

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED SEPTEMBER 24, 2024

NEW ISSUE

NOT RATED

THE SERIES 2024 BONDS ARE INITIALLY OFFERED ONLY TO “ACCREDITED INVESTORS” (AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933) AND “QUALIFIED INSTITUTIONAL BUYERS” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT OF 1933). SEE “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS.”

In the opinion of Bond Counsel, interest on the Series 2024 Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under “TAX MATTERS.” See “TAX MATTERS – Tax Exemption” for a discussion of Bond Counsel’s opinion.

THE SERIES 2024 BONDS WILL NOT BE DESIGNATED AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS.



\$5,965,000*
CITY OF CELINA, TEXAS,
(a municipal corporation of the State of Texas located in Collin and Denton Counties)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(NORTH SKY PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1B PROJECT)

Interest to Accrue from the Closing Date (defined below)

Due: September 1, as shown on the inside cover

The City of Celina, Texas, Special Assessment Revenue Bonds, Series 2024 (North Sky Public Improvement District Improvement Area #1B Project) (the “Series 2024 Bonds”), are being issued by the City of Celina, Texas (the “City”). The Series 2024 Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$100,000 of principal amount and any integral multiple of \$1,000 in excess thereof; provided, however, that if the total principal amount of any outstanding Series 2024 Bond is less than \$100,000 then the authorized denomination of such outstanding Series 2024 Bond shall be the amount of such outstanding Series 2024 Bond. The Series 2024 Bonds will bear interest at the rates set forth on the inside cover, calculated on the basis of a 360-day year of twelve 30-day months, payable on each March 1 and September 1, commencing March 1, 2025, until maturity or earlier redemption. The Series 2024 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 Series 2024 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 Series 2024 Bonds will be paid from the sources described herein by U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), to DTC as the registered owner thereof. See “BOOK-ENTRY ONLY SYSTEM.”

The Series 2024 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”), an Indenture of Trust entered into between the City and the Trustee (the “2023 Indenture”), and a Supplemental Indenture of Trust expected to be entered into between the City and the Trustee (the “2024 Supplemental Indenture,” and, together with the 2023 Indenture, the “Indenture”). The 2024 Supplemental Indenture supplements the 2023 Indenture, which was entered into in connection with the issuance by the City of its Special Assessment Revenue Bonds, Series 2023 (North Sky Public Improvement District Improvement Area #1 Project) (the “Series 2023 Bonds”). **Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.**

Proceeds of the Series 2024 Bonds will be used to provide funds for (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) funding a reserve fund for payment of principal of and interest on the Series 2024 Bonds, and (iii) paying costs of issuance. See “THE IMPROVEMENT AREA #1 PROJECTS” and “APPENDIX B – Form of Indenture.”

The Series 2024 Bonds are an additional series of Bonds Similarly Secured and are being issued on parity with the Series 2023 Bonds. The Bonds Similarly Secured, including the Series 2023 Bonds and the Series 2024 Bonds, when issued and delivered, will constitute valid and binding special and limited obligations of the City payable solely from and secured by the Trust Estate, consisting primarily of Assessments levied against assessable properties in Improvement Area #1 of the District in accordance with a Service and Assessment Plan, all to the extent and upon the conditions described in the Indenture. The Bonds Similarly Secured are not payable from funds raised or to be raised from taxation. See “SECURITY FOR THE BONDS SIMILARLY SECURED.”

The Series 2024 Bonds are subject to redemption at the times, in the amounts, and at the redemption prices more fully described under the subcaption “DESCRIPTION OF THE SERIES 2024 BONDS – Redemption Provisions.”

The Series 2024 Bonds involve a significant degree of risk, are speculative in nature, and are not suitable for all investors. See “BONDHOLDERS’ RISKS.” 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 Series 2024 Bonds. Prospective purchasers should carefully evaluate the risks and merits of an investment in the Series 2024 Bonds, should consult with their legal and financial advisors before considering a purchase of the Series 2024 Bonds, and should be willing to bear the risks of loss of their investment in the Series 2024 Bonds. The Series 2024 Bonds are not credit enhanced or rated and no application has been made for a rating on the Series 2024 Bonds.

THE BONDS SIMILARLY SECURED, INCLUDING THE SERIES 2024 BONDS, ARE SPECIAL AND LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS SIMILARLY SECURED DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SIMILARLY SECURED 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 SIMILARLY SECURED SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY’S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS SIMILARLY SECURED OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS SIMILARLY SECURED OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE. SEE “SECURITY FOR THE BONDS SIMILARLY SECURED.”

This cover page contains certain information for quick reference only. It is not a summary of the Series 2024 Bonds. Investors must read this entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision.

The Series 2024 Bonds are offered for delivery when, as, and if issued by the City and accepted by FMSbonds, Inc. (the “Underwriter”), subject to, among other things, the approval of the Series 2024 Bonds by the Attorney General of Texas and the receipt of the opinion of Norton Rose Fulbright US LLP, Bond Counsel, as to the validity of the Series 2024 Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See “APPENDIX D – Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, and for the Developer by its counsel, Locke Lord LLP. It is expected that the Series 2024 Bonds will be delivered in book-entry form through the facilities of DTC on or about October 29, 2024 (the “Closing Date”).



* Preliminary, subject to change. The sum of the preliminary par amount of the Series 2024 Bonds and the Outstanding Series 2023 Bonds does not equal the outstanding principal amount of the Improvement Area #1 Assessments. The amounts will be trued up at pricing of the Series 2024 Bonds. See “PLAN OF FINANCE – The Series 2024 Bonds and the Improvement Area #1 Reimbursement Agreement.”

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

CUSIP Prefix: 15114C^(a)

\$5,965,000 *
CITY OF CELINA, TEXAS,
(a municipal corporation of the State of Texas located in Collin and Denton Counties)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(NORTH SKY PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1B PROJECT)

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

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

- (a) CUSIP numbers are included solely for the convenience of owners of the Series 2024 Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the City, the City’s Financial Advisor or the Underwriter takes any responsibility for the accuracy of such numbers.
- (b) The Series 2024 Bonds maturing on or after September 1, 20 __, are subject to redemption before their respective scheduled maturity dates, in whole or in part, at the option of the City, on any date on or after September 1, 20 __, at the redemption prices set forth herein under “DESCRIPTION OF THE SERIES 2024 BONDS – Redemption Provisions.”
- (c) The Series 2024 Bonds are also subject to mandatory sinking fund redemption and extraordinary optional redemption as described herein under “DESCRIPTION OF THE SERIES 2024 BONDS – Redemption Provisions.”

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^{*} Preliminary, subject to change.

**CITY OF CELINA, TEXAS
CITY COUNCIL**

<u>Name</u>	<u>Position</u>	<u>Term Expires</u> <u>(May)</u>
Ryan Tubbs	Mayor	2026
Andy Hopkins	Mayor Pro Tem	2027
Mindy Koehne	Deputy Mayor Pro Tem	2026
Philip Ferguson	Councilmember	2025
Eddie Cawlfieid	Councilmember	2027
Wendie Wigginton	Councilmember	2026
Brandon Grumbles	Councilmember	2025

CITY MANAGER
Robert Ranc

ASSISTANT CITY MANAGER
Karla Stovall

ASSISTANT CITY MANAGER
Kimberly Brawner

CITY FINANCE DIRECTOR
Robin Bromiley

CITY SECRETARY
Lauren Vaughns

BOND COUNSEL
Norton Rose Fulbright US LLP
Dallas, Texas

FINANCIAL ADVISOR
Hilltop Securities Inc.
Dallas, Texas

PID ADMINISTRATOR
MuniCap, Inc.
Irving, Texas

UNDERWRITER'S COUNSEL
Orrick, Herrington & Sutcliffe LLP
Austin, Texas

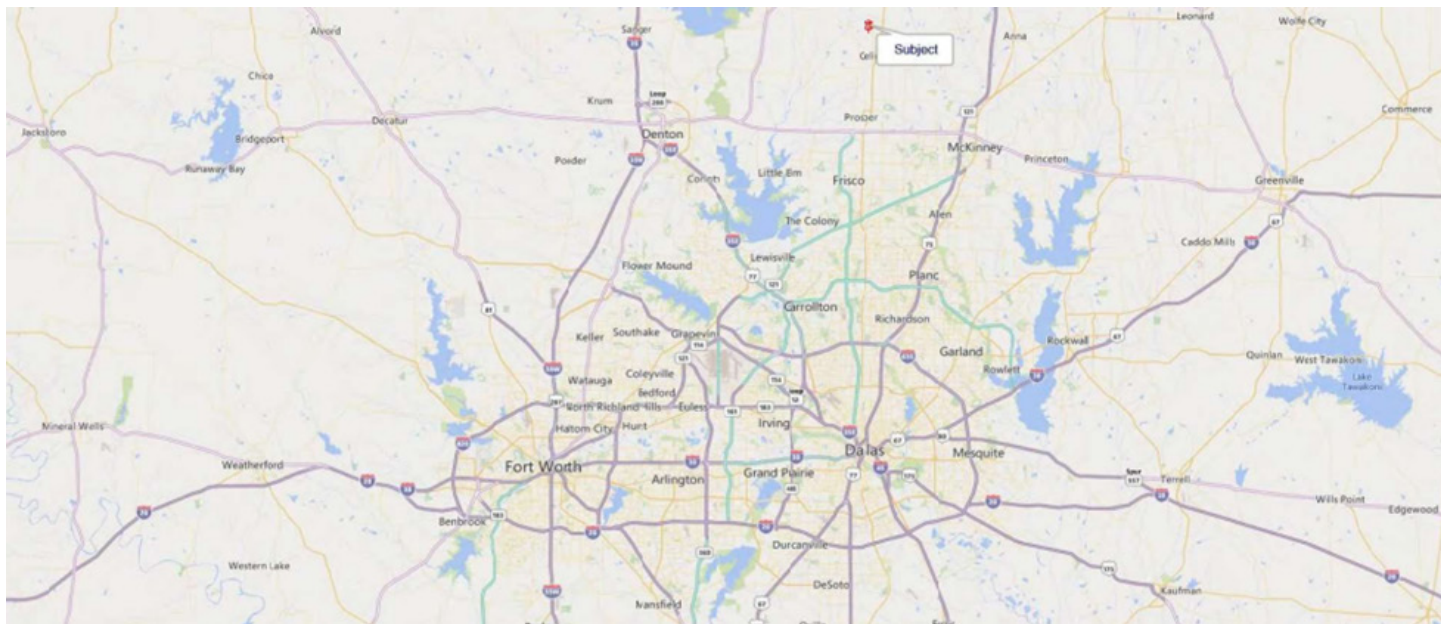
For additional information regarding the City, please contact:

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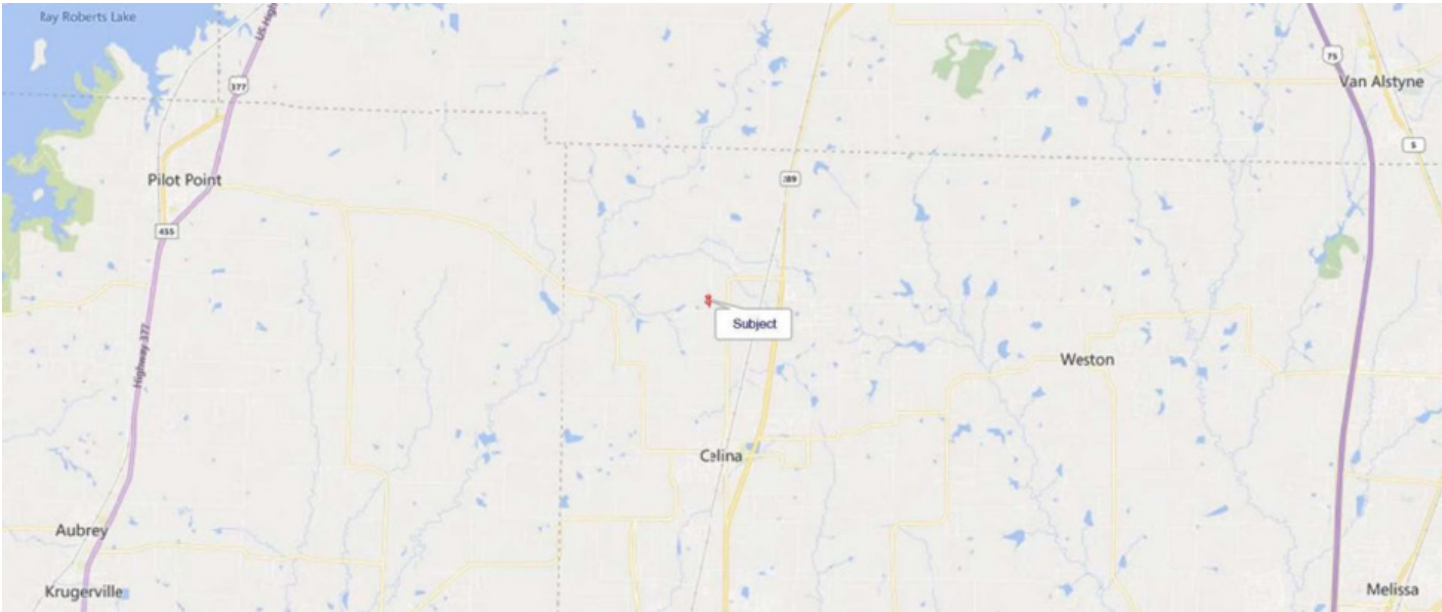
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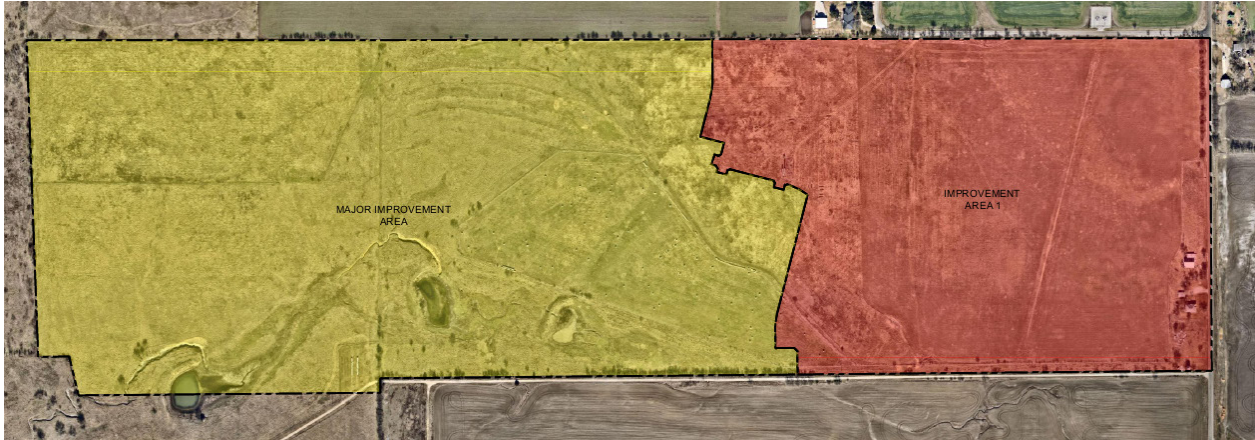
REGIONAL LOCATION MAP OF THE DISTRICT



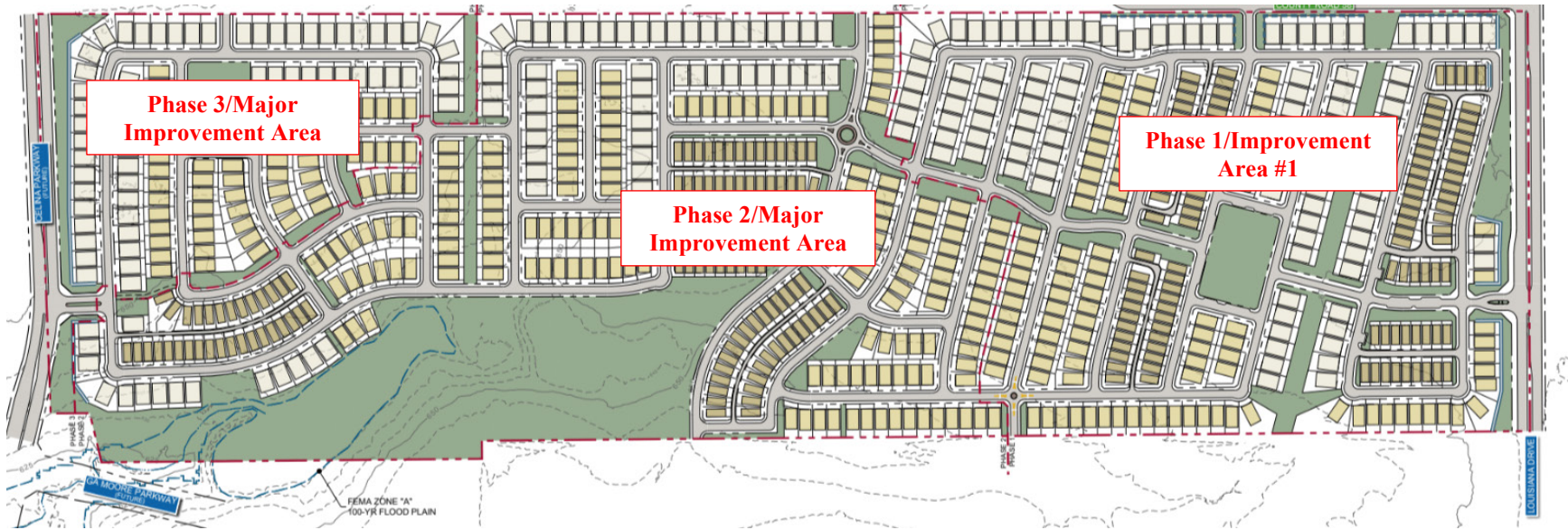
AREA LOCATION MAP OF THE DISTRICT



MAPS SHOWING BOUNDARIES OF THE DISTRICT



CONCEPT PLAN



Phase 1 Lot Type Summary

40' x 110' Alley Load	111	34.5%
55' x 120' Front Load	102	31.7%
65' x 120' Front Load	109	33.9%
Total	322	

Phase 2 Lot Type Summary

40' x 110' Alley Load	110	32.2%
55' x 120' Front Load	167	48.8%
65' x 120' Front Load	65	19.0%
Total	342	

Phase 3 Lot Type Summary

40' x 110' Alley Load	5	4.1%
55' x 120' Front Load	57	46.7%
65' x 120' Front Load	60	49.2%
Total	122	

USE OF LIMITED OFFERING MEMORANDUM

FOR PURPOSES OF COMPLIANCE WITH RULE 15C2-12 OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AS AMENDED AND IN EFFECT ON THE DATE OF THIS PRELIMINARY LIMITED OFFERING MEMORANDUM (THE “RULE” OR “RULE 15C2-12”), THIS DOCUMENT CONSTITUTES AN “OFFICIAL STATEMENT” OF THE CITY WITH RESPECT TO THE SERIES 2024 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 SERIES 2024 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 SERIES 2024 BONDS BEING OFFERED PURSUANT TO THIS LIMITED OFFERING MEMORANDUM ARE BEING OFFERED AND SOLD ONLY TO “ACCREDITED INVESTORS” AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT OF 1933”), AND “QUALIFIED INSTITUTIONAL BUYERS” AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933. SEE “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS.” EACH PROSPECTIVE INITIAL PURCHASER IS RESPONSIBLE FOR ASSESSING THE MERITS AND RISKS OF AN INVESTMENT IN THE SERIES 2024 BONDS, MUST BE ABLE TO BEAR THE ECONOMIC AND FINANCIAL RISK OF SUCH INVESTMENT IN THE SERIES 2024 BONDS, AND MUST BE ABLE TO AFFORD A COMPLETE LOSS OF SUCH INVESTMENT. CERTAIN RISKS ASSOCIATED WITH THE PURCHASE OF THE SERIES 2024 BONDS ARE SET FORTH UNDER “BONDHOLDERS’ RISKS.” EACH INITIAL PURCHASER, BY ACCEPTING THE SERIES 2024 BONDS, AGREES THAT IT WILL BE DEEMED TO HAVE MADE THE ACKNOWLEDGMENTS AND REPRESENTATIONS DESCRIBED UNDER THE HEADING “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS.”

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

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

THE SERIES 2024 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 SERIES 2024 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 SERIES 2024 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS LIMITED OFFERING MEMORANDUM.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS LIMITED OFFERING MEMORANDUM CONSTITUTE “FORWARD-LOOKING STATEMENTS” WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE SECURITIES ACT. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS “PLAN,” “EXPECT,” “ESTIMATE,” “PROJECT,” “ANTICIPATE,” “BUDGET” OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. NEITHER THE CITY NOR THE DEVELOPER PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF THEIR EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER “CONTINUING DISCLOSURE – THE CITY” AND “– THE DEVELOPER,” RESPECTIVELY.”

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

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SERIES 2024 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, THE RULE.

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PRELIMINARY LIMITED OFFERING MEMORANDUM

\$5,965,000 *

CITY OF CELINA, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024

(NORTH SKY PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1B PROJECT)

INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page, inside cover, and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Celina, Texas (the “City”), of its \$5,965,000* aggregate principal amount of Special Assessment Revenue Bonds, Series 2024 (North Sky Public Improvement District Improvement Area #1B Project) (the “Series 2024 Bonds”).

INITIAL PURCHASERS ARE ADVISED THAT THE SERIES 2024 BONDS BEING OFFERED PURSUANT TO THIS LIMITED OFFERING MEMORANDUM ARE BEING OFFERED INITIALLY TO AND ARE BEING SOLD ONLY TO “ACCREDITED INVESTORS” AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT OF 1933”) AND “QUALIFIED INSTITUTIONAL BUYERS” AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933. THE LIMITATION OF THE INITIAL OFFERING TO QUALIFIED INSTITUTIONAL BUYERS AND ACCREDITED INVESTORS DOES NOT DENOTE RESTRICTIONS ON TRANSFERS IN ANY SECONDARY MARKET FOR THE SERIES 2024 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 SERIES 2024 BONDS. THE SERIES 2024 BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL INVESTORS. SEE “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS,” “BONDHOLDERS’ RISKS.”

The Series 2024 Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), an ordinance expected to be adopted by the City Council of the City (the “City Council”) authorizing the issuance of the Series 2024 Bonds (the “Bond Ordinance”), an Indenture of Trust (the “2023 Indenture”) entered into between the City and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), and a Supplemental Indenture of Trust expected to be entered into between the City and the Trustee (the “2024 Supplemental Indenture,” and, together with the 2023 Indenture, the “Indenture”). The 2024 Supplemental Indenture supplements the 2023 Indenture, which was entered into in connection with the issuance by the City of its Special Assessment Revenue Bonds, Series 2023 (North Sky Public Improvement District Improvement Area #1 Project) (the “Series 2023 Bonds”).

