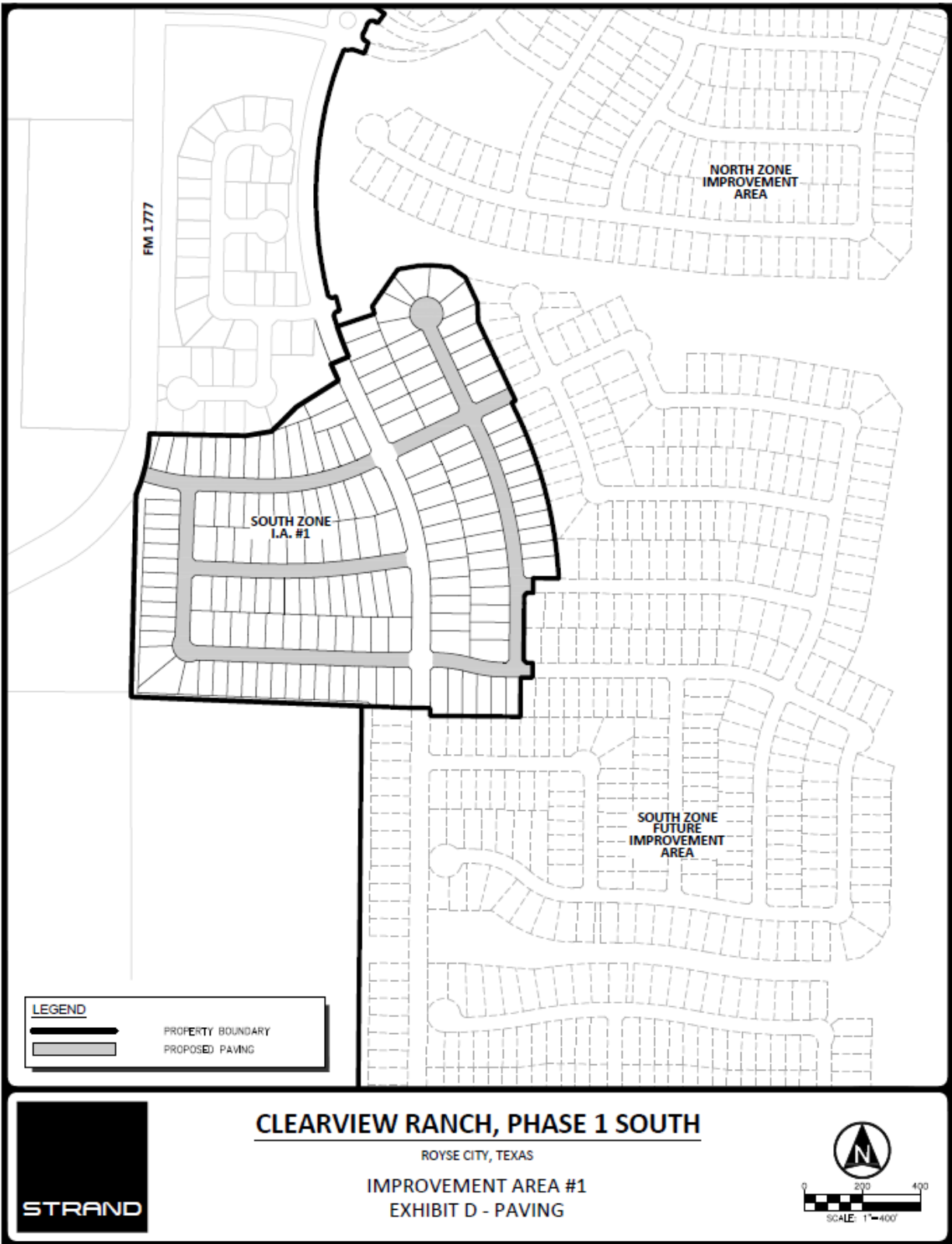


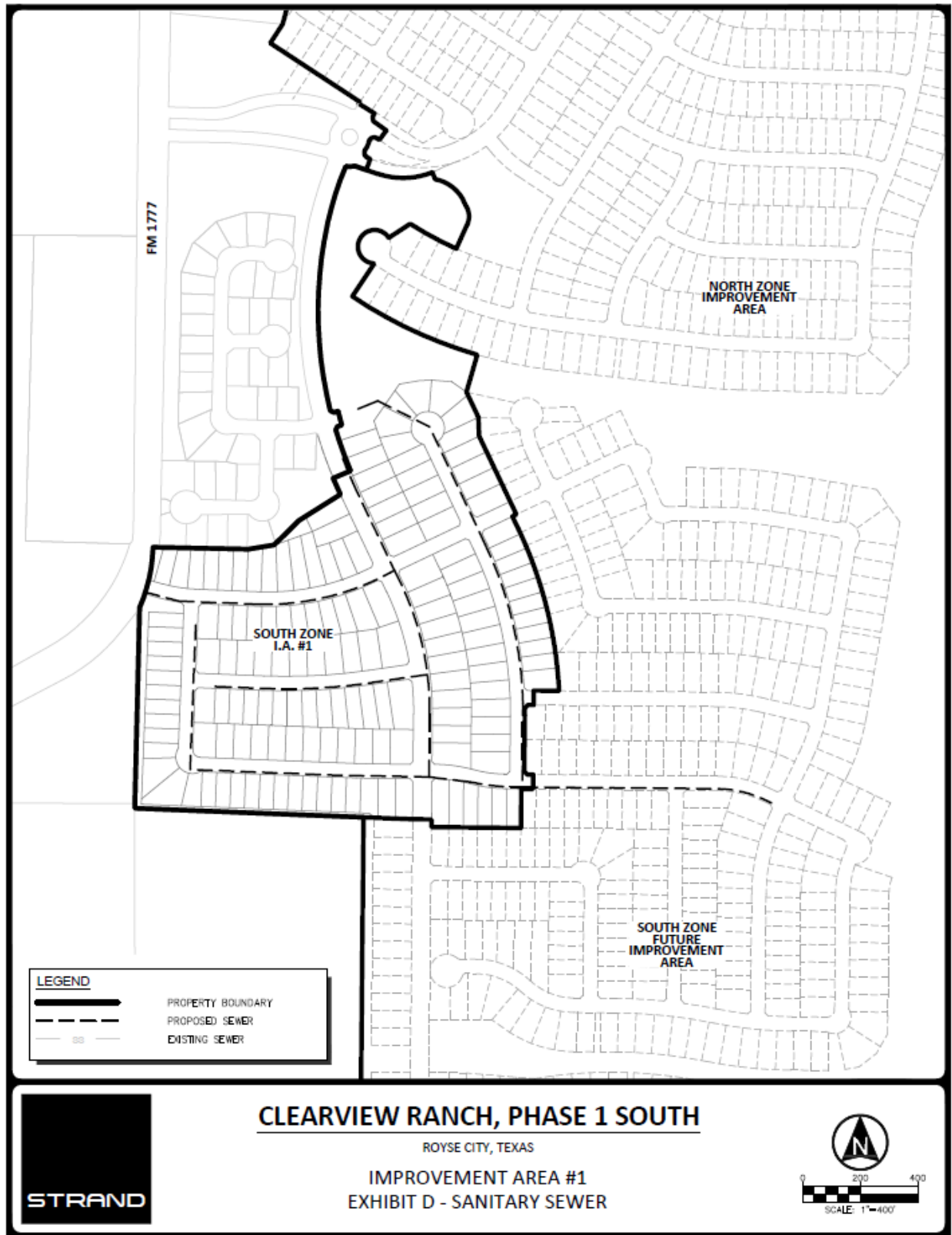
EXHIBIT C

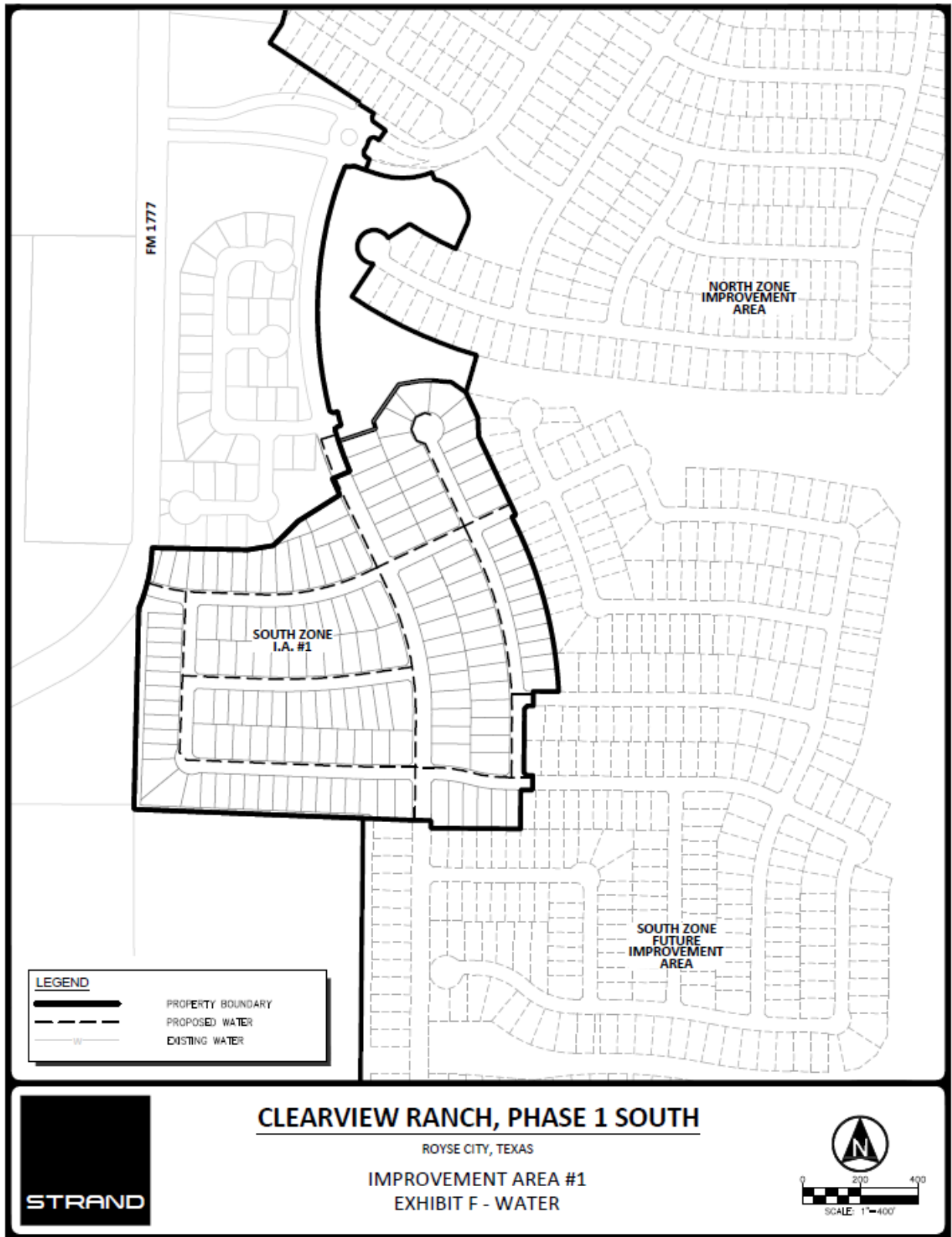
<div>STRAND</div> <div>ARCHITECTURE   ENGINEERING</div>					
OPINION OF PROBABLE CONSTRUCTION COST					
PUBLIC IMPROVEMENT DISTRICT					
PROJECT: CLEARVIEW RANCH SOUTH - IMPROVEMENT AREA #1					
DATE: FEBRUARY 2024					
DIVISION / COST TYPE SUMMARY					
DIVISION		DIRECT PUBLIC	MASTER PUBLIC	PRIVATE	TOTAL
A.	Earthwork & Erosion Control	\$ 120,584	\$ -	\$ 1,044,975	\$ 1,165,559
B.	Water	\$ 791,117	\$ -	\$ -	\$ 791,117
C.	Sanitary Sewer	\$ 1,150,784	\$ -	\$ -	\$ 1,150,784
D.	Storm Sewer	\$ 1,041,612	\$ -	\$ -	\$ 1,041,612
E.	Paving	\$ 1,465,356	\$ 498,274	\$ -	\$ 1,963,630
F.	Retaining Wall	\$ -	\$ -	\$ 297,851	\$ 297,851
H.	Miscellaneous	\$ -	\$ -	\$ 267,300	\$ 267,300
I.	Offsite Water (Phase 1 South to SH-66)	\$ -	\$ 943,043	\$ -	\$ 943,043
J.	Offsite Paving (Larry Lott Boulevard)	\$ -	\$ 4,369,413	\$ -	\$ 4,369,413
K.	Offsite Paving (CR 940 - FM 1777 to Larry Lott Blvd)	\$ -	\$ 3,248,121	\$ -	\$ 3,248,121
L.	Offsite Paving (CR 940 - Larry Lott Blvd to Madera, Ph-2)	\$ -	\$ 5,208,980	\$ -	\$ 5,208,980
SUBTOTAL		\$ 4,569,453	\$ 14,267,831	\$ 1,610,126	\$ 20,447,410
A.	Survey, Platting, Engineering, Permitting & Staking	\$ 548,334	\$ 59,792.85	\$ 161,139	\$ 769,266.34
B.	Miscellaneous & Contingency	\$ 456,945	\$ 49,827	\$ 134,283	\$ 641,055
C.	Survey, Platting, Engineering, Permitting & Staking	\$ -	\$ 1,652,347	\$ -	\$ 1,652,347
D.	Miscellaneous & Contingency	\$ -	\$ 1,376,956	\$ -	\$ 1,376,956
SUBTOTAL		\$ 1,005,280	\$ 3,138,923	\$ 295,422	\$ 4,439,624
TOTAL		\$ 5,574,733	\$ 17,406,754	\$ 1,905,548	\$ 24,887,035

**Notes/Assumptions:**

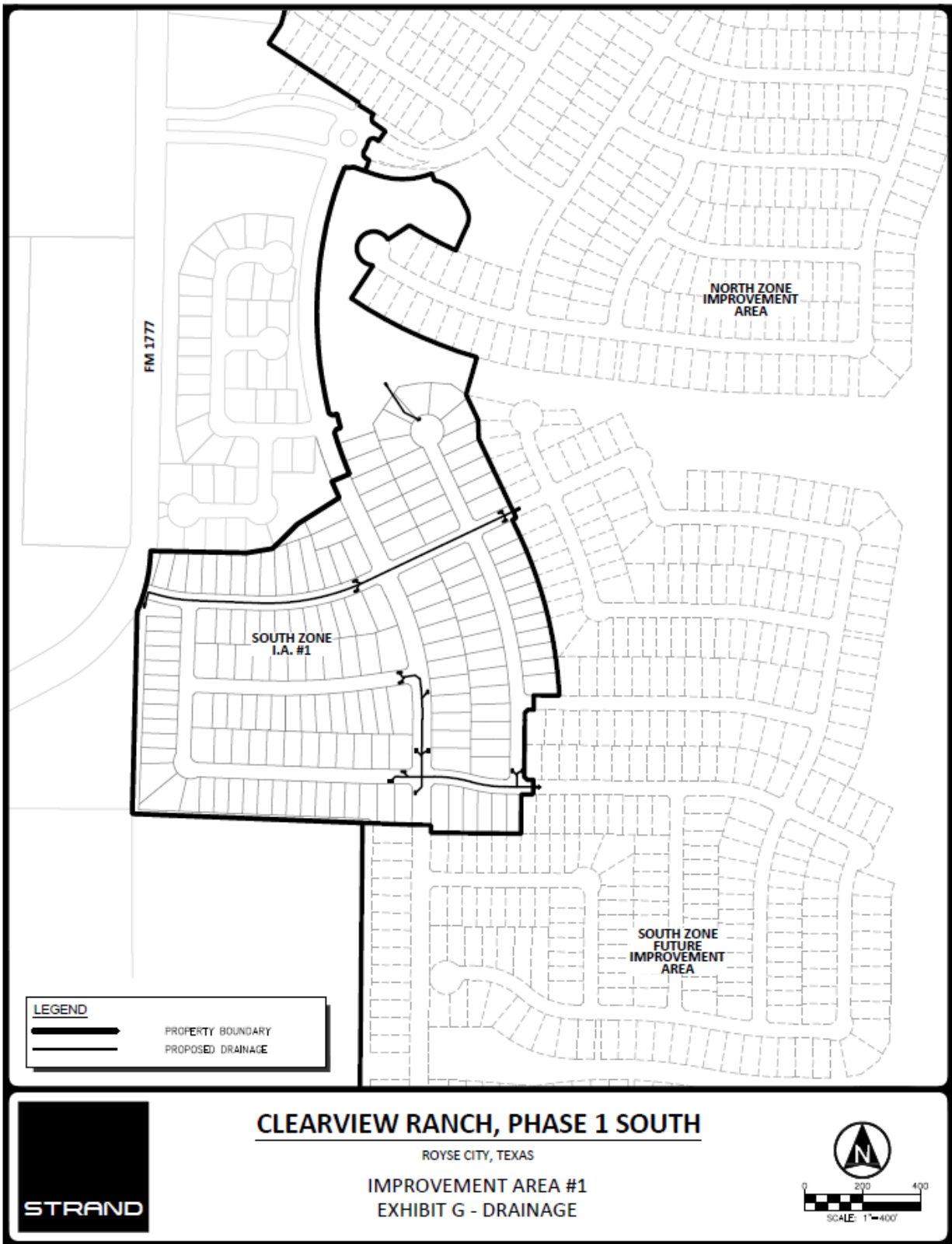
- 1) The Public Improvements detailed in this OPC include work within the existing and proposed public right-of-way. Private improvements include items related to individual lot costs related to pad preparation for builder.
- 2) This Engineer's opinion of probable cost is made on the basis of the Engineer's experience and best judgment as a design professional. This opinion of probable cost does not include city fees; such as easement acquisition, permits, and application fees among others. It must be recognized that any evaluation of work to be performed to construct this project must be by necessity and is speculative in nature until completion of its actual detailed design. In addition the Engineer has no control over the cost of labor, materials or services to be furnished by others or over market conditions. Accordingly, Strand Systems Engineer, Inc. cannot guarantee that actual costs will not vary from the opinions expressed herein.
- 3) Land cost, easement acquisition, interest, inflation, legal fees, marketing, financing, closing cost, cost of sales, HOA funding, overhead, maintenance insurance, taxes, etc... are not included in this OPC

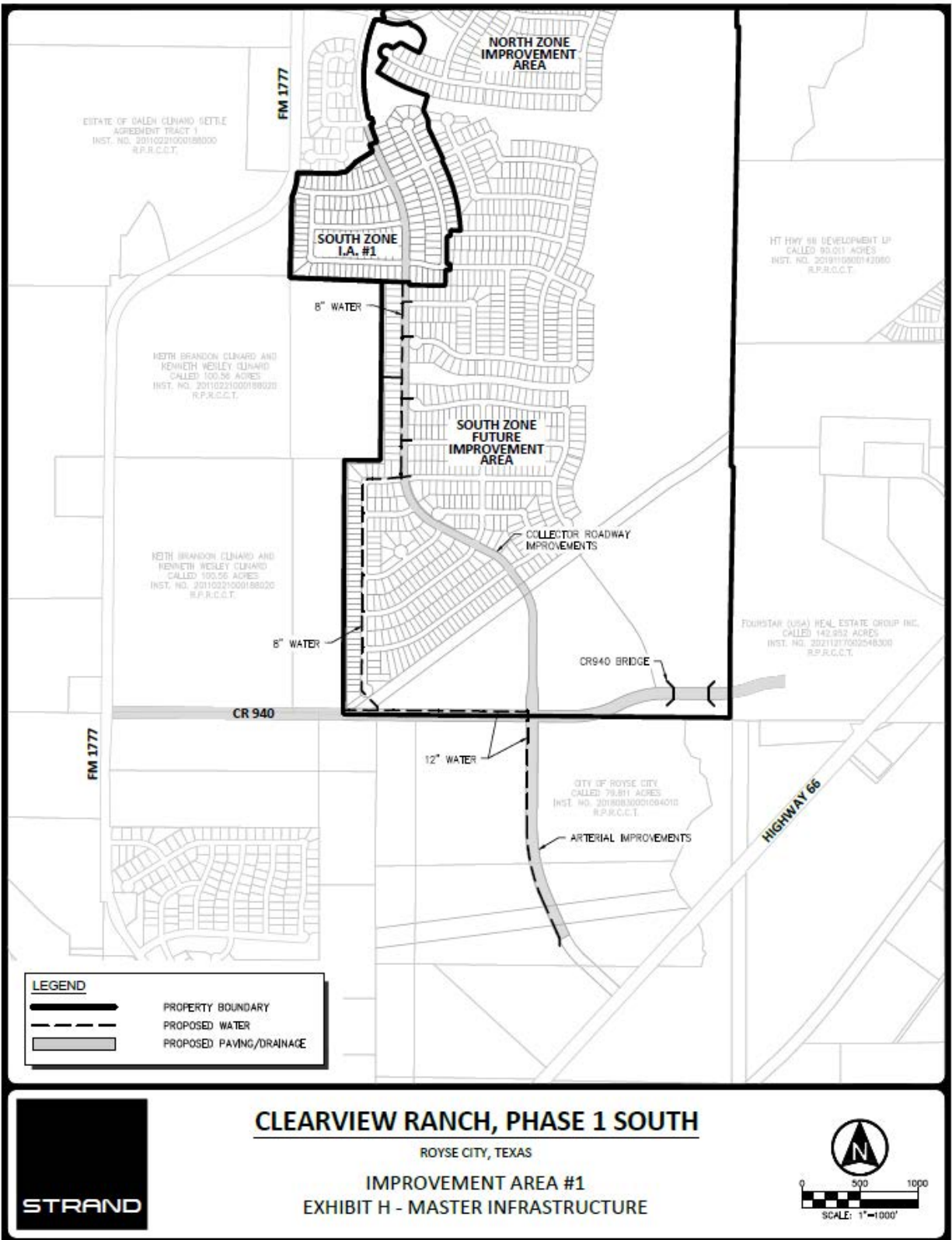












## APPENDIX B – BUYER DISCLOSURES

Forms of the buyer disclosures for the following Lot Types are found in this appendix:

### North Zone Improvement Area #1-A

- Initial Parcel
- Lot Type 1
- Lot Type 2
- Lot Type 3

### South Zone Improvement Area #1

- Initial Parcel
- Lot Type 4
- Lot Type 5
- Lot Type 6

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**CLEARVIEW RANCH PUBLIC IMPROVEMENT DISTRICT NORTH ZONE  
IMPROVEMENT AREA #1-A INITIAL PARCEL BUYER DISCLOSURE**

**NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT**

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING<sup>1</sup> RETURN TO:

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NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
CITY OF ROYSE CITY, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

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STREET ADDRESS

**NORTH ZONE IMPROVEMENT AREA #1-A INITIAL PARCEL PRINCIPAL  
ASSESSMENT: \$883,000.00**

As the purchaser of the real property described above, you are obligated to pay assessments to City of Royse City, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within *Clearview Ranch Public Improvement District* (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Royse City. The exact amount of each annual installment will be approved each year by the Royse City 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 City of Royse 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.

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<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER]<sup>2</sup>

<sup>2</sup> To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

STATE OF TEXAS

§

§

COUNTY OF \_\_\_\_\_

§

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>3</sup>

<sup>3</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

§

§

COUNTY OF \_\_\_\_\_

§

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.



## ANNUAL INSTALLMENTS - NORTH ZONE IMPROVEMENT AREA #1-A INITIAL PARCEL

Installment Due 1/31	Principal	Interest <sup>[a]</sup>	Annual Collection Costs	Total Annual Installment Due <sup>[b]</sup>
2025	\$ 11,168.99	\$ 52,980.00	\$ 40,000.00	\$ 104,148.99
2026	\$ 11,839.13	\$ 52,309.86	\$ 40,800.00	\$ 104,948.99
2027	\$ 12,549.48	\$ 51,599.51	\$ 41,616.00	\$ 105,764.99
2028	\$ 13,302.44	\$ 50,846.54	\$ 42,448.32	\$ 106,597.31
2029	\$ 14,100.59	\$ 50,048.40	\$ 43,297.29	\$ 107,446.28
2030	\$ 14,946.63	\$ 49,202.36	\$ 44,163.23	\$ 108,312.22
2031	\$ 15,843.42	\$ 48,305.56	\$ 45,046.50	\$ 109,195.49
2032	\$ 16,794.03	\$ 47,354.96	\$ 45,947.43	\$ 110,096.42
2033	\$ 17,801.67	\$ 46,347.32	\$ 46,866.38	\$ 111,015.36
2034	\$ 18,869.77	\$ 45,279.22	\$ 47,803.70	\$ 111,952.69
2035	\$ 20,001.96	\$ 44,147.03	\$ 48,759.78	\$ 112,908.77
2036	\$ 21,202.08	\$ 42,946.91	\$ 49,734.97	\$ 113,883.96
2037	\$ 22,474.20	\$ 41,674.79	\$ 50,729.67	\$ 114,878.66
2038	\$ 23,822.65	\$ 40,326.34	\$ 51,744.27	\$ 115,893.25
2039	\$ 25,252.01	\$ 38,896.98	\$ 52,779.15	\$ 116,928.14
2040	\$ 26,767.13	\$ 37,381.86	\$ 53,834.73	\$ 117,983.72
2041	\$ 28,373.16	\$ 35,775.83	\$ 54,911.43	\$ 119,060.42
2042	\$ 30,075.55	\$ 34,073.44	\$ 56,009.66	\$ 120,158.65
2043	\$ 31,880.08	\$ 32,268.91	\$ 57,129.85	\$ 121,278.84
2044	\$ 33,792.89	\$ 30,356.10	\$ 58,272.45	\$ 122,421.44
2045	\$ 35,820.46	\$ 28,328.53	\$ 59,437.90	\$ 123,586.88
2046	\$ 37,969.69	\$ 26,179.30	\$ 60,626.65	\$ 124,775.64
2047	\$ 40,247.87	\$ 23,901.12	\$ 61,839.19	\$ 125,988.18
2048	\$ 42,662.74	\$ 21,486.25	\$ 63,075.97	\$ 127,224.96
2049	\$ 45,222.51	\$ 18,926.48	\$ 64,337.49	\$ 128,486.48
2050	\$ 47,935.86	\$ 16,213.13	\$ 65,624.24	\$ 129,773.23
2051	\$ 50,812.01	\$ 13,336.98	\$ 66,936.72	\$ 131,085.71
2052	\$ 53,860.73	\$ 10,288.26	\$ 68,275.46	\$ 132,424.45
2053	\$ 57,092.37	\$ 7,056.62	\$ 69,640.97	\$ 133,789.96
2054	\$ 60,517.91	\$ 3,631.07	\$ 71,033.79	\$ 135,182.78
<b>Total</b>	<b>\$ 883,000.00</b>	<b>\$ 1,041,469.67</b>	<b>\$ 1,622,723.17</b>	<b>\$ 3,547,192.83</b>

**Footnotes:**

[a] Interest is calculated at a 6.00% rate for all years which is less than 2.0% above the Bond Buyer 25-Bond Revenue Index as of July 25, 2024.

[b] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

Annual Installment Schedule to Notice  
of Obligation to Pay Improvement District Assessment

**CLEARVIEW RANCH PUBLIC IMPROVEMENT DISTRICT NORTH ZONE  
IMPROVEMENT AREA #1-A LOT TYPE 1 BUYER DISCLOSURE**

**NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT**

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING<sup>1</sup> RETURN TO:

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NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
CITY OF ROYSE CITY, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

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STREET ADDRESS

**NORTH ZONE IMPROVEMENT AREA #1-A LOT TYPE 1 PRINCIPAL  
ASSESSMENT: \$16,146.29**

As the purchaser of the real property described above, you are obligated to pay assessments to City of Royse City, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within *Clearview Ranch Public Improvement District* (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Royse City. The exact amount of each annual installment will be approved each year by the Royse City 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 City of Royse 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.

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<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

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SIGNATURE OF PURCHASER

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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:

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SIGNATURE OF SELLER

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SIGNATURE OF SELLER]<sup>2</sup>

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<sup>2</sup> To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

STATE OF TEXAS

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COUNTY OF \_\_\_\_\_

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The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>3</sup>

<sup>3</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

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§

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

## ANNUAL INSTALLMENTS - NORTH ZONE IMPROVEMENT AREA #1-A LOT TYPE 1

Installment Due 1/31	Principal	Interest <sup>[a]</sup>	Annual Collection Costs	Total Annual Installment Due <sup>[b]</sup>
2025	\$ 204.23	\$ 968.78	\$ 731.43	\$ 1,904.44
2026	\$ 216.49	\$ 956.52	\$ 746.06	\$ 1,919.07
2027	\$ 229.48	\$ 943.53	\$ 760.98	\$ 1,933.99
2028	\$ 243.24	\$ 929.77	\$ 776.20	\$ 1,949.21
2029	\$ 257.84	\$ 915.17	\$ 791.72	\$ 1,964.73
2030	\$ 273.31	\$ 899.70	\$ 807.56	\$ 1,980.57
2031	\$ 289.71	\$ 883.30	\$ 823.71	\$ 1,996.72
2032	\$ 307.09	\$ 865.92	\$ 840.18	\$ 2,013.19
2033	\$ 325.52	\$ 847.49	\$ 856.99	\$ 2,030.00
2034	\$ 345.05	\$ 827.96	\$ 874.12	\$ 2,047.13
2035	\$ 365.75	\$ 807.26	\$ 891.61	\$ 2,064.62
2036	\$ 387.70	\$ 785.31	\$ 909.44	\$ 2,082.45
2037	\$ 410.96	\$ 762.05	\$ 927.63	\$ 2,100.64
2038	\$ 435.61	\$ 737.40	\$ 946.18	\$ 2,119.19
2039	\$ 461.75	\$ 711.26	\$ 965.10	\$ 2,138.11
2040	\$ 489.46	\$ 683.55	\$ 984.41	\$ 2,157.42
2041	\$ 518.82	\$ 654.19	\$ 1,004.09	\$ 2,177.10
2042	\$ 549.95	\$ 623.06	\$ 1,024.18	\$ 2,197.19
2043	\$ 582.95	\$ 590.06	\$ 1,044.66	\$ 2,217.67
2044	\$ 617.93	\$ 555.08	\$ 1,065.55	\$ 2,238.56
2045	\$ 655.00	\$ 518.01	\$ 1,086.86	\$ 2,259.87
2046	\$ 694.30	\$ 478.71	\$ 1,108.60	\$ 2,281.61
2047	\$ 735.96	\$ 437.05	\$ 1,130.77	\$ 2,303.78
2048	\$ 780.12	\$ 392.89	\$ 1,153.39	\$ 2,326.40
2049	\$ 826.93	\$ 346.08	\$ 1,176.46	\$ 2,349.47
2050	\$ 876.54	\$ 296.47	\$ 1,199.99	\$ 2,373.00
2051	\$ 929.13	\$ 243.88	\$ 1,223.99	\$ 2,397.00
2052	\$ 984.88	\$ 188.13	\$ 1,248.47	\$ 2,421.48
2053	\$ 1,043.97	\$ 129.04	\$ 1,273.43	\$ 2,446.44
2054	\$ 1,106.61	\$ 66.40	\$ 1,298.90	\$ 2,471.91
<b>Total</b>	<b>\$ 16,146.29</b>	<b>\$ 19,044.02</b>	<b>\$ 29,672.65</b>	<b>\$ 64,862.95</b>

**Footnotes:**

[a] Interest is calculated at a 6.00% rate for all years which is less than 2.0% above the Bond Buyer 25-Bond Revenue Index as of July 25, 2024.

[b] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

Annual Installment Schedule to Notice  
of Obligation to Pay Improvement District Assessment

**CLEARVIEW RANCH PUBLIC IMPROVEMENT DISTRICT NORTH ZONE  
IMPROVEMENT AREA #1-A LOT TYPE 2 BUYER DISCLOSURE**

**NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT**

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.



AFTER RECORDING<sup>1</sup> RETURN TO:

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NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
CITY OF ROYSE CITY, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

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STREET ADDRESS

**NORTH ZONE IMPROVEMENT AREA #1-A LOT TYPE 2 PRINCIPAL  
ASSESSMENT: \$18,164.57**

As the purchaser of the real property described above, you are obligated to pay assessments to City of Royse City, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within *Clearview Ranch Public Improvement District* (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Royse City. The exact amount of each annual installment will be approved each year by the Royse City 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 City of Royse 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.

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<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER]<sup>2</sup>

<sup>2</sup> To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

STATE OF TEXAS

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COUNTY OF \_\_\_\_\_

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The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>3</sup>

<sup>3</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

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COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

## ANNUAL INSTALLMENTS - NORTH ZONE IMPROVEMENT AREA #1-A LOT TYPE 2

Installment Due 1/31	Principal	Interest <sup>[a]</sup>	Annual Collection Costs	Total Annual Installment Due <sup>[b]</sup>
2025	\$ 229.76	\$ 1,089.87	\$ 822.86	\$ 2,142.49
2026	\$ 243.55	\$ 1,076.09	\$ 839.31	\$ 2,158.95
2027	\$ 258.16	\$ 1,061.48	\$ 856.10	\$ 2,175.74
2028	\$ 273.65	\$ 1,045.99	\$ 873.22	\$ 2,192.86
2029	\$ 290.07	\$ 1,029.57	\$ 890.69	\$ 2,210.32
2030	\$ 307.47	\$ 1,012.16	\$ 908.50	\$ 2,228.14
2031	\$ 325.92	\$ 993.71	\$ 926.67	\$ 2,246.31
2032	\$ 345.48	\$ 974.16	\$ 945.20	\$ 2,264.84
2033	\$ 366.21	\$ 953.43	\$ 964.11	\$ 2,283.74
2034	\$ 388.18	\$ 931.46	\$ 983.39	\$ 2,303.03
2035	\$ 411.47	\$ 908.17	\$ 1,003.06	\$ 2,322.69
2036	\$ 436.16	\$ 883.48	\$ 1,023.12	\$ 2,342.76
2037	\$ 462.33	\$ 857.31	\$ 1,043.58	\$ 2,363.22
2038	\$ 490.07	\$ 829.57	\$ 1,064.45	\$ 2,384.09
2039	\$ 519.47	\$ 800.17	\$ 1,085.74	\$ 2,405.38
2040	\$ 550.64	\$ 769.00	\$ 1,107.46	\$ 2,427.09
2041	\$ 583.68	\$ 735.96	\$ 1,129.61	\$ 2,449.24
2042	\$ 618.70	\$ 700.94	\$ 1,152.20	\$ 2,471.83
2043	\$ 655.82	\$ 663.82	\$ 1,175.24	\$ 2,494.88
2044	\$ 695.17	\$ 624.47	\$ 1,198.75	\$ 2,518.38
2045	\$ 736.88	\$ 582.76	\$ 1,222.72	\$ 2,542.36
2046	\$ 781.09	\$ 538.55	\$ 1,247.18	\$ 2,566.81
2047	\$ 827.96	\$ 491.68	\$ 1,272.12	\$ 2,591.76
2048	\$ 877.63	\$ 442.00	\$ 1,297.56	\$ 2,617.20
2049	\$ 930.29	\$ 389.34	\$ 1,323.51	\$ 2,643.15
2050	\$ 986.11	\$ 333.53	\$ 1,349.98	\$ 2,669.62
2051	\$ 1,045.28	\$ 274.36	\$ 1,376.98	\$ 2,696.62
2052	\$ 1,107.99	\$ 211.64	\$ 1,404.52	\$ 2,724.16
2053	\$ 1,174.47	\$ 145.16	\$ 1,432.61	\$ 2,752.25
2054	\$ 1,244.94	\$ 74.70	\$ 1,461.27	\$ 2,780.90
<b>Total</b>	<b>\$ 18,164.57</b>	<b>\$ 21,424.52</b>	<b>\$ 33,381.73</b>	<b>\$ 72,970.82</b>

**Footnotes:**

[a] Interest is calculated at a 6.00% rate for all years which is less than 2.0% above the Bond Buyer 25-Bond Revenue Index as of July 25, 2024.

[b] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

Annual Installment Schedule to Notice  
of Obligation to Pay Improvement District Assessment

**CLEARVIEW RANCH PUBLIC IMPROVEMENT DISTRICT NORTH ZONE  
IMPROVEMENT AREA #1-A LOT TYPE 3 BUYER DISCLOSURE**

**NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT**

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING<sup>1</sup> RETURN TO:

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NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
CITY OF ROYSE CITY, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

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STREET ADDRESS

**NORTH ZONE IMPROVEMENT AREA #1-A LOT TYPE 3 PRINCIPAL  
ASSESSMENT: \$19,173.71**

As the purchaser of the real property described above, you are obligated to pay assessments to City of Royse City, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within *Clearview Ranch Public Improvement District* (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Royse City. The exact amount of each annual installment will be approved each year by the Royse City 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 City of Royse 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.

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<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER]<sup>2</sup>

<sup>2</sup> To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.



[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

STATE OF TEXAS

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COUNTY OF \_\_\_\_\_

§

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>3</sup>

<sup>3</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

§  
§  
§

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

## ANNUAL INSTALLMENTS - NORTH ZONE IMPROVEMENT AREA #1-A LOT TYPE 3

Installment Due 1/31	Principal	Interest <sup>[a]</sup>	Annual Collection Costs	Total Annual Installment Due <sup>[b]</sup>
2025	\$ 242.53	\$ 1,150.42	\$ 868.57	\$ 2,261.52
2026	\$ 257.08	\$ 1,135.87	\$ 885.94	\$ 2,278.89
2027	\$ 272.50	\$ 1,120.45	\$ 903.66	\$ 2,296.61
2028	\$ 288.85	\$ 1,104.10	\$ 921.73	\$ 2,314.68
2029	\$ 306.18	\$ 1,086.77	\$ 940.17	\$ 2,333.12
2030	\$ 324.56	\$ 1,068.39	\$ 958.97	\$ 2,351.92
2031	\$ 344.03	\$ 1,048.92	\$ 978.15	\$ 2,371.10
2032	\$ 364.67	\$ 1,028.28	\$ 997.72	\$ 2,390.67
2033	\$ 386.55	\$ 1,006.40	\$ 1,017.67	\$ 2,410.62
2034	\$ 409.74	\$ 983.21	\$ 1,038.02	\$ 2,430.97
2035	\$ 434.33	\$ 958.62	\$ 1,058.78	\$ 2,451.73
2036	\$ 460.39	\$ 932.56	\$ 1,079.96	\$ 2,472.91
2037	\$ 488.01	\$ 904.94	\$ 1,101.56	\$ 2,494.51
2038	\$ 517.29	\$ 875.66	\$ 1,123.59	\$ 2,516.54
2039	\$ 548.33	\$ 844.62	\$ 1,146.06	\$ 2,539.01
2040	\$ 581.23	\$ 811.72	\$ 1,168.98	\$ 2,561.93
2041	\$ 616.10	\$ 776.85	\$ 1,192.36	\$ 2,585.31
2042	\$ 653.07	\$ 739.88	\$ 1,216.21	\$ 2,609.16
2043	\$ 692.25	\$ 700.70	\$ 1,240.53	\$ 2,633.48
2044	\$ 733.79	\$ 659.16	\$ 1,265.34	\$ 2,658.29
2045	\$ 777.82	\$ 615.13	\$ 1,290.65	\$ 2,683.60
2046	\$ 824.48	\$ 568.46	\$ 1,316.46	\$ 2,709.41
2047	\$ 873.95	\$ 519.00	\$ 1,342.79	\$ 2,735.74
2048	\$ 926.39	\$ 466.56	\$ 1,369.65	\$ 2,762.60
2049	\$ 981.97	\$ 410.98	\$ 1,397.04	\$ 2,789.99
2050	\$ 1,040.89	\$ 352.06	\$ 1,424.98	\$ 2,817.93
2051	\$ 1,103.35	\$ 289.60	\$ 1,453.48	\$ 2,846.43
2052	\$ 1,169.55	\$ 223.40	\$ 1,482.55	\$ 2,875.50
2053	\$ 1,239.72	\$ 153.23	\$ 1,512.20	\$ 2,905.15
2054	\$ 1,314.10	\$ 78.85	\$ 1,542.45	\$ 2,935.40
<b>Total</b>	<b>\$ 19,173.71</b>	<b>\$ 22,614.77</b>	<b>\$ 35,236.27</b>	<b>\$ 77,024.76</b>

**Footnotes:**

[a] Interest is calculated at a 6.00% rate for all years which is less than 2.0% above the Bond Buyer 25-Bond Revenue Index as of July 25, 2024.

[b] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

Annual Installment Schedule to Notice  
of Obligation to Pay Improvement District Assessment

**CLEARVIEW RANCH PUBLIC IMPROVEMENT DISTRICT SOUTH ZONE  
IMPROVEMENT AREA #1 INITIAL PARCEL BUYER DISCLOSURE**

**NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT**

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING<sup>1</sup> RETURN TO:

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NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
CITY OF ROYSE CITY, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

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STREET ADDRESS

**SOUTH ZONE IMPROVEMENT AREA #1 INITIAL PARCEL PRINCIPAL  
ASSESSMENT: \$3,527,000.00**

As the purchaser of the real property described above, you are obligated to pay assessments to City of Royse City, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within *Clearview Ranch Public Improvement District* (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Royse City. The exact amount of each annual installment will be approved each year by the Royse City 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 City of Royse 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.

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<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER]<sup>2</sup>

<sup>2</sup> To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

STATE OF TEXAS

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COUNTY OF \_\_\_\_\_

§

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>3</sup>

<sup>3</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

§  
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§

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.



## ANNUAL INSTALLMENTS - SOUTH ZONE IMPROVEMENT AREA #1 INITIAL PARCEL

Installment Due 1/31	Principal	Interest <sup>[a]</sup>	Additional Interest	Annual Collection Costs	Total Annual Installment Due <sup>[b]</sup>
2025	\$ 45,000.00	\$ 211,620.00	\$ 17,635.00	\$ 40,000.00	\$ 314,255.00
2026	\$ 47,000.00	\$ 208,920.00	\$ 17,410.00	\$ 40,800.00	\$ 314,130.00
2027	\$ 50,000.00	\$ 206,100.00	\$ 17,175.00	\$ 41,616.00	\$ 314,891.00
2028	\$ 53,000.00	\$ 203,100.00	\$ 16,925.00	\$ 42,448.32	\$ 315,473.32
2029	\$ 56,000.00	\$ 199,920.00	\$ 16,660.00	\$ 43,297.29	\$ 315,877.29
2030	\$ 60,000.00	\$ 196,560.00	\$ 16,380.00	\$ 44,163.23	\$ 317,103.23
2031	\$ 63,000.00	\$ 192,960.00	\$ 16,080.00	\$ 45,046.50	\$ 317,086.50
2032	\$ 67,000.00	\$ 189,180.00	\$ 15,765.00	\$ 45,947.43	\$ 317,892.43
2033	\$ 71,000.00	\$ 185,160.00	\$ 15,430.00	\$ 46,866.38	\$ 318,456.38
2034	\$ 75,000.00	\$ 180,900.00	\$ 15,075.00	\$ 47,803.70	\$ 318,778.70
2035	\$ 80,000.00	\$ 176,400.00	\$ 14,700.00	\$ 48,759.78	\$ 319,859.78
2036	\$ 85,000.00	\$ 171,600.00	\$ 14,300.00	\$ 49,734.97	\$ 320,634.97
2037	\$ 90,000.00	\$ 166,500.00	\$ 13,875.00	\$ 50,729.67	\$ 321,104.67
2038	\$ 95,000.00	\$ 161,100.00	\$ 13,425.00	\$ 51,744.27	\$ 321,269.27
2039	\$ 101,000.00	\$ 155,400.00	\$ 12,950.00	\$ 52,779.15	\$ 322,129.15
2040	\$ 107,000.00	\$ 149,340.00	\$ 12,445.00	\$ 53,834.73	\$ 322,619.73
2041	\$ 113,000.00	\$ 142,920.00	\$ 11,910.00	\$ 54,911.43	\$ 322,741.43
2042	\$ 120,000.00	\$ 136,140.00	\$ 11,345.00	\$ 56,009.66	\$ 323,494.66
2043	\$ 127,000.00	\$ 128,940.00	\$ 10,745.00	\$ 57,129.85	\$ 323,814.85
2044	\$ 135,000.00	\$ 121,320.00	\$ 10,110.00	\$ 58,272.45	\$ 324,702.45
2045	\$ 143,000.00	\$ 113,220.00	\$ 9,435.00	\$ 59,437.90	\$ 325,092.90
2046	\$ 152,000.00	\$ 104,640.00	\$ 8,720.00	\$ 60,626.65	\$ 325,986.65
2047	\$ 161,000.00	\$ 95,520.00	\$ 7,960.00	\$ 61,839.19	\$ 326,319.19
2048	\$ 170,000.00	\$ 85,860.00	\$ 7,155.00	\$ 63,075.97	\$ 326,090.97
2049	\$ 181,000.00	\$ 75,660.00	\$ 6,305.00	\$ 64,337.49	\$ 327,302.49
2050	\$ 192,000.00	\$ 64,800.00	\$ 5,400.00	\$ 65,624.24	\$ 327,824.24
2051	\$ 203,000.00	\$ 53,280.00	\$ 4,440.00	\$ 66,936.72	\$ 327,656.72
2052	\$ 215,000.00	\$ 41,100.00	\$ 3,425.00	\$ 68,275.46	\$ 327,800.46
2053	\$ 228,000.00	\$ 28,200.00	\$ 2,350.00	\$ 69,640.97	\$ 328,190.97
2054	\$ 242,000.00	\$ 14,520.00	\$ 1,210.00	\$ 71,033.79	\$ 328,763.79
<b>Total</b>	<b>\$ 3,527,000.00</b>	<b>\$ 4,160,880.00</b>	<b>\$ 346,740.00</b>	<b>\$ 1,622,723.17</b>	<b>\$ 9,657,343.17</b>

**Footnotes:**

[a] Interest is calculated at 6.00% for illustrative purposes.

[b] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

Annual Installment Schedule to Notice  
of Obligation to Pay Improvement District Assessment

**CLEARVIEW RANCH PUBLIC IMPROVEMENT DISTRICT SOUTH ZONE  
IMPROVEMENT AREA #1 LOT TYPE 4 BUYER DISCLOSURE**

**NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT**

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING<sup>1</sup> RETURN TO:

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NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
CITY OF ROYSE CITY, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

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STREET ADDRESS

**SOUTH ZONE IMPROVEMENT AREA #1 LOT TYPE 4 PRINCIPAL ASSESSMENT:  
\$21,908.30**

As the purchaser of the real property described above, you are obligated to pay assessments to City of Royse City, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within *Clearview Ranch Public Improvement District* (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Royse City. The exact amount of each annual installment will be approved each year by the Royse City 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 City of Royse 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.

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<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER]<sup>2</sup>

<sup>2</sup> To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

STATE OF TEXAS

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§

COUNTY OF \_\_\_\_\_

§

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>3</sup>

<sup>3</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

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COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

## ANNUAL INSTALLMENTS - SOUTH ZONE IMPROVEMENT AREA #1 LOT TYPE 4

Installment Due 1/31	Principal	Interest <sup>[a]</sup>	Additional Interest	Annual Collection Costs	Total Annual Installment Due <sup>[b]</sup>
2025	\$ 279.52	\$ 1,314.50	\$ 109.54	\$ 248.46	\$ 1,952.03
2026	\$ 291.95	\$ 1,297.73	\$ 108.14	\$ 253.43	\$ 1,951.25
2027	\$ 310.58	\$ 1,280.21	\$ 106.68	\$ 258.50	\$ 1,955.98
2028	\$ 329.21	\$ 1,261.58	\$ 105.13	\$ 263.67	\$ 1,959.59
2029	\$ 347.85	\$ 1,241.82	\$ 103.49	\$ 268.95	\$ 1,962.10
2030	\$ 372.70	\$ 1,220.95	\$ 101.75	\$ 274.32	\$ 1,969.72
2031	\$ 391.33	\$ 1,198.59	\$ 99.88	\$ 279.81	\$ 1,969.61
2032	\$ 416.18	\$ 1,175.11	\$ 97.93	\$ 285.41	\$ 1,974.62
2033	\$ 441.02	\$ 1,150.14	\$ 95.84	\$ 291.12	\$ 1,978.12
2034	\$ 465.87	\$ 1,123.68	\$ 93.64	\$ 296.94	\$ 1,980.12
2035	\$ 496.93	\$ 1,095.73	\$ 91.31	\$ 302.88	\$ 1,986.84
2036	\$ 527.99	\$ 1,065.91	\$ 88.83	\$ 308.93	\$ 1,991.66
2037	\$ 559.04	\$ 1,034.23	\$ 86.19	\$ 315.11	\$ 1,994.57
2038	\$ 590.10	\$ 1,000.69	\$ 83.39	\$ 321.41	\$ 1,995.60
2039	\$ 627.37	\$ 965.28	\$ 80.44	\$ 327.84	\$ 2,000.94
2040	\$ 664.64	\$ 927.64	\$ 77.30	\$ 334.40	\$ 2,003.98
2041	\$ 701.91	\$ 887.76	\$ 73.98	\$ 341.09	\$ 2,004.74
2042	\$ 745.39	\$ 845.65	\$ 70.47	\$ 347.91	\$ 2,009.42
2043	\$ 788.87	\$ 800.92	\$ 66.74	\$ 354.87	\$ 2,011.41
2044	\$ 838.57	\$ 753.59	\$ 62.80	\$ 361.96	\$ 2,016.92
2045	\$ 888.26	\$ 703.28	\$ 58.61	\$ 369.20	\$ 2,019.35
2046	\$ 944.16	\$ 649.98	\$ 54.17	\$ 376.59	\$ 2,024.90
2047	\$ 1,000.07	\$ 593.33	\$ 49.44	\$ 384.12	\$ 2,026.96
2048	\$ 1,055.97	\$ 533.33	\$ 44.44	\$ 391.80	\$ 2,025.55
2049	\$ 1,124.30	\$ 469.97	\$ 39.16	\$ 399.64	\$ 2,033.07
2050	\$ 1,192.63	\$ 402.51	\$ 33.54	\$ 407.63	\$ 2,036.31
2051	\$ 1,260.95	\$ 330.95	\$ 27.58	\$ 415.78	\$ 2,035.27
2052	\$ 1,335.49	\$ 255.30	\$ 21.27	\$ 424.10	\$ 2,036.16
2053	\$ 1,416.24	\$ 175.17	\$ 14.60	\$ 432.58	\$ 2,038.59
2054	\$ 1,503.21	\$ 90.19	\$ 7.52	\$ 441.23	\$ 2,042.15
<b>Total</b>	<b>\$ 21,908.30</b>	<b>\$ 25,845.71</b>	<b>\$ 2,153.81</b>	<b>\$ 10,079.70</b>	<b>\$ 59,987.53</b>

**Footnotes:**

[a] Interest is calculated at 6.00% for illustrative purposes.

[b] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

Annual Installment Schedule to Notice  
of Obligation to Pay Improvement District Assessment

**CLEARVIEW RANCH PUBLIC IMPROVEMENT DISTRICT SOUTH ZONE  
IMPROVEMENT AREA #1 LOT TYPE 5 BUYER DISCLOSURE**

**NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT**

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.



AFTER RECORDING<sup>1</sup> RETURN TO:

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NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
CITY OF ROYSE CITY, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

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STREET ADDRESS

**SOUTH ZONE IMPROVEMENT AREA #1 LOT TYPE 5 PRINCIPAL ASSESSMENT:  
\$23,270.17**

As the purchaser of the real property described above, you are obligated to pay assessments to City of Royse City, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within *Clearview Ranch Public Improvement District* (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Royse City. The exact amount of each annual installment will be approved each year by the Royse City 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 City of Royse 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.

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<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER]<sup>2</sup>

<sup>2</sup> To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

STATE OF TEXAS

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COUNTY OF \_\_\_\_\_

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The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>3</sup>

<sup>3</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

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COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

## ANNUAL INSTALLMENTS - SOUTH ZONE IMPROVEMENT AREA #1 LOT TYPE 5

Installment Due 1/31	Principal	Interest <sup>[a]</sup>	Additional Interest	Annual Collection Costs	Total Annual Installment Due <sup>[b]</sup>
2025	\$ 296.90	\$ 1,396.21	\$ 116.35	\$ 263.91	\$ 2,073.37
2026	\$ 310.09	\$ 1,378.40	\$ 114.87	\$ 269.19	\$ 2,072.54
2027	\$ 329.89	\$ 1,359.79	\$ 113.32	\$ 274.57	\$ 2,077.56
2028	\$ 349.68	\$ 1,340.00	\$ 111.67	\$ 280.06	\$ 2,081.41
2029	\$ 369.47	\$ 1,319.02	\$ 109.92	\$ 285.66	\$ 2,084.07
2030	\$ 395.86	\$ 1,296.85	\$ 108.07	\$ 291.38	\$ 2,092.16
2031	\$ 415.66	\$ 1,273.10	\$ 106.09	\$ 297.20	\$ 2,092.05
2032	\$ 442.05	\$ 1,248.16	\$ 104.01	\$ 303.15	\$ 2,097.37
2033	\$ 468.44	\$ 1,221.63	\$ 101.80	\$ 309.21	\$ 2,101.09
2034	\$ 494.83	\$ 1,193.53	\$ 99.46	\$ 315.40	\$ 2,103.21
2035	\$ 527.82	\$ 1,163.84	\$ 96.99	\$ 321.70	\$ 2,110.35
2036	\$ 560.81	\$ 1,132.17	\$ 94.35	\$ 328.14	\$ 2,115.46
2037	\$ 593.80	\$ 1,098.52	\$ 91.54	\$ 334.70	\$ 2,118.56
2038	\$ 626.78	\$ 1,062.89	\$ 88.57	\$ 341.39	\$ 2,119.65
2039	\$ 666.37	\$ 1,025.29	\$ 85.44	\$ 348.22	\$ 2,125.32
2040	\$ 705.96	\$ 985.30	\$ 82.11	\$ 355.19	\$ 2,128.56
2041	\$ 745.54	\$ 942.95	\$ 78.58	\$ 362.29	\$ 2,129.36
2042	\$ 791.73	\$ 898.21	\$ 74.85	\$ 369.54	\$ 2,134.33
2043	\$ 837.91	\$ 850.71	\$ 70.89	\$ 376.93	\$ 2,136.44
2044	\$ 890.69	\$ 800.44	\$ 66.70	\$ 384.47	\$ 2,142.30
2045	\$ 943.47	\$ 746.99	\$ 62.25	\$ 392.15	\$ 2,144.87
2046	\$ 1,002.85	\$ 690.39	\$ 57.53	\$ 400.00	\$ 2,150.77
2047	\$ 1,062.23	\$ 630.21	\$ 52.52	\$ 408.00	\$ 2,152.96
2048	\$ 1,121.61	\$ 566.48	\$ 47.21	\$ 416.16	\$ 2,151.46
2049	\$ 1,194.19	\$ 499.18	\$ 41.60	\$ 424.48	\$ 2,159.45
2050	\$ 1,266.76	\$ 427.53	\$ 35.63	\$ 432.97	\$ 2,162.89
2051	\$ 1,339.34	\$ 351.53	\$ 29.29	\$ 441.63	\$ 2,161.79
2052	\$ 1,418.51	\$ 271.17	\$ 22.60	\$ 450.46	\$ 2,162.74
2053	\$ 1,504.28	\$ 186.06	\$ 15.50	\$ 459.47	\$ 2,165.31
2054	\$ 1,596.65	\$ 95.80	\$ 7.98	\$ 468.66	\$ 2,169.09
<b>Total</b>	<b>\$ 23,270.17</b>	<b>\$ 27,452.34</b>	<b>\$ 2,287.69</b>	<b>\$ 10,706.28</b>	<b>\$ 63,716.48</b>

**Footnotes:**

[a] Interest is calculated at 6.00% for illustrative purposes.

[b] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

Annual Installment Schedule to Notice  
of Obligation to Pay Improvement District Assessment

**CLEARVIEW RANCH PUBLIC IMPROVEMENT DISTRICT SOUTH ZONE  
IMPROVEMENT AREA #1 LOT TYPE 6 BUYER DISCLOSURE**

**NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT**

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING<sup>1</sup> RETURN TO:

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NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
CITY OF ROYSE CITY, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

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STREET ADDRESS

**SOUTH ZONE IMPROVEMENT AREA #1 LOT TYPE 6 PRINCIPAL ASSESSMENT:  
\$24,572.83**

As the purchaser of the real property described above, you are obligated to pay assessments to City of Royse City, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within *Clearview Ranch Public Improvement District* (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Royse City. The exact amount of each annual installment will be approved each year by the Royse City 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 City of Royse 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.

---

<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER]<sup>2</sup>

<sup>2</sup> To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.



[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

STATE OF TEXAS

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COUNTY OF \_\_\_\_\_

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The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>3</sup>

<sup>3</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

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COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

## ANNUAL INSTALLMENTS - SOUTH ZONE IMPROVEMENT AREA #1 LOT TYPE 6

Installment Due 1/31	Principal	Interest <sup>[a]</sup>	Additional Interest	Annual Collection Costs	Total Annual Installment Due <sup>[b]</sup>
2025	\$ 313.52	\$ 1,474.37	\$ 122.86	\$ 278.68	\$ 2,189.43
2026	\$ 327.45	\$ 1,455.56	\$ 121.30	\$ 284.26	\$ 2,188.56
2027	\$ 348.35	\$ 1,435.91	\$ 119.66	\$ 289.94	\$ 2,193.87
2028	\$ 369.25	\$ 1,415.01	\$ 117.92	\$ 295.74	\$ 2,197.92
2029	\$ 390.16	\$ 1,392.85	\$ 116.07	\$ 301.65	\$ 2,200.74
2030	\$ 418.02	\$ 1,369.45	\$ 114.12	\$ 307.69	\$ 2,209.28
2031	\$ 438.92	\$ 1,344.36	\$ 112.03	\$ 313.84	\$ 2,209.16
2032	\$ 466.79	\$ 1,318.03	\$ 109.84	\$ 320.12	\$ 2,214.78
2033	\$ 494.66	\$ 1,290.02	\$ 107.50	\$ 326.52	\$ 2,218.71
2034	\$ 522.53	\$ 1,260.34	\$ 105.03	\$ 333.05	\$ 2,220.95
2035	\$ 557.36	\$ 1,228.99	\$ 102.42	\$ 339.71	\$ 2,228.48
2036	\$ 592.20	\$ 1,195.55	\$ 99.63	\$ 346.51	\$ 2,233.88
2037	\$ 627.04	\$ 1,160.02	\$ 96.67	\$ 353.44	\$ 2,237.16
2038	\$ 661.87	\$ 1,122.39	\$ 93.53	\$ 360.51	\$ 2,238.30
2039	\$ 703.67	\$ 1,082.68	\$ 90.22	\$ 367.72	\$ 2,244.29
2040	\$ 745.48	\$ 1,040.46	\$ 86.71	\$ 375.07	\$ 2,247.71
2041	\$ 787.28	\$ 995.73	\$ 82.98	\$ 382.57	\$ 2,248.56
2042	\$ 836.05	\$ 948.50	\$ 79.04	\$ 390.22	\$ 2,253.81
2043	\$ 884.82	\$ 898.33	\$ 74.86	\$ 398.03	\$ 2,256.04
2044	\$ 940.55	\$ 845.24	\$ 70.44	\$ 405.99	\$ 2,262.22
2045	\$ 996.29	\$ 788.81	\$ 65.73	\$ 414.11	\$ 2,264.94
2046	\$ 1,058.99	\$ 729.03	\$ 60.75	\$ 422.39	\$ 2,271.17
2047	\$ 1,121.70	\$ 665.49	\$ 55.46	\$ 430.84	\$ 2,273.49
2048	\$ 1,184.40	\$ 598.19	\$ 49.85	\$ 439.45	\$ 2,271.90
2049	\$ 1,261.04	\$ 527.13	\$ 43.93	\$ 448.24	\$ 2,280.34
2050	\$ 1,337.68	\$ 451.47	\$ 37.62	\$ 457.21	\$ 2,283.97
2051	\$ 1,414.31	\$ 371.21	\$ 30.93	\$ 466.35	\$ 2,282.80
2052	\$ 1,497.92	\$ 286.35	\$ 23.86	\$ 475.68	\$ 2,283.81
2053	\$ 1,588.49	\$ 196.47	\$ 16.37	\$ 485.19	\$ 2,286.53
2054	\$ 1,686.03	\$ 101.16	\$ 8.43	\$ 494.90	\$ 2,290.52
<b>Total</b>	<b>\$ 24,572.83</b>	<b>\$ 28,989.11</b>	<b>\$ 2,415.76</b>	<b>\$ 11,305.61</b>	<b>\$ 67,283.31</b>

**Footnotes:**

[a] Interest is calculated at 6.00% for illustrative purposes.

[b] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

Annual Installment Schedule to Notice  
of Obligation to Pay Improvement District Assessment

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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**Proposed Form of Opinion of Bond Counsel**

*An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.*

**CITY OF ROYSE CITY, TEXAS  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024  
(CLEARVIEW RANCH PUBLIC IMPROVEMENT DISTRICT  
SOUTH ZONE IMPROVEMENT AREA #1 PROJECT)**

**IN THE AGGREGATE PRINCIPAL AMOUNT OF \$\_\_\_\_\_**

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**AS BOND COUNSEL** for the City of Royse City, Texas (the "Issuer"), we have examined into the legality and validity of the issue of the bonds described above (the "Bonds"), which bear interest from the date specified in the text of the Bonds, until maturity or prior redemption, at the rates and payable on the dates as stated in the text of the Bonds, and maturing and subject to redemption on the dates specified in the text of the Bonds, all in accordance with the Ordinance authorizing the issuance of the Bonds (the "Bond Ordinance") and the Trust Indenture (as defined below).

**WE HAVE EXAMINED** the applicable and pertinent provisions of the Constitution and laws of the State of Texas, and have examined and relied upon a transcript of certified proceedings of the Issuer and other pertinent instruments furnished by the Issuer relating to the authorization, issuance and delivery of the Bonds; and we have examined various certificates and documents executed by officers and officials of the Issuer upon which certificates and documents we rely as to certain matters stated below. We have also examined one executed Bond which we found to be in proper form and duly executed.

**BASED ON SAID EXAMINATION, IT IS OUR OPINION** that the Bonds have been duly authorized, and have been duly issued and delivered, all in accordance with law, and that, except as may be limited by laws relating to governmental immunity, bankruptcy, reorganization, and other similar matters affecting creditors' rights or by general principles of equity which permit the exercise of judicial discretion, (i) the Bonds constitute valid and legally binding obligations of the Issuer which are payable as to principal and interest from the sources provided in the Bond Ordinance and the Indenture of Trust between the Issuer and UMB Bank, N.A., dated as of September 1, 2024 (the "Trust Indenture"), (ii) the covenants and agreements in the Trust Indenture constitute valid and binding obligations of the Issuer, (iii) the Bonds constitute valid and legally binding special obligations of the Issuer secured as Bonds under the Trust Indenture, and (iv) the Bonds are payable in accordance with the priorities established in the Trust Indenture from the sources provided therein.



**THE ISSUER** has reserved the right, subject to the restrictions stated in the Trust Indenture, to amend the Trust Indenture in the manner provided therein; and under some (but not all) circumstances amendments thereto must be approved by the registered owners of a majority in principal amount of all outstanding bonds affected by such amendment and secured by the Trust Indenture.

**THE REGISTERED OWNERS** of the Bonds shall never have the right to demand payment of the principal thereof or interest thereon out of any funds raised or to be raised by taxation, or from any source whatsoever other than specified in the Trust Indenture.

**IT IS FURTHER OUR OPINION**, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual or corporate alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance by the Issuer with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed and refinanced therewith. In expressing the aforementioned opinions, we have relied on certain representations and covenants regarding the use and investment of the proceeds of the Bonds. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the Issuer to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

**EXCEPT AS STATED ABOVE**, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

**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 (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted,



respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

**WE EXPRESS NO OPINION** as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

**OUR SOLE ENGAGEMENT** in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering our opinions with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds. Our role in connection with the Issuer's Private Placement Memorandum prepared for use in connection with the sale of the Bonds has been limited as described therein.

Respectfully,



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APPENDIX E-1

FORM OF DISCLOSURE AGREEMENT OF ISSUER

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**CITY OF ROYSE CITY, TEXAS  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024  
(CLEARVIEW RANCH PUBLIC IMPROVEMENT DISTRICT  
SOUTH ZONE IMPROVEMENT AREA #1 PROJECT)**

**CONTINUING DISCLOSURE AGREEMENT OF THE ISSUER**

This Continuing Disclosure Agreement of the Issuer dated as of September 1, 2024 (this “Disclosure Agreement”) is executed and delivered by and among the City of Royse City, Texas (the “Issuer”), P3Works, LLC (as more fully defined herein, the “Administrator”) and UMB Bank, N.A., Dallas, Texas, acting solely in its capacity as dissemination agent (as more fully defined herein, the “Dissemination Agent”), with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2024 (Clearview Ranch Public Improvement District South Zone Improvement Area #1 Project)” (the “Bonds”). The Issuer, the Administrator, and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Administrator, and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of September 1, 2024, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Administrator” shall mean the Issuer or independent firm designated by 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 Issuer has selected P3Works, LLC as the current Administrator.

“Annual Collection Costs” shall have the meaning assigned to such term in the Indenture.

“Annual Collections Report” shall mean any Annual Collection Report provided by the Issuer pursuant to, and as described in, Section 5 of this Disclosure Agreement.

“Annual Collections Report Filing Date” shall mean, for each Fiscal Year succeeding the reporting Fiscal Year, the date that is three (3) months after the Final Assessment Payment Date, which Annual Collections Report Filing Date is currently April 30.

“Annual Financial Information” shall mean annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

“Annual Financial Statements” shall mean audited or unaudited financial statements of the Issuer prepared in accordance with generally accepted accounting principles for

governmental units as prescribed by the Government Accounting Standards Board from time to time, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation.

“Annual Financials Filing Date” shall mean, for each Fiscal Year, the date on which the Annual Financial Statements must be filed with the MSRB, which date is twelve (12) months after the end of the Issuer’s Fiscal Year. The Annual Financials Filing Date is currently September 30.

“Annual Information Filing Date” shall mean, for each Fiscal Year, the date on which the Annual Financial Information must be filed with the MSRB, which date is six (6) months after the end of the Issuer’s Fiscal Year. The Annual Information Filing Date is currently March 31.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Annual Service Plan Update” shall mean the annual review and update of the Service and Assessment Plan required by the PID Act and the Service and Assessment Plan.

“Assessment” or “Assessments” shall have the meaning assigned to such terms in the Indenture.

“Business Day” shall have the meaning assigned to such term in the Indenture.

“Collections Reporting Date” shall mean, for each Tax Year, the date that is one (1) month after the Delinquency Date, which Collections Reporting Date is currently March 1.

“Delinquency Date” shall mean February 1 of the year following the year in which the Assessments were billed or as may be otherwise defined in Section 31.02 of the Texas Tax Code, as amended.

“Developer” shall mean Clearview Ranch Land, LLC, a Texas limited liability company, including its affiliates, successors and assigns. Defined as the “South Zone Improvement Area #1 Developer” in the Indenture.

“Disclosure Agreement of Developer” shall mean the City of Royse City, Texas, Special Assessment Revenue Bonds, Series 2024 (Clearview Ranch Public Improvement District South Zone Improvement Area #1 Project) Continuing Disclosure Agreement of Developer dated as of September 1, 2024 executed and delivered by the Developer, the Administrator and the Dissemination Agent.

“Disclosure Representative” shall mean the Director of Finance of the Issuer or their 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 UMB Bank, N.A., Dallas, Texas, a national banking association duly organized and existing under the laws of the United States, acting solely

in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean Clearview Ranch Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System currently available on the internet at <http://emma.msrb.org>.

“Filing Date” means, collectively, an Annual Financials Filing Date, an Annual Information Filing Date and an Annual Collections Report Filing Date, or, individually, as the context requires, an Annual Financials Filing Date, an Annual Information Filing Date or an Annual Collections Report Filing Date.

“Final Assessment Payment Date” shall mean the calendar day preceding the Delinquency Date.

“Financial Obligation” shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean the Issuer’s fiscal year, currently the one-year period from October 1 through September 30.

“Listed Events” shall mean any of the events listed in Section 6(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive continuing disclosure reports pursuant to the Rule.

“Other Obligations” means any bonds, temporary notes, time warrants, or an obligation under an installment sale contract or reimbursement agreement secured in whole or in part by an assessment, other than the Assessments securing the Bonds, levied against property within South Zone Improvement Area #1 in accordance with the PID Act

“Outstanding” shall have the meaning assigned to such term in the Indenture.

“Owner” shall have the meaning assigned to such term in the Indenture.

“Participating Underwriter” shall mean FMSbonds, Inc., and its successors and assigns.

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

“Prepayment” shall have the meaning assigned to such term in the Indenture.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SAP Update” shall have the meaning assigned to such term in Section 4(a)(iii) of this Disclosure Agreement.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“South Zone Improvement Area #1” shall have the meaning assigned to such term in the Indenture.

“Tax Year” means the calendar year or as may be otherwise defined in Section 1.04 of the Texas Tax Code, as amended.

“Trust Estate” shall have the meaning assigned to such term in the Indenture.

“Trustee” shall have the meaning assigned to such term in the Indenture.

### SECTION 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) For each Fiscal Year, commencing with the Fiscal Year ending September 30, 2025, the Issuer shall cause, pursuant to written direction, and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, the Annual Financial Information and the Annual Financial Statements.

(i) The Issuer shall provide or caused to be provided the Annual Financial Information to the MSRB not later than the Annual Information Filing Date; and

(ii) The Issuer shall provide or caused to be provided audited Annual Financial Statements to the MSRB not later than the Annual Financials Filing Date, or if audited Annual Financial Statements are not available by the Annual Financials Filing Date, unaudited Annual Financial Statements, provided to the Dissemination Agent which is consistent with the requirements specified in Section 4 of this Disclosure Agreement.

In each case, the Annual Financial Information and Annual Financial Statements may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the Issuer’s Fiscal Year changes, it shall file notice of such change (including the date of the new Fiscal Year) with the MSRB prior to the next Annual Information Filing Date. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(b) Not later than ten (10) days prior to the applicable Filing Date, the Issuer shall provide the Annual Financial Information or Annual Financial Statements, as applicable, to the Dissemination Agent together with written direction to file such Annual Financial Information or Annual Financial

Statements with the MSRB. The Dissemination Agent shall provide such Annual Financial Information or Annual Financial Statements to the MSRB not later than ten (10) days from receipt of such Annual Financial Information or Annual Financial Statements from the Issuer, but in no event later than the applicable Filing Date for such Fiscal Year.

If by the fifth (5<sup>th</sup>) day before the applicable Filing Date, the Dissemination Agent has not received a copy of the Annual Financial Information or Annual Financial Statements, as applicable, 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 Financial Information or Annual Financial Statements pursuant to subsection (a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Financial Information or Annual Financial Statements, as applicable, no later than two (2) Business Days prior to the applicable Filing Date; or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Financial Information by the Annual Information Filing Date or the Annual Financial Statements by the Annual Financials Filing Date, as applicable, state the date by which the Annual Financial Information or Annual Financial Statements for such year will be provided and instruct the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Financial Information, Annual Financial Statements or the notice of failure to file, as applicable, to the MSRB, no later than the applicable Filing Date; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than the applicable Filing Date.

(c) The Dissemination Agent, pursuant to written direction, shall:

(i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Financial Information and the Annual Financial Statements on the dates required in subsection (a);

(ii) on behalf of the Issuer, file the Annual Financial Information and the Annual Financial Statements 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 Financial Information and the Annual Financial Statements, as applicable, and the Dissemination Agent has filed such Annual Financial Information or Annual Financial Statements with the MSRB, then the Dissemination Agent shall file a report with the Issuer certifying that the Annual Financial Information or Annual Financial Statements has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB.

#### SECTION 4. Content of Annual Financial Information and Annual Financial Statements.

(a) Annual Financial Information. The Annual Financial Information for the Bonds shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Information Filing Date, the following Annual Financial Information (any or all of which may be unaudited):



(i) Tables setting forth the following information, as of the end of such Fiscal Year:

(A) for the Bonds, the maturity date or dates, the interest rate or rates, the original aggregate principal amount, the aggregate principal amount Outstanding and the total interest amount due on aggregate principal amount Outstanding;

(B) the amounts in the funds and accounts securing the Bonds and a description of the related investments; and

(C) the assets and liabilities of the Trust Estate.

(ii) Financial information and operating data with respect to the Issuer of the general type and in substantially similar form to that shown in the tables provided under Sections 4(a)(ii) of Exhibit B attached hereto. Such information shall be provided as of the end of the reporting Fiscal Year.

(iii) Any updates to the Service and Assessment Plan, including the Annual Service Plan Update (collectively, a “SAP Update”).

(iv) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer’s audited financial statements during such Fiscal Year.

(b) Annual Financial Statements. The Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Financials Filing Date 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 the audited financial statements of the Issuer are not available by the Annual Financials Filing Date, the Issuer shall provide unaudited financial statements of the Issuer no later than the Annual Financials Filing Date and audited financial statements when and if available.

(c) See Exhibit B hereto for a form for submitting the information set forth in subsection 4(a) above. The Issuer has designated P3Works, LLC as the initial Administrator. The Administrator, and if no Administrator is designated, Issuer’s staff, shall prepare the Annual Financial Information. In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of the Annual Financial Information under this Section 4.

Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to and are publicly accessible from the MSRB. If the document included by reference is a final offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference. The Dissemination Agent has no duty or obligation to determine whether or not the information contained in any completed forms containing financial information and operating data as shown in Exhibit B provided to it has been accurately completed and shall only be required to file the forms as completed and provided to it by either the Administrator or the Issuer.

SECTION 5. Annual Collections Report.

(a) For each Fiscal Year succeeding the reporting Fiscal Year, the Issuer shall cause, pursuant to written direction, and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, not later than the Annual Collections Report Filing Date, an Annual Collections Report provided to the Dissemination Agent which complies with the requirements specified in this Section 5; provided that the Issuer may provide the Annual Collections Report as part of the Annual Financial Information, if such Annual Collections Report is available when the Annual Financial Information is provided to the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Not later than ten (10) days prior to the Annual Collections Report Filing Date, the Issuer shall provide the Annual Collections Report to the Dissemination Agent together with written direction to file such Annual Collections Report with the MSRB. The Dissemination Agent shall provide such Annual Collections Report to the MSRB not later than ten (10) days from receipt of such Annual Collections Report from the Issuer, but in no event later than the Annual Collections Report Filing Date.

If by the fifth (5<sup>th</sup>) day before the Annual Collections Report Filing Date, the Dissemination Agent has not received a copy of the Annual Collections Report, the Dissemination Agent shall contact the Disclosure Representative in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Collections Report pursuant to this subsection 5(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Collections Report no later than two (2) Business Days prior to the Annual Collections Report Filing Date; or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Collections Report by the Annual Collections Report Filing Date, state the date by which the Annual Collections Report for such year will be provided and instruct the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Collections Report or the notice of failure to file, as applicable, to the MSRB, no later than the Annual Collections Report Filing Date; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than on the last Business Day prior to the Annual Collections Report Filing Date; or the Issuer will notify the Dissemination Agent in writing that the Issuer will provide or cause to be provided the Annual Collections Report to the MSRB through alternate means. If the Issuer so notifies the Dissemination Agent, the Issuer will provide the Dissemination Agent with a written report certifying that the Annual Collections Report has been provided to the MSRB pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB prior to the second (2<sup>nd</sup>) Business Day prior to the Annual Collections Report Filing Date. In the event the Issuer fails to provide the Dissemination Agent with such a report, the Dissemination Agent shall file a notice of failure to file no later than the applicable Annual Collections Report Filing Date.

(b) The Annual Collections Report for the Bonds shall contain, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Collections Report Filing Date, certain financial information and operating data with respect to collection of the Assessments of the general type and in substantially similar form to that shown in the tables provided in Exhibit C attached hereto. Such information shall cover the period beginning the first (1<sup>st</sup>) day of the

Fiscal Year succeeding the reporting Fiscal Year through the Collections Reporting Date. If the State Legislature amends the definition of Delinquency Date or Tax Year, the Issuer shall file notice of such change or changes with the MSRB prior to the next Annual Collections Report Filing Date. The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Collections Report. In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of the Annual Collections Report under this Section 5.

SECTION 6.      Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 6(a), 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.

The sale by the Developer of real property within South Zone Improvement Area #1 will not constitute a Listed Event for the purposes of paragraph (10) above.

For these purposes, any event described in paragraph (12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

The Issuer intends the words used in paragraphs (15) and (16) above and the definition of Financial Obligation to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018. For the avoidance of doubt, the incurrence of Other Obligations without the filing of a corresponding official statement with the MSRB will constitute the incurrence of a material Financial Obligation for which a notice of a Listed Event in accordance with this Section 6 must be filed with the MSRB.

Upon the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent 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; provided, however, the failure of the Issuer to provide timely written notice to the Dissemination Agent in accordance with this paragraph shall not constitute a failure of the Dissemination Agent to comply with the MSRB's ten (10) Business Day filing requirement.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Dissemination Agent to disseminate such information as provided herein, and the date the Issuer desires for the Dissemination Agent to disseminate the information. In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures made under this Section 6. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 6 is filed within ten (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the

Disclosure Representative in writing of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the Disclosure Representative to do so. If the Dissemination Agent has been instructed in writing by the Disclosure Representative on behalf of the Issuer to report the occurrence of a Listed Event under this subsection (b), the Dissemination Agent shall file a notice of such occurrence with the MSRB no later than two (2) Business Days following the day on which it receives such written instructions. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Issuer and not that of the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer, the Participating Underwriter, 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 the occurrence of the event, notify the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (b).

SECTION 7. Termination of Reporting Obligations. The obligations of the Issuer, the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent and the Administrator of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. So long as any of the Bonds remain Outstanding, the Administrator and Dissemination Agent may assume that the Issuer is an obligated person with respect to the Bonds until they receive written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Bonds, and the Administrator and 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 the Bonds under Section 6(a).

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Issuer discharges the Dissemination Agent without appointing a successor Dissemination Agent, the Issuer shall use best efforts to appoint a successor Dissemination Agent within thirty (30) days of such discharge. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be UMB Bank, N.A., Dallas, Texas. The Issuer will give prompt written notice to the Developer, or any other party responsible for providing quarterly information pursuant to the Disclosure Agreement of Developer, of any change in the identity of the Dissemination Agent under the

Disclosure Agreement of Developer. The Dissemination Agent may resign at any time with thirty (30) days' written notice to the Issuer.

SECTION 9. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer, the Administrator, and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested in writing by the Issuer or the Administrator), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5 or 6(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the delivery of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Financial Information, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 6(a), and (ii) the Annual Financial Information for the fiscal year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Financial Information, Annual Financial Statements, Annual Collections Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Financial Information, Annual Financial Statements, Annual Collections Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any

future Annual Financial Information, Annual Financial Statements, Annual Collections Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Owner or beneficial owner of the Bonds may, and the Trustee (at the written request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction) shall, take such actions as may be necessary and appropriate to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance. A default under this Disclosure Agreement shall not be deemed a default under the Disclosure Agreement of Developer, and a default under the Disclosure Agreement of Developer shall not be deemed a default under this Disclosure Agreement.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. To the extent permitted by law, the Issuer agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees and agents, but only from Annual Collection Costs collected from the property owners in South Zone Improvement Area #1, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Dissemination Agent for losses, expenses or liabilities arising from information provided to the Dissemination Agent by the Developer or the failure of the Developer to provide information to the Dissemination Agent as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive termination of this Disclosure Agreement, resignation or removal of the Dissemination Agent and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. If the Issuer does not provide the Dissemination Agent with the Annual Financial Information or Annual Financial Statements in accordance with Section 3(a) and 3(b), respectively, or the Annual Collections Report in accordance with Section 5(a), the Dissemination Agent shall not be responsible for the failure to submit Annual Financial Information, Annual Financial Statements, or the Annual Collections Report, as applicable, to the MSRB. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The 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 the Dissemination Agent has actual knowledge of any event described in Section 6 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement.

The Dissemination Agent may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(b) The Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. To the extent permitted by law, the Issuer agrees to hold harmless the Administrator, its officers, directors, employees and agents, but only from Annual Collection Costs collected from the property owners in South Zone Improvement Area #1, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Administrator for losses, expenses or liabilities arising from information provided to the Administrator by third parties, or the failure of any third party to provide information to the Administrator as and when required under this Disclosure Agreement, or the failure of the Developer to provide information to the Administrator as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

The Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(c) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY PARTY TO THIS DISCLOSURE AGREEMENT WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

SECTION 13. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set



forth in Exhibit D which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments. Failure to adhere to such expected timeline shall not constitute a default by the Issuer under this Disclosure Agreement, the Indenture, the Bonds or any other document related to the Bonds.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, the Administrator or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council members, officer, agent or employee of the Issuer, the Administrator, or the Dissemination Agent in other than that person's official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 16. Sovereign Immunity. The Dissemination Agent and the Administrator agree that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 17. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Administrator, the Dissemination Agent, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 18. Dissemination Agent and Administrator Compensation. The fees and expenses incurred by the Dissemination Agent and the Administrator for their respective services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent and the Administrator, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in South Zone Improvement Area #1, for the fees and expenses for their respective services rendered in accordance with this Disclosure Agreement.

SECTION 19. Statutory Verifications. The Dissemination Agent and the Administrator, each individually, make the following 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 the Administrator within the meaning of Securities and Exchange Commission 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 the Administrator, each individually, represent that neither the Dissemination Agent, the Administrator, nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Dissemination Agent and the Administrator and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) No Boycott of Israel. The Dissemination Agent and the Administrator, each individually, hereby verify that the Dissemination Agent, the Administrator and any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent and the Administrator, if any, do not boycott Israel and will not boycott Israel during the term of this Disclosure Agreement. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.

(c) No Discrimination Against Firearm Entities. The Dissemination Agent and the Administrator, each individually, hereby verify that the Dissemination Agent, the Administrator and any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent and the Administrator, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Disclosure Agreement. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

(d) No Boycott of Energy Companies. The Dissemination Agent and the Administrator, each individually, hereby verify that the Dissemination Agent, the Administrator and any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent and the Administrator, if any, do not boycott energy companies and will not boycott energy companies during the term of this Disclosure Agreement. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

SECTION 20. Disclosure of Interested Parties. Pursuant to Section 2252.908(c)(4), Texas Government Code, as amended, the Dissemination Agent hereby certifies it is a publicly traded business entity and is not required to file a Certificate of Interested Parties Form 1295 related to this Disclosure Agreement. Submitted herewith is a completed Form 1295 in connection with the Administrator’s participation in the execution of this Disclosure Agreement generated by the Texas Ethics Commission’s (the “TEC”) electronic filing application in accordance with the provisions of Section 2252.908 of the

Texas Government Code and the rules promulgated by the TEC (the “Form 1295”). The Issuer hereby confirms receipt of the Form 1295 from the Administrator, and the Issuer agrees to acknowledge such form with the TEC through its electronic filing application not later than the thirtieth (30th) day after the receipt of such form. The Administrator and the Issuer understand and agree that, with the exception of information identifying the Issuer and the contract identification number, neither the Issuer nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Administrator; and, neither the Issuer nor its consultants have verified such information.

SECTION 21. Governing Law and Venue. This Disclosure Agreement shall be governed by the laws of the State of Texas. Venue of any action to enforce the rights and privileges existing under this Disclosure Agreement shall be brought in the state district court of Collin County, Texas.

SECTION 22. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. The Issuer, the Administrator, and the Dissemination Agent agree that electronic signatures to this Disclosure Agreement may be regarded as original signatures.

*(Signature pages follow)*

CITY OF ROYSE CITY, TEXAS  
(as Issuer)

By: \_\_\_\_\_  
Mayor

UMB BANK, N.A.  
(as Dissemination Agent)

By: \_\_\_\_\_  
Authorized Officer

P3WORKS, LLC  
(as Administrator)

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**NOTICE TO MSRB OF FAILURE TO FILE  
[ANNUAL FINANCIAL INFORMATION][ANNUAL FINANCIAL  
STATEMENTS][ANNUAL COLLECTIONS REPORT]**

Name of Issuer: City of Royse City, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024  
(Clearview Ranch Public Improvement District South Zone  
Improvement Area #1 Project) (the “Bonds”)  
CUSIP Nos. [insert CUSIP NOs.]  
Date of Delivery: \_\_\_\_\_, 20\_\_

NOTICE IS HEREBY GIVEN that the City of Royse City, Texas, has not provided [Annual Financial Information][[audited][unaudited] Annual Financial Statements][Annual Collections Report] for fiscal year ended \_\_\_\_\_ with respect to the Bonds as required by the Continuing Disclosure Agreement of the Issuer dated as of September 1, 2024, by and among the Issuer, P3Works, LLC, as the “Administrator,” and UMB Bank, N.A., as “Dissemination Agent.” The Issuer anticipates that [Annual Financial Information][[audited][unaudited] Annual Financial Statements][Annual Collections Report] will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

UMB BANK, N.A.,  
on behalf of the City of Royse City, Texas  
(as Dissemination Agent)

By: \_\_\_\_\_

Title: \_\_\_\_\_

cc: City of Royse City, Texas

## EXHIBIT B

**CITY OF ROYSE CITY, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024  
(CLEARVIEW RANCH PUBLIC IMPROVEMENT DISTRICT  
SOUTH ZONE IMPROVEMENT AREA #1 PROJECT)**

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**ANNUAL FINANCIAL INFORMATION<sup>1</sup>**

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Delivery Date: \_\_\_\_\_, 20\_\_

CUSIP NOS: [insert CUSIP NOs.]

**DISSEMINATION AGENT**

Name: UMB Bank, N.A.  
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

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<sup>1</sup> Excluding Annual Financial Statements of the Issuer.



**Section 4(a)(i)(B)****INVESTMENTS**

Fund/ Account Name	Investment Description	Par Value	Book Value	Market Value

**Section 4(a)(i)(C)****ASSETS AND LIABILITIES OF TRUST ESTATE**

Cash Position of Trust Estate for statements dated September 30, 20[ ]		
[List of Funds/Accounts Held Under Indenture]	Amount In the Fund	
Total		A
Bond Principal Amount Outstanding		B
Outstanding Assessment Amount to be collected		C
<b>Net Position of Trust Estate and Outstanding Bonds and Assessments</b>		A-B+C

September 30, 20[ ] Trust Statements:      ☐ Audited                      ☐ Unaudited

Accounting Type:              ☐ Cash              ☐ Accrual              ☐ Modified Accrual

**Section 4(a)(ii)**

**FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE AND IN SUBSTANTIALLY SIMILAR FORM PROVIDED IN THE FOLLOWING TABLES AS OF THE END OF THE FISCAL YEAR**

**Debt Service Requirements on the Bonds**

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

**Top [Five] Assessment Payers in South Zone Improvement Area #1<sup>(1)</sup>**

<u>Property Owner</u>	<u>No. of Parcels/Lots</u>	<u>Percentage of Parcels/Lots</u>	<u>Outstanding Assessments</u>	<u>Percentage of Total Assessments</u>
-----------------------	----------------------------	---------------------------------------	------------------------------------	--

<sup>(1)</sup> Does not include those owing less than one percent (1%) of total Assessments.

**Assessed Value of South Zone Improvement Area #1 of the District**

The [YEAR] certified total assessed value for the Assessed Property in South Zone Improvement Area #1 of the District is approximately \$[AMOUNT] according to the Collin Central Appraisal District.

**Foreclosure History Related to the Assessments for the Past Five Fiscal Years**

<u>Fiscal Year Ended (9/30)</u>	<u>Delinquent Assessment Amount not in Foreclosure Proceedings</u>	<u>Parcels in Foreclosure Proceedings</u>	<u>Delinquent Assessment Amount in Foreclosure Proceedings</u>	<u>Foreclosure Sales</u>	<u>Foreclosure Proceeds Received</u>
20__	\$		\$		\$
20__					
20__					
20__					
20__					

[insert any necessary footnotes]

**Collection and Delinquency History of Annual Installments for the Past Five Fiscal Years**

<u>Fiscal Year Ended (9/30)</u>	<u>Total Annual Installment Billed</u>	<u>Parcels Levied<sup>(1)</sup></u>	<u>Delinquent Amount as of 3/1</u>	<u>Delinquent % as of 3/1</u>	<u>Delinquent Amount as of [9/1]</u>	<u>Delinquent % as of [9/1]</u>	<u>Total Assessments Collected<sup>(2)</sup></u>
20__	\$		\$	%	\$	%	\$
20__							
20__							
20__							
20__							

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

<sup>(2)</sup> [Does/does not] include interest and penalties.

**Parcel Numbers for Delinquencies Equaling or Exceeding 10% of Annual Installments Due**

For the past five Fiscal Years, if the total amount of delinquencies as of September 1 equals or exceeds ten percent (10%) of the amount of Annual Installments due, a list of parcel numbers for which the Annual Installments are delinquent.

<u>Fiscal Year Ended (9/30)</u>	<u>Delinquent % as of 9/1</u>	<u>Parcel Numbers</u>
20__	%	
20__		

**History of Prepayment of Assessments for the Past Five Fiscal Years**

<u>Fiscal Year Ended (9/30)</u>	<u>Number of Prepayments</u>	<u>Amount of Prepayments</u> \$	<u>Bond Call Date</u>	<u>Amount of Bonds Redeemed</u> \$
20__				
20__				
20__				
20__				
20__				

---

[insert any necessary footnotes]

**ITEMS REQUIRED BY SECTIONS 4(a)(iii) – (iv) OF THE CONTINUING DISCLOSURE AGREEMENT OF THE ISSUER RELATING TO CITY OF ROYSE CITY, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024 (CLEARVIEW RANCH PUBLIC IMPROVEMENT DISTRICT SOUTH ZONE IMPROVEMENT AREA #1 PROJECT)**

**[Insert a line item for each applicable listing]**

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**EXHIBIT C**

**CITY OF ROYSE CITY, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024  
(CLEARVIEW RANCH PUBLIC IMPROVEMENT DISTRICT  
SOUTH ZONE IMPROVEMENT AREA #1 PROJECT)**

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**ANNUAL COLLECTIONS REPORT**

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Delivery Date: \_\_\_\_\_, 20\_\_

CUSIP NOS: [insert CUSIP Nos.]

**DISSEMINATION AGENT**

Name: UMB Bank, N.A.  
Address: 5910 N. Central Expressway, Suite 1900  
City: Dallas, Texas 75206  
Telephone: (214) 389-5947  
Contact Person: Attn: Israel Lugo

**SELECT FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO  
COLLECTION OF THE ASSESSMENTS COVERING THE PERIOD BEGINNING WITH  
THE FIRST DAY OF THE FISCAL YEAR SUCCEEDING THE REPORTING FISCAL  
YEAR THROUGH THE COLLECTIONS REPORTING DATE PROVIDED IN  
COMPLIANCE WITH SECTION 5(A) OF THE CONTINUING DISCLOSURE  
AGREEMENT OF THE ISSUER RELATING TO CITY OF ROYSE CITY, TEXAS  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024 (CLEARVIEW RANCH  
PUBLIC IMPROVEMENT DISTRICT SOUTH ZONE IMPROVEMENT AREA #1  
PROJECT)**

**Foreclosure History Related To The Annual Installments<sup>(1)</sup>**

Succeeding Fiscal Year	Delinquent Annual Installment Amount not in Foreclosure Proceedings	Parcels in Foreclosure Proceedings	Delinquent Annual Installment Amount in Foreclosure Proceedings	Foreclosure Sales	Foreclosure Proceeds Received
20__	\$		\$		\$

(i) Period covered includes October 1, 20\_\_ through March 1, 20\_\_.

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**Collection and Delinquency Annual Installments<sup>(1)</sup>**

<u>Succeeding Fiscal Year</u>	<u>Total Annual Installment Levied</u>	<u>Parcels Levied<sup>(2)</sup></u>	<u>Delinquent Amount as of 3/1</u>	<u>Delinquent % as of 3/1</u>	<u>Total Annual Installments Collected<sup>(3)</sup></u>
20	\$		\$	%	\$

<sup>(1)</sup> Period covered includes October 1, 20\_\_ through March 1, 20\_\_.

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

<sup>(3)</sup> [Does/does not] include interest and penalties.

**Prepayment of Assessments<sup>(1)</sup>**

<u>Succeeding Fiscal Year</u>	<u>Number of Prepayments</u>	<u>Amount of Prepayments</u>	<u>Bond Call Date</u>	<u>Amount of Bonds Redeemed</u>
		\$		\$

<sup>(1)</sup> Period covered includes October 1, 20\_\_ through March 1, 20\_\_.

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## EXHIBIT D

### BASIC EXPECTED TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES<sup>1</sup>

Date	Delinquency Clock (Days)	Activity
January 31		Assessments are due.
February 1	1	Assessments delinquent if not received.
February 15	15	<p>Immediately upon receipt, but in no event later than February 15, Issuer forwards payment to Trustee for all collections received, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter.</p> <p>Issuer and/or Administrator should be aware of actual and specific delinquencies</p> <p>Administrator should be aware if Reserve Fund needs to be utilized for debt service payments during the corresponding Fiscal Year. <b>If there is to be a shortfall of any Annual Installments due to be paid that Fiscal Year, the Dissemination Agent should be immediately notified in writing.</b></p> <p>Administrator should determine if previously collected surplus funds, if any, plus actual Annual Installment collections will be fully adequate for debt service in the corresponding March and September.</p> <p>At this point, 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. <b>For properties delinquent by more than one year or if the delinquency exceeds \$10,000 the matter will be referred for commencement of</b></p>

<sup>1</sup> Illustrates anticipated dates and procedures for pursuing the collection of delinquent Annual Installments of Assessments, which dates and procedures shall be in accordance with Chapters 31, 32, 33 and 34, Texas Tax Code, as amended (the "Code"), and the Collin County Tax Assessor-Collector's procedures, and are subject to adjustment by the Issuer. If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas or an amendment to the Code, such modifications shall control.

foreclosure, in accordance with the Collin County Tax Assessor-Collector's procedures<sup>2</sup>.

**If there is insufficient funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account of the Bond Fund of such amounts as shall be required for the full March and September payments, the collection-foreclosure procedure will proceed against all delinquent properties, in accordance with the Collin County Tax Assessor-Collector procedures<sup>2</sup>.**

March 15

43/44

Trustee pays Bond interest payments to Owners.

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 in writing of the occurrence of draw on the Reserve Fund and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw or the Reserve Fund.

**Use of Reserve Fund for debt service payment should trigger commencement of foreclosure on delinquent properties.**

July 1

152/153

Issuer, or the Administrator on behalf of the 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, in accordance with the Collin County Tax Assessor-Collector procedures<sup>2</sup>.

**Preliminary Foreclosure activity commences, in accordance with the Collin County Tax Assessor-Collector procedures<sup>2</sup>, and Issuer to notify Dissemination Agent in writing 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.

---

<sup>2</sup> If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas or an amendment to the Code, such modifications shall control.

If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, and if instructed by the Owners under Section 11.2 of the Indenture, Trustee requests that the Issuer commence foreclosure or provide plan for collection and deliver such plan to the Dissemination Agent.

August 15

197/198

The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination Agent for dissemination to those Owners who have requested to be notified of collections progress. The goal for the foreclosure actions is a filing by no later than August 15 (day 197/198).

**Foreclosure action to be filed with the court, in accordance with the Collin County Tax Assessor-Collector procedures<sup>3</sup>.**

**Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status in writing. Dissemination Agent notifies Owners.**

If Owners and Dissemination Agent have not been notified of a foreclosure action, Dissemination Agent will notify the Issuer that it is appropriate to file action.

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<sup>3</sup> If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas or an amendment to the Code, such modifications shall control.



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APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF DEVELOPER

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**CITY OF ROYSE CITY, TEXAS  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024  
(CLEARVIEW RANCH PUBLIC IMPROVEMENT DISTRICT  
SOUTH ZONE IMPROVEMENT AREA #1 PROJECT)**

**CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER**

This Continuing Disclosure Agreement of Developer dated as of September 1, 2024, (this “Disclosure Agreement”) is executed and delivered by and among Clearview Ranch Land (as more fully defined herein, the “Developer”), P3Works, LLC (as more fully defined herein, the “Administrator”) and UMB Bank, N.A., Dallas, Texas, acting solely in its capacity as dissemination agent (as more fully defined herein, the “Dissemination Agent”), with respect to the “City of Royse City, Texas Special Assessment Revenue Bonds, Series 2024 (Clearview Ranch Public Improvement District South Zone Improvement Area #1 Project)” (the “Bonds”). The Developer, the Administrator, and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Developer, the Administrator and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of September 1, 2024, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Administrator” shall mean the Issuer or independent firm designated by 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 Issuer has selected P3Works, LLC as the current Administrator.

“Additional Improvements” shall mean the improvements to be constructed by the Developer within South Zone Improvement Area #1 or for the use and benefit of the landowners within South Zone Improvement Area #1, including, but not limited to the “Park Improvements” (including trails, trailways, and trailheads, and open space improvements, including a minimum of four pocket parks, one including a splash pad), Private Improvements (including main entry feature, a secondary entry feature, masonry screening walls, certain earthwork, retaining walls, streets, drainage, and other similar miscellaneous improvements within the District), and the Amenities (including, among other things, an approximately 6,000+ square foot amenity center on a two-acre amenity center site, including a 4,500+ square foot pool, shade structure, building with air conditioned space and restrooms, sports court, sand volleyball court, playground, greenspace).

“Affiliates” shall mean an entity that is controlled by, controls, or is under common control with another entity.

“Annual Collection Costs” shall have the meaning assigned to such term in the Indenture.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Annual Service Plan Update” shall mean the annual review and update of the Service and Assessment Plan required by the PID Act and the Service and Assessment Plan.

“Assessments” shall have the meaning assigned to such term in the Indenture.

“Business Day” shall have the meaning assigned to such term in the Indenture.

“Certification Letter” shall mean a certification letter provided by a Reporting Party pursuant to Section 3, in substantially the form attached as Exhibit D.

“Developer” shall mean Clearview Ranch Land, LLC, a Texas limited liability company, and each other Person, through assignment, who assumes the obligations, requirements, or covenants to construct the South Zone Improvement Area #1 Projects, and their designated successors and assigns.

“Developer Listed Events” shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

“Development Manager” shall mean S2 Land Development, LLC, a Texas limited liability company, an affiliate of the Developer, who has contracted with the Developer to provide development and construction management services on behalf of the Developer.

“Disclosure Agreement of Issuer” shall mean the City of Royse City, Texas, Special Assessment Revenue Bonds, Series 2024 (Clearview Ranch Public Improvement District South Zone Improvement Area #1 Project) Continuing Disclosure Agreement of Issuer dated as of September 1, 2024 executed and delivered by the Issuer, the Administrator and the Dissemination Agent.

“Dissemination Agent” shall mean UMB Bank, N.A., Dallas, Texas, a national banking association duly organized and existing under the laws of the United States, acting solely in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean Clearview Ranch Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System currently available on the internet at <http://emma.msrb.org>.

“Homebuilder(s)” shall mean any merchant homebuilder who enters into a Purchase Agreement with the Developer, and the affiliates and/or successors and assigns of such homebuilder under such Purchase Agreement.

“Issuer” shall mean the City of Royse City, Texas.

“Listed Events” shall mean any of the events listed in Section 4(a) and 4(b) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive continuing disclosure reports pursuant to the Rule.

“Owner” shall have the meaning assigned to such term in the Indenture.

“Parcel” shall have the meaning assigned to such term in the Indenture.

“Participating Underwriter” shall mean FMSbonds, Inc. and its successors and assigns.

“Person” shall have the meaning assigned to such term in the Indenture.

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

“Purchase Agreement” shall mean, with respect to lots or land within South Zone Improvement Area #1, any purchase agreement between one or more Homebuilders and/or the Developer to purchase lots or to purchase land intended for single family residential development and use, including detached or attached single family homes or townhomes.

“Quarterly Ending Date” shall mean each March 31, June 30, September 30 and December 31, beginning December 31, 2024.

“Quarterly Filing Date” shall mean for each Quarterly Ending Date, the fifteenth calendar day of the second month following such Quarterly Ending Date being February 15, May 15, August 15, and November 15.

“Quarterly Information” shall have the meaning assigned to such term in Section 3 of this Disclosure Agreement.

“Quarterly Report” shall mean any Quarterly Report described in Section 3 of this Disclosure Agreement and consisting of the information in Exhibit A attached hereto.

“Reporting Party” shall mean, collectively, the Developer and any Significant Homebuilder who has acknowledged and assumed reporting obligations in accordance with Section 6 of this Disclosure Agreement.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Significant Homebuilder” shall mean a Homebuilder, including any affiliates of such Homebuilder, that then owns ten (10) or more single family residential lots within South Zone Improvement Area #1.

“Significant Homebuilder Listed Events” shall mean any of the events listed in Section 4(b) of this Disclosure Agreement.

“South Zone Improvement Area #1” shall have the meaning assigned to such term in the Indenture.

“South Zone Improvement Area #1 Projects” shall have the meaning assigned to such term in the Indenture.

“Trustee” shall have the meaning assigned to such term in the Indenture.

### SECTION 3. Quarterly Reports.

(a) The Developer and any Significant Homebuilder that is a Reporting Party, with respect to its acquired real property, shall, at its cost and expense, provide, or cause to be provided, to the Administrator, not more than ten (10) days after each Quarterly Ending Date, beginning with December 31, 2024, the information in the Quarterly Report required to be provided by such Reporting Party pursuant to Section 3(d) (with respect to each Reporting Party, the “Quarterly Information”). The Reporting Party shall provide, or cause to be provided, such Quarterly Information until such party’s obligations terminate pursuant to Section 7 of this Disclosure Agreement. For the avoidance of doubt, (i) if the Developer elects, the Developer may, but shall not be obligated to, provide any Quarterly Information on behalf of any Significant Homebuilder and (ii) the Developer shall remain obligated with respect to any real property acquired by a Significant Homebuilder until an acknowledgment of assignment with respect to such real property is delivered in accordance with Section 6 of this Disclosure Agreement, at which time the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred.

(b) The Administrator shall (i) review each Quarterly Report containing the Quarterly Information provided by each Reporting Party pursuant to subsection (a) above and (ii) no later than twenty (20) days after each Quarterly Ending Date, either (1) advise the applicable Reporting Party as to any necessary changes to the applicable Quarterly Information or (2) provide to the Dissemination Agent the Quarterly Report in accordance with subsection (c) below. If the Administrator advises a Reporting Party as to any necessary changes to their respective Quarterly Information, such Reporting Party shall provide, or cause to be provided, to the Administrator, not more than thirty (30) days after each Quarterly Ending Date, the revised Quarterly Information. The Administrator shall review the revised Quarterly Information within the Quarterly Report and provide the Quarterly Report to the Dissemination Agent in accordance with subsection (c) below.

If Reporting Parties provide the Quarterly information in more than one report to the Administrator, the Administrator shall (i) prepare each Quarterly Report with the Quarterly Information provided by the Reporting Parties pursuant to subsection (a) above, and (ii) provide the Quarterly Report to the Reporting Parties for review no later than twenty (20) days after each Quarterly Ending Date. The Reporting Parties shall review and revise, as necessary, the Quarterly Report and, upon such review, shall promptly, but no later than thirty (30) days after each Quarterly Ending Date, provide the Quarterly Report and Certification Letter(s) to the Administrator and authorize the Administrator to provide such Quarterly Report and Certification Letter(s) to the Issuer and the Dissemination Agent pursuant to subsection (c) below.

In all cases, each Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all of the Quarterly Information provided by such Reporting Party contained in the Quarterly Report. Notwithstanding anything to the contrary in this Disclosure Agreement, the Developer shall use commercially reasonable efforts to cause to be provided any information required by Section 3(d) regarding and in the possession of a Homebuilder that is not a Reporting Party. Without limiting the generality of the immediately preceding sentence, commercially reasonable efforts in such regard shall include, but not be limited to, ensuring that each Purchase Agreement that is executed with a Homebuilder after the date hereof contains a provision obligating the applicable Homebuilder to provide the Developer the information required by Section 3(d) as and when required for the Developer to comply with its obligations hereunder.

(c) The Administrator shall provide to the Dissemination Agent, no later than thirty-five (35) days after each Quarterly Ending Date, the Quarterly Report containing the information described in Section 3(d), the Certification Letter(s), if applicable, and written direction to the Dissemination Agent to file such documents with the MSRB. Pursuant to the written direction of the Administrator, the Dissemination Agent shall file the Quarterly Report and the Certification Letter(s), if applicable, with the MSRB and provide a copy of such documents to the Issuer and the Participating Underwriter within ten (10) days of the Dissemination Agent's receipt thereof pursuant to this subsection 3(c); provided, however, that the Quarterly Report and the Certification Letter(s) must be submitted to the MSRB not later than each Quarterly Filing Date. In the event that any Reporting Party or the Administrator does not provide the information required by subsection (a) or (b) of this Section 3, as applicable, in a timely manner and, as a result, either an incomplete Quarterly Report is filed with the MSRB, or a Quarterly Report is not filed with the MSRB by each Quarterly Filing Date, the Dissemination Agent shall, upon written direction from the applicable Reporting Party file a notice of failure to provide Quarterly Information or failure to file a Quarterly Report with the MSRB in substantially the form attached as Exhibit B, as soon as practicable. If incomplete Quarterly Information or no Quarterly Information is provided by any Reporting Party, the Dissemination Agent and any other Reporting Party who provided complete Quarterly Information shall not be responsible for the failure to submit a complete Quarterly Report to the MSRB. If each Reporting Party timely provides the required Quarterly Information to the Administrator as described in this Section 3, the failure of the Administrator to provide the Quarterly Report to the Dissemination Agent, or the failure of the Dissemination Agent to provide such report to the Participating Underwriter in a timely manner, shall not be deemed a default by the Reporting Parties under this Disclosure Agreement.

(d) Each Quarterly Report shall consist of the information listed in Exhibit A attached hereof.



#### SECTION 4. Event Reporting Obligations.

(a) Pursuant to the provisions of this Section 4, each of the following is a Developer Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within South Zone Improvement Area #1 on a Parcel owned by the Developer; provided, however, that the exercise of any right of the Developer as a landowner within South Zone Improvement Area #1 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Developer Listed Event under this Section 4(a) nor a breach or default of this Disclosure Agreement;

(ii) Material damage to or destruction of any development or improvements in South Zone Improvement Area #1, including the South Zone Improvement Area #1 Projects or the Additional Improvements;

(iii) Material default by the Developer or any of the Developer's affiliates on any loan with respect to the, acquisition, development or permanent financing of South Zone Improvement Area #1 undertaken by the Developer or any of the Developer's affiliates;

(iv) Material default by the Developer or any of the Developer's affiliates on any loan secured by property within South Zone Improvement Area #1 owned by the Developer or any of the Developer's affiliates;

(v) The bankruptcy, insolvency or similar filing of the Developer or any of the Developer's affiliates or any determination that the Developer or any of the Developer's affiliates is unable to pay its debts as they become due;

(vi) The consummation of a merger, consolidation, or acquisition of the Developer, or the sale of all or substantially all of the assets of the Developer or any of the Developer's affiliates, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(vii) The filing of any lawsuit with a claim for damages, in excess of \$1,000,000 against the Developer or any of the Developer's affiliates that may adversely affect the completion of the development of South Zone Improvement Area #1 or litigation that may materially adversely affect the financial condition of the Developer or any of the Developer's affiliates;

(viii) Any material change in the legal structure, chief executive officer or controlling ownership of the Developer;

(ix) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Sections 5 or 6 herein; and

(x) Early termination of or material default by a Homebuilder under a Purchase Agreement.

(b) Pursuant to the provisions of this Section 4, each of the following occurrences related to any Significant Homebuilder is a Significant Homebuilder Listed Event with respect to the Bonds;

(i) Failure to pay any real property taxes or Assessments levied within South Zone Improvement Area #1 on a lot or Parcel owned by such Significant Homebuilder; provided, however, that the exercise of any right of such Significant Homebuilder as a landowner within South Zone Improvement Area #1 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Significant Homebuilder Listed Event under this Section 4(b) nor a breach or default of this Disclosure Agreement;

(ii) The bankruptcy, insolvency or similar filing of such Significant Homebuilder or any determination that such Significant Homebuilder is unable to pay its debts as they become due;

(iii) The consummation of a merger, consolidation, or acquisition involving such Significant Homebuilder or the sale of all or substantially all of the assets of the Significant Homebuilder, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(iv) Any material change in the type of legal entity, chief executive officer or controlling ownership of such Significant Homebuilder;

(v) Early termination of or material default by such Significant Homebuilder under a Purchase Agreement; and

(vi) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Section 6 herein.

(c) Whenever a Reporting Party obtains knowledge of the occurrence of a Listed Event applicable to such Reporting Party, such Reporting Party shall promptly, and not more than five (5) Business Days after such Reporting Party obtains such knowledge, notify the Issuer, the Administrator and the Dissemination Agent in writing and the Reporting Party shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB, in the manner hereinafter described, and provide a copy of such notice to the Issuer and the Participating Underwriter. Any such notice is required to be filed within ten (10) Business Days after the Reporting Party becomes aware of the occurrence of such Listed Event. If the Reporting Party timely notifies the Dissemination Agent of the occurrence of a Listed Event, as described in this Section 4, the failure of the Dissemination Agent to provide such notice to the Participating Underwriter in a timely manner shall not be deemed a default by such Reporting Party under this Disclosure Agreement.

The Developer and each other Reporting Party, if any, shall only be responsible for reporting the occurrence of a Listed Event applicable to such Reporting Party and shall not be responsible for reporting the occurrence of a Listed Event applicable to any other Reporting Party, regardless of if such Reporting Party is providing Quarterly Information on behalf of any other Significant Homebuilder.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the applicable Reporting Party desires to make, the written authorization of such Reporting Party for the Dissemination Agent to disseminate such information as provided herein, and the date the Reporting Party desires for the Dissemination Agent to disseminate the information.

In all cases, the applicable Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures. In addition, the applicable Reporting Party shall have the sole responsibility to ensure that any notice required to be filed with the MSRB under this Section 4 is actually filed within ten (10) Business Days after such Reporting Party becomes aware of the Listed Event applicable to such Reporting Party.

(d) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event, notify in writing the Administrator and the applicable Reporting Party of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the applicable Reporting Party to do so. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Reporting Party and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the applicable Reporting Party as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Participating Underwriter, the Administrator, the Issuer, any Reporting Party or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(e) If the Dissemination Agent has been notified in writing by a Reporting Party to report the occurrence of a Listed Event in accordance with subsections (c) or (d) of this Section 4, the Dissemination Agent shall file a notice of such occurrence with the MSRB promptly after its receipt of such written instructions from such Reporting Party; provided that all such notices must be filed no later than the date specified in subsection (c) of this Section 4 for such Listed Event.

#### SECTION 5. Assumption of Reporting Obligations of Developer.

The Developer shall cause each Person who, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the South Zone Improvement Area #1 Projects or the Additional Improvements to assume and comply with the disclosure obligations of the Developer under this Disclosure Agreement. The Developer shall deliver to the Dissemination Agent, the Administrator, and the Issuer a written acknowledgment and assumption from each Person who assumes the obligations, requirements, or covenants to construct one or more of the South Zone Improvement Area #1 Projects or Additional Improvements in substantially the form attached as Exhibit E (the “Developer Acknowledgment”), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Section 4(a)(ix) above, the Developer shall direct the Dissemination Agent to file a copy of each Developer Acknowledgment with the MSRB, in accordance with Sections 4(c) and 4(e) above. Upon any such transfer to a Person, and such Person’s delivery to the Developer of written acknowledgment of assumption of Developer’s obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other

responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Person arising from or in connection with such disclosure obligations under this Disclosure Agreement. Additionally, for the avoidance of doubt, each Person who executes a Developer Acknowledgment shall comply with obligations of this Section 5 with respect to any subsequent transfers by such Person to any individual or entity meeting the definition of a “Developer” in the future.

SECTION 6. Assumption of Reporting Obligations by Significant Homebuilder.

(a) If a Homebuilder acquires ownership of real property in South Zone Improvement Area #1 resulting in such Homebuilder becoming a Significant Homebuilder, the Developer may (i) cause such Significant Homebuilder to comply with the Developer’s disclosure obligations under Section 3 and Section 4(b) hereof, with respect to such acquired real property, until such party’s disclosure obligations terminate pursuant to Section 7 of this Disclosure Agreement or (ii) elect to provide any or all Quarterly Information on behalf of such Significant Homebuilder; provided, however, that if the Developer initially elects to provide any or all Quarterly Information on behalf of such Significant Homebuilder, the Developer may elect in the future to cause such Significant Homebuilder to comply with the Developer’s disclosure obligations, as described in (i) above.

(b) If the Developer elects to cause a Significant Homebuilder to comply with the Developer’s disclosure obligations, as described in (i) above, the Developer shall deliver to the Dissemination Agent, Administrator and the Issuer a written acknowledgment from each Significant Homebuilder, in substantially the form attached as Exhibit F (the “Significant Homebuilder Acknowledgment”), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Section 4(a)(ix) above, the Developer shall direct the Dissemination Agent to file a copy of the Significant Homebuilder Acknowledgment with the MSRB, in accordance with Sections 4(c) and 4(e) above. Upon any such transfer to a Significant Homebuilder, and such Significant Homebuilder’s delivery of written acknowledgment of assumption of the Developer’s obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. The Developer shall remain obligated with respect to any real property acquired by a Significant Homebuilder until an acknowledgment of assignment with respect to such real property is delivered to the Dissemination Agent, Administrator, the Issuer and the MSRB, in accordance with this Section 6(b).

(c) Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Significant Homebuilder arising from or in connection with such disclosure obligations under this Disclosure Agreement. Additionally, for the avoidance of doubt, the Developer shall use commercially reasonable efforts to require that any Significant Homebuilder comply with obligations of this Section 6 with respect to any subsequent transfers by such Significant Homebuilder to any individual or entity meeting the definition of a “Significant Homebuilder” in the future, including the requirement, pursuant to Section 4(b)(vi) above, to direct the Dissemination Agent to file a copy of the Significant Homebuilder Acknowledgment with the MSRB, in accordance with Sections 4(c) and 4(e) above.

## SECTION 7. Termination of Reporting Obligations.

(a) The reporting obligations of the Developer shall terminate upon, the earlier of (i) the date when none of the Bonds remain Outstanding, (ii) when the Developer, including its respective affiliates and/or successors and assigns, no longer owns ten (10) or more of the single family residential lots within South Zone Improvement Area #1, as of each Quarterly Ending Date, or (iii) the issuance of the certificate of occupancy or third-party inspection, as applicable, for the last single family residential lot or Parcel owned by the Developer, including its respective affiliates and/or successors and assigns. Notwithstanding the foregoing, if the Developer is reporting on behalf of a Significant Homebuilder, the Developer's reporting obligations, with respect to the property owned by the Significant Homebuilder, terminates in accordance with subsection (b) below.

(b) The reporting obligations of a Significant Homebuilder that is a Reporting Party, if any, under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, (ii) when such Significant Homebuilder, including its respective affiliates and/or successors and assigns, no longer owns ten (10) or more of the single family residential lots within South Zone Improvement Area #1, as of each Quarterly Ending Date, or (iii) the issuance of the certificate of occupancy or third-party inspection, as applicable, for the last single family residential lot or Parcel owned by such Significant Homebuilder, including its respective affiliates and/or successors and assigns.

(c) Upon receipt of written notice from a Reporting Party or the Dissemination Agent that the reporting obligations of a Reporting Party have terminated in accordance with subsection (a) or (b), as applicable, of this Section 7, the Administrator shall provide written notice to the applicable Reporting Party, the Participating Underwriter, the Issuer, and the Dissemination Agent in substantially the form attached as Exhibit C, thereby terminating such Reporting Party's reporting obligations under this Disclosure Agreement (the "Termination Notice"). If such Termination Notice with respect to a Reporting Party occurs while any of the Bonds remain Outstanding, the Administrator shall immediately provide, or cause to be provided, the Termination Notice to the Dissemination Agent, and the Dissemination Agent shall provide such Termination Notice to the MSRB, the Issuer, the Trustee, the applicable Reporting Party and the Participating Underwriter on or before the next succeeding Quarterly Filing Date.

(d) The obligations of the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon, the earlier of (i) the date when none of the Bonds remain Outstanding, or (ii) termination of all Reporting Parties' reporting obligations in accordance with subsection (a) and (b) of this Section 7 and any Termination Notice required by subsection (c) of this Section 7 has been provided to the MSRB, the Issuer, the Trustee, the Dissemination Agent, the Reporting Parties, and the Participating Underwriter, as applicable.

SECTION 8. Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be UMB Bank, N.A., Dallas, Texas. The Issuer may, from time to time, appoint or engage a successor Dissemination Agent to assist the Reporting Parties in carrying out their 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. Pursuant to the Disclosure Agreement of Issuer, the Issuer has agreed to provide written notice to each then-existing Reporting Party of any change in the identity

of the Dissemination Agent. The Dissemination Agent may resign at any time with thirty (30) days' written notice to the Issuer.

SECTION 9. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Developer, the Administrator and the Dissemination Agent may jointly amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested in writing by the Developer or Administrator), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3 or 4, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of any Reporting Party, or the type of business conducted; and

(b) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds. No amendment which adversely affects the Dissemination Agent or the Issuer may be made without the respective party's prior written consent (which consent will not be unreasonably withheld or delayed).

(c) In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Developer shall describe such amendment in the next related Quarterly Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Reporting Parties. The Developer shall provide, or cause to be provided, at its cost and expense, an executed copy of any amendment or waiver entered into under this Section 9 to the Issuer, the Administrator, the Dissemination Agent and the Participating Underwriter.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent any Reporting Party from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in addition to that which is required by this Disclosure Agreement. If any Reporting Party chooses to include any information in any Quarterly Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, no Reporting Party shall have an obligation under this Disclosure Agreement to update such information or include it in any future Quarterly Report or notice of occurrence of a Listed Event.

SECTION 11. Content of Disclosures. In all cases, the applicable Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures, whether provided under Section 3, 4 or 10 of this Disclosure Agreement.

SECTION 12. Default. In the event of a failure of a Reporting Party, Dissemination Agent or Administrator to comply with any provision of this Disclosure Agreement, any Owner or beneficial owner of the Bonds may, and the Trustee (at the written request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction) shall, take such actions as may be necessary and appropriate

to cause the Reporting Party, Dissemination Agent and/or Administrator to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of a Reporting Party, the Dissemination Agent or the Administrator to comply with this Disclosure Agreement shall be an action to mandamus or specific performance. A default under this Disclosure Agreement shall not be deemed a default under the Disclosure Agreement of Issuer, and a default under the Disclosure Agreement of Issuer shall not be deemed a default under this Disclosure Agreement. Furthermore, a default under this Disclosure Agreement by any Reporting Party shall not be deemed a default under this Disclosure Agreement by any other Reporting Party, and no Reporting Party shall have any obligation to take any action to mitigate or cure the default of any other Reporting Party.

SECTION 13. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not have any duty with respect to the content of any disclosures made by a Reporting Party and/or the Administrator 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. The Developer agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees and agents against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's breach, negligence, or willful misconduct. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. If any Reporting Party or the Administrator does not provide the information required by Section 3(d) hereof in a timely manner as required by Sections 3(a) or (b) hereof, or incomplete Quarterly Information is provided by any Reporting Party, the Dissemination Agent shall not be responsible for the failure to submit complete Quarterly Information or a complete Quarterly Report to the MSRB. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Dissemination Agent shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Dissemination Agent hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Dissemination Agent and believed to be genuine and to have been signed or presented by the proper party or parties.

(b) The Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. The Developer shall indemnify and hold harmless the Administrator, its officers, directors, employees and agents against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's breach, negligence or willful misconduct. The obligations of the Developer under this Section shall survive termination of this Disclosure Agreement, resignation or removal of the Administrator and payment in full of the Bonds. Nothing in

this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an “obligated person” under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

(c) The Dissemination Agent or the Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent and Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(d) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, THE DEVELOPER OR ANY OTHER REPORTING PARTY 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 OR A REPORTING PARTY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation or agreement of a Reporting Party, the Administrator or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future officer, agent or employee of the Reporting Party, the Administrator or Dissemination Agent in other than that person’s official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.



SECTION 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Reporting Parties, the Administrator, the Dissemination Agent, the Issuer, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 17. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the Annual Service Plan Update. The Issuer shall pay or reimburse the Dissemination Agent, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in South Zone Improvement Area #1, for the fees and expenses for its services rendered in accordance with this Disclosure Agreement.

SECTION 18. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the Annual Service Plan Update. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of the District, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

SECTION 19. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas. Venue of any action to enforce the rights and privileges existing under this Disclosure Agreement shall be brought in the state district court of Rockwall County, Texas.

SECTION 20. Notice. Any notice, instructions, or communication, required to be given or made hereunder shall be in writing and shall be given or made by e-mail, facsimile, hand delivery, overnight courier, or by United States mail, certified or registered mail, return receipt requested, postage prepaid, at the addresses listed below or at such other addresses as any be specified in writing by any party hereto to the other parties hereto. If notices, instructions or communications are provided or delivered by e-mail, the sender must request a read or return receipt from the recipient confirming that the recipient received the e-mail with such notice, instruction, or communication.

If to Developer:

Clearview Ranch Land, LLC  
10003 Technology Blvd West  
Dallas, Texas 75220  
E-mail: Justin.Christ@S2LD.com

If to the Dissemination Agent or  
Trustee:

UMB Bank, N.A.  
5910 N. Central Expressway, Suite 1900  
Dallas, Texas 75206  
E-mail: Israel.Lugo@umb.com

If to Administrator:

P3Works, LLC  
9284 Huntington Square, Ste 100  
North Richland Hills, Texas 76182  
E-mail: admin@p3-works.com

If to the Issuer: City of Royse City, Texas  
305 N. Arch Street  
Royse City, Texas 75189  
E-mail: carl.alsabrook@roysecity.com

If to Participating Underwriter: FMSbonds, Inc.  
5 Cowboys Way, Suite 300-25  
Frisco, Texas 75034  
E-mail: Tdavenport@fmsbonds.com

SECTION 21. Term of Disclosure Agreement. Except for surviving indemnities of the parties to this Disclosure Agreement, this Disclosure Agreement terminates on the earlier of (i) the first date on which none of the Bonds remain Outstanding, and (ii) the first date on which the reporting obligations of all Reporting Parties have terminated in accordance with the terms of this Disclosure Agreement.

SECTION 22. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

*(Signature pages follow.)*

UMB BANK, N.A.  
(as Dissemination Agent)

By: \_\_\_\_\_  
Authorized Officer

SIGNATURE PAGE OF CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER

CLEARVIEW RANCH LAND, LLC,  
a Texas limited liability company  
as Developer

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SIGNATURE PAGE OF CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER

P3WORKS, LLC  
(as Administrator)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SIGNATURE PAGE OF CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER

**EXHIBIT A**

**CITY OF ROYSE CITY, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024  
(CLEARVIEW RANCH PUBLIC IMPROVEMENT DISTRICT  
SOUTH ZONE IMPROVEMENT AREA #1 PROJECT)**

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**QUARTERLY REPORT**  
*[INSERT QUARTERLY ENDING DATE]*

---

Delivery Date: \_\_\_\_\_, 20\_\_

CUSIP Numbers: [Insert CUSIP Numbers]

**DISSEMINATION AGENT**

Name: UMB Bank, N.A.  
Address: \_\_\_\_\_  
City: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Contact Person: \_\_\_\_\_

**I. Unit Mix in South Zone Improvement Area #1**

Product Type	Number of Units
50'x120'	52
50'x135'	21
60'x120'	26
60'x135'	41
70'x120'	5
70'x135'	10

**II. Ownership of Lots/Units in South Zone Improvement Area #1**

PLANNED LOTS IN SOUTH ZONE IMPROVEMENT AREA #1: [\_\_\_\_\_]

Of the [\_\_\_\_\_] lots in South Zone Improvement Area #1:

1. Number of lots owned by the Developer: [\_\_\_\_\_]
  - a. Number of lots under contract but not closed to Homebuilder(s): [\_\_\_\_\_]

2. Number of lots owned by all Homebuilder(s): [ ]<sup>1</sup>
  - a. Number of lots owned by *[insert name of Homebuilder]*: [ ]<sup>2</sup>
  - b. Number of lots owned by *[insert name of Homebuilder]*: [ ]<sup>2</sup>
3. Number of units owned by homeowners: [ ]

### **III. Lot Status in South Zone Improvement Area #1**

Of the lots in South Zone Improvement Area #1, what is the status:

1. Planned lots as of the date of issuance of the Bonds: [ ]
2. Planned lots as of the date of this Quarterly Report: [ ]
3. Number of Lots developed: [ ]
4. Expected completion date of all lots in South Zone Improvement Area #1 (if incomplete): [ ]

### **IV. Home Sales Information in South Zone Improvement Area #1**

PLANNED HOMES IN SOUTH ZONE IMPROVEMENT AREA #1: [ ]

Of the [ ] homes planned for South Zone Improvement Area #1:

1. How many total building permits were issued **during the current quarter?** [ ]
  - a. Number of building permits issued during the current quarter for *[insert name of Homebuilder]*: [ ]<sup>2</sup>
  - b. Number of building permits issued during the current quarter for *[insert name of Homebuilder]*: [ ]<sup>2</sup>
2. How many total homes have closed with homebuyers **during the current quarter?** [ ]
  - a. Number of homes closed with homebuyers during the current quarter for *[insert name of Homebuilder]*: [ ]<sup>2</sup>
  - b. Number of homes closed with homebuyers during the current quarter for *[insert name of Homebuilder]*: [ ]<sup>2</sup>
3. How many total homes have closed with homebuyers **cumulatively?** [ ]
  - a. Number of homes closed with homebuyers cumulatively for *[insert name of Homebuilder]*: [ ]<sup>2</sup>
  - b. Number of homes closed with homebuyers cumulatively for *[insert name of Homebuilder]*: [ ]<sup>2</sup>

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<sup>1</sup> If Developer is using EMMA filing assistance software, a chart containing the Quarterly Information provided under this item will be generated. If Developer is not using EMMA filing assistance software, Developer shall prepare a chart containing such Quarterly Information.