All capitalized terms used in this Limited Offering Memorandum that are not otherwise defined herein shall have the meanings set forth in the Indenture. See “APPENDIX B – Form of Indenture.”

The Series 2024 Bonds are an additional series of the Bonds Similarly Secured to be issued on parity with the Series 2023 Bonds pursuant to the Indenture. The Bonds Similarly Secured, including the Series 2023 Bonds and the Series 2024 Bonds, are or will be secured by a pledge of and lien upon the Trust Estate, consisting primarily of revenue from the Assessments levied on assessable property in Improvement Area #1 of the District pursuant to the Assessment Ordinance adopted by the City Council on February 14, 2023, all to the extent and upon the conditions described in the Indenture. Reference is made to the Indenture for a full statement of the authority for, and the terms and provisions of, the Series 2024 Bonds. See “SECURITY FOR THE BONDS SIMILARLY SECURED” and “ASSESSMENT PROCEDURES.”

Set forth herein are brief descriptions of the City, the District, the Administrator, the Developer, the Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan, the Development Agreement (defined herein), the Improvement Area #1 Reimbursement Agreement, and the Improvement Area #1 Construction, Funding, and Acquisition Agreement, together with summaries of terms of the Series 2024 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 Series 2024 Bonds are qualified by reference

* Preliminary, subject to change.

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 Series 2024 Bonds from the Underwriter, FMSbonds, Inc., 5 Cowboy Way, Suite 300-25, Frisco, Texas 75034, Phone: (214) 302-2246. The Form of Indenture appears in APPENDIX B and the Form of Service and Assessment Plan appears in 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

Overview

On or about March 24, 2021, CCD - North Sky, LLC, a Texas limited liability company (the “Developer”), acquired a tract of property that includes the approximately 220.1 acres (the “Property”) comprising the District. The Developer is developing the Property within the District as a single-family residential community (the “Development”) to include 786 single-family residential lots, an amenity center on approximately 2 acres to include an approximately 2,600 square foot pool, an approximately 1,500 square foot covered pavilion, a restroom, a playground, and a lawn with outdoor games, as well as trails and bench seating throughout the Development (collectively, the “Amenities”). See “THE DEVELOPMENT – Development Plan” and “– Amenities and Private Improvements.”

Development Plan

The Developer began development in the District with the construction of certain roadway, water, sanitary sewer, and storm drainage improvements benefiting all property within the District (the “Major Improvements”) and similar improvements benefiting only property within Improvement Area #1 (the “Improvement Area #1 Improvements”). The Improvement Area #1 Improvements, together with the portion of the Major Improvements allocable to Improvement Area #1 (the “Improvement Area #1 Major Improvements”), are referred to herein collectively as the “Improvement Area #1 Projects.” Construction of the Improvement Area #1 Projects began in the second quarter of 2022 and was completed in the second quarter of 2024. The City has accepted the Improvement Area #1 Projects. See “THE IMPROVEMENT AREA #1 PROJECTS.”

Improvement Area #1 consists of approximately 83.2 acres and consists of 322 single-family residential lots. The Major Improvement Area consists of approximately 136.9 acres and is projected to consist of approximately 464 single-family residential lots. An expected breakdown of the single-family residential lots within the District is set forth below and maps of the District are shown on pages iii-vi.

Actual and Expected Single-Family Lot Development

<u>Lot Size</u>	<u>Improvement Area #1</u>	<u>Major Improvement Area</u>	<u>District</u>
65’	109	125	234
55’	102	224	326
40’	<u>111</u>	<u>115</u>	<u>226</u>
Total	322	464	786

The total costs of the Improvement Area #1 Projects were \$13,363,659. The City paid the Developer for a portion of such costs of the Improvement Area #1 Projects in the approximate amount of \$5,431,856.65 from proceeds of the Series 2023 Bonds. As of September 15, 2024, a portion of the costs of the Improvement Area #1 Projects in the amount of \$85,000.00 have been paid to the Developer pursuant to the Improvement Area #1 Reimbursement Agreement. See “THE IMPROVEMENT AREA #1 PROJECTS.”

Approximately \$4,981,000.00* additional costs of the Improvement Area #1 Projects are expected to be paid by the City to the Developer from proceeds of the Series 2024 Bonds. The balance of the costs of the Improvement Area #1 Projects, in the approximate amount of \$2,865,802.35*, has been or will be funded by the Developer using proceeds of the Development Loan (defined herein), and will not be reimbursed by the City.

* Preliminary, subject to change.

As of September 15, 2024, the Developer has spent approximately \$4,437,710.64 on the Private Improvements (defined herein) and approximately \$161,838.18 on the Amenities, funded with proceeds of the Development Loan and the Inwood Loan (defined herein). See “THE DEVELOPMENT – Amenities and Private Improvements.”

Status of Lot Sales and Home Construction

The Developer is under contract to sell all 786 proposed lots within the District to American Legend Homes, LLC, a Texas limited liability company (“American Legend”), Perry Homes, LLC, a Texas limited liability company (“Perry Homes”), and Taylor Morrison of Texas, Inc., a Texas corporation (“Taylor Morrison” and, together with American Legend and Perry Homes, the “Homebuilders”).

Home construction in Improvement Area #1 began in the second quarter of 2024. The following table reflects the status of lot sales and home construction within Improvement Area #1 as of September 15, 2024.

Lot Size	Number of Single-Family Lots	Number of Lots Completed	Number of Lots Purchased by Homebuilders	Number of Homes under Construction	Number of Homes Completed
40'	111	111	111	8	–
55'	102	102	42	28	–
65'	<u>109</u>	<u>109</u>	<u>38</u>	<u>27</u>	=
Total	322	322	191	63	–

For more information concerning the status of lot sales in the District, see “THE DEVELOPMENT – Status of Lot Sales and Home Construction.”

The Series 2024 Bonds and the Improvement Area #1 Reimbursement Agreement

Proceeds of the Series 2024 Bonds will be used to provide funds for (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) funding a reserve fund for payment of principal and interest on the Series 2024 Bonds, and (iii) paying costs of issuance.

In connection with the issuance of the Series 2023 Bonds, the City and the Developer entered into the Improvement Area #1 Reimbursement Agreement pursuant to which the City agreed to reimburse the Developer for additional costs of the Improvement Area #1 Projects in an amount not to exceed \$6,050,000.00 (the “Improvement Area #1 Reimbursement Obligation”). Upon issuance of the Series 2024 Bonds and payment of the Improvement Area #1 Reimbursement Obligation, the Improvement Area #1 Reimbursement Agreement will terminate.

Payment of the Bonds Similarly Secured, including the Series 2024 Bonds and the Series 2023 Bonds, is secured by a pledge of and a lien upon the Trust Estate consisting primarily of Assessment Revenue, all to the extent and upon the conditions described herein and in the Indenture. See “SECURITY FOR THE BONDS SIMILARLY SECURED” and “ASSESSMENT PROCEDURES.”

The Bonds Similarly Secured, including the Series 2024 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 Similarly Secured are special and limited 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 Similarly Secured.

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Additional Indebtedness

The Developer expects to continue the Development with the construction of certain internal public improvements only benefiting future improvement areas (the “Future Improvement Areas”) within the Major Improvement Area of the District (the “Future Improvement Area Improvements”) based on market demand. The Future Improvement Area Improvements, the Major Improvements, and the Improvement Area #1 Improvements are collectively hereinafter referred to as the “Authorized Improvements.”

The Developer expects to request that the City issue one or more series of future bonds (each such series, “Future Improvement Area Bonds”) to finance the costs of the Future Improvement Area Improvements within each phase of the 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 levied pursuant to the PID Act on assessable property within the applicable Future Improvement Area of the District that benefit from the Future Improvement Area Improvements being financed.

The Series 2024 Bonds, Future Improvement Area Bonds, and any Additional Obligations issued by the City are separate and distinct issues of securities secured by separate assessments. Any Additional Bonds, if issued, will be payable from the Assessments. No Additional Bonds or any Future Improvement Area Bonds to be issued by the City are offered pursuant to this Limited Offering Memorandum. Investors interested in purchasing any of these other City obligations should refer to the offering documents related thereto, when and if available.

LIMITATIONS APPLICABLE TO INITIAL PURCHASERS

Each initial purchaser is advised that the Series 2024 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 Series 2024 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 Series 2024 Bonds and to execute any instruments and documents required to be executed by the Investor in connection with the purchase of the Series 2024 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 the 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 Series 2024 Bonds.
3. The Series 2024 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 Series 2024 Bonds, and the Investor intends to hold the Series 2024 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 Series 2024 Bonds. However, the Investor may sell the Series 2024 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 Series 2024 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 Series 2024 Bonds (a) are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, and (c) will not carry a rating from any rating service.

5. The Investor acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City, the Improvement Area #1 Projects, the Series 2024 Bonds, the security therefor, and such other information as the Investor has deemed necessary or desirable in connection with its decision to purchase the Series 2024 Bonds (collectively, the “Investor Information”). The Investor has received a copy of this Limited Offering Memorandum relating to the Series 2024 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 Series 2024 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 Series 2024 Bonds except for gross negligence, fraud, or willful misconduct. For the avoidance of doubt, it is acknowledged that the Underwriter is not deemed an officer or employee of the City.

6. The Investor acknowledges that the obligations of the City under the Indenture are special, limited obligations payable solely from amounts paid by the City pursuant to the terms of the Indenture and the City shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of the City for amounts due under the Indenture. The Investor understands that the Series 2024 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 Series 2024 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 City, State or any political subdivision thereof for the payment of principal of and interest on the Series 2024 Bonds; and that the liability of the City and the State with respect to the Series 2024 Bonds is subject to further limitations as set forth in the Series 2024 Bonds and the Indenture.

7. The Investor has made its own inquiry and analysis with respect to the Series 2024 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 Series 2024 Bonds.

8. The Investor acknowledges that the sale of the Series 2024 Bonds to the Investor is made in reliance upon the certifications, representations and warranties described in items 1-7 above.

DESCRIPTION OF THE SERIES 2024 BONDS

General Description

The Series 2024 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 Series 2024 Bonds will accrue from the Closing Date and will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Series 2024 Bonds will be payable on each March 1 and September 1, commencing March 1, 2025 (each an “Interest Payment Date”), until maturity or prior redemption. U.S. Bank Trust Company, National Association, is the initial Trustee, and Paying Agent/Registrar for the Series 2024 Bonds.

The Series 2024 Bonds will be issued in fully registered form, without coupons, in Authorized Denominations of \$100,000 of principal and any integral multiple of \$1,000 in excess thereof; provided, however, that if the total principal amount of any Outstanding Series 2024 Bond is less than \$100,000 then the Authorized Denomination of such Outstanding Series 2024 Bond shall be the amount of such Outstanding Series 2024 Bond. Upon initial issuance, the ownership of the Series 2024 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 Series 2024 Bonds will be made in book-entry only form. See “BOOK-ENTRY ONLY SYSTEM.”

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Redemption Provisions

Optional Redemption. The City reserves the right and option to redeem Series 2024 Bonds maturing on or after September 1, 20__, before their respective scheduled maturity date, in whole or in part, on any date on or after September 1, 20__, at the price of par, 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 Similarly Secured before their respective scheduled maturity dates, in whole or in part and in an amount and on a date specified in a City Certificate, at the Redemption Price of such Bonds Similarly Secured, or portions thereof, to be redeemed plus accrued interest to the date of redemption from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund made pursuant to the terms of the Indenture, any other transfers to the Redemption Fund under the terms of the Indenture, or as a result of unexpended amounts transferred from the Project Fund pursuant to the terms of the Indenture). The City will provide the Trustee a City Certificate directing the Bonds Similarly Secured to be redeemed pursuant to the Indenture. See “ASSESSMENT PROCEDURES – Prepayment of Assessments” for the definition and description of Prepayments.

Mandatory Sinking Fund Redemption. The Series 2024 Bonds are subject to mandatory sinking fund redemption prior to their Stated Maturity and will be redeemed by the City in part at the Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

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

† Stated Maturity

At least forty-five (45) days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by the Indenture, the Trustee shall select a principal amount of Series 2024 Bonds (in accordance with the Indenture) of such maturity equal to the Sinking Fund Installment amount of such Series 2024 Bonds to be redeemed, shall call such Series 2024 Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption.

The principal amount of Series 2024 Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date shall be reduced, at the option of the City, by the principal amount of any Series 2024 Bonds of such maturity which, at least forty-five (45) days prior to the mandatory sinking fund redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Series 2024 Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

The principal amount of Series 2024 Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Series 2024 Bonds which, at least forty-five (45) days prior to the mandatory sinking fund redemption date, shall have

been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions of the Indenture and not previously credited to a mandatory sinking fund redemption.

Partial Redemption. For Series 2024 Bonds redeemed pursuant to mandatory sinking fund redemption, the Trustee may select the Series 2024 Bonds to be redeemed in any method that results in a random selection.

For Bonds Similarly Secured redeemed pursuant to optional redemption, the Trustee will rely on the directions provided in a City Certificate.

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

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

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

The following defined terms apply to partial extraordinary optional redemptions:

“Substantial Amount Redemption” means a redemption of Bonds Similarly Secured pursuant to extraordinary optional redemption of a principal amount of a series of Bonds Similarly Secured that is greater than or equal to ten percent (10%) of the Outstanding principal amount of such series of Bonds Similarly Secured.

“Minor Amount Redemption” means a redemption of Bonds Similarly Secured pursuant to extraordinary optional redemption of a principal amount of a series of Bonds Similarly Secured that is less than ten percent (10%) of the Outstanding principal amount of such series of Bonds Similarly Secured.

Bonds Similarly Secured may be redeemed in minimum principal amounts of \$1,000 or any integral multiple thereof. Each Bond Similarly Secured shall be treated as representing the number of Bonds Similarly Secured that is obtained by dividing the principal amount of such Bond Similarly Secured by \$1,000.

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

Notice of Redemption to Owners. The Trustee shall give notice of any redemption of Bonds Similarly Secured by sending notice by United States mail, first-class, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown on the Register. Any such notice so given shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

The notice shall state the redemption date, the Redemption Price, the place at which the Bonds Similarly Secured are to be surrendered for payment, and, if less than all the Outstanding Bonds Similarly Secured are to be redeemed, and subject to the terms of the Indenture, an identification of the Bonds Similarly Secured 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 Similarly Secured shall become due and payable. Notice of redemption having been given as provided in the Indenture, the Bonds Similarly Secured 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 Similarly Secured to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds Similarly Secured or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds Similarly Secured are presented and surrendered for payment on such date.

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 Similarly Secured then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

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

BOOK-ENTRY ONLY SYSTEM

This section describes how ownership of the Series 2024 Bonds is to be transferred and how the principal of, premium, if any, and interest on the Series 2024 Bonds are to be paid to and credited by DTC, while the Series 2024 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 Series 2024 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 Series 2024 Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or (3) DTC will serve and act in the manner described in this Limited Offering Memorandum. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Series 2024 Bonds. The Series 2024 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 Series 2024 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 17 A 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 a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of Series 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2024 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 Series 2024 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 Series 2024 Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024 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 Series 2024 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 Series 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024 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 Series 2024 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2024 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2024 Bond documents. For example, Beneficial Owners of Series 2024 Bonds may wish to ascertain that the nominee holding the Series 2024 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 Series 2024 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 Series 2024 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 Series 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and all other payments on the Series 2024 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Paying Agent/Registrar, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, the Paying Agent/Registrar or the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2024 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, Series 2024 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, Series 2024 Bond certificates will be printed and delivered. Thereafter, Series 2024 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 SERIES 2024 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 SERIES 2024 BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM. THE CURRENT RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

Use of Certain Terms in Other Sections of this Limited Offering Memorandum

In reading this Limited Offering Memorandum it should be understood that while the Series 2024 Bonds are in the Book-Entry-Only System, references in other sections of this Limited Offering Memorandum to registered owners should be read to include the person for which the Participant acquires an interest in the Series 2024 Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System and (ii) except as described above, notices that are to be given to registered owners under the Indenture will be given only to DTC.

SECURITY FOR THE BONDS SIMILARLY SECURED

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 Similarly Secured. 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 SIMILARLY SECURED, INCLUDING THE SERIES 2024 BONDS AND THE SERIES 2023 BONDS, ARE SPECIAL AND LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS SIMILARLY SECURED DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SIMILARLY SECURED 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 SIMILARLY SECURED SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY'S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS SIMILARLY SECURED OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS SIMILARLY SECURED OUT OF ANY FUNDS OF THE CITY OTHER THAN THE TRUST ESTATE.

The principal of, premium, if any, and interest on the Bonds Similarly Secured, including the Series 2024 Bonds and the Series 2023 Bonds, are secured by a pledge of and a lien upon the Pledged Revenues, consisting primarily of certain revenue from the Assessments levied against the Assessed Property, and other funds comprising the Trust Estate, all to the extent and upon the conditions described in the Indenture. In accordance with the PID Act

and in connection with the issuance of the Series 2024 Bonds, the City intends to adopt an updated Service and Assessment Plan on October 8, 2024, which will update the Service and Assessment Plan adopted in connection with the issuance of the Series 2023 Bonds, and which describes the special benefit received by the property within the District, provides the basis and justification for the determination of the special benefit on such property, establishes the methodology for the levy of Assessments, provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds Similarly Secured, and will update the Improvement Area #1 Assessment Roll to reflect the actual interest rate on the Series 2024 Bonds, as well as the additional interest collected pursuant to Section 372.018(a) of the PID Act. APPENDIX C will be updated in the final Limited Offering Memorandum to include such update to the Service and Assessment Plan. See “APPENDIX C – Form of Service and Assessment Plan.”

The Service and Assessment Plan is reviewed and updated annually for the purpose of determining the annual budget for improvements and the Annual Installments of Assessments due in a given year. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See “APPENDIX C – Form of Service and Assessment Plan.”

Pledged Revenues

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

The Series 2024 Bonds are secured by a pledge of and a lien upon the Pledged Revenues, consisting primarily of Assessment Revenue, and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. Pursuant to the Indenture:

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

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

“Administrative Expenses” mean the administrative, organization, maintenance and operation costs and expenses associated with, or incident to, the administration, organization, maintenance and operation of the District, including, but not limited to, the costs of: (i) creating and organizing the District, including conducting hearings, preparing notices and petitions, and all costs incident thereto, including engineering fees, legal fees and consultant fees, (ii) the annual administrative, organization, maintenance, and operation costs and expenses associated with, or incident and allocable to, the administration, organization, and operation of the District, (iii) computing, levying, billing and collecting Assessments or the Annual Installments thereof, (iv) maintaining the record of installments of the Assessments and the system of registration and transfer of the Bonds Similarly Secured, (v) paying and redeeming the Bonds Similarly Secured, (vi) investing or depositing of monies, (vii) complying with the PID Act and other laws applicable to the Bonds Similarly Secured, (viii) the Trustee fees and expenses relating to the Bonds Similarly Secured, including reasonable fees, (ix) legal counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, and (x) administering the construction of the Improvement Area #1 Projects. Administrative Expenses do not include payment of the actual principal of, redemption premium, if any, and interest on the Bonds Similarly Secured. Assessments collected for Administrative Expenses and not expended for actual Administrative Expenses in one year shall be carried forward and applied to reduce Administrative Expenses in subsequent years to avoid the over-collection of amounts to pay Administrative Expenses.

“Annual Installment” means, with respect to each Assessed Parcel, each annual payment of the Assessments (including both principal of and interest on the Assessments) as shown on the Improvement Area #1 Assessment Roll attached to the Service and Assessment Plan as Appendix H and related to the Improvement Area #1 Projects; which annual payment includes Administrative Expenses and the Additional Interest collected on each annual payment of

the Assessments as described the Indenture and as defined and calculated in the Service and Assessment Plan or in any Annual Service Plan Update.

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

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

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

“Assessments” means the aggregate assessments, shown on the Improvement Area #1 Assessment Roll. The singular of such term means the Assessment levied against an Assessed Parcel, including the portion to be paid for Administrative Expenses, as shown on the Improvement Area #1 Assessment Roll, subject to reallocation upon the subdivision of an Assessed Parcel, or consolidation of multiple Assessed Parcels, or reduction according to the provisions of the Service and Assessment Plan and the PID Act.

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

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

“Pledged Funds” means the Pledged Revenue Fund (excluding the Developer Reimbursement Pledged Revenue Account), the Bond Fund, the Project Fund (excluding the Developer Improvement Account), the Reserve Fund, and the Redemption Fund.

“Pledged Revenues” means the sum of (i) Assessment Revenue less the Administrative Expenses and (ii) any additional revenues that the City may pledge to the payment of Bonds Similarly Secured.

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

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

The PID Act provides that the Assessments (including any reassessment, with interest, the expense of collection and reasonable attorney’s fees, if incurred) are a first and prior lien (the “Assessment Lien”) against the Assessed Property, superior to all other liens or claims, except liens and claims for the State, county, school district, municipality, or other political subdivisions of the State for ad valorem taxes and are a personal liability of and charge against the owners of property, regardless of whether the owners are named. Pursuant to the PID Act, the Assessment Lien was effective from the date of adoption of the Assessment Ordinance on February 14, 2023, 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.”

Collection and Enforcement of Assessments

For so long as any Bonds Similarly Secured are Outstanding, the City covenants, agrees, and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof to be enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Assessments. See “– Pledged Revenue Fund,” “APPENDIX B – Form of Indenture,” and “APPENDIX C – Form of Service and Assessment Plan.”

The Assessments assessed to pay debt service on the Bonds Similarly Secured, including the Series 2024 Bonds and the Series 2023 Bonds, together with interest thereon, will be 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 Similarly Secured. An Annual Installment of Assessments will be made payable in the Assessment Ordinance in each Fiscal Year preceding the date of final maturity of the Bonds Similarly Secured which, if collected, will be sufficient to pay the portion of the debt service requirements attributable to Assessments in the Service and Assessment Plan. Each Annual Installment is payable as provided in the Service and Assessment Plan and the Assessment Ordinance.

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. Furthermore, nothing shall obligate the City, the City Attorney, or any appropriate designee to undertake collection or foreclosure actions against delinquent accounts in violation of applicable state law, court order, or existing contractual provisions between the City and its appropriate collections enforcement designees.

Unconditional Levy of Assessments

The City has imposed Assessments on the Assessed Property to pay the principal of and interest on the Bonds Similarly Secured scheduled for payment from the Trust Estate as described in the Indenture and in the Service and Assessment Plan and coming due during each fiscal year. The Assessments became effective on the date of, and strictly in accordance with the terms of, the Assessment Ordinance on February 14, 2023. 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 Similarly Secured, 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 Similarly Secured plus up to 0.50%, calculated on the basis of a 360-day year of twelve 30-day months. Such rate may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be calculated on or before September 1 and shall be due on October 1 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year.

As authorized by Section 372.018(b) of the PID Act, the City will calculate and collect each year while the Bonds Similarly Secured are Outstanding and unpaid an assessment to pay the annual costs incurred by the City in the administration and operation of the District. The portion of each Annual Installment of an Assessment used to pay such annual costs shall remain in effect from year to year until all Bonds Similarly Secured 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 portion of the Assessments to pay annual expenses shall be due in the manner set forth in the Assessment Ordinance on October 1 of each year and shall be delinquent if not paid by February 1 of the following year. Such portion of the Assessments to pay Administrative Expenses do not secure repayment of the Bonds Similarly Secured.

There will be no split payment of Assessments or 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 for ad valorem taxes and are a personal liability of and charge against the owners of property, regardless of whether the owners are named. Pursuant to the PID Act, the Assessment Lien is effective from the date of the Assessment Ordinance until the Assessments are paid (or otherwise discharged) 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.” There are currently no properties within Improvement Area #1 that have claimed a homestead exemption.

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

Perfected Security Interest

The lien on and pledge of the Trust Estate to payment of the Series 2024 Bonds shall be valid and binding and fully perfected from and after the Closing Date, and execution and delivery of the 2024 Supplemental Indenture, without physical delivery or transfer of control of the Trust Estate, the filing of the Indenture or any other act, all as provided in Chapter 1208 of the Texas Government Code, as amended, which applies to the issuance of the Series 2024 Bonds and the pledge of the Trust Estate granted by the City under the Indenture, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Series 2024 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 Series 2024 Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business and Commerce Code and enable a filing to perfect the security interest in said pledge to occur. See “APPENDIX B – Form of Indenture.”

Pledged Revenue Fund

On or before February 15 of each year while the Bonds Similarly Secured are Outstanding, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. From amounts deposited into the Pledged Revenue Fund, the City shall deposit or cause to be deposited Pledged Revenues as follows: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds Similarly Secured next coming due in such calendar year, (ii) second, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, in accordance with the provisions of the Indenture, (iii) third, to the Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest collected, if any, in accordance with the provisions of the Indenture, (iv) fourth, to pay Actual Costs of the Improvement Area #1 Projects, and (v) fifth, to pay other costs permitted by the PID Act.

Moneys transferred to the Developer Reimbursement Pledged Revenue Account shall not be a part of the Trust Estate and are not security for the Bonds Similarly Secured. Following the issuance of the Series 2024 Bonds the Developer Reimbursement Pledged Revenue Account will be closed.

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

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

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

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

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

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

Bond Fund

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

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

Project Fund

Money on deposit in the Project Fund shall be used for the purposes as specified in the Indenture. Money on deposit in the Improvement Area #1 Improvements Account of the Project Fund shall only be used to pay Actual Costs of Improvement Area #1 Improvements and money on deposit in the Improvement Area #1 Major Improvements Account of the Project Fund shall only be used to pay Actual Costs of Improvement Area #1 Major Improvements.

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 Similarly Secured pursuant to one or more City Certificates. Disbursements from the other Accounts of the Project Fund to pay Actual Costs of the Improvement Area #1 Projects shall be made by the Trustee upon receipt by the Trustee of either a properly executed and completed Certification for Payment or written direction from the City or its designee approving the disbursement to the Developer or the Developer's designee. The disbursement of funds from the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account pursuant to a Certification for Payment shall be pursuant to and in accordance with the disbursement procedures described in the Improvement Area #1 Construction, Funding, and Acquisition Agreement.

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

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

Upon the filing of a City Certificate stating that all Improvement Area #1 Improvements have been completed and that all Actual Costs of the Improvement Area #1 Improvements have been paid, or that any such Actual Costs of the Improvement Area #1 Improvements are not required to be paid from the Improvement Area #1 Improvements Account of the Project Fund pursuant to a Certification for Payment, the Trustee shall (i) transfer the amount, if any, remaining within the Improvement Area #1 Improvements Account of the Project Fund to the Bond Fund and (ii) close the Improvement Area #1 Improvements Account. Upon the filing of a City Certificate stating that all Improvement Area #1 Major Improvements have been completed and that all Actual Costs of the Improvement Area #1 Major Improvements have been paid, or that any such Actual Costs of the Improvement Area #1 Major Improvements are not required to be paid from the Improvement Area #1 Major Improvements Account of the Project Fund pursuant to a Certification for Payment, the Trustee shall (i) transfer the amount, if any, remaining within the Improvement Area #1 Major Improvements Account of the Project Fund to the Bond Fund and (ii) close the Improvement Area #1 Major Improvements Account. If the Improvement Area #1 Improvements Account and the Improvement Area #1 Major Improvements Account have been closed as provided above and the Costs of Issuance Account of the Project Fund has been closed pursuant to the Indenture, then the Project Fund shall be closed.

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

Redemption Fund

The Trustee shall cause to be deposited to the Redemption Fund from the Bond Pledged Revenue Account of the Pledged Revenue Fund an amount sufficient to redeem Bonds Similarly Secured as provided in the provisions of the Indenture relating to optional redemption and extraordinary optional redemption on the dates specified for redemption as provided in the Indenture. Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds Similarly Secured as provided in provisions in the Indenture relating to redemption.

Reserve Fund

Reserve Account. The Indenture provides for the creation of a Reserve Account within the Reserve Fund for the benefit of the Bonds Similarly Secured and held by the Trustee which will be funded with proceeds of the Bonds Similarly Secured in the amount of the Reserve Account Requirement. Pursuant to the Indenture, the “Reserve Account Requirement” for the Bonds Similarly Secured shall be an amount equal to the least of (i) Maximum Annual Debt Service on the Series 2023 Bonds as of the Closing Date of the Bonds, (ii) 125% of average Annual Debt Service on the Series 2023 Bonds as of the Closing Date of the Series 2023 Bonds, or (iii) 10% of the lesser of the principal amount of the Outstanding Series 2023 Bonds or the original issue price of the Series 2023 Bonds. As of the Closing Date for the Series 2023 Bonds, the Reserve Account Requirement is \$471,302.50, which is an amount equal to the Maximum Annual Debt Service on the Series 2023 Bonds as of such date. Following the issuance of the Series 2024 Bonds, the Reserve Account Requirement is \$ _____*, in satisfaction of the provisions of the Indenture. The Reserve Account Requirement shall be adjusted in accordance with the Indenture in the event an additional series of Bonds Similarly Secured is hereafter issued.

*To be completed upon pricing of the Bonds.

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

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

Additional Interest Reserve Account. An Additional Interest Reserve Account was created within the Reserve Fund for the benefit of the Bonds Similarly Secured in connection with the issuance of the Series 2023 Bonds and is held by the Trustee. The Additional Interest Account is funded from the deposit of Additional Interest up to the amount of the Additional Interest Account Requirement.

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

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

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

to pay the principal amount plus accrued and unpaid interest to the date fixed for redemption of the Bonds Similarly Secured to be redeemed, as identified in a City Certificate, as a result of such Prepayments and as a result of the transfer from the Reserve Account under the Indenture, the Trustee shall transfer an amount equal to the shortfall, and/or any additional amounts necessary to permit the Bonds Similarly Secured to be redeemed in minimum principal amounts of \$1,000, from the Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds Similarly Secured.

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

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

Administrative Fund

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

THE ADMINISTRATIVE FUND SHALL NOT BE PART OF THE TRUST ESTATE AND SHALL NOT BE SECURITY FOR THE SERIES 2024 BONDS.

Bonds Deemed Paid

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

are, at the time made, included in and authorized by the City's official investment policy as approved by the City Council from time to time. Under current State law, Investment Securities that are authorized for the investment of funds to defease public securities are (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America; (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality, and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Series 2024 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.

Events of Default

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

(i) The failure of the City to deposit the Pledged Revenues to the Bond Pledged Revenue Account of the Pledged Revenue Fund;

(ii) The failure of the City to enforce the collection of the Assessments, including the prosecution of foreclosure proceedings;

(iii) The failure to make payment of the principal of or interest on any of the Bonds Similarly Secured when the same becomes due and payable and such failure is not remedied within thirty (30) days; provided, however, that the payments are to be made only from Pledged Revenues or other funds currently available in the Pledged Funds and available to the City to make the payments; and

(iv) Default in the performance or observance of any covenant, agreement or obligation of the City under the Indenture and the continuation thereof for a period of ninety (90) days after written notice to the City by the Trustee, or by the Owners of at least 25% of the aggregate Outstanding principal of the Bonds Similarly Secured with a copy to the Trustee, specifying such default and requesting that the failure be remedied.

Nothing described above will be an Event of Default if it is in violation of any applicable state law or court order.

Remedies in Event of Default or Immediate Remedies for Default

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

THE PRINCIPAL OF THE BONDS SIMILARLY SECURED 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 Similarly Secured during the continuance of an Event of Default, in the selection of Trust Estate assets to be used in the payment of Bonds Similarly Secured due, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Certificate, which Trust Estate assets shall be applied to such payment and shall not be liable to any Owner or other Person by reason of such selection and application. In the event that the City shall fail to deliver to the Trustee such City Certificate, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and shall not be liable to any Owner, or other Person, or the City by reason of such selection, liquidation or sale.

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

Restriction on Owner's Actions

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

Subject to 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 Similarly Secured at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond Similarly Secured issued under the Indenture to the respective Owners thereof at the time and place, from the source and in the manner expressed in the Indenture and in the Bonds Similarly Secured.

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

Application of Revenues and Other Monies After Default

All moneys, securities, funds and Pledged Revenues and other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture related 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), liabilities, and advances incurred or made by the Trustee, and the fees of the Trustee in carrying out the Indenture, during the continuance of an Event of Default, notwithstanding other provisions of the Indenture, shall be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds Similarly Secured, 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 Similarly Secured, or Redemption Price of any Bonds Similarly Secured 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 Similarly Secured due on any date, then to the payment thereof ratably, according to the amounts of principal due and to the Owners entitled thereto, without any discrimination or preference.

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

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

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

Investment of Funds

Money in any Fund or Account established pursuant to the Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) days in advance of the making of such investment. The money in any Fund or Account shall be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times. Notwithstanding the preceding sentence, amounts in the Additional Interest Reserve Account may not be invested above the Yield (as defined in the Indenture) on the Bonds Similarly Secured, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that such investment and/or the failure to comply with such yield restriction will not adversely affect the exemption from federal income tax of the interest on any Bond Similarly Secured. Investments shall be valued each year in terms of current market value as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds or Accounts may be invested in common investments of the kind described above, or in a common pool of such investment which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund or Account are held by or on behalf of each such Fund or Account. If necessary, such investments shall be promptly sold to prevent any default.

Obligations purchased as an investment of moneys in any Fund or Account shall be deemed to be part of such Fund or Account, subject, however, to the requirements of the Indenture for transfer of interest earnings and

profits resulting from investment of amounts in Funds and Accounts. Whenever in the Indenture any moneys are required to be transferred by the City to the Trustee, such transfer may be accomplished by transferring a like amount of Investment Securities.

Against Encumbrances

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

So long as Bonds Similarly Secured are Outstanding under the Indenture, and except as set forth in the Indenture, the City shall not issue any bonds, notes, or other evidences of indebtedness other than the Bonds Similarly Secured and Refunding Bonds, if any, secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under the Indenture, except for other indebtedness incurred in compliance with the Indenture.

Additional Obligations or Other Liens; Additional Bonds

The City reserves the right, subject to the provisions contained in the Indenture, to issue Additional Obligations under indentures other than the Indenture, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from the Pledged Revenues. Additionally, the City has reserved the right to issue bonds or other obligations secured by and payable from Pledged Revenues so long as such pledge is subordinate to the pledge of Pledged Revenues securing payment of the Bonds Similarly Secured.

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

The requirements necessary to issue Additional Bonds have been met, prior to the issuance of the Series 2024 Bonds. The City does not anticipate issuing any Additional Bonds, other than the Series 2024 Bonds.

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SOURCES AND USES OF FUNDS*

The table that follows summarizes the expected sources and uses of proceeds of the Series 2024 Bonds:

Sources of Funds:	
Principal Amount	\$
TOTAL SOURCES	1 \$
Use of Funds:	
Deposit to the Improvement Area #1 Improvements Account of the Project Fund	\$
Deposit to the Improvement Area #1 Major Improvements Account of the Project Fund	
Deposit to the Costs of Issuance Account of the Project Fund	
Deposit to the Reserve Account of the Reserve Fund	
Underwriter's Discount ⁽¹⁾	
TOTAL USES	1 \$

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

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^{*} To be completed upon pricing of the Bonds.

DEBT SERVICE REQUIREMENTS FOR THE BONDS SIMILARLY SECURED *

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

Year Ending (September 30)	Series 2024 Bonds			Outstanding Series 2023 Bonds			Total Bonds Similarly Secured
	Principal	Interest	Total	Principal	Interest	Total	
2025				\$ 116,000.00	\$ 355,302.50	\$ 471,302.50	
2026				121,000.00	350,227.50	471,227.50	
2027				125,000.00	344,933.76	469,933.76	
2028				130,000.00	339,465.00	469,465.00	
2029				136,000.00	333,777.50	469,777.50	
2030				141,000.00	327,827.50	468,827.50	
2031				147,000.00	321,658.76	468,658.76	
2032				154,000.00	313,757.50	467,757.50	
2033				162,000.00	305,480.00	467,480.00	
2034				170,000.00	296,772.50	466,772.50	
2035				179,000.00	287,635.00	466,635.00	
2036				188,000.00	278,013.76	466,013.76	
2037				198,000.00	267,908.76	465,908.76	
2038				208,000.00	257,266.26	465,266.26	
2039				219,000.00	246,086.26	465,086.26	
2040				231,000.00	234,315.00	465,315.00	
2041				243,000.00	221,898.76	464,898.76	
2042				256,000.00	208,837.50	464,837.50	
2043				269,000.00	195,077.50	464,077.50	
2044				284,000.00	180,618.76	464,618.76	
2045				300,000.00	164,643.76	464,643.76	
2046				316,000.00	147,768.76	463,768.76	
2047				334,000.00	129,993.76	463,993.76	
2048				353,000.00	111,206.26	464,206.26	
2049				373,000.00	91,350.00	464,350.00	
2050				394,000.00	70,368.76	464,368.76	
2051				417,000.00	48,206.26	465,206.26	
2052				<u>440,000.00</u>	<u>24,750.00</u>	<u>464,750.00</u>	
Total				\$6,604,000.00	\$6,455,147.64	\$13,059,147.64	

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* To be completed upon pricing of the Bonds.

OVERLAPPING TAXES AND DEBT

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

In addition to the City, Celina Independent School District, Collin County, and the Collin County Community College District may each levy ad valorem taxes upon land in Improvement Area #1 of the District for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes or assessments levied by such other taxing authorities. The following table reflects the overlapping ad valorem tax rates currently levied on property located in Improvement Area #1 of the District and the estimated average Annual Installment of the Assessments as an equivalent tax rate. The District is located entirely within the City and Collin County.

Overlapping Taxes

Taxing Entity	Improvement Area #1 Tax Year 2025 Ad Valorem <u>Tax Rate ⁽¹⁾</u>
City of Celina	\$0.598168
Celina Independent School District	1.238100
Collin County	0.149343
Collin County Community College District	<u>0.081220</u>
Total Tax Rate	\$2.066831
 Estimated Average Annual Installment as equivalent tax rate ⁽²⁾	 <u>\$0.700772</u>
 Estimated Total Tax Rate and Average Annual Assessment	 <u>\$2.767603</u>

⁽¹⁾ As reported by the taxing entities for tax year 2025. Per \$100 in value.

⁽²⁾ *Preliminary, subject to change.* Derived from the Service and Assessment Plan [based on a weighted average of lot types]. Includes Assessments securing the Series 2024 Bonds and the Series 2023 Bonds. See Appendix F, Table F-15 in “APPENDIX C – Form of Service and Assessment Plan” for information regarding the tax rate equivalent for each Lot Type.

Source: Collin Central Appraisal District

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As noted above, the District includes territory located in other governmental entities that may issue or incur debt secured by the levy and collection of ad valorem taxes or assessments. Set forth below is an overlapping debt table showing the outstanding indebtedness payable from ad valorem taxes with respect to property within Improvement Area #1 of the District, as of September 15, 2024, and City debt to be secured by the Assessments:

Overlapping Debt

<u>Taxing or Assessing Entity</u>	Total Outstanding Debt as of September 15, 2024	Estimated % Applicable ⁽¹⁾	Direct and Estimated Overlapping Debt ⁽¹⁾
The City (Series 2024 Bonds)	\$ 5,965,000 *	100.00%	\$ 5,965,000 *
The City (Series 2023 Bonds)	6,604,000	100.00%	6,604,000
The City (Ad Valorem)	490,130,000	0.32%	1,562,924
Collin County	841,715,000	0.01%	75,137
Collin County Community College District	459,865,000	0.01%	45,804
Celina Independent School District	<u>390,080,000</u>	0.48%	<u>1,890,941</u>
Total	\$2,194,359,000		\$16,143,807

* Preliminary; subject to change

⁽¹⁾ Based on the "As Complete" value for Improvement Area #1 as provided in the appraisal report prepared in connection with the issuance of the Series 2023 Bonds, dated March 12, 2022.

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

Homeowners' Association Dues

In addition to paying Assessments related to the Series 2024 Bonds and the Series 2023 Bonds, each lot owner in Improvement Area #1 will pay a property owner's association fee to a homeowners' association (the "HOA"), currently in the amount of \$1,100 per year, payable in semi-annual installments.

ASSESSMENT PROCEDURES

General

As required by the PID Act, when the City determined to defray a portion of the costs of the Improvement Area #1 Projects through Assessments, it adopted a resolution generally describing the Improvement Area #1 Projects and the Assessed Property to be subject to Assessments to pay the costs therefor. The City caused an assessment roll to be prepared, and attached to the Service and Assessment Plan, with respect to the Improvement Area #1 Projects (the "Improvement Area #1 Assessment Roll"), which Improvement Area #1 Assessment Roll shows the Assessed Property, the amount of the benefit to and the Assessment against each lot or parcel of land, and the number of Annual Installments into which the Assessment is divided. Statutory notice was given to the owners of the property to be assessed and a public hearing was conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Improvement Area #1 Projects and funding the same with the Assessments. The City adopted the Assessment Ordinance and levied the Assessments on February 14, 2023. After such adoption, the Assessments became legal, valid, and binding liens upon the Assessed Property. The Improvement Area #1 Assessment Roll was filed with the City Secretary and made available for public inspection.

In accordance with the PID Act and in connection with the issuance of the Series 2024 Bonds, the City intends to adopt an updated Service and Assessment Plan on October 8, 2024, which will provide for the allocation of Assessments for payment of principal of, premium, if any, and interest on the Bonds Similarly Secured, and will update the Improvement Area #1 Assessment Roll to reflect the actual interest rate on the Series 2024 Bonds, as well as the additional interest collected pursuant to Section 372.018(a) of the PID Act.

Under the PID Act, the costs of the Improvement Area #1 Projects may be assessed by the City against the Assessed Property so long as the special benefit conferred upon the Assessed Property by the Improvement Area #1

Projects equals or exceeds the Assessments. The costs of the Improvement Area #1 Projects may be assessed using any methodology that results in the imposition of equal shares of cost on Assessed Property similarly benefited. The allocation of benefits and assessments to the benefitted land within Improvement Area #1 of the District is presented in the Service and Assessment Plan, which should be read in its entirety. See “APPENDIX C – Form of Service and Assessment Plan.”

Assessment Methodology

The Service and Assessment Plan describes the special benefit to be received by each parcel of Assessed Property as a result of the Improvement Area #1 Projects, provides the basis and justification for the determination that such special benefit exceeds the Assessments being levied, and establishes the methodology by which the City allocates the benefit of the Improvement Area #1 Projects in a manner that results in the imposition of equal shares of the Actual Costs on Assessed Property similarly benefited.

As described in the Service and Assessment Plan and “SECURITY FOR THE BONDS SIMILARLY SECURED,” a portion of the costs of the Improvement Area #1 Projects is being funded with proceeds of the Series 2024 Bonds and the Series 2023 Bonds, which are payable from and secured by Pledged Revenues and other funds comprising the Trust Estate. The balance of the costs of the Improvement Area #1 Projects have been financed by the Developer.

Assessment Methodology for the Improvement Area #1 Projects. As set forth in the Service and Assessment Plan, the City Council determined to allocate the costs of the Improvement Area #1 Projects to the Assessed Property by spreading the entire Assessment across the Parcels of Assessed Property based on the estimated Equivalent Units for each such Parcel.

Based on the Budgeted Costs of the Improvement Area #1 Projects, the City Council determined that the benefit to the Assessed Property of the Improvement Area #1 Projects is at least equal to the Assessments levied on the Assessed Property.

Upon subsequent divisions of any Parcel, the Assessment applicable to it is apportioned pro rata based on the estimated Equivalent Units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments are apportioned proportionately among each Parcel based on the ratio of the estimated Equivalent Units at the time residential Lots are platted to the total estimated Equivalent Units of all Lots in the platted Parcel, as calculated and shown in Appendix F to the Service and Assessment Plan using the types, number, and average home value of Lots anticipated to be developed on each Parcel.

The Assessment and Annual Installments for each parcel or lot of Assessed Property is shown on the Improvement Area #1 Assessment Roll, attached as Appendix H to the Service and Assessment Plan, and no Assessment shall be changed except as authorized by the Service and Assessment Plan or the PID Act. See “APPENDIX C – Form of Service and Assessment Plan.”

The following table provides the projected Assessments, upon issuance of the Series 2024 Bonds, per unit, by lot type, for each unit of Assessed Property within Improvement Area #1.

Assessment Per Unit – Improvement Area #1 – Outstanding *					
Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Dwelling Unit	Total Assessments
Lot Type 1 (65’)	109	\$45,140.62	1.00	\$45,140.62	\$ 4,920,328
Lot Type 2 (55’)	102	\$45,140.62	0.88	\$39,723.75	\$ 4,051,822
Lot Type 3 (40’)	111	\$45,140.62	0.74	\$33,404.06	\$ 3,707,850
Total	322				\$12,680,000

* Preliminary, subject to change.