<sup>2</sup> Include a line item for each individual Homebuilder.

## **V. Expenditures Paid from Accounts under Indenture**

TOTAL BUDGETED COSTS REQUIRED TO COMPLETE SOUTH ZONE IMPROVEMENT AREA #1 PROJECTS: \$[\_\_\_\_\_]

Of the budgeted costs for South Zone Improvement Area #1 shown in the Service and Assessment Plan:

1. Actual costs drawn from the [South Zone Improvement Area #1 Projects Account]:  
\$[\_\_\_\_\_]

## **VI. Status of Improvements in South Zone Improvement Area #1**

1. [Actual/Expected] date of completion of the South Zone Improvement Area #1 Projects: [\_\_\_\_\_]
2. If applicable, explanation of any delay/change in projected completion date since last Quarterly Report was filed:  
[\_\_\_\_\_]

## **VII. Status of Additional Improvements**

1. Total expected costs of Additional Improvements: \$[\_\_\_\_\_]
  - a. Total expected costs of Park Improvements: \$[\_\_\_\_\_]
  - b. Total expected costs of Private Improvements: \$[\_\_\_\_\_]
  - c. Total expected costs of Amenities: \$[\_\_\_\_\_]
2. Amount spent as of Quarterly Ending Date: \$[\_\_\_\_\_]
3. [Actual/Expected] completion date of Park Improvements: [\_\_\_\_\_]
4. [Actual/Expected] completion date of Private Improvements: [\_\_\_\_\_]
5. [Actual/Expected] completion date of Amenities Improvements: [\_\_\_\_\_]

## **VIII. Material Changes**

Describe any material changes, if applicable:

1. **Permits and Approvals** - Since the issuance of the Bonds, have there been any material changes to permits or development approvals (including any zoning) impacting the development of the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.
2. **Mortgage Loans** - Since the issuance of the Bonds, have there been any material changes to mortgage loans (whether changes to an existing loan or incurrence of a new mortgage loan), if applicable, for the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.



3. **Builder Contracts** - Since the issuance of the Bonds, have there been any material changes to builder contracts (including but not limited to changes to price, substantial completion dates, number of lots, or other terms) with respect to the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.
4. **Ownership** - Since the issuance of the Bonds, other than a sale to a homebuilder pursuant to a Purchase Agreement, has there been any sale, assignment or transfer of ownership of lands subject to the Assessments securing the Bonds by the Developer to any third-party developer/land bank, which was not disclosed in a previously filed Quarterly Report? If so, provide the name of the third-party and indicate whether this third-party developer/land bank has executed a Developer Acknowledgment pursuant to the Disclosure Agreement?
5. **Completion Agreement** – Is the Developer required to provide evidence of available funds, in addition to the amounts on deposit in the Project Fund, to complete the construction of the South Zone Improvement Area #1 Projects? If so, identify the available sources of funding and provide the amount of funding needed to complete the South Zone Improvement Area #1 Projects.
6. **Amendments** – Since the issuance of the Bonds and except as otherwise disclosed in a previously filed Quarterly Report, (i) describe any amendments or waivers to any provision of the Disclosure Agreement, including a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Reporting Parties and (ii) include a copy of the amendment, as applicable.
7. **Other** – Provide any other material information that should be disclosed.

**EXHIBIT B**

**NOTICE TO MSRB OF FAILURE TO  
[PROVIDE QUARTERLY INFORMATION][FILE QUARTERLY REPORT]**

[DATE]

Name of Issuer: City of Royse City, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024 (Clearview Ranch  
Public Improvement District South Zone Improvement Area #1  
Project)(the “Bonds”)  
CUSIP Nos. [insert CUSIP Nos.]  
Date of Delivery: \_\_\_\_\_, 20\_\_

NOTICE IS HEREBY GIVEN that \_\_\_\_\_, a  
\_\_\_\_\_ (the [“Developer”] [“Significant Homebuilder”]) has not provided the  
[Quarterly Information][Quarterly Report] for the period ending on [Insert Quarterly Ending Date]  
with respect to the Bonds as required by the Continuing Disclosure Agreement of Developer dated  
as of September 1, 2024, by and among Clearview Ranch Land, LLC (the “Developer”), P3Works,  
LLC (the “Administrator”) and UMB Bank, N.A. (the “Dissemination Agent”). [Developer]  
[Significant Homebuilder] anticipates that the [Quarterly Information][Quarterly Report] will be  
[provided][filed] by \_\_\_\_\_.

Dated: \_\_\_\_\_

UMB BANK, N.A.,  
on behalf of the [Developer] [Significant  
Homebuilder]  
(as Dissemination Agent)

By: \_\_\_\_\_

Title: \_\_\_\_\_

cc: City of Royse City, Texas

## EXHIBIT C

### TERMINATION NOTICE

[DATE]

Name of Issuer: City of Royse City, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024 (Clearview Ranch Public Improvement District South Zone Improvement Area #1 Project)(the “Bonds”)  
CUSIP Nos. [insert CUSIP Nos.]  
Date of Delivery: \_\_\_\_\_, 20\_\_

FMSbonds, Inc.  
5 Cowboys Way, Suite 300-25  
Frisco, Texas 75034

Clearview Ranch Land, LLC  
600 N. Pearl St., Suite 650, LB 149  
Dallas, Texas 75201

City of Royse City, Texas  
305 N. Arch Street  
Royse City, Texas 75189

[Insert Significant Homebuilder  
Contact Information]

UMB Bank, N.A.  
5910 N. Central Expressway, Suite 1900  
Dallas, Texas 75206

NOTICE IS HEREBY GIVEN that \_\_\_\_\_, a \_\_\_\_\_ (the [“Developer”] [“Significant Homebuilder”]) is no longer responsible for providing [any Quarterly Information][the Quarterly Report] with respect to the Bonds, thereby, terminating such party’s reporting obligations under the Continuing Disclosure Agreement of Developer dated as of September 1, 2024, by and among Clearview Ranch Land, LLC (the “Developer”), P3Works, LLC (the “Administrator”) and UMB Bank, N.A. (the “Dissemination Agent”).

Dated: \_\_\_\_\_

P3Works, LLC  
on behalf of the [Developer] [Significant  
Homebuilder]  
(as Administrator)

By: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT D**  
**CERTIFICATION LETTER**

[DATE]

Name of Issuer: City of Royse City, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024 (Clearview Ranch  
Public Improvement District South Zone Improvement Area #1  
Project)  
CUSIP Nos. [insert CUSIP Nos.]  
Quarterly Ending Date: \_\_\_\_\_, 20\_\_

Re: Quarterly Report for Clearview Ranch Public Improvement District South Zone Improvement  
Area #1

To whom it may concern:

Pursuant to the Continuing Disclosure Agreement of Developer dated as of September 1, 2024, by and among Clearview Ranch Land, LLC (the “Developer”), P3Works, LLC (the “Administrator”) and UMB Bank, N.A. (the “Dissemination Agent”), this letter constitutes the certificate stating that the Quarterly Information, provided by [Developer] [\_\_\_\_\_, as a “Significant Homebuilder”], contained in this Quarterly Report herein submitted by the Administrator, on behalf of the [Developer] [Significant Homebuilder], constitutes the portion of the Quarterly Report required to be furnished by [Developer] [Significant Homebuilder]. Any and all Quarterly Information, provided by the [Developer] [Significant Homebuilder], contained in this Quarterly Report for the three month period ending on [*Insert Quarterly Ending Date*], to the best of my knowledge, is true and correct, as of [insert date].

Please do not hesitate to contact our office if you have and questions or comments.

[SIGNIFICANT HOMEBUILDER  
(as Significant Homebuilder)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_]

OR

CLEARVIEW RANCH LAND, LLC,  
a Texas limited liability company  
(as Developer)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT E**

**FORM OF ACKNOWLEDGMENT OF ASSIGNMENT  
OF DEVELOPER REPORTING OBLIGATIONS**

[DATE]

City of Royse City, Texas  
305 N. Arch Street  
Royse City, Texas 75189

P3Works, LLC  
9284 Huntington Square, Ste 100  
North Richland Hills, Texas 76182

UMB Bank, N.A.  
5910 N. Central Expressway, Suite 1900  
Dallas, Texas 75206

**Re: Clearview Ranch Public Improvement District South Zone Improvement Area #1 –  
Continuing Disclosure Obligation**

Dear \_\_\_\_\_,

Per [*Insert name of applicable agreement*], as of \_\_\_\_\_, 20\_\_, you have been assigned and have assumed the obligations, requirements, or covenants to construct one or more of the South Zone Improvement Area #1 Projects or Additional Improvements (as those terms are defined in the Disclosure Agreement of Developer (as defined herein) within South Zone Improvement Area #1 of the Clearview Ranch Public Improvement District (the “District”).

Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer (the “Disclosure Agreement of Developer”) dated as of September 1, 2024, by and among Clearview Ranch Land, LLC (the “Initial Developer”), P3Works, LLC (the “Administrator”) and UMB Bank, N.A. (the “Dissemination Agent”), with respect to the “Special Assessment Revenue Bonds, Series 2024 (Clearview Ranch Public Improvement District South Zone Improvement Area #1 Project)”, any person that, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the South Zone Improvement Area #1 Projects or Additional Improvements is defined as a Developer.

As a Developer, pursuant to Section 5 of the Disclosure Agreement of Developer, you acknowledge and assume the reporting obligations of the Disclosure Agreement of Developer for the property which is owned as detailed in the Disclosure Agreement of Developer, which is included herewith.

*(Signature page follows)*

Sincerely,

CLEARVIEW RANCH LAND, LLC,  
a Texas limited liability company  
(as Developer)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Acknowledged by:  
**[INSERT ASSIGNEE NAME]**

By: \_\_\_\_\_  
Title: \_\_\_\_\_

## EXHIBIT F

### FORM OF ACKNOWLEDGMENT OF ASSIGNMENT OF SIGNIFICANT HOMEBUILDER REPORTING OBLIGATIONS

[DATE]

City of Royse City, Texas  
305 N. Arch Street  
Royse City, Texas 75189

P3Works, LLC  
9284 Huntington Square, Ste 100  
North Richland Hills, Texas 76182

UMB Bank, N.A.  
5910 N. Central Expressway, Suite 1900  
Dallas, Texas 75206

**Re: Clearview Ranch Public Improvement District South Zone Improvement Area #1 –  
Continuing Disclosure Obligation**

Dear \_\_\_\_\_,

As of \_\_\_\_\_, 202\_, you own \_\_\_\_ single family residential lots within South Zone Improvement Area #1 of the Clearview Ranch Public Improvement District (the “District”). Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer (the “Disclosure Agreement”) dated as of September 1, 2024, by and among, Clearview Ranch Land, LLC (the “Developer”), P3Works, LLC (the “Administrator”) and UMB Bank, N.A. (the “Dissemination Agent”), with respect to the “Special Assessment Revenue Bonds, Series 2024 (Clearview Ranch Public Improvement District South Zone Improvement Area #1 Project)” any entity that owns ten or more single family residential lots within South Zone Improvement Area #1 is defined as a Significant Homebuilder.

As a Significant Homebuilder, pursuant to Section 6 of the Disclosure Agreement, you acknowledge and assume the reporting obligations under Section 3 Section 4(b) of the Disclosure Agreement for the property which is owned as detailed in the Disclosure Agreement, which is included herewith.

*(Signature page follows)*

CLEARVIEW RANCH LAND, LLC,  
a Texas limited liability company  
(as Developer)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Sincerely,

Acknowledged by:  
**[INSERT ASSIGNEE NAME]**

By: \_\_\_\_\_  
Title: \_\_\_\_\_



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APPENDIX F  
REIMBURSEMENT AGREEMENT

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**REIMBURSEMENT AGREEMENT**  
**Clearview Ranch Public Improvement District**

This Reimbursement Agreement (this “Agreement”) is entered into by QUALICO DEVELOPMENT (U.S.), INC., a Delaware Corporation and S2 LAND DEVELOPMENT, LLC company, a Texas limited liability company (collectively, the “Developer”), Clearview Ranch Land, LLC, a Texas limited liability (“Assignee”), and the City of Royse City, Texas (the “City”), effective as of \_\_\_\_\_, 2024 (the “Effective Date”) in relation to the Clearview Ranch Public Improvement District (the “PID”). Developer and the City are individually referred to herein as a “Party” and collectively as the “Parties.”

SECTION 1.  
RECITALS

1.1 WHEREAS, capitalized terms used in this Agreement shall have the meanings given to them above or in Section 2;

1.2 WHEREAS, unless otherwise defined: (1) all references to “sections” shall mean sections of this Agreement; (2) all references to “exhibits” shall mean exhibits to this Agreement which are incorporated as part of this Agreement for all purposes; and (3) all references to “ordinances” or “resolutions” shall mean ordinances or resolutions adopted by the City Council;

1.3 WHEREAS, S2 Land Development, LLC and the City have entered into the Development Agreement, effective March 30, 2023, relating to the development of the property within the PID and the financing of public improvements within the PID;

1.4 WHEREAS, on October 24, 2023, the City Council passed and approved the PID Creation Resolution authorizing the creation of the PID pursuant to the authority of the Act, covering approximately 560.213 contiguous acres within the City’s corporate limits, which land is described in the PID Creation Resolution;

1.5 WHEREAS, prior to the issuance of PID Bonds, Developer has paid and may continue to pay for the Actual Costs of the PID Projects benefitting the property within the PID;

1.6 WHEREAS, this Agreement is a “reimbursement agreement” authorized by Section 372.023(d)(1) of the Act;

1.7 WHEREAS, the recitals: (a) are part of this Agreement for all purposes; (b) are true and correct; and (c) each Party has relied upon such recitals in entering into this Agreement; and

NOW THEREFORE, for and in consideration of the mutual obligations of the Parties set forth herein, the Parties agree as follows:

SECTION 2.  
DEFINITIONS

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

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

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

“Annual Installment(s)” means the annual installment payment of an Assessment, as calculated by the PID administrator and approved by the City Council, that includes: (1) principal; (2) interest; and (3) Annual Collection Costs.

“Assessed Parcel(s)” means any parcel within the PID against which an Assessment is levied.

“Assessment(s)” means an assessment levied against Assessed Parcels pursuant to the provisions of the Act for payment of PID Project Costs, including the payment of PID Bonds, administrative costs of the PID, interest on PID Bonds and Assessments, and obligations under this Agreement.

“Assessment Ordinance” means the ordinance(s) adopted by the City Council levying Assessments on an Assessed Parcel within the PID to pay PID Project Costs, PID Bonds, administrative costs of the PID, interest on PID Bonds and Assessments, and obligations under this Agreement.

“Assessment Revenue” means the revenues received by the City from the collection of Assessments, including Prepayments, Annual Installments, and Foreclosure Proceeds.

“Assessment Roll” means any assessment roll for the Assessed Parcel within the District, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID act, including updates prepared in connection with the issuance of PID Bonds or any annual service plan update.

“Bond Indenture” means the indenture of trust pursuant to which PID Bonds are issued.

“Bond Proceeds” mean the proceeds derived from the issuance and sale of PID Bonds that are deposited into the PID Project Fund and made available to pay PID Project Costs including costs of issuance of the PID Bonds and design, engineering, construction and inspection costs in accordance with this Agreement and any Bond Indenture or SAP.

“Budgeted Cost” means the estimated cost for an Authorized Improvement as provided for in the Service and Assessment Plan.

“Certificate for Payment” means a certificate (substantially in the form of Exhibit A or as otherwise approved by Developer and the City Representative) executed by a representative of Developer and approved by the City Representative, delivered to the City Representative (and/or, if applicable, to the Trustee named in the Bond Indenture), specifying the work performed and the amount charged (including materials and labor costs) for PID Project Costs, and requesting payment of such amount from the appropriate fund or funds. Each certificate shall include supporting documentation in the standard form for City construction projects and evidence that the PID Projects (or their completed segment(s)) covered by the certificate have been inspected by the City.

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

“City Representative” means the person authorized by the City Council to undertake the actions referenced herein.

“Closing Disbursement Request” means a request in the form of Exhibit B or as otherwise approved by the Parties and the trustee named in the Indenture.

“Cost Overrun” means, with respect to each PID Project, the amount of the Actual Cost paid for the PID Project in excess of the Budgeted Cost for such PID Project as provided for in the Service and Assessment Plan.

“Default” is defined in Section 4.6.1.

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

“Development Agreement” means that certain Agreement for Capital Improvements, effective March 30, 2023, by and between S2 Land Development, LLC and the City, pertaining to the construction and installation of certain PID Projects, as described therein and benefitting the

PID.

“Developer Advances” mean advances made by Developer to pay PID Project Costs.

“Developer Continuing Disclosure Agreement” means the Continuing Disclosure Agreement of Developer executed contemporaneously with the issuance and sale of PID Bonds.

“Failure” is defined in Section 4.6.1.

“Final Completion” means completion of a PID Project in compliance with existing City standards for dedication under the City’s ordinances and the Development Agreement.

“Maturity Date” is the date one year after the final scheduled and non-delinquent Annual Installment is collected.

“PID” means the Clearview Ranch Public Improvement District created by the PID Creation Resolution.

“PID Bonds” means the bonds issued pursuant to the provisions of the Act in one or more series to fund PID Project Costs or to reimburse Developer for PID Project Costs.

“PID Creation Resolution” means Resolution No. 23-10-267R passed and approved by the City Council on October 24, 2023, authorizing the creation of the PID.

“PID Pledged Revenue Fund” means the Pledged Revenue Fund, as defined in the Bond Indenture, established or to be established by the City (and segregated from all other funds of the City) into which the City deposits Assessment Revenue securing PID Bonds issued and still outstanding, as described in the Bond Indenture.

“PID Project Fund” means the Project Fund, as defined in the Bond Indenture, including all accounts created within such fund, established or to be established by the City (and segregated from all other funds of the City) into which the City deposits Bond Proceeds in the amounts and as described in the Bond Indenture.

“PID Reimbursement Fund” means the fund established by the City under this Agreement (and segregated from all other funds of the City) into which the City deposits Assessment Revenue if not deposited into the PID Pledged Revenue Fund.

“PID Projects” means the public improvements or services constructed or acquired, or to be constructed or acquired, by or on behalf of the Developer within the PID and described in the SAP, whether the SAP defines such public improvements or services as PID Projects or utilizes another term.

“PID Project Costs” mean the actual costs of the PID Projects.

“Reimbursement Agreement Balance” is defined herein.

“Service and Assessment Plan” or “SAP” means the service and assessment plan and any

updates thereto approved by the City Council, prepared in relation to the property within the PID.

“Trustee” is defined herein.

### SECTION 3. FUNDING PROJECT COSTS

#### 3.1 Fund Deposits.

3.1.1 Unless and until PID Bonds are issued, the City shall bill, collect, and immediately deposit all Assessment Revenue into the PID Reimbursement Fund, which PID Reimbursement Fund is hereby created and established as a fund under this Agreement and which fund shall be held by the City and separate and apart from all other City funds and accounts. After the issuance and delivery of PID Bonds for the PID Projects, the City shall bill, collect, and immediately deposit all Assessment Revenue in the manner set forth in the Bond Indenture. The City shall also deposit Bond Proceeds in the manner set forth in the Bond Indenture. Annual Installments shall be billed and collected by the City (or by any person, entity, or governmental agency permitted by law) in the same manner and at the same time as the City ad valorem taxes are billed and collected. Funds in the PID Project Fund shall only be used in accordance with this Agreement and/or the Bond Indenture. Funds in the PID Reimbursement Fund shall only be used to pay all or any portion of the Reimbursement Agreement Balance in accordance with this Agreement.

3.1.2 The City hereby confirms, covenants, and agrees that for so long as amounts are due to Developer under this Agreement and/or for so long as PID Bonds are outstanding, that the City will do the following in the manner and to the maximum extent permitted by applicable law, subject to any conflicting provisions in the Bond Indenture: (a) take and pursue all actions necessary to cause the Assessments to be collected; (b) take and pursue all actions necessary to cause the liens related to the Assessments to be enforced continuously, including diligently prosecuting an action in district court to foreclose for delinquent or nonpayment of Assessments, including Annual Installments; and (c) take and pursue all actions necessary to cause no reduction, abatement or exemption of the Assessments. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessments or the corresponding Assessed Parcel. The Bond Indenture shall control in the event of any conflicts with this Agreement.

#### 3.2 Payment of PID Project Costs.

3.2.1 Unless and until PID Bonds are issued to pay PID Project Costs, Developer may elect to make Developer Advances to pay such PID Project Costs. Should PID Bonds be issued prior to completion of the PID Projects to be funded thereby, then prior to the City’s adoption of an ordinance authorizing the issuance of a series of PID Bonds, Developer shall provide evidence of financial security in the form of a lender set-aside letter confirming that sufficient funds are available and reserved for completion of the PID Projects (or portion thereof) to be funded by PID Bonds. If such evidence of financial security is not available, or if Developer so elects, Developer may deposit into the PID Project Fund an amount equal to the remaining costs not funded by the PID Bonds necessary to pay PID Project Costs.

3.2.2 Bond Proceeds (i) may be used to construct PID Projects and directly pay



or reimburse PID Project Costs in lieu of Developer Advances and reimbursement and (ii) shall be used in the manner provided in the Bond Indenture. Developer may, but shall not have the obligation, to make Developer Advances unless the Bond Proceeds, on deposit in the PID Project Fund, are insufficient to pay any remaining PID Project Costs, in which case Developer shall make Developer Advances to pay the deficit.

3.2.3 As evidence of Developer Advances required in connection with the issuance of PID Bonds, Developer shall submit to the City for approval all information related to such costs that would be required by a Closing Disbursement Request at least fifteen (15) business days prior to the closing of the PID Bonds. A later submittal by the Developer shall entitle the City to an equal extension of time to reimburse the Developer for the PID Projects named in such Closing Disbursement Request. The Developer shall also make Developer Advances to pay for cost overruns (after applying cost savings or reallocation of budget line items to reflect actual costs). Upon the Final Completion of an PID Project and payment of all outstanding invoices for such PID Project, if the Actual Costs of such PID Project is less than the Budgeted Cost (a “Cost Underrun”), any remaining budgeted cost, as shown in the Service and Assessment Plan, will be available to pay Cost Overruns on any other PID Project. The City Representative shall promptly confirm that such remaining amounts are available to pay such Cost Overruns, and the Developer, the Administrator and the City Representative will agree how to use such moneys to secure the payment and performance of the work for other PID Projects. Any Cost Underrun for any PID Project is available to pay Cost Overruns on any other PID Project. The lack of Bond Proceeds or other funds in the PID Project Fund shall not diminish the obligation of Developer to pay PID Project Costs.

### 3.3 Payment of Reimbursement Agreement Balance.

3.3.1 Unless and until PID Bonds are issued, the City agrees to pay Developer solely from funds on deposit in the PID Reimbursement Fund, and Developer shall be entitled to receive payments from the City, from such source for amounts shown on each Certificate for Payment (which amounts include only PID Project Costs paid by or at the direction of Developer) (any unpaid amount owed Developer for all Certificates of Payment is referred to as the “Reimbursement Agreement Balance”). Upon the issuance of PID Bonds, the City agrees to pay Developer first from funds on deposit in the PID Project Fund and then from funds on deposit in the PID Reimbursement Fund, if any; and, notwithstanding anything in this Agreement to the contrary, the maximum amount that Developer may be reimbursed under this Agreement shall be equal to the amount of Bond Proceeds on deposit in the PID Project Fund plus amounts in the PID Reimbursement Fund, if any, plus simple interest on the unpaid principal balance of the Reimbursement Agreement Balance at a rate not to exceed the rates permitted under subsections (e)(1) and (e)(2) of Section 372.023 of the Act, or if PID Bonds are issued, then the interest rate on the PID Bonds; provided, however, that the interest rate for the unpaid balance of the Reimbursement Agreement Balance as set forth in this paragraph shall not exceed the rates permitted under subsections (e)(1) and (e)(2) of Section 372.023 of the Act. Interest on the unpaid principal balance of the Reimbursement Agreement Balance shall begin to accrue at the City acceptance of the PID Projects.

3.3.2 The obligation of the City to pay the Reimbursement Agreement Balance is payable solely from the PID Reimbursement Fund or from Bond Proceeds on deposit in the PID

Project Fund. No other City funds, revenue, taxes, income, or property shall be used even if the Reimbursement Agreement Balance is not paid in full by the Maturity Date. Payments from the PID Reimbursement Fund shall be applied in accordance with this Agreement. Each payment from the PID Reimbursement Fund shall be accompanied by an accounting that certifies the Reimbursement Agreement Balance as of the date of the payment and that itemizes all deposits to and disbursements from the fund since the last payment. If there is a dispute over the amount of any payment, the City shall nevertheless pay the undisputed amount, and the Parties shall use all reasonable efforts to resolve the disputed amount before the next payment is made.

3.4 PID Bonds. The City, in its sole, legislative discretion, may issue PID Bonds, in one or more series, when and if the City Council determines it is financially feasible for the purposes of: (a) paying all or a portion of the Reimbursement Agreement Balance; or (b) paying PID Project Costs directly. PID Bonds issued for such purpose will be secured by and paid solely as authorized by the Bond Indenture. Upon the issuance of PID Bonds for such purpose, Developer's right to receive payments each year in accordance herewith shall be subordinate to the deposits required under the Bond Indenture related to any outstanding PID Bonds. The failure of the City to issue PID Bonds shall not constitute a "Failure" by the City or otherwise result in a "Default" by the City. Upon the issuance of the PID Bonds, Developer has a duty to construct related PID Projects and shall not be relieved of such duty even if there are insufficient funds in the PID Project Fund to pay PID Project Costs.

### 3.5 Disbursements and Transfers at and after Bond Closing.

3.5.1 If PID Bonds are issued, and upon the presentation of evidence satisfactory to the City Representative, the City will cause the Trustee under the Bond Indenture to pay from the Bond Proceeds at closing of the PID Bonds approved amounts from the appropriate account to the City, Developer, or their designees, as applicable, which costs may include payment for costs of issuance and payment of costs incurred in the establishment, administration, and operation of the PID and any other eligible items for which funds have been expended by Developer and the City as of the time of the delivery of the PID Bonds. In order to receive such a disbursement, Developer shall execute a Closing Disbursement Request substantially in the form attached hereto as Exhibit B to be delivered to the City no less than fifteen (15) business days prior to the scheduled closing date for the PID Bonds for payment in accordance with the provisions of the Bond Indenture. In order to receive additional disbursements from the applicable fund under the Bond Indenture, if PID Bonds are issued, or from the PID Reimbursement Fund, Developer shall execute a Certificate for Payment, no more frequently than monthly, to be delivered to the City for payment in accordance with the provisions of the Bond Indenture, if applicable, and/or this Agreement.

3.5.2 Upon receipt of a Certificate for Payment (along with all accompanying documentation reasonably required by the City) from Developer, the City shall conduct a review in order to confirm that such request is complete, to confirm that the work for which payment is requested was performed in accordance with all applicable governmental laws, rules and regulations and applicable plans therefor with the terms of this Agreement and any other agreement between the Parties related to property in the PID, and to verify and approve PID Project Costs of such work specified in such Certificate for Payment. The City shall also conduct such review as is required to confirm the matters certified in the Certificate for Payment. The Developer agrees to cooperate with the City in conducting each such review and to provide the City with such

additional information and documentation as is reasonably necessary for the City to conclude each such review. Within fifteen (15) business days following receipt of any Certificate for Payment, the City shall either: (a) approve the Certificate for Payment and (i) forward it to the trustee designated under the Bond Indenture (the “Trustee”) for payment or (ii) pay such amount from the PID Reimbursement Fund; or, (b) provide Developer with written notification of disapproval of all or part of a Certificate for Payment, specifying in detail the basis for any such disapproval. Any disputes shall be resolved as required by Section 3.3.2 herein. If PID Bonds are issued, the City shall deliver the approved or partially approved Certificate for Payment to the Trustee for payment.

3.6 Obligations Limited. The obligations of the City under this Agreement shall not, under any circumstances, give rise to or create a charge against the general credit or taxing power of the City or constitute a debt or other obligation of the City payable from any source other than the PID Reimbursement Fund or the PID Project Fund. Unless approved by the City, no other City funds, revenues, taxes, or income of any kind other than the funds on deposit in the PID Reimbursement Fund or the PID Project Fund shall be used to pay: (a) the PID Project Costs; (b) the Reimbursement Agreement Balance, even if the Reimbursement Agreement Balance is not paid in-full on or before the Maturity Date; or (c) debt service on any PID Bonds. None of the City or any of its elected or appointed officials or any of its officers, employees, consultants, or representatives shall incur any liability hereunder to Developer or any other party in their individual capacities by reason of this Agreement or their acts or omissions under this Agreement.

3.7 Obligation to Pay. If Developer is then in current compliance with its obligations under the Development Agreement, the Developer Continuing Disclosure Agreement if applicable, and this Agreement, and is not delinquent in payment of the Special Assessments and paying property taxes, then following the inspection and approval of any portion of the PID Projects for which Developer seeks reimbursement of the PID Project Costs by submission of a Certificate for Payment or City approval of a Closing Disbursement Request, the obligations of the City under this Agreement to pay disbursements (whether to Developer or to any person designated by Developer) identified in any Closing Disbursement Request or in any Certificate for Payment are unconditional and not subject to any defenses or rights of offset except as may be provided in any Bond Indenture.

3.8 City Delegation of Authority. All PID Projects shall be constructed by or at the direction of Developer in accordance with the Development Agreement and this Agreement and any other applicable agreement between the Parties related to property in the PID. Developer shall perform, or cause to be performed, all of its obligations and shall conduct, or cause to be conducted, all operations with respect to the construction of PID Projects in a good and workmanlike manner, with the standard of diligence and care normally employed by duly qualified persons utilizing their commercially reasonable efforts in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken. Developer has sole responsibility of ensuring that all PID Projects are constructed in a good and workmanlike manner, with the standard of diligence and care normally employed by duly qualified persons utilizing their reasonable efforts in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken. Developer shall, at all time, employ adequate staff or consultants with the requisite experience necessary to administer and coordinate all work related to the design, engineering, acquisition, construction, and installation of all PID Projects to be acquired and accepted by the City from Developer. If any PID Projects are or will

be on land owned by the City, the City hereby grants to Developer a license to enter upon such land for purposes related to construction (and maintenance pending acquisition and acceptance) thereof. Inspection and acceptance of PID Projects will be in accordance with applicable City ordinances and regulations.

#### SECTION 4. ADDITIONAL PROVISIONS

4.1 Term. The term of this Agreement shall begin on the Effective Date and shall continue until the earliest to occur of: (i) the Maturity Date, (ii) the date on which the Reimbursement Agreement Balance is paid in full, or (iii) the date on which the PID Bonds are fully retired.

4.2 No Competitive Bidding. Construction of the PID Projects shall not require competitive bidding pursuant to Section 252.022(a)(9), Texas Local Government Code, as amended. All plans and specifications, but not construction contracts, shall be reviewed and approved, in writing, by the City prior to Developer selecting the contractor.

4.3 Independent Contractor. In performing this Agreement, Developer is an independent contractor and not the agent or employee of the City.

4.4 Audit. The City Representative shall have the right, during normal business hours and upon three (3) business days' prior written notice to Developer, to review all books and records of Developer pertaining to costs and expenses incurred by Developer with respect to any of the PID Projects. For a period of two (2) years after completion of the PID Projects, books shall be maintained in accordance with customary real estate accounting principles.

#### 4.5 Representations and Warranties.

4.5.1 The Developer represents and warrants to the City that: (a) Developer has the authority to enter into and perform its obligations under this Agreement; (b) Developer has the financial resources, or the ability to obtain sufficient financial resources, to meet its obligations under this Agreement; (c) the person executing this Agreement on behalf of the Developer has been duly authorized to do so; (d) this Agreement is binding upon Developer in accordance with its terms; and (e) the execution of this Agreement and the performance by Developer of its obligations under this Agreement do not constitute a breach or event of default by Developer under any other agreement, instrument, or order to which Developer is a party or by which Developer is bound.

4.5.2 The City represents and warrants to Developer that: (a) the City has the authority to enter into and perform its obligations under this Agreement; (b) the person executing this Agreement on behalf of the City has been duly authorized to do so; (c) this Agreement is binding upon the City in accordance with its terms; and (d) the execution of this Agreement and the performance by the City of its obligations under this Agreement do not constitute a breach or event of default by the City under any other agreement, instrument, or order to which the City is a party or by which the City is bound.

#### 4.6 Default/Remedies.

4.6.1 If either Party fails to perform an obligation imposed on such Party by this Agreement (a “Failure”) and such Failure is not cured after written notice and the expiration of the cure periods provided in this section, then such Failure shall constitute a “Default.” If a Failure is monetary, the non-performing Party shall have ten (10) business days within which to cure. If the Failure is non-monetary, the non-performing Party shall have thirty (30) days within which to cure. However, if the non-monetary Failure is of such a nature that it cannot reasonably be expected to be cured within thirty (30) days, then the Party who failed to perform shall have such time as is necessary to cure the default, so long as the failing Party commences the cure within thirty (30) days and diligently pursues such cure to completion.

4.6.2 If Developer is in Default, the City shall have available all remedies at law or in equity; provided, however, no default by Developer shall entitle the City to terminate this Agreement, cease collection of the Assessments and deposit of the Assessment Revenues, or to withhold properly due payments to Developer from the PID Reimbursement Fund or the PID Project Fund in accordance with this Agreement and the Bond Indenture or on deposit in the PID Reimbursement Fund.

4.6.3 Subject to Section 3.7, if the City is in Default, Developer shall have available all remedies in equity; provided, however, that no Default by the City shall entitle Developer to terminate this Agreement and that any financial obligation of the City will only be payable from monies available under the Bond Indenture or under this Agreement.

4.7 Remedies Outside the Agreement. Nothing in this Agreement constitutes a waiver by the City of any remedy the City may have outside this Agreement against Developer or any other person or entity involved in the design, construction, or installation of the PID Projects. The obligations of Developer hereunder shall be those of a Party hereto and not as an owner of property in the PID. Nothing herein shall be construed as affecting the City’s or Developer’s rights or duties to perform their respective obligations under other agreements, use regulations, or subdivision requirements relating to the development property in the PID.

4.8 Applicable Law; Venue. This Agreement is being executed and delivered and is intended to be performed in the State of Texas. Except to the extent that the laws of the United States may apply, the substantive laws of the State of Texas shall govern the interpretation and enforcement of this Agreement. In the event of a dispute involving this Agreement, venue shall lie in any court of competent jurisdiction in Rockwall County, Texas.

4.9 Notice. Any notice referenced in this Agreement must be in writing and shall be deemed given at the addresses shown below: (a) when delivered by a nationally recognized delivery service such as FedEx or UPS with evidence of delivery signed by any person at the delivery address regardless of whether such person is the named addressee; or (b) 72 hours after deposited with the United States Postal Service, Certified Mail, Return Receipt Requested.

To the City:

City of Royse City

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With a copy to:

Office of the City Attorney  
Attn: Jason Day  
PO Box 638  
Royse City, Texas 75189

To Developer:

Qualico Developments (U.S.), Inc.  
Attn: John Vick  
2 Greenside at Craig Ranch  
6950 TPC Drive, Suite 150  
McKinney, Texas 75070

To Developer:

S2 Land Development, LLC  
Attn: Justin Christ  
10003 Technology Blvd. West  
Dallas, Texas 75220

With a copy to:

Winstead PC  
Attn: Sarah Landiak  
2728 N. Harwood St., Suite 500  
Dallas, Texas 75201

To Assignee:

Clearview Ranch Land, LLC  
Attn: Justin Christ  
10003 Technology Blvd. West  
Dallas, Texas 75220

With a copy to:

Winstead PC  
Attn: Sarah Landiak  
2728 N. Harwood St., Suite 500  
Dallas, Texas 75201

Any Party may change its address by delivering notice of the change in accordance with this section.

4.10 Conflicts; Amendment. In the event of any conflict between this Agreement and any other instrument, document, or agreement by which either Party is bound, the provisions and intent of the Bond Indenture controls. This Agreement may only be amended by written agreement of the Parties.

4.11 Severability. If any provision of this Agreement is held invalid by any court, such holding shall not affect the validity of the remaining provisions.

4.12 Non-Waiver. The failure by a Party to insist upon the strict performance of any provision of this Agreement by the other Party, or the failure by a Party to exercise its rights upon a Default by the other Party, shall not constitute a waiver of such Party's right to insist and demand strict compliance by such other Party with the provisions of this Agreement.

4.13 Third Party Beneficiaries. Nothing in this Agreement is intended to or shall be construed to confer upon any person or entity other than the City and Developer, any rights under or by reason of this Agreement. All provisions of this Agreement shall be for the sole and exclusive benefit of the City and Developer.

4.14 Counterparts. This Agreement may be executed in multiple counterparts, which, when taken together, shall be deemed one original.

4.15 Assignment. Developer does hereby assign to Assignee all right, title, and interest of Developer (collectively, the "Reimbursements") to any payments owed to Developer in, to, or under this Agreement (including, without limitation, Assessment Revenues and Bond Proceeds). The City does hereby acknowledge and consent to such assignment. Should Developer receive any Reimbursement from the City, Developer agrees to promptly remit, or cause to be remitted, any such Reimbursements to Assignee.

4.15 Employment of Undocumented Workers. During the term of this Agreement, Developer agrees not to knowingly employ any undocumented workers and if convicted of a violation under 8 U.S.C. Section 1324a (f), Developer shall repay the amount of any Reimbursement Payment or other funds received by Developer from City from the date of this Agreement to the date of such violation within 120 days after the date Developer is notified by City of such violation, plus interest at the rate of 4% compounded annually from the date of violation until paid. Developer is not liable for a violation of this section by a subsidiary, affiliate, or franchisee of Developer or by a person with whom Developer contracts.

4.16 State Law Verifications. The Developer, the Assignee and the City represent that:

- (a) Anti-Boycott Verification. The Developer and the Assignee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, will not boycott Israel during the term of this Agreement. As used in the foregoing verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any

action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Developer and the Assignee understand “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Developer and the Assignee and exists to make a profit. Notwithstanding anything contained herein, the representations and covenants contained in this Section 4.16(a) shall survive termination of this Agreement until the statute of limitations has run.

- (b) Verification Pursuant to Chapters 2252 and 2270 of the Texas Government Code. The Developer and the Assignee represent that neither it nor any of its parent company, wholly- or majority- owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code.

The foregoing representation excludes the Developer and the Assignee and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Developer and the Assignee understand “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Developer and the Assignee and exists to make a profit. Notwithstanding anything contained herein, the representations and covenants contained in this Section 4.16(b) shall survive termination of the Agreement until the statute of limitations has run.

- (c) Verifications Pursuant to Chapter 2276, Texas Government Code. The Developer and the Assignee hereby verify that it and its parent companies, wholly- or majority- owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, will not boycott energy companies during the term of this Agreement. As used in the foregoing verification, “boycott energy companies” shall have the meaning assigned to the term “boycott energy company” in Section 809.001, Texas Government Code. The Developer and the Assignee understand “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Developer and the Assignee and exists to make a profit. Notwithstanding anything contained herein, the representations and covenants contained in this Section 4.16(c) shall survive termination of the Agreement until the statute of limitations has run.
- (d) Firearms. The Developer and the Assignee hereby verify that it and its parent companies, wholly- or majority- owned subsidiaries, and other affiliates, if any,
  - (1) do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and



- (2) will not discriminate during the term of this Agreement against a firearm entity or firearm trade association.

As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” shall have the meaning assigned to such term in Section 2274.001(3), Texas Government Code. The Developer and the Assignee understand “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Developer and the Assignee and exists to make a profit. Notwithstanding anything contained herein, the representations and covenants contained in this Section 5.15(d) shall survive termination of the Agreement until the statute of limitations has run.

- (e) Notwithstanding anything contained herein, the representations and covenants contained in this Section 4.16 shall survive closing until the statute of limitations has run. Liability for breach of any verification in such section during such period shall not be liquidated or otherwise limited by any provision herein, notwithstanding anything herein to the contrary.

*[Execution pages follow.]*

**CITY:**

CITY OF ROYSE CITY, TEXAS

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Attest:

By: \_\_\_\_\_

City Secretary

Approved as to form:

By: \_\_\_\_\_

City Attorney

**DEVELOPER:**

QUALICO DEVELOPMENTS (U.S.), INC.  
a Delaware company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**DEVELOPER:**

S2 LAND DEVELOPMENT, LLC,  
a Texas limited liability company

By: \_\_\_\_\_

Name: Justin S. Christ

Its: President

**ASSIGNEE:**

CLEARVIEW RANCH LAND, LLC,  
a Texas limited liability company

By: \_\_\_\_\_

Name: Justin S. Christ

Its: President

## **Exhibit A**

### **FORM OF CERTIFICATE FOR PAYMENT**

The undersigned is an agent for Clearview Ranch Land, LLC (the “Assignee”), and requests payment from the City of Royse City, Texas (the “City”) out of the [*PID Project Fund (as defined in the Bond Indenture) / PID Reimbursement Fund*] in the amount of \$\_\_\_\_\_ for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain PID Projects providing a special benefit to property within the Clearview Ranch Public Improvement District. Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the PID Reimbursement Agreement, Clearview Ranch Public Improvement District, effective \_\_\_\_\_ (the “Reimbursement Agreement”). In connection with the above referenced payment, Assignee represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of Assignee, is qualified to execute this Certificate for Payment Form on behalf of Assignee, and is knowledgeable as to the matters set forth herein.
2. The payment requested for the below referenced PID Projects has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.
3. The amount listed below is a true and accurate representation of the PID Project Costs associated with the creation, acquisition, or construction of said PID Projects and such costs: (a) are in compliance with the Reimbursement Agreement; and (b) are consistent with the Service and Assessment Plan.
4. Assignee is in compliance with the terms and provisions of the Development Agreement, Developer Continuing Disclosure Agreement, Reimbursement Agreement and the Service and Assessment Plan.
5. Assignee has timely paid all ad valorem taxes and annual installments of special assessments it owes or an entity Assignee controls owes, located in the Clearview Ranch Public Improvement District and has no outstanding delinquencies for such assessments.
6. All conditions set forth in the Bond Indenture for the payment hereby requested have been satisfied.
7. The work with respect to the PID Projects referenced below (or its completed segment, section, or portion thereof) has been completed, and the City has inspected such PID Projects.
8. Assignee agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.
9. No more than ninety-five percent (95%) of the budgeted or contracted hard costs for PID Project Costs identified may be paid until the work with respect to such PID Project Costs (or segment) has been completed and the City has accepted such PID Project Costs (or segment). One

hundred percent (100%) of soft costs (e.g., engineering costs, inspection fees and the like) may be paid prior to City acceptance of such PID Projects Costs (or segment)

10. Assignee confirms that based on all prior amounts paid to Assignee from the PID Reimbursement Fund as of the date of this Certification for Payment and based on the percentage of completion of the PID Project Costs as of the date of this Certification for Payment as verified by the City payment of the amounts requested in this Certification for Payment, taking into account all prior payments for the PID Project Costs and the amount of work related to the PID Project Costs remaining to be completed as of the date of this Certification for Payment will not cause the amounts on deposit in the PID Reimbursement Fund to fall below the amount necessary to complete the remaining PID Project Costs taking into account the amounts available to the Assignee under its private loan, a line of credit and/or any other form acceptable to the City.

**Payments requested are as follows:**

- a. X amount to Person or Account Y for Z goods or services.
- b. Payment / Wire Instructions

Attached hereto are invoices, cancelled checks, receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments. Also attached hereto are **“bills paid” affidavits and supporting documentation** in the standard form for City construction projects.

Pursuant to the Reimbursement Agreement, after receiving this payment request, the City has inspected the PID Projects (or completed segment) and confirmed that said work has been completed in accordance with approved plans and all applicable governmental laws, rules, and regulations.

I hereby declare that the above representations and warranties are true and correct.

[remainder of page left blank intentionally]

**ASSIGNEE:**

CLEARVIEW RANCH LAND, LLC,  
a Texas limited liability company

By: \_\_\_\_\_

Name: Justin S. Christ

Its: President



### **APPROVAL OF REQUEST BY CITY**

The City is in receipt of the attached Certificate for Payment, acknowledges the Certificate for Payment, acknowledges that the PID Projects (or its completed segment) covered by the certificate have been inspected by the City, and otherwise finds the Certificate for Payment to be in order. After reviewing the Certificate for Payment, the City approves the Certificate for Payment and directs \_\_\_\_\_, as Trustee for the PID Bonds, to make such payments from the PID Project Fund to Assignee or to any person designated by Assignee.

### **CITY OF ROYSE CITY, TEXAS**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **Exhibit B**

### **FORM OF CLOSING DISBURSEMENT REQUEST**

The undersigned is an agent for Clearview Ranch Land, LLC (“Assignee”) and requests payment to Assignee (or to the person designated by Assignee) from the applicable account of the PID Project Fund from \_\_\_\_\_ (the “Trustee”) in the amount of \_\_\_\_\_ (\$ \_\_\_\_\_) to be transferred from the applicable account of the PID Project Fund upon the delivery of the PID Bonds for costs incurred in the establishment, administration, and operation of Clearview Ranch Public Improvement District (the “District”) and costs associated with the issuance of PID Bonds, as follows.

Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Indenture of Trust by and between the City and the Trustee dated as of \_\_\_\_\_ (the “Indenture”) relating to the [ \_\_\_\_\_ ] (the “PID Bonds”).

In connection with the above referenced payment, Assignee represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of Assignee, is qualified to execute this Closing Disbursement Request on behalf of Assignee, and is knowledgeable as to the matters set forth herein.

2. The payment requested for the below referenced establishment, administration, and operation of the District at the time of the delivery of the PID Bonds have not been the subject of any prior payment request submitted to the City.

3. The amount listed for the below costs is a true and accurate representation of the PID Project Costs associated with the establishment, administration and operation of the District at the time of the delivery of the PID Bonds, and such costs are in compliance with the Service and Assessment Plan.

4. The Assignee is in compliance with the terms and provisions of the Reimbursement Agreement, the Bond Indenture, and the Service and Assessment Plan.

5. All conditions set forth in the Indenture and the Reimbursement Agreement for the payment hereby requested have been satisfied.

6. Assignee agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

**Payments requested hereunder shall be made as directed below:**

[Information regarding Payee, amount, and deposit instructions attached]

I hereby declare that the above representations and warranties are true and correct.

**ASSIGNEE:**

CLEARVIEW RANCH LAND, LLC,  
a Texas limited liability company

By: \_\_\_\_\_

Name: Justin S. Christ

Its: President

### **APPROVAL OF REQUEST BY CITY**

The City is in receipt of the attached Closing Disbursement Request, acknowledges the Closing Disbursement Request, and finds the Closing Disbursement Request to be in order. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request and directs payment to be made from Costs of Issuance Account upon delivery of the PID Bonds.

#### **CITY OF ROYSE CITY, TEXAS**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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## APPENDIX G

APPRAISAL OF PROPERTY WITHIN SOUTH ZONE IMPROVEMENT AREA #1

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**Appraisal of Real Property**

**Clearview Ranch PID, IA #1**

Proposed Phase 1 North and Phase 1 South  
Southeast quadrant of FM-1777 and CR-677  
Royse City, Collin County, Texas 75189

**Prepared For:**

FMSbonds, Inc.

**Date of the Report:**

August 16, 2024

**Report Format:**

Appraisal Report

**IRR - Dallas**

File Number: 191-2024-0371





# Subject Photographs



**Clearview Ranch PID, IA #1**  
Southeast quadrant of FM-1777 and CR-677  
Royse City, Collin County, Texas

## Aerial Photograph





August 16, 2024

Mr. R. R. "Tripp" Davenport, III  
Director  
FMSbonds, Inc.  
5 Cowboys Way, Suite 300-25  
Frisco, TX 75034

SUBJECT:       Market Value Appraisal  
                  Clearview Ranch PID, IA #1  
                  Southeast quadrant of FM-1777 and CR-677  
                  Royse City, Collin County, Texas 75189  
                  IRR - Dallas File No. 191-2024-0371

Dear Mr. Davenport, III:

Integra Realty Resources – Dallas is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the fee simple interest in the property as of the effective dates of the appraisal. The following opinions of value are provided:

- Prospective Cumulative Retail Market Value of Clearview Ranch PID, Improvement Area #1 (Phase 1 South) as of September 13, 2024
- Prospective Cumulative Retail Market Value of Clearview Ranch PID, Improvement Area #1 (Phase 1 North) as of March 31, 2025

The client for the assignment is FMSbonds, Inc., and the intended use is for the underwriting of a proposed public improvement district bond transaction. This appraisal is not for purposes of determining the amount of any assessments to be levied by the City nor is it the basis upon which a determination of the benefit any constructed or installed public improvements will have on properties within the "PID"; provided that it is acknowledged that this appraisal will be included in a limited offering memorandum for PID bonds.

The subject represents Improvement Area #1 (IA #1) as part of the Clearview Ranch Public Improvement District (PID) located in Royse City, Collin County, Texas. IA #1 is currently under construction in two phases with a total of 354 single-family lots with 155 lots in Phase 1 - South and 199 lots in Phase 1 - North. The property is zoned PD, Planned Development, which permits residential development according to the approved concept plan for Clearview Ranch. Substantial completion dates are expected by September 13, 2024 for Phase 1 - South and March 31, 2025 for Phase 1 - North. The Clearview Ranch development is planned with an amenity center with pool, playground, and sport courts in future phases.

The unit mix for the subject follows:

Clearview Ranch PID, IA #1, Royse City, Collin County, Texas										
Phase	Density		Typical Lot Dimensions						Expected	
	Acres	Per Acre	50' x 120'	50' x 135'	60' x 120'	60' x 135'	70' x 120'	70' x 135'	Total Lots	Completion Date
1 - North	52.025	3.8	73	30	39	45	0	12	199	March 31, 2025
1 - South	36.294	4.3	39	34	24	44	4	10	155	September 13, 2024
<b>Totals</b>	<b>88.319</b>	<b>4.0</b>	<b>112</b>	<b>64</b>	<b>63</b>	<b>89</b>	<b>4</b>	<b>22</b>	<b>354</b>	
<b>Percentage of Total Lots</b>			<b>32%</b>	<b>18%</b>	<b>18%</b>	<b>25%</b>	<b>1%</b>	<b>6%</b>	<b>100%</b>	

The appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, and applicable state appraisal regulations.

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis that were used to develop the opinion of value.

Based upon the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, the concluded opinions of value are as follows:

Value Conclusions			
Parcel	Interest Appraised	Date of Value	Value Conclusion
Cumulative Prospective Retail Market Value As Completed (IA #1, Phase 1 South)	Fee Simple	September 13, 2024	\$14,253,800
Cumulative Prospective Retail Market Value As Completed (IA #1, Phase 1 North)	Fee Simple	March 31, 2025	\$19,230,200

**Please note the aggregate of the appraised values noted above is not the market value of the appraised properties in bulk. As defined by The Dictionary of Real Estate Appraisal, an aggregate value is the "total of multiple market value conclusions."**



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#### Extraordinary Assumptions and Hypothetical Conditions

---

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. All information relative to the subject property including land areas, lot totals, lot sizes, and other pertinent data that was provided by Strand (architecture/engineering/surveyors), S2 Land Development, LLC and Qualico Developments, Inc. (owners/developers), the city of Royse City, and the Collin Central Appraisal District is assumed to be correct.
2. The subject is proposed construction. Therefore, this report contains a prospective opinion of value. As such, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable events that alter market conditions prior to this prospective effective date.
3. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of September 13, 2024 (Phase 1 - South) and March 31, 2025 (Phase 1 - North), the effective appraisal dates.
4. The value presented within this report are prospective in nature. As such, we assume that local and regional lending institutions appear to remain active within the subject's market for specific projects. Therefore, we specifically assume that the financial markets will continue to function in a competitive, efficient fashion.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

---

The opinions of value expressed in this report are based on estimates and forecasts which are prospective in nature and subject to considerable risk and uncertainty. Events may occur which could cause the performance of the property to differ materially from the estimates contained herein, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, the concluded opinions and forecasts are based partly on data obtained from interviews and third-party sources, which are not always completely reliable. Although the findings are considered reasonable based on available evidence, IRR is not responsible for the effects of future, unforeseen occurrences.



Mr. R. R. "Tripp" Davenport, III  
FMSbonds, Inc.  
August 16, 2024  
Page 4

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

**Integra Realty Resources - Dallas**



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# Table of Contents

<b>Quality Assurance</b>	<b>1</b>	<b>Certification</b>	<b>119</b>
<b>Executive Summary</b>	<b>2</b>	<b>Assumptions and Limiting Conditions</b>	<b>121</b>
<b>Identification of the Appraisal Problem</b>	<b>5</b>	<b>Addenda</b>	
Subject Description	5	A. Appraiser Qualifications	
Sale History	5	B. IRR Quality Assurance Survey	
Pending Transactions	6	C. Definitions	
Appraisal Purpose	6	D. Property Information	
Value Type Definitions	7	E. Comparable Data	
Appraisal Premise Definitions	7	Land Sales - 50' Frontage Lots	
Property Rights Definitions	8	Land Sales - 60' Frontage Lots	
Client and Intended User(s)	8	Land Sales - 70' Frontage Lots	
Intended Use	8		
Applicable Requirements	8		
Report Format	8		
Prior Services	8		
Appraiser Competency	9		
<b>Scope of Work</b>	<b>10</b>		
<b>Economic Analysis</b>	<b>12</b>		
Collin County Area Analysis	12		
Surrounding Area Analysis	21		
Residential Analysis	30		
<b>Property Analysis</b>	<b>37</b>		
Land Description and Analysis	37		
General Description - Clearview Ranch PID, IA #1	41		
Allocation of Authorized Improvements	54		
Improvement Exhibits	60		
Real Estate Taxes	82		
Highest and Best Use	83		
<b>Valuation</b>	<b>85</b>		
Valuation Methodology	85		
Sales Comparison Approach	86		
50' Frontage Lots (50' x 120'; 6,000 SF)	87		
60' Frontage Lots (60' x 120'; 7,200 SF)	97		
70' Frontage Lots (70' x 120'; 8,400 SF)	106		
Summary of Land Values	115		
Cumulative Retail Valuations	116		
Reconciliation and Conclusion of Values	117		
Exposure Time	118		
Marketing Time	118		

# Quality Assurance

## IRR Quality Assurance Program

At IRR, delivering a quality report is a top priority. Integra has an internal Quality Assurance Program in which managers review material and pass an exam in order to attain IRR Certified Reviewer status. By policy, every Integra valuation assignment is assessed by an IRR Certified Reviewer who holds the MAI designation, or is, at a minimum, a named Director with at least ten years of valuation experience.

This quality assurance assessment consists of reading the report and providing feedback on its quality and consistency. All feedback from the IRR Certified Reviewer is then addressed internally prior to delivery. The intent of this internal assessment process is to maintain report quality.

## Designated IRR Certified Reviewer

The IRR Certified Reviewer who provided the quality assurance assessment for this assignment is Jimmy H. Jackson, MAI.



## Executive Summary

Property Name	Clearview Ranch PID, IA #1		
Address/Location	Southeast quadrant of FM-1777 and CR-677 Royse City, Collin County, Texas 75189		
Property Type	Land - Single Family Development Land		
Owner of Record	Qualico Developments, Inc., Clearview Ranch Land LLC		
Tax ID	2892837, 2892846, 2893224		
Legal Description	John W. Foote Survey, Abstract No. 333		
School District	Royse City ISD		
Land Area	Phase 1 South: 36.294 acres; 1,580,954 SF Phase 1 North: 52.025 acres 2,266,209 SF		
Total Residential Lots	155 lots (Phase 1 - South) 199 lots (Phase 1 - North)		
Phase 1 - South Unit Mix	39 lots: 50' x 120'; 34 lots: 50' x 135'; 24 lots: 60' x 120'; 44 lots: 60' x 135'; 4 lots: 70' x 120'; 10 lots: 70' x 135'		
Phase 1 - North Unit Mix	73 lots: 50' x 120'; 30 lots: 50' x 135'; 39 lots: 60' x 120'; 45 lots: 60' x 135'; 12 lots: 70' x 135'		
Typical Lot Dimensions			
50' Frontage Lots	50' x 120'/135'; 6,000 SF - 6,750 SF		
60' Frontage Lots	60' x 120'/135'; 7,200 SF - 8,100 SF		
70' Frontage Lots	70' x 120'/135'; 8,400 SF - 9,450 SF		
Zoning Designation	PD, Planned Development		
Highest and Best Use	Single-family residential use		
Exposure Time; Marketing Period	9 - 12 months; 9 - 12 months		
Effective Date of the Appraisal	September 13, 2024; March 31, 2025		
Date of the Report	August 16, 2024		
Property Interest Appraised	Fee Simple		
Value Conclusions			
50' Frontage Lots - September 13, 2024	\$86,000	(\$1,720/Front Footage)	
50' Frontage Lots - March 31, 2025	\$89,000	(\$1,780/Front Footage)	
60' Frontage Lots - September 13, 2024	\$99,600	(\$1,660/Front Footage)	
60' Frontage Lots - March 31, 2025	\$103,200	(\$1,720/Front Footage)	
70' Frontage Lots - September 13, 2024	\$112,000	(\$1,600/Front Footage)	
70' Frontage Lots - March 31, 2025	\$116,200	(\$1,660/Front Footage)	
Value Conclusions			
Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Cumulative Prospective Retail Market Value As Completed (IA #1, Phase 1 South)	Fee Simple	September 13, 2024	\$14,253,800
Cumulative Prospective Retail Market Value As Completed (IA #1, Phase 1 North)	Fee Simple	March 31, 2025	\$19,230,200
It should be clearly understood that the summation of lot values does not represent our opinion of the market discounted/bulk value, as if the lots are all sold in bulk in a single transaction.			
The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than FMSbonds, Inc. may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.			

---

**Extraordinary Assumptions and Hypothetical Conditions**

---

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. All information relative to the subject property including land areas, lot totals, lot sizes, and other pertinent data that was provided by Strand (architecture/engineering/surveyors), S2 Land Development, LLC and Qualico Developments, Inc. (owners/developers), the city of Royse City, and the Collin Central Appraisal District is assumed to be correct.
2. The subject is proposed construction. Therefore, this report contains a prospective opinion of value. As such, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable events that alter market conditions prior to this prospective effective date.
3. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of September 13, 2024 (Phase 1 - South) and March 31, 2025 (Phase 1 - North), the effective appraisal dates.
4. The value presented within this report are prospective in nature. As such, we assume that local and regional lending institutions appear to remain active within the subject's market for specific projects. Therefore, we specifically assume that the financial markets will continue to function in a competitive, efficient fashion.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

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## Strengths, Weaknesses, Opportunities, Threats (SWOT Analysis)

The analyses presented in this report consider the internal strengths and weaknesses of the subject property, as well as opportunities and external threats. The overall valuation influences are summarized in the following table.

---

### Valuation Influences

---

#### Strengths

- Limited amount of available developed lots in market area
- Continued demand for residential lots in market area
- The property is located in a fast-growing area.
- Easy access to major thoroughfares
- The property is located within a Public Improvement District.
- Increasing population base

#### Weaknesses

- Potential competition from other developments
- Large supply of vacant undeveloped land

#### Opportunities

- Profit from lot sales
- Demand for new housing remains relatively strong
- Development possibilities

#### Threats

- Inflation
  - Although Federal Reserve Chairman Powell remains non-committal, it is certain that the Federal Reserve will continue to closely monitor inflationary factors as well as unemployment in the U.S. economy. Based on favorable and positive unemployment as well as other inflationary measures, the Fed could decide to keep interest rates stable or even implement a series of interest rate cuts beginning in mid-2024. This inflation/unemployment monitoring will continue on a quarterly basis throughout the remainder of 2024. As such, depending on inflation factors/unemployment figures, there could still be emerging upward pressure on lending interest rates.
-

# Identification of the Appraisal Problem

## Subject Description

The subject represents Improvement Area #1 (IA #1) as part of the Clearview Ranch Public Improvement District (PID) located in Royse City, Collin County, Texas. IA #1 is currently under construction in two phases with a total of 354 single-family lots with 155 lots in Phase 1 - South and 199 lots in Phase 1 - North. The property is zoned PD, Planned Development, which permits residential development according to the approved concept plan for Clearview Ranch. Substantial completion dates are expected by September 13, 2024 for Phase 1 - South and March 31, 2025 for Phase 1 - North. The Clearview Ranch development is planned with an amenity center with pool, playground, and sport courts in future phases.

A legal description of the property is provided in the addendum.

Property Identification	
Property Name	Clearview Ranch PID, IA #1
Address	Southeast quadrant of FM-1777 and CR-677 Royse City, Texas 75189
Tax ID	2892837, 2892846, 2893224
Owner of Record	Qualico Developments, Inc., Clearview Ranch Land LLC

## Sale History

The owners/developers indicated that the property within the overall PID was acquired in three land transactions by S2Land Development LLC in March, May, and June of 2023. Subsequent to the purchase of this property, zoning was approved along with the PID and CIA. In addition, the 406.639-acre tract was originally zoned for 55+retirement community use and was involved in a bankruptcy dispute which was resolved with the purchase of the land (Case No. 471-05907-2017 filed in the 471<sup>st</sup> Judicial District Court of Collin County, Texas). There were two additional deeds awarded to S2Land Development from the actual owners of the land per the court's orders summarized as follows:

- JCMJ Service 1 LLC (228.106 acres of the 406.639 acres); Deed No. 2023000048122
- Royse Land Holdings, LLC (178.533 acres of the 406.639 acres); Deed No. 2023000048123

Following is a summary of the data relative to the three land sales as well as the sale of the Phase 1 – North and Phase 1 – South transactions.