The following table provides the estimated tax rate equivalent per unit, upon issuance of the Series 2024 Bonds, calculated based on the estimated finished lot values and home values for each unit of Assessed Property within Improvement Area #1.

Estimated Tax Rate Equivalent Per Unit – Improvement Area #1 - Outstanding *

Description	Planned No. of Units	Estimated Finished Lot Value per unit ⁽¹⁾	Projected Home Value per unit ⁽²⁾	Projected Average Annual Installment per unit	Tax Rate Equivalent (per \$100 Lot Value)	Tax Rate Equivalent (per \$100 Home Value)
Lot Type 1 (65')	109	\$80,000	\$510,000	\$3,573.94	\$4.467	\$0.701
Lot Type 2 (55')	102	\$66,000	\$450,000	\$3,145.06	\$4.765	\$0.699
Lot Type 3 (40')	111	\$49,400	\$375,000	\$2,644.71	\$5.354	\$0.705

* Preliminary, subject to change.

⁽¹⁾ Based on Lot Purchase Contracts. See "THE DEVELOPMENT – Status of Lot Sales and Home Construction."

⁽²⁾ Estimated Buildout Value used in the Service and Assessment Plan adopted in connection with the issuance of the Series 2023 Bonds and approval of the Improvement Area #1 Reimbursement Agreement.

Mandatory Prepayment. If a Parcel of Assessed Property is transferred to a party that is exempt from the payment of the Assessment under applicable law, or if an owner causes a Parcel of Assessed Property to become Non-Benefited Property, the owner of such Parcel shall pay to the City the full amount of the principal portion of the Assessment on such Parcel, plus all Prepayment Costs, prior to any such transfer or act. If at any time the Assessment per unit on a Parcel exceeds the applicable Maximum Assessment per Unit shown in the Service and Assessment Plan as a result of any changes in land use, subdivision, consolidation, or reallocation of the Assessment authorized by the Service and Assessment Plan and initiated by the owner of the Parcel, then such owner shall pay to the City prior to the recordation of the document subdividing the Parcel the amount calculated by the Administrator by which the Assessment per unit for the Parcel exceeds the applicable Maximum Assessment per Unit calculated in the Service and Assessment Plan. The payments required above shall be treated the same as any Assessment that is due and owing under the PID Act, the Assessment Ordinance, and the Service and Assessment Plan, including the same lien priority, penalties, procedures, and foreclosure specified by the PID Act.

Reduction of Assessments. If after all Authorized Improvements to be funded with a series of bonds have been completed and Actual Costs for such Authorized Improvements are less than the Actual Costs or Budgeted Costs of the Authorized Improvements used to calculate the assessments securing such series of bonds, resulting in excess bond proceeds, such excess bond proceeds shall be applied to redeem bonds as provided in the applicable indenture, then the assessment securing such series of bonds for each parcel of assessed property shall be reduced by the City Council pro rata such that the sum of the resulting reduced assessments for all applicable assessed properties equals the reduced Actual Costs. The assessments shall not be reduced to an amount less than the related outstanding series of bonds. If all of the Authorized Improvements are not completed, the City may reduce the assessments in another method if it determines such method would better reflect the benefit received by the parcels from the Authorized Improvements completed.

If all the Authorized Improvements are not undertaken, resulting in excess bond proceeds, such excess bond proceeds shall be applied to redeem bonds as provided in the applicable indenture, then the assessments and annual installments for each affected parcel shall be appropriately reduced by the City Council to reflect only the amounts required to repay the bonds, including interest on the bonds and administrative expenses. The City Council may reduce the assessments and the annual installments for each parcel (i) in an amount that represents the Authorized Improvements provided for each parcel, or (ii) by an equal percentage calculated based on number of units, if determined by the City Council to be the most fair and practical means of reducing the assessments for each parcel, such that the sum of the resulting reduced assessments equals the amount required to repay the bonds, including interest on the bonds and administrative expenses. The principal portion of the assessment for each parcel shall be reduced pro rata to the reduction in the assessments for each parcel such that the sum of the resulting reduced principal portion of the bonds is equal to the outstanding principal amount of the bonds.

The following table provides the initial allocation of Assessments in Improvement Area #1.

Assessment Allocation

<u>Owner</u>	<u>Assessment</u>
Developer	\$12,765,000

The following table reflects the expected allocation of Assessments based on Lot Type upon issuance of the Series 2024 Bonds.

Assessment Reallocation in Improvement Area #1 *

Description	Units	Projected Home Value per Unit ⁽¹⁾	Estimated Assessment per Lot Type ⁽²⁾	Total Assessment per Lot Type ⁽³⁾	Estimated Annual Installments per Lot (2025) ⁽⁴⁾	Estimated Annual Installments per Lot (2039) ⁽⁴⁾	Estimated Annual Installments per Lot (2052) ⁽⁴⁾
Lot Type 1 (65')	109	\$510,000	\$45,140.62	\$4,920,328	\$3,548	\$3,573	\$3,584
Lot Type 2 (55')	102	\$450,000	\$39,723.75	\$4,051,822	\$3,122	\$3,144	\$3,154
Lot Type 3 (40')	111	\$375,000	\$33,404.06	\$3,707,850	\$2,626	\$2,644	\$2,652
Total	322						

* Preliminary, subject to change.

- (1) Estimated Buildout Value used in the Service and Assessment Plan adopted in connection with the issuance of the Series 2023 Bonds and approval of the Improvement Area #1 Reimbursement Agreement.
- (2) Obtained from the Service and Assessment Plan; based upon the Estimated Buildout Value used in the Service and Assessment Plan adopted in connection with the issuance of the Series 2023 Bonds and approval of the Improvement Area #1 Reimbursement Agreement. As of September 15, 2024, the total outstanding Assessment for 65' Lots was \$4,920,328, of which \$2,605,678 was attributable to the Series 2023 Bonds and \$2,314,649 was attributable to the Improvement Area #1 Reimbursement Agreement; the total outstanding Assessment for 55' Lots was \$4,051,822, of which \$2,145,740 was attributable to the Series 2023 Bonds and \$1,906,082 was attributable to the Improvement Area #1 Reimbursement Agreement; and the total outstanding Assessment for 40' Lots was \$3,707,850, of which \$1,963,582 was attributable to the Series 2023 Bonds and \$1,744,269 was attributable to the Improvement Area #1 Reimbursement Agreement. Upon pricing of the Series 2024 Bonds, the outstanding Assessments will be revised, if necessary, to equal the sum of the principal amounts of the outstanding Series 2023 Bonds and the Series 2024 Bonds, and the balance due to the Developer pursuant to the Improvement Area #1 Reimbursement Agreement will be reduced to zero.
- (3) Assumes completion of homes based on Estimated Buildout Values used in the Service and Assessment Plan adopted in connection with the issuance of the Series 2023 Bonds and approval of the Improvement Area #1 Reimbursement Agreement. As of September 15, 2024, the total outstanding Assessment was \$12,680,000, of which \$6,715,000 was attributable to the Series 2023 Bonds and \$5,965,000 was attributable to the Improvement Area #1 Reimbursement Agreement. Upon pricing of the Series 2024 Bonds, the outstanding Assessments will be revised, if necessary, to equal the sum of the principal amounts of the outstanding Series 2023 Bonds and the Series 2024 Bonds, and the balance due to the Developer pursuant to the Improvement Area #1 Reimbursement Agreement will be reduced to zero.
- (4) Assumes completion of homes at Estimated Buildout Values used in the Service and Assessment Plan adopted in connection with the issuance of the Series 2023 Bonds and approval of the Improvement Area #1 Reimbursement Agreement. The amortization of the Assessments escalates at a rate of 2% annually.

Collection of Assessments

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

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

The City covenants, agrees, and warrants in the Indenture that, for so long as any Bonds Similarly Secured 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. Furthermore, nothing shall obligate the City, the City Attorney, or any appropriate designee to undertake collection or foreclosure actions against delinquent accounts in violation of applicable state law, court order, or existing contractual provisions between the City and its appropriate collections enforcement designees.

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

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

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

After July, the penalty remains at twelve percent (12%), and interest increases at the rate of one percent (1%) each month. In addition, if an account is delinquent in July, a twenty percent (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 Improvement Area #1 Maximum Assessment Per Unit (defined in the Service and Assessment Plan) was established by the methodology described in the Service and Assessment Plan. The Improvement Area #1 Assessment Roll sets forth for each year the Annual Installment for each Assessed Property consisting of (i) the annual portion allocable to the payment of principal and interest on the Bonds Similarly Secured, which amount includes the Additional Interest, and (ii) the portion of the Annual Installment allocable to Administrative Expenses. The Annual Installments for the District will be determined annually during the Annual

Service Plan Update. The Assessments were levied against the parcels comprising the Assessed Property and are anticipated to be collected as indicated on the updated Improvement Area #1 Assessment Roll. See “APPENDIX C – Form of Service and Assessment Plan.”

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

Method of Apportionment of Assessments. For purposes of the Service and Assessment Plan, the City Council determined that the Assessments shall be allocated to the Assessed Property based on the ratio of estimated number of Equivalent Units anticipated to be developed on each Parcel.

As the existing Parcels are subsequently divided, the Assessments are further apportioned pro rata based on the estimated number of Equivalent Units of the newly created Parcels. See “– Assessment Methodology” and “APPENDIX C – Form of Service and Assessment Plan.”

The Bonds Similarly Secured, including the Series 2024 Bonds, are secured by a first lien on and pledge of the Trust Estate, consisting primarily of the Assessments. See “SECURITY FOR THE BONDS SIMILARLY SECURED” and “APPENDIX C – Form of Service and Assessment Plan.”

The following table provides the projected leverage for Improvement Area #1, upon issuance of the Series 2024 Bonds, based on lot type.

Projected Leverage – Improvement Area #1 - Outstanding *

Description	Planned No. of Units	Estimated Finished Lot Value per unit ⁽¹⁾	Projected Home Value per unit ⁽²⁾	Assessment per Unit	Leverage (Lot Value)	Leverage (Home Value)
Lot Type 1 (65 Ft)	109	\$80,000	\$510,000	\$45,140.62	1.77 : 1	11.30 : 1
Lot Type 2 (55 Ft)	102	\$66,000	\$450,000	\$39,723.75	1.66 : 1	11.33 : 1
Lot Type 3 (40 Ft)	111	\$49,400	\$375,000	\$33,404.06	1.48 : 1	11.23 : 1

* Preliminary, subject to change.

⁽¹⁾ Based on Lot Purchase Contracts. See “THE DEVELOPMENT – Status of Lot Sales and Home Construction.”

⁽²⁾ Based on the Estimated Buildout Values used in the Service and Assessment Plan adopted in connection with the issuance of the Series 2023 Bonds and approval of the Improvement Area #1 Reimbursement Agreement.

Prepayment of Assessments

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. See “APPENDIX C – Form of Service and Assessment Plan.”

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 Assessed Property, superior to all other liens and claims except liens or claims for the State, county, school district, or municipal 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 adoption of the Assessment Ordinance on February 14, 2023, 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.

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 nondelinquent Annual 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 Similarly Secured pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and in such event, there could be an additional delay in payment of the principal of and interest on Bonds Similarly Secured or such payment may not be made in full. The City is not required under any circumstance to purchase the property or to pay the delinquent Assessment on the corresponding Assessed Property.

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

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

THE CITY

Background

The City is located in north central Collin and Denton Counties, 40 miles north of Dallas and 15 miles northwest of the City of McKinney. Access to the City is provided by State Highway 289, Dallas Parkway, FM 455, and FM 428. The City’s location as part of the growing Dallas-Fort Worth-Arlington Metroplex has resulted in rapid growth over the last several years. Through a series of recent annexations, the City has increased in area. The City currently covers approximately 49.85 square miles. The City’s 2020 census population was 16,739. As of January 1, 2024, the City’s population estimate was 43,039.

City Government

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

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

General information regarding the City and the surrounding area can be found in “APPENDIX A – General Information Regarding the City and Surrounding Area.”

Water and Wastewater

The City will provide both water and wastewater service to the District. The City's water distribution system and wastewater collection and discharge system have sufficient capacity to provide water and wastewater service to Improvement Area #1 of the District. The Legacy Hills Reclamation Plant (described below) will be expanded to serve additional development in the District.

The City purchases its water wholesale from the Upper Trinity Regional Water District. The City maintains its own water distribution system and wastewater collection and discharge system and has the capacity to treat approximately 2.46 million gallons per day ("MGD") through a combination of resources. Doe Branch Regional Treatment Plant provides 1.3385 MGD. The Downtown Treatment Plant has a current treatment capacity of 0.95 MGD and is under design to be expanded to 3.0 MGD. Razor Plant is under design to provide 0.5 MDG capacity. Legacy Hills Reclamation Plant started construction in late summer 2022 and will be complete in the Fall of 2024 to provide an additional 0.95 MGD and will serve the District.

THE DISTRICT

General

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for certain improvements. The District was created by Resolution No. 2021-39R of the City adopted on June 8, 2021, in accordance with the PID Act (the "Creation Resolution") for the purpose of undertaking and financing the costs of certain public improvements within the District, including the Improvement Area #1 Projects, authorized by the PID Act and approved by the City Council that confer a special benefit on the property in the District. The District is not a separate political subdivision of the State and is administered by the City Council. Maps of the property within the District are included on pages iii-vi hereof.

Powers and Authority of the City

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

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

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Collection and Delinquency History in Improvement Area #1

On February 14, 2024, the City adopted the Assessment Ordinance and levied the Assessments on the Assessed Property in Improvement Area #1. The initial annual installment of the Assessments was due and payable by January 31, 2024.

The following table shows the collection and delinquency history of the Assessments.

Collection and Delinquency of the Assessments

Fiscal Year	Annual	Delinquent	Delinquent	Delinquent	Delinquent	Annual
Ending	Installments	Parcels	Amount as of	Percentage as of	Amount as of	Percentage as of
<u>9/30</u>	<u>Levied</u>	<u>Levied</u>	<u>3/1</u>	<u>3/1</u>	<u>9/1</u>	<u>9/1</u>
2024	\$1,192,178	1	\$0	0.00%	\$0	0.00%
						Annual
						Installments
						<u>Collected</u>
						\$1,192,178

THE COLLECTION AND DELINQUENCY HISTORY OF THE ASSESSMENTS IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY. NO ASSURANCE CAN BE GIVEN THAT THE PAST COLLECTION OF THE ASSESSMENTS WILL CONTINUE IN THE FUTURE.

The following table shows the top payers of the Assessments as of August 13, 2024, according to records of Collin Central Appraisal District.

Top Improvement Area #1 Assessment Payers

<u>Owner Name</u> ⁽¹⁾	<u>Number of Parcels/Lots</u> ^{(1),(2)}	<u>Assessments Levied</u> ⁽²⁾	<u>% of Total Assessments</u>
American Legend	21	\$ 894,323	7.01%
Developer ⁽³⁾	265	10,332,879	80.95%
Perry Homes	36	1,537,799	12.05%
Total	322	\$12,765,000	100.00%

⁽¹⁾ As of August 13, 2024.

⁽²⁾ Reflects ownership based on the 2024 certified roll as provided by the Collin Central Appraisal District in August 2024. Annual Installments for the Fiscal Year Ending 9/30/2024 were billed to one parcel owned by the Developer in October 2023. The amounts provided above have been allocated proportionally based on lot classifications provided by the Developer and the Phase 1 plat recorded by Collin County on January 11, 2024.

⁽³⁾ Taylor Morrison purchased 111 lots in May 2024, in accordance with its Lot Purchase Contract. Collin Central Appraisal District’s records had not been updated as of August 13, 2024. See “THE DEVELOPMENT – Status of Lot Sales and Home Construction.”

THE IMPROVEMENT AREA #1 PROJECTS

General

The Improvement Area #1 Projects consist of (i) the pro rata portion of the Major Improvements allocable to Improvement Area #1, and (ii) the Improvement Area #1 Improvements. See “THE DEVELOPMENT – Development Plan.” The total cost of the Improvement Area #1 Project was \$13,363,659. A portion of the costs of the Improvement Area #1 Projects in the amount of \$5,431,857 was funded with the proceeds of the Series 2023 Bonds, and an additional portion of such costs in the amount of \$85,000 has been funded pursuant to the Improvement Area #1 Reimbursement Agreement. An additional portion of such costs in the approximate amount of \$4,981,000* are expected to be funded with proceeds of the Series 2024 Bonds. The balance of the costs of the Improvement Area #1 Projects, in the approximate amount of \$2,865,802*, has been or will be funded by the Developer using proceeds of the Development Loan and will not be reimbursed by the City. The Improvement Area #1 Projects have been completed, dedicated to, and accepted by the City. See “THE DEVELOPMENT – Development Plan.”

The Improvement Area #1 Projects include roadway, water, sanitary sewer, storm drainage, and soft and miscellaneous costs benefitting Improvement Area #1. A description of the Improvement Area #1 Projects follows:

* Preliminary, subject to change.

Major Improvements

The Improvement Area #1 Projects include Improvement Area #1's allocable share of the following Major Improvements:

Roadway Improvements. The roadway improvement portion of the Major Improvements consists of the construction of entrance road improvements, including related paving, drainage, curbs, gutters, sidewalks, retaining walls, signage, and traffic control devices, which benefit all of the assessed property within the District. All roadway projects will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Water Improvements. The water improvement portion of the Major Improvements consists of construction and installation of waterlines, mains, pipes, valves, and appurtenances necessary for the water distribution system that will service the District. The water improvements will be designed and constructed according to City standards and specifications and will be owned and operated by the City.

Offsite Sanitary Sewer Improvements. The offsite sanitary sewer improvement portion of the Major Improvements consists of construction and installation of pipes, service lines, manholes, encasements, and appurtenances necessary to provide sanitary sewer service to the District. The offsite sanitary sewer improvements will be designed and constructed according to City standards and specifications and will be owned and operated by the City.

Storm Drainage Improvements. The onsite storm drainage improvement portion of the Major Improvements consist of reinforced concrete pipes, reinforced concrete boxes, multi-reinforced box culverts, and storm water detention facilities which benefit the assessed property in the District. The storm drainage collection system improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Other Soft and Miscellaneous Improvements. The other soft and miscellaneous portions of the Major Improvements consist of site preparation, signage, district formation costs, contingency, maintenance bonds, platting, permitting, engineering, staking, and other soft costs.

The following table reflects the Budgeted Costs of the Major Improvements.

Budgeted Costs – Major Improvements

Budgeted Costs - Major Improvements	Total	Improvement Area #1 Allocated Amount	Major Improvement Area Allocated Amount
Roadway improvements	\$1,471,458	\$ 600,669	\$ 870,788
Water improvements	332,800	135,854	196,946
Offsite sanitary sewer improvements	1,409,001	575,173	833,827
Storm drainage improvements	545,502	222,681	322,820
Other soft and miscellaneous costs	888,156	362,557	525,598
Total ⁽¹⁾	\$4,646,916	\$1,896,935	\$2,749,981

⁽¹⁾ Totals may be slightly incorrect due to rounding.

Improvement Area #1 Improvements

Roadway Improvements. The road improvement portion of the Improvement Area #1 Improvements consists of the construction of road improvements, including related excavation, paving, drainage, curbs, gutters, sidewalks, retaining walls, signage, and traffic control devices, which benefit the Assessed Property. All roadway projects will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Water Improvements. The water improvements portion of the Improvement Area #1 Improvements consists of construction and installation of a looped water main network, which includes waterlines, valves, fire hydrants, and appurtenances, necessary for the portion of the water distribution system that will service the Assessed Property. The water improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Onsite Sanitary Sewer Improvements. The sanitary sewer improvement portion of the Improvement Area #1 Improvements consists of construction and installation of various sized sanitary sewer pipes, service lines, manholes, encasements, and appurtenances necessary to provide sanitary sewer service to the Assessed Property. The sanitary sewer improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Storm Drainage Improvements. The storm drainage improvement portion of the Improvement Area #1 Improvements consist of reinforced concrete pipes, reinforced concrete boxes, multi-reinforced box culverts, junction boxes, inlets, headwalls, and appurtenances necessary to provide adequate drainage to the Assessed Property constructed within the boundaries of the PID. The storm drainage collection system improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Other Soft and Miscellaneous Improvements. The other soft and miscellaneous portions of the Improvement Area #1 Improvements consist of site preparation, signage, district formation costs, contingency, maintenance bonds, platting, permitting, engineering, staking, and other soft costs.

The following table reflects the Budgeted Costs of the Improvement Area #1 Projects.

Budgeted Costs – Improvement Area #1 Projects

Budgeted Costs – Improvement Area #1 Projects	Improvement Area #1’s Proportional Share of Major Improvements	Improvement Area #1 Improvements	Improvement Area #1 Projects
Roadway improvements	\$ 600,669	\$ 4,434,481	\$ 5,035,150
Water improvements	135,854	1,890,302	2,026,156
Sanitary sewer improvements			
Onsite sanitary sewer improvements	–	1,222,800	1,222,800
Offsite sanitary sewer improvements	575,173	–	575,173
Storm drainage improvements	222,681	2,099,464	2,322,145
Other soft and miscellaneous costs	362,557	1,819,678	2,182,235
Total	\$1,896,935	\$11,466,725	\$13,363,659

Ownership and Maintenance of Improvement Area #1 Projects

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

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THE DEVELOPMENT

The following information has been provided by the Developer. Certain of the following information is beyond the direct knowledge of the City, the City’s Financial Advisor, and the Underwriter, and none of the City, the City’s Financial Advisor, or the Underwriter have any way of guaranteeing the accuracy of such information. See “SOURCES OF INFORMATION – Source of Certain Information.”

Overview

The District contains approximately 220.1 acres, of which approximately 83.2 acres is within Improvement Area #1. The District is located on the southwest corner of State Highway 289 (Louisiana Drive) and County Road 58. The Development is located within the corporate limits of the City. The City is located in the north-central region of the Dallas-Fort Worth-Arlington Texas Metropolitan Statistical Area (the “DFW MSA”). The City is poised for significant growth as the overall DFW MSA continues its growth trajectory.

Development Plan

The Development is expected to include 786 single-family residential lots and the Amenities. See “– Amenities and Private Improvements.” Improvement Area #1 consists of approximately 83.2 acres and 322 single-family residential lots. The Major Improvement Area consists of approximately 136.9 acres and is projected to consist of approximately 464 single-family residential lots. An expected breakdown of the single-family residential lots within the District is set forth below and maps of the District are shown on pages iii-vi.