	Sale 1	Sale 2	Sale 3	Sale 4	Sale 4
Sale Date	May 1, 2023	March 31, 2023	June 20, 2023	May 15, 2023	August 2, 2023
Seller	Kevin D. McCullough, Court Appointed Receiver for Kerala Christian Adult Homes, LLC	Jane H. Sun (Jane Lin)	talia Deupree Douglas, Individually and as Next Friend of her minor children, Jax Deupree Douglas, Maddox James Douglas, and Ashley R. Hampton	S2 Land Development LLC	S2 Land Development LLC
Buyer	S2 Land Development LLC	S2 Land Development LLC	S2 Land Development LLC	Qualico Developments US, Inc.	Clearview Ranch Land LLC
Sale Price	\$11,262,177	\$3,408,017	\$1,108,262	\$9,450,000	\$1,500,000
Recording Instrument Number	2023000048124	2023000034559	2023000071489	2023000053623	20230000898510
Comments	Purchase of 406.639 acres @ \$27.696/acre.	Purchase of 121.180 acres @ \$28,124/acre.	Purchase of 44.27 acres @ \$25,034/acre.	Purchase of 100.586 acres @ \$2.16/SF (includes the Phase 1 - North land of 44.27 acres).	Purchase of 36.294 Acres @ \$0.95/SF representing the Phase 1 - South land.

It is noted that the land acquisition prices are irrelevant to our valuation as developed residential lots.

## Pending Transactions

To the best of our knowledge, the property, as a whole, is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date. However, the single-family lots in Phase 1 - South are contracted as follows:

Lot Contract Summary - Clearview Ranch PID, IA #1, Royse City, Texas												
Typical Lot Dimensions						Base Lot Prices				Base Price/FF		
Home Builder	Phase	50' x 120'/135'	60' x 120'/135'	70' x 120'/135'	Total Lots	50'	60'	70'	50'	60'	70'	Absorption/ Month Avg.
DRHI, Inc.	1 - South	73	68	14	155	\$81,000	\$93,600	\$105,000	\$1,620	\$1,560	\$1,500	38.8
The existing lot contract is for all lots in Phase 1 - South. It is assumed the existing lot contract will be amended to the correct number of lot types and totals.												
The initial closing is comprised of 77 lots with the remaining lots within four months. All lots are contracted with an annual 8% escalation with a \$2,000/lot amenity fee.												
												Total Absorption Period (Months ±)
												4.0

To our knowledge, the lots in Phase 1 – North are not under contract at the effective appraisal date. The contracted lot prices are below our opinion of values. However, it is our understanding that the prices were discounted in exchange for an accelerated takedown schedule.

## Appraisal Purpose

The purpose of the appraisal is to develop an opinion of the fee simple interest in the property as of the effective dates of the appraisal. The following opinions of value are provided:

- Prospective Cumulative Retail Market Value of Clearview Ranch PID, Improvement Area #1 (Phase 1 South) as of September 13, 2024
- Prospective Cumulative Retail Market Value of Clearview Ranch PID, Improvement Area #1 (Phase 1 North) as of March 31, 2025

The date of the report is August 16, 2024. The appraisal is valid only as of the stated effective date or dates.

## Value Type Definitions

The definitions of the value types applicable to this assignment are summarized below.

### Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>1</sup>

## Appraisal Premise Definitions

The definitions of the appraisal premises applicable to this assignment are specified as follows.

### Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

(Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th ed. [Chicago: Appraisal Institute, 2022])

### Prospective Market Value As Completed

The market value of a property as of a future date when all construction is expected to be completed. It is based on market conditions forecasted to exist as of the completion date. This value premise assumes the project is complete and ready to lease to individual tenants.<sup>2</sup>

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<sup>1</sup> Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also, Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472

<sup>2</sup> Compiled and summarized from several industry sources

## Property Rights Definitions

The property rights appraised which are applicable to this assignment are defined as follows.

### Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>3</sup>

## Client and Intended User(s)

The client and intended user is FMSbonds, Inc. No other party(s) is intended to rely on the information, opinions, and conclusions contained in this report; provided that it is acknowledged that this appraisal will be used in a limited offering memorandum for PID bonds.

## Intended Use

The intended use of the appraisal is for the underwriting of a proposed public improvement district bond transaction. This appraisal is not for purposes of determining the amount of any assessments to be levied by the City nor is it the basis upon which a determination of the benefit any constructed or installed public improvements will have on properties within the "PID". The appraisal is not intended for any other use.

## Applicable Requirements

This appraisal report conforms to the following requirements and regulations:

- Uniform Standards of Professional Appraisal Practice (USPAP)
- Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute
- Applicable state appraisal regulations

## Report Format

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis used to develop the opinion of value.

## Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.

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<sup>3</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

**Appraiser Competency**

No steps were necessary to meet the competency provisions established under USPAP. The assignment participants have appraised several properties similar to the subject in physical, locational, and economic characteristics, and are familiar with market conditions and trends; therefore, appraiser competency provisions are satisfied for this assignment. Appraiser qualifications and state credentials are included in the addenda of this report.



## Scope of Work

### Introduction

The appraisal development and reporting processes require gathering and analyzing information about the assignment elements necessary to properly identify the appraisal problem. The scope of work decision includes the research and analyses necessary to develop credible assignment results, given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.

To determine the appropriate scope of work for the assignment, the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors were considered. The concluded scope of work is described below.

### Research and Analysis

The type and extent of the research and analysis conducted are detailed in individual sections of the report. The steps taken to verify comparable data are disclosed in the addenda of this report. Although effort has been made to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

### Subject Property Data Sources

The legal and physical features of the subject property, including size of the site, flood plain data, property zoning, existing easements and encumbrances, access and exposure were confirmed and analyzed.

### Inspection

Details regarding the property inspection conducted as part of this appraisal assignment are summarized as follows:

Property Inspection		
Party	Inspection Type	Inspection Date
Shelley Sivakumar	On-site	May 12, 2024
Jimmy H. Jackson, MAI	None	N/A
Ernest Gatewood	On-site	May 12, 2024

## Valuation Methodology

Three approaches to value are typically considered when developing a market value opinion for real property. These are the cost approach, the sales comparison approach, and the income capitalization approach. Use of the approaches in this assignment is summarized as follows:

<b>Approaches to Value</b>		
<b>Approach</b>	<b>Applicability to Subject</b>	<b>Use in Assignment</b>
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach - (Subdivision Development Analysis)	Not Applicable	Not Utilized

The Sales Comparison Approach involves research, verification, and comparison of sales of other vacant lots. The sales are then adjusted for value-related differences. Because Texas is not a full disclosure state, sales prices must be obtained from grantors, grantees, brokers, lenders, other persons involved in the transaction, or other appraisers when the information is believed to be reliable. In many cases, the sources of the information wish to remain anonymous and are not included; however, the sale data is used only if the data is believed to be accurate, and the sources of the information are kept on file.

The Cost Approach involves research, verification, and comparison of sales of other vacant land with the subject land. The sales are then adjusted for value-related differences. Because Texas is not a full disclosure state, sales prices must be obtained from grantors, grantees, brokers, lenders, other persons involved in the transaction, or other appraisers when the information is believed to be reliable. In many cases, the sources of the information wish to remain anonymous and are not included; however, the sale data is used only if the data is believed to be accurate, and the sources of the information are kept on file. Cost figures were obtained from the developer and compared to cost figures on competing developments. The cost figures are based on actual costs provided by the developer. Developer's profit is based on profit expectations reported by developers as well as actual profit on similar developments.

In the Income Capitalization Approach, specific appraisal techniques are applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.

In the Subdivision Development Approach, the retail value of the lots has been estimated. The individual lot values are based on lot sales in competing developments. The absorption rates, expenses, and discount rates are also based on competing developments. The indicated value by the Income Capitalization Approach is based on the sellout of the lots with deductions for holding costs and discounted to a net present value.

## Economic Analysis

### Collin County Area Analysis

Collin County is located in North Central Texas approximately 30 miles north of Dallas. It is 841 square miles in size and has a population density of 1,431 persons per square mile.

#### Population

Collin County has an estimated 2024 population of 1,203,661, which represents an average annual 3.1% increase over the 2020 census of 1,064,465. Collin County added an average of 34,799 residents per year over the 2020-2024 period, and its annual growth rate exceeded the Dallas MSA rate of 1.6%.

Looking forward, Collin County's population is projected to increase at a 1.0% annual rate from 2024-2029, equivalent to the addition of an average of 12,811 residents per year. The Collin County growth rate is expected to be similar to that of the Dallas MSA.

#### Population Trends

	Population			Compound Ann. % Chng	
	2020 Census	2024 Estimate	2029 Projection	2020 - 2024	2024 - 2029
Collin County, TX	1,064,465	1,203,661	1,267,714	3.1%	1.0%
Dallas-Fort Worth-Arlington, TX Metro	7,637,387	8,126,208	8,541,837	1.6%	1.0%
Texas	29,145,505	30,665,339	32,119,807	1.3%	0.9%
USA	331,449,281	336,157,119	344,209,992	0.4%	0.5%

Source: Claritas

#### Employment

Total employment in Collin County was estimated at 530,808 jobs as of June 2023. Between year-end 2013 and 2023, employment rose by 194,081 jobs, equivalent to a 57.6% increase over the entire period. There were gains in employment in nine out of the past ten years. Collin County's rate of employment growth over the last decade surpassed that of the Dallas MSA, which experienced an increase in employment of 27.3% or 854,880 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Collin County unemployment rate has been generally lower than that of the Dallas MSA, with an average unemployment rate of 4.1% in comparison to a 4.5% rate for the Dallas MSA. A lower unemployment rate is a positive indicator.

Recent data shows that Collin County has a 3.4% unemployment rate, which is the same as the rate for the Dallas MSA.

### Employment Trends

Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Collin County	% Change	Dallas MSA	% Change	Collin County	Dallas MSA
2013	336,727		3,127,712		5.6%	6.2%
2014	355,381	5.5%	3,254,583	4.1%	4.6%	5.1%
2015	375,692	5.7%	3,360,668	3.3%	3.7%	4.1%
2016	389,832	3.8%	3,441,839	2.4%	3.6%	3.9%
2017	409,754	5.1%	3,526,930	2.5%	3.5%	3.7%
2018	425,738	3.9%	3,606,436	2.3%	3.4%	3.6%
2019	443,718	4.2%	3,719,023	3.1%	3.1%	3.3%
2020	440,181	-0.8%	3,595,494	-3.3%	6.3%	7.2%
2021	483,497	9.8%	3,829,259	6.5%	4.4%	5.1%
2022	524,351	8.4%	3,966,180	3.6%	3.2%	3.5%
2023*	530,808	1.2%	3,982,592	0.4%	3.6%	3.8%
Overall Change 2013-2023	194,081	57.6%	854,880	27.3%		
Avg Unemp. Rate 2013-2023					4.1%	4.5%
Unemployment Rate - November 2023					3.4%	3.4%

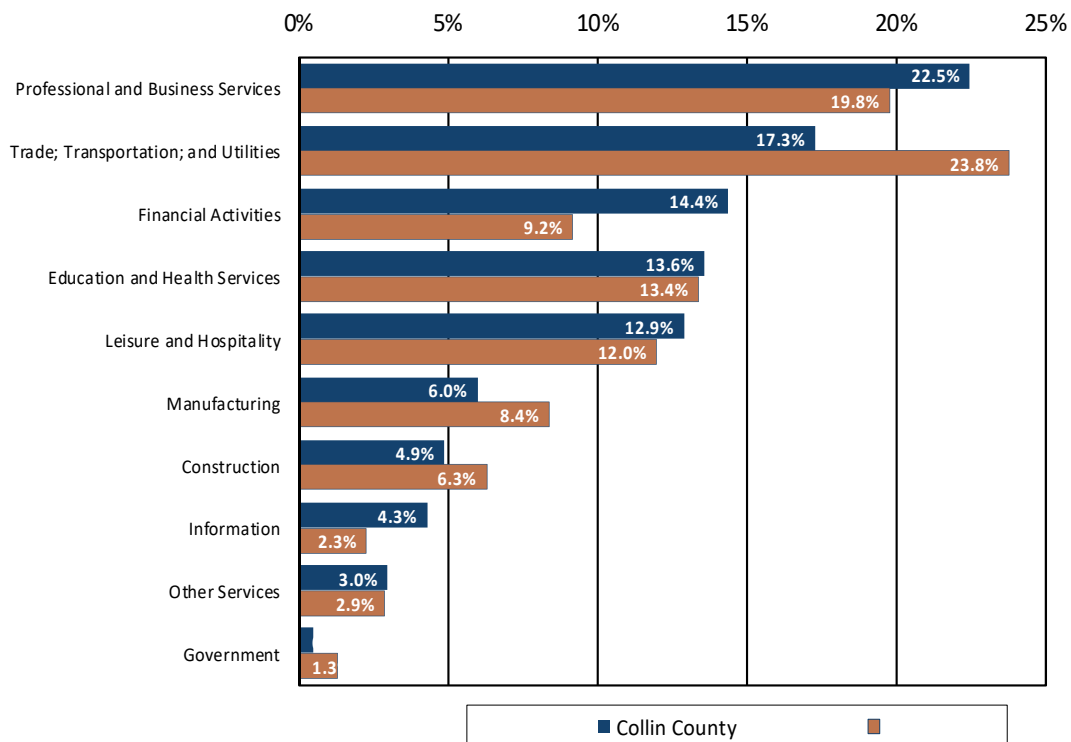
\*Total employment data is as of June 2023.

Source: U.S. Bureau of Labor Statistics and Moody's Analytics. Employment figures are from the Quarterly Census of Employment and Wages (QCEW). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

## Employment Sectors

The composition of the Collin County job market is depicted in the following chart, along with that of the Dallas MSA. Total employment for both areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Collin County jobs in each category.

**Employment Sectors - 2023**



Source: U.S. Bureau of Labor Statistics and Moody's Analytics

Collin County has greater concentrations than the Dallas MSA in the following employment sectors:

1. Professional and Business Services, representing 22.5% of Collin County payroll employment compared to 19.8% for the Dallas MSA as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
2. Financial Activities, representing 14.4% of Collin County payroll employment compared to 9.2% for the Dallas MSA as a whole. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.
3. Education and Health Services, representing 13.6% of Collin County payroll employment compared to 13.4% for the Dallas MSA as a whole. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.

4. Leisure and Hospitality, representing 12.9% of Collin County payroll employment compared to 12.0% for the Dallas MSA as a whole. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.

Collin County is underrepresented in the following sectors:

1. Trade; Transportation; and Utilities, representing 17.3% of Collin County payroll employment compared to 23.8% for the Dallas MSA as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
2. Manufacturing, representing 6.0% of Collin County payroll employment compared to 8.4% for the Dallas MSA as a whole. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.
3. Construction, representing 4.9% of Collin County payroll employment compared to 6.3% for the Dallas MSA as a whole. This sector includes construction of buildings, roads, and utility systems.
4. Government, representing 0.5% of Collin County payroll employment compared to 1.3% for the Dallas MSA as a whole. This sector includes employment in local, state, and federal government agencies.

## Major Employers

Major employers in Collin County are shown in the following table.

<b>Major Employers - Collin County, TX</b>		
	Name	Number of Employees
1	Texas Instruments	9,100
2	Bank of America Home Loans	8,000
3	Plano Independent School District	6,500
4	Frisco Independent School District	5,000
5	Capital One Finance	4,500
6	LifeCare	4,500
7	HP Enterprise Services	4,500
8	AT&T	4,300
9	Nortel	4,300
10	Toyota Motor Corp.	4,000

Major employers in the DFW metro area are shown in the following table.

<b>Major Employers - DFW Metro</b>		
	Name	Number of Employees
1	AMR Corporation	24,700
2	Bank of America Corporation	20,000
3	Texas Health Resources Inc.	19,230
4	Dallas ISD	18,314
5	Baylor Health Care System	17,097
6	AT&T	15,800
7	Lockheed Martin Aeronautics	14,126
8	JP Morgan Chase & Co.	13,500
9	UT-Southwestern Medical Center	13,122
10	City of Dallas	12,836

Source: <http://www.destinationdfw.com/Largest-Employers-in-Dallas-Fort-Worth-Texas/>

## Gross Domestic Product

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area, and annual changes in Gross Domestic Product (GDP) are a gauge of economic growth.

Economic growth, as measured by annual changes in GDP, has been considerably higher in Collin County than the Dallas MSA overall during the past five years. Collin County has grown at a 6.0% average annual rate while the Dallas MSA has grown at a 4.1% rate. Collin County continues to perform better than the Dallas MSA. GDP for Collin County rose by 8.7% in 2022 while the Dallas MSA's GDP rose by 5.7%.

Collin County has a per capita GDP of \$71,812, which is 4% less than the Dallas MSA's GDP of \$74,582. This means that Collin County industries and employers are adding relatively less value to the economy than their counterparts in the Dallas MSA.

<b>Gross Domestic Product</b>				
	(\$,000s)		(\$,000s)	
Year	Collin County	% Change	Dallas MSA	% Change
2017	62,269,549	–	483,732,021	–
2018	66,086,903	6.1%	506,219,605	4.6%
2019	68,444,784	3.6%	525,852,321	3.9%
2020	70,476,796	3.0%	519,282,910	-1.2%
2021	76,577,433	8.7%	560,290,164	7.9%
2022	83,208,852	8.7%	592,452,179	5.7%
Compound % Chg (2017-2022)		6.0%		4.1%
GDP Per Capita 2022	\$71,812		\$74,582	

Source: U.S. Bureau of Economic Analysis and Moody's Analytics; data released December 2023.

The release of state and local GDP data has a longer lagtime than national data. The data represents inflation-adjusted "real" GDP stated in 2017 dollars.



## Household Income

Collin County is more affluent than the Dallas MSA. Median household income for Collin County is \$107,484, which is 30.5% greater than the corresponding figure for the Dallas MSA.

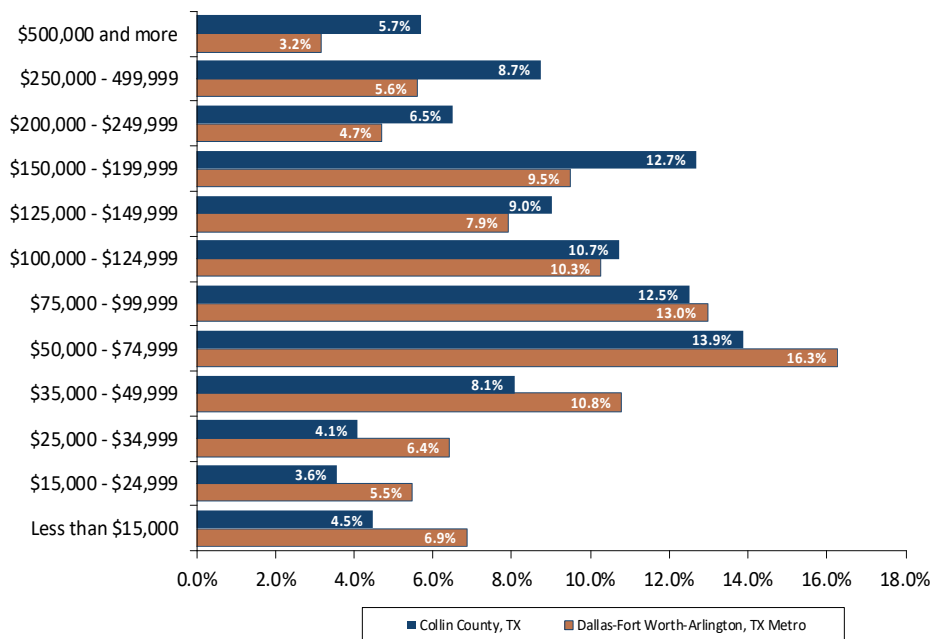
### Median Household Income - 2024

	Median
Collin County, TX	\$107,484
Dallas-Fort Worth-Arlington, TX Metro	\$82,381
Comparison of Collin County, TX to Dallas-Fort Worth-Arlington,	+ 30.5%

Source: Claritas

The following chart shows the distribution of households across twelve income levels. Collin County has a greater concentration of households in the higher income levels than the Dallas MSA. Specifically, 34% of Collin County households are at the \$150,000 or greater levels in household income as compared to 23% of Dallas MSA households. A lesser concentration of households is apparent in the lower income levels, as 20% of Collin County households are below the \$50,000 level in household income versus 30% of Dallas MSA households.

### Household Income Distribution - 2024

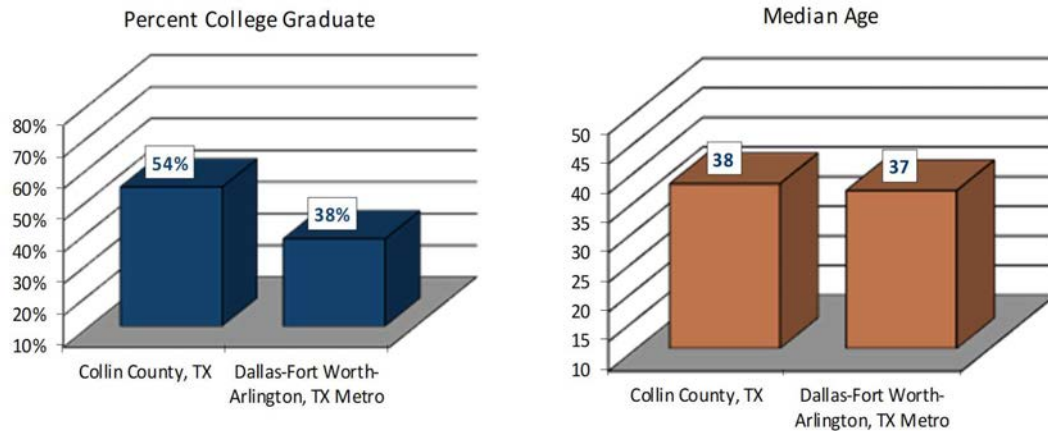


Source: Claritas

## Education and Age

Residents of Collin County have a higher level of educational attainment than those of the Dallas MSA. An estimated 54% of Collin County residents are college graduates with four-year degrees, versus 38% of Dallas MSA residents. People in Collin County are slightly older than their Dallas MSA counterparts. The median age for Collin County is 38 years, while the median age for the Dallas MSA is 37 years.

### Education & Age - 2024



Source: Claritas

## Conclusion

The Collin County economy will benefit from a growing population base and higher income and education levels. Collin County experienced growth in the number of jobs and has maintained a generally lower unemployment rate than the Dallas MSA over the past decade. It is anticipated that the Collin County economy will improve, and employment will grow, strengthening the demand for real estate.

## Area Map



## Surrounding Area Analysis

### Boundaries

The subject is located in the city of Royse City in far southeast Collin County, Texas. This area is generally delineated as follows:

Boundaries & Delineation	
Boundaries	
Market Area	Dallas-Fort Worth, TX
Submarket	RoyseCity
Area Type	Suburban
Delineation	
North	SH-6 (Cook Street)
South	IH-30
East	CR-2656/Collin County Boundary Lines
West	FM-1138

A map identifying the location of the property follows this section.

### Access and Linkages

Access & Linkages	
Vehicular Access	
Major Highways	SH-66, SH-6
Primary Corridors	FM-1777, CR 677, Cr-590, CR-678, CR 2656, CR-2658
Vehicular Access Rating	Average
Airport(s)	
Name	Dallas/Fort Worth International Airport
Distance	53 Miles
Driving Time	1 Hour, 5 Minutes
Primary Transportation Mode	Automobile

## Life Cycle

Real estate is affected by cycles involving development trends within a market area as well as market and economic forces. Trends in demand for development in a particular market are described by the Market Area Life Cycle, while market and economic trends are described by the Real Estate Cycle.

A Market Area Life Cycle typically evolves through four stages:<sup>4</sup>

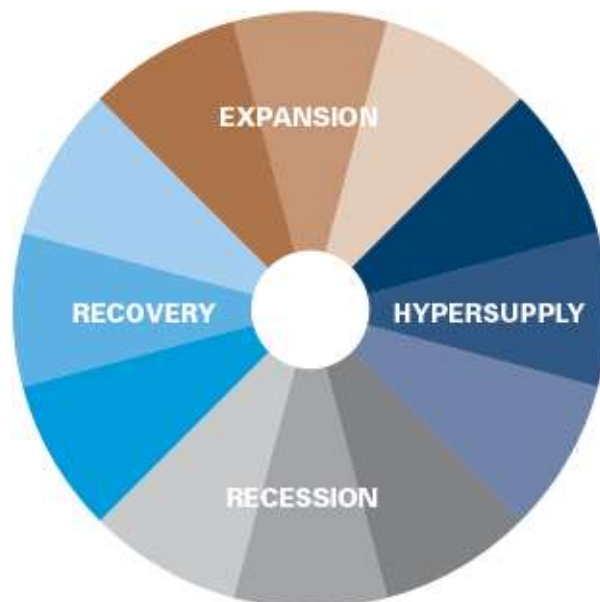
- Growth – a period during which the market area gains public favor and acceptance
- Stability – a period of equilibrium without marked gains or losses
- Decline – a period of diminishing demand
- Revitalization – a period of renewal, redevelopment, modernization, and increasing demand

The subject's market area is in the growth stage of the Market Area Life Cycle.

The Real Estate Cycle also impacts a neighborhood. The stages of the Real Estate Cycle include:

- Expansion – Sustained growth in demand, increasing construction
- Hypersupply – Positive but falling demand, increasing vacancy
- Recession – Falling demand, increasing vacancy
- Recovery – Increasing demand, decreasing vacancy

These stages are illustrated below, along with a summary of common characteristics of each stage of the Real Estate Cycle. The subject is in the expansion stage of the Real Estate Cycle.



<sup>4</sup> Appraisal Institute, *The Appraisal of Real Estate*, 15th ed. (Chicago: Appraisal Institute, 2020)

**EXPANSION**

Decreasing Vacancy Rates  
Moderate/High New Construction  
High Absorption  
Moderate/High Employment Growth  
Med/High Rental Rate Growth

**HYPERSUPPLY**

Increasing Vacancy Rates  
Moderate/High New Construction  
Low/Negative Absorption  
Moderate/Low Employment Growth  
Med/Low Rental Rate Growth

**RECESSION**

Increasing Vacancy Rates  
Moderate/Low New Construction  
Low Absorption  
Low/Negative Employment Growth  
Low/Neg Rental Rate Growth

**RECOVERY**

Decreasing Vacancy Rates  
Low New Construction  
Moderate Absorption  
Low/Moderate Employment Growth  
Neg/Low Rental Rate Growth

**Demographic Factors**

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

**Surrounding Area Demographics**

	5-Minute Drive Time	10-Minute Drive Time	15-Minute Drive Time	Rockwall County, TX	Dallas-Fort Worth-Arlington, TX Metro
2024 Estimates					
Population 2020	4,358	25,666	69,850	107,819	7,637,387
Population 2024	5,437	32,897	88,798	131,661	8,126,208
Population 2029	6,317	38,731	103,296	151,187	8,541,837
Compound % Change 2020-2024	5.7%	6.4%	6.2%	5.1%	1.6%
Compound % Change 2024-2029	3.0%	3.3%	3.1%	2.8%	1.0%
Households 2020	1,393	8,102	23,192	36,326	2,760,991
Households 2024	1,774	10,361	29,518	44,389	2,938,027
Households 2029	2,079	12,194	34,382	51,062	3,091,922
Compound % Change 2020-2024	6.2%	6.3%	6.2%	5.1%	1.6%
Compound % Change 2024-2029	3.2%	3.3%	3.1%	2.8%	1.0%
Median Household Income 2024	\$106,187	\$110,211	\$108,210	\$121,739	\$82,381
Average Household Size	3.1	3.2	3.0	3.0	2.7
College Graduate %	31%	32%	36%	44%	38%
Median Age	35	34	36	39	37
Owner Occupied %	83%	84%	78%	81%	59%
Renter Occupied %	17%	16%	22%	19%	41%
Median Owner Occupied Housing Value	\$289,629	\$303,746	\$331,110	\$383,358	\$351,083
Median Year Structure Built	2007	2009	2007	2005	1992
Average Travel Time to Work in Minutes	40	40	39	38	30

Source: Claritas

As shown above, the current population within a 10-minute drive time of the subject is 32,897, and the average household size is 3.2. Population in the area has grown since the 2020 census, and this trend is projected to continue over the next five years. Compared to Rockwall County overall, the population within a 10-minute drive time is projected to grow at a faster rate.

Median household income is \$110,211, which is lower than the household income for Rockwall County. Residents within a 10-minute drive time have a considerably lower level of educational attainment than those of Rockwall County, while median owner-occupied home values are considerably lower.



## Land Use

In the immediate vicinity of the subject, predominant land uses are single-family residential. Other land use characteristics are summarized as follows:

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### Surrounding Area Land Uses

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Character of Area	Suburban
Predominant Age of Improvements	50 years
Predominant Quality and Condition	Average
Approximate Percent Developed	35%
Infrastructure/Planning	Average

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## Development Activity and Trends

During the last five years, development has been predominantly of residential uses with supportive commercial and retail uses. The pace of development has generally accelerated over this time. The Royse City area is located in close proximity to the Dallas-Fort Worth metropolitan area. It is also influenced by the cities of Fate and Rockwall, Texas. As such, we have provided some recent development trends in and around the surrounding areas.

**Royse City Town Center** is a 130,000 square-foot, 16-acre commercial development located at the southeast corner of IH-30 and FM-2642 in Royse City approximately 35 minutes east of Dallas CBD.

**Royse City Main Street** district is a commercial district that runs from Elm Street to church Street in Royse City, Texas. The district's purpose is to encourage downtown revitalization while preserving historic buildings.

**Zaner Robinson Historical Museum**, located on Arch Street in Royse City, depicts life on the Blackland prairie from early settlers through the boom years (1920 to 1960s).

**Royse City Parks** – Recreational parks in Royse City include Becknell Park, Briarstone Park, City Lake Park, Cookston Court, Fox Fields, Old Jail Park, Old Mill Park, Splash Park, and Walker Hawk Sports Complex.

**Stone River Golf Club** – A family owned and operated 18-hole golf course. The facility offers a practice range, golf lessons, summer camps, tournaments, and special events as well as an onside bar and grill.

**Royse City ISD** encompasses 74.48 square miles with a tri-county boundary of Rockwall, Collin, and Hunt Counties. All campuses in the district are accredited by the Texas Education Agency. The high school offers advanced placement classes along with dual credit courses. The district also offers an alternative learning center for at-risk students through the Royse City Academy. There are six elementary schools, two intermediate schools, one middle school, and one high school with a current total enrollment of 7,629 students.

**Walmart Supercenter** constructed a 150,000± square-foot store located at the northwest corner of IH-30 and Erby Campbell Boulevard in Royse City.

**Waterscape** is a 310.20-acre master-planned subdivision located in Royse City, Texas. A total of 1,128 lots have been completed. Home prices currently range from approximately \$305,000 to \$600,000. An elaborate amenity center is located within the development. The property is located within the "Waterscape Public Improvement District" and is within the Royse City ISD.

**Verandah** is a 547-acre, master-planned residential development located at the northeast corner of IH-30 and FM-2642. Approximately 2,987 homes are eventually planned with 1,650 single-family lots developed to date. Current home prices are ranging from \$265,000 to \$450,000. The master-planned community features an amenity center with a pool and a water spray park and playground, as well as picnic areas, soccer half-field, basketball half-court, pocket parks, and hike/bike trails. A pond with water features is located at each of the two entrances to the development. The development is located within the Royse City ISD.



**Heath Golf & Yacht Club** is a master-planned golf/lake resort community located in Heath, Texas by Lake Ray Hubbard. Amenities in the development include an 18-hole championship golf course designed by Roy Bechtol, a 14,000 square-foot club house with dining and pro shop, a luxury pool with food and drink service, three tennis courts, volleyball, a state-of-the-art fitness center and 12 community guest boat slips. Miles of jogging and walking trails are throughout the community from the entrance to the shores of Lake Ray Hubbard. Students attend the Rockwall – Heath High School and Cain Middle School. The newly opened Linda Lyon Elementary School is located adjacent to the community within walking distance.

**Rockwall Technology Park** is a 550-acre high-tech business park located at Discovery Boulevard in Rockwall, Texas. Chewters Chocolates are developing an 189,000 square-foot facility on 10.6 acres in Phase II of the development. Interstate Wire Company built a 243,000 square-foot facility on 11 acres in Phase I. Other major companies that are a part of the park include Bimbo Bakeries USA, Karat by Lollocup/Atosa USA, and Pratt Industries.

**The Harbor Project** is a \$75 million-dollar project in the City of Rockwall. This development is a public and private joint venture of the City of Rockwall and Whittle Development. Located along the eastern shoreline of Lake Ray Hubbard, south of IH-30, this project was developed with a 12-screen cinema, a 181-room upscale, full-service hotel and civic center, retail, restaurants, and office. Additionally, the City of Rockwall constructed public boardwalks, fountains, plazas, and pedestrian walkways.

**Lake Ray Hubbard** is located within Collin, Dallas, Rockwall, and Kaufman counties, abutting the west side of the City of Rockwall and the east side of the City of Rowlett, on the East Fork of the Trinity River. The lake is 22,745 acres in size, with a maximum depth of 40 feet. Lake Ray Hubbard is one of the older lakes in the Dallas area. Like most Texas lakes, it is man-made. The lake is actually owned by the City of Dallas, but the City of Dallas has no land bordering the lake. The water gets murky after a larger rainfall and the water level can get low at certain times of the year, yet the lake reportedly never floods.

**Texas Health Hospital Rockwall (formerly known as Presbyterian Hospital of Rockwall)** is located on the west side of Horizon Road, south of Ridge Road and is a 125,000 square-foot hospital located in the heart of Rockwall. The hospital was developed with 60 inpatient beds and offers advanced medical technology and comprehensive services for acute medical and surgical needs. The hospital offers a Women's Imaging and Breast Center, a bariatric clinic, an ambulatory surgery center, and a variety of physician practices. The hospital is currently expanding to double their size to include a Level 1 Neonatal Intensive Care Unit, a Cardiac Cath Lab, an Interventional Radiology suite, a second surgical robot, additional surgery suites, and an expanded emergency department. The project also includes the construction of numerous inpatient rooms and enhancements in ancillary service areas.

**The Plaza at Rockwall**, located at the southwest quadrant of IH-30 and SH-205, is a 50-acre, 475,000 square-foot retail development includes 56 stores including JC Penney, Belk, Best Buy, Ulta, Staples, Dick's Sporting Goods, Home Goods, Jo-Ann Fabrics, Shoe Carnival, Versona, and Olive Garden.

**President George Bush Turnpike Extension Update** - The President George Bush Turnpike Eastern Extension is a 9.9-mile segment from SH-78 in Garland, east to IH-30. The six-lane toll road opened December 21, 2011, and passes through the cities of Garland, Sachse, and Rowlett and includes a one-mile bridge over Dallas' Lake Ray Hubbard.

**Rockwall Commons** is a mixed-use project with Class A office, retail, and restaurant space, as well as a significant residential component. Rockwall Commons, a project of T.F. Stone Companies, Inc., is located on the east side of Ridge Road north of IH-30. The mixed-use project is the first of its kind in the growing Rockwall market. In addition to views of Lake Ray Hubbard, the project offers Rockwall's first underground parking garage. Rockwall Commons incorporates 30,000 square feet of office space, 14,000 square feet of retail and restaurant space, and 202 residential units. The project features a number of water features, pools, garden and sitting areas, an amphitheater, a jogging track around the entire development, and on-site management.

**The area between IH-30 and IH-20, east of the DFW metroplex**, has experienced rapid residential growth. Area developments have included subdivisions in Municipal Utility Districts, small ranchettes and large ranches. Development growth is expected to increase once the following proposed highways are in place including the expansion of FM-205 in Rockwall that feeds into SH-276, the future SH-205 Loop around Rockwall that will intersect with SH-276, and the future Rockwall County Loop that will intersect with SH-276. The SH-190 (President George Bush Tollway) was extended from Garland to IH-30. These roadways promote future growth east of Rockwall as residents in Rockwall County, Kaufman County, and Hunt County now have better access to employment centers in North Dallas and the surrounding areas.

**Collin County Outer Loop** - In its current state the Outer Loop runs 4.6 miles from US-75 in Anna to SH-121 just northeast of Melissa. This section was built at a cost of \$21 million. This section of road runs as a bi-directional two-lane road, which will eventually be the north frontage road. The Outer Loop is planned to run for approximately 50 miles from the future northern extension of the Dallas North Tollway in Celina to IH-30 near Royse City. The loop will be built in five segments (including **Segment 1** which is already open).

**Segment 1** is the section of road already opened, running from US-75 to SH-121. This section will eventually become the north frontage road as tolled main lanes are added.

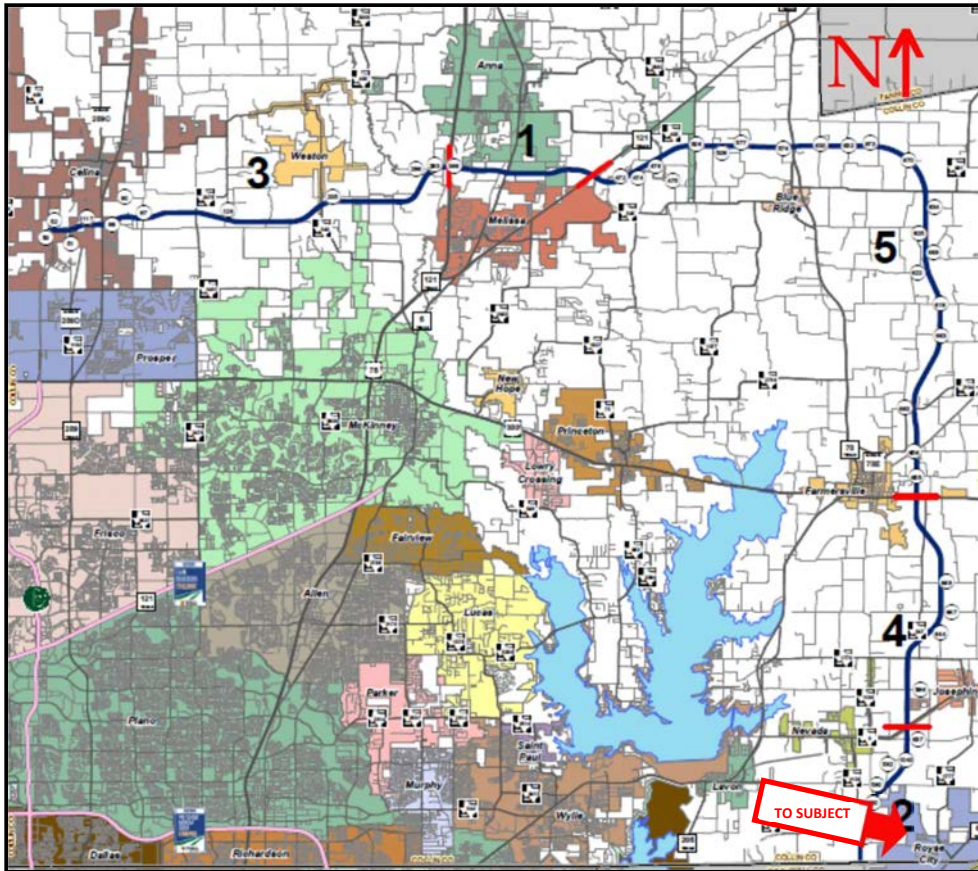
**Segment 2** will run from FM-6, between Nevada and Josephine, to the Rockwall County line near Royse City. This segment could possibly be extended further south past IH-30 through Rockwall, Kaufman, and Dallas counties as part of a much larger outer loop.

**Segment 3** will run past US-75 to the future north extension of the Dallas North Tollway in Celina. This section will run through extreme north McKinney, close to Weston and cross SH-289 (Preston Road) before ending at the Dallas North Tollway. This section could possibly be extended further west through Denton County as part of a larger outer loop.

**Segment 4** will run from US-380 near Farmersville to FM-6 between Nevada and Josephine.

**Segment 5** will connect Segments 1 and 4, running through sparsely populated areas of the county.

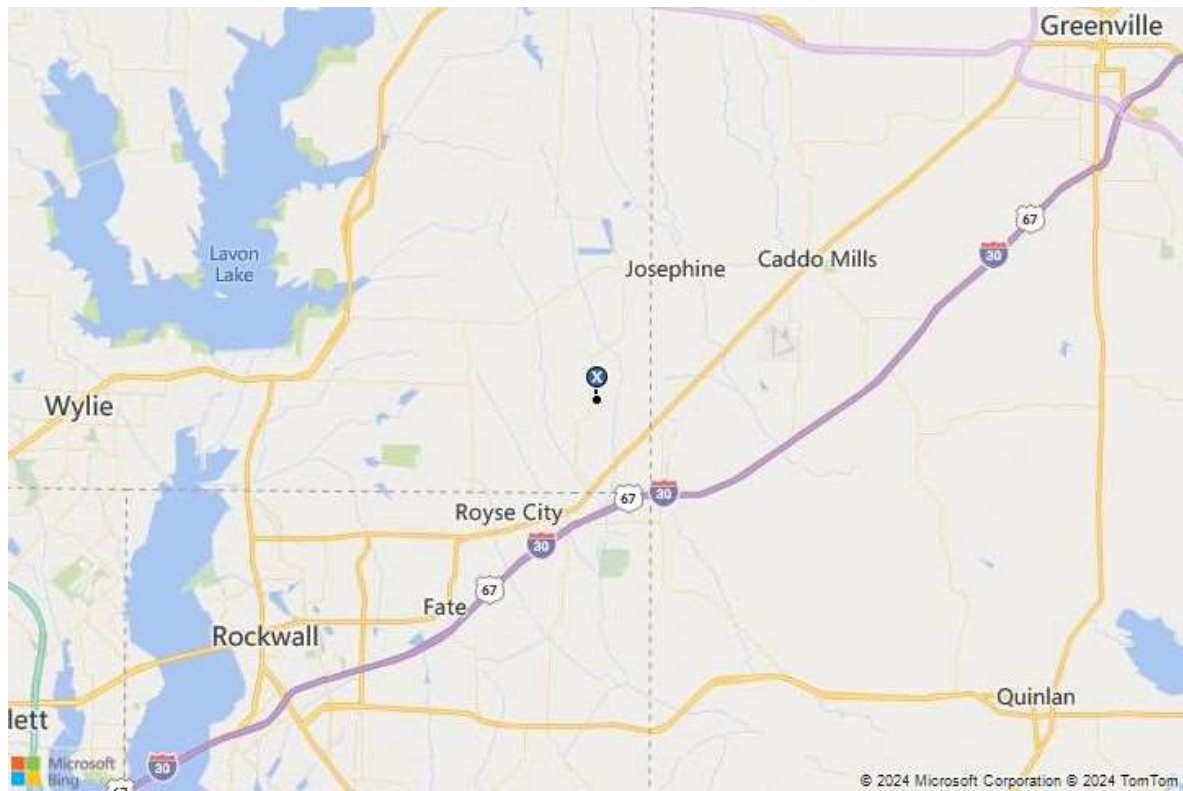
The Rockwall area will be accessed from **Segment No. 2** and shown in the following exhibit:



### Outlook and Conclusions

The area is in the growth stage of its life cycle. Given the history of the area and the growth trends, it is anticipated that property values will increase in the near future.

## Surrounding Area Map



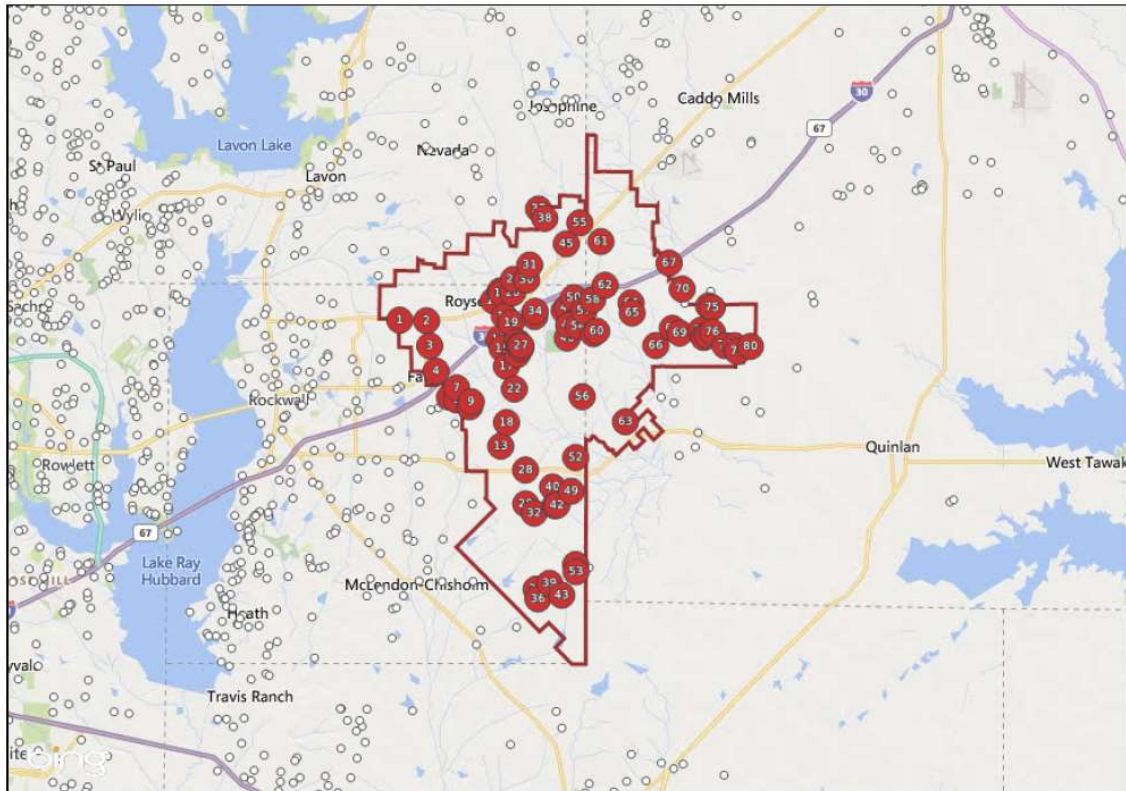
## Residential Analysis

When analyzing the financially feasible and maximally productive use of the site, all of the uses that are both physically possible and legally permissible must be considered. For the subject, the primary potential use is considered to be single-family residential development. As mentioned, the subject is under construction with single-family lots. Thus, an important factor affecting development of the subject is the surrounding land usage. The neighborhood is predominantly vacant land that is being developed into single-family residential uses. The immediate area surrounding the subject is residential in nature.

During the past decade, the residential real estate market has seen many positive changes. With the steady increase in multifamily residential rental rates, coupled with the low interest rates and the large numbers pertaining to job growth, there has been a trend of individuals choosing to purchase homes rather than to rent apartments and multifamily housing. Furthermore, with the decline in the availability of vacant developable land, population growth has quickly expanded into the suburban areas of the Dallas/Fort Worth area. As such, the proposed absorption of single-family home lots in the subject's neighborhood will be analyzed using historical absorption data provided by Metrostudy/Zonda, a nationally recognized information provider, as well as information obtained from area market participants and developers. It is important to note that our absorption data is based on historical trends. Inasmuch as we are forecasting an economy for this area that is at least equal to recent trends, using these historical trends is felt to be quite justifiable. The subject development is physically located within the city of Royse City in Collin County and is within the Royse City Independent School District. Therefore, data obtained from Metrostudy/Zonda as of First Quarter 2024 for the defined area of "Royse City ISD", as shown in the following map, will be analyzed with a summary of the details following.



## Defined Submarket Map Area – Royse City ISD



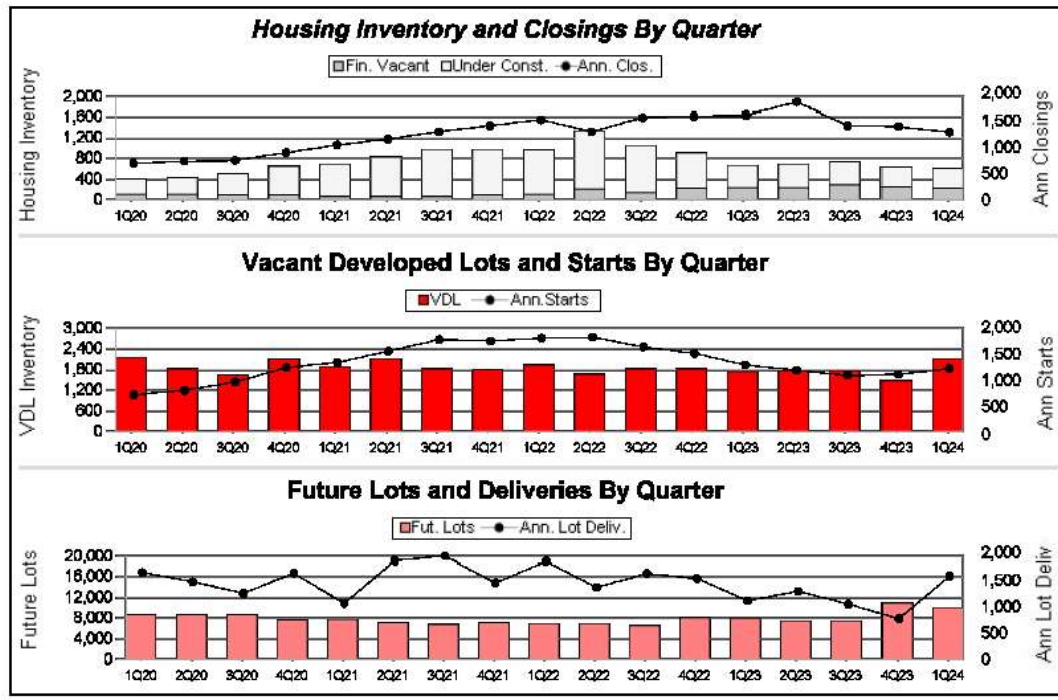
TX | Rockwall Co. | Royse City (1Q24)  
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**metrostudy**  
Sales: 1-800-227-8839 A Realogics Company

Following is a chart provided by Metrostudy/Zonda summarizing the historical home/lot absorption from the past several years for the defined submarket area:

## Historical Housing Chart – Royse City ISD

Historical Housing Activity Summary <i>Current Selections</i>													
Qtr	Qtr Clos	Ann Clos	Model	FinVac	UC	Total Inv	Total Supply	Qtr Starts	Ann Starts	VDL	VDL Supply	Fut Lots	Ann Lot Deliv
1Q20	130	704	18	105	300	423	7.2	223	735	2,160	35.3	8,669	1,657
2Q20	246	743	20	110	322	452	7.3	275	820	1,815	26.6	8,669	1,482
3Q20	254	758	24	95	415	534	8.5	336	975	1,659	20.4	8,660	1,263
4Q20	276	906	24	102	551	677	9.0	419	1,253	2,101	20.1	7,777	1,642
1Q21	274	1,050	21	74	624	719	8.2	316	1,346	1,886	16.8	7,850	1,072
2Q21	360	1,164	21	66	761	848	8.7	489	1,560	2,124	16.3	7,164	1,869
3Q21	394	1,304	32	70	909	1,011	9.3	557	1,781	1,828	12.3	6,795	1,950
4Q21	388	1,416	35	102	876	1,013	8.6	390	1,752	1,807	12.4	7,155	1,458
1Q22	383	1,525	33	103	867	1,003	7.9	373	1,809	1,936	12.8	6,996	1,859
2Q22	138	1,303	33	208	1,130	1,371	12.6	506	1,826	1,673	11.0	6,942	1,375
3Q22	657	1,566	34	149	902	1,085	8.3	371	1,640	1,822	13.3	6,627	1,634
4Q22	411	1,589	34	225	685	944	7.1	270	1,520	1,827	14.4	8,080	1,540
1Q23	400	1,606	31	234	432	697	5.2	153	1,300	1,758	16.2	8,014	1,122
2Q23	380	1,848	26	234	463	723	4.7	406	1,200	1,778	17.8	7,588	1,305
3Q23	224	1,415	27	291	451	769	6.5	270	1,099	1,779	19.4	7,520	1,056
4Q23	393	1,397	27	259	383	669	5.7	293	1,122	1,486	15.9	10,960	781
1Q24	294	1,291	25	227	384	636	5.9	261	1,230	2,115	20.6	10,070	1,587



Dallas/Ft. Worth Residential Survey (1Q24)  
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**Zonda™**

## Defined Submarket Area

As shown in the chart on the previous page, the absorption of homes/lots within the submarket area increased from 2020 to 2021 before decreasing in 2022 and again in 2023. According to Metrostudy/Zonda, the submarket area absorbed the following total homes/lots from 2020 to First Quarter 2024:

MetroStudy Analysis	Historical Absorption	
	Annual	Past 1 QTR
Year 1 (2020)	1,253	
Year 2 (2021)	1,752	
Year 3 (2022)	1,520	
Year 4 (2023)	1,122	
Past 12 Months	1,230	261
<b>Historical Annual Average</b>		<b>1,390</b>
<b>Existing VDL</b>	<b>2,115</b>	
<b>Historical Absorption Average</b>	<b>1,390</b>	
<b>Past 12 Months</b>	<b>1,230</b>	
<b>Lot Supply (4.25± Year Historical)</b>	<b>1.5</b>	<b>Years Supply</b>
<b>Lot Supply (12 Months)</b>	<b>1.7</b>	<b>Years Supply</b>

As can be seen, since 2020 (4.25 years), the annual average of homes/lots absorbed was 1,390 homes/lots. Utilizing the more recent 12-month absorption of homes/lots, the number of homes/lots absorbed slightly decreases to 1,230 homes/lots in the submarket. According to Metrostudy/Zonda, the existing supply of available housing is currently well below ideal levels in the submarket. The number of vacant developed lots in the submarket increased substantially from 1,486 lots in the Fourth Quarter 2024 to 2,115 lots in the current First Quarter 2024 due to continued demand and low lot supply.

Based upon the Metrostudy/Zonda absorption figures of the past 4.25 years, there is currently only a 1.5±-year (2,115 lots ÷ 1,390 lots = 1.5±-years) total supply of existing lots available in the submarket. This total supply is considered to be well below the optimum lot supply levels of 2.0 to 2.5 years per Metrostudy/Zonda. Also, when utilizing the more current 12-month absorption of 1,230 home/lots, the total supply of existing lots available in the subject's defined submarket only slightly increases to 1.7±-years (2,115 lots ÷ 1,230 lots/year = 1.7±-years), which is also below the low end of optimum lot supply levels in the submarket.

Thus, the total lot supply within the subject's submarket is estimated to be between 1.5±-years to 1.7± years. Currently, this total lot supply is considered to be well below the optimum supply levels. Also, taking into consideration that new developments require a typical nine to 12-month construction period, with increasing demand and dwindling lot supply, it appears that additional lot product in the submarket is feasible at the current time.



## **Federal Reserve Rate Increases Impact on Current Valuations**

Transaction indicators are the best measure of any impact on values due to the recent Federal Reserve increases. Since the beginning of the rate increase in mid-year 2022, many transactions were tabled, and market data has been scarce. Since that time period, price discovery has occurred in many markets across different property types and transactions are getting done. However, market instability remains a factor on various levels. Based on discussions and interviews with a wide range of market participants including brokers, lenders, asset managers, owners, property managers and others, a variety of concerns, and opportunities, are apparent.

### **Interest Rates**

In 2016, the Federal Reserve began slowly raising rates as the economy recovered. Subsequently, the Federal Reserve fed funds rate steadily rose from 0.25% - 0.50% to 2.25% - 2.50% between December 2016 and December 2018. During 2019, inflation was well below the central bank's 2% target, and in response, the rate was lowered three times from 2.0%-2.50% to 1.50%-1.75%. In January 2020, the Federal Open Market Committee (FOMC) released a policy statement in January 2020 indicating that the labor market remains strong, and that economic activity has been rising at a moderate rate. Within weeks, the Covid-19 pandemic spread across the globe and in March of 2020 the target range dropped back to 0.0% to 0.25%. However, with the COVID-19 pandemic over, employment rate sub 4.0% nationally and inflation at 40-year highs, the Federal reserve began rapidly increasing the fed funds rate steadily from 0.25% - 0.50% in March of 2022 to 4.25% - 4.50% as of December 2022 pushing borrowing costs to the highest level since 2007.

Recent indicators suggest that economic activity has been expanding at a solid pace. Job gains have remained strong, and the unemployment rate has remained low. Inflation has eased over the past year but remains elevated. The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. The Committee judges that the risks to achieving its employment and inflation goals are moving into better balance. The economic outlook is uncertain, and the Committee remains highly attentive to inflation risks. In support of its goals, at the March 2024 meeting, the Committee decided to maintain the target range for the federal funds rate at 5-1/4 to 5-1/2 percent.

### **Macro-Economic Impacts**

Not surprisingly, the markets have reacted accordingly. The markets experienced a notable change in 2022, as the economic environment was altered due to a significant increase in interest rates and a continuing increase in the inflation rate. While this had a clear impact on fixed-income investments, stocks were not immune to the effects of the changing environment. Major "repricing" took place in the stock market, and the Standard & Poor's 500 stock index, moved into a bear market, with a decline of 20% from its peak value, as did other major market indices.

As interest rates remain high, personal savers can benefit from elevated earnings on their balances. But the most recent rate hike means that borrowers will continue to see higher interest rates too, on mortgages, credit card debt, and personal loans. Higher prices combined with high-priced debts have consumers and experts still concerned about the future of the job market and the recession possibilities.

Real gross domestic product (GDP) increased at an annual rate of 3.4 percent in the fourth quarter of 2023. In the third quarter, real GDP increased 4.9 percent. The increase in the fourth quarter primarily reflected increases in consumer spending, state and local government spending, exports, nonresidential fixed investment, federal government spending, and residential fixed investment that were partly offset by a decrease in private inventory investment. Imports, which are a subtraction in the calculation of GDP, increased.

The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the first quarter of 2024 is 2.8 percent on April 1, up from 2.3 percent on March 29. After the April 1 release from the US Census Bureau and the Institute for Supply Management, the nowcasts of first-quarter real personal consumption expenditures growth and first-quarter real gross private domestic growth increased from 2.6 percent and 3.1 percent, respectively, to 3.2 percent and 3.9 percent.

### **Rates of Return and Valuation Methodology**

Offsetting the increased risk due to uncertainty in the property markets is the Federal Reserve's monetary policy of increasing rates down to get a grip on inflation and cooling down the economy. While many financial institutions have raised their loan to value ratios as a risk management tool, the cost of borrowing is at recent historic highs. The result is downward pressure on rates of return where leverage is attainable. As transactions continue to occur, the overall impact on rates of return, by property type and location, is becoming apparent.

Some market participants believe the impact on market value is reflected in capitalization rates while others believe rates are not moving. Instead, the value impact is limited to cash flow loss plus profit until re-stabilization occurs. Once again, the answers vary by property type and location.

The valuation herein reflects our analysis of current market data.

## Market Sentiment/Participant Interviews

In addition to transaction data, which is slowly materializing, we look to market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. Following is a summary of key interviews undertaken:

MarketParticipantSurvey				
Date of Survey	Respondent	Role/Title	Company	Commentary
Second Quarter 2024	Mr. R.R. "Tripp" Davenport, III	Director/Investment Banker	FMSbonds, Inc.	Activity continues to be brisk. Several existing projects are entering into additional phases while new projects continue to come online. Developers are still securing builder contracts with good earnest money deposits.
Second Quarter 2024	Mr. Pfilip Hunt	Partner	Wrathell Hunt & Associates, LLC	We have continued to see very steady volume with no slowdown in 2024. The developer and homebuilder clients continue to have steady demand for pods, finished lots, and houses.
Second Quarter 2024	Mr. Jeff Winkler	Chief Financial Officer	Huffines Companies	I don't see anything right now that should change. Job creation is good and increasing interest rates have stopped. Consensus is that in Third or Fourth Quarter 2024, the Federal Reserve will move rates down, Homebuilding is still healthy with lots of activity.
Second Quarter 2024	Mr. Don Dykstra	Chief Financial Officer	Bloomfield Homes	March 2024 sales were strong. The north part of DFW area is strong; however, the southern area has low margins.
Second Quarter 2024	Mr. Tony Shaw	Broker/Owner	Tony Shaw Properties	Stock market is up. There is growth in the economy. Interest rates are not going up. The job market is strong and unemployment is down, The demand for housing still exceeds the supply.

## Conclusion

Considering the subject's relative sensitivity to inherent risks as of the effective date of the valuation, the following valuation considerations were developed:

Valuation Approach Implications		Comment
<b>Sales Comparison Approach</b>		
Market conditions adjustment?	Yes	An annual rate of 7% was applied to the lot sales.
Transaction evidence?	Yes	
<b>Marketing Time</b>		
Has marketing time been adjusted?	Yes	Increase of three months from 6 – 9 months to 9 – 12 months

# Property Analysis

## Land Description and Analysis

### Location

The Clearview Ranch PID, IA #1 is comprised of the proposed Phase 1 North which is located on the south side of CR-677, east of FM-1777. Phase 1 – South is currently under construction and is located on the east side of FM-1777, south of the Phase 1 North land. The PID, IA #1 is located in the city of Royse City in the far southeast quadrant of Collin County, Texas and is within the Royse City ISD.

### Land/Lot Areas

Phase 1 – South is currently under construction on 36.294 acres. Phase 1 – North is to be developed on 49.670 acres. The following table summarizes the subject's lot areas.

Lot Area Summary			
Lot Types	Typical Lot Dimensions	SF	Acres
50' Frontage Lots	50' x 120'	6,000	0.138
50' Frontage Lots	50' x 135'	6,750	0.155
60' Frontage Lots	60' x 120'	7,200	0.165
60' Frontage Lots	60' x 135'	8,100	0.186
70' Frontage Lots	70' x 120'	8,400	0.193
70' Frontage Lots	70' x 135'	9,450	0.217
Source: Engineering Report			

### Shape and Dimensions

The overall sites are irregular in shape, with dimensions site utility based upon shape and dimensions is considered average. The residential lots are generally rectangular in shape.

### Topography

The sites are generally level and at street grade. The topography does not result in any particular development limitations.

### Drainage

No particular drainage problems were observed or disclosed at the time of field inspection. This appraisal assumes that surface water collection, both on-site and in public streets adjacent to the subject, is adequate.

## Environmental Hazards

An environmental assessment report was not provided for review, and during the inspection, no obvious signs of contamination on or near the subject were observed. However, environmental issues are beyond the scope of expertise of the assignment participants. It is assumed the property is not adversely affected by environmental hazards.

## Flood Hazard Status

The following table indicates applicable flood hazard information for the subject property, as determined by review of available flood maps obtained from the Federal Emergency Management Agency (FEMA).

Flood Hazard Status	
Community Panel Number	48085C0465J
Date	June 2, 2009
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No

It is noted the development does have land within the floodplain; however, it is not located within the subject's IA #1.

## Ground Stability

A soils report was not provided for review. Based on the viewing of the subject and development on nearby sites, there are no apparent ground stability problems. However, soils analyses are beyond the scope of expertise of the assignment participants. It is assumed the subject's soil bearing capacity is sufficient to support a variety of uses, including those permitted by zoning.

## Utilities

Utilities available to the subject are summarized below.

Utilities	
Service	Provider
Water	City of Royse City, Texas
Sewer	City of Royse City, Texas

## Streets, Access and Frontage

Phase 1 – South within the IA #1 has access and frontage along FM-1777. Phase 1 – North has frontage along the south side of CR-677. Details pertaining to street access and frontage are provided in the following table.

Streets, Access and Frontage		
Street	FM-1777	CR-677
Frontage Feet (±)	200	1,800
Paving	Asphalt	Asphalt
Curbs	None	None
Sidewalks	None	None
Lanes	2 way, 1 lane each way	2 way, 1 lane each way
Direction of Traffic	North/South	East/West
Condition	Average	Average
Traffic Levels	Moderate	Low
Signals/Traffic Control	None	None
Access/Curb Cuts	Yes	Yes
Visibility	Average	Average

## Zoning

The subject is within the Planned Development zone, which is intended to allow for residential development according to the approved concept plan for Clearview Ranch. The following table summarizes the applicable zoning requirements affecting the subject.

Zoning Summary	
Zoning Jurisdiction	City of Royse City, Texas
Zoning Designation	PD
Description	Planned Development
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	Residential development according to the approved concept plan for Clearview Ranch

According to the local planning department, there are no pending or prospective zoning changes. Interpretation of zoning ordinances is beyond the scope of expertise of the assignment participants. An appropriately qualified land use attorney should be engaged if a determination of compliance is required.

## Other Land Use Regulations

There are no other known land use regulations that would affect the property.

### **Easements, Encroachments and Restrictions**

Based upon a review of the data and preliminary plat provided, there appear to be no apparent easements, encroachments, or restrictions that would adversely affect value. This valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

### **Conclusion of Site Analysis**

Overall, the physical characteristics and the availability of utilities result in a functional site, suitable for a variety of uses including those permitted by zoning. Uses permitted by zoning include residential development according to the approved concept plan for Clearview Ranch. No other restrictions on development are apparent.

## General Description - Clearview Ranch PID, IA #1

The subject represents Improvement Area #1 (IA #1) as part of the Clearview Ranch Public Improvement District (PID) located in Royse City, Collin County, Texas. IA #1 is currently under construction in two phases with a total of 354 single-family lots with 155 lots in Phase 1 - South and 199 lots in Phase 1 - North. The property is zoned PD, Planned Development, which permits residential development according to the approved concept plan for Clearview Ranch. Substantial completion dates are expected by September 13, 2024 for Phase 1 - South and March 31, 2025 for Phase 1 - North. The Clearview Ranch development is planned with an amenity center with pool, playground, and sport courts in future phases.

Improvements will also include concrete streets with curbs and gutters, streetlights, landscaping, and an entry feature.

The Clearview Ranch PID, IA #1 is summarized in the following exhibit:

Clearview Ranch PID, IA #1, Royse City, Collin County, Texas										
Phase	Density		Typical Lot Dimensions						Expected	
	Acres	Per Acre	50' x 120'	50' x 135'	60' x 120'	60' x 135'	70' x 120'	70' x 135'	Total Lots	Completion Date
1 - North	52.025	3.8	73	30	39	45	0	12	199	March 31, 2025
1 - South	36.294	4.3	39	34	24	44	4	10	155	September 13, 2024
<b>Totals</b>	<b>88.319</b>	<b>4.0</b>	<b>112</b>	<b>64</b>	<b>63</b>	<b>89</b>	<b>4</b>	<b>22</b>	<b>354</b>	
<b>Percentage of Total Lots</b>			<b>32%</b>	<b>18%</b>	<b>18%</b>	<b>25%</b>	<b>1%</b>	<b>6%</b>	<b>100%</b>	





Subject



Subject



Subject



Subject



Subject



FM-1777



CR-677



Intersection of FM-1777 and CR-677

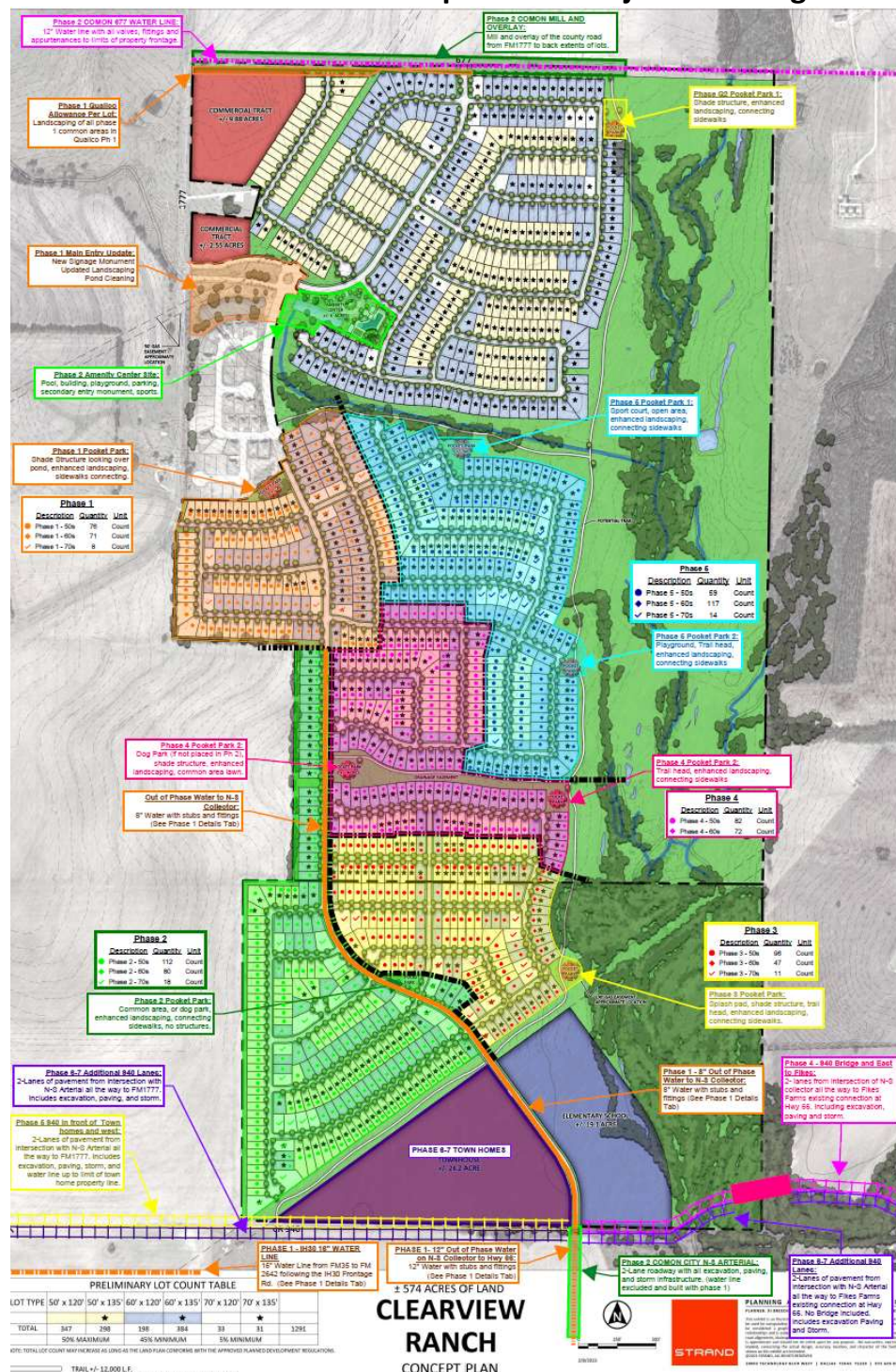
## Aerial Photograph



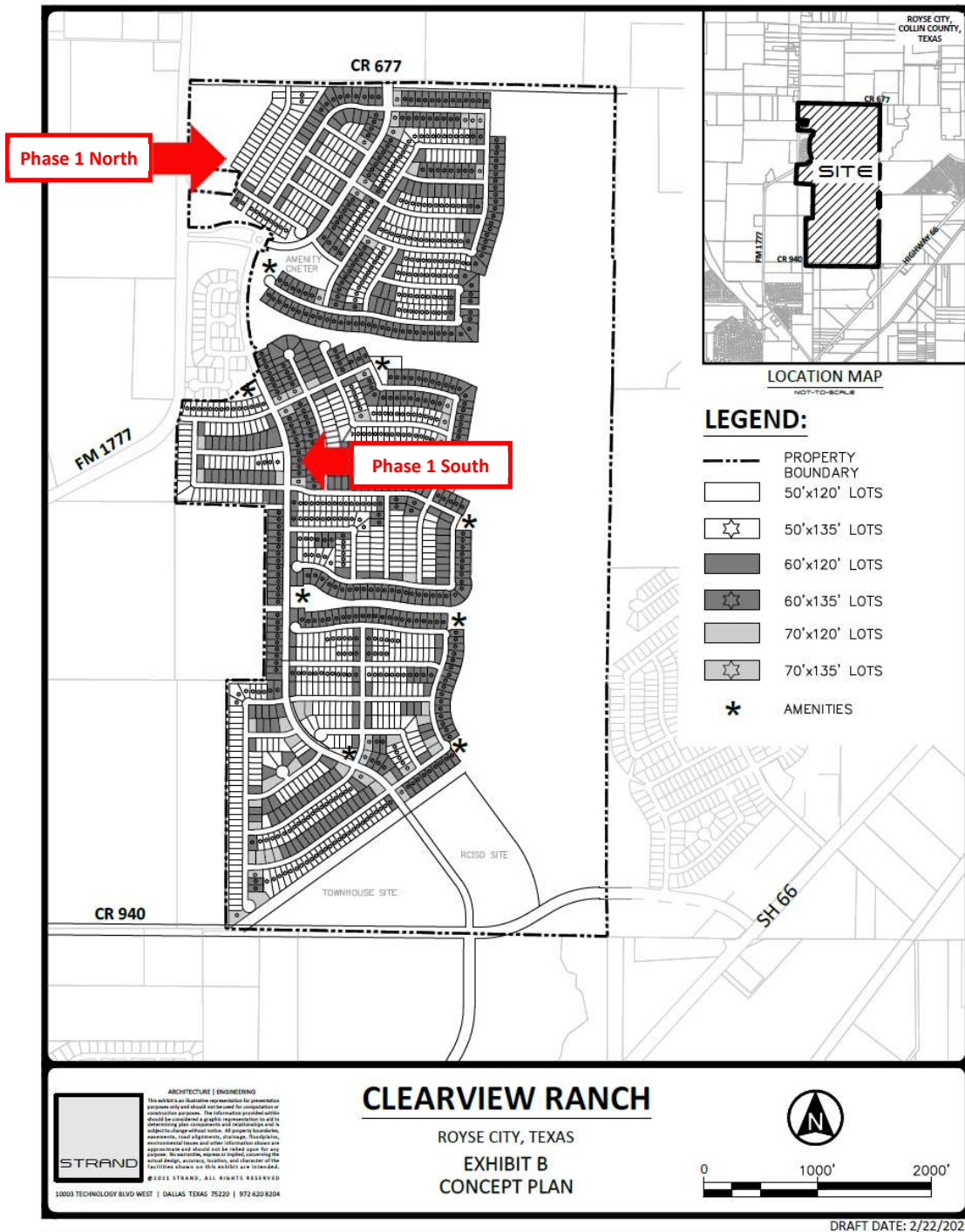
Clearview Ranch PID, IA #1



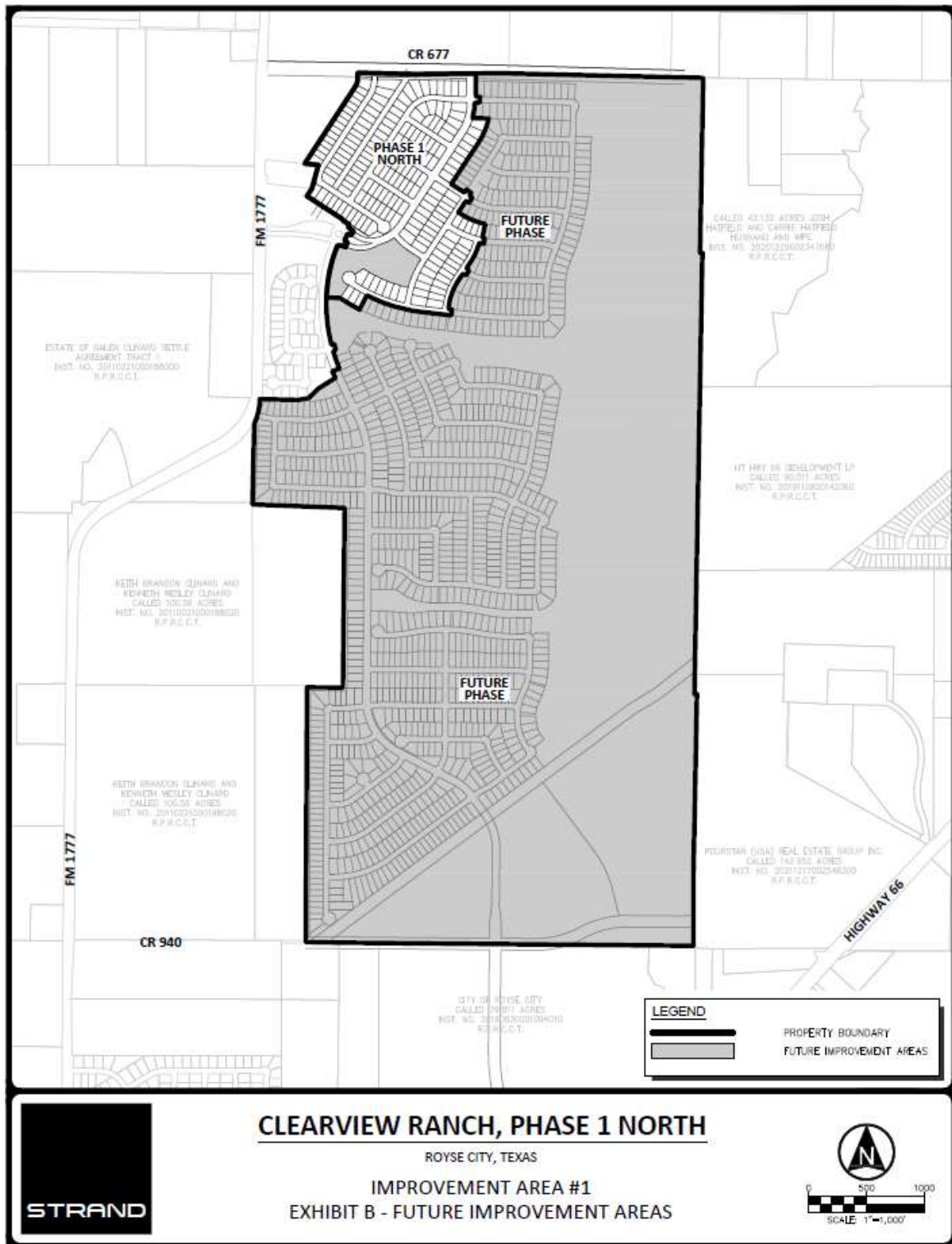


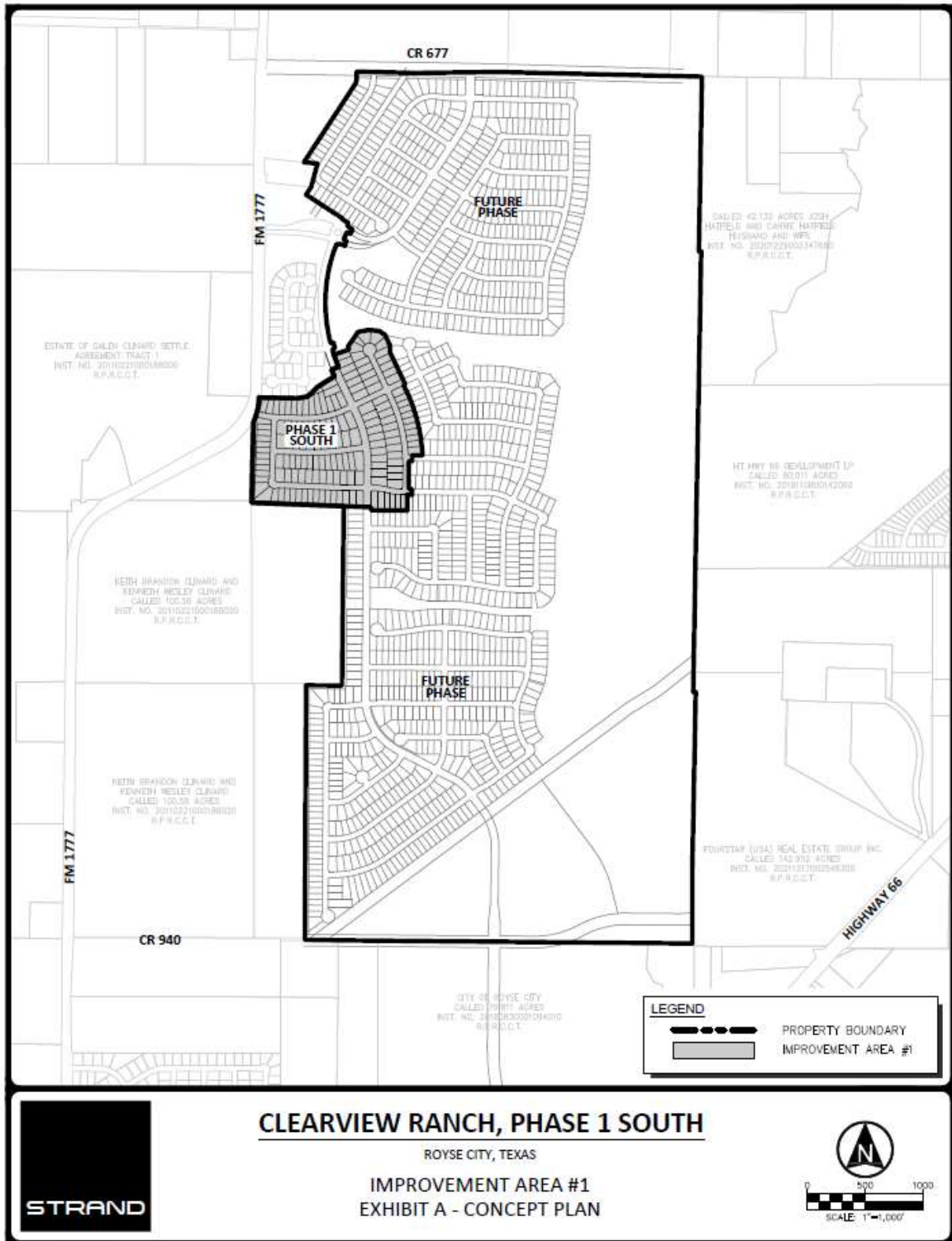


## Overall Concept Plan









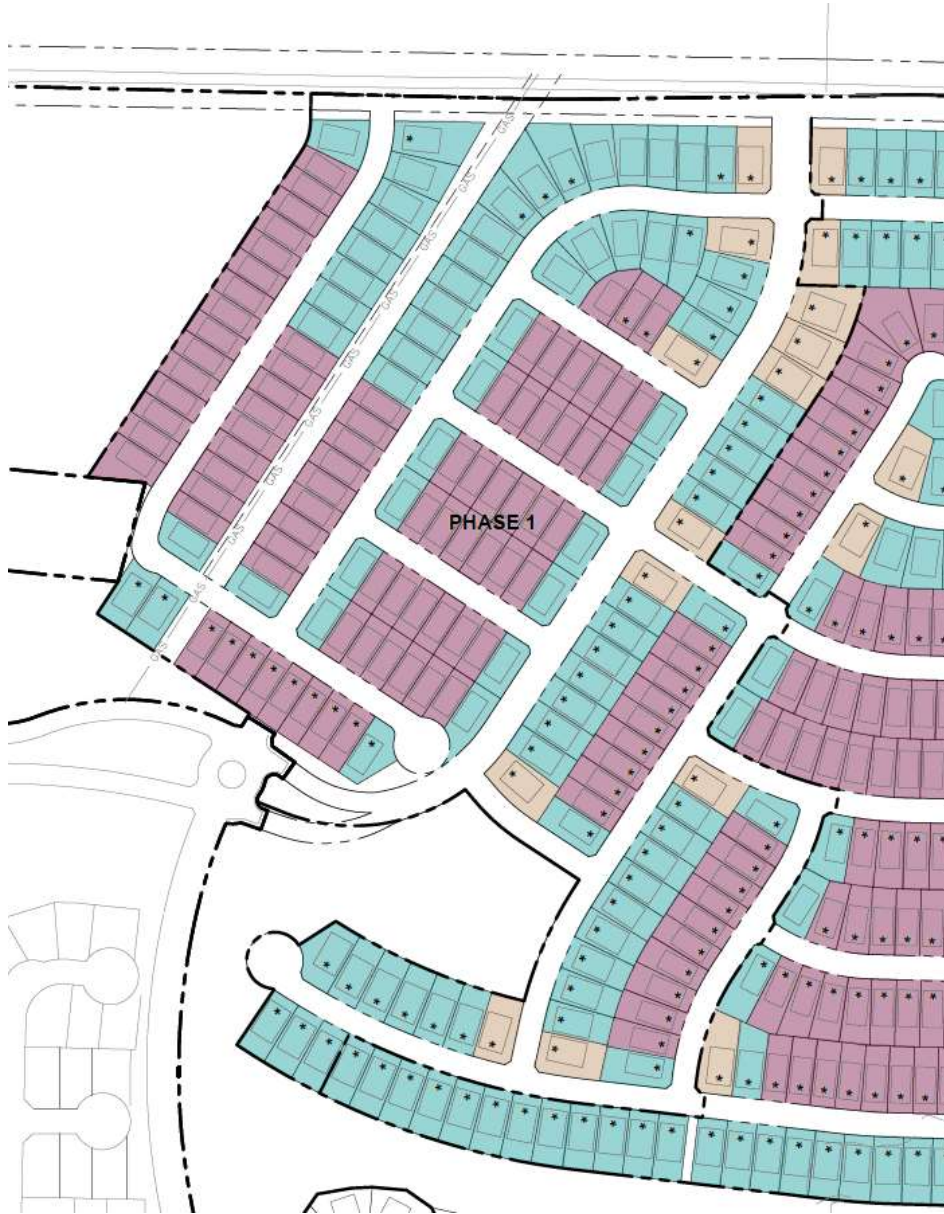
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DEVELOPMENT SCHEDULE							
PHASE	50' x 120' LOTS	50' x 135' LOTS	60' x 120' LOTS	60' x 135' LOTS	70' x 120' LOTS	70' x 195' LOTS	TOTAL LOTS
PHASE 1 SOUTH	39	34	24	44	4	10	155

BEING 36.294 ACRES  
155 SF LOTS  
1 H9A LOT  
SITUATED IN THE  
JOHN W FOOTE, ABSTRACT NO. 333 AND RUSSELL  
CRAWFORD SURVEY, ABSTRACT NO. 229,  
LOCATED IN THE CITY OF ROYSE CITY, COLLIN  
COUNTY, TEXAS

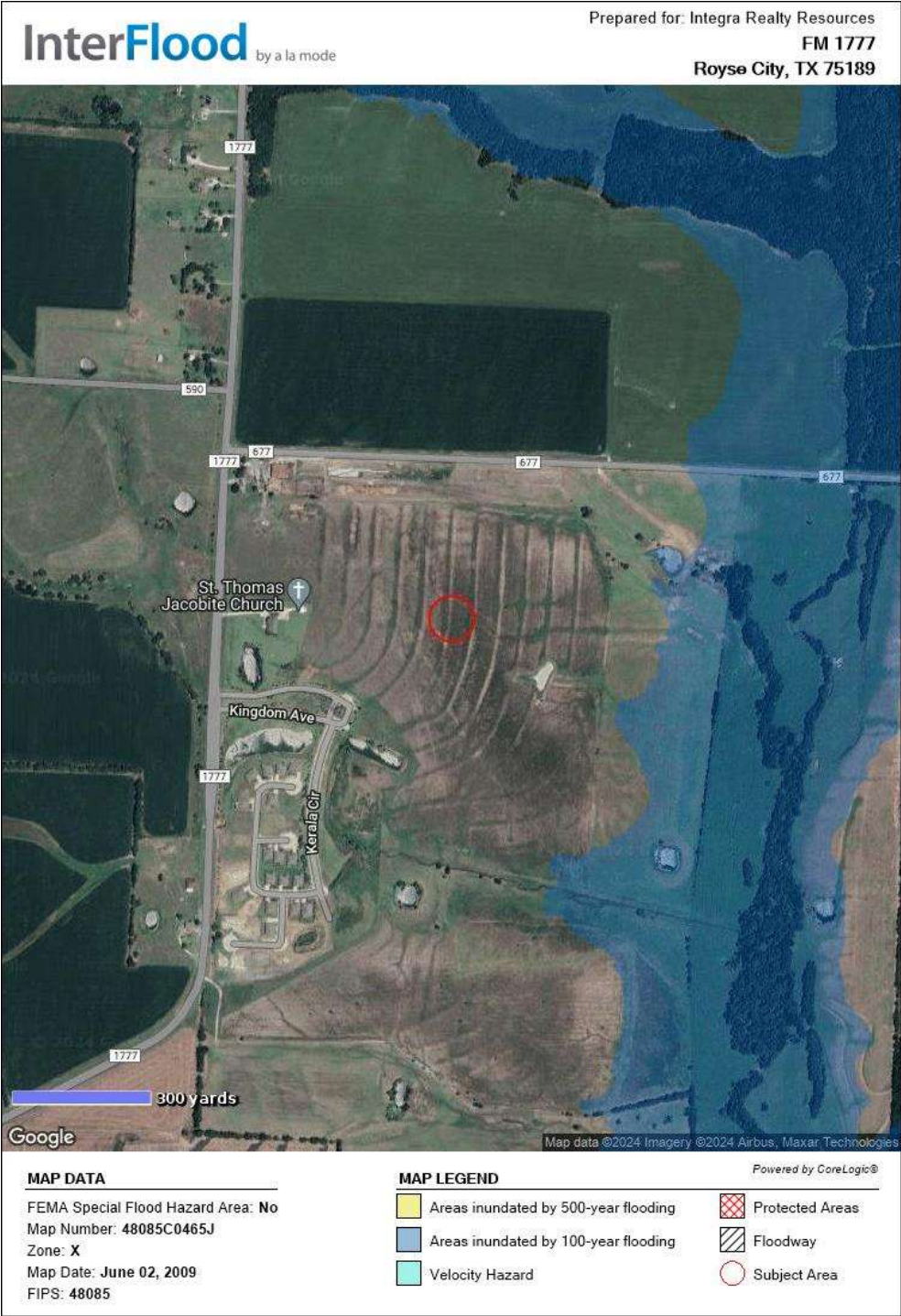


## Site Plan – Phase 1 – North



LOT COUNT (BY LOT WIDTH)							
	50' LOTS		60' LOTS		70' LOTS		TOTAL
	120' DEPTH	135' DEPTH *	120' DEPTH	135' DEPTH *	120' DEPTH	135' DEPTH *	
PHASE 1 (49.67 AC)	73	30	39	45	0	12	199

Flood Hazard Map

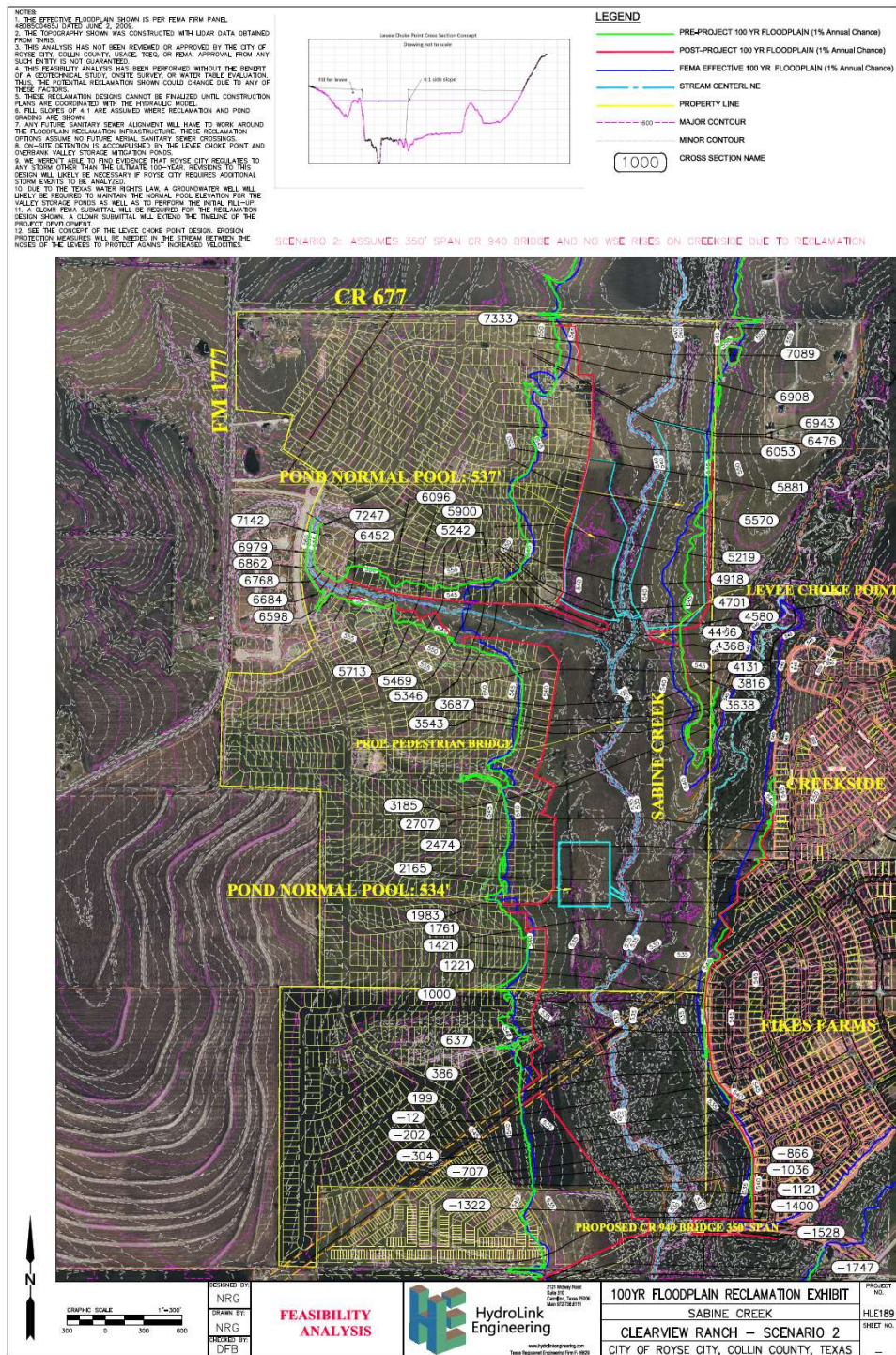


Clearview Ranch PID, IA #1

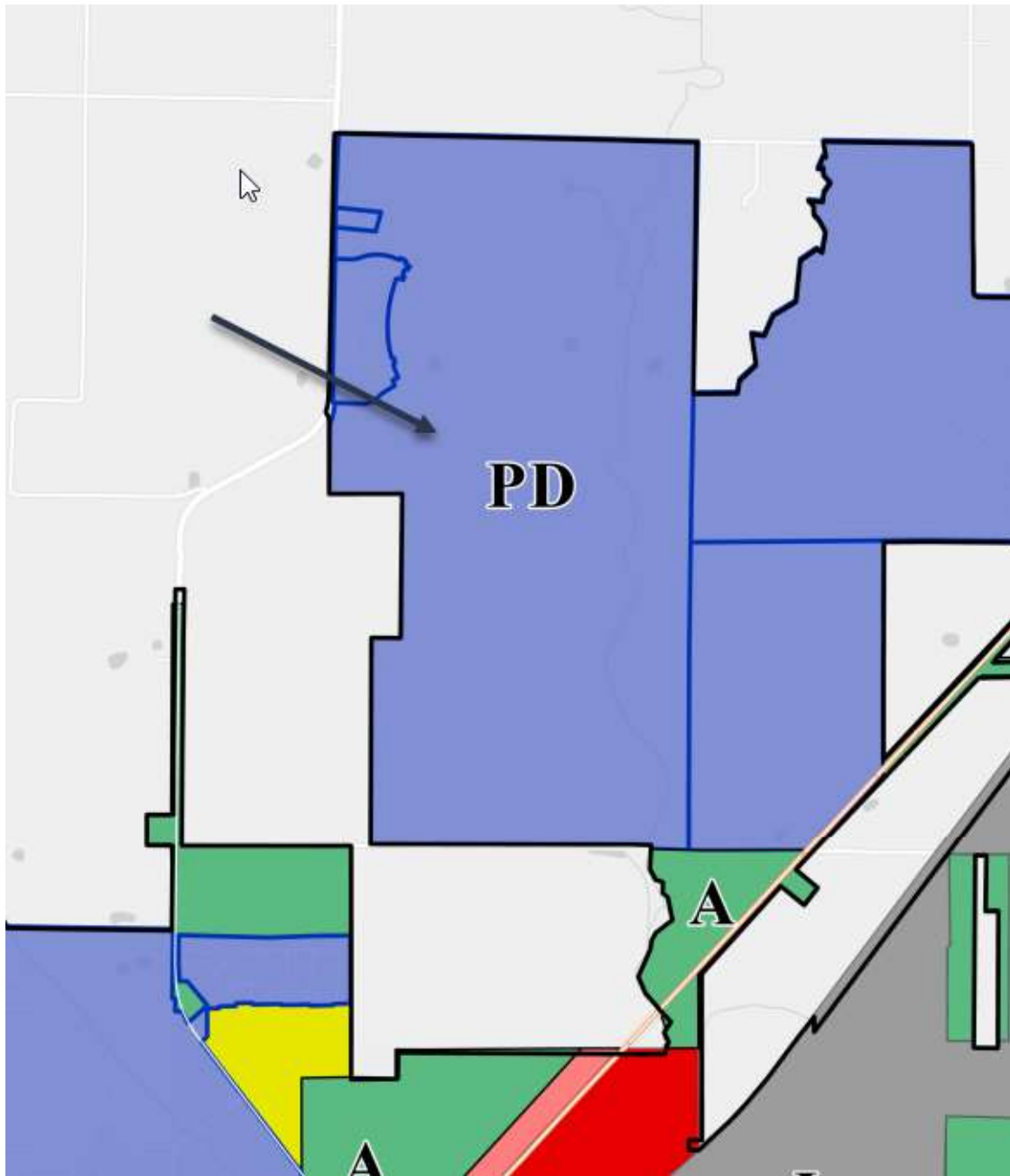




# Reclamation Flood Exhibit Map



## Zoning Map



Clearview Ranch PID, IA #1



## Allocation of Authorized Improvements

### A. North Zone Major Improvements

#### ▪ *Streets*

Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, and streetlights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included. The street improvements will provide benefit to each Lot within the North Zone and the North Zone Commercial Property.

#### ▪ *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, and erosion control, and all necessary appurtenances required to provide water service to all Lots within the North Zone and the North Zone Commercial Property.

#### ▪ *Soft Costs*

Costs related to designing, constructing, and installing the North Zone Major Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, District Formation Costs, legal fees, and consultant fees.

### B. North Zone Improvements

#### ▪ *Streets*

Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, and streetlights. All related earthwork,



excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included. The street improvements will provide benefit to each Lot within the North Zone.

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, and erosion control, and all necessary appurtenances required to provide water service to all Lots within the North Zone.

- *Soft Costs*

Costs related to designing, constructing, and installing the North Zone Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, District Formation Costs, legal fees, and consultant fees.

### **C. North Zone Improvement Area #1 Improvements**

- *Streets*

Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, and streetlights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included. The street improvements will provide benefit to each Lot within North Zone Improvement Area #1.

- *Water*

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

- *Sewer*

Improvements including trench excavation and embedment, trench safety, PVC piping, ductile iron encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to all Lots within North Zone Improvement Area #1.

- *Drainage*

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

- *Soft Costs*

Costs related to designing, constructing, and installing the North Zone Improvement Area #1 Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, District Formation Costs, legal fees, and consultant fees.

#### **D. South Zone Improvements**

- *Street and Bridges*

Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, and streetlights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included. Related storm drainage improvements, including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage, are included.

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide water service to all Lots within the South Zone.

- *Soft Costs*

Costs related to designing, constructing, and installing the South Zone Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, legal fees, and consultant fees.

**E. South Zone Improvement Area #1 Improvements**

- *Streets*

Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, and streetlights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included. The street improvements will provide benefit to each Lot within South Zone Improvement Area #1.

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide water service per the City's standards to all Lots within South Zone Improvement Area #1.

- *Sewer*

Improvements including trench excavation and embedment, trench safety, PVC piping, ductile iron encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service per the City's standards to all Lots within South Zone Improvement Area #1.

- *Drainage*

Improvements including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage per the City's standards for all Lots within South Zone Improvement Area #1.

- *Soft Costs*

Costs related to designing, constructing, and installing the South Zone Improvement Area #1 Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, legal fees, and consultant fees.



## EXHIBIT B-1 – PROJECT COSTS

	Total Costs <sup>(a)</sup>	Private Costs	Authorized Improvements	North Zone Commercial Property <sup>(c)</sup>	North Zone Improvement Area #1-A	North Zone Improvement Area #1-B	North Zone Remainder Area	South Zone Improvement Area #1	South Zone Remainder Area						
	\$	\$	\$	% \$	% \$	% \$	% \$	% \$	% \$						
North Zone Major Improvements <sup>(d)</sup>															
Street	\$ 563,120	\$ -	\$ 563,120	9.18%	\$ 51,716	10.89%	\$ 61,298	31.26%	\$ 176,049	48.67%	\$ 274,056	0.00%	\$ -	0.00%	\$ -
Water	\$ 827,161	\$ -	\$ 827,161	9.18%	\$ 75,965	10.89%	\$ 90,041	31.26%	\$ 254,597	48.67%	\$ 402,559	0.00%	\$ -	0.00%	\$ -
Soft Costs	\$ 305,862	\$ -	\$ 305,862	9.18%	\$ 28,090	10.89%	\$ 33,265	31.26%	\$ 85,432	48.67%	\$ 148,855	0.00%	\$ -	0.00%	\$ -
	\$ 1,696,143	\$ -	\$ 1,696,143		\$ 155,771		\$ 184,634		\$ 530,168		\$ 825,470		\$ -		\$ -
North Zone Improvements <sup>(e)</sup>															
Street	\$ 846,437	\$ -	\$ 846,437	0.00%	\$ -	11.99%	\$ 101,459	34.42%	\$ 291,890	53.59%	\$ 453,608	0.00%	\$ -	0.00%	\$ -
Water	\$ 1,171,712	\$ -	\$ 1,171,712	0.00%	\$ -	11.99%	\$ 137,883	34.42%	\$ 387,306	53.59%	\$ 597,043	0.00%	\$ -	0.00%	\$ -
Soft Costs	\$ 354,797	\$ -	\$ 354,797	0.00%	\$ -	11.99%	\$ 42,541	34.42%	\$ 119,713	53.59%	\$ 186,543	0.00%	\$ -	0.00%	\$ -
	\$ 1,412,966	\$ -	\$ 1,412,966		\$ -		\$ 184,342		\$ 488,409		\$ 757,195		\$ -		\$ -
North Zone Improvement Area #1 Improvements <sup>(f)</sup>															
Street	\$ 2,454,358	\$ -	\$ 2,454,358	0.00%	\$ -	25.88%	\$ 633,879	74.17%	\$ 1,820,485	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Water	\$ 1,062,630	\$ -	\$ 1,062,630	0.00%	\$ -	25.88%	\$ 274,440	74.17%	\$ 788,190	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Sewer	\$ 1,454,771	\$ -	\$ 1,454,771	0.00%	\$ -	25.88%	\$ 375,736	74.17%	\$ 1,079,035	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Drainage	\$ 1,216,398	\$ -	\$ 1,216,398	0.00%	\$ -	25.88%	\$ 314,152	74.17%	\$ 902,246	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Soft Costs	\$ 1,861,395	\$ -	\$ 1,861,395	0.00%	\$ -	25.88%	\$ 471,600	74.17%	\$ 1,390,795	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
	\$ 7,549,552	\$ -	\$ 7,549,552		\$ -		\$ 1,549,781		\$ 5,599,771		\$ -		\$ -		\$ -
South Zone Improvements <sup>(g)</sup>															
Street and Bridges	\$ 18,324,788	\$ -	\$ 18,324,788	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	9.27%	\$ 1,735,642	90.73%	\$ 12,089,146		\$ -
Water	\$ 943,043	\$ -	\$ 943,043	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	9.27%	\$ 174,551	90.73%	\$ 855,592		\$ -
Soft Costs	\$ 1,138,923	\$ -	\$ 1,138,923	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	9.27%	\$ 211,080	90.73%	\$ 7,267,842		\$ -
	\$ 17,406,754	\$ -	\$ 17,406,754		\$ -		\$ -		\$ -		\$ 1,916,173		\$ 15,792,581		\$ -
South Zone Improvement Area #1 Improvements <sup>(h)</sup>															
Street	\$ 1,585,940	\$ -	\$ 1,585,940	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	100.00%	\$ 1,585,940	0.00%	\$ -		\$ -
Water	\$ 791,117	\$ -	\$ 791,117	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	100.00%	\$ 791,117	0.00%	\$ -		\$ -
Sewer	\$ 1,150,784	\$ -	\$ 1,150,784	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	100.00%	\$ 1,150,784	0.00%	\$ -		\$ -
Drainage	\$ 1,041,612	\$ -	\$ 1,041,612	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	100.00%	\$ 1,041,612	0.00%	\$ -		\$ -
Soft Costs	\$ 1,005,280	\$ -	\$ 1,005,280	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	100.00%	\$ 1,005,280	0.00%	\$ -		\$ -
	\$ 5,574,733	\$ -	\$ 5,574,733		\$ -		\$ -		\$ -		\$ 5,574,733		\$ -		\$ -
Private Improvements															
Earthwork	\$ 2,479,779	\$ 2,479,779	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Retaining Walls	\$ 487,577	\$ 487,577	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Miscellaneous	\$ 782,920	\$ 782,920	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Soft Costs	\$ 704,380	\$ 704,380	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
	\$ 4,454,656	\$ 4,454,656	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
Bond Issuance Costs <sup>(i)</sup>															
Debt Service Reserve	\$ 320,949	\$ -	\$ 320,949	\$ -	\$ 64,189	\$ -	\$ -	\$ -	\$ -	\$ 256,800	\$ -	\$ -	\$ -	\$ -	\$ -
Underwriter's Discount	\$ 132,300	\$ -	\$ 132,300	\$ -	\$ 26,460	\$ -	\$ -	\$ -	\$ -	\$ 105,810	\$ -	\$ -	\$ -	\$ -	\$ -
Costs of Issuance	\$ 286,650	\$ -	\$ 286,650	\$ -	\$ 57,330	\$ -	\$ -	\$ -	\$ -	\$ 229,320	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 739,899	\$ -	\$ 739,899	\$ -	\$ 148,034	\$ -	\$ -	\$ -	\$ -	\$ 591,865	\$ -	\$ -	\$ -	\$ -	\$ -
Other Costs <sup>(j)</sup>															
Deposit to Administrative Fund	\$ 80,000	\$ -	\$ 80,000	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 80,000	\$ -	\$ 80,000	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 38,914,702	\$ 4,454,656	\$ 34,460,046	\$ 155,771	\$ 2,491,811	\$ 6,616,447	\$ 1,582,645	\$ 7,820,770	\$ 15,792,581						

Footnotes:

(a) For Engineer's Report - Clearview Ranch North, Phase 1 and Engineer's Report - Clearview Ranch South, Phase 1, provided by the Owner on March 6, 2024.

(b) Not reimbursable through Assessments.

(c) First, the costs of the North Zone Major Improvements shall be allocated between the North Zone Commercial Property and the North Zone pro rata based on the ratio of the acreage of each area to the acreage of both areas. Second, the North Zone Major Improvements allocated to the North Zone shall be allocated between the North Zone Improvement Area #1-A, the North Zone Improvement Area #1-B and the North Zone Remainder Area based upon the ratio of the Estimated Buildout Value of each area to the Estimated Buildout Value of all areas.

(d) The costs of the North Zone Improvements apportioned pro rata based on Estimated Buildout Value between North Zone Improvement Area #1-A, North Zone Improvement Area #1-B, and the North Zone Remainder Area.

(e) The costs of the North Zone Improvement Area #1 Improvements apportioned pro rata based on Estimated Buildout Value between North Zone Improvement Area #1-A, and North Zone Improvement Area #1-B.

(f) The costs of the South Zone Improvements apportioned pro rata based on acreage between South Zone Improvement Area #1, and the South Zone Remainder Area.

(g) The costs shown for North Zone Improvement Area #1-A are preliminary estimates only and will be updated if PID Bonds are issued to refinance the North Zone Improvement Area #1-A Reimbursement Obligation. If such PID Bonds are not issued within five years from the date the North Zone Improvement Area #1-A Assessments are levied, the North Zone Improvement Area #1-A Assessments will be reduced to an amount equal to the estimated Bond Issuance Costs as shown in this table. The City Council shall reduce the North Zone Improvement Area #1-A Assessments on a pro-rata basis among all North Zone Improvement Area #1-A Assessed Properties. If Assessments are levied or PID Bonds are issued to finance Authorized Improvements allocable to North Zone Improvement Area #1-B, North Zone Remainder Area or South Zone Improvement Area, Bond Issuance Costs associated with such Assessments or PID Bonds will be determined at the time of levy or issuance, as applicable.

## EXHIBIT B-2 – NORTH ZONE APPORTIONMENT OF COSTS

Area	Acreage <sup>(a)</sup>	Estimated Buildout Value <sup>(b)</sup>	North Zone Major Improvements <sup>(c)</sup>		North Zone Improvements <sup>(d)</sup>		North Zone Improvement Area #1 Improvements <sup>(e)</sup>		Total Apportionment for Future Funding <sup>(f)</sup>	
			Acreage Allocation		Est. Buildout Value Allocation		Est. Buildout Value Allocation			
			%	\$	%	\$	%	\$		
North Zone										
Improvement Area #1										
Improvement Area #1-A	13.856	\$ 21,875,000			11.99%	\$ 184,634	11.99%	\$ 169,362	25.83%	\$ 1,949,781
Improvement Area #1-B	38.169	\$ 62,825,000			34.42%	\$ 530,268	34.42%	\$ 486,409	74.17%	\$ 5,599,771
Improvement Area #1 Subtotal	52.025	\$ 84,700,000			46.41%	\$ 714,901	46.41%	\$ 655,771	100.00%	\$ 7,549,552
Remainder Area	50.916	\$ 97,800,000			53.59%	\$ 825,470	53.59%	\$ 757,195		\$ 1,582,665
North Zone Total	102.941	\$ 182,500,000	90.82%	\$ 1,540,371	100.00%	\$ 1,540,371	100.00%	\$ 1,412,966		
Commercial Property	10.410	N/A	9.18%	\$ 155,771						
NZ & NZ Commercial Property Total	113.351	\$ 182,500,000	100.00%	\$ 1,696,143						

Footnotes:

(a) Acreage of North Zone Improvement Area #1-A, North Zone Improvement Area #1-B, and North Zone Remainder Area per legal descriptions provided by the Developer. Acreage of North Zone Commercial Property per Collin Central Appraisal District.

(b) Calculations of Estimated Buildout Values in the North Zone shown on Exhibit B-4.

(c) The costs of the North Zone Major Improvements apportioned first pro rata based on acreage between the North Zone and the North Zone Commercial Property, and second, pro rata based on Estimated Buildout Value to North Zone Improvement Area #1-A, North Zone Improvement Area #1-B, and the North Zone Remainder Area.

(d) The costs of the North Zone Improvements apportioned pro rata based on Estimated Buildout Value between North Zone Improvement Area #1-A, North Zone Improvement Area #1-B, and the North Zone Remainder Area.

(e) The North Zone Improvement Area #1 Improvements are allocated pro rata based on Estimated Buildout Value between North Zone Improvement Area #1-A and North Zone Improvement Area #1-B.

(f) Reimbursable in part or in full from future Assessments levied on North Zone Improvement Area #1-B, and the North Zone Remainder Area.

<b>EXHIBIT B-3 – SOUTH ZONE APPORTIONMENT OF COSTS</b>
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Area	Acreage <sup>[a]</sup>	South Zone Improvements <sup>[b]</sup>		Total Apportionment for Future Funding <sup>[c]</sup>
		%	\$	
South Zone				
Improvement Area #1	42.404	9.27%	\$ 1,614,173	
Remainder Area	414.868	90.73%	\$ 15,792,581	\$ 15,792,581
South Zone Total	457.272		\$ 17,406,754	

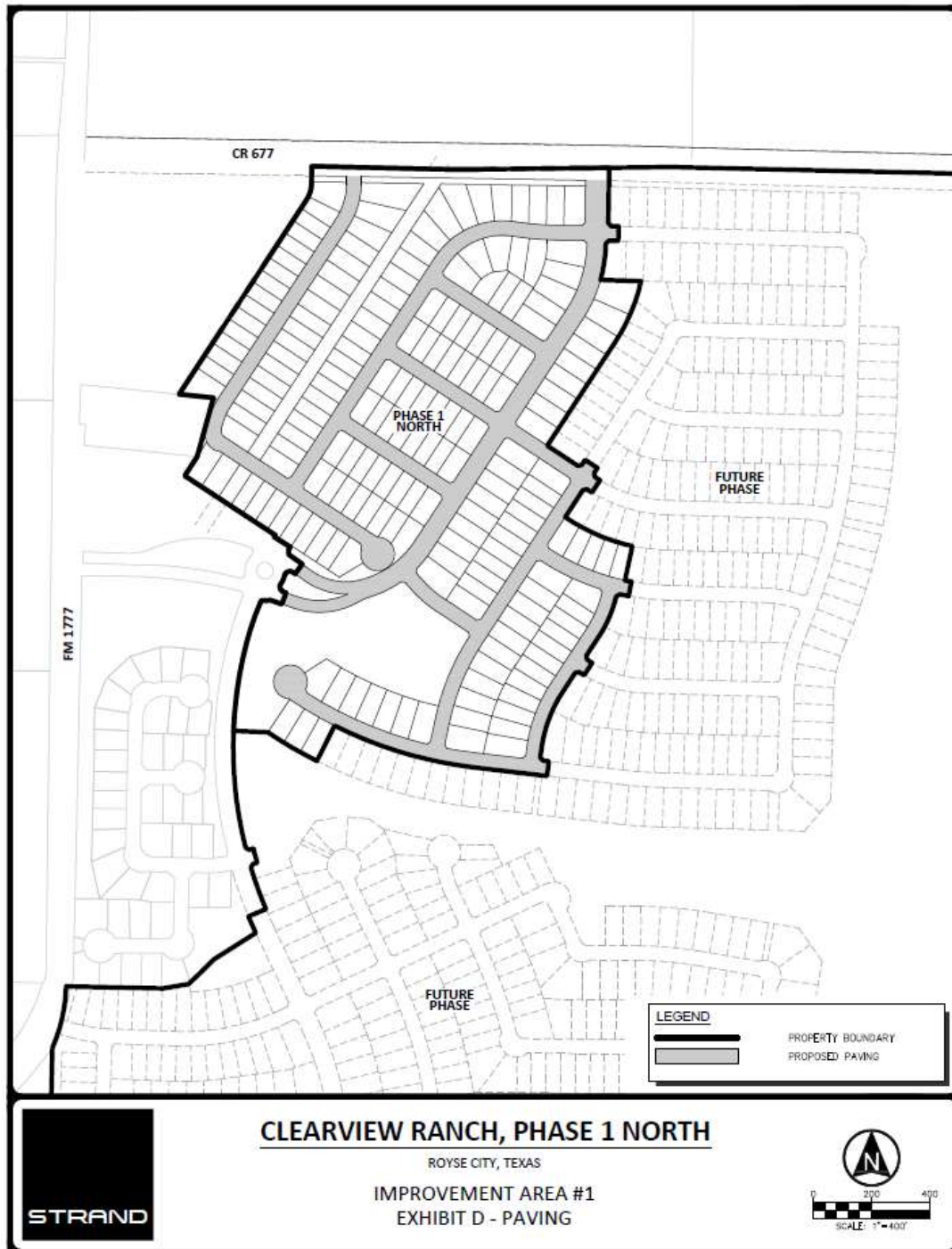
**Footnotes:**

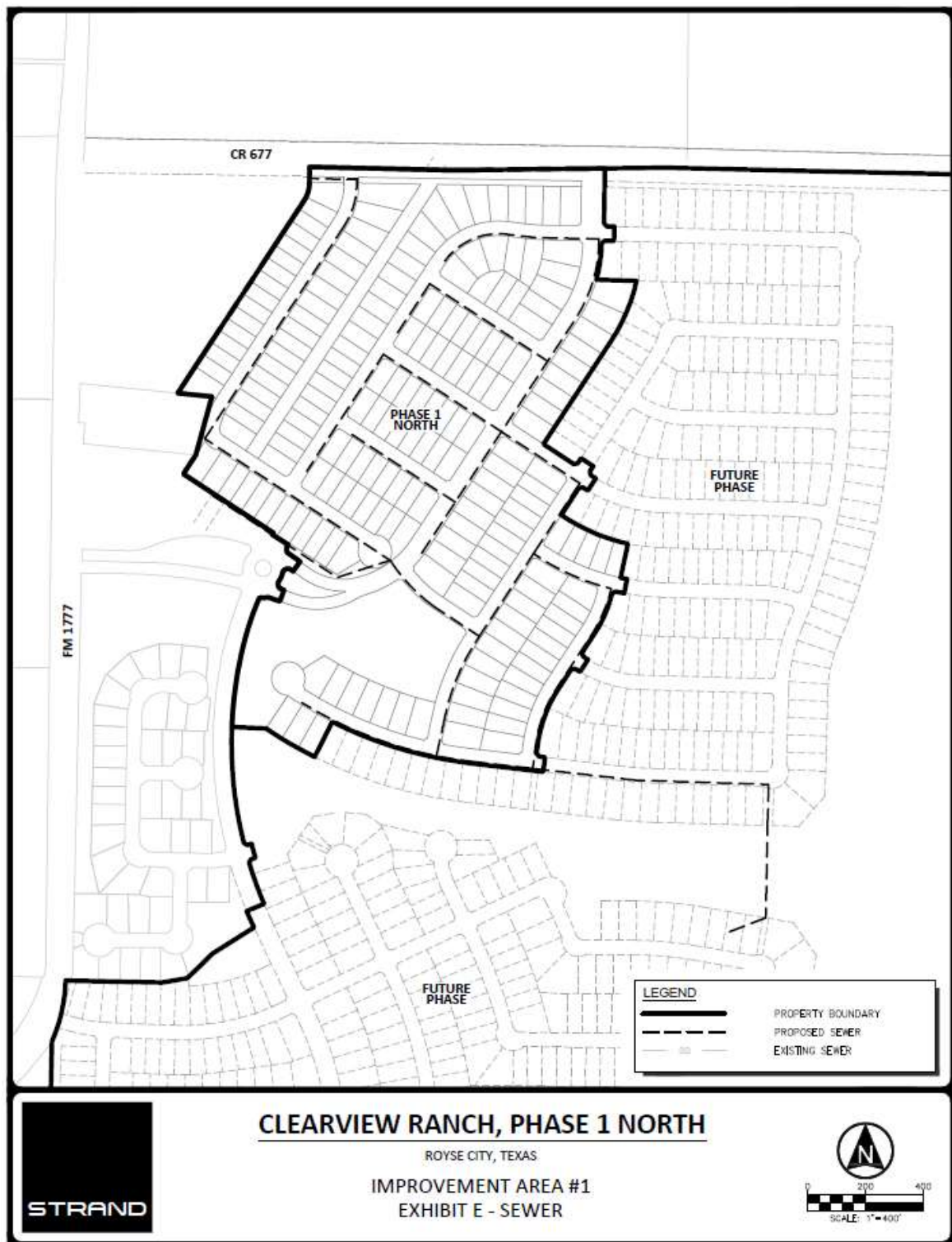
[a] Acreage of South Zone Improvement Area #1, and South Zone Remainder Area per legal descriptions provided by the Developer.

[b] The costs of the South Zone Improvements apportioned pro rata based on acreage between South Zone Improvement Area #1, and the South Zone Remainder Area. It is then allocated to each Lot Type in South Zone Improvement Area #1 based on Estimated Buildout Value.

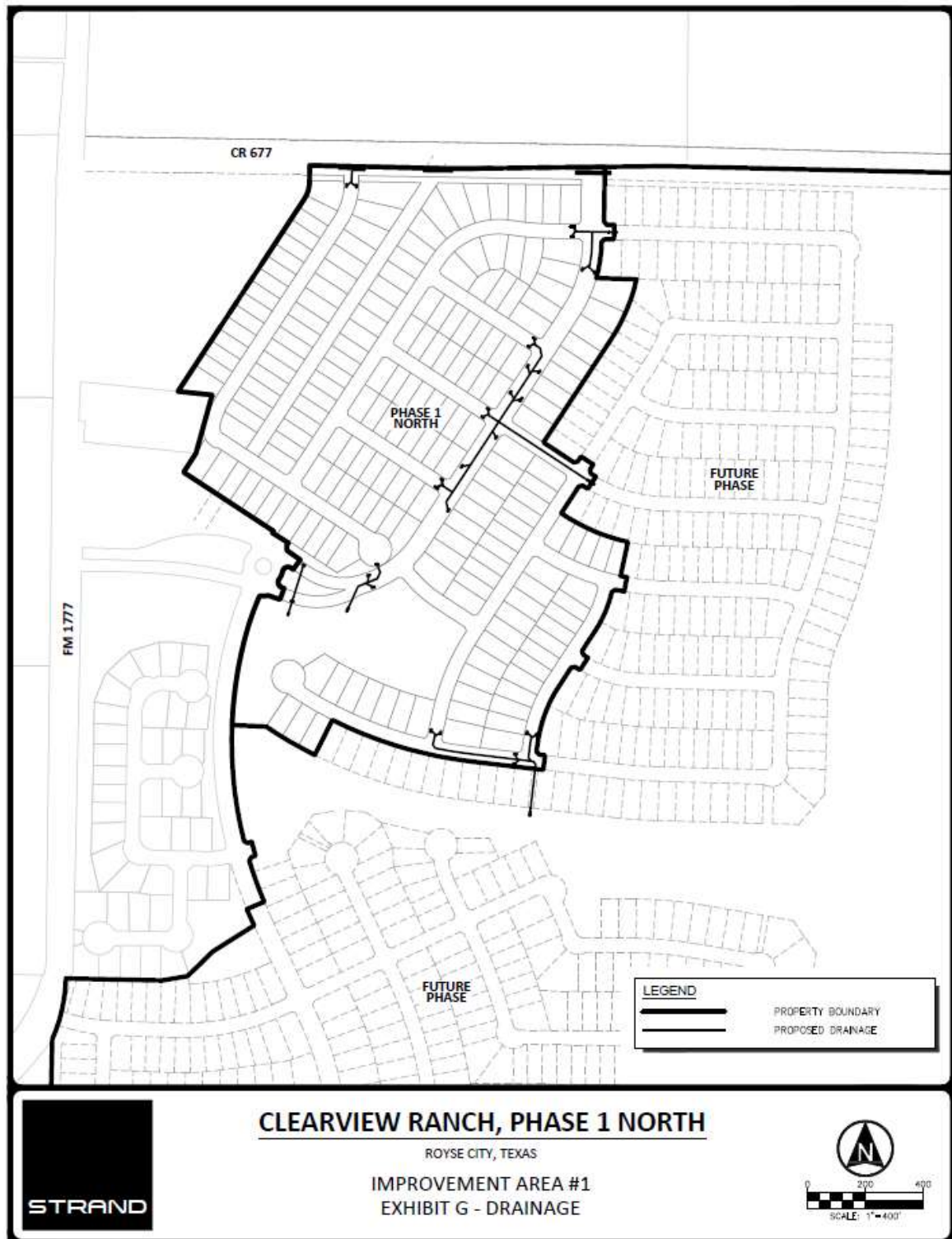
[c] Reimbursable in part or in full from future Assessments levied on the South Zone Remainder Area.