Actual and Expected Single-Family Lot Development

<u>Lot Size</u>	<u>Improvement Area #1</u>	<u>Major Improvement Area</u>	<u>District</u>
65’	109	125	234
55’	102	224	326
40’	<u>111</u>	<u>115</u>	<u>226</u>
Total	322	464	786

In addition to the single-family lots, the Development is expected to include various amenities. See “– Amenities and Private Improvements.” The Development is located within the Celina Independent School District.

The total costs of the Improvement Area #1 Projects were \$13,356,235. The City paid the Developer for a portion of such costs of the Improvement Area #1 Projects in the amount of \$5,431,857 from proceeds of the Series 2023 Bonds. In connection with the issuance of the Series 2023 Bonds, the City and the Developer entered into the Improvement Area #1 Reimbursement Agreement which set forth the “Improvement Area Reimbursement Obligation” pursuant to which the City agreed to reimburse the Developer for additional costs of the Improvement Area #1 Projects in an amount not to exceed \$6,050,000. As of September 15, 2024, costs in the amount of \$85,000 had been paid by the City to the Developer from Assessments collected pursuant to the Improvement Area #1 Reimbursement Agreement.

Approximately \$4,981,000* additional costs of the Improvement Area #1 Projects are expected to be paid to the Developer from proceeds of the Series 2024 Bonds. The balance of the costs of the Improvement Area #1 Projects, in the approximate amount of \$2,858,378*, has been funded by the Developer using proceeds of the Development Loan, and will not be reimbursed by the City. Upon issuance of the Series 2024 Bonds and payment of the Improvement Area #1 Reimbursement Obligation, the Improvement Area #1 Reimbursement Agreement will terminate.

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* Preliminary, subject to change.

The Developer’s current expectations regarding lot and home prices and absorption in the District are as follows:

Lot and Home Prices in the District

Lot Size	Quantity	Estimated Base Lot Price ⁽¹⁾	Estimated Base Home Price ⁽²⁾
<i>Improvement Area #1</i>			
40’	111	\$49,400	\$550,000
55’	102	\$66,000	\$670,000
65’	<u>109</u>	\$80,000	\$805,000
	322		
<i>Major Improvement Area</i>			
40’	115	\$72,000	\$550,000
55’	224	\$99,000	\$670,000
65’	<u>125</u>	\$117,000	\$805,000
	464		
Total	786		

⁽¹⁾ Provided by Developer based on Lot Purchase Contracts. See “– Status of Lot Sales and Home Construction.”

⁽²⁾ Provided by the Developer based on current sale prices in the Development.

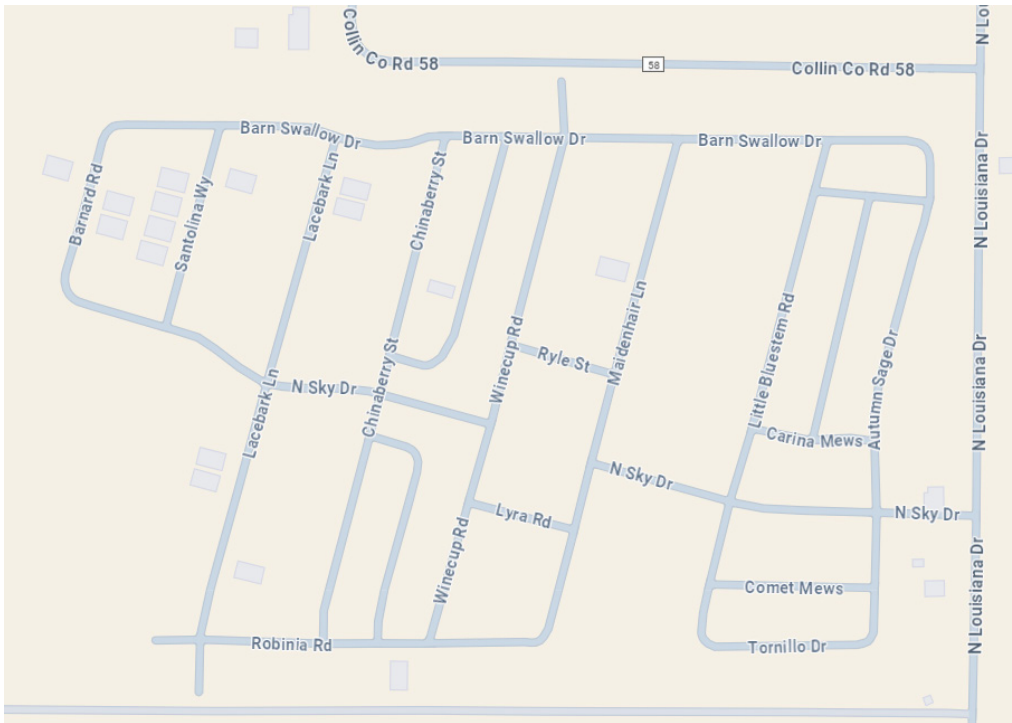
Expected Build-Out and Absorption Schedule of Development

Lot Size	Quantity	Actual/Expected Infrastructure Completion Date	Actual/Expected Initial Sale Date to <i>Homebuilders</i> ⁽¹⁾	Expected Final Sale Date to <i>Homebuilders</i> ⁽¹⁾
<i>Improvement Area #1</i>				
40’	111	Q2 2024	Q2 2024	Q2 2024
55’	102	Q2 2024	Q2 2024	Q4 2025
65’	<u>109</u>	Q2 2024	Q2 2024	Q1 2026
	322			
<i>Major Improvement Area</i>				
40’	115	Q1 2026	Q1 2026	Q1 2026
55’	224	Q1 2026	Q1 2026	Q3 2028
65’	<u>125</u>	Q1 2026	Q1 2026	Q3 2028
	464			
Total	786			

⁽¹⁾ Provided by Developer based on Lot Purchase Contracts. See “– Status of Lot Sales and Home Construction.”

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Street Layout in Improvement Area #1



Photographs of Improvement Area #1



Taylor Morrison model home at intersection of Carina Mews and Autumn Sage



Completed home by Perry Homes on Autumn Sage Drive



Completed homes on Autumn Sage Drive



Homes on Little Bluestem Road



Maidenhair Lane and Barn Swallow Drive facing west



Little Bluestem Road and Tornillo Drive facing southeast



North Louisiana Drive and North Sky Drive facing southwest

Status of Lot Sales and Home Construction

The Developer has contracts (the “Lot Purchase Contracts”) with American Legend, Perry Homes, and Taylor Morrison to sell all 786 proposed lots within the District. The Homebuilders began purchasing lots and home construction began in May 2024.

The following table reflects the status of lot sales and home construction within Improvement Area #1 as of September 15, 2024.

<u>Lot Size</u>	<u>Number of Single-Family Lots</u>	<u>Number of Lots Completed</u>	<u>Number of Lots Purchased by Homebuilders</u>	<u>Number of Homes under Construction</u>	<u>Number of Homes Completed</u>
40'	111	111	111	8	–
55'	102	102	42	28	–
65'	<u>109</u>	<u>109</u>	<u>38</u>	<u>27</u>	–
Total	322	322	191	63	–

The following table summarizes certain terms of the Lot Purchase Contracts.

<u>Homebuilder</u>	<u>Improvement Area</u>	<u>Lot Size</u>	<u>Lot Price</u>	<u>Totals # of Lots</u>	<u>Initial Takedown</u>	<u>Subsequent Takedown</u>
Perry Homes (279)	#1	55'	\$66,000	51	15 lots, including one 55' and one 65' model lot if not already acquired.	15 lots during each subsequent 90 days, including at least 5 60' lots All lots must be taken down in Improvement Area #1 before closings in the Major Improvement Area can begin.
		65'	\$80,000	55		
	Major Improvement Area	55'	\$99,000	112	N/A	Perry Homes may acquire more than 5 lots at its option, and additional lots will be credited to subsequent takedowns.
	65'	\$117,000	62			
Taylor Morrison (226)	#1	40'	\$49,400	111	All lots (bulk close).	N/A
	Major Improvement Area	40'	\$72,000	115	All lots (bulk close)	N/A

American Legend (278)	#1	55'	\$66,000	51	15 lots, including one 55' and one 65' model lot if not already acquired.	15 lots during each subsequent 90 days, including at least, but no more than, 5 60' lots All lots must be taken down in Improvement Area #1 before closings in the Major Improvement Area can begin. American Legend may acquire more than 5 lots at its option, and additional lots will be credited to subsequent takedowns.
		65'	\$80,000	54		
	Major Improvement Area	55'	\$99,000	112	N/A	
		65'	\$117,000	63		
Total Under Contract				786		

The Developer has received total deposits of \$9,855,240 in earnest money from the Homebuilders (the "Earnest Money Deposits"), all of which are non-refundable. The breakdown of the Earnest Money Deposits is as follows: Perry Homes: \$3,878,940; Taylor Morrison: \$2,000,700; and American Legend: \$3,975,600. Upon Taylor Morrison's closing on 111 lots on May 6, 2024, \$978,120 of its Earnest Money Deposit was credited back. Taylor Morrison's current outstanding Earnest Money Deposit is \$1,022,580. There has been no change in Perry Homes' or American Legend's Earnest Money Deposits.

Absorption

The Developer has provided the following information regarding projected absorption within the District:

Expected Sale of Lots to Homebuilders in Improvement Area #1

<u>Expected Sale Date</u>	<u>40' Lot</u>	<u>55' Lot</u>	<u>65' Lot</u>	<u>Total Lots</u>
Q2 2024	111	15	15	141
Q3 2024	-	15	15	30
Q4 2024	-	15	15	30
Q1 2025	-	15	15	30
Q2 2025	-	15	15	30
Q3 2025	-	15	15	30
Q4 2025	-	12	17	29
Q1 2026	-	-	2	2
Total	111	102	109	322

Expected Sale of Lots to Homebuilders in the Major Improvement Area

<u>Expected Sale Date</u>	<u>40' Lot</u>	<u>55' Lot</u>	<u>65' Lot</u>	<u>Total Lots</u>
Q2 2026	115	15	13	143
Q3 2026	-	15	15	30
Q4 2026	-	15	15	30
Q1 2027	-	15	15	30
Q2 2027	-	15	15	30
Q3 2027	-	15	15	30
Q4 2027	-	15	15	30
Q1 2028	-	15	15	30
Q2 2028	-	27	7	34
Q3 2028	-	30	-	30
Q4 2028	-	30	-	30
Q1 2029	-	17	-	17
Total	115	224	125	464

Expected Sale of Homes to Homeowners in Improvement Area #1 ⁽¹⁾

<u>Expected Sale Date</u>	<u>40' Lot</u>	<u>55' Lot</u>	<u>65' Lot</u>	<u>Total Lots</u>
Q2 2024	13	15	15	46
Q3 2024	13	15	15	46
Q4 2024	13	15	15	46
Q1 2025	13	15	15	46
Q2 2025	13	15	15	46
Q3 2025	13	15	15	40
Q4 2025	13	12	15	28
Q1 2026	13	-	4	17
Q2 2026	7	-	-	7
Total	111	102	109	322

⁽¹⁾ Provided by Developer based on projections of binding contracts (not closings) on completed homes with homeowners.

Expected Sale of Homes to Homeowners in the Major Improvement Area ⁽¹⁾

<u>Expected Sale Date</u>	<u>40' Lot</u>	<u>55' Lot</u>	<u>65' Lot</u>	<u>Total Lots</u>
Q2 2026	-	6	-	6
Q3 2026	-	18	-	18
Q4 2026	-	18	11	29
Q1 2027	6	18	15	39
Q2 2027	13	18	15	46
Q3 2027	13	18	15	46
Q4 2027	13	18	15	46
Q1 2028	13	18	15	46
Q2 2028	13	18	15	46
Q3 2028	13	18	15	46
Q4 2028	13	18	9	40
Q1 2029	13	18	-	31
Q2 2029	5	18	-	23
Q3 2029	-	2	-	2
Total	115	224	125	464

⁽¹⁾ Provided by Developer based on projections of binding contracts (not closings) on completed homes with homeowners.

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Amenities and Private Improvements

The Amenities include an amenity center located on approximately 2 acres, including an approximately 2,600 square foot pool, a covered pavilion of approximately 1,500 square feet, a restroom, a playground, and a lawn with outdoor games, as well as trails and bench seating. Construction of the Amenities began in the second quarter of 2024 and expected to be complete in the second quarter of 2025. Pursuant to the Development Agreement, no building permits will be issued for more than 450 residential lots until the Developer has completed the amenity center.

The cost of the Amenities is expected to be approximately \$2,100,000, which amount is expected to be funded with proceeds of the Development Loan and the Inwood Loan. As of September 15, 2024, the Developer had spent approximately \$161,838 on such costs.

The HOA will pay for the ongoing operation, maintenance, and repair of the Amenities by charging a maintenance and operation fee and/or a property owner's association fee to be paid by each lot owner within the District.

In addition to the Amenities, the Developer will cause certain "Private Improvements" benefiting the Development to be constructed. The Private Improvements include clearing and excavation, retaining walls, erosion control, franchise utilities, landscaping, and screening. Except for the landscaping and screening, construction of all Private Improvements has been completed. The costs of the Private Improvements are expected to total approximately \$4,968,129. As of September 15, 2024, the Developer had spent approximately \$4,437,711 on such costs.

Development Agreement

The Development Agreement provides certain rules and regulations for design and construction of the Authorized Improvements and the process for the development of all property within the District. Such rules and regulations include those related to lot sizes, minimum yard sizes, lot mix requirements, garage placement requirements, landscape setback requirements, and other similar requirements.

The Development Agreement also provides that simultaneously with the levying of assessments on the final phase of development in the District, the Developer will be required to escrow with the City an amount sufficient to construct two (2) lanes of Celina Parkway (but not to exceed \$500,000.00), or reimburse the City if construction is already completed. The Development Agreement also contemplates that the City may require, at the City's sole cost and expense, certain oversizing of public infrastructure in order to serve property outside of the District, including certain offsite wastewater improvements. With the exception of open spaces, trails, common areas, right-of-way irrigation systems, right-of-way landscaping, screening walls, and any other common improvements or appurtenances, the City will maintain and operate the public infrastructure contemplated under the Development Agreement following inspection, approval, and acceptance by the City.

The Development Agreement requires the Developer to construct an amenity center with a swimming pool, which will be owned and operated by the HOA. No building permits shall be issued for more than 450 residential lots until Developer has completed the amenity center. Failure of the Developer to construct the amenity center could, therefore, prevent the issuance of additional building permits, which could, in turn, adversely affect the security for the Bonds Similarly Secured, including the Series 2024 Bonds.

The Development Agreement also provides that the following capital recovery and other fees may be collected by the City: (i) park fees in an amount not exceeding \$1,500 per residential dwelling unit; (ii) technology fees in an amount not to exceed \$500 per residential dwelling unit; (iii) roadway capital fees of \$3,000 per residential dwelling unit; (iv) water capital fees of \$2,500 per residential dwelling unit; and (v) wastewater capital fees of \$2,500 per residential dwelling unit. The Development Agreement also provides an escalator clause for such fees under certain circumstances. NONE OF THE FEES DESCRIBED HEREIN ARE A PART OF THE TRUST ESTATE AND SHALL NOT BE SECURITY FOR THE BONDS.

The Development Agreement requires at least 15% of the property covered thereby to be used for open space. Within said open space, the Developer is obligated to construct a walking trail system and amenities as described in the Development Agreement.

Improvement Area #1 Construction, Funding, and Acquisition Agreement

The Improvement Area #1 Construction, Funding, and Acquisition Agreement, to be supplemented on October 8, 2024, in connection with the issuance of the Series 2024 Bonds, establishes procedures for, among other things, disbursements of proceeds of the Series 2023 Bonds and the Series 2024 Bonds by the Trustee to pay Actual Costs of the Improvement Area #1 Projects. See “APPENDIX G – Form of Improvement Area #1 Construction, Funding, and Acquisition Agreement.”

Future Improvement Area Bonds

Future Improvement Area Bonds to finance the cost of local improvements benefitting the Future Improvement Areas are anticipated to be issued in the future. The estimated costs of the local improvements benefitting the Future Improvement Areas of the District will be determined at the same time Future Improvement Areas are developed, and the Service and Assessment Plan will be updated to identify the improvements to be constructed within the Future Improvement Areas of the District and financed by each new series of Future Improvement Area Bonds. Such Future Improvement Area Bonds will be secured by separate assessments levied pursuant to the PID Act on assessable property within the applicable Future Improvement Area of the District.

Zoning/Permitting

The development of the property within the District is governed by City Ordinance No. 2022-25, adopted by the City Council on March 15, 2022 (the “Zoning Ordinance”), and the provisions of the Development Agreement. The Zoning Ordinance and the provisions of the Development Agreement were negotiated to specifically align with the Developer’s plans for the Development, including to permit development of lots in the sizes planned within the District.

Education

The Development is located entirely within the Celina Independent School District (the “School District”). The School District currently owns and operates seven campuses, including a primary school, four elementary schools, a middle school, and a high school. Students in the District are expected to attend Lykins Elementary School (approximately 3 miles from the District), Moore Middle School (within a mile of the District), and Celina High School (approximately 2 miles from the District).

GreatSchools.org currently rates Moore Middle School 7 out of 10, and Celina High School a 6 out of 10. Ratings for Lykins Elementary School are not currently available, although it was previously rated 5 out of 10 on greatschools.org.

According to the Texas Education Agency 2021-2022 Accountability Report, Lykins Elementary, Moore Middle School, and Celina High School were rated “A” overall. (The categories for public school districts and campuses are A, B, C, or Not Rated).

Environmental

Site Evaluation. A Phase I Environmental Site Assessment (“Phase I ESA”) of approximately 226.8 acres, including the property within the District, was prepared on January 22, 2021. The Phase I ESA revealed no evidence of recognized environmental conditions and/or controlled recognized environmental conditions in connection with the subject property except as follows:

1. The Phase I ESA identified natural gas pipelines and a propane tank on the subject property. The Phase I ESA indicates that neither the pipelines nor the propane tank appears to impact the environmental integrity of the subject property, and, therefore, do not constitute recognized environmental conditions for the site; however, development of the property needs to take the existence of the natural gas pipelines into consideration.
2. The Phase I ESA identified debris piles on the subject property. The Phase I ESA indicates that the debris piles do not appear to impact the environmental integrity of the subject property, and,

therefore, do not constitute recognized environmental conditions for the site; however, the debris needs to be disposed of in accordance with state and federal regulations.

3. The Phase I ESA identified two (2) livestock ponds and a small lake on the subject property. The Phase I ESA indicates that such items do not impact the environmental integrity of the subject property, and, therefore, do not constitute recognized environmental conditions for the site; however, Wetlands and/or Waters of the US regulations may impact these areas and appropriate governmental agencies should be consulted prior to development.

The Developer has followed and will continue to follow the recommendations contained within the Phase I ESA in connection with the development of the District.

Endangered and Threatened Species. According to the website for the Texas Parks and Wildlife Department, the Interior Least Tern and Whooping Crane are endangered species and the Black Rail, Piping Plover, Rufa Red Knot, White-faced Ibis, Wood Stork, Yellow-billed Cuckoo, Louisiana Pigtoe, Texas Heelsplitter, Alligator Snapping Turtle, and Texas Horned Lizard are a threatened species in Collin County. The Developer is not aware of any endangered species located on property within Improvement Area #1.

Existing Third-Party Property Rights

There may be certain mineral rights reservations of prior owners of real property within the District (the “Mineral Owners”) pursuant to one or more deeds in the chain of title. While there is currently no drilling or exploration of minerals, the Developer cannot predict whether the Mineral Owners will take new action in the future to explore or develop the above-described mineral rights. The Developer is not aware of any real property (including mineral rights) owned by the Mineral Owners adjacent to the District. Certain rules and regulations of the Texas Railroad Commission may restrict the ability of the Mineral Owners to explore or develop the property due to well density, acreage, or location issues.

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

Utilities

The City will provide both water and wastewater service to the Development. The City’s water distribution system and wastewater collection and treatment system currently have sufficient capacity to provide water and wastewater service to the Development. See “THE CITY – Water and Wastewater.”

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

THE DEVELOPER

The following information has been provided by the Developer. Certain of the following information is beyond the direct knowledge of the City, the City’s Financial Advisor, and the Underwriter, and none of the City, the City’s Financial Advisor, or the Underwriter have any way of guaranteeing the accuracy of such information. See “SOURCES OF INFORMATION – Source of Certain Information.”

General

In general, the activities of a developer in a development such as the District include designing the subdivision, including the utilities and streets to be installed and any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, sewer, and drainage facilities, as well as telephone and electric service) and selling improved lots to homebuilders, 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 bonds, such as the Series 2024 Bonds, issued by a municipality for a public improvement district. A developer is generally under no obligation to develop the property that it owns in a development. Furthermore, there is no restriction on the developer's right to sell any or all of the land that the developer owns within a development. In addition, a developer is ordinarily the major tax and assessment payer within a district during its development.

Description of Developer

The Developer is CCD - North Sky, LLC, a Texas limited liability company. The sole member of the Developer is C and C Land, LLC. The sole members of C and C Land, LLC, are Larry Corson and Brian Cramer. C and C Land, LLC, does business as Corson Cramer Development.

Larry Corson and Brian Cramer are principals of Corson Cramer Development. Founded in 2021, Corson Cramer Development's co-founders have nearly 50 combined years of experience in the residential and commercial real estate business. They have played leadership roles on nationally renowned projects such as Southlake Town Square, a mixed-use master-plan, and in nationally recognized companies, including Newland Real Estate Group, named 2019's Developer of the Year.

Larry Corson, Co-Founder and Managing Director. Larry has more than 30 years of experience in real estate investment and development. Prior to co-founding Corson Cramer Development, Larry was President of Wilbow Corporation, a privately owned residential land development company. In its history, Wilbow has developed over 70 residential communities across DFW and Houston. Prior to Wilbow, Larry's experience includes key leadership positions with Cooper & Company at Southlake Town Square, Crescent Resources, Hunt Realty Investments, Terrabrook and Westbrook Partners. Larry is a Member of the Urban Land Institute and serves on the Dallas-Fort Worth Community Development Councils. Larry has an MBA from Columbia University and a BS in Accounting from High Point University.

Brian Cramer, Co-Founder and Managing Director. Brian has more than 20 years of experience in real estate investment and development. Prior to co-founding Corson Cramer Development, Brian was head of the Dallas office at Newland Real Estate Group, the largest privately held mixed-use, master-plan developer in the country. Brian was responsible for the acquisition, entitlement, development, and positioning of the communities in the DFW market for eight years. Prior to joining Newland, Brian's experience includes key leadership positions at Westbrook Partners, Rockpoint Group and Price Waterhouse Coopers. Brian has an MBA from the University of Chicago and a BA in Finance from Texas A&M University.