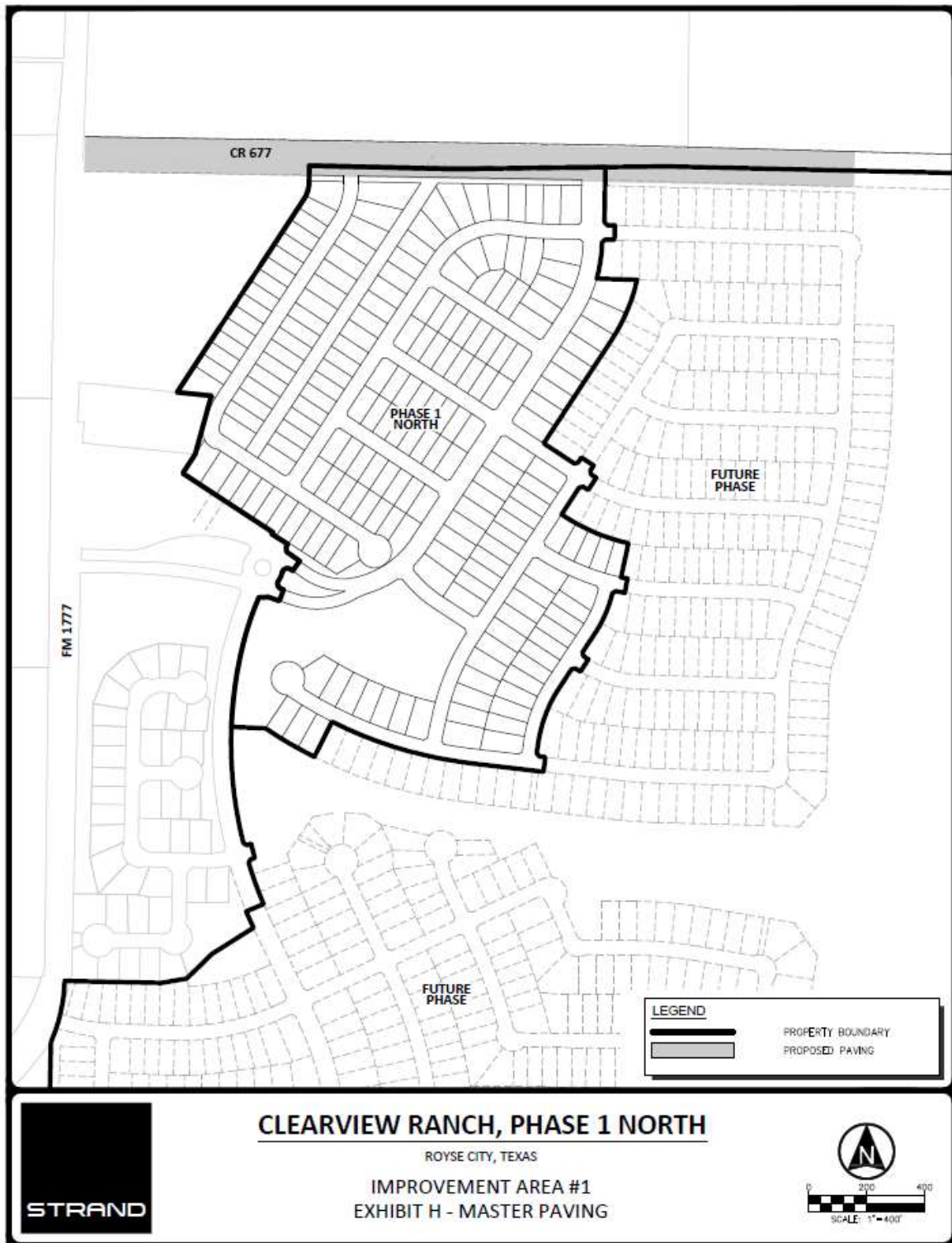
## Improvement Exhibits

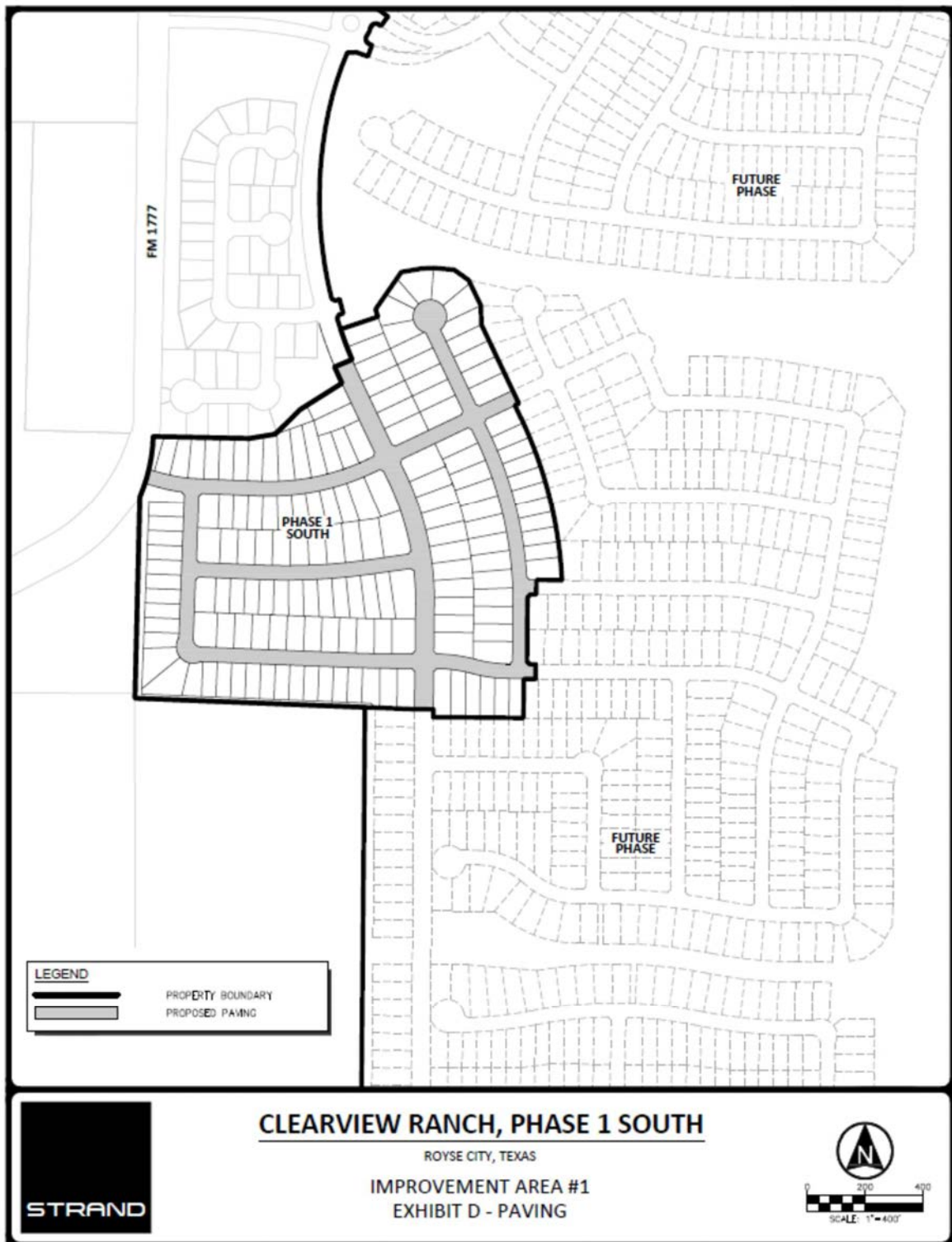


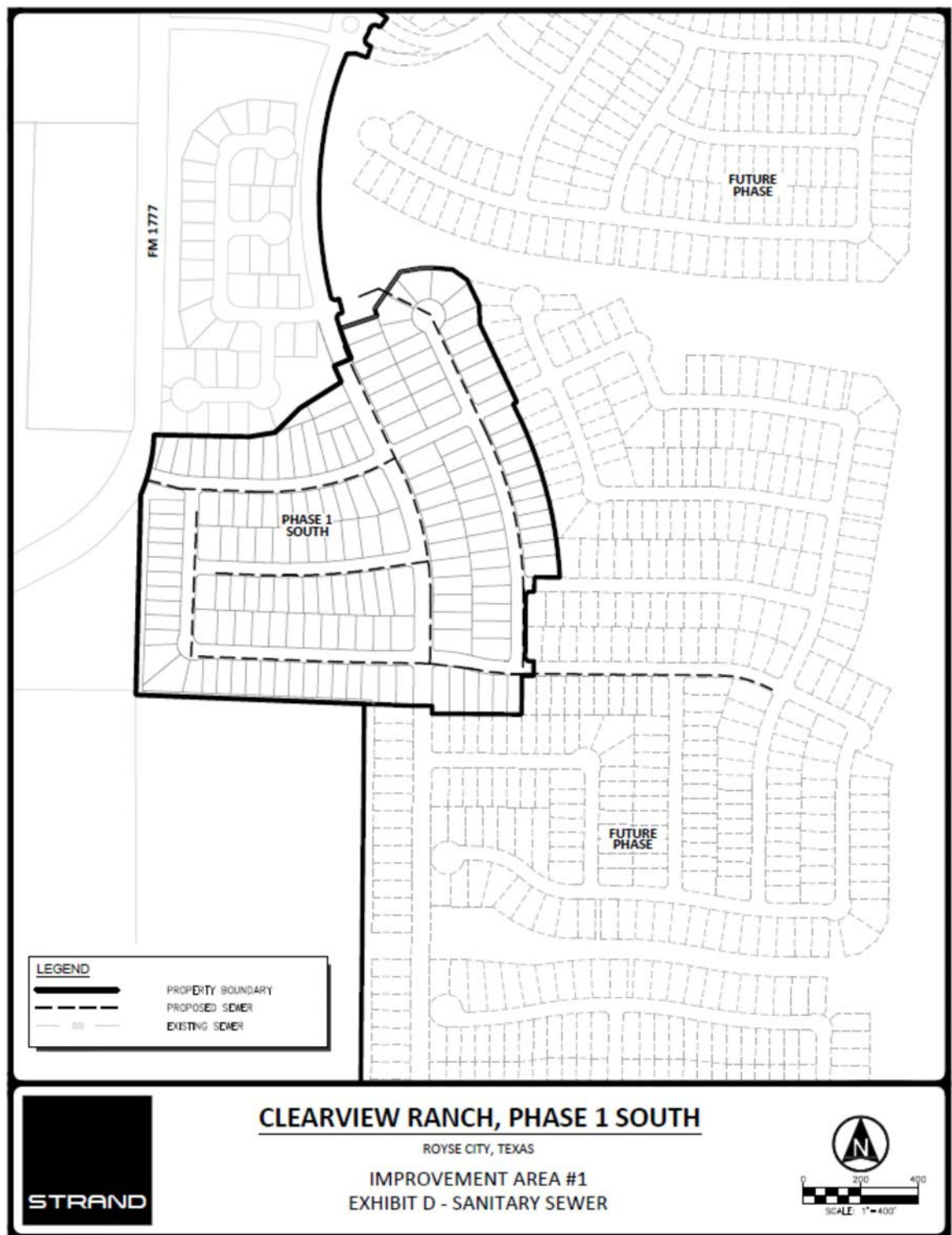




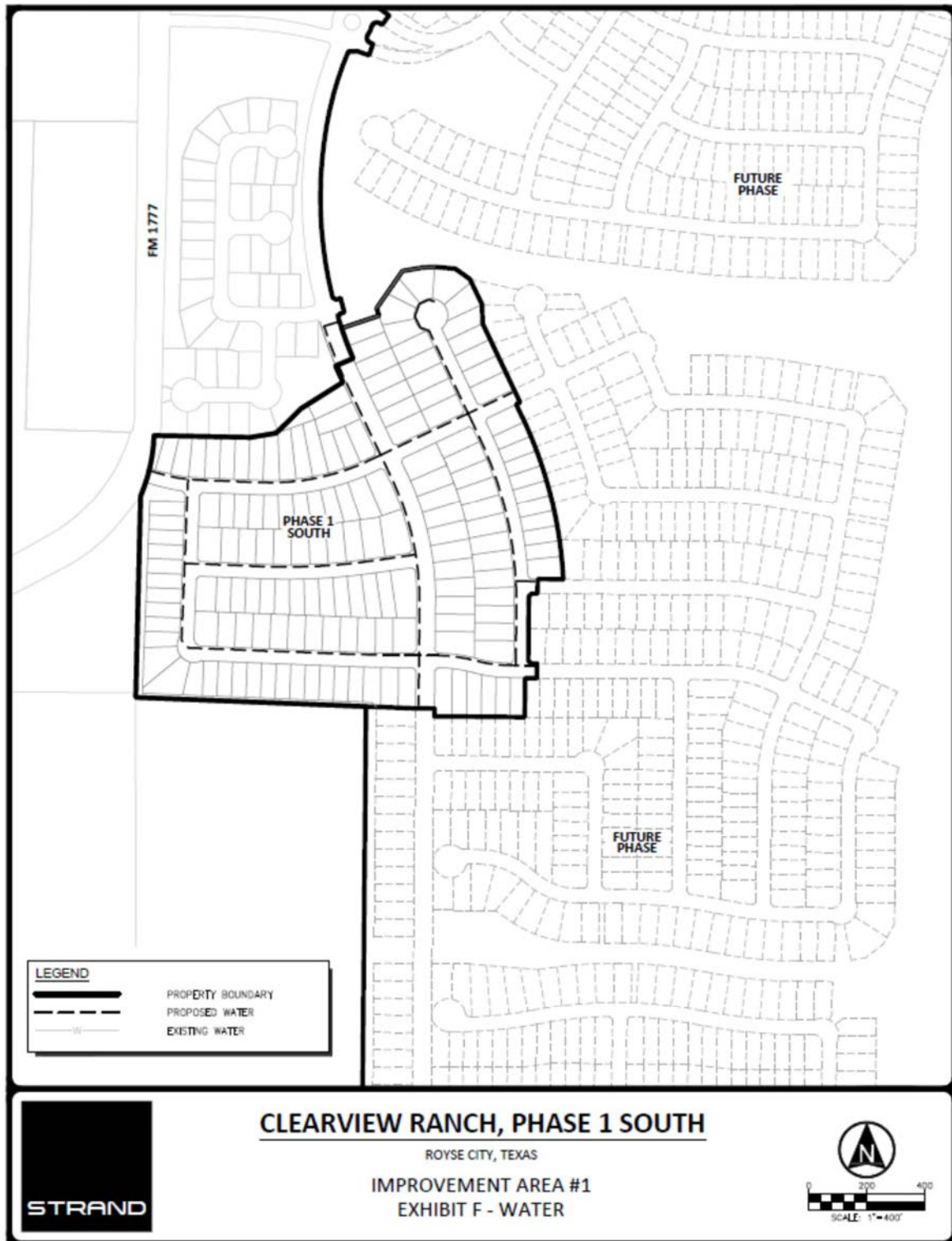


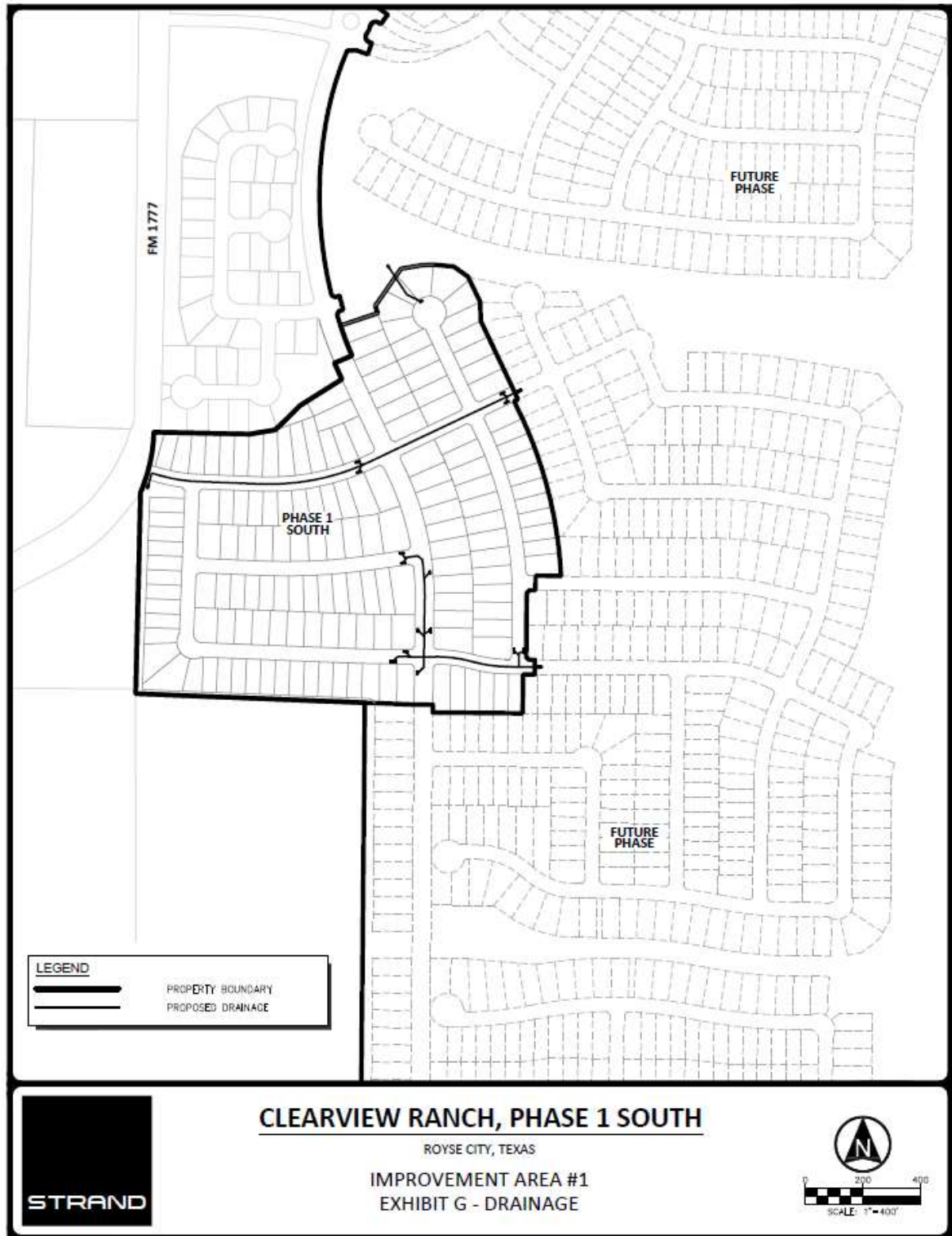


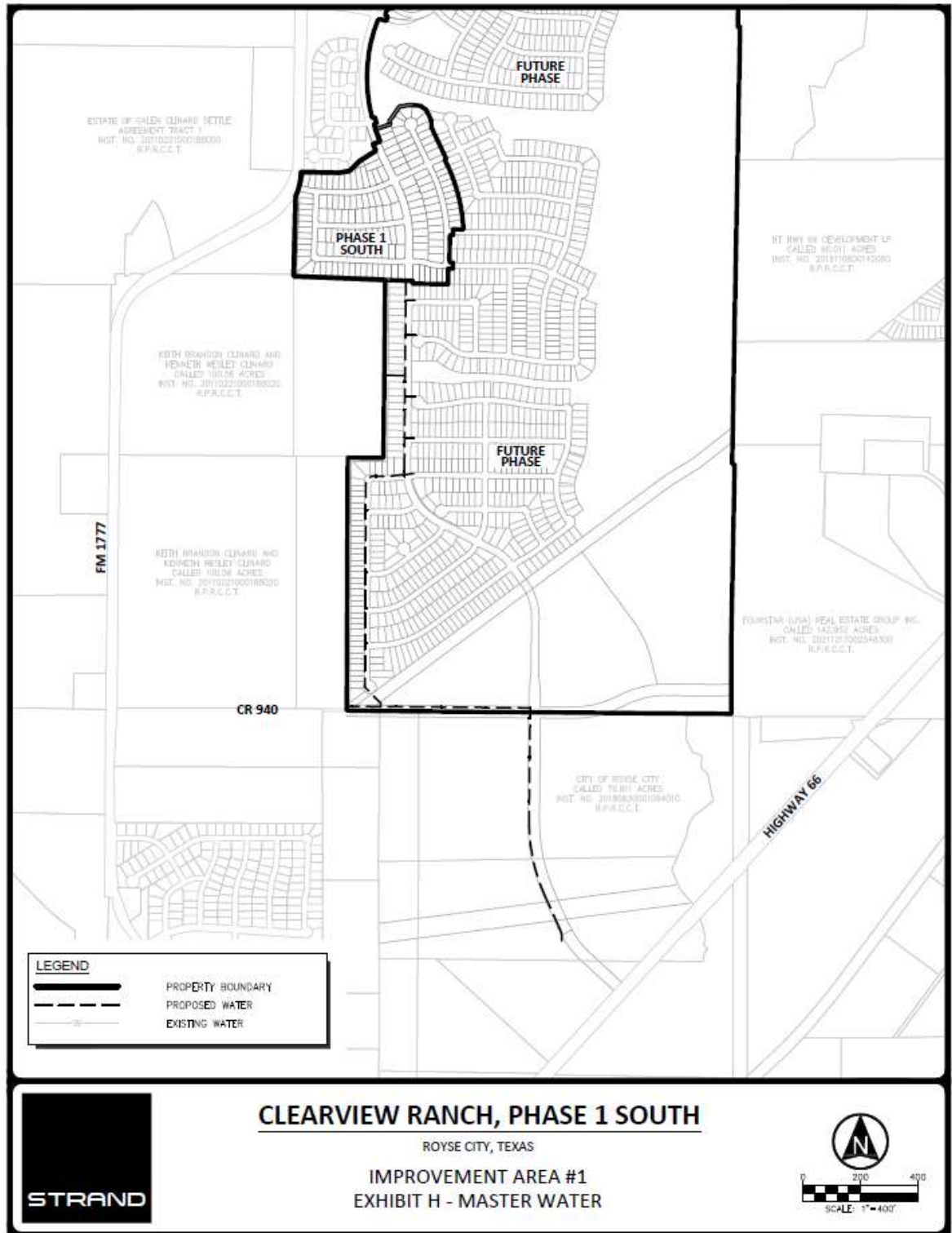


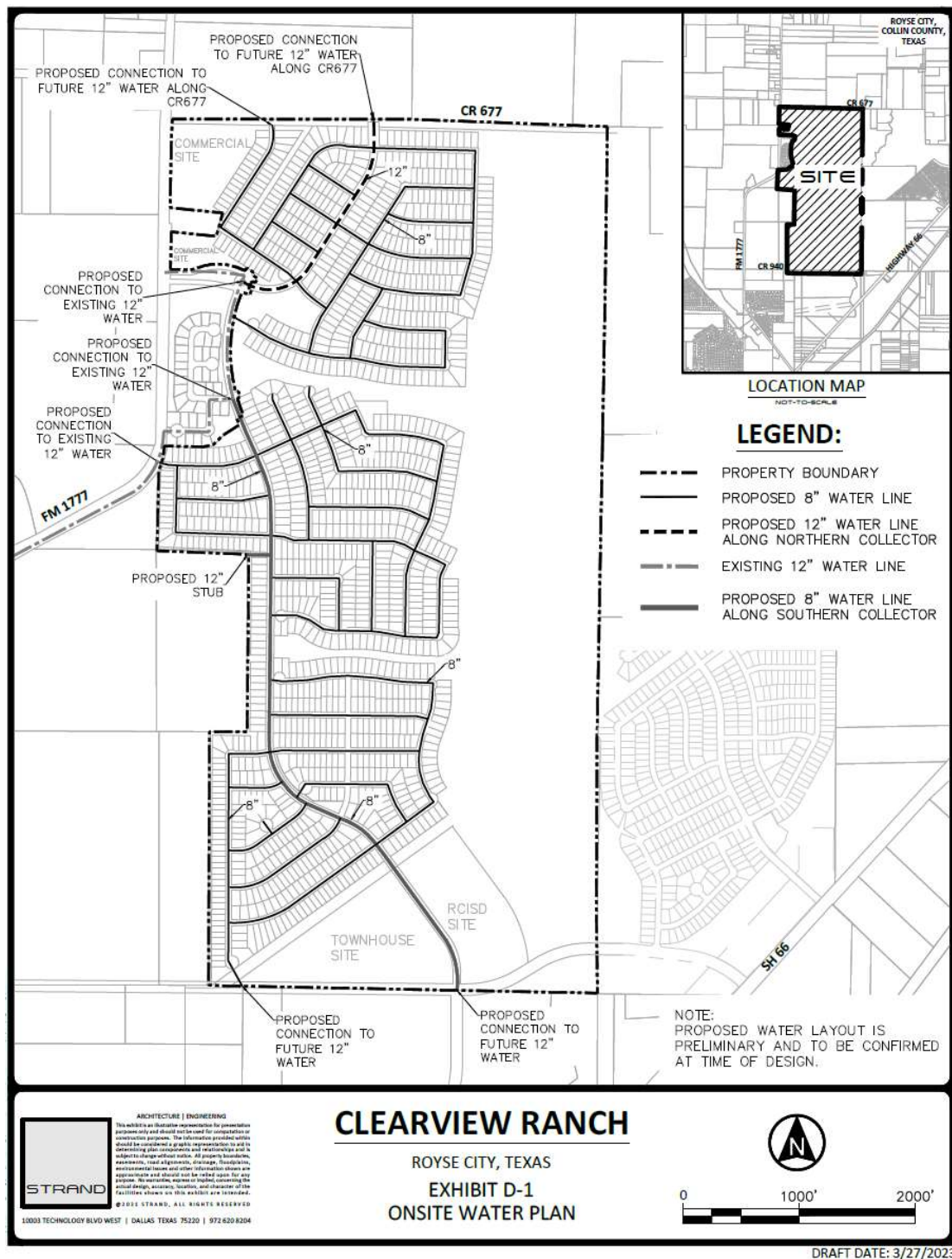




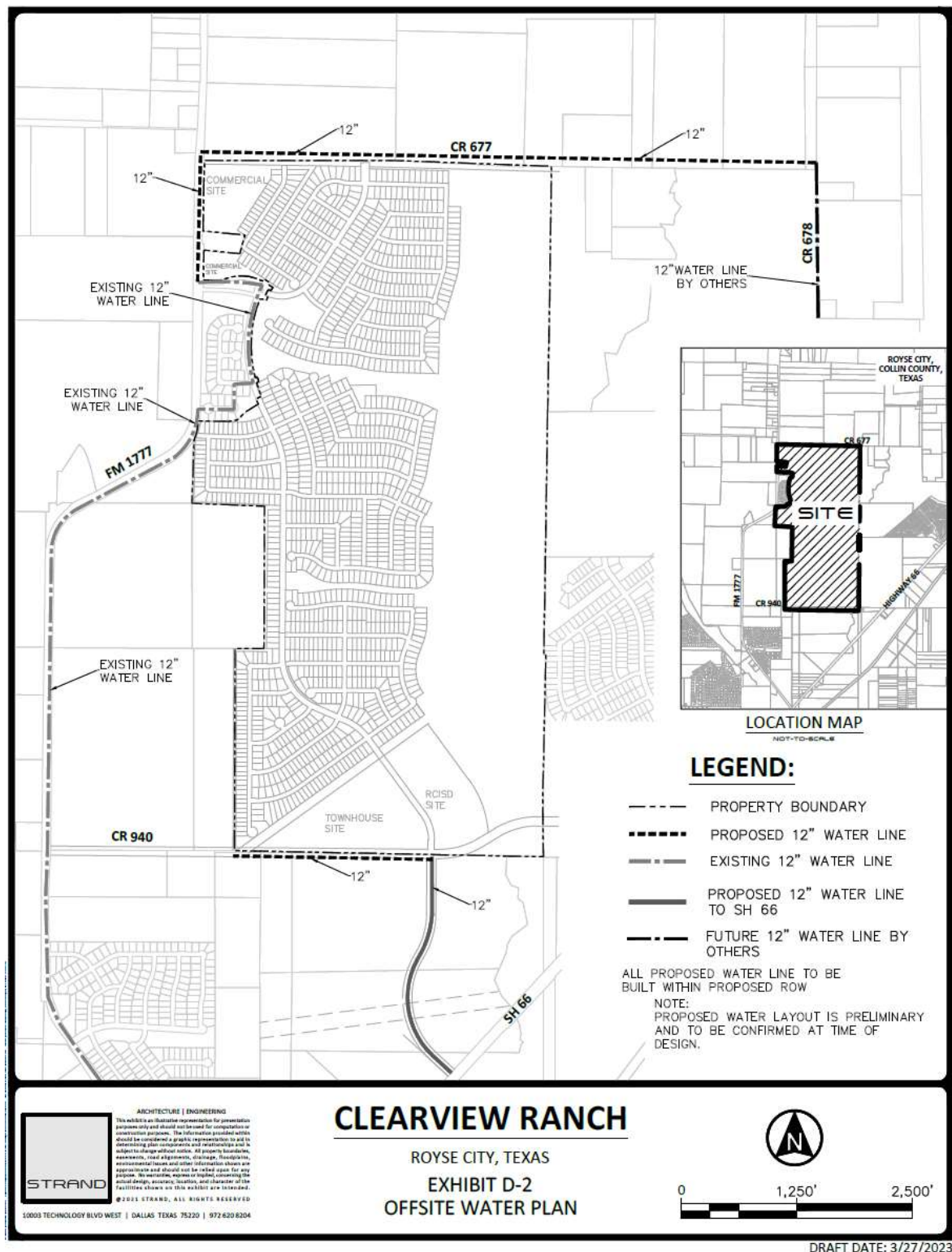


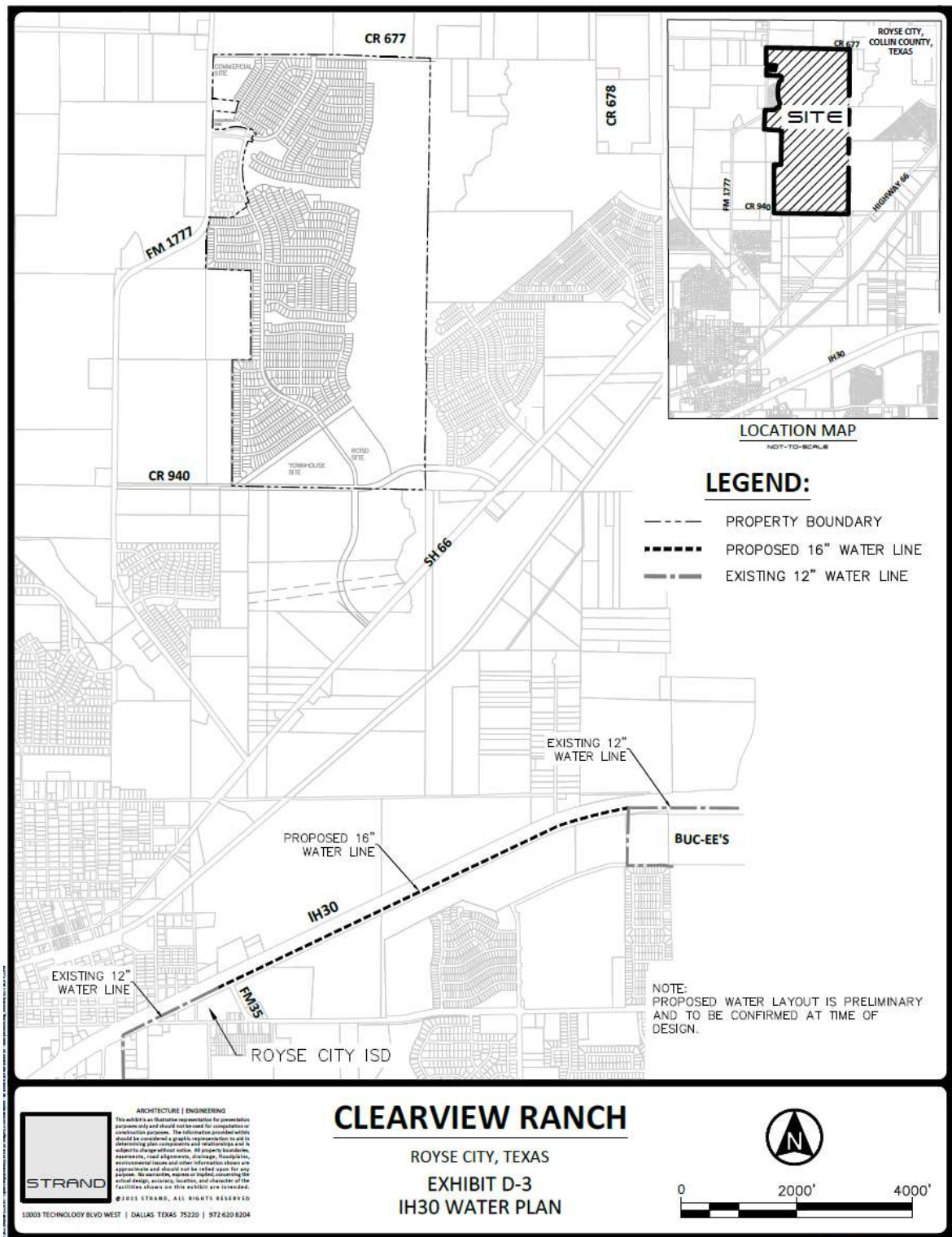


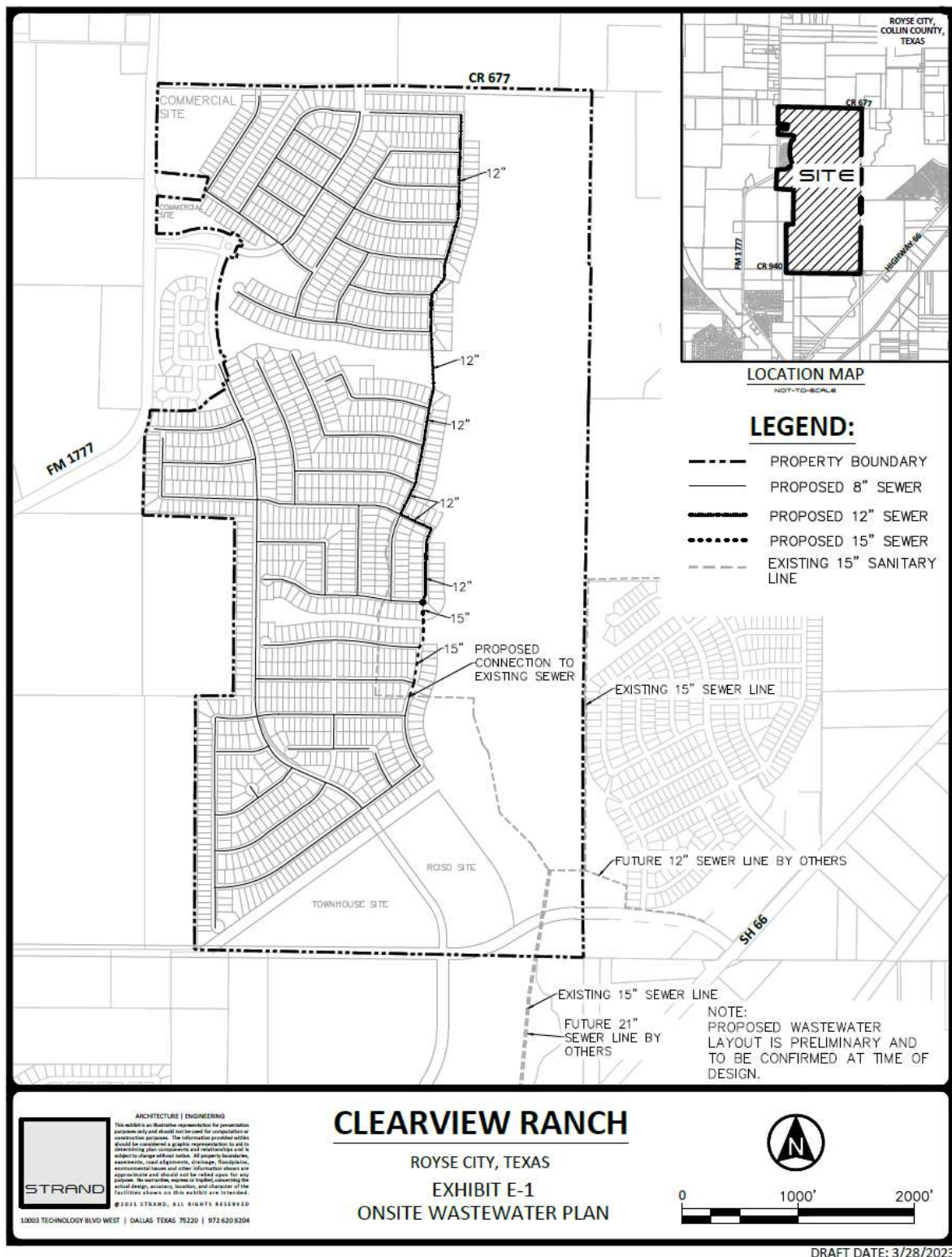




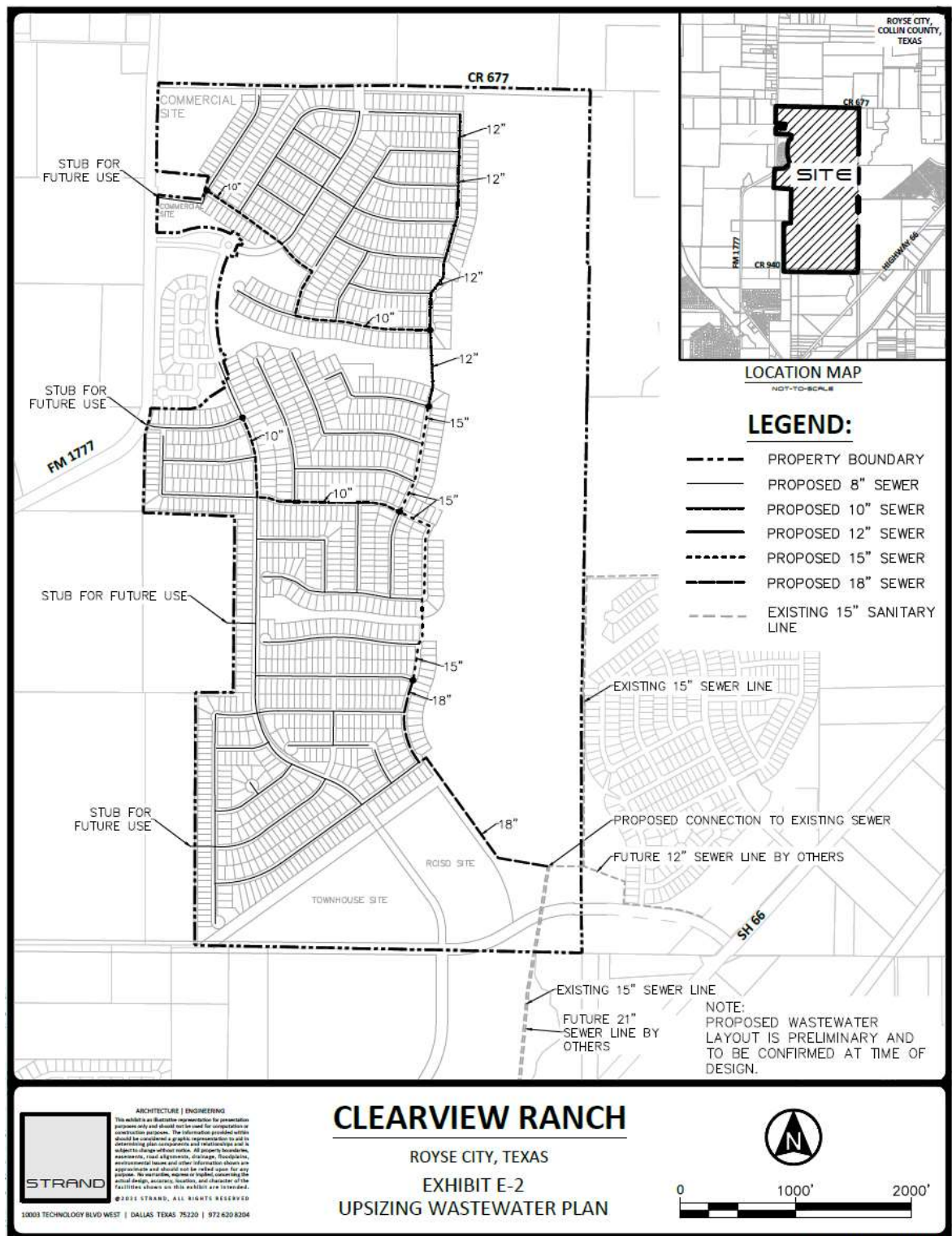




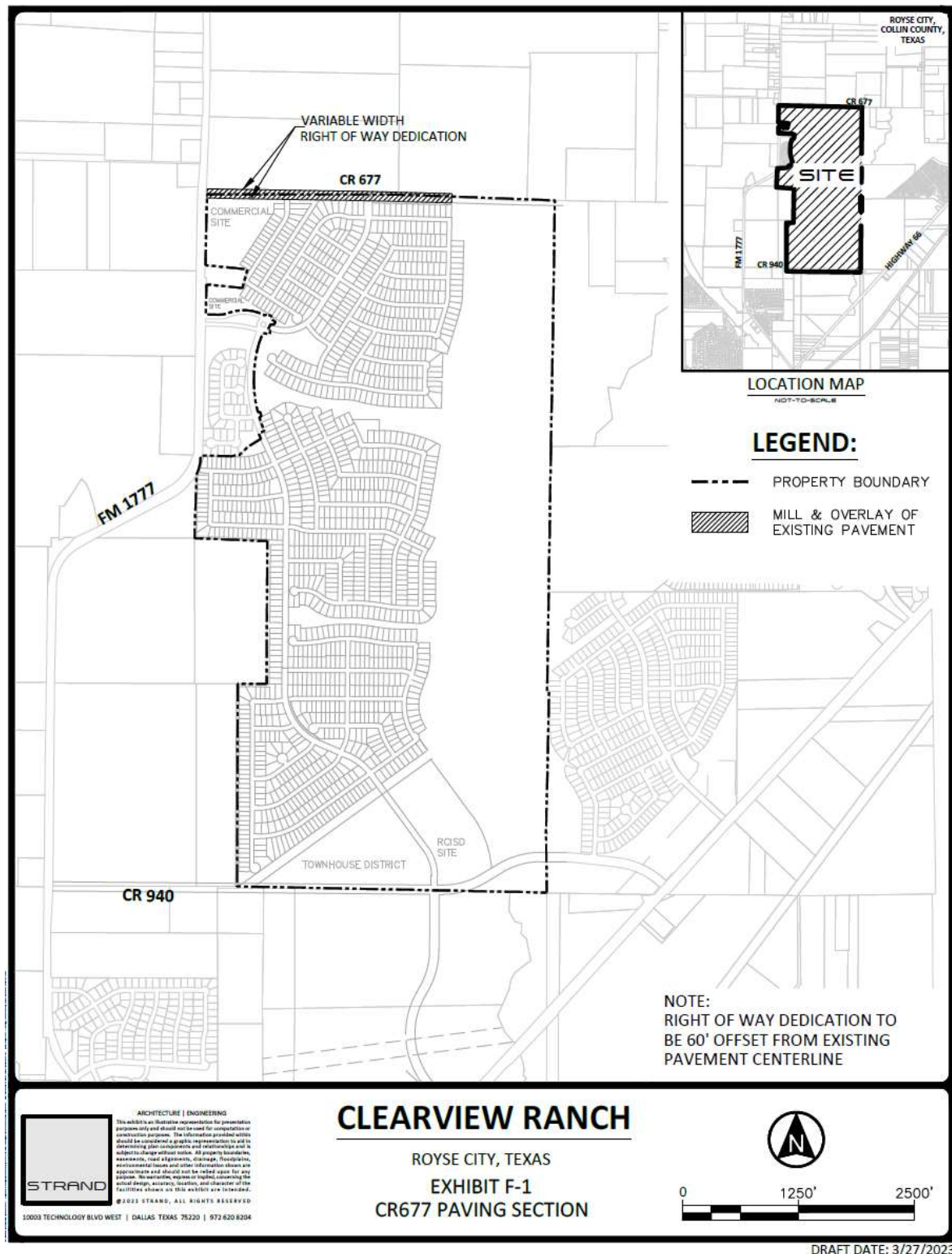


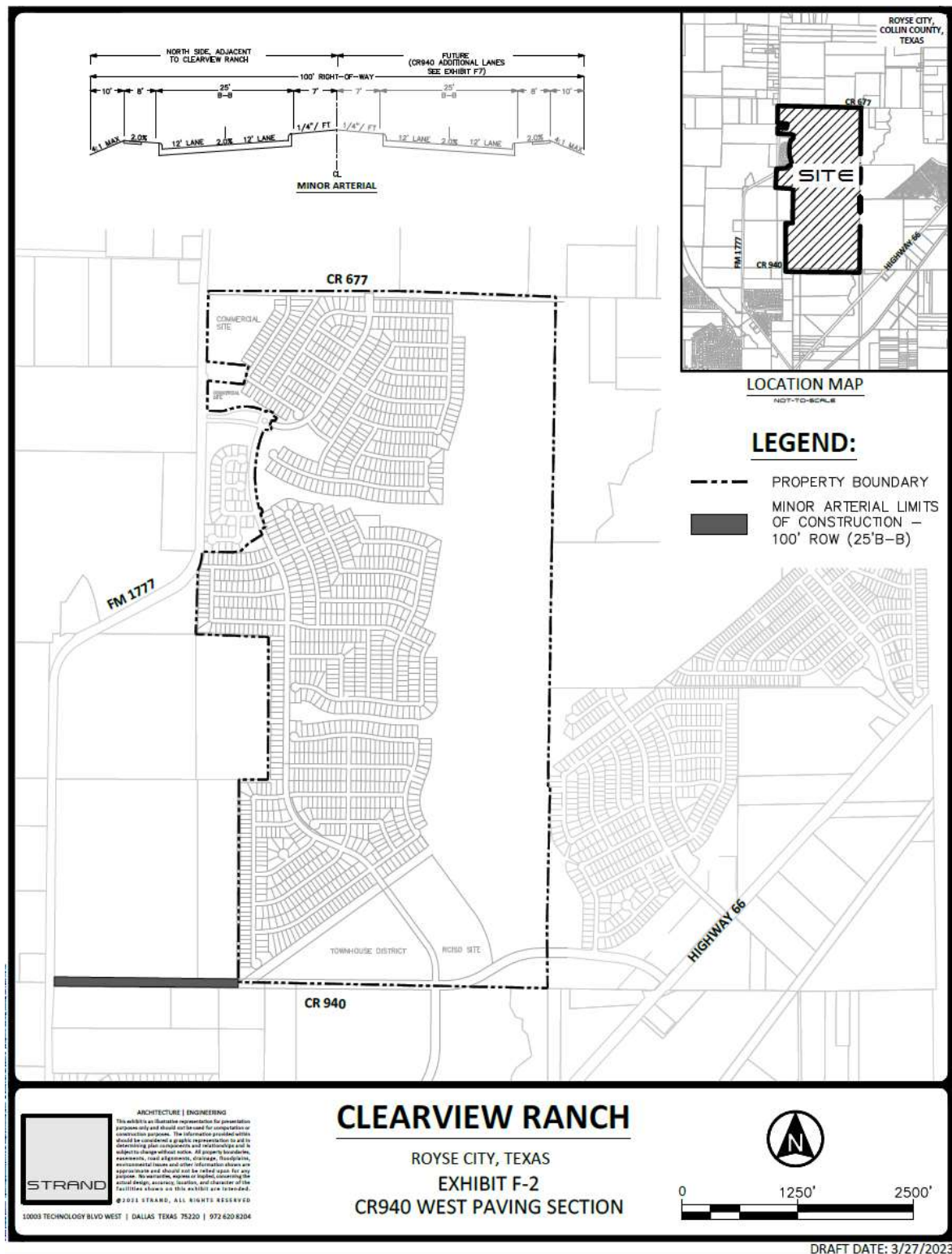


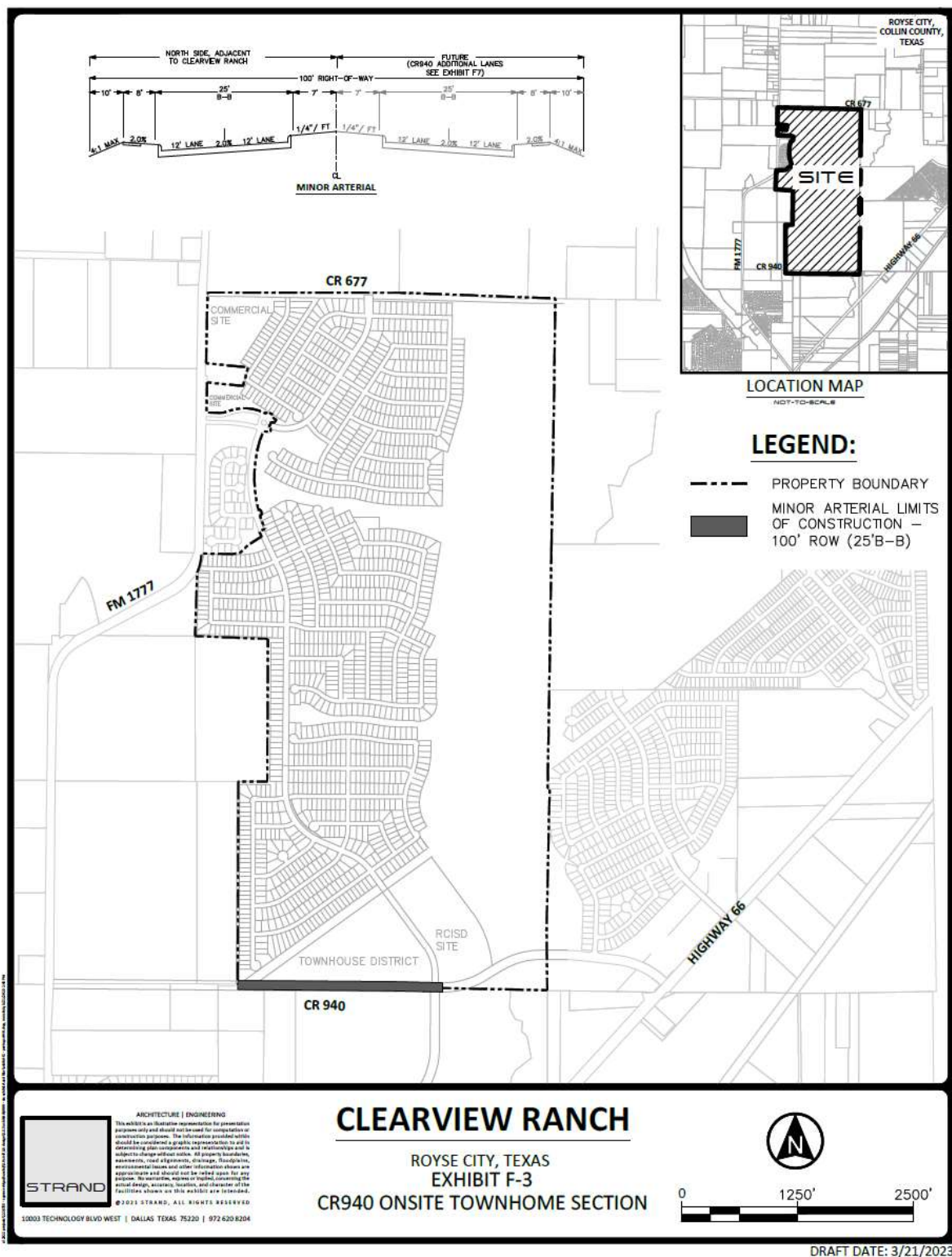




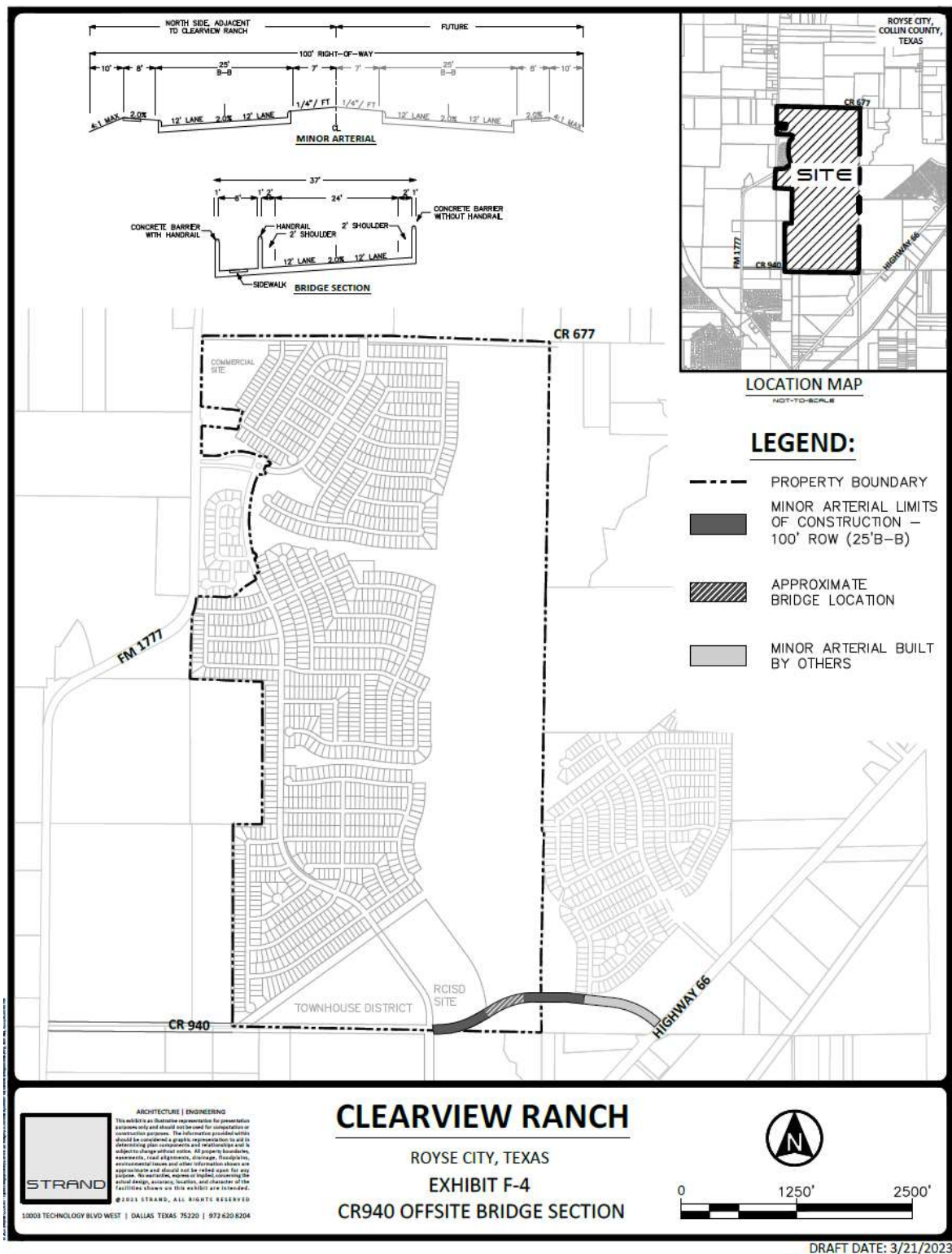


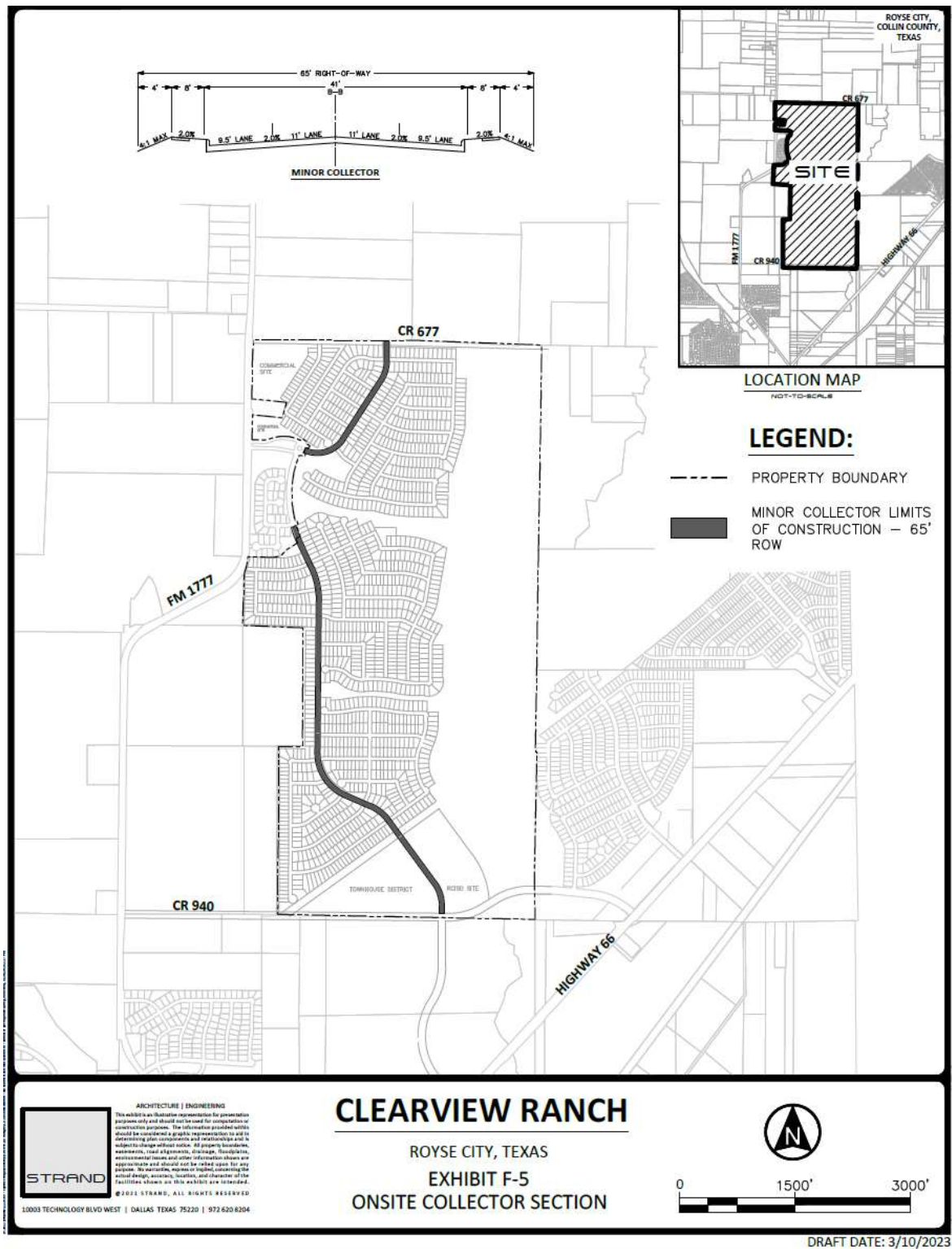


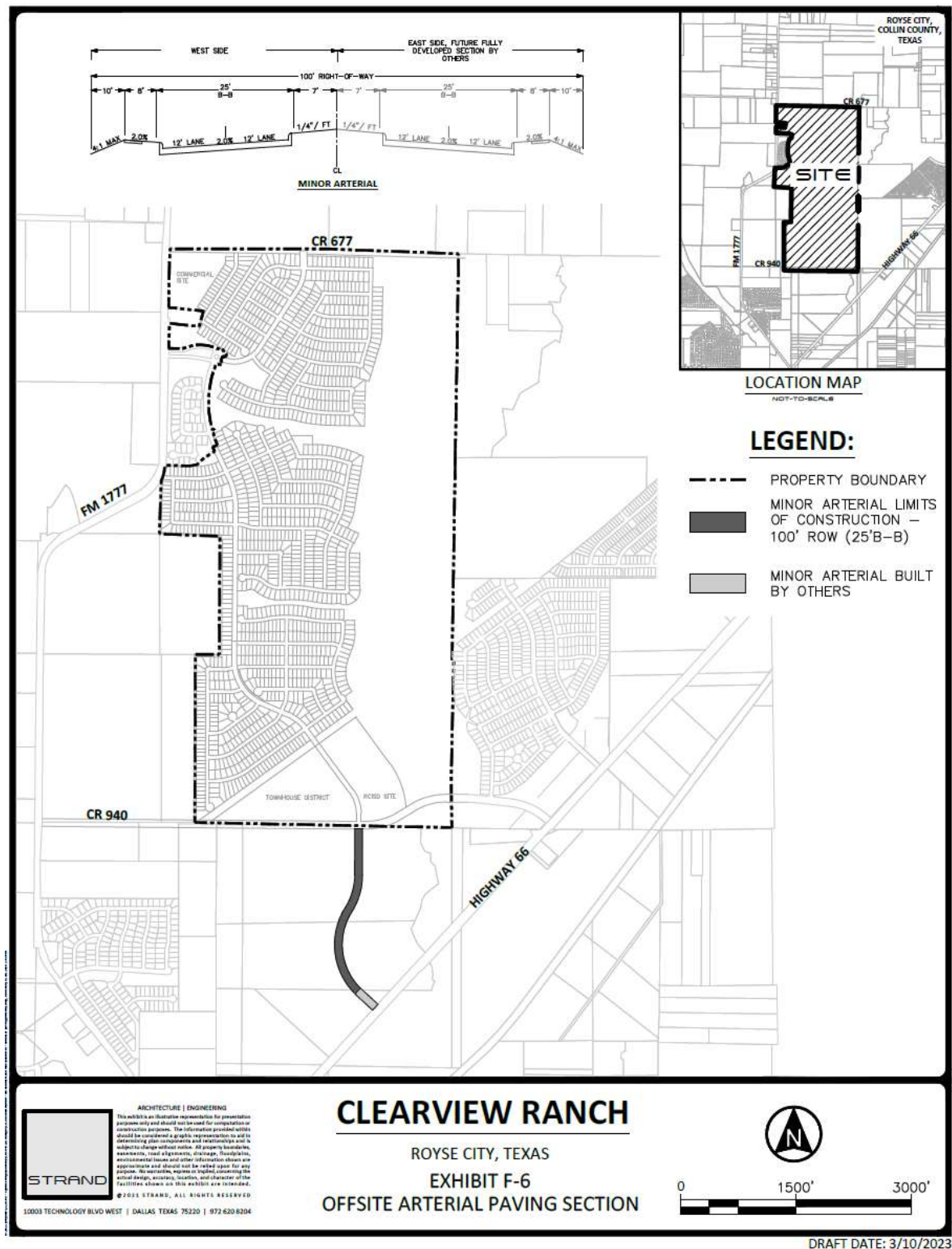




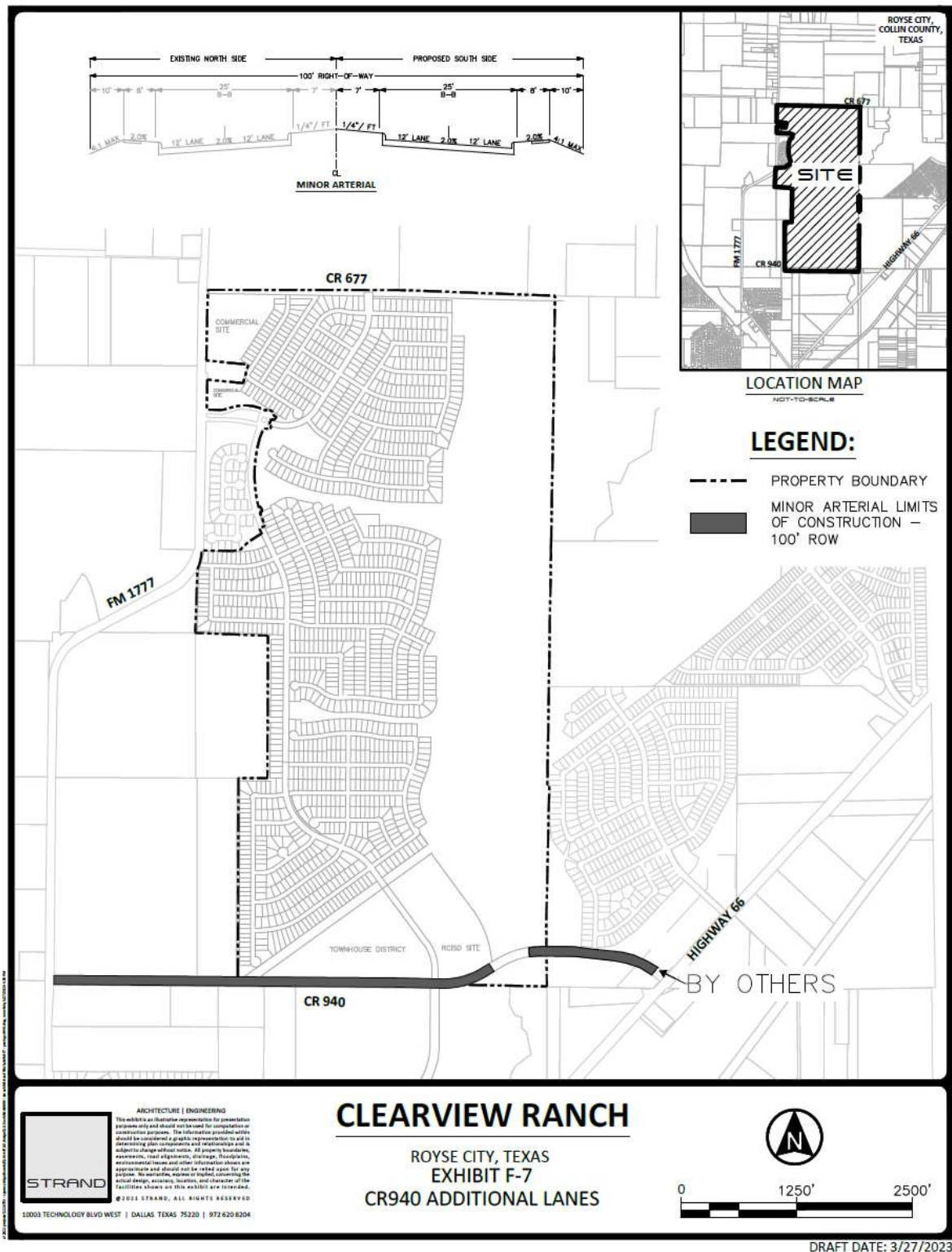


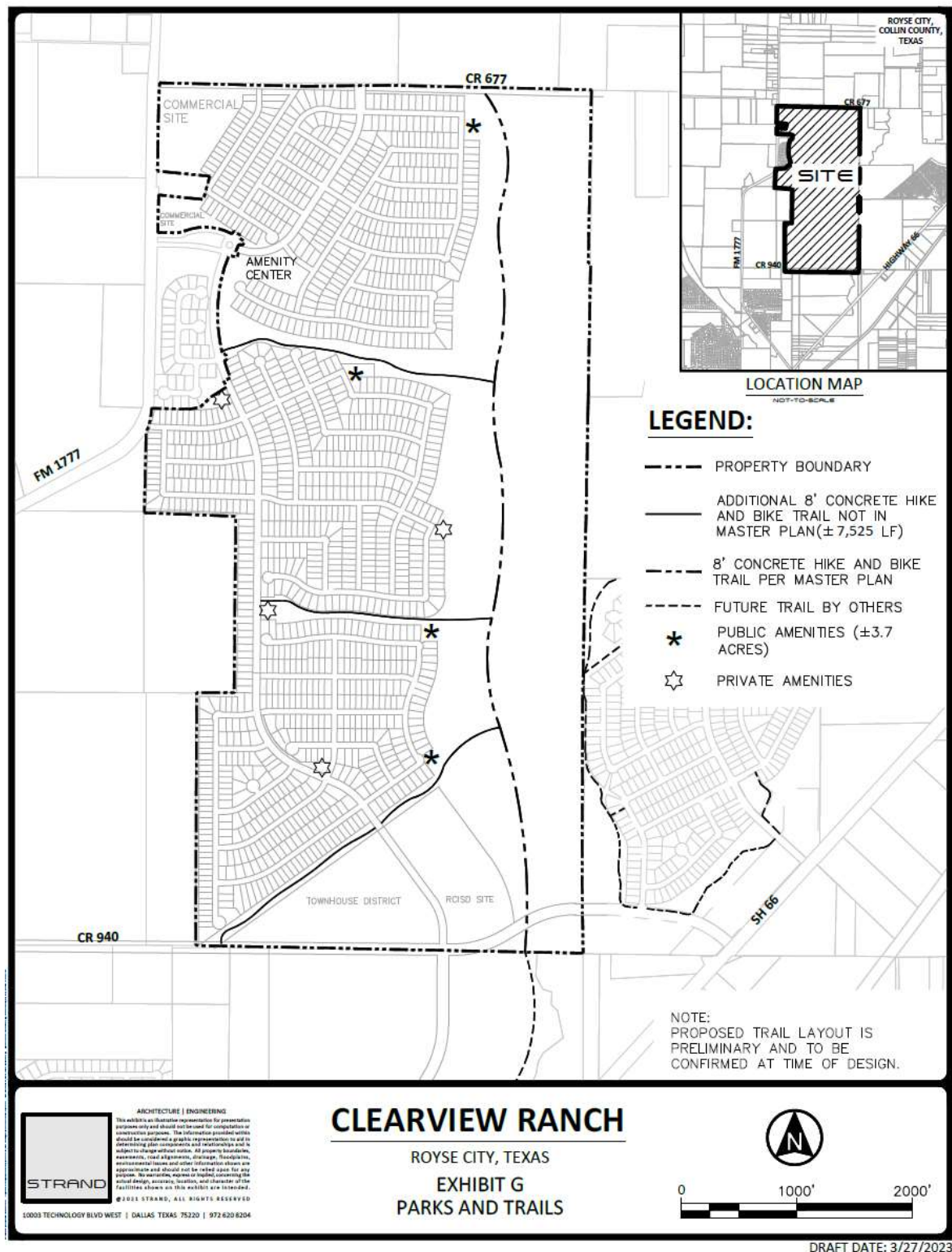














## Real Estate Taxes

Real estate tax assessments are administered by the Collin Central Appraisal District and are estimated by jurisdiction on a county basis for the subject. Real estate taxes in this state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to value. The tax rates are certified in October. Real estate taxes and assessments for the current tax year are shown in the following table.

Taxes and Assessments - 2024						
Tax ID	Part of Total Acres	Assessed Value			Taxes and Assessments	
		Land	Improvements	Total	2023 Tax Rate	Ad Valorem Taxes
2892837	82.690	\$1,653,800	\$0	\$1,653,800	2.072063%	\$34,268
2892846	17.896	\$357,920	\$0	\$357,920	2.072063%	\$7,416
2893224	36.294	\$1,197,702	\$0	\$1,197,702	2.072063%	\$24,817
Totals	136.880	\$3,209,422	\$0	\$3,209,422		\$66,501

The subject is currently assessed as part of three accounts totaling 136.880 gross acres of vacant land.

The assessed value as vacant land is irrelevant or our retail valuation of developed residential lots.

Texas is a non-disclosure State with a mandate to assess property at 100% of market value. Some Texas County Assessors are more successful at achieving the mandate than others. In Texas Counties with little or no transaction activity, values can lag the market. However, there is no limit on increases in the event of a re-assessment.

Property owners in Texas may protest ad valorem assessments using the one of two tests, 1) Market Value or 2) "Equal Appraisal". Market Value is self-explanatory. "Equal Appraisal" means there is a burden on the District's Assessor to ensure mass appraisal methods produce consistent results from property to property. To measure equality, the Appraisal Review Board will consider the assessed values of competing properties in the District. The process involves generation of "ratio study" in which, after appropriate adjustments, the "median value" is the conclusion of "Equal Appraisal".

## Highest and Best Use

The highest and best use of a property is the reasonably probable use resulting in the highest value, and represents the use of an asset that maximizes its productivity.

### Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as though vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

### As Though Vacant

First, the property is evaluated as though vacant, with no improvements.

#### Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

#### Legally Permissible

The site is zoned PD, Planned Development. Permitted uses include residential development according to the approved concept plan for Clearview Ranch. There are no apparent legal restrictions, such as easements or deed restrictions, effectively limiting the use of the property. Given prevailing land use patterns in the area, only single-family residential use is given further consideration in determining highest and best use of the site.

#### Financially Feasible

Based on the accompanying analysis of the market, there is currently adequate demand for single-family residential use in the subject's area. It appears a newly developed single-family residential use on the site would have a value commensurate with its cost. Therefore, single-family residential use is considered to be financially feasible.

#### Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than single-family residential use. Accordingly, single-family residential use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

**Conclusion**

Development of the site for single-family residential use is the only use which meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property.

**Most Probable Buyer**

Taking into account the characteristics of the site, as well as area development trends, the probable buyer is a developer / homebuilder.

# Valuation

## Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach - (Subdivision Development Analysis)	Not Applicable	Not Utilized

## Sales Comparison Approach

To develop an opinion of the subject's lot values within Improvement Area #1, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties.

As discussed previously, the property is divided for valuation purposes relative to the three typical lot types being 50-feet, 60-feet, and 70-feet in lot width.

The Sales Comparison Approach will be utilized to determine lot values for the individual lot types relative to the two valuation dates of September 13, 2024 for the Phase 1 South lots and March 31, 2025 for the Phase 1 North lots which are summarized as follows:

<b>Land Parcels</b>				
Name	Valuation Date	SF	Units	Unit of Comparison
50' Frontage Lots	September 13, 2024	6,000	50	Front Footages
50' Frontage Lots	March 31, 2025	6,750	50	Front Footages
60' Frontage Lots	September 13, 2024	7,200	60	Front Footages
60' Frontage Lots	March 31, 2025	8,100	60	Front Footages
70' Frontage Lots	September 13, 2024	8,400	70	Front Footages
70' Frontage Lots	March 31, 2025	9,450	70	Front Footages

### 50' Frontage Lots (50' x 120'; 6,000 SF)

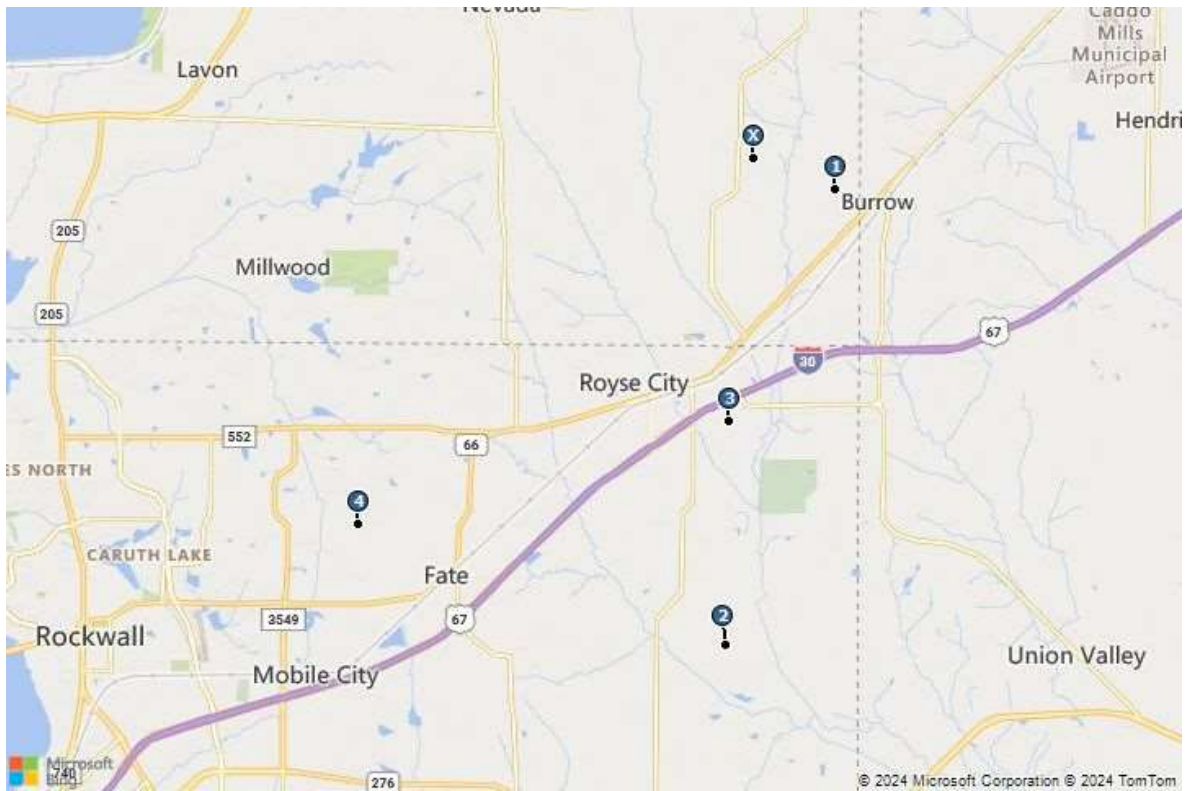
To apply the sales comparison approach to the 50' Frontage Lots, the research focused on transactions within the following parameters:

- Location: General Market Area
- Size: 50' Frontage Lots
- Use: Residential
- Transaction Date: Past 24 months or Pending

For this analysis, price per front footage is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table:

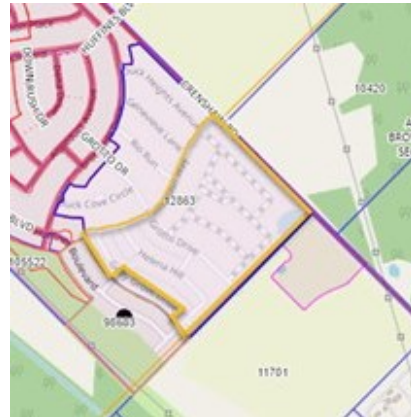
Summary of Comparable Land Sales - 50' Frontage Lots								
No.	Name/Address	Sale Date; Status	Effective Sale Price	SF; Acres	Front Footage	Zoning	\$/Front Footage	\$/SF Land
1	Creekside PID, IA #2 (Phase 2B) - 50' Lots Northwest of SH-66 at River Bend Road Royse City Collin County TX Comments: Lots in Phase 2B are part of the Creekside PID nearing completion. All lots are located in the Royse City ISD.	Jun-24 In-Contract	\$83,750	5,500 0.13	50	PD	\$1,675	\$15.23
2	Waterscape PID, IA #4 (Phase 3B) - 50' Lots Southwest side of Crenshaw Road, southeast of FM-548 Royse City Rockwall County TX Comments: Lots in Phase 3B are located in the Waterscape PID, IA #4. This represents a bulk purchase of 26 lots with 50' frontages. All lots are located in the Royse City ISD.	Jun-24 In-Contract	\$80,000	6,000 0.14	50	PD	\$1,600	\$13.33
3	Liberty Crossing, Phase 2 - 50' Lots Southwest corner of E. Old Greenville Road and Liberty Crossing Avenue Royse City Rockwall County TX Comments: This lot is located in the Liberty Crossing PID, IA #2 and is within the Royse City ISD. IA #2 is nearing completion with 203 lots with townhome lots, 50', and 60' lots.	Jun-24 In-Contract	\$81,000	5,500 0.13	50	PD	\$1,620	\$14.73
4	Monterra, Phase 1A - 50' Lots West side of Ben Payne Road, north of W. Holiday Road (SH-66) Fate Rockwall County TX Comments: This development is located in the Monterra Public Improvement District. Phase 1 is being developed with 310 lots on 92.860 acres with 50', 60', and 70' lots. All of the lots are contracted at \$1,450/FF. This development is located in the Rockwall ISD.	Sep-23 Closed	\$72,500	6,000 0.14	50	PD	\$1,450	\$12.08
Subject				6,000	50	PD		
Clearview Ranch PID, IA #1				0.14				
Royse City, TX								

### Comparable Land Sales Map – 50' Frontage Lots





Sale 1  
Creekside PID, IA #2 (Phase 2B) - 50' Lots



Sale 2  
Waterscape PID, IA #4 (Phase 3B) - 50' Lots



Sale 3  
Liberty Crossing, Phase 2 - 50' Lots



Sale 4  
Monterra, Phase 1A - 50' Lots



**Analysis and Adjustment of Sales**

Adjustments are based on a rating of each comparable sale in relation to the subject. The adjustment process is typically applied through either quantitative or qualitative analysis, or a combination of both analyses. Quantitative adjustments are often developed as dollar or percentage amounts and are most credible when there is sufficient data to perform a paired sales analysis.

While percentage adjustments are presented in the adjustment grid, they are based on qualitative judgment rather than empirical research, as there is not sufficient data to develop a sound quantitative estimate. Although the adjustments appear to be mathematically precise, they are merely intended to illustrate an opinion of typical market activity and perception. With the exception of market conditions, the adjustments are based on a scale, with a minor adjustment in the range of 1-5% and a substantial adjustment considered to be 20% or greater.

The rating of each comparable sale in relation to the subject is the basis for the adjustments. If the comparable is superior to the subject, its sale price is adjusted downward to reflect the subject's relative attributes; if the comparable is inferior, its price is adjusted upward.

Transactional adjustments are applied for property rights conveyed, financing, conditions of sale, expenditures made immediately after purchase, and market conditions. In addition, property adjustments include – but are not limited to – location, access/exposure, size, quality, effective age, economic and legal characteristics, and non-realty components of value. Adjustments are considered for the following factors, in the sequence shown below.

**Transactional Adjustments*****Real Property Rights Conveyed***

The opinion of value in this report is based on a fee simple estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat, as well as non-detrimental easements, community facility districts, and conditions, covenants and restrictions (CC&Rs). All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

***Financing Terms***

In analyzing the comparables, it is necessary to adjust for financing terms that differ from market terms. Typically, if the buyer retained third-party financing (other than the seller) for the purpose of purchasing the property, a cash price is presumed and no adjustment is required. However, in instances where the seller provides financing as a debt instrument, a premium may have been paid by the buyer for below-market financing terms, or a discount may have been demanded by the buyer if the financing terms were above market. The premium or discounted price must then be adjusted to a cash equivalent basis. The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

***Conditions of Sale***

Adverse conditions of sale can account for a significant discrepancy from the sale price actually paid, compared to that of the market. This discrepancy in price is generally attributed to the motivations of the buyer and the seller. Certain conditions of sale are considered non-market and may include the following:

- a seller acting under duress (e.g., eminent domain, foreclosure);
- buyer motivation (e.g., premium paid for assemblage, certain 1031 exchanges);
- a lack of exposure to the open market;
- an unusual tax consideration;
- a sale at legal auction.

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

***Expenditures Made Immediately After Purchase***

This category considers expenditures incurred immediately after the purchase of a property. There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

***Market Conditions***

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

It is noted that most all lot contracts still contain interest carry clauses providing for increased sale prices through the take down period. The most current take down contracts found in the market area still include from 6-7% interest carry with some contracts reportedly renegotiated to include up to 8.5% carry in exchange for extended absorption periods. As such, we have included a market conditions adjustment of 7% through the date of valuation. The sales took place in September 2023 with three sales under contract to close in June 2024. Thus, the adjustment grid accounts for this trend with upward adjustments through the date of valuation.

**Property Adjustments*****Location***

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

Sales 1 and 4 are similar to the subject. No adjustments are necessary. Sales 2 and 3 are adjusted upward for inferior location.

***Access/Exposure***

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

All of the comparables are similar to the subject. No adjustments are necessary.

***Size***

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

All of the comparables are similar to the subject. No adjustments are necessary.

***Shape and Topography***

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

***Zoning***

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PD - Planned Development.

All of the comparables are similar to the subject. No adjustments are necessary.

### Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

<b>Land Sales Adjustment Grid - 50' Frontage Lots</b>					
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Name	Clearview Ranch PID, IA #1	Creekside PID, IA #2 (Phase 2B) - 50' Lots	Waterscape PID, IA #4 (Phase 3B) - 50' Lots	Liberty Crossing, Phase 2 - 50' Lots	Monterra, Phase 1A - 50' Lots
Address	Southeast quadrant of FM- 1777 and CR-677	Northwest of SH-66 at River Bend Road	Southwest side of Crenshaw Road, southeast of FM- 548	Southwest corner of E. Old Greenville Road and Liberty Crossing Avenue	West side of Ben Payne Road, north of W. Holiday Road (SH-66)
City	Royse City	Royse City	Royse City	Royse City	Fate
County	Collin	Collin	Rockwall	Rockwall	Rockwall
State	Texas	TX	TX	TX	TX
Sale Date		Jun-24	Jun-24	Jun-24	Sep-23
Sale Status		In-Contract	In-Contract	In-Contract	Closed
Sale Price		\$83,750	\$80,000	\$81,000	\$72,500
Effective Sale Price		\$83,750	\$80,000	\$81,000	\$72,500
Square Feet	6,000 - 6,750	5,500	6,000	5,500	6,000
Number of Front Footages	50	50	50	50	50
<b>Price per Front Footage</b>		<b>\$1,675</b>	<b>\$1,600</b>	<b>\$1,620</b>	<b>\$1,450</b>
<b>Transactional Adjustments</b>					
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—
Conditions of Sale		—	—	—	10%
% Adjustment		—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—
\$ Adjustment		—	—	—	—
Market Conditions	9/13/2024	Jun-24	Jun-24	Jun-24	Sep-23
Annual % Adjustment	7%	2%	2%	2%	7%
<b>Cumulative Adjusted Price</b>		<b>\$1,709</b>	<b>\$1,632</b>	<b>\$1,652</b>	<b>\$1,707</b>
<b>Property Adjustments</b>					
Location		—	5%	5%	—
Access/Exposure		—	—	—	—
Size		—	—	—	—
Shape and Topography		—	—	—	—
Zoning		—	—	—	—
Net Property Adjustments (\$)		\$0	\$82	\$83	\$0
Net Property Adjustments (%)		0%	5%	5%	0%
<b>Final Adjusted Price</b>		<b>\$1,709</b>	<b>\$1,714</b>	<b>\$1,735</b>	<b>\$1,707</b>
<b>Range of Adjusted Prices</b>		<b>\$1,707 - \$1,735</b>			
<b>Average</b>		<b>\$1,716</b>			
<b>Indicated Value</b>		<b>\$1,720</b>			

**Lot Value Conclusion – 50' Frontage Lots - As of September 13, 2024**

Prior to adjustments, the sales reflect a range of \$1,450 - \$1,675 per front footage. After adjustment, the range is narrowed to \$1,707 - \$1,735 per front footage, with an average of \$1,716 per front footage. To arrive at an indication of value, equal weight is given to all sales.

Based upon the preceding analysis, the land value conclusion for the subject is presented as follows:

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**Land Value Conclusion**

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Indicated Value per Front Footage	\$1,720
Subject Front Footages	<u>50</u>
Indicated Value	\$86,000
Rounded	\$86,000

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**Adjustments Summary – As of March 31, 2025**

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

<b>Land Sales Adjustment Grid - 50' Frontage Lots</b>					
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Name	Clearview Ranch PID, IA #1	Creeside PID, IA #2 (Phase 2B) - 50' Lots	Waterscape PID, IA #4 (Phase 3B) - 50' Lots	Liberty Crossing, Phase 2 - 50' Lots	Monterra, Phase 1A - 50' Lots
Address	Southeast quadrant of FM-1777 and CR-677	Northwest of SH-66 at River Bend Road	Southwest side of Crenshaw Road, southeast of FM-548	Southwest corner of E. Old Greenville Road and Liberty Crossing Avenue	West side of Ben Payne Road, north of W. Holiday Road (SH-66)
City	Royse City	Royse City	Royse City	Royse City	Fate
County	Collin	Collin	Rockwall	Rockwall	Rockwall
State	Texas	TX	TX	TX	TX
Sale Date		Jun-24	Jun-24	Jun-24	Sep-23
Sale Status		In-Contract	In-Contract	In-Contract	Closed
Sale Price		\$83,750	\$80,000	\$81,000	\$72,500
Effective Sale Price		\$83,750	\$80,000	\$81,000	\$72,500
Square Feet	6,000 - 6,750	5,500	6,000	5,500	6,000
Number of Front Footages	50	50	50	50	50
<b>Price per Front Footage</b>		<b>\$1,675</b>	<b>\$1,600</b>	<b>\$1,620</b>	<b>\$1,450</b>
<b>Transactional Adjustments</b>					
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—
Conditions of Sale		—	—	—	10%
% Adjustment		—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—
\$ Adjustment		—	—	—	—
Market Conditions	3/31/2025	Jun-24	Jun-24	Jun-24	Sep-23
Annual % Adjustment	7%	5%	5%	6%	11%
<b>Cumulative Adjusted Price</b>		<b>\$1,759</b>	<b>\$1,680</b>	<b>\$1,717</b>	<b>\$1,770</b>
<b>Property Adjustments</b>					
Location		—	5%	5%	—
Access/Exposure		—	—	—	—
Size		—	—	—	—
Shape and Topography		—	—	—	—
Zoning		—	—	—	—
Net Property Adjustments (\$)		\$0	\$84	\$86	\$0
Net Property Adjustments (%)		0%	5%	5%	0%
<b>Final Adjusted Price</b>		<b>\$1,759</b>	<b>\$1,764</b>	<b>\$1,803</b>	<b>\$1,770</b>
<b>Range of Adjusted Prices</b>		<b>\$1,759 - \$1,803</b>			
<b>Average</b>		<b>\$1,774</b>			
<b>Indicated Value</b>		<b>\$1,780</b>			

**Lot Value Conclusion – 50' Frontage Lots - As of March 31, 2025**

Prior to adjustments, the sales reflect a range of \$1,450 - \$1,675 per front footage. After adjustment, the range is narrowed to \$1,759 - \$1,803 per front footage, with an average of \$1,774 per front footage. To arrive at an indication of value, equal weight is given to all sales.

Based upon the preceding analysis, the land value conclusion is as follows:

<b>Land Value Conclusion</b>	
Indicated Value per Front Footage	\$1,780
Subject Front Footages	<u>50</u>
Indicated Value	\$89,000
Rounded	\$89,000

**60' Frontage Lots (60' x 120'; 7,200 SF)**

To apply the sales comparison approach to the 60' Frontage Lots, the research focused on transactions within the following parameters:

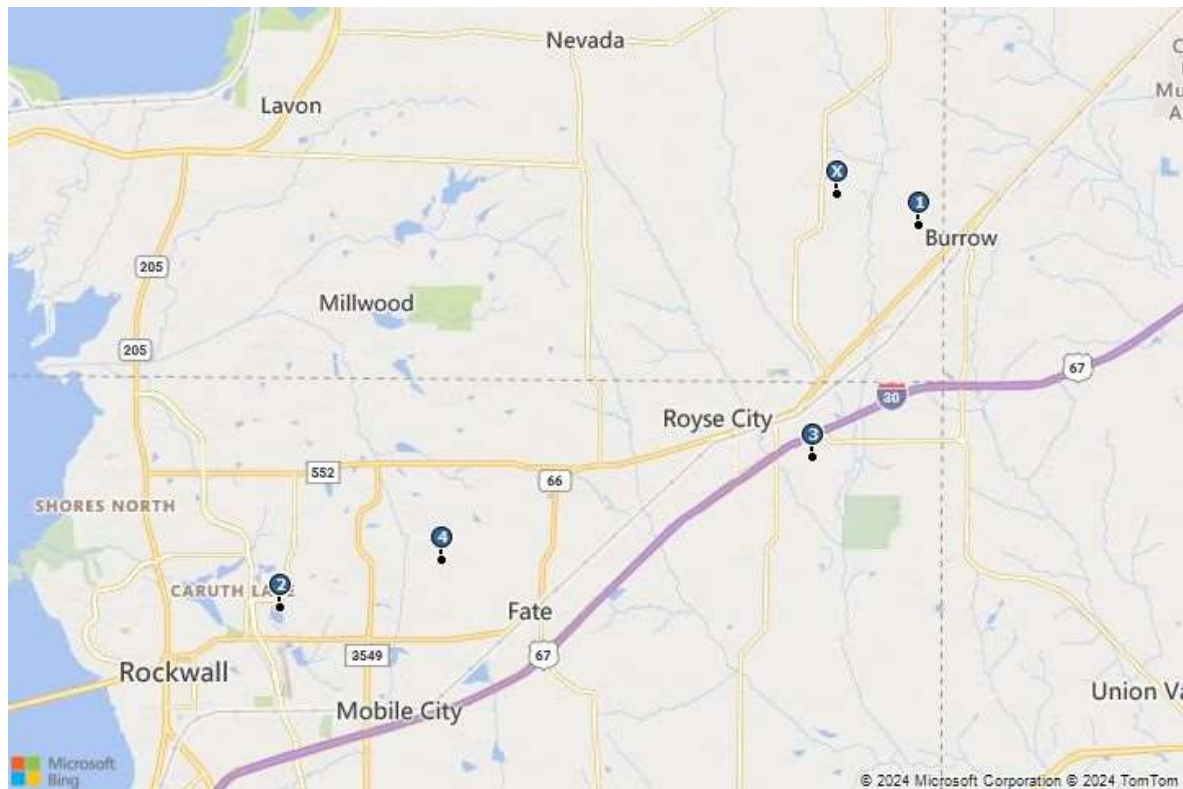
- Location: General Market Area
- Size: 60' Frontage Lots
- Use: Residential
- Transaction Date: Past 24 months or Pending

For this analysis, price per front footage is used as the appropriate unit of comparison. The most relevant sales are summarized in the following table.

Summary of Comparable Land Sales - 60' Frontage Lots								
No.	Name/Address	Sale Date; Status	Effective Sale Price	SF; Acres	Front Footage	Zoning	\$/Front Footage	\$/SF Land
1	Creekside PID, IA #2 (Phase 2B) - 60' Lots Northwest of SH-66 at River Bend Road Royse City Collin County TX	Jun-24 In-Contract	\$96,000	7,200 0.17	60	PD	\$1,600	\$13.33
Comments: Lots in Phase 2B are nearing completion and are located within the Creekside PID. All lots are located in the Royse City ISD.								
2	Terraces, Phase 1 - 62' Lot South side of FM-1141, east of John King Boulevard Rockwall Rockwall County TX	Jun-24 In-Contract	\$124,000	7,440 0.17	62	PD-93	\$2,000	\$16.67
Comments: Lots in this multiphase subdivision are located in the Rockwall ISD.								
3	Liberty Crossing, Phase 2 - 60' Lots Southwest corner of E. Old Greenville Road and Liberty Crossing Avenue Royse City Rockwall County TX	Jun-24 In-Contract	\$93,600	6,600 0.15	60	PD	\$1,560	\$14.18
Comments: This lot is located in the Liberty Crossing PID, IA #2 and is within the Royse City ISD. IA #2 is nearing completion with 203 lots with townhome lots, 50', and 60' lots.								
4	Monterra, Phase 1A - 60' Lots West side of Ben Payne Road, north of W. Holiday Road (SH-66) Fate Rockwall County TX	Oct-23 Closed	\$87,000	7,200 0.17	60	PD	\$1,450	\$12.08
Comments: This development is located in the Monterra Public Improvement District. Phase 1 was developed with 310 lots on 92.860 acres with 50', 60', and 70' lots. All of the lots are located in the Rockwall ISD.								
Subject				7,200	60	PD		
Clearview Ranch PID, IA #1				0.17				
Royse City, TX								



### Comparable Land Sales Map – 60' Frontage Lots

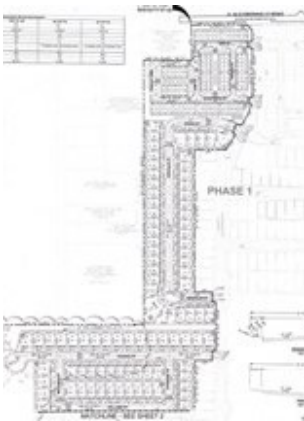




Sale 1  
Creekside PID, IA #2 (Phase 2B) - 60' Lots



Sale 2  
Terraces, Phase 1 - 62' Lot



Sale 3  
Liberty Crossing, Phase 2 - 60' Lots



Sale 4  
Monterra, Phase 1A - 60' Lots

**Analysis and Adjustment of Sales**

Adjustments are considered for the following factors in the sequence shown below.

**Transactional Adjustments*****Real Property Rights Conveyed***

All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

***Financing Terms***

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

***Conditions of Sale***

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

***Expenditures Made Immediately After Purchase***

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

***Market Conditions***

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

It is noted that most all lot contracts still contain interest carry clauses providing for increased sale prices through the take down period. The most current take down contracts found in the market area still include from 6-7% interest carry with some contracts reportedly renegotiated to include up to 8.5% carry in exchange for extended absorption periods. As such, we have included a market conditions adjustment of 7% through the date of valuation. The sale took place in October 2023 with three sales under contract with closing expected in June 2024. Thus, the adjustment grid accounts for this trend with upward adjustments through the date of valuation.

**Property Adjustments*****Location***

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

Sales 1 and 4 are similar to the subject. No adjustments are necessary. Sale 2 is adjusted downward for superior location. Sale 3 is adjusted upward for inferior location.

***Access/Exposure***

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

All of the comparables are similar to the subject. No adjustments are necessary.

***Size***

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

All of the comparables are similar to the subject. No adjustments are necessary.

***Shape and Topography***

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

***Zoning***

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PD - Planned Development.

All of the comparables are similar to the subject. No adjustments are necessary.

### Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

<b>Land Sales Adjustment Grid - 60' Frontage Lots</b>					
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Name	Clearview Ranch PID, IA #1	Creekside PID, IA #2 (Phase 2B) - 60' Lots	Terraces, Phase 1 - 62' Lot	Liberty Crossing, Phase 2 - 60' Lots	Monterra, Phase 1A - 60' Lots
Address	Southeast quadrant of FM-1777 and CR-677	Northwest of SH-66 at River Bend Road	South side of FM-1141, east of John King Boulevard	Southwest corner of E. Old Greenville Road and Liberty Crossing Avenue	West side of Ben Payne Road, north of W. Holiday Road (SH-66)
City	Royse City	Royse City	Rockwall	Royse City	Fate
County	Collin	Collin	Rockwall	Rockwall	Rockwall
State	Texas	TX	TX	TX	TX
Sale Date		Jun-24	Jun-24	Jun-24	Oct-23
Sale Status		In-Contract	In-Contract	In-Contract	Closed
Sale Price		\$96,000	\$124,000	\$93,600	\$87,000
Effective Sale Price		\$96,000	\$124,000	\$93,600	\$87,000
Square Feet	7,200	7,200	7,440	6,600	7,200
Number of Front Footages	60	60	62	60	60
<b>Price per Front Footage</b>		<b>\$1,600</b>	<b>\$2,000</b>	<b>\$1,560</b>	<b>\$1,450</b>
<b>Transactional Adjustments</b>					
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—
Conditions of Sale		—	—	—	10%
% Adjustment		—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—
\$ Adjustment		—	—	—	—
Market Conditions	9/13/2024	Jun-24	Jun-24	Jun-24	Oct-23
Annual % Adjustment	7%	2%	2%	2%	7%
<b>Cumulative Adjusted Price</b>		<b>\$1,632</b>	<b>\$2,040</b>	<b>\$1,591</b>	<b>\$1,707</b>
<b>Property Adjustments</b>					
Location		—	-20%	5%	—
Access/Exposure		—	—	—	—
Size		—	—	—	—
Shape and Topography		—	—	—	—
Zoning		—	—	—	—
Net Property Adjustments (\$)		\$0	-\$408	\$80	\$0
Net Property Adjustments (%)		0%	-20%	5%	0%
<b>Final Adjusted Price</b>		<b>\$1,632</b>	<b>\$1,632</b>	<b>\$1,671</b>	<b>\$1,707</b>
<b>Range of Adjusted Prices</b>		<b>\$1,632 - \$1,707</b>			
<b>Average</b>		<b>\$1,660</b>			
<b>Indicated Value</b>		<b>\$1,660</b>			

**Land Value Conclusion – 60' Frontage Lots - As of September 13, 2024**

Prior to adjustments, the sales reflect a range of \$1,450 - \$2,000 per front footage. After adjustment, the range is narrowed to \$1,632 - \$1,707 per front footage, with an average of \$1,660 per front footage. To arrive at an indication of value, equal weight is given to all sales.

Based on the preceding analysis, the land value conclusion is as follows:

<b>Land Value Conclusion</b>	
Indicated Value per Front Footage	\$1,660
Subject Front Footages	<u>60</u>
Indicated Value	\$99,600
Rounded	\$99,600

**Adjustments Summary – Valuation As of March 31, 2025**

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

<b>Land Sales Adjustment Grid - 60' Frontage Lots</b>					
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Name	Clearview Ranch PID, IA #1	Creekside PID, IA #2 (Phase 2B) - 60' Lots	Terraces, Phase 1 - 62' Lot	Liberty Crossing, Phase 2 - 60' Lots	Monterra, Phase 1A - 60' Lots
Address	Southeast quadrant of FM-1777 and CR-677	Northwest of SH-66 at River Bend Road	South side of FM-1141, east of John King Boulevard	Southwest corner of E. Old Greenville Road and Liberty Crossing Avenue	West side of Ben Payne Road, north of W. Holiday Road (SH-66)
City	Royse City	Royse City	Rockwall	Royse City	Fate
County	Collin	Collin	Rockwall	Rockwall	Rockwall
State	Texas	TX	TX	TX	TX
Sale Date		Jun-24	Jun-24	Jun-24	Oct-23
Sale Status		In-Contract	In-Contract	In-Contract	Closed
Sale Price		\$96,000	\$124,000	\$93,600	\$87,000
Effective Sale Price		\$96,000	\$124,000	\$93,600	\$87,000
Square Feet	7,200	7,200	7,440	6,600	7,200
Number of Front Footages	60	60	62	60	60
<b>Price per Front Footage</b>		<b>\$1,600</b>	<b>\$2,000</b>	<b>\$1,560</b>	<b>\$1,450</b>
<b>Transactional Adjustments</b>					
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—
Conditions of Sale		—	—	—	10%
% Adjustment		—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—
\$ Adjustment		—	—	—	—
Market Conditions	3/31/2025	Jun-24	Jun-24	Jun-24	Oct-23
Annual % Adjustment	7%	5%	5%	6%	10%
<b>Cumulative Adjusted Price</b>		<b>\$1,680</b>	<b>\$2,100</b>	<b>\$1,654</b>	<b>\$1,755</b>
<b>Property Adjustments</b>					
Location		—	-20%	5%	—
Access/Exposure		—	—	—	—
Size		—	—	—	—
Shape and Topography		—	—	—	—
Zoning		—	—	—	—
Net Property Adjustments (\$)		\$0	-\$420	\$83	\$0
Net Property Adjustments (%)		0%	-20%	5%	0%
<b>Final Adjusted Price</b>		<b>\$1,680</b>	<b>\$1,680</b>	<b>\$1,736</b>	<b>\$1,755</b>
<b>Range of Adjusted Prices</b>		<b>\$1,680 - \$1,755</b>			
<b>Average</b>		<b>\$1,713</b>			
<b>Indicated Value</b>		<b>\$1,720</b>			

**Lot Value Conclusion – 60' Frontage Lots As of March 31, 2025**

Prior to adjustments, the sales reflect a range of \$1,450 - \$2,000 per front footage. After adjustment, the range is narrowed to \$1,680 - \$1,755 per front footage, with an average of \$1,713 per front footage. To arrive at an indication of value, equal weight is given to all sales.

Based upon the preceding analysis, the land value conclusion is as follows:

<b>Land Value Conclusion</b>	
Indicated Value per Front Footage	\$1,720
Subject Front Footages	<u>60</u>
Indicated Value	\$103,200
Rounded	\$103,200



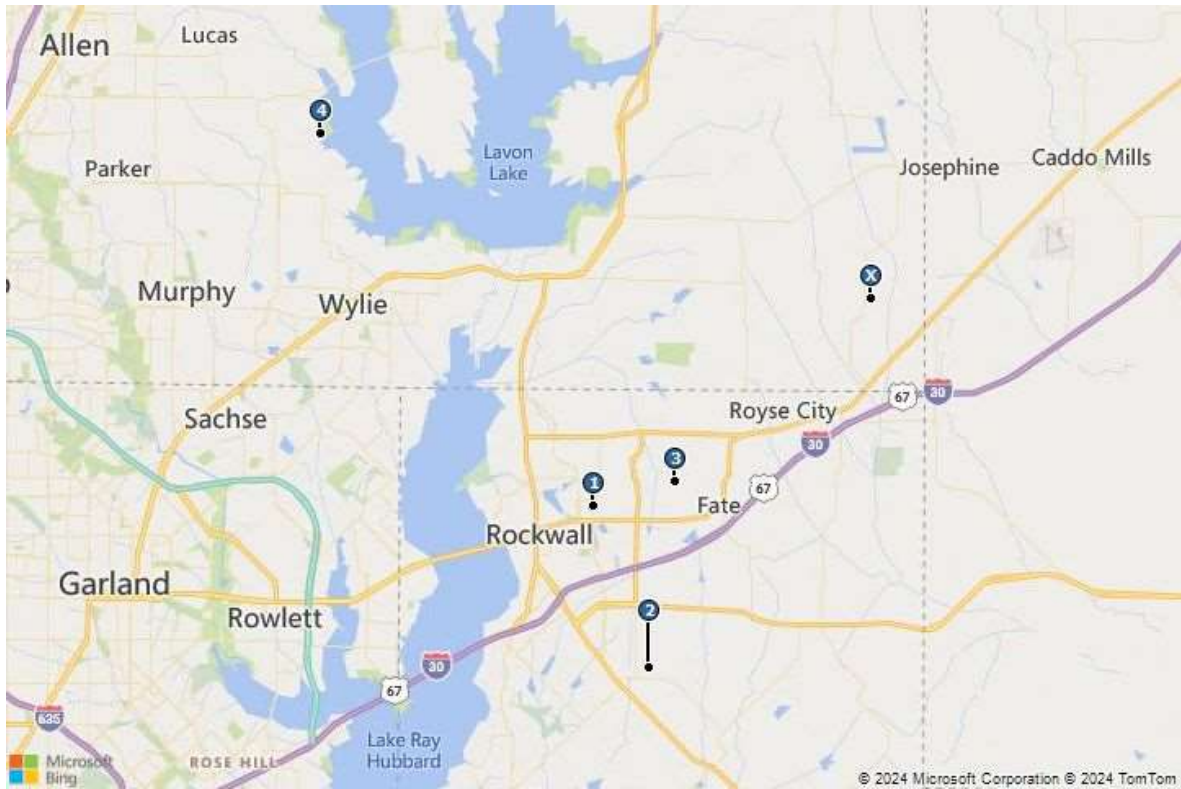
**70' Frontage Lots (70' x 120'; 8,400 SF)**

To apply the sales comparison approach to the 70' Frontage Lots, the research focused on transactions within the following parameters:

- Location: General Market Area
- Size: 70' – 80' Frontage Lots
- Use: Residential
- Transaction Date: Past 24 months or Pending

For this analysis, price per front footage is used as the appropriate unit of comparison. The most relevant sales are summarized in the following table.

Summary of Comparable Land Sales - 70' Frontage Lots								
No.	Name/Address	Sale Date; Status	Effective Sale Price	SF; Acres	Front Footage	Zoning	\$/Front Footage	\$/SF Land
1	Terraces, Phase 1 - 72' Lot South side of FM-1141, east of John King Boulevard Rockwall Rockwall County TX <i>Comments: Lots in this subdivision under construction are located in the Rockwall ISD.</i>	Jun-24 In-Contract	\$144,000	8,640 0.20	72	PD-93	\$2,000	\$16.67
2	Homestead - 70' Lots Northeast quadrant of FM-549 and FM-1139 Rockwall Rockwall County TX <i>Comments: Lots in this development are under construction and expected to be completed in 3Q2024. The development is located in the Rockwall ISD.</i>	Jul-24 In-Contract	\$134,325	8,400 0.19	70	PD-92	\$1,919	\$15.99
3	Monterra, Phase 1A - 70' Lots West side of Ben Payne Road, north of W. Holiday Road (SH-66) Fate Rockwall County TX <i>Comments: Lots in this development are located in the Monterra Public Improvement District. The lots are located in the Rockwall ISD.</i>	Mar-24 Closed	\$105,052	8,750 0.20	70	PD	\$1,501	\$12.01
4	Inspiration, Phase 8B - 80' Lots South side of Huffines Boulevard, south of Diamond Drive Wylie Collin County TX <i>Comments: Phase 8B in this master-planned development are located in the Wylie ISD.</i>	Jul-23 Closed	\$126,000	11,200 0.26	80	Development Agreement	\$1,575	\$11.25
Subject				8,400	70	PD		
Clearview Ranch PID, IA #1				0.19				
Royse City, TX								

**Comparable Land Sales Map – 70' Frontage Lots**



Sale 1  
Terraces, Phase 1 - 72' Lot



Sale 2  
Homestead - 70' Lots



Sale 3  
Monterra, Phase 1A - 70' Lots



Sale 4  
Inspiration, Phase 8B - 80' Lots

**Analysis and Adjustment of Sales**

Adjustments are considered for the following factors in the sequence shown below.

**Transactional Adjustments*****Real Property Rights Conveyed***

All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

***Financing Terms***

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

***Conditions of Sale***

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

***Expenditures Made Immediately After Purchase***

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

***Market Conditions***

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

It is noted that most all lot contracts still contain interest carry clauses providing for increased sale prices through the take down period. The most current take down contracts found in the market area still include from 6-7% interest carry with some contracts reportedly renegotiated to include up to 8.5% carry in exchange for extended absorption periods. As such, we have included a market conditions adjustment of 7% through the date of valuation. The sales took place from July 2023 to March 2024 with two sales contracted to close in June 2024 and July 2024. Thus, the adjustment grid accounts for this trend with upward adjustments through the date of valuation.

**Property Adjustments*****Location***

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

Sale 3 is similar to the subject. No adjustment is necessary. Sales 1, 2 and 4 are adjusted downward for superior location.

***Access/Exposure***

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

All of the comparables are similar to the subject. No adjustments are necessary.

***Size***

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

All of the comparables are similar to the subject. No adjustments are necessary.

***Shape and Topography***

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

***Zoning***

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PD - Planned Development.

All of the comparables are similar to the subject. No adjustments are necessary.

### Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

<b>Land Sales Adjustment Grid - 70' Frontage Lots</b>					
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Name	Clearview Ranch PID, IA #1	Terraces, Phase 1 - 72' Lot	Homestead - 70' Lots	Monterra, Phase 1A - 70' Lots	Inspiration, Phase 8B - 80' Lots
Address	Southeast quadrant of FM- 1777 and CR-677	South side of FM- 1141, east of John King Boulevard	Northeast quadrant of FM- 549 and FM-1139	West side of Ben Payne Road, north of W. Holiday Road (SH-66)	South side of Huffines Boulevard, south of Diamond Drive
City	Royse City	Rockwall	Rockwall	Fate	Wylie
County	Collin	Rockwall	Rockwall	Rockwall	Collin
State	Texas	TX	TX	TX	TX
Sale Date		Jun-24	Jul-24	Mar-24	Jul-23
Sale Status		In-Contract	In-Contract	Closed	Closed
Sale Price		\$144,000	\$134,325	\$105,052	\$126,000
Effective Sale Price		\$144,000	\$134,325	\$105,052	\$126,000
Square Feet	8,400	8,640	8,400	8,750	11,200
Number of Front Footages	70	72	70	70	80
<b>Price per Front Footage</b>		<b>\$2,000</b>	<b>\$1,919</b>	<b>\$1,501</b>	<b>\$1,575</b>
<b>Transactional Adjustments</b>					
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		-	-	-	-
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		-	-	-	-
Conditions of Sale		-	-	10%	-
% Adjustment		-	-	-	-
Expenditures Made Immediately After Purchase		-	-	-	-
\$ Adjustment		-	-	-	-
Market Conditions	9/13/2024	Jun-24	Jul-24	Mar-24	Jul-23
Annual % Adjustment	7%	2%	1%	3%	8%
<b>Cumulative Adjusted Price</b>		<b>\$2,040</b>	<b>\$1,938</b>	<b>\$1,700</b>	<b>\$1,701</b>
<b>Property Adjustments</b>					
Location		-20%	-20%	-	-10%
Access/Exposure		-	-	-	-
Size		-	-	-	-
Shape and Topography		-	-	-	-
Zoning		-	-	-	-
Net Property Adjustments (\$)		-\$408	-\$388	\$0	-\$170
Net Property Adjustments (%)		-20%	-20%	0%	-10%
<b>Final Adjusted Price</b>		<b>\$1,632</b>	<b>\$1,550</b>	<b>\$1,700</b>	<b>\$1,531</b>
<b>Range of Adjusted Prices</b>		<b>\$1,531 - \$1,700</b>			
<b>Average</b>		<b>\$1,603</b>			
<b>Indicated Value</b>		<b>\$1,600</b>			

**Lot Value Conclusion – 70' Frontage Lots As of September 13, 2024**

Prior to adjustments, the sales reflect a range of \$1,501 - \$2,000 per front footage. After adjustment, the range is narrowed to \$1,531 - \$1,700 per front footage, with an average of \$1,603 per front footage. To arrive at an indication of value, equal weight is given to all sales.

Based upon the preceding analysis, the land value conclusion is as follows:

<b>Land Value Conclusion</b>	
Indicated Value per Front Footage	\$1,600
Subject Front Footages	<u>70</u>
Indicated Value	\$112,000
Rounded	\$112,000

**Adjustments Summary – Valuation As of March 31, 2025**

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

<b>Land Sales Adjustment Grid - 70' Frontage Lots</b>					
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Name	Clearview Ranch PID, IA #1	Terraces, Phase 1 - 72' Lot	Homestead - 70' Lots	Monterra, Phase 1A - 70' Lots	Inspiration, Phase 8B - 80' Lots
Address	Southeast quadrant of FM- 1777 and CR-677	South side of FM- 1141, east of John King Boulevard	Northeast quadrant of FM- 549 and FM-1139	West side of Ben Payne Road, north of W. Holiday Road (SH-66)	South side of Huffines Boulevard, south of Diamond Drive
City	Royse City	Rockwall	Rockwall	Fate	Wylie
County	Collin	Rockwall	Rockwall	Rockwall	Collin
State	Texas	TX	TX	TX	TX
Sale Date		Jun-24	Jul-24	Mar-24	Jul-23
Sale Status		In-Contract	In-Contract	Closed	Closed
Sale Price		\$144,000	\$134,325	\$105,052	\$126,000
Effective Sale Price		\$144,000	\$134,325	\$105,052	\$126,000
Square Feet	9,450	8,640	8,400	8,750	11,200
Number of Front Footages	70	72	70	70	80
<b>Price per Front Footage</b>		<b>\$2,000</b>	<b>\$1,919</b>	<b>\$1,501</b>	<b>\$1,575</b>
<b>Transactional Adjustments</b>					
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—
Conditions of Sale		—	—	10%	—
% Adjustment		—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—
\$ Adjustment		—	—	—	—
Market Conditions	3/31/2025	Jun-24	Jul-24	Mar-24	Jul-23
Annual % Adjustment	7%	5%	5%	7%	12%
<b>Cumulative Adjusted Price</b>		<b>\$2,100</b>	<b>\$2,015</b>	<b>\$1,766</b>	<b>\$1,764</b>
<b>Property Adjustments</b>					
Location		-20%	-20%	—	-10%
Access/Exposure		—	—	—	—
Size		—	—	—	—
Shape and Topography		—	—	—	—
Zoning		—	—	—	—
Net Property Adjustments (\$)		-\$420	-\$403	\$0	-\$176
Net Property Adjustments (%)		-20%	-20%	0%	-10%
<b>Final Adjusted Price</b>		<b>\$1,680</b>	<b>\$1,612</b>	<b>\$1,766</b>	<b>\$1,588</b>
<b>Range of Adjusted Prices</b>		<b>\$1,588 - \$1,766</b>			
<b>Average</b>		<b>\$1,661</b>			
<b>Indicated Value</b>		<b>\$1,660</b>			



**Lot Value Conclusion – 70' Frontage Lots As of March 31, 2025**

Prior to adjustments, the sales reflect a range of \$1,501 - \$2,000 per front footage. After adjustment, the range is narrowed to \$1,588 - \$1,766 per front footage, with an average of \$1,661 per front footage. To arrive at an indication of value, equal weight is given to all sales.

Based upon the preceding analysis, the land value conclusion is as follows:

<b>Land Value Conclusion</b>	
Indicated Value per Front Footage	\$1,660
Subject Front Footages	<u>70</u>
Indicated Value	\$116,200
Rounded	\$116,200

### Summary of Land Values

Based upon the preceding analyses, the individual lot values are summarized as follows:

Summary of Land Values						
Parcel	Date of Valuation	Unit of Comparison	Units	Indicated Unit Value	Indicated Value	Rounded
50' Frontage Lots	September 13, 2024	50	50	\$1,720	\$86,000	\$86,000
50' Frontage Lots	March 31, 2025	50	50	\$1,780	\$89,000	\$89,000
60' Frontage Lots	September 13, 2024	60	60	\$1,660	\$99,600	\$99,600
60' Frontage Lots	March 31, 2025	60	60	\$1,720	\$103,200	\$103,200
70' Frontage Lots	September 13, 2024	70	70	\$1,600	\$112,000	\$112,000
70' Frontage Lots	March 31, 2025	70	70	\$1,660	\$116,200	\$116,200

## Cumulative Retail Valuations

Following is the calculation for the total cumulative retail lot value for the subject's 155 lots under construction within IA #1 (Phase 1 – South) and the 199 proposed lots within IA #1 (Phase 1 – North) located in the Clearview Ranch PID.

### IA #1 (Phase 1 – South) as of September 13, 2024

#### Cumulative Retail Lot Value Calculation - IA #1 (Phase 1 - South)

Total Lots	Front Footage	Average Price/Lot	Price/FF	Total Cumulative Retail Value
39	50	\$81,000	\$1,620	\$3,159,000
34	50	\$81,000	\$1,620	\$2,754,000
24	60	\$99,600	\$1,660	\$2,390,400
44	60	\$99,600	\$1,660	\$4,382,400
4	70	\$112,000	\$1,600	\$448,000
10	70	\$112,000	\$1,600	\$1,120,000
<b>155</b>		<b>\$91,960</b>		<b>\$14,253,800</b>

As shown, the total cumulative retail lot value equates to \$14,253,800 or \$91,960/lot average.

### IA #1 (Phase 1 – North) as of March 31, 2025

#### Cumulative Retail Lot Value Calculation - IA #1 (Phase 1 - North)

Total Lots	Front Footage	Average Price/Lot	Price/FF	Total Cumulative Retail Value
73	50	\$89,000	\$1,780	\$6,497,000
30	50	\$89,000	\$1,780	\$2,670,000
39	60	\$103,200	\$1,720	\$4,024,800
45	60	\$103,200	\$1,720	\$4,644,000
12	70	\$116,200	\$1,660	\$1,394,400
<b>199</b>		<b>\$96,634</b>		<b>\$19,230,200</b>

As shown, the total cumulative retail lot value equates to \$19,230,200 or \$96,634/lot average.

**It should be clearly understood that the summation of lot values does not represent our opinion of the market discounted/bulk value, as if the lots are all sold in bulk in a single transaction.**

## Reconciliation and Conclusion of Values

As discussed previously, only the sales comparison approach is used to develop an opinion of value for the subject. The cost and income approaches are not applicable and are not used.

### Conclusion

Based upon the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, the concluded opinion of value is as follows:

Value Conclusions			
Parcel	Interest Appraised	Date of Value	Value Conclusion
Cumulative Prospective Retail Market Value As Completed (IA #1, Phase 1 South)	Fee Simple	September 13, 2024	\$14,253,800
Cumulative Prospective Retail Market Value As Completed (IA #1, Phase 1 North)	Fee Simple	March 31, 2025	\$19,230,200

**Please note the aggregate of the appraised values noted above is not the market value of the appraised properties in bulk. As defined by The Dictionary of Real Estate Appraisal, an aggregate value is the "total of multiple market value conclusions."**

### Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. All information relative to the subject property including land areas, lot totals, lot sizes, and other pertinent data that was provided by Strand (architecture/engineering/surveyors), S2 Land Development, LLC and Qualico Developments, Inc. (owners/developers), the city of Royse City, and the Collin Central Appraisal District is assumed to be correct.
2. The subject is proposed construction. Therefore, this report contains a prospective opinion of value. As such, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable events that alter market conditions prior to this prospective effective date.
3. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of September 13, 2024 (Phase 1 - South) and March 31, 2025 (Phase 1 - North), the effective appraisal dates.
4. The value presented within this report are prospective in nature. As such, we assume that local and regional lending institutions appear to remain active within the subject's market for specific projects. Therefore, we specifically assume that the financial markets will continue to function in a competitive, efficient fashion.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from the stated estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, these opinions and forecasts are based partly on data obtained from interviews and third-party sources, which are not always completely reliable. Although the findings are considered reasonable based on available evidence, the assignment participants are not responsible for the effects of future occurrences that cannot reasonably be foreseen at this time.

**Exposure Time**

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Based on review of recent sales transactions for similar properties and analysis of supply and demand in the local land market, the probable exposure time for the subject at the concluded market value stated previously is 9 - 12 months.

**Marketing Time**

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. As no significant changes in market conditions are foreseen in the near term, a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, the subject's marketing period is estimated at 9 - 12 months.

## Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Shelley Sivakumar has made a personal inspection of the property that is the subject of this report. Jimmy H. Jackson, MAI has not personally inspected the subject. Ernest Gatewood has personally inspected the subject.
12. No one provided significant real property appraisal assistance to the persons signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

14. As of the date of this report, Jimmy H. Jackson, MAI, has completed the continuing education program for Designated Members of the Appraisal Institute.
15. As of the date of this report, Ernest Gatewood has completed the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.



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Texas Licensed Residential Real Estate  
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Ernest Gatewood  
Senior Director  
Texas Certified General Real Estate Appraiser  
License # TX 1324355 G  
Telephone: 972.725.7755  
Email: egatewood@irr.com

## Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.



6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.

17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. IRR - Dallas, Integra Realty Resources, Inc., and their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. We are not a building or environmental inspector. The Integra Parties do not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.

24. **IRR - Dallas is an independently owned and operated company. The parties hereto agree that Integra shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR - Dallas. In addition, it is expressly agreed that in any action which may be brought against the Integra Parties arising out of, relating to, or in any way pertaining to the engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.**
25. IRR - Dallas is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

28. The appraisal is also subject to the following:

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**Extraordinary Assumptions and Hypothetical Conditions**

---

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. All information relative to the subject property including land areas, lot totals, lot sizes, and other pertinent data that was provided by Strand (architecture/engineering/surveyors), S2 Land Development, LLC and Qualico Developments, Inc. (owners/developers), the city of Royse City, and the Collin Central Appraisal District is assumed to be correct.
2. The subject is proposed construction. Therefore, this report contains a prospective opinion of value. As such, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable events that alter market conditions prior to this prospective effective date.
3. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of September 13, 2024 (Phase 1 - South) and March 31, 2025 (Phase 1 - North), the effective appraisal dates.
4. The value presented within this report are prospective in nature. As such, we assume that local and regional lending institutions appear to remain active within the subject's market for specific projects. Therefore, we specifically assume that the financial markets will continue to function in a competitive, efficient fashion.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

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## **Addendum A**

### **Appraiser Qualifications**

## Jimmy H. Jackson, MAI

### Experience

Senior Managing Director with the Dallas, Lubbock/West Texas and Oklahoma City offices of Integra Realty Resources, a full-service real estate consulting and appraisal firm.

Jimmy H. Jackson, MAI has over 38 years of experience as a commercial appraiser as well as years of experience as a seasoned real estate investor. Prior to joining Integra Realty Resources, Jackson was one of the original two founding partners of Jackson Claborn, Inc. (JCI), a real estate consulting/valuation firm that was established in 1992. JCI grew to have one of the largest staffs of commercial and residential appraisers in the Southwest and has performed valuation and consulting on a vast number of commercial property types across Texas as well as the United States. Mr. Jackson holds the MAI designation and has been involved in the analysis of virtually all types of commercial and residential properties. Mr. Jackson has experience in state and federal courts as an expert witness. Testimony has involved such varied issues as bankruptcy, taxation and condemnation. Mr. Jackson has also been involved in numerous real estate developments and personal real estate investments.

A major philanthropic achievement for Mr. Jackson was consulting with and influencing family members to provide the start-up expertise as well as the seed funding in 1994 for the formation of The Parent Project for Muscular Dystrophy/PPMD ([www.parentprojectmd.org](http://www.parentprojectmd.org)). The PPMD organization has developed into a worldwide non-profit centered to provide research funds for children suffering from Duchenne Muscular Dystrophy. Since inception, the PPMD organization has directly funded more than \$50 million in direct research and assisted and helped leverage more than \$500 million of other research related to other genetic diseases through government grants and other private funding sources. In 2008, Mr. Jackson received a Humanitarian Award from Texas Gov. Rick Perry for charitable work associated with National Jewish Hospital/NJH in Denver. Mr. Jackson currently serves as a national trustee for NJH which is the #1 respiratory care hospital in the world.

Mr. Jackson graduated from Texas Tech University in 1984 with a B.B.A. in Finance with a Real Estate Emphasis. Mr. Jackson has served on numerous professional boards, including serving on the Ethics and Counseling Panel of the North Texas Chapter of the Appraisal Institute as well as serving on the Board of Directors as well as being Chair and Co-Chair of the Public Relations Committee.

As a college student, Mr. Jackson was a member of Phi Delta Theta social fraternity and the Texas Tech Finance Association. Mr. Jackson served for eight (8) years on the Advisory Board for the Jerry Rawls College of Business Administration (COBA) at Texas Tech University. Mr. Jackson has also served as a guest lecturer on real estate entrepreneurship to upper-level COBA students at Texas Tech over the years.



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## Jimmy H. Jackson, MAI

### Experience (Cont'd)

#### **Basic Core Real Estate Appraisal Services**

Feasibility Studies, Absorption Studies & Demographic Studies  
Highest & Best Use Studies for All Property Types  
3rd Party Appraisal Reviews  
Detrimental Conditions Valuation & Consulting  
Encroachment Analysis  
Land Use Studies & Planning/Zoning Studies  
Litigation/Litigation Support  
In-Depth Market Analysis for All Property Types  
Tax Assessment & Mass Appraisal Analysis  
Fair & Equitable Appraisal Analysis  
Right of Way Analysis Appraisals  
Mediation, Arbitration, & Dispute Resolution  
Portfolio Valuation & Analysis  
Retrospective Valuation Opinions

Appraisal of all property types including the following:

#### **Residential**

High-Rise Condominium and Garden-Style Multi-Family and Townhome Projects  
High-End Residential Property  
Historical Residential Property  
All types of Single-Family Appraisals (Conventional, Relocation, Unique / Historical Property)

#### **Land**

Acreage (Commercial Mixed-Use)  
Subdivided Land (Mixed-Use, Commercial and Industrial)  
Standard Single-Family Subdivision Lot development appraisals  
PID/MUD Single-Family Subdivision Lot development appraisals

#### **Commercial, Office & Retail**

Branch Banks / Financial Building  
Convenience Stores / Service Stations  
Convention Center / Hotel / Resort /Motel  
Office Building (High Rise, over three stories)  
Office Building (Low Rise, three stories or less)  
Parking Facility (Lot or Garage)  
Retail (Single Tenant or Free Standing)  
Shopping Center (Local, Strip, Neighborhood, Community, Etc.)  
Shopping Center (Power Center, Outlet Center, Lifestyle, Etc.)  
Shopping Center (Super Regional, Regional Mall)

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## Jimmy H. Jackson, MAI

### Experience (Cont'd)

#### Industrial

Industrial (Heavy (Manufacturing)  
Industrial (Small Office Warehouse / Mfg.)  
Industrial Light (Distribution, Storage)

#### Special Purpose

Automobile Dealerships  
Church Facilities  
Collegiate Student Housing  
Self-Serve and Full-Service Car Wash Facilities  
Self-Storage Facilities

### Professional Activities & Affiliations

Appraisal Institute, Member (MAI) Appraisal Institute

### Licenses

Texas, Certified General Real Estate Appraiser, TX 1324004 G, Expires November 2024  
Oklahoma, Certified General Real Estate Appraiser, 13279CGA, Expires September 2026  
New Mexico, Certified General Real Estate Appraiser, 03819-G, Expires April 2025

### Education

Mr. Jackson is a graduate of Texas Tech University where he received a Bachelor of Business Administration in Finance with a Real Estate Emphasis.