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Description of Current Projects of C and C Land, LLC

In addition to the Development, C and C Land, LLC, has five other development projects ongoing: Ten Mile Creek, South Oak, Enclave and Arbors at Lakewood Village, North Sky Ariana, and Province Woods.

<u>Project</u>	<u>Location</u>	<u>Acres</u>	<u>Completion date</u>	<u>Builders</u>
Ten Mile Creek	Celina, TX	251	1 st Phase: 3Q 2024	American Legend Homes, William Ryan Homes, Grenadier Homes, Cypress Equity Investments
South Oak (as Construction Manager)	Lakewood Village, TX	70 / 285 homesites	August 2025	Taylor Morrison
Enclave and Arbors	Lakewood Village, TX	78	Development in process; expected completion date Q2 2025	American Legend Homes, Perry Homes, Oliva Clarke Homes
North Sky Ariana	Celina, TX	65	Development in process; expected completion date Q2 2026	K. Hovnanian Homes, American Legend Homes
Province Woods	McKinney, TX	43	Development in process; expected completion date Q2 2025	Perry Homes

History and Financing of the District

The Property Acquisition. The Developer was formed for the purpose, among other things, of acquiring and developing property within the District. The Developer acquired the real property comprising the District on or about March 24, 2021, at a purchase price of \$12,700,000.00, which price and associated closing costs were funded with the Earnest Money Deposits in the amount of \$9,855,240, a loan from Pilatus Investments, LLC (the “Acquisition Loan”) in the amount of \$3,200,000, and Developer cash in the approximate amount of \$252,721.82.

The Development Financing. The Developer obtained a revolving development loan (the “Development Loan”) from First United Bank and Trust Company in a principal amount not to exceed \$21,000,000 outstanding at any one time for the purposes, among other things, of refinancing the Acquisition Loan and financing construction and other costs associated with the development of the District.

On August 13, 2024, the Developer obtained a line of credit (the “Inwood Loan”) in a principal amount not to exceed \$27,838,033 from Inwood National Bank (the “Lender”) that (i) refinanced the outstanding balance of the Development Loan, and (ii) provided construction financing for the second and third phases of development. The rate of interest on the Inwood Loan is equal to The Wall Street Journal Prime Rate less 50 basis points (0.50%), with a floor rate of 5.0% and a ceiling rate of 10.0%. C and C Land, LLC, Brian Cramer, and Larry Corson are each a guarantor of the Inwood Loan. The Inwood Loan imposes a number of conditions upon the Developer’s right to request advances thereunder.

The Inwood Loan matures on August 13, 2027. The Inwood Loan provides that the Developer may request one or more extensions of such maturity date, but the Lender may grant or deny such requests in its sole and absolute discretion. Additionally, if an extension is permitted, the Developer would incur extension fees under the Inwood Loan. As of September 15, 2024, the outstanding balance of the Inwood Loan is \$5,131,934.87.

The Developer intends to repay the Inwood Loan primarily from the revenue generated from sales of the lots developed in the District to the Homebuilders. The Inwood Loan is secured by a first lien Deed of Trust covering

approximately 141 lots in Improvement Area #1 and all of the land in the Major Improvement Area in favor of the Lender, a collateral assignment of the Development Agreement and the Developer's rights to receive reimbursements pursuant thereto, and a collateral assignment of the lot purchase and sale agreements with the Homebuilders. In the event of a default under the Inwood Loan and/or related documents, the Lender will have the right to various remedies, including foreclosure of its deed of trust.

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. Additionally, prior to delivery of the Series 2024 Bonds, the Lender will acknowledge the creation of the District, the levy of the Assessments, and the subordination of the liens securing the Inwood Loan to the Assessment Lien. The Assessment Lien has priority over the liens on the property within the District securing the Inwood Loan, Earnest Money Deposits, and any other loans that may be obtained by the Developer or its affiliates.

Sufficiency of Developer's Financing. According to the Developer, the Developer's available financing sources are sufficient to fund (i) the total budgeted costs of the Improvement Area #1 Projects and the Major Improvements allocable to the Major Improvement Area (the "Major Improvement Projects"), the combined budgeted costs of which are approximately \$16,113,641, (ii) the costs of the Private Improvements in the approximate amount of \$4,968,129, and (iii) the costs of the Amenities in the approximate amount of \$2,100,000, for a combined total of \$23,181,770. As of September 15, 2024, the Developer has spent approximately \$14,861,550 on the combined costs of the Improvement Area #1 Projects and the Major Improvement Projects, approximately \$4,437,711 on costs of the Private Improvements, and approximately \$161,838 on costs of the Amenities, for a combined total spent of \$19,461,099. The Developer's financing sources included Developer equity, the Development Loan, the Inwood Loan, the net proceeds of the Series 2023 Bonds in the approximate amount of \$5,431,856.65, the net proceeds of the Series 2024 Bonds in the approximate amount of \$4,981,000*, and the net proceeds of the City's Special Assessment Revenue Bonds, Series 2023 (North Sky Public Improvement District Major Improvement Area Project) in the approximate amount of \$2,682,133.00.

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* Preliminary, subject to change.

Summary of At-Risk Entities and Investments in the District Subordinate to the Assessment Lien. In order to finance the acquisition and development of the District, the Developer and certain third parties, including the Homebuilders, have expended equity or extended promissory notes that are secured by a lien on some or all of the real property within the District that are subordinate to the lien associated with the Assessments securing the Bonds Similarly Secured, including the Series 2024 Bonds. A list of the entities with at-risk capital whose position or lien is subordinate to that of the Assessments securing the Bonds Similarly Secured is listed in the following table and more fully described in the subheadings below.

Summary of Entities with At-Risk Capital Subordinate to the Lien Securing the Series 2024 Bonds

At Risk Entity	Funding Type	Funding Purpose	Security	Position to Assessment Lien	Initial/Maximum Amount	Outstanding Balance ⁽¹⁾
Developer	Developer Equity	Purchase of Land, Engineering, Excavation, other Soft Costs	None	Subordinate	N/A	\$3,430,576.00
Perry Homes	Earnest Money Deposit	Purchase of Land	Lien on real property within the District	Subordinate	\$3,878,940.00	\$3,878,940.00
Taylor Morrison	Earnest Money Deposit	Purchase of Land	Lien on real property within the District	Subordinate	\$2,000,700.00	\$1,022,580.00
American Legend	Earnest Money Deposit	Purchase of Land	Lien on real property within the District	Subordinate	\$3,975,600.00	\$3,975,600.00
Inwood National Bank	Development Loan	Land Purchase Refinance and Development	Lien on real property within the District; Collateral Assignment of Reimbursement Rights and Lot Purchase and Sale Agreements	Subordinate	\$27,838,033.00 ⁽²⁾	\$5,131,934.87
Total Outstanding Balance of Equity and Loans/Notes Secured by a Subordinate Lien on Real Property within the District						\$17,439,630.87

⁽¹⁾ As of September 15, 2024.

⁽²⁾ The Phase #1 Projects are complete. The lien associated with the Inwood Loan currently applies to 141 lots in Improvement Area #1. Available amounts under the Inwood Loan will be used to finance the Amenities and development of Improvement Area #2.

THE PID ADMINISTRATOR

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

The City has entered into an agreement for administration of the District (the “MuniCap Agreement”) with MuniCap, Inc. (“MuniCap” or the “Administrator”) to provide specialized services related to the administration of the District needed to support the issuance of the Series 2024 Bonds. The MuniCap Agreement includes seven general types of services provided by MuniCap: (i) administrative support services related to the Assessments, (ii) delinquency management, (iii) prepayment of Assessments, (iv) arbitrage rebate services, (v) continuing disclosure services, (vi) accounting and audit coordination and (vii) IRS compliance monitoring.

MuniCap is a public finance consulting firm with a specialized consulting practice providing services related to the formation and administration of special tax and special assessment districts. MuniCap currently acts as the administrator for over 300 special assessment and taxing districts in 30 states, including Texas. MuniCap periodically donates to certain charitable or public events hosted by the City.

BONDHOLDERS' RISKS

Before purchasing any of the Series 2024 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 Series 2024 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 Series 2024 Bonds) should be carefully considered prior to purchasing any of the Series 2024 Bonds. Moreover, the order of presentation of the risks summarized below does not necessarily reflect the significance of such investment risks.

General

THE BONDS SIMILARLY SECURED, INCLUDING THE SERIES 2024 BONDS, ARE SPECIAL AND LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER ASSETS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS SIMILARLY SECURED DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SIMILARLY SECURED SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY ASSETS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER ASSETS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SIMILARLY SECURED SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY'S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS SIMILARLY SECURED OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS SIMILARLY SECURED OUT OF ANY ASSETS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE.

The ability of the City to pay debt service on the Bond Similarly Secured, including the Series 2024 Bonds, as due is subject to various factors that are beyond the City's control. These factors include, among others, (a) the ability or willingness of property owners within Improvement Area #1 of the District to pay Assessments levied by the City, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against property within Improvement Area #1 of the District, (c) general and local economic conditions that may impact real property values, the ability to liquidate real property holdings and the overall value of real property development projects, and (d) general economic conditions which may impact the general ability to market and sell the lots within Improvement Area #1 of the District, it being understood that poor economic conditions within the City, State, and region may slow the assumed pace of sales of such lots.

The rate of development of the property in Improvement Area #1 of the District is directly related to the vitality of the residential housing industry. In the event that the sale of property within Improvement Area #1 of the District should proceed more slowly than expected and the Developer or a Homebuilder 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 Bond Similarly Secured. Such value can only be realized through the foreclosure or expeditious liquidation of the parcels of Assessed Property within Improvement Area #1 of the District. There is no assurance that the value of such land 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 Series 2024 Bonds, and no representation is made by the Underwriter, the City, or the City's Financial Advisor that a market for the Series 2024

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 Series 2024 Bonds.

The City has not applied for or received a rating on the Series 2024 Bonds. The absence of a rating could affect the future marketability of the Series 2024 Bonds. There is no assurance that a secondary market for the Series 2024 Bonds will develop or that holders who desire to sell their Series 2024 Bonds prior to the stated maturity will be able to do so.

Deemed Representations and Acknowledgment by Investors

Each Investor will be deemed to have acknowledged and represented to the City the matters set forth under the heading “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS” which include, among others, a representation and acknowledgment that the purchase of the Series 2024 Bonds involves investment risks, certain of which are set forth under this heading “BONDHOLDERS’ RISKS” and elsewhere herein, and such Investor, either alone or with its purchaser representative(s) (as defined in Rule 501(h) of Regulation D under the Securities Act of 1933), has sophisticated knowledge and experience in financial and business matters and the capacity to evaluate such risks in making an informed investment decision to purchase the Series 2024 Bonds, and the Investor can afford a complete loss of its investment in the Series 2024 Bonds.

Infectious Disease Outbreak

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

Failure or Inability to Complete Proposed Development

Proposed development within the District may be affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, changes in the income tax treatment of real property ownership, unexpected increases in development costs and other similar factors as well as availability of utilities and the development or existence of environmental concerns with such land. See “– Availability of Utilities” and “– Hazardous Substances.” Land development within the District could also be affected adversely by changes in governmental policies, including, but not limited to, governmental policies to restrict or control development. Any approvals needed in the future for the Development must come from the City. There can be no assurances that other similar projects will not be developed in the future or that existing projects will not be upgraded or otherwise able to compete with the Development. A slowdown of the development process and the related absorption rate within the Development because of any or all of the foregoing could affect adversely land values. THE TIMELY PAYMENT OF THE BONDS SIMILARLY SECURED, INCLUDING THE SERIES 2024 BONDS, DEPENDS UPON THE WILLINGNESS AND ABILITY OF THE DEVELOPER AND ANY SUBSEQUENT OWNERS TO PAY THE ASSESSMENTS WHEN DUE. ANY OR ALL OF THE FOREGOING COULD REDUCE THE WILLINGNESS AND THE ABILITY OF SUCH OWNERS TO PAY THE ASSESSMENTS AND COULD GREATLY REDUCE THE VALUE OF PROPERTY WITHIN IMPROVEMENT AREA #1 OF THE DISTRICT IN THE EVENT SUCH PROPERTY HAS TO BE FORECLOSED. In that event, there could be a default in the payment of the Bonds Similarly Secured, including the Series 2024 Bonds.

Completion of Homes

The cost and time for completion of homes by the Homebuilders in Improvement Area #1 of the District is uncertain and may be affected by changes in national, regional, and local market and economic conditions; changes

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

Absorption Rate

There can be no assurance that the Developer will be able to achieve its anticipated absorption rates. Failure to achieve the absorption rate estimates will adversely affect the estimated value of the Development, could impair the economic viability of the Development, and could reduce the ability or desire of property owners to pay the Assessments.

Assessment Limitations

Annual Installments of Assessments are billed to property owners of Assessed Property. Annual Installments are due and payable, and bear the same penalties and interest for non-payment, as for ad valorem taxes as set forth under "ASSESSMENT PROCEDURES." Additionally, Annual Installments established by the Service and Assessment Plan correspond in number and proportionate amount to the number of installments and principal amounts of the Bonds Similarly Secured, including the Series 2024 Bonds, maturing in each year, interest, and the Administrative Expenses for such year. See "ASSESSMENT PROCEDURES." The unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Annual Installments of the Assessments in the future.

In order to pay debt service on the Bonds Similarly Secured, it is necessary that Annual Installments are paid in a timely manner. Due to the lack of predictability in the collection of Annual Installments in the District, the City has established a Reserve Account in the Reserve Fund. See "SECURITY FOR THE BONDS SIMILARLY SECURED – Reserve Fund." 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 Similarly Secured. See "BONDHOLDERS' RISKS – Bondholders' Remedies and Bankruptcy."

Upon an ad valorem tax lien foreclosure event of an Assessed Property within Improvement Area #1 of the District, 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 had been claimed. Furthermore, the Developer is not eligible to claim homestead rights and the Developer owned all property within Improvement Area #1 of the District as of the date of the Assessment Ordinance. 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 Similarly Secured, including the Series 2024 Bonds.

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

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 Similarly Secured, including the Series 2024 Bonds, and the possibility that delinquent Assessments might not be paid in full.

Direct and Overlapping Indebtedness, Assessments, and Taxes

The ability of an owner of Assessed Property within the District to pay the Assessments could be affected by the existence of other taxes and assessments imposed upon the property. Public entities whose boundaries overlap those of the District currently impose ad valorem taxes on the property within Improvement Area #1 of the District and will likely do so in the future. Such entities could also impose assessment liens on the property within the District. 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 Fund; No Prefunding of Additional Interest Reserve Account

Failure of the owners of Assessed Property within the District to pay the Assessments when due could result in the rapid, total depletion of the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Bonds Similarly Secured, including the Series 2024 Bonds, if sufficient amounts are not available in the Reserve Fund. The Additional Interest Reserve Account of the Reserve Fund is not funded from the proceeds of the Bonds Similarly Secured. Instead, funding of the Additional Interest Reserve Account is accumulated over time, by the mechanism described in "SECURITY FOR THE BONDS SIMILARLY SECURED – Reserve Fund – Additional Interest Reserve Account." The Indenture provides that if, after a withdrawal from the Reserve Account the amounts therein are less than the Reserve Account Requirement the Trustee shall transfer an amount from the Pledged Revenue Fund to the Reserve Account sufficient to cure such deficiency, as described under "SECURITY FOR THE BONDS SIMILARLY SECURED – Reserve Fund – Reserve Account." The Indenture also

provides that if the amount on deposit in the Additional Interest Reserve Account shall at any time be less than the Additional Interest Reserve Requirement, the Trustee shall notify the City, in writing, of the amount of such shortfall and the City shall resume collecting the Additional Interest and shall file a City Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Bond Pledged Revenue Account of the Pledged Revenue Fund into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that the City shall not be required to replenish the Additional Interest Reserve Account in the event funds are transferred from the Additional Interest Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds Similarly Secured from the proceeds of a Prepayment, as described under “SECURITY FOR THE BONDS SIMILARLY SECURED – Reserve Fund – Additional Interest Reserve Account.”

Hazardous Substances

While governmental taxes, assessments, and charges are a common claim against the value of a parcel, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value that may be realized to the assessment is a claim with regard to a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or “Superfund Act,” is the most well-known and widely applicable of these laws. It is likely that, should any of the parcels of land located in Improvement Area #1 of the District be affected by a hazardous substance, the marketability and value of parcels would be reduced by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

The value of the land within Improvement Area #1 of the District does not take into account the possible liability of the owner (or operator) for the remediation of a hazardous substance condition of the parcel. The City has not independently verified, and is not aware, that the owner (or operator) of any of the parcels within Improvement Area #1 of the District has such a current liability with respect to any such parcel; however, it is possible that such liabilities do currently exist, and that the City is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the land within Improvement Area #1 of the District resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. The actual occurrence of any of these possibilities could significantly and negatively affect the value of a parcel that is realizable upon a foreclosure. See “THE DEVELOPMENT – Environmental” for discussion of previous Phase I 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.

Recent Changes in State Law Regarding Public Improvement Districts

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

the purchase contract, a property owner who did not receive the required notice is entitled, after sale, to sue for damages for (i) all costs relative to the purchase, plus interest and reasonable attorney's fees, or (ii) an amount not to exceed \$5,000, plus reasonable attorney's fees. In a suit filed pursuant to clause (i), any damages awarded must go first to pay any outstanding liens on the property. In such an event, the outstanding Assessments on such property may be paid. On payment of all damages respectively to the lienholders and purchaser pursuant to clause (i), the purchaser is required to reconvey the property to the seller. Further, if the Developer or the Homebuilders do not provide the required notice and become liable for monetary damages, the anticipated buildout and absorption schedule may be affected. No assurances can be given that the projected buildout and absorption schedules presented in this Limited Offering Memorandum will be realized. The forms of notice to be provided to homebuyers are attached to the Service and Assessment Plan and will be attached to each Annual Service Plan Update. See "APPENDIX C – Form of Service and Assessment Plan."

Potential Future Changes in State Law Regarding Public Improvement Districts

During past Texas legislative sessions and interim business of the Texas legislature, various proposals and reports have been presented by committees of Texas Senate and Texas House of Representative which suggest or recommend changes to the PID Act relating to oversight of bonds secured by special assessments, including adopting requirements relating to levels of build out or adding State level oversight in connection with the issuance of bonds secured by special assessments under the PID Act. It is impossible to predict what bills may be introduced during upcoming legislative sessions and, if passed, the impact that any future legislation will or may have on the security for the Bonds Similarly Secured, including the Series 2024 Bonds.

Flood Plain and Severe Weather Events

None of the property within Improvement Area #1 is in the official FEMA 500-year flood plain. Approximately 6.3 acres within the Major Improvement Area are located within the official FEMA 100-year flood plain. The Developer has no plans to develop such portion of the Major Improvement Area for home construction and does not expect that it will adversely affect the Development.

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

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

Exercise of Third-Party Property Rights

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

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

Bondholders' Remedies and Bankruptcy

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

The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City's obligations under the Bonds Similarly Secured 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 Similarly Secured 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 Similarly Secured cannot themselves foreclose on property within Improvement Area #1 of the District or sell property within Improvement Area #1 of the District in order to pay the principal of and interest on the Bonds Similarly Secured. The enforceability of the rights and remedies of the owners of the Bonds Similarly Secured further may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "BONDHOLDERS' RISKS – Bankruptcy Limitation to Bondholders' Rights."

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

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

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

for the benefit, of the State as sovereign. Notwithstanding the foregoing new case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgment, is justiciable against a municipality.

The City is not aware of any State court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings of local governments that relate to their borrowing powers are contracts covered by such act. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages in the absence of City action, the Trustee or the owners of the Bonds Similarly Secured may not be able to bring such a suit against the City for breach of the Bonds Similarly Secured or the Indenture covenants. As noted above, the Indenture provides that owners of the Bonds Similarly Secured 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 Similarly Secured 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 Similarly Secured or such payment may not be made in full. Moreover, in filing a suit to foreclose, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property; the proceeds of any sale of property within Improvement Area #1 of the District available to pay debt service on the Bonds Similarly Secured may be limited by the existence of other tax liens on the property. See "OVERLAPPING TAXES AND DEBT." Collection of delinquent taxes, assessments, and the Assessments may be adversely affected by the effects of market conditions on the foreclosure sale price, and by other factors, including taxpayers' right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property, and by a time-consuming and expensive collection procedure.

No Acceleration

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

Limited Secondary Market for the Series 2024 Bonds

The Series 2024 Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Series 2024 Bonds in the event an Owner thereof determines to solicit purchasers for the Series 2024 Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Series 2024 Bonds may be sold. Such price may be lower than that paid by the current Owners of the Series 2024 Bonds, depending on the progress of development of Improvement Area #1 of the District 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 Series 2024 Bonds. Even if a credit rating had been sought for the Series 2024 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 Series 2024 Bonds. There is no assurance that a secondary market for the Series 2024 Bonds will develop or that holders who desire to sell their Series 2024 Bonds prior to the stated maturity will be able to do so. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary market trading in connection with a particular issue is suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then generally prevailing circumstances. Such prices could be substantially different from the original purchase price.

Bankruptcy Limitation to Bondholders' Rights

The enforceability of the rights and remedies of the owners of the Bonds Similarly Secured, including the Series 2024 Bonds, may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. The City is authorized under State law to voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946 ("Chapter 9"). The City may proceed under Chapter 9 if it (1) is generally not paying its debts, or unable to meet its debts, as they become due, (2) desires to effect a plan to adjust such debts, and (3) has either obtained the agreement of or negotiated in good faith with its creditors, is unable to negotiate with its creditors because negotiation is impracticable, or reasonably believes that a creditor may attempt to obtain a preferential transfer.

If the City decides in the future to proceed voluntarily under the Chapter 9, the City would develop and file a plan for the adjustment of its debts, and the Bankruptcy Court would confirm the plan if (1) the plan complies with the applicable provisions of the Chapter 9, (2) all payments to be made in connection with the plan are fully disclosed and reasonable, (3) the City is not prohibited by law from taking any action necessary to carry out the plan, (4) administrative expenses are paid in full, (5) all regulatory or electoral approvals required under Texas law are obtained and (6) the plan is in the best interests of creditors and is feasible. The rights and remedies of the owners of the Bonds Similarly Secured would be adjusted in accordance with the confirmed plan of adjustment of the City's debt.