### Miscellaneous

Member of Region 8 Ethics and Counseling Regional Panel (1992-1995)  
Chair - Public Relations North Texas Chapter (2003, 2004)  
Co-Chair - Public Relations North Texas Chapter (2005)  
Board Member - North Texas Chapter (2005-2007)

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## Shelley Sivakumar

### Experience

Shelley Sivakumar has over 23 years of experience as a commercial appraiser representing Jackson Claborn, Inc. and later Integra Realty Resources. This extensive experience has formed a knowledge of the Texas real estate market with an understanding of the dynamics of market forces in both increasing, as well as declining markets. After graduating from the University of Texas at Dallas with a Bachelor of Science degree with a double major of Accounting/Finance, Ms. Sivakumar began her career in tax accounting. For the next 20 years, she managed a private multi-million-dollar individual asset portfolio. Since 1998, she has specialized in appraising master-planned residential developments and subdivisions including Public Improvement Districts in the Dallas/Fort Worth metroplex as well as outlying areas in Dallas, Collin, Rockwall, Ellis, Tarrant, Grayson, and Denton Counties. Ms. Sivakumar's appraisal experience also includes single and multi-tenant office/medical buildings, retail developments, industrial facilities, educational centers, religious facilities, townhome developments, right-of-ways (road), as well as vacant land.

In her spare time, Ms. Sivakumar enjoys equestrian riding and working out. She has competed in the 100-mile "Hotter'n Hell Hundred bike ride, one of the oldest and largest cycling events in the nation held in Wichita Falls, Texas every August.

### Licenses

Texas, Licensed Residential Real Estate Appraiser, 1333354-L, Expires February 2026

### Education

University of Texas at Dallas, Dallas, Texas: Bachelor of Science 1978

University of North Texas, Denton, Texas 1977

Marshall University, Huntington, West Virginia: Associate of Science 1974

#### Appraisal Institute Courses

A Review of Disciplinary Cases

Workfile Documentation for Appraisers

Basic Appraisal Procedures

General Appraiser Market Analysis Highest and

Best Use

General Appraiser Sales Comparison Approach

General Report Writing and Case Studies

A Review of Disciplinary Cases

Workfile Documentation for Appraisers

Appraising Residential Properties

Income Property Appraisal

Real Estate Appraisal

Basic Income Capitalization

#### Appraisal Math & Statistics

Owner-Occupied Commercial Properties

Residential Report Writing

Modern Green Building Concepts

Ad Valorem Tax Consultation



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## Shelley Sivakumar

Integra Realty Resources - Dallas

### Education (Cont'd)

The Dirty Dozen  
Essential Elements of Disclosure & Disclaimer  
Land & Site Valuation  
Commercial Clients Want Appraisers to Know

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Market Analysis/STDB  
USPAP  
Expert Witness for Commercial Appraisers  
General Appraiser Site Valuation  
& Cost Approach  
Commercial Appraisal Review  
Fair Housing, Bias & Discrimination  
Market Analysis/STDB  
USPAP  
Environmental Issues  
Texas Real Estate Contracts  
Texas Real Estate Agency  
Modern Real Estate Practice in Texas  
Statistics, Modeling and Finance  
General Appraiser Income Approach  
Market Disturbances in Atypical Markets & Cycles

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## Ernest Gatewood

### Experience

Senior Director PID/MUD/SF Lot Development Valuation Specialist with the Dallas office of Integra Realty Resources DFW, a full-service real estate consulting and appraisal firm.

Mr. Gatewood has been in the appraisal field for over 40 years. This extensive experience has formed knowledge of the Texas real estate market as well as select areas throughout the entire United States. This experience has formed an understanding of the dynamics of market forces in both increasing, as well as declining markets. Mr. Gatewood began his appraisal career in 1980 at Crosson Dannis, Inc. where he spent 10 years specializing in master-planned communities. Mr. Gatewood's appraisals were utilized in the funding of Legacy Business Park in Plano, Texas as well as Stonebridge Ranch in McKinney, Texas. In 1991, Mr. Gatewood joined Heartland (Seattle, Washington) as Acquisitions Director for Texas. In this role, Mr. Gatewood was key to the development of several single-family subdivisions, a property type which he still specializes into this day. From 1992 until 2017, Mr. Gatewood represented Jackson Claborn, Inc. as the Vice President of the Commercial Division where he has helped manage the production of the commercial appraisal practice which has enhanced JCI's strong commitment to client services.

Mr. Gatewood has experience in appraising commercial, industrial, multifamily, and investment-grade real property and related tangible assets to provide opinions of value for purposes of mortgage lending, sale or purchase, financial reporting, federal tax, capital lease testing, litigation support, allocation of purchase price, estate tax planning/settlement, ad valorem taxation, property exchange, internal planning, and partial taking/just compensation by eminent domain agencies.

Property types include vacant land, agricultural land, rights of way (road and pipeline), shopping centers, single-tenant retail buildings, CBD and suburban office projects, air rights, truck terminals, light industrial facilities, heavy manufacturing plants, corporate headquarters, hospitals, surgery centers, medical office buildings, self-storage facilities, religious facilities, hotels, mixed-use developments, apartment projects, convenience stores, and single-family subdivision analyses.

### Licenses

Texas, Certified General Real Estate Appraiser, TX 1324355 G, Expires December 2024  
Texas, Licensed Real Estate Salesman, 277705, Expires December 2023

### Education

Richland Junior College, Dallas, Texas  
The University of North Texas, Denton, Texas

### Miscellaneous

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## About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

*Local Expertise...Nationally!*

# irr.com

## **Addendum B**

### **IRR Quality Assurance Survey**

## IRR Quality Assurance Survey

### **We welcome your feedback!**

At IRR, providing a quality work product and delivering on time is what we strive to accomplish. Our local offices are determined to meet your expectations. Please reach out to your local office contact so they can resolve any issues.

### **Integra Quality Control Team**

Integra does have a Quality Control Team that responds to escalated concerns related to a specific assignment as well as general concerns that are unrelated to any specific assignment. We also enjoy hearing from you when we exceed expectations! You can communicate with this team by clicking on the link below. If you would like a follow up call, please provide your contact information and a member of this Quality Control Team will call contact you.

Link to the IRR Quality Assurance Survey: [quality.irr.com](https://quality.irr.com)



## **Addendum C**

### **Definitions**

# Definitions

The source of the following definitions is the Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022), unless otherwise noted.

## **As Is Market Value**

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

## **Disposition Value**

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

## **Effective Date**

1. The date on which the appraisal opinion applies. (SVP)
2. The date to which an appraiser's analysis, opinions, and conclusions apply; also referred to as *date of value*. (USPAP, 2020-2021 ed.)
3. The date that a lease goes into effect.

## **Entitlement**

In the context of ownership, use, or development of real estate, governmental approval for annexation, zoning, utility extensions, number of lots, total floor area, construction permits, and occupancy or use permits.

**Entrepreneurial Incentive**

The amount an entrepreneur expects or wants to receive as compensation for providing coordination and expertise and assuming the risks associated with the development of a project. Entrepreneurial incentive is the expectation of future reward as opposed to the profit actually earned on the project.

**Entrepreneurial Profit**

1. A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a past project to compensate for his or her time, effort, knowledge, and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovation change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.
2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

**Exposure Time**

1. The time a property remains on the market.
2. An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

**Fee Simple Estate**

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

**Floor Area Ratio (FAR)**

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

**Highest and Best Use**

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (ISV)

3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)

**Investment Value**

1. The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.
2. The value of an asset to the owner or a prospective owner given individual investment or operational objectives (may also be known as worth). (IVS)

**Lease**

A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

**Leased Fee Interest**

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

**Leasehold Estate**

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

**Liquidation Value**

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

**Marketing Time**

An opinion of the amount of time to sell a property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which precedes the effective date of an appraisal.

**Market Value**

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their own best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

*(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)*

**Prospective Opinion of Value**

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

**Retrospective Value Opinion**

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value opinion.”

**Definition of Aggregate of Retail Values**

The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions.

*(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)*

**Bulk Sale**

The sale of multiple parcels of real estate to one buyer in one transaction. A bulk sale may include dissimilar properties in different locations or a group of lots or units in the same project. Typically, the bulk sale price is less than the sum of the values of the individual parcels.

*(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)*

**Bulk Value**

The value of multiple units, subdivided plots, or properties in a portfolio as though sold together in a single transaction.

*(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)*

**Development Procedure**

In land valuation, a technique for valuing undeveloped acreage that involves discounting the cost of development and the probable proceeds from the sale of developed sites.

*(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)*

**Subdivision Development Method**

A method of estimating land value when subdividing and developing a parcel of land is the highest and best use of that land. When all direct and indirect costs and entrepreneurial incentive are deducted from an estimate of the anticipated gross sales price of the finished lots (or the completed improvements on those lots), the resultant net sales proceeds are then discounted to present value at a market-derived rate over the development and absorption period to indicate the value of the land.

*(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)*

**Allocation**

1) The process of separating the contributory value of a component or part of an asset from the total value of the asset. 2) A method of estimating land value in which sales of improved properties are analyzed to establish a typical ratio of land value to total property value and this ratio is applied to the property being appraised or the comparable sale being analyzed.”

*(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)*

**Extraction**

1) A method of estimating land value in which the depreciated cost of the improvements on an improved property is calculated and deducted from the total sale price to arrive at an estimated sale price for the land. 2) A method of deriving capitalization rates from property sales when sale price and net operating income are known.

*(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)*

**Residual**

The quantity left over; in appraising, a term used to describe the result of an appraisal procedure in which known components of value are accounted for, thus solving for the quantity that is left over, such as land residual or building residual.

*(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)*

## **Addendum D**

### **Property Information**



## Tax Data

### Property Search

Property ID: 2892837 - Tax Year: **2024**

This property is eFile eligible!  
[Click here to eFile your protest.](#)

For 2024 this property has one appraisal, performed by the Collin Central Appraisal District (CCAD), but the property is located in taxing entities that are utilizing different Tax Assessor/Collectors, for the billing and collection of their 2024 property taxes. [Click here to see a list of the 2024 taxing entities and collecting offices for this property.](#)

#### General Information

Property ID	2892837
Property Status	Active
Geographic ID	R-6333-000-0110-1
Property Type	Real
Property Address	Royse City, TX 75189
Total Land Area	82,6900 acres
Total Improvement Main Area	n/a
Abstract/Subdivision	<a href="#">John W Foote Survey</a>
Primary State Code	E (Rural Non-ag Land (Not Platted, Not In City))
Legal Description	ABS A0333 JOHN W FOOTE SURVEY, TRACT 11, 82.69 ACRES

#### Owner Information

Owner ID	1295290
Owner Name(s)	<a href="#">Qualico Developments Inc</a>
Exemptions	None
Percent Ownership	100,00%
Mailing Address	14400 The Lakes Blvd Ste 200 Bldg C Pflugerville, TX 78660-4642
Tax Agent	<a href="#">Smith &amp; Douglas, Inc</a>

#### 2024 Value Information

Improvement Homesite Value	\$0
Improvement Non-Homesite Value	\$0
Total Improvement Market Value	\$0
Land Homesite Value	\$0
Land Non-Homesite Value	\$1,653,800
Land Agricultural Market Value	\$0
Total Land Market Value	\$1,653,800
Total Market Value	\$1,653,800
Agricultural Use Loss	\$0
Total Appraised Value	\$1,653,800
Homestead Cap Loss	\$0
Total Assessed Value	\$1,653,800

#### Entities

Taxing Entity	Tax Rate	Collected By
CRY (Royse City)	0.584000 (2023 Rate)	<a href="#">Rockwall Central Appraisal District</a>
GCN (Collin County)	0.149343 (2023 Rate)	<a href="#">Collin County Tax Office</a>
JCN (Collin College)	0.081220 (2023 Rate)	<a href="#">Collin County Tax Office</a>
SRY (Royse City ISD)	1.257500 (2023 Rate)	<a href="#">Rockwall Central Appraisal District</a>

### Improvements

Our records don't show any improvement data for Property ID 2892837 in the year 2024.

### Land Segments

Land Segment #1	Improved Pasture
State Code	E (Rural Non-ag Land (Not Platted, Not In City))
Homesite	No
Market Value	\$1,653,800
Ag Use Value	n/a
Land Size	82.6900 acres 3,601,976 sq. ft.

### Value History

Year	Improvement	Land	Market	Ag Loss	Appraised	HS Cap Loss	Assessed
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### Deed History

Deed Date	Seller	Buyer	Instr #	Volume/Page
05/15/2023	S2 LAND DEVELOPMENT LLC	QUALICO DEVELOPMENTS INC	2023000053623	

### SB 541 – Amends Section 25.027 of the Property Tax Code, effective September 1, 2005

#### RESTRICTION ON POSTING DETAILED IMPROVEMENT INFORMATION ON INTERNET WEBSITE:

Information in appraisal records may not be posted on the Internet if the information is a photograph, sketch, or floor plan of an improvement to real property that is designed primarily for use as a human residence. This section does not apply to an aerial photograph that depicts five or more separately owned buildings.

### HB 394 – Amends Section 25.027 of the Property Tax Code, effective September 1, 2015

#### RESTRICTION ON POSTING AGE RELATED INFORMATION ON INTERNET WEBSITE:

Information in appraisal records may not be posted on the Internet if the information indicates the age of a property owner, including information indicating that a property owner is 65 years of age or older.

## Property Search

Property ID: 2892846 - Tax Year: **2024**

This property is eFile eligible!  
[Click here to eFile your protest.](#)

For 2024 this property has one appraisal, performed by the Collin Central Appraisal District (CCAD), but the property is located in taxing entities that are utilizing different Tax Assessor/Collectors, for the billing and collection of their 2024 property taxes. [Click here to see a list of the 2024 taxing entities and collecting offices for this property.](#)

### General Information

Property ID	2892846
Property Status	Active
Geographic ID	R-6333-000-0120-1
Property Type	Real
Total Land Area	17,8960 acres
Total Improvement Main Area	n/a
Abstract/Subdivision	<a href="#">John W Foote Survey</a>
Primary State Code	E (Rural Non-ag Land (Not Platted, Not In City))
Legal Description	ABS A0333 JOHN W FOOTE SURVEY, TRACT 12, 17.896 ACRES

### Owner Information

Owner ID	1295290
Owner Name(s)	<a href="#">Qualico Developments Inc</a>
Exemptions	None
Percent Ownership	100.00%
Mailing Address	14400 The Lakes Blvd Ste 200 Bldg C Pflugerville, TX 78660-4642
Tax Agent	<a href="#">Smith &amp; Douglas, Inc</a>

### 2024 Value Information

Improvement Homesite Value	\$0
Improvement Non-Homesite Value	\$0
Total Improvement Market Value	\$0
Land Homesite Value	\$0
Land Non-Homesite Value	\$357,920
Land Agricultural Market Value	\$0
Total Land Market Value	\$357,920
Total Market Value	\$357,920
Agricultural Use Loss	\$0
Total Appraised Value	\$357,920
Homestead Cap Loss	\$0
Total Assessed Value	\$357,920

### Entities

Taxing Entity	Tax Rate	Collected By
CRY (Royse City)	0.584000 (2023 Rate)	<a href="#">Rockwall Central Appraisal District</a>
GCN (Collin County)	0.149343 (2023 Rate)	<a href="#">Collin County Tax Office</a>
JCN (Collin College)	0.081220 (2023 Rate)	<a href="#">Collin County Tax Office</a>
SRY (Royse City ISD)	1.257500 (2023 Rate)	<a href="#">Rockwall Central Appraisal District</a>

### Improvements

Our records don't show any improvement data for Property ID 2892846 in the year 2024.

### Land Segments

Land Segment #1	Improved Pasture
State Code	E (Rural Non-ag Land (Not Platted, Not In City))
Homesite	No
Market Value	\$357,920
Ag Use Value	n/a
Land Size	17.8960 acres 779,550 sq. ft.

### Value History

Year	Improvement	Land	Market	Ag Loss	Appraised	HS Cap Loss	Assessed
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### Deed History

Deed Date	Seller	Buyer	Instr #	Volume/Page
05/15/2023	S2 LAND DEVELOPMENT LLC	QUALICO DEVELOPMENTS INC	2023000053623	

### SB 541 – Amends Section 25.027 of the Property Tax Code, effective September 1, 2005

#### RESTRICTION ON POSTING DETAILED IMPROVEMENT INFORMATION ON INTERNET WEBSITE:

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### HB 394 – Amends Section 25.027 of the Property Tax Code, effective September 1, 2015

#### RESTRICTION ON POSTING AGE RELATED INFORMATION ON INTERNET WEBSITE:

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## Property Search

Property ID: 2893224 - Tax Year: **2024**

This property is eFile eligible!  
[Click here to eFile your protest.](#)

For 2024 this property has one appraisal, performed by the Collin Central Appraisal District (CCAD), but the property is located in taxing entities that are utilizing different Tax Assessor/Collectors, for the billing and collection of their 2024 property taxes. [Click here to see a list of the 2024 taxing entities and collecting offices for this property.](#)

### General Information

Property ID	2893224
Property Status	Active
Geographic ID	R-6333-000-0150-1
Property Type	Real
Total Land Area	36.2940 acres
Total Improvement Main Area	n/a
Abstract/Subdivision	 <a href="#">John W Foote Survey</a>
Primary State Code	E (Rural Non-ag Land (Not Platted, Not In City))
Legal Description	ABS A0333 JOHN W FOOTE SURVEY, TRACT 15, 36.294 ACRES

### Owner Information

Owner ID	1295425
Owner Name(s)	 <a href="#">Clearview Ranch Land LLC</a>
Exemptions	None
Percent Ownership	100.00%
Mailing Address	10003 Technology Blvd W Dallas, TX 75220-4316

### 2024 Value Information

Improvement Homesite Value	\$0
Improvement Non-Homesite Value	\$0
Total Improvement Market Value	\$0
Land Homesite Value	\$0
Land Non-Homesite Value	\$1,197,702
Land Agricultural Market Value	\$0
Total Land Market Value	\$1,197,702
Total Market Value	\$1,197,702
Agricultural Use Loss	\$0
Total Appraised Value	\$1,197,702
Homestead Cap Loss	\$0
Total Assessed Value	\$1,197,702

### Entities

Taxing Entity	Tax Rate	Collected By
CRY (Royse City)	0.584000 (2023 Rate)	<a href="#">Rockwall Central Appraisal District</a>
GCN (Collin County)	0.149343 (2023 Rate)	<a href="#">Collin County Tax Office</a>
JCN (Collin College)	0.081220 (2023 Rate)	<a href="#">Collin County Tax Office</a>
SRY (Royse City ISD)	1.257500 (2023 Rate)	<a href="#">Rockwall Central Appraisal District</a>

### Improvements

### Land Segments

Our records don't show any improvement data for Property ID 2893224 in the year 2024.

<b>Land Segment #1</b>	Undeveloped
<b>State Code</b>	E (Rural Non-ag Land (Not Platted, Not In City))
<b>Homesite</b>	No
<b>Market Value</b>	\$12,870
<b>Ag Use Value</b>	n/a
<b>Land Size</b>	0.3900 acres 16,988 sq. ft.

<b>Land Segment #2</b>	Undeveloped
<b>State Code</b>	E (Rural Non-ag Land (Not Platted, Not In City))
<b>Homesite</b>	No
<b>Market Value</b>	\$806,817
<b>Ag Use Value</b>	n/a
<b>Land Size</b>	24,4490 acres 1,064,998 sq. ft.

<b>Land Segment #3</b>	Undeveloped
<b>State Code</b>	E (Rural Non-ag Land (Not Platted, Not In City))
<b>Homesite</b>	No
<b>Market Value</b>	\$378,015
<b>Ag Use Value</b>	n/a
<b>Land Size</b>	11.4550 acres 498,980 sq. ft.

#### Value History

Year	Improvement	Land	Market	Ag Loss	Appraised	HS Cap Loss	Assessed
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#### Deed History

Deed Date	Seller	Buyer	Instr #	Volume/Page
08/02/2023	S2 LAND DEVELOPMENT LLC	CLEARVIEW RANCH LAND LLC	2023000089510	

#### SB 541 – Amends Section 25.027 of the Property Tax Code, effective September 1, 2005

##### RESTRICTION ON POSTING DETAILED IMPROVEMENT INFORMATION ON INTERNET WEBSITE:

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#### HB 394 – Amends Section 25.027 of the Property Tax Code, effective September 1, 2015

##### RESTRICTION ON POSTING AGE RELATED INFORMATION ON INTERNET WEBSITE:

Information in appraisal records may not be posted on the Internet if the information indicates the age of a property owner, including information indicating that a property owner is 65 years of age or older.

## Legal Descriptions

### Phase 1 South – 36.294 Gross Acres

BEING a tract of land situated in the J. Foot Survey, Abstract Number 333, Collin County, Texas and being a portion of that certain called 178.533 acre tract of land described in deed to S2 Land Development, LLC, as recorded in Instrument Number 2023000048123, Real Property Records, Collin County, Texas and a portion of that certain called 228.106 acre tract of land described in deed to S2 Land Development, LLC, as recorded in Instrument Number 2023000048122, Real Property Records, Collin County, Texas and being more particularly described by metes and bounds as follows:

BEGINNING at the southwest corner of a 15' Right-of-Way dedication as recorded on the plat of the Kerala Christian Retirement Community, Phase 1 of Phase 1A, as recorded in Volume 2014, Page 249, Real Property Records, Collin County, Texas;

THENCE the following courses and distances along the southerly line of said Kerala Christian Retirement Community, Phase 1 of Phase 1A:

S 88°45'30"E, a distance of 330.39 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

N 80°23'05"E, a distance of 89.17 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

N 46°28'13"E, a distance of 57.77 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

N 45°06'36"E, a distance of 63.38 feet to a 5/8 inch iron rod found;

N 57°47'05"E, a distance of 168.97 feet to a 5/8 inch iron rod found at the beginning of a non-tangent curve to the right;

With said curve, an arc distance of 61.59 feet, through a central angle of 2°22'50", having a radius of 1482.50 feet and a long chord of N 24°06'05"W, 61.59 feet to a 5/8 inch iron rod found;

N 67°05'20"E, a distance of 65.00 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set at the beginning of a non-tangent curve to the right;

With said curve, an arc distance of 110.94 feet, through a central angle of 4°29'03", having a radius of 1417.50 feet and a long chord of which bears N 20°40'08"W, 110.91 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;



THENCE N 71°34'24"E, a distance of 135.00 feet departing said southerly line to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set at the beginning of a non-tangent curve to the right;

THENCE with said curve, an arc distance of 26.47 feet, through a central angle of 1°10'57", having a radius of 1282.50 feet and a long chord of which bears N 17°50'08"W, 26.47 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE N 34°36'14"E, a distance of 156.05 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE N 80°09'06"E, a distance of 70.32 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE N 87°23'45"E, a distance of 42.24 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE S 84°46'24"E, a distance of 70.02 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE S 55°15'05"E, a distance of 61.61 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE S 25°22'41"E, a distance of 96.64 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE S 02°12'20"E, a distance of 65.27 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE S 25°22'41"E, a distance of 300.00 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE S 64°37'19"W, a distance of 15.00 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE S 25°22'41"E, a distance of 48.83 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set at the beginning of a curve to the right;

THENCE with said curve, an arc distance of 579.85 feet, through a central angle of 22°33'45", having a radius of 1472.50 feet and a long chord of which bears S 14°05'49"E, 576.12 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE N 89°29'10"W, a distance of 87.24 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;



THENCE S 00°30'50"W, a distance of 50.00 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE N 89°29'10"W, a distance of 20.74 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE S 44°52'02"W, a distance of 13.98 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set at the beginning of a curve to the right;

THENCE with said curve, an arc distance of 25.52 feet, through a central angle of 1°04'52", having a radius of 1352.50 feet and a long chord of which bears S 00°01'36"E, 25.52 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE S 00°30'50"W, a distance of 194.48 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE S 44°29'10"E, a distance of 14.14 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE S 89°29'10"E, a distance of 20.50 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE S 00°30'50"W, a distance of 50.00 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE N 89°29'10"W, a distance of 40.50 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE S 00°30'50"W, a distance of 135.00 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE N 89°29'10"W, a distance of 310.00 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE N 00°30'50"E, a distance of 26.81 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE N 89°29'10"W, a distance of 65.00 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE N 87°45'25"W, a distance of 170.08 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE N 87°45'25"W, a distance of 791.58 feet to a 5/8 inch iron rod found at the most westerly southwest corner of said called 228.106 acre tract;

THENCE N 01°22'24"E, a distance of 693.77 feet along the west line of said called 228.106 acre tract to a 1/2 inch iron rod found at the beginning of a non-tangent curve to the left;

THENCE with said curve, an arc distance of 214.48 feet, through a central angle of 21°39'40", having a radius of 567.33 feet and a long chord of which bears N 12°35'21"E, 213.21 feet to a 1/2 inch iron rod with yellow plastic cap stamped "Pierce Murray" set;

THENCE N 10°18'48"E, a distance of 0.88 feet returning to the Point of Beginning and containing 1,580,954 square feet or 36.294 acres of land, more or less.

## Phase 1 – North – 52.025 Acres

BEING a tract of land situated in the J. Foot Survey, Abstract Number 333, Collin County, Texas and being a portion of those certain 2 tracts of land (Tracts 1 and 2) described in deed to Qualico Developments (U.S.), Inc., as recorded in Instrument Number 2023000053623, Real Property Records, Collin County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING at the northwest corner of said Tract 1, also being the northeast corner of that certain called 10.410 acre tract of land described in deed to S2 Land, LLC, as recorded in Instrument Number 2023000089509, Real Property Records, Collin County, Texas and being in the occupied south Right-of-Way line of County Road 677;

THENCE S 88°37'47"E, a distance of 474.54 feet along said occupied south Right-of-Way line of County Road 677 to the POINT OF BEGINNING;

THENCE S 88°37'47"E, a distance of 18.93 feet continuing along said south Right-of-Way line;

THENCE N 89°17'52"E, a distance of 523.04 feet continuing along said south Right-of-Way line;

THENCE S 00°55'42"W, a distance of 189.21 feet;

THENCE S 44°04'18"E, a distance of 14.14 feet;

THENCE S 89°04'18"E, a distance of 1.01 feet to the beginning of a non-tangent curve to the right

THENCE with said curve, an arc distance of 24.64 feet, through a central angle of 0°17'42", having a radius of 4785.00 feet and having a long chord of which bears S 88°55'27"E, 24.64 feet;

THENCE S 01°13'24"W, a distance of 50.00 feet to the beginning of a non-tangent curve to the left;

THENCE with said curve, an arc distance of 24.39 feet, through a central angle of 0°17'42", having a radius of 4735.00 feet and having a long chord of which bears N 88°55'27"W, 24.39 feet;

THENCE N 89°04'18"W, a distance of 8.51 feet;

THENCE S 45°55'42"W, a distance of 14.14 feet;

THENCE S 00°55'42"W, a distance of 1.82 feet to the beginning of a curve to the right;

THENCE with said curve, an arc distance of 272.39 feet, through a central angle of 32°20'43", having a radius of 482.50 feet and a long chord of which bears S 17°06'03"W, 268.78 feet;

THENCE S 33°16'25"W, a distance of 476.52 feet;

THENCE S 56°43'35"E, a distance of 135.00 feet;

THENCE S 33°16'25"W, a distance of 580.00 feet;

THENCE N 56°43'35"W, a distance of 8.40 feet to the beginning of curve to the right;

THENCE with said curve, an arc distance of 109.41 feet, through a central angle of 16°42'58", having a radius of 375.00 feet and having a long chord of which bears N 48°22'06"W, 109.02 feet;

THENCE N 40°00'37"W, a distance of 94.92 feet to the beginning of a non-tangent curve to the left;

THENCE with said curve, an arc distance of 67.61 feet, through a central angle of 12°12'00", having a radius of 317.50 feet and having a long chord of which bears N 39°22'25"E, 67.48 feet;

THENCE N 33°16'25"E, a distance of 469.76 feet;

THENCE N 56°43'35"W, a distance of 423.00 feet;

THENCE N 33°16'25"E, a distance of 220.00 feet;

THENCE N 56°43'35"W, a distance of 170.00 feet;

THENCE N 33°16'25"E, a distance of 436.91 feet returning to the Point of Beginning and containing 603,576 square feet or 13.856 acres of land, more or less.



BEING a tract of land situated in the J. Foot Survey, Abstract Number 333, Collin County, Texas and being a portion of those certain 2 tracts of land (Tracts 1 and 2) described in deed to Qualico Developments (U.S.), Inc., as recorded in Instrument Number 2023000053623, Real Property Records, Collin County, Texas and a portion of that certain called 423.333 acre tract of land described in deed to S2 Land, LLC, as recorded in Instrument Number 2023000089511, Real Property Records, Collin County, Texas and being more particularly described by metes and bounds as follows:

BEGINNING at the northwest corner of said Tract 1, also being the northeast corner of that certain called 10.410 acre tract of land described in deed to S2 Land, LLC, as recorded in Instrument Number 2023000089509, Real Property Records, Collin County, Texas and being in the occupied south Right-of-Way line of County Road 677;

THENCE S 88°37'47"E, a distance of 474.54 feet along said occupied south Right-of-Way line of County Road 677;

THENCE S 33°16'25"W, a distance of 436.91 feet;

THENCE S 56°43'35"E, a distance of 170.00 feet;

THENCE S 33°16'25"W, a distance of 220.00 feet;

THENCE S 56°43'35"E, a distance of 423.00 feet;

THENCE S 33°16'25"W, a distance of 469.76 feet to the beginning of a curve to the right;

THENCE with said curve, an arc distance of 67.61 feet, through a central angle of 12°12'00", having a radius of 317.50 feet and having a long chord of which bears S 39°22'25"W, 67.48 feet;

THENCE S 40°00'37"E, a distance of 94.92 feet to the beginning of a curve to the left;

THENCE with said curve, an arc distance of 109.41 feet, through a central angle of 16°42'58", having a radius of 375.00 feet and having a long chord of which bears S 48°22'06"E, 109.02 feet;

THENCE S 56°43'35"E, a distance of 8.40 feet;

THENCE N 33°16'25"E, a distance of 580.00 feet;

THENCE N 56°43'35"W, a distance of 135.00 feet;

THENCE N 33°16'25"E, a distance of 476.52 feet to the beginning of a curve to the left;

THENCE with said curve, an arc distance of 148.58 feet, through a central angle of 17°38'36", having a radius of 482.50 feet and having a long chord of which bears N 24°27'07"E, 147.99 feet;

THENCE S 88°23'44"E, a distance of 138.21 feet to the beginning of a non-tangent curve to the right;

THENCE with said curve, an arc distance of 223.66 feet, through a central angle of 20°45'11", having a radius of 617.50 feet and having a long chord of which bears S 22°53'49"W, 222.44 feet;

THENCE S 33°16'25"W, a distance of 426.52 feet;

THENCE S 56°43'35"E, a distance of 125.00 feet;

THENCE N 78°16'25"E, a distance of 14.14 feet;

THENCE N 33°16'25"E, a distance of 20.50 feet;

THENCE S 56°43'35"E, a distance of 50.00 feet;

THENCE S 33°16'25"W, a distance of 20.50 feet;

THENCE S 11°43'35"E, a distance of 14.14 feet;

THENCE S 56°43'35"E, a distance of 3.10 feet to the beginning of a curve to the left;

THENCE with said curve, an arc distance of 17.05 feet, through a central angle of 2°03'24", having a radius of 475.00 feet, and having a long chord of which bears S 57°45'17"E, 17.05 feet;

THENCE S 32°28'38"W, a distance of 50.01 feet to the beginning of a non-tangent curve to the right;

THENCE with said curve, an arc distance of 17.75 feet, through a central angle of 1°56'12", having a radius of 525.00 feet, and having a long chord of which bears N 57°41'41"W, 17.74 feet;

THENCE N 56°43'35"W, a distance of 3.10 feet;

THENCE S 78°16'25"W, a distance of 14.14 feet;

THENCE S 33°16'25"W, a distance of 109.87 feet to the beginning of a non-tangent curve to the left;

THENCE with said curve, an arc distance of 251.23 feet, through a central angle of 22°19'02", having a radius of 645.00 feet and a having a long chord of which bears S 66°43'17"E, 249.65 feet;

THENCE S 12°07'11"W, a distance of 120.00 feet to the beginning of a non-tangent curve to the left;

THENCE with said curve, an arc distance of 22.46 feet, through a central angle of 1°40'57", having a radius of 765.00 feet and having a long chord of which bears S 78°43'17"E, 22.46 feet;

THENCE S 10°26'14"W, a distance of 50.00 feet to the beginning of a non-tangent curve to the right;

THENCE with said curve, an arc distance of 30.95 feet, through a central angle of 2°10'35", having a radius of 815.00 feet and having a long chord of which bears N 78°28'28"W, 30.96 feet;

THENCE S 59°01'12"W, a distance of 14.40 feet;

THENCE S 15°04'29"W, a distance of 13.94 feet to the beginning of a curve to the right;

THENCE with said curve, an arc distance of 134.99 feet, through a central angle of 18°11'56", having a radius of 425.00 feet and a long chord of which bears S 24°10'27"W, 134.43 feet;

THENCE S 33°16'25"W, a distance of 79.26 feet;

THENCE S 11°43'35"E, a distance of 14.14 feet;

THENCE S 56°43'35"E, a distance of 4.78 feet to the beginning of a curve to the left;

THENCE with said curve, an arc distance of 15.22 feet, through a central angle of 2°19'29", having a radius of 375.00 feet and having a long chord of which S 57°53'20"E, 15.21 feet;

THENCE S 30°56'56"W, a distance of 50.00 feet to the beginning of a non-tangent curve to the right;

THENCE with said curve, an arc distance of 17.24 feet, through a central angle of 2°19'29", having a radius of 425.00 feet and having a long chord of which bears N 57°53'20"W, 17.24 feet;

THENCE N 56°43'35"W, a distance of 4.78 feet;



THENCE S 78°16'25"W, a distance of 14.14 feet;

THENCE S 33°16'25"W, a distance of 76.51 feet to the beginning of curve to the left;

THENCE with said curve, an arc distance of 220.78 feet, through a central angle of 26°37'54", having a radius of 475.00 feet and having a long chord of which bears S 19°57'28"W, 218.80 feet;

THENCE S 06°38'31"W, a distance of 18.99 feet;

THENCE S 38°21'29"E, a distance of 14.14 feet;

THENCE S 83°21'29"E, a distance of 20.50 feet;

THENCE S 06°38'31"W, a distance of 50.00 feet;

THENCE N 83°21'29"W, a distance of 252.52 feet to the beginning of a curve to the right;

THENCE with said curve, an arc distance of 498.75 feet, through a central angle of 20°03'13", having a radius of 1425.00 feet and having a long chord of which bears N 73°19'52"W, 496.21 feet;

THENCE S 26°41'44"W, a distance of 135.00 feet to the beginning of a non-tangent curve to the right;

THENCE with said curve, an arc distance of 194.34 feet, through a central angle of 7°08'16", having a radius of 1560.00 feet and having a long chord of which bears N 59°44'08"W, 194.21 feet;

THENCE N 33°50'00"E, a distance of 135.00 feet to the beginning of a non-tangent curve to the right;

THENCE with said curve, an arc distance of 3.55 feet, through a central angle of 00°08'34", having a radius of 1425.00 feet and having a long chord of which bears N 56°05'43"W, 3.55 feet to the beginning of a compound curve to the right;

THENCE with said curve, an arc distance of 233.01 feet, through a central angle of 232°10'40", having a radius of 57.50 feet and having a long chord of which bears N 31°02'56"E, 103.28 feet;

THENCE N 57°08'16"E, a distance of 89.42 feet to the beginning of a non-tangent curve to the left;

THENCE with said curve, an arc distance of 181.14 feet, through a central angle of 8°22'11", having a radius of 1240.00 feet and having a long chord of which bears S 61°35'25"E, 180.97 feet;



THENCE N 24°13'29"E, a distance of 89.35 feet to the beginning of a curve to the left;

THENCE with said curve, an arc distance of 63.31 feet, through a central angle of 51°49'06", having a radius of 70.00 feet and having a long chord of which bears N 00°35'11"W, 61.17 feet;

THENCE N 26°35'19"W, a distance of 24.74 feet to the beginning of a curve to the left;

THENCE with said curve, an arc distance of 126.98 feet, through a central angle of 51°58'00", having a radius of 140.00 feet and having a long chord of which bears N 52°45'18"W, 122.67 feet;

THENCE N 22°03'16"W, a distance of 26.86 feet to the beginning of a non-tangent curve to the right;

THENCE with said curve, an arc distance of 193.75 feet, through a central angle of 41°02'19", having a radius of 270.50 feet and having a long chord of which bears S 88°27'54"W, 189.63 feet;

THENCE N 71°00'57"W, a distance of 41.26 feet;

THENCE N 19°44'14"E, a distance of 41.00 feet;

THENCE N 70°25'44"W, a distance of 9.51 feet to the beginning of a curve to the right;

THENCE with said curve, an arc distance of 34.73 feet, through a central angle of 107°33'38", having a radius of 18.50 feet and having a long chord of which bears N 16°49'03"W, 29.85 feet to the beginning of a reverse curve to the left;

THENCE with said curve, an arc distance of 30.13 feet, through a central angle of 25°01'05", having a radius of 69.00 feet and having a long chord of which bears N 24°27'01"E, 29.89 feet to the beginning of a reverse curve to the right;

THENCE with said curve, an arc distance of 36.72 feet, through a central angle of 113°42'42", having a radius of 18.50 feet and having a long chord of which bears N 68°47'28"E, 30.98 feet;

THENCE S 54°21'31"E, a distance of 9.30 feet;

THENCE N 35°38'29"E, a distance of 41.00 feet

THENCE N 54°21'31"W, a distance of 55.70 feet;

THENCE N 04°16'18"W, a distance of 16.14 feet;

THENCE N 31°55'01"E, a distance of 11.57 feet;

THENCE N 58°04'59"W, a distance of 65.00 feet;

THENCE N 31°55'01"E, a distance of 7.08 feet;

THENCE N 56°43'35"W, a distance of 369.87 feet;

THENCE N 33°16'25"E, a distance of 77.85 feet;

THENCE N 15°19'43"E, a distance of 208.20 feet;

THENCE N 84°17'23"W, a distance of 118.05 feet;

THENCE N 33°16'25"E, a distance of 793.81 feet to the beginning of a curve to the left;

THENCE with said curve, an arc distance of 59.28 feet, through a central angle of 32°20'43", having a radius of 105.00 feet and having a long chord of which bears N 17°06'03"E, 58.49 feet;

THENCE N 00°55'42"E, a distance of 58.99 feet returning to the Point of Beginning and containing 1,662,641 square feet or 38.169 acres of land, more or less.

## Zoning Chart Exhibit

Planned Development Design Requirements			
Symbol	Type "A" Lots	Type "B" Lots	Type "C" Lots
	◆	★	■
Minimum Lot Area	6,000sf   6,750sf	7,200sf   8,100sf	8,400sf   9,450sf
Minimum Lot Width at BSL	50'	60'	70'
Minimum Lot Depth	120'   135'	120'   135'	120'   135'
Front Setback	20'	20'	20'
Side Yard Setback	5'	5'	5'
Rear Yard Setback	20'	20'	20'
Maximum Lot Coverage	55%	55%	55%
Number of Lots	73	68	14
Number of Lots – SF(%)	47.1%	43.9%	9.0%

\* Cul-de-sac and Elbow lots may have minimum lot depth of 110'

\*\* Back Yard Setback can be less on knuckles or Cul-de-Sac lots, must always be 10'+.

\*\*\* Key lots are defined as a corner lot which is backing up to an abutting side yard.

## **Addendum E**

### **Comparable Data**

## **Land Sales - 50' Frontage Lots**

## Location & Property Identification

Property Name: Creekside PID, IA #2 (Phase 2B) - 50' Lots

Sub-Property Type: Residential, Finished SFR Lots

Address: Northwest of SH-66 at River Bend Road

City/State/Zip: Royse City, TX 75189

County: Collin

Submarket: RoyseCity

Market Orientation: Suburban

IRR Event ID: 3225814



## Sale Information

Sale Price: \$83,750

Effective Sale Price: \$83,750

Sale Date: 06/01/2024

Sale Status: In-Contract

\$/Acre(Gross): \$663,104

\$/Land SF(Gross): \$15.23

\$/Unit (Potential): \$1,675 /Unit

Grantor/Seller: HT Hwy 66 Development, LP

Grantee/Buyer: William Ryan Homes Texas, Inc.

Property Rights: Fee Simple

Financing: Cash to seller

Terms of Sale Comments: The base lot price was set for substantial completion by 2Q2024. Lots are contracted with an annual 6% escalation plus additional fees.

Document Type: Contract of Sale

Verified By: Shelley Sivakumar

Verification Date: 02/09/2024

Confirmation Source: Doug Wolfe (972-742-0393)

Verification Type: Confirmed-Seller

## Improvement and Site Data

Legal/Tax/Parcel ID: Part of Tax ID 2805420 as vacant land

Acres(Gross): 0.13

Land-SF(Gross): 5,500

No. of Units (Potential): 50

Shape: Rectangular

Topography: Level

Frontage Feet: 50

Frontage Desc.: 50' x 110'

Zoning Code: PD

Zoning Desc.: Planned Development

Flood Plain: No

Date: 06/02/2009

Utilities: Water Public, Sewer

Source of Land Info.: Engineering Report

## Comments

Lots in Phase 2B are part of the Creekside PID nearing completion. All lots are located in the Royse City ISD.

## Location & Property Identification

Property Name:	Waterscape PID, IA #4 (Phase 3B) - 50' Lots
Sub-Property Type:	Residential, Finished SFR Lots
Address:	Southwest side of Crenshaw Road, southeast of FM-548
City/State/Zip:	Royse City, TX 75189
County:	Rockwall
Submarket:	RoyseCity
Market Orientation:	Suburban
IRR Event ID:	3225836



## Sale Information

Sale Price:	\$80,000
Effective Sale Price:	\$80,000
Sale Date:	06/01/2024
Sale Status:	In-Contract
\$/Acre(Gross):	\$580,973
\$/Land SF(Gross):	\$13.33
\$/Unit (Potential):	\$1,600 /Unit
Grantor/Seller:	HC Royse 548 LLC
Grantee/Buyer:	HMH Lifestyles, LP
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale Comments:	The base lot price was set for substantial completion by 2Q2024. The lot price represents a bulk price for 26 50' lots.
Document Type:	Contract of Sale
Verified By:	Shelley Sivakumar
Verification Date:	02/07/2024
Confirmation Source:	Barry Jameson (972-347-6414)
Verification Type:	Confirmed-Seller

## Improvement and Site Data

Legal/Tax/Parcel ID:	Tax ID 12863 as vacant land
Acres(Gross):	0.14
Land-SF(Gross):	6,000
No. of Units (Potential):	50
Shape:	Rectangular
Topography:	Level
Frontage Feet:	50
Frontage Desc.:	50' x 120'
Zoning Code:	PD
Zoning Desc.:	Planned Development
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Engineering Report

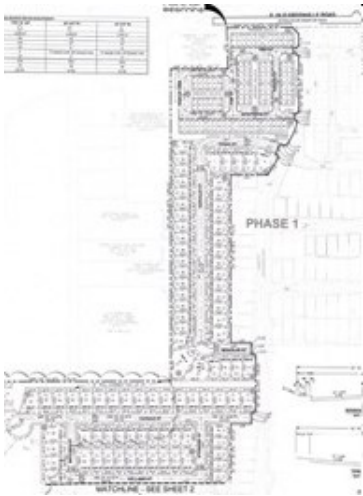
## Comments

Lots in Phase 3B are located in the Waterscape PID, IA #4. This represents a bulk purchase of 26 lots with 50' frontages. All lots are located in the Royse City ISD.



## Location & Property Identification

Property Name:	Liberty Crossing, Phase 2 - 50' Lots
Sub-Property Type:	Residential, Finished SFR Lots
Address:	Southwest corner of E. Old Greenville Road and Liberty Crossing Avenue
City/State/Zip:	Royse City, TX 75189
County:	Rockwall
Submarket:	RoyseCity
Market Orientation:	Suburban
IRR Event ID:	3233368



## Sale Information

Sale Price:	\$81,000
Effective Sale Price:	\$81,000
Sale Date:	06/01/2024
Sale Status:	In-Contract
\$/Acre(Gross):	\$641,330
\$/Land SF(Gross):	\$14.73
\$/Unit (Potential):	\$1,620 /Unit
Grantor/Seller:	Liberty Crossing Land, LLC
Grantee/Buyer:	DRHI, Inc.
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale Comments:	The base lot price was set in 1Q2024 with substantial completion expected by June 1, 2024. The annual escalation is set at 8%.

Document Type:	Contract of Sale
Verified By:	Shelley Sivakumar
Verification Date:	05/13/2024
Confirmation Source:	Gary Erlemann (Gary.Erlemann@S2LD.com)
Verification Type:	Confirmed-Seller

## Improvement and Site Data

Legal/Tax/Parcel ID:	Liberty Crossing, Phase 2
Acres(Gross):	0.13
Land-SF(Gross):	5,500
No. of Units (Potential):	50
Shape:	Rectangular
Topography:	Level
Frontage Feet:	50
Frontage Desc.:	50' x 110'
Zoning Code:	PD
Zoning Desc.:	Planned Development
Flood Plain:	No
Utilities:	Water Public, Sewer
Utilities Desc.:	Liberty Crossing Public Improvement District
Source of Land Info.:	Engineering Report

## Comments

This lot is located in the Liberty Crossing PID, IA #2 and is within the Royse City ISD. IA #2 is nearing completion with 203 lots with townhome lots, 50', and 60' lots.



## Location & Property Identification

Property Name: Monterra, Phase 1A - 50' Lots

Sub-Property Type: Residential, Single Family Residence Site

Address: West side of Ben Payne Road, north of W. Holiday Road (SH-66)

City/State/Zip: Fate, TX 75087

County: Rockwall

Submarket: Rockwall

Market Orientation: Suburban

Property Location: 1307 Bay Laurel Road

IRR Event ID: 2735700



## Sale Information

Sale Price: \$72,500

Effective Sale Price: \$72,500

Sale Date: 09/11/2023

Sale Status: Closed

\$/Acre(Gross): \$526,507

\$/Land SF(Gross): \$12.08

\$/Unit (Potential): \$1,450 /Unit

Grantor/Seller: WJ Monterra LP

Grantee/Buyer: Weekley Homes, LLC

Property Rights: Fee Simple

Financing: Cash to seller

Terms of Sale Comments: The base lot price was set at \$72,500/lot (\$1,450/FF) for substantial completion in September 2023. Escalation is prime plus 1% with a floor of 6%.

Confirmation Source: Frank Murphy (214-880-8792)

Verification Type: Confirmed-Seller

## Improvement and Site Data

Legal/Tax/Parcel ID: Monterra, Phase 1A, Block F, Lot 10/Tax ID 331992

Acres(Gross): 0.14

Land-SF(Gross): 6,000

No. of Units (Potential): 50

Shape: Rectangular

Topography: Level

Frontage Feet: 50

Frontage Desc.: 50' x 120'

Zoning Code: PD/Development Agreement

Zoning Desc.: PD/Development Agreement

Flood Plain: No

Utilities: Water Public, Sewer

Utilities Desc.: Monterra PID

Source of Land Info.: Engineering Report

Document Type: Deed

Recording No.: 20230000015234

Verified By: Shelley Sivakumar

Verification Date: 09/13/2023

## Comments

This development is located in the Monterra Public Improvement District. Phase 1 is being developed with 310 lots on 92.860 acres with 50', 60', and 70' lots. All of the

## Monterra, Phase 1A - 50' Lots



**Comments (Cont'd)**

lots are contracted at \$1,450/FF. This development is located in the Rockwall ISD.



## **Land Sales - 60' Frontage Lots**

## Location & Property Identification

Property Name: Creekside PID, IA #2 (Phase 2B) - 60' Lots

Sub-Property Type: Residential, Finished SFR Lots

Address: Northwest of SH-66 at River Bend Road

City/State/Zip: Royse City, TX 75189

County: Collin

Submarket: RoyseCity

Market Orientation: Suburban

IRR Event ID: 3225818



## Sale Information

Sale Price: \$96,000

Effective Sale Price: \$96,000

Sale Date: 06/01/2024

Sale Status: In-Contract

\$/Acre(Gross): \$580,762

\$/Land SF(Gross): \$13.33

\$/Unit (Potential): \$1,600 /Unit

Grantor/Seller: HT Hwy 66 Development, LP

Grantee/Buyer: William Ryan Homes Texas, Inc.

Property Rights: Fee Simple

Financing: Cash to seller

Terms of Sale Comments: The base lot price was set for substantial completion by 2Q2024 with an annual 6% escalation plus various fees.

Document Type: Contract of Sale

Verified By: Shelley Sivakumar

Verification Date: 02/09/2024

Confirmation Source: Doug Wolfe (972-742-0393)

Verification Type: Confirmed-Seller

## Improvement and Site Data

Legal/Tax/Parcel ID: Part of Tax ID 2805420 as vacant land

Acres(Gross): 0.17

Land-SF(Gross): 7,200

No. of Units (Potential): 60

Shape: Rectangular

Topography: Level

Frontage Feet: 60

Frontage Desc.: 60' x 120'

Zoning Code: PD

Zoning Desc.: Planned Development

Flood Plain: No

Date: 06/02/2009

Utilities: Water Public, Sewer

Source of Land Info.: Engineering Report

## Comments

Lots in Phase 2B are nearing completion and are located within the Creekside PID. All lots are located in the Royse City ISD.

## Location & Property Identification

Property Name:	Terraces, Phase 1 - 62' Lot
Sub-Property Type:	Residential, Single Family Residence Site
Address:	South side of FM-1141, east of John King Boulevard
City/State/Zip:	Rockwall, TX 75087
County:	Rockwall
Submarket:	Rockwall
Market Orientation:	Suburban
IRR Event ID:	3210830



## Sale Information

Sale Price:	\$124,000
Effective Sale Price:	\$124,000
Sale Date:	06/01/2024
Sale Status:	In-Contract
\$/Acre(Gross):	\$725,995
\$/Land SF(Gross):	\$16.67
\$/Unit (Potential):	\$2,000 /Unit
Grantor/Seller:	Terra/Manna LLC
Grantee/Buyer:	Perry Homes, LLC
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale Comments:	The base lot price was set at \$124,000/lot for substantial completion expected by May 2024 with an annual 7% escalation.

Document Type:	Contract of Sale
Verified By:	Shelley Sivakumar
Verification Date:	03/08/2024
Confirmation Source:	Bobby Harrell (817-994-8400)

Verification Type: Confirmed-Seller

## Improvement and Site Data

Legal/Tax/Parcel ID:	Terraces, Block I, Lot 4/Tax ID not assigned
Acres(Gross):	0.17
Land-SF(Gross):	7,440
No. of Units (Potential):	62
Shape:	Rectangular
Topography:	Level
Frontage Desc.:	62' x 120'
Zoning Code:	PD-93
Zoning Desc.:	Planned Development
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Engineering Report

## Comments

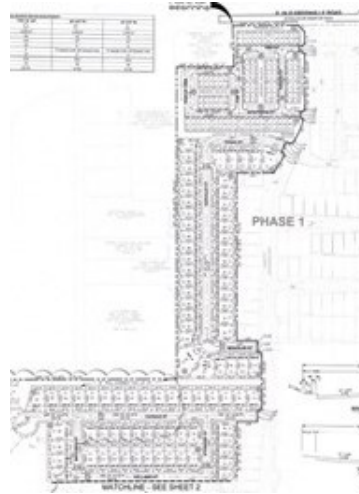
Lots in this multiphase subdivision are located in the Rockwall ISD.

**Terraces, Phase 1 - 62' Lot**



## Location & Property Identification

Property Name:	Liberty Crossing, Phase 2 - 60' Lots
Sub-Property Type:	Residential, Finished SFR Lots
Address:	Southwest corner of E. Old Greenville Road and Liberty Crossing Avenue
City/State/Zip:	Royse City, TX 75189
County:	Rockwall
Submarket:	RoyseCity
Market Orientation:	Suburban
IRR Event ID:	3233373



## Sale Information

Sale Price:	\$93,600
Effective Sale Price:	\$93,600
Sale Date:	06/01/2024
Sale Status:	In-Contract
\$/Acre(Gross):	\$617,822
\$/Land SF(Gross):	\$14.18
\$/Unit (Potential):	\$1,560 /Unit
Grantor/Seller:	Liberty Crossing Land, LLC
Grantee/Buyer:	DRHI, Inc.
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale Comments:	The base lot price was set in 1Q2023 for substantial completion by June 1, 2024. The annual escalation is set at 8%.

Document Type:	Contract of Sale
Verified By:	Shelley Sivakumar
Verification Date:	05/13/2024
Confirmation Source:	Gary Erlemann (Gary.Erlemann@S2LD.com)
Verification Type:	Confirmed-Seller

## Improvement and Site Data

Legal/Tax/Parcel ID:	Liberty Crossing, Phase 2
Acres(Gross):	0.15
Land-SF(Gross):	6,600
No. of Units (Potential):	60
Shape:	Rectangular
Topography:	Level
Frontage Feet:	60
Frontage Desc.:	60' x 110'
Zoning Code:	PD
Zoning Desc.:	Planned Development
Flood Plain:	No
Utilities:	Water Public, Sewer
Utilities Desc.:	Liberty Crossing Public Improvement District
Source of Land Info.:	Engineering Report

## Comments

This lot is located in the Liberty Crossing PID, IA #2 and is within the Royse City ISD. IA #2 is nearing completion with 203 lots with townhome lots, 50', and 60' lots.

## Liberty Crossing, Phase 2 - 60' Lots



## Location & Property Identification

Property Name: Monterra, Phase 1A - 60' Lots

Sub-Property Type: Residential, Single Family Residence Site

Address: West side of Ben Payne Road, north of W. Holiday Road (SH-66)

City/State/Zip: Fate, TX 75087

County: Rockwall

Submarket: Rockwall

Market Orientation: Suburban

Property Location: 1708 Modena Court

IRR Event ID: 3199069



## Sale Information

Sale Price: \$87,000

Effective Sale Price: \$87,000

Sale Date: 10/02/2023

Sale Status: Closed

\$/Acre(Gross): \$526,316

\$/Land SF(Gross): \$12.08

\$/Unit (Potential): \$1,450 /Unit

Grantor/Seller: WJ Monterra LP

Grantee/Buyer: Weekley Homes, LLC

Property Rights: Fee Simple

Financing: Cash to seller

Terms of Sale Comments: The base lot price was set at \$87,000/lot for substantial completion in September 2023 with an annual 6% escalation.

Document Type: Deed

Recording No.: 20230000016613

Verified By: Shelley Sivakumar

Verification Date: 02/05/2024

Confirmation Source: Frank Murphy (214-880-8792)

Verification Type: Confirmed-Seller

## Improvement and Site Data

Legal/Tax/Parcel ID: Monterra, Phase 1A, Block S, Lot 13/Tax ID 332175

Acres(Gross): 0.17

Land-SF(Gross): 7,200

No. of Units (Potential): 60

Shape: Rectangular

Topography: Level

Frontage Feet: 60

Frontage Desc.: 60' x 120'

Zoning Code: PD/Development Agreement

Zoning Desc.: PD/Development Agreement

Flood Plain: No

Utilities: Water Public, Sewer

Utilities Desc.: Monterra PID

Source of Land Info.: Engineering Report

## Comments

This development is located in the Monterra Public Improvement District. Phase 1 was developed with 310 lots on 92.860 acres with 50', 60', and 70' lots. All of the lots are located in the Rockwall ISD.

## Monterra, Phase 1A - 60' Lots



Comments (Cont'd)





## **Land Sales - 70' Frontage Lots**

## Location & Property Identification

Property Name:	Terraces, Phase 1 - 72' Lot
Sub-Property Type:	Residential, Single Family Residence Site
Address:	South side of FM-1141, east of John King Boulevard
City/State/Zip:	Rockwall, TX 75087
County:	Rockwall
Submarket:	Rockwall
Market Orientation:	Suburban
IRR Event ID:	3210833



## Sale Information

Sale Price:	\$144,000
Effective Sale Price:	\$144,000
Sale Date:	06/24/2024
Sale Status:	In-Contract
\$/Acre(Gross):	\$726,172
\$/Land SF(Gross):	\$16.67
\$/Unit (Potential):	\$2,000 /Unit
Grantor/Seller:	Terra/Manna LLC
Grantee/Buyer:	Perry Homes, LLC
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale Comments:	The base lot price was set at \$144,000/lot for substantial completion expected by 2Q2024 with an annual 7% escalation.

Document Type:	Contract of Sale
Verified By:	Shelley Sivakumar
Verification Date:	03/08/2024
Confirmation Source:	Bobby Harrell (817-994-8400)

Verification Type: Confirmed-Seller

## Improvement and Site Data

### Terraces, Phase 1 - 72' Lot

Legal/Tax/Parcel ID:	Terraces, Block G, Lot 3/Tax ID not assigned
Acres(Gross):	0.20
Land-SF(Gross):	8,640
No. of Units (Potential):	72
Shape:	Rectangular
Topography:	Level
Frontage Desc.:	72' x 120'
Zoning Code:	PD-93
Zoning Desc.:	Planned Development
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Engineering Report

## Comments

Lots in this subdivision under construction are located in the Rockwall ISD.



# Land Sale Profile

# Sale No. 2

## Location & Property Identification

Property Name: Homestead - 70' Lots  
Sub-Property Type: Residential, Single Family Residence Site  
Address: Northeast quadrant of FM-549 and FM-1139  
City/State/Zip: Rockwall, TX 75032  
County: Rockwall  
Submarket: Rockwall  
Market Orientation: Suburban



IRR Event ID: 2892447

## Sale Information

Sale Price: \$134,325  
Effective Sale Price: \$134,325  
Sale Date: 07/01/2024  
Sale Status: In-Contract  
\$/Acre(Gross): \$696,706  
\$/Land SF(Gross): \$15.99  
\$/Unit (Potential): \$1,919 /Unit  
Grantor/Seller: SH Development Klutts Rockwall, LLC  
Grantee/Buyer: Dream Finder Homes (MHI Homes)  
Property Rights: Fee Simple  
Financing: Cash to seller  
Terms of Sale Comments: The base lot price was set at \$134,325 for substantial completion in 3Q2024.

Document Type: Contract of Sale  
Verified By: Shelley Sivakumar  
Verification Date: 05/09/2023  
Confirmation Source: Shaddock Homes  
Verification Type: Confirmed-Seller

## Improvement and Site Data

Legal/Tax/Parcel ID: J. A. Ramsey Survey, Abstract No. 186/Tax ID 115169 as vacant land  
Acres(Gross): 0.19  
Land-SF(Gross): 8,400  
No. of Units (Potential): 70  
Shape: Rectangular  
Topography: Level  
Frontage Feet: 70  
Frontage Desc.: 70' x 120'  
Zoning Code: PD-92  
Zoning Desc.: Planned Development  
Flood Plain: No  
Utilities: Water Public, Sewer  
Source of Land Info.: Public Records

## Comments

Lots in this development are under construction and expected to be completed in 3Q2024. The development is located in the Rockwall ISD.

## Homestead - 70' Lots



## Sale No. 3

Property Name:	Monterra, Phase 1A - 70' Lots
Sub-Property Type:	Residential, Finished SFR Lots
Address:	West side of Ben Payne Road, north of W. Holiday Road (SH-66)
City/State/Zip:	Fate, TX 75087
County:	Rockwall
Submarket:	Rockwall
Market Orientation:	Suburban
Property Location:	1444 Trevi Road
IRR Event ID:	2735702



Sale Price:	\$105,052
Effective Sale Price:	\$105,052
Sale Date:	03/20/2024
Sale Status:	Closed
\$/Acre(Gross):	\$522,907
\$/Land SF(Gross):	\$12.01
\$/Unit (Potential):	\$1,501 /Unit
Grantor/Seller:	WJ Monterra LP
Grantee/Buyer:	Highland Homes - Dallas, LLC
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale Comments:	The base lot price was set at \$101,500/lot (\$1,450/FF) for substantial completion in 4Q2023. Escalation is 7%.

## Improvement and Site Data

Legal/Tax/Parcel ID:	Monterra, Phase 1A, Block F, Lot 22/Tax ID 332005
Acres(Gross):	0.20
Land-SF(Gross):	8,750
No. of Units (Potential):	70
Shape:	Rectangular
Topography:	Level
Frontage Feet:	70
Frontage Desc.:	70' x 125'
Zoning Code:	PD/Development Agreement
Zoning Desc.:	PD/Development Agreement
Flood Plain:	No
Utilities:	Water Public, Sewer
Utilities Desc.:	Monterra PID
Source of Land Info.:	Engineering Report

Lots in this development are located in the Monterra Public Improvement District. The lots are located in the Rockwall ISD.

Document Type:	Deed
Recording No.:	20240000005051
Verified By:	Shelley Sivakumar
Verification Date:	05/09/2024
Confirmation Source:	Frank Murphy (214-880-8792)

## Location & Property Identification

Property Name: Inspiration, Phase 8B - 80' Lots

Sub-Property Type: Residential, Single Family  
Residence Site

Address: South side of Huffines  
Boulevard, south of Diamond  
Drive

City/State/Zip: Wylie, TX 75098

County: Collin

Submarket: Wylie

Market Orientation: Suburban

Property Location: 1818 Diamond Court

IRR Event ID: 3202940



## Sale Information

Sale Price: \$126,000

Effective Sale Price: \$126,000

Sale Date: 07/11/2023

Sale Status: Closed

\$/Acre(Gross): \$490,082

\$/Land SF(Gross): \$11.25

\$/Unit (Potential): \$1,575 /Unit

Grantor/Seller: HC Highpoint, LLC

Grantee/Buyer: Castlerock Communities, LLC

Property Rights: Fee Simple

Financing: Cash to seller

Terms of Sale Comments: The base lot price was set at \$120,000/lot for substantial completion in 4Q2022 with an annual 6% escalation.

Document Type: Deed

Recording No.: 2023000079212

Verified By: Shelley Sivakumar

Verification Date: 02/20/2024

Confirmation Source: Barry Jameson (Huffines Communities)

Verification Type: Confirmed-Seller

## Improvement and Site Data

Legal/Tax/Parcel ID: Inspiration, Phase 8B, Lot 3,  
Block 30/Tax ID 2861195

Acres(Gross): 0.26

Land-SF(Gross): 11,200

No. of Units (Potential): 80

Shape: Rectangular

Topography: Level

Frontage Feet: 80

Frontage Desc.: 80' x 140'

Zoning Code: Development Agreement

Zoning Desc.: Development Agreement

Flood Plain: No

Utilities: Water Public, Sewer

Utilities Desc.: Collin County WCID No. 3

Source of Land Info.: Engineering Report

## Comments

Phase 8B in this master-planned development are located in the Wylie ISD.

## Inspiration, Phase 8B - 80' Lots





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