Management and Ownership

The management and ownership of the Developer and related or affiliated property owners could change in the future. Purchasers of the Series 2024 Bonds should not rely on the management experience of such entities. There are no assurances that such entities will not sell the subject property or that officers will not resign or be replaced. In such circumstances, a new developer or new officers in management positions may not have comparable experience in projects comparable to the Development.

Tax-Exempt Status of the Series 2024 Bonds

The Indenture contains covenants by the City intended to preserve the exclusion from gross income of interest on the Series 2024 Bonds for federal income tax purposes. As discussed under the caption "TAX MATTERS," interest on the Series 2024 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Series 2024 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 Series 2024 Bonds under federal or State law and could affect the market price or marketability of the Series 2024 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 Series 2024 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 Series 2024 Bonds to be included in the gross income of owners of the Series 2024 Bonds for federal income tax purposes, possibly from the date of original issuance of the Series 2024 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 Series 2024

Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. The IRS has an ongoing program of auditing obligations that are issued and sold as bearing tax-exempt interest to determine whether, in the view of the IRS, interest on such obligations is included in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted if this IRS focus could lead to an audit of the Series 2024 Bonds or what the result would be of any such audit. If an audit of the Series 2024 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 Series 2024 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 Series 2024 Bonds. Finally, if the IRS ultimately determines that the interest on the Series 2024 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 Series 2024 Bonds are not required to be redeemed, and the interest rate on the Series 2024 Bonds will not increase.

General Risks of Real Estate Investment and Development

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

The ability of the Developer to develop lots and the Homebuilders to sell single-family residential homes within Improvement Area #1 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 Developer or other owner of the single-family residential lots. In the event that a large number of single-family projects are constructed outside of the District, and compete with the Development, the demand for residential housing within the District could be reduced, thereby adversely affecting the continued development of the Development, or its attraction to residents.

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

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 future improvements in the Development, 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 Similarly Secured,

including the Series 2024 Bonds, depends on the willingness and ability of the Developer, the Homebuilders, and any subsequent owners to pay the Assessments when due. Any or all of the foregoing could reduce the willingness and ability of such owners to pay the Assessments and could greatly reduce the value of the property within Improvement Area #1 of the District in the event such property has to be foreclosed. If Annual Installments of Assessments are not timely paid and there are insufficient funds in the accounts of the Reserve Fund, a nonpayment could result in a payment default under the Indenture.

Risks Related to the Current Residential Real Estate Market

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

Risks Related to Recent Increase in Costs of Building Materials

As a result of the Pandemic, low supply and high demand, the ongoing trade war, and other economic factors, there have been substantial increases in the cost of lumber and other materials, causing many homebuilders and general contractors to experience budget overruns. The Developer is responsible for the construction of the Improvement Area #1 Projects. The Developer expects to finance a portion of the costs of the Improvement Area #1 Projects from proceeds of the Series 2024 Bonds. If the Actual Costs of the Improvement Area #1 Projects are substantially greater than the estimated costs or if the Developer is unable to access building materials in a timely manner, it may affect the ability of the Developer to complete the Improvement Area #1 Projects or pay the Assessments when due. If the costs of material continue to increase, it may affect the ability of the Homebuilders to construct homes within the District. There is no way to predict whether such cost increases or low supply of building materials will continue or if such continuance will affect the development of the District.

Adverse Developments Affecting the Financial Services Industry

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

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

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Competition

The housing industry in the Dallas-Fort Worth area is very competitive, and none of the Developer, the City, the City’s Financial Advisor, or the Underwriter can give any assurance that the building programs which are planned throughout the District will be completed in accordance with the Developer’s expectations. The competitive position of the Developer in the sale of developed lots or of any Homebuilder in the construction and sale of single-family residential units is affected by most of the factors discussed in this section, and such competitive position is directly related to maintenance of market values in Improvement Area #1 the District.

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

Project Name	# of Units	Proximity to Development	Developer	Date Started	Expected Completion	Prices	# of Units Remaining
Chalk Hill	293	1.5 miles	Centurion American	2020	2026	\$300k - \$500k	136
Buffalo Ridge	241	1.5 miles	Grand Homes	2018	Complete	\$350k - \$1mm	Complete
Cross Creek Meadows	1,064	4.2 miles	Taylor Morrison	2022	2027	\$530k - \$700k	911
Parks at Wilson Creek	2,500	4.9 miles	Cambridge Company	2023	2030	\$400k - \$750k	2,142
Cambridge Crossing	2,020	5.1 miles	Cambridge Company	2020	2030	\$300k - \$900k	1,221

Source: Metrostudy/Zonda

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.

Availability of Utilities

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

Dependence Upon Developer and Homebuilders

Until all lots within Improvement Area #1 of the District are sold to residents, the Developer and the Homebuilders will have the obligation for payment of 100% of the Assessments. The ability of the Developer and the Homebuilders 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 Similarly Secured, including the Series 2024 Bonds. The only asset of the Developer is 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 or the Homebuilders to advance any funds to the City to supplement revenues from the Assessments if necessary, or as to whether the Developer or the Homebuilders will advance such funds.

Moreover, the City will pay the Developer, or the Developer’s designee, from proceeds of the Series 2024 Bonds for project costs actually incurred in developing and constructing Improvement Area #1 Projects. See “THE IMPROVEMENT AREA #1 PROJECTS.” There can be no assurances given as to the financial ability of the Developer to complete any remaining Improvement Area #1 Projects or any other improvements.

The Developer will not guarantee or otherwise be obligated to pay debt service on the Series 2024 Bonds. However, the completion of the Development is dependent upon the receipt of funds from the Developer in addition to proceeds of the Series 2024 Bonds.

TAX MATTERS

Opinion

The delivery of the Series 2024 Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Series 2024 Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the “Code”), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. A form of Bond Counsel’s opinion is reproduced as Appendix D. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the City made in a certificate dated the Closing Date pertaining to the use, expenditure, and investment of the proceeds of the Series 2024 Bonds and will assume continuing compliance by the City with the provisions of the Indenture subsequent to the issuance of the Series 2024 Bonds. The Indenture contains covenants by the City with respect to, among other matters, the use of the proceeds of the Series 2024 Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Series 2024 Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage “profits” from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Series 2024 Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Series 2024 Bonds.

Bond Counsel’s opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the “IRS”) with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel’s opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Series 2024 Bonds is commenced, under current procedures the IRS is likely to treat the City as the “taxpayer,” and the owners of the Series 2024 Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Series 2024 Bonds, the City may have different or conflicting interests from the owners of the Series 2024 Bonds. Public awareness of any future audit of the Series 2024 Bonds could adversely affect the value and liquidity of the Series 2024 Bonds during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Series 2024 Bonds. Prospective purchasers of the Series 2024 Bonds should be aware that the ownership of tax-exempt obligations such as the Series 2024 Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust (“FASIT”), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than \$1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer’s applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Series 2024 Bonds. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Series 2024 Bonds.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Series 2024 Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Series 2024 Bonds. Prospective purchasers of the Series 2024 Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Bonds

The initial public offering price of certain Series 2024 Bonds (the “Discount Bonds”) may be less than the amount payable on such Series 2024 Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Series 2024 Bonds described above under “Tax Exemption.” Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

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

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

The purchase price of certain Series 2024 Bonds (the “Premium Bonds”) paid by an owner may be greater than the amount payable on such Series 2024 Bonds at maturity. An amount equal to the excess of a purchaser’s tax basis in a Premium Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Bond in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser’s yield to maturity (or, in some cases with respect to a callable Series 2024 Bond, the yield based on a call date that results in the lowest yield on the Series 2024 Bond).

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

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Series 2024 Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the United States Congress and in the states that, if enacted, could alter or amend the Federal and State tax matters referred to above or adversely affect the market value or marketability of the Series 2024 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value or marketability of the Series 2024 Bonds.

Prospective purchasers of the Series 2024 Bonds should consult with their own tax advisors regarding any other federal income tax legislation, whether currently pending or proposed, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2024 Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

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

LEGAL MATTERS

Legal Proceedings

Delivery of the Series 2024 Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of the State to the effect that the Series 2024 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 Series 2024 Bonds, the legal opinion of Bond Counsel, to a like effect.

Norton Rose Fulbright US LLP, serves as Bond Counsel to the City. Orrick, Herrington & Sutcliffe LLP serves as Underwriter's Counsel. The legal fees paid to Bond Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Series 2024 Bonds.

Legal Opinions

The City will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Series 2024 Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State, to the effect that the Series 2024 Bonds are valid and binding special obligations of the City. The City will also furnish the legal opinion of Bond Counsel, to the effect that, based upon an examination of such transcript, the Series 2024 Bonds are valid and binding special obligations of the City under the Constitution and laws of the State. The legal opinion of Bond Counsel will further state that the Series 2024 Bonds, including principal thereof and interest thereon, are payable from and secured by a pledge of and lien on the Trust Estate. Bond Counsel will also provide a legal opinion to the effect that interest on the Series 2024 Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described above under the caption "TAX MATTERS." A copy of the form of the opinion of Bond Counsel is attached hereto as "APPENDIX D – Form of Opinion of Bond Counsel."

Except as noted below, Bond Counsel did not take part in the preparation of the Limited Offering Memorandum, and such firm has not assumed any responsibility with respect thereto or undertaken independently to

verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Series 2024 Bonds herein under the captions or subcaptions “PLAN OF FINANCE – The Series 2024 Bonds,” “DESCRIPTION OF THE BONDS,” “SECURITY FOR THE BONDS SIMILARLY SECURED,” “ASSESSMENT PROCEDURES” (except for the subcaptions “Assessment Methodology” and “Assessment Amounts”), “THE DISTRICT,” “TAX MATTERS,” “LEGAL MATTERS – Legal Proceedings” (first paragraph only), “LEGAL MATTERS – Legal Opinions,” “CONTINUING DISCLOSURE – The City,” “REGISTRATION AND QUALIFICATION OF BONDS FOR SALE,” “LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS,” “APPENDIX B,” and “APPENDIX D” and such firm is of the opinion that the information relating to the Series 2024 Bonds, the Bond Ordinance, the Assessment Ordinance, and the Indenture contained therein fairly and accurately describes the laws and legal issues addressed therein and, with respect to the Series 2024 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 Series 2024 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 Series 2024 Bonds, the City will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or overtly threatened against the City affecting the existence of the District, or seeking to restrain or to enjoin the sale or delivery of the Series 2024 Bonds, the application of the proceeds thereof, in accordance with the Indenture, or the collection or application of the Assessments securing the Series 2024 Bonds, or in any way contesting or affecting the validity or enforceability of the Series 2024 Bonds, the Assessment Ordinance, the Indenture, any action of the City contemplated by any of the said documents, or the collection or application of the Pledged Revenues, or in any way contesting the completeness or accuracy of this Limited Offering Memorandum or any amendment or supplement thereto, or contesting the powers of the City or its authority with respect to the Series 2024 Bonds or any action of the City contemplated by any documents relating to the Series 2024 Bonds.

Litigation – The Developer

At the time of delivery and payment for the Series 2024 Bonds, the Developer will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory body, public board or body pending, or, to the best knowledge of the Developer, threatened against or affecting the Developer wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of the Developer or its general partner or would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Series 2024 Bonds, the Indenture, the Bond Ordinance, the Service and Assessment Plan, the Improvement Area #1 Reimbursement Agreement, the Development Agreement, the Improvement Area #1 Construction, Funding, and Acquisition Agreement, the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (ii) the tax-exempt status of interest on the Series 2024 Bonds (individually or in the aggregate, a “Material Adverse Effect”).

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Series 2024 Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay. See “BONDHOLDERS’ RISKS – Bondholders’ Remedies and Bankruptcy.” Under existing constitutional and statutory law and judicial decisions, including the federal bankruptcy code, the remedies specified by the Indenture and the Series 2024 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2024 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 Series 2024 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 Series 2024 Bonds had application been made.

CONTINUING DISCLOSURE

The City

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), the City, the PID Administrator, and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc. (in such capacity, the “Dissemination Agent”) will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of the Issuer”) for the benefit of the Owners of the Series 2024 Bonds (including owners of beneficial interests in the Series 2024 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 the 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 Series 2024 Bonds (including owners of beneficial interests in the Series 2024 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 Series 2024 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

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

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

The Developer

The Developer, the PID Administrator, and the Dissemination Agent will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of Developer”) for the benefit of the Owners of the Series 2024 Bonds (including owners of beneficial interests in the Series 2024 Bonds) to provide, by certain dates prescribed in the Disclosure Agreement of Developer, certain information regarding the Development and the Improvement Area #1 Projects (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 would allow the Owners of the Series 2024 Bonds (including owners of beneficial interests in the Series 2024 Bonds) to bring an action for specific performance.

The Developer has agreed to provide (i) certain updated information to the PID Administrator, which will then prepare and provide such updated information in report form to the Dissemination Agent, and (ii) notices of certain specified events, only as provided in the Disclosure Agreement of Developer. The Developer has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided in this Limited Offering Memorandum, except as provided in the Disclosure Agreement of Developer. The Developer makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Series 2024 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

For the previous five years, the Developer has complied in all material respect with its continuing disclosure agreements in accordance with the Rule.

UNDERWRITING

FMSbonds, Inc. (the “Underwriter”) has agreed to purchase the Series 2024 Bonds from the City at a purchase price of \$ _____ (representing the par amount of the Series 2024 Bonds, less an underwriting discount of \$ _____). The Underwriter’s obligations are subject to certain conditions precedent and if obligated to purchase any of the Series 2024 Bonds the Underwriter will be obligated to purchase all of the Series 2024 Bonds. The Series 2024 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 Series 2024 Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Series 2024 Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Series 2024 Bonds been qualified under the securities acts of any other jurisdiction. The City assumes no responsibility for qualification of the Series 2024 Bonds under the securities laws of any jurisdiction in which the Series 2024 Bonds may be sold, assigned, pledged, hypothecated, or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Series 2024 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 Series 2024 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 Series 2024 Bonds by municipalities or other political subdivisions or public agencies of the State, the PFIA requires that the Series 2024 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 Series 2024 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 Series 2024 Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for such 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 Series 2024 Bonds are legal investments for various institutions in those states. No representation is made that the Series 2024 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 Series 2024 Bonds for any of the foregoing

purposes or limit the authority of such institutions or entities to purchase or invest in the Series 2024 Bonds for such purposes.

INVESTMENTS

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

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

SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and (14) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either (a) a duration of one year or more and invest exclusively in obligations described in under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the City and deposited with the City or a third party selected and approved by the City.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than “AAA” or “AAA-m” or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than ten (10) years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

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

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 ninety (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 fifteen percent (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 U.S. Bank Trust Company, National Association, a national banking association organized under the laws of the United States, to serve as Trustee. The Trustee is to carry out those duties assignable to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this 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 Series 2024 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 Series 2024 Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Series 2024 Bonds by the City. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Series 2024 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 Series 2024 Bonds, the technical or financial feasibility of the project, or the investment quality of the Series 2024 Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

Additional information concerning the Trustee may be found at www.usbank.com. Neither the information on the Trustee's website nor any links from such website are a part of this Limited Offering Memorandum, nor should any such information be relied upon to make an investment decision as to the Series 2024 Bonds.

SOURCES OF INFORMATION

General

The information contained in this Limited Offering Memorandum has been obtained primarily from the City's records, the Developer and its representatives and other sources believed to be reliable. In accordance with its responsibilities under the federal securities law, the Underwriter has reviewed the information in this Limited Offering Memorandum in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of the transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without

notice, and neither the delivery of this Limited Offering Memorandum or any sale hereunder will create any implication that there has been no change in the financial condition or operations of the City or the Developer described herein since the date hereof. This Limited Offering Memorandum contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized. The summaries of the statutes, resolutions, ordinances, indentures and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

Source of Certain Information

The information contained in this Limited Offering Memorandum relating to the description of the Improvement Area #1 Projects, the Development, and the Developer generally and, in particular, the information included in maps on pages iii - vi and in the sections captioned “PLAN OF FINANCE” (except the for the information under the subheadings “– The Series 2024 Bonds”), “THE IMPROVEMENT AREA #1 PROJECTS,” “THE DEVELOPMENT,” “THE DEVELOPER,” “BONDHOLDERS’ RISKS” (only as it pertains to the Developer, the Improvement Area #1 Projects, and the Development), “LEGAL MATTERS – Litigation – The Developer,” and “CONTINUING DISCLOSURE – The Developer,” and “– The Developer’s Compliance with Prior Undertakings,” “APPENDIX E-2,” “APPENDIX F,” and “APPENDIX G” has been provided by the Developer, and the Developer warrants and represents that the information contained 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 Series 2024 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 the PID Administrator and has been included in reliance upon the authority of such firm as experts in the field of assessment allocation/methodology and district administration.

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 Series 2024 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 Series 2024 Bonds to the Underwriter, unless the Underwriter notifies the City on or before such date that less than all of the Series 2024 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 Series 2024 Bonds) until all of the Series 2024 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 will approve the form and content of this preliminary Limited Offering Memorandum and the use thereof by the Underwriter in connection with the marketing and sale of the Series 2024 Bonds. In the Bond Ordinance, the City Council is expected to approve the form and content of the final Limited Offering Memorandum.

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY AND SURROUNDING AREA

The City is located in north central Collin and Denton Counties, 40 miles north of Dallas and 15 miles northwest of the City of McKinney. Access to the City is provided by State Highway 289, Dallas Pkwy, FM 455 and FM 428. The City’s location as part of the growing Dallas-Fort Worth Metroplex has resulted in rapid growth over the last several years. Through a series of recent annexations, the City has increased in area. The City currently covers approximately 49.85 square miles. The City’s 2020 census population was 16,739. As of January 1, 2024, the City’s population estimate was 43,039.

Historical Employment Information

The following information has been provided for informational purposes only.

Collin County (Average Annual)

	Average Annual				
	2024 ⁽¹⁾	2023	2022	2021	2020
Civilian Labor Force	659,295	644,705	605,672	600,186	578,797
Total Employed	633,630	622,134	625,800	574,037	542,541
Total Unemployed	25,665	22,571	20,128	26,149	36,256
Unemployment Rate	3.9%	3.5%	3.2%	4.4%	6.3%

⁽¹⁾ As of July 2024.

Source: Texas Workforce Commission.

Major Employers in the City

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

<u>Employer</u>	<u>Employees</u>
Celina Independent School District	623
City of Celina	280
Gold Star Team – Keller Williams	191
Settlers Ridge Care Center	120
Brookshire	105
Chemtrade Logistics	30
Texas Seasons Nursery	29
Celina Montessori Academy	28
CAD/CAM Svc Inc	25
Servpro	21

Source: The City’s Annual Comprehensive Financial Report for the fiscal year ending September 30, 2023.

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DALLAS-FORT WORTH-ARLINGTON MSA - REGIONAL EMPLOYMENT

Surrounding Economic Activity

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

City of McKinney, TX (2023)		City of Frisco, TX (2022)		City of Plano, TX (2023)		City of Denton, TX (2023)	
Approximately 15 Miles from the City		Approximately 10 Miles from the City		Approximately 25 Miles from the City		Approximately 25 Miles from the City	
Employer	Employees	Employer	Employees	Employer	Employees	Employer	Employees
Raytheon Space & Airborne Systems	4,347	Frisco ISD	8,088	JP Morgan Chase	9,500	University of North Texas	8,891
McKinney ISD	2,749	T-Mobile USA	1,800	Capital One Finance	7,542	Denton ISD	4,331
Collin County	2,034	City of Frisco	1,688	Toyota Motor North America, Inc.	4,573	Peterbilt Motors-Headquarters & Plant	2,000
Encore Wire Corp.	1,765	Keurig Dr. Pepper Inc.	1,100	Bank of America	4,500	Denton County	1,822
Globe Life	1,600	Mario Sinacola & Sons Excavating	935	At&T Foundry	2,500	Denton State Supported Living Center	1,146
Independent Financial	1,521	Conifer	903	Ericsson	2,406	City of Denton	1,104
City of McKinney	1,508	Baylor Medical Center	663	Liberty Mutual Insurance Company	2,385	Texas Presbyterian Hospital	1,100
Collin College	964	Baylor Scott White/Centennial Hospital	466	Medical City Plano	2,332	Texas Women's University	1,077
Baylor	788	IKEA Frisco	423	USAA	2,092	Sally Beauty Holdings, Inc.	1,000
Medical City McKinney	670	UT Southwestern/Texas Health Hosp.	300	Fannie Mae	2,000	Medical City Denton	799

City of Lewisville, TX (2023)	
Approximately 25 Miles from the City	
Employer	Employees
Lewisville ISD	3,551
Wal-Mart	900
City of Lewisville	842
Medical City Lewisville	577
Mary Kay	571
Caliber Collision	545
SYSCO	476
HOYA Vision Care	325
Orthofix	250
The Flooring Services	250

City of Carrollton, TX (2023)	
Approximately 25 Miles from the City	
Employer	Employees
Amerisource Bergen	1,350
Western Extrusions Corporation	800
Securus Technologies	736
AER Manufacturing	600
Schnieder Electric	574
Hilton Reservations and Customer Care	518
Toni & Guy	515
Varel International Energy	500
G6 Hospitality	500
Brandt	500

Source: Municipal Advisory Council of Texas

APPENDIX B
FORM OF INDENTURE

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INDENTURE OF TRUST

By and Between

CITY OF CELINA, TEXAS

and

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

DATED AS OF MARCH 1, 2023

SECURING

\$6,715,000
CITY OF CELINA, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023
(NORTH SKY PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)

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INDENTURE OF TRUST

THIS INDENTURE, dated as of March 1, 2023 is by and between the CITY OF CELINA, TEXAS (the "City"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, DALLAS, TEXAS, as trustee (together with its successors, the "Trustee"). Capitalized terms used in the preambles, recitals and granting clauses and not otherwise defined shall have the meanings assigned thereto in Article I.

WHEREAS, a petition was submitted and filed with the City Secretary of the City (the "City Secretary") pursuant to the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended (the "PID Act"), requesting the creation of a public improvement district located in the extraterritorial jurisdiction of the City to be known as North Sky Public Improvement District (the "District"); and

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

WHEREAS, on June 8, 2021, after due notice, the City Council of the City (the "City Council") held the public hearing in the manner required by law on the advisability of the improvement projects and services described in the petition as required by Section 372.009 of the PID Act and on June 8, 2021, the City Council made the findings required by Section 372.009(b) of the PID Act and, by Resolution No. 2021-39R, adopted by a majority of the members of the City Council, authorized the District in accordance with its finding as to the advisability of the improvement projects and services and also made findings and determinations relating to the estimated total costs of certain Authorized Improvements; and

WHEREAS, on June 21, 2021, the City published notice of its authorization of the District in the *Celina Record*, a newspaper of general circulation in the City and in the part of the City's extraterritorial jurisdiction in which the District is located or in which the Authorized Improvements are to be undertaken; and

WHEREAS, no written protests of the District from any owners of record of property within the District were filed with the City Secretary within 20 days after June 21, 2021; and

WHEREAS, on January 10, 2023, the City Council by Resolution No. 2023-05R made findings and determinations relating to the Actual Costs of certain Improvement Area #1 Projects, received and accepted a preliminary service and assessment plan and a proposed assessment roll, called a public hearing for February 14, 2023 and directed City staff to (i) file said proposed assessment roll with the City Secretary and to make it available for public inspection as required by Section 372.016(b) of the PID Act, and (ii) publish such notice relating to the February 14, 2023 hearing as required by Section 372.016(b) of the PID Act; and

WHEREAS, on January 16, 2023, the City Council, pursuant to Section 372.016(b) of the PID Act, published notice of the public hearing in the *Celina Record*, a newspaper of general circulation in the City and in the part of the City's extraterritorial jurisdiction in which the District is located or in which the Improvement Area #1 Projects are to be undertaken, to consider the proposed Service and Assessment Plan and the Improvement Area #1 Assessment Roll and the levy of the Assessments on property within Improvement Area #1 of the District; and

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

WHEREAS, the City Council opened and convened the hearing on February 14, 2023 and at such public hearing all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the proposed Service and Assessment Plan, the proposed Improvement Area #1 Assessment Roll and the Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessments, the allocation of estimated costs of the Improvement Area #1 Projects, the purposes of the Assessments, the special benefits of the Improvement Area #1 Projects, and the penalties and interest on Annual Installments and on delinquent Annual Installments of the Assessments, and there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of estimated costs of the Improvement Area #1 Projects, the Improvement Area #1 Assessment Roll, and the levy of the Assessments; and

WHEREAS, the City Council closed the hearing, and, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the City, the City approved Ordinance No. 2023-13, which levied the Assessments and approved the Service and Assessment Plan, in conformity with the requirements of the PID Act; and; and

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

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

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

WHEREAS, the City Council now desires to issue revenue bonds, in accordance with the PID Act, such bonds to be entitled "City of Celina, Texas, Special Assessment Revenue Bonds, Series 2023 (North Sky Public Improvement District Improvement Area #1 Project)", such Bonds being payable solely from the Trust Estate and for the purposes set forth in the preamble of this Indenture; and

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

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 Similarly Secured 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 Improvement Area #1 Indenture of Trust

interest in all of the moneys, rights and properties described in the Granting Clauses hereof, as follows (collectively, the "Trust Estate"):

FIRST GRANTING CLAUSE

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

SECOND GRANTING CLAUSE

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

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

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

PROVIDED, HOWEVER, that if and to the extent Assessments have been prepaid, the lien on real property associated with such Assessment prepayment shall be released and any rights of the Trustee and the Owners, as provided in this Indenture, to request the City to proceed with foreclosure procedures for the purpose of protecting and enforcing the rights of the Owners with respect to the Assessments levied against such property shall terminate;

PROVIDED, FURTHER, HOWEVER, if the City or its assigns shall well and truly pay, or cause to be paid, the principal or Redemption Price of and the interest on all the Bonds Similarly Secured at the times and in the manner stated in the Bonds Similarly Secured, 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;

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds Similarly Secured 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 Similarly Secured as follows:

ARTICLE I

DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.1. Definitions.

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

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

“Actual Costs” mean, with respect to an Improvement Area #1 Project, the demonstrated, reasonable, allocable, and allowable costs of constructing such Improvement Area #1 Project, as specified in a payment request in a form that has been reviewed and approved by the City. Actual Costs may include (a) the costs for the design, planning, financing, administration, management, acquisition, installation, construction and/or implementation of such Improvement Area #1 Project, including general contractor construction management fees, if any, (b) the costs of preparing the construction plans for such Improvement Area #1 Project, (c) the fees paid for obtaining permits, licenses or other governmental approvals for such Improvement Area #1 Project, (d) the costs for external professional costs associated with such Improvement Area #1 Project, such as engineering, geotechnical, surveying, land planning, architectural landscapers, advertising, marketing and research studies, appraisals, legal, accounting and similar professional services, taxes, (e) the costs of all labor, bonds and materials, including equipment and fixtures, incurred by contractors, builders and material men in connection with the acquisition, construction or implementation of the Improvement Area #1 Project, (f) all related permitting, zoning and public approval expenses, architectural, engineering, legal, and consulting fees, financing charges, taxes, governmental fees and charges (including inspection fees, City permit fees, development fees), insurance premiums, miscellaneous expenses.

“Additional Bonds” means the additional parity bonds authorized to be issued in accordance with the terms and conditions prescribed in Section 13.2(c) of this Indenture.

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

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

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

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

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

“Administrative Expenses” mean the administrative, organization, maintenance and operation costs and expenses associated with, or incident to, the administration, organization,

Improvement Area #1 Indenture of Trust

maintenance and operation of the District, including, but not limited to, the costs of: (i) creating and organizing the District, including conducting hearings, preparing notices and petitions, and all costs incident thereto, including engineering fees, legal fees and consultant fees, (ii) the annual administrative, organization, maintenance, and operation costs and expenses associated with, or incident and allocable to, the administration, organization, and operation of the District, (iii) computing, levying, billing and collecting Assessments or the Annual Installments thereof, (iv) maintaining the record of installments of the Assessments and the system of registration and transfer of the Bonds Similarly Secured, (v) paying and redeeming the Bonds Similarly Secured, (vi) investing or depositing of monies, (vii) complying with the PID Act and other laws applicable to the Bonds Similarly Secured, (viii) the Trustee fees and expenses relating to the Bonds Similarly Secured, including reasonable fees, (ix) legal counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, and (x) administering the construction of the Improvement Area #1 Projects. Administrative Expenses do not include payment of the actual principal of, redemption premium, if any, and interest on the Bonds Similarly Secured. Assessments collected for Administrative Expenses and not expended for actual Administrative Expenses in one year shall be carried forward and applied to reduce Administrative Expenses in subsequent years to avoid the over-collection of amounts to pay Administrative Expenses.

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

“Administrator” means an employee of the City or third-party designee of the City who shall have the responsibilities provided in the Service and Assessment Plan, this Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District. The initial Administrator is MuniCap, Inc.

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

“Annual Installment” means, with respect to each Assessed Parcel, each annual payment of the Assessments (including both principal of and interest on the Assessments) as shown on the Improvement Area #1 Assessment Roll attached to the Service and Assessment Plan as Appendix H and related to the Improvement Area #1 Projects; which annual payment includes Administrative Expenses and the Additional Interest collected on each annual payment of the Assessments as described in Section 6.7 herein and as defined and calculated in the Service and Assessment Plan or in any Annual Service Plan Update.

“Annual Service Plan Update” means the annual review and update of the Service and Assessment Plan required by the PID Act and the Service and Assessment Plan.

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

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

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

Improvement Area #1 Indenture of Trust

“Assessment Ordinance” means Ordinance No. 2023-13 adopted by the City Council on February 14, 2023, which levied the Assessments on the Assessed Property located within Improvement Area #1 of the District.

“Assessments” means the aggregate assessments, shown on the Improvement Area #1 Assessment Roll. The singular of such term means the Assessment levied against an Assessed Parcel, including the portion to be paid for Administrative Expenses, as shown on the Improvement Area #1 Assessment Roll, subject to reallocation upon the subdivision of an Assessed Parcel, or consolidation of multiple Assessed Parcels, or reduction according to the provisions of the Service and Assessment Plan and the PID Act.

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

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

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

“Bond” means any of the Bonds.

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

“Bond Date” means the date designated as the initial date of the respective series of the Bonds Similarly Secured by Section 3.2 of this Indenture.

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

“Bond Ordinance” means Ordinance No. 2023-17 adopted by the City Council on February 14, 2023, authorizing the issuance of the Bonds pursuant to this Indenture.

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

“Bond Similarly Secured” means any of the Bonds Similarly Secured.

“Bonds” means the City's bonds authorized to be issued by Section 3.1(a) of this Indenture entitled “City of Celina, Texas, Special Assessment Revenue Bonds, Series 2023 (North Sky Public Improvement District Improvement Area #1 Project)”.

“Bonds Similarly Secured” means the Outstanding Bonds and any Outstanding Additional Bonds and any Outstanding Refunding Bonds hereafter issued pursuant to and secured under this Indenture.

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

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

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

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

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

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

“Closing Date” means the date of the initial delivery of and payment for each series of the Bonds Similarly Secured. With respect to the Bonds, the Closing Date is March 9, 2023.

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

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

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

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

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named in this Indenture, the transfer/payment office located in St. Paul, Minnesota, or such other location designated by the Paying Agent/Registrar and (ii) with respect

to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the City and such successor.

“Developer” means CCD – North Sky, LLC, a Texas limited liability company, and its successors and assigns.

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

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

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

“Development Agreement” means that certain Development Agreement by and between the City and Pilatus Investment, LLC, approved by the City on February 9, 2021, as assigned to the Developer, and related to development of the property within the District, as the same may be amended from time to time.

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

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

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

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

“Improvement Area #1” means the initial phase to be developed in the District, as further identified and depicted in Appendix A in the Service and Assessment Plan.

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

“Improvement Area #1 Construction, Funding, and Acquisition Agreement” means the “North Sky Public Improvement District Improvement Area #1 Construction, Funding, and Acquisition Agreement” by and between the City and the Developer dated as of February 14, 2023, which provides, in part, for the deposit of proceeds from the issuance and sale of the Bonds and the payment of costs of Improvement Area #1 Projects within the District, the issuance of bonds, the use of the funds in the Developer Improvement Account, and other matters related thereto.

Improvement Area #1 Indenture of Trust

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

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

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

“Improvement Area #1 Major Improvements” means the pro rata portion of the Major Improvements allocable to Improvement Area #1.

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

“Improvement Area #1 Reimbursement Agreement” means the “North Sky Public Improvement District Improvement Area #1 Reimbursement Agreement” between the City and the Developer, dated as of February 14, 2023, which provides for the reimbursement of costs to the Developer for funds advanced by the Developer and used to pay a portion of the costs of the Improvement Area #1 Projects and other matters related thereto.

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

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

“Initial Bond” means, with respect to the Bonds, the Initial Bond as set forth in Exhibit A to this Indenture and, with respect to any other series of Bonds Similarly Secured, the Initial Bond set forth in an exhibit to a Supplemental Indenture.

“Interest Payment Date” means the date or dates upon which interest on any series of Bonds Similarly Secured is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being on March 1 and September 1 of each year and commencing, with respect to the Bonds, on September 1, 2023.

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

“Major Improvements” means the Authorized Improvements which benefit all of the property within the District subject to assessments.

Improvement Area #1 Indenture of Trust

“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 Similarly Secured.

“Minor Amount Redemption” means a redemption, pursuant to Section 4.4 of this Indenture, of a principal amount of a series of Bonds Similarly Secured that is less than ten percent (10%) of the Outstanding principal amount of such series of the Bonds Similarly Secured.

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

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

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

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

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

“Pledged Funds” means the Pledged Revenue Fund (excluding the Developer Reimbursement Pledged Revenue Account), the Bond Fund, the Project Fund (excluding the Developer Improvement Account), the Reserve Fund, and the Redemption Fund.

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

“Pledged Revenues” means the sum of (i) Assessment Revenue less the Administrative Expenses and (ii) any additional revenues that the City may pledge to the payment of Bonds Similarly Secured.

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

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

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

“Purchaser” means the initial purchaser of each series of the Bonds Similarly Secured.

Improvement Area #1 Indenture of Trust

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

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

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

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

“Redemption Price” means, when used with respect to any Bond Similarly Secured or portion thereof, the amount of par plus accrued and unpaid interest to the date of redemption, unless otherwise provided in a Supplemental Indenture.

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

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

“Reimbursement Fund” means that fund of such name established pursuant to Section 6.1.

“Reimbursement Payment Request” means a certificate substantially in the form of Exhibit A attached to the Improvement Area #1 Reimbursement Agreement or otherwise approved by the Developer and the City Representative executed by a Person approved by the City Representative, delivered to the City Representative and the Trustee requesting reimbursement for the Actual Costs of the Improvement Area #1 Projects from money on deposit in the Reimbursement Fund as further described in Section 6.12 herein.

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

“Reserve Account Requirement” means the least of: (i) Maximum Annual Debt Service on the Bonds as of the Closing Date of the Bonds, (ii) 125% of average Annual Debt Service on the Bonds as of the Closing Date of the Bonds, or (iii) 10% of the lesser of the principal amount of the Outstanding Bonds or the original issue price of the Bonds. As of the Closing Date for the Bonds, the Reserve Account Requirement is \$471,302.50, which is an amount equal to the Maximum Annual Debt Service on the Bonds as of the Closing Date. The Reserve Account Requirement shall be adjusted in accordance with Section 13.2, in the event an additional series of Bonds Similarly Secured is hereafter issued.

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

“Service and Assessment Plan” means the “North Sky Public Improvement District Service and Assessment Plan” dated February 14, 2023, including the Improvement Area #1 Assessment Roll, as hereinafter amended, updated, and/or restated by an Annual Service Plan Update or otherwise, a version of which is attached as an exhibit to the Assessment Ordinance.

Improvement Area #1 Indenture of Trust

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

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

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

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

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

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

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

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 SIMILARLY SECURED

Section 2.1. Security for the Bonds Similarly Secured.

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

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

Section 2.2. Limited Obligations.

The Bonds Similarly Secured are special and limited obligations of the City, payable solely from and secured solely by the Trust Estate, including the Pledged Revenues and the Pledged Funds; and the Bonds Similarly Secured 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 of the City. The City has ascertained and it is hereby determined and declared that the execution and delivery of this Indenture is necessary to carry out and effectuate the purposes set forth in the preambles of this Indenture and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds Similarly Secured and is a contract or agreement necessary, useful and convenient to carry out and effectuate the purposes herein described.

Section 2.4. Contract with Owners and Trustee.

(a) The purposes of this Indenture are to establish a lien and the security for, and to prescribe the minimum standards for the authorization, issuance, execution and delivery of, the Bonds Similarly Secured 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 Similarly Secured 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
SIMILARLY SECURED

Section 3.1. Authorization of the Bonds Similarly Secured.

(a) The Bonds. The Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly the PID Act, as amended. The Bonds shall be issued in the aggregate principal amount of \$6,715,000 for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #1 Projects, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying costs of issuance.

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

(a) The Bonds.

(i) The Bonds shall be dated March 9, 2023 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 for the Bonds, which shall be numbered T-1.

(ii) Interest shall accrue and be paid on each Bond from the later of the Closing Date of the Bonds or the most recent Interest Payment Date to which interest has been paid or provided for, at the rate per annum set forth below until the principal thereof has been paid on the maturity date specified below or otherwise provided for. Such interest shall be payable semiannually on March 1 and September 1 of each year, commencing September 1, 2023 computed on the basis of a 360-day year of twelve 30-day months.

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

<u>Years</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>
2030	880,000	4.375
2043	2,624,000	5.375
2052	3,211,000	5.625

Improvement Area #1 Indenture of Trust

<u>Years</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>
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(iv) The Bonds shall be subject to mandatory sinking fund redemption, optional redemption, and extraordinary optional redemption prior to maturity as provided in Article IV herein, and shall otherwise have the terms, tenor, denominations, details, and specifications as set forth in the form of Bond set forth in Exhibit A to this Indenture.

Section 3.3. Conditions Precedent to Delivery of Bonds.

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

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

Section 3.4. Medium, Method and Place of Payment.

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

(b) Interest on the Bonds Similarly Secured shall be payable to the Owners thereof as shown in the Register at the close of business on the relevant Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from or on behalf of the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first-class, postage prepaid, to the address of each Owner of a Bond Similarly Secured appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

(c) Interest on the Bonds Similarly Secured shall be paid by check, dated as of the Interest Payment Date, and sent, United States mail, first-class, postage prepaid, by the Paying Improvement Area #1 Indenture of Trust

Agent/Registrar to each Owner at the address of each Owner as such appears in the Register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the Owner; provided, however, the Owner shall bear all risk and expense of such other banking arrangement.

(d) The principal of each Bond Similarly Secured shall be paid to the Owner of such Bond Similarly Secured on the due date thereof, whether at the maturity date or the date of prior redemption thereof, upon presentation and surrender of such Bond Similarly Secured 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 Similarly Secured shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which such banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the due date thereof as specified in Section 3.2 of this Indenture.

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

Section 3.5. Execution and Registration of Bonds Similarly Secured.

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

(b) In the event that any officer of the City whose manual or facsimile signature appears on the Bonds Similarly Secured ceases to hold such office before the authentication of such Bonds Similarly Secured 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 Similarly Secured 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 or in a Supplemental Indenture, 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 Similarly Secured. In lieu of the executed Certificate of Trustee described above, the Initial Bond delivered at the Closing Date for such series of Bonds Similarly Secured shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein or in a Supplemental Indenture, manually executed by the Comptroller of Public Accounts of the State of Texas, or by his or her duly authorized agent, which certificate shall be evidence that such Initial Bond has been duly approved by the Attorney General of the State of Texas, is a valid and binding obligation of the City, and has been registered by the Comptroller of Public Accounts of the State of Texas.

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

Section 3.6. Ownership.

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

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

Section 3.7. Registration, Transfer and Exchange.

(a) So long as any Bond Similarly Secured 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 Similarly Secured in accordance with this Indenture. The Paying Agent/Registrar represents and warrants that it will file and maintain a copy of the Register with the City, and shall cause the Register to be current with all registration and transfer information as from time to time may be applicable.

(b) A Bond Similarly Secured 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 Similarly Secured shall be effective until entered in the Register.

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

(d) The Trustee is hereby authorized to authenticate and deliver Bonds Similarly Secured transferred or exchanged for other Bonds Similarly Secured in accordance with this Section. A new Bond Similarly Secured or Bonds Similarly Secured will be delivered by the Paying Agent/Registrar, in lieu of the Bond Similarly Secured 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 Similarly Secured 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 Similarly Secured or Bonds Similarly Secured in lieu of which such transferred Bond Similarly Secured is delivered.

(e) Each exchange Bond Similarly Secured 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 Similarly Secured or Bonds Similarly Secured in lieu of which such exchange Bond Similarly Secured is delivered.

(f) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for a different Authorized Denomination of any of the Bonds Similarly Secured. 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 Similarly Secured.

(g) Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond Similarly Secured 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 Similarly Secured redeemed in part.

Section 3.8. Cancellation.

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

Section 3.9. Temporary Bonds Similarly Secured.

(a) Following the delivery and registration of the respective 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 Similarly Secured that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds Similarly Secured 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 Similarly Secured may determine, as evidenced by their signing of such temporary Bonds Similarly Secured.

(b) Until exchanged for Bonds Similarly Secured in definitive form, such Bonds Similarly Secured 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 Similarly Secured in definitive form; thereupon, upon the presentation and surrender of the Bond Similarly Secured or Bonds Similarly Secured in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds Similarly Secured in temporary form and the Trustee shall authenticate and deliver in exchange therefor a Bond Similarly Secured or Bonds Similarly Secured of the same maturity and series, in definitive form, in the Authorized Denomination, and in the same aggregate principal amount, as the Bond Similarly Secured or Bonds Similarly Secured in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.10. Replacement Bonds Similarly Secured.

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond Similarly Secured, the Trustee shall authenticate and deliver in exchange therefor a replacement Bond Similarly Secured 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 Similarly Secured 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 Similarly Secured is lost, apparently destroyed or wrongfully taken, the Trustee, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond Similarly Secured has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond Similarly Secured 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 Similarly Secured;

(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 Similarly Secured, if a bona fide purchaser of the original Bond Similarly Secured in lieu of which such replacement Bond Similarly Secured was issued presents for payment such original Bond Similarly Secured, the City and the Paying Agent/Registrar shall be entitled to recover such replacement Bond Similarly Secured 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 Similarly Secured has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Bond Similarly Secured, may pay such Bond Similarly Secured if it has become due and payable or may pay such Bond Similarly Secured when it becomes due and payable.

(e) Each replacement Bond Similarly Secured 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 Similarly Secured or Bonds Similarly Secured in lieu of which such replacement Bond Similarly Secured is delivered.

Section 3.11. Book-Entry Only System.

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

With respect to Bonds Similarly Secured 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 Similarly Secured. 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 Similarly Secured, (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 Similarly Secured, 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 Similarly Secured. 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

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

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

In the event that the City determines that DTC is incapable of discharging its responsibilities described herein and in the letter of representations from the City to DTC, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds Similarly Secured to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability through DTC of certificated Bonds Similarly Secured and cause the Paying Agent/Registrar to transfer one or more separate registered Bonds Similarly Secured to DTC Participants having Bonds Similarly Secured credited to their DTC accounts. In such event, the Bonds Similarly Secured 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 Similarly Secured shall designate, in accordance with the provisions of this Indenture.

Section 3.13. Payments to Cede & Co.

Notwithstanding any other provision of this Indenture to the contrary, so long as any Bonds Similarly Secured 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 Similarly Secured, and all notices with respect to such Bonds Similarly Secured 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 SIMILARLY SECURED BEFORE MATURITY

Section 4.1. Limitation on Redemption.

The Bonds Similarly Secured 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.

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

Term Bonds Maturing September 1, 2030

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 2024	111,000
September 1, 2025	116,000
September 1, 2026	121,000
September 1, 2027	125,000
September 1, 2028	130,000
September 1, 2029	136,000
September 1, 2030*	141,000

* maturity

Term Bonds Maturing September 1, 2043

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 2031	147,000
September 1, 2032	154,000
September 1, 2033	162,000
September 1, 2034	170,000
September 1, 2035	179,000
September 1, 2036	188,000
September 1, 2037	198,000
September 1, 2038	208,000
September 1, 2039	219,000
September 1, 2040	231,000
September 1, 2041	243,000
September 1, 2042	256,000
September 1, 2043*	269,000

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* maturity

Term Bonds Maturing September 1, 2052

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 2044	284,000
September 1, 2045	300,000
September 1, 2046	316,000
September 1, 2047	334,000
September 1, 2048	353,000
September 1, 2049	373,000
September 1, 2050	394,000
September 1, 2051	417,000
September 1, 2052*	440,000

* maturity

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

(iii) The principal amount of Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (i) of this Section 4.2(a) shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least forty-five (45) days prior to the 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.

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

Section 4.3. Optional Redemption.

(a) The Bonds.

(i) The City reserves the right and option to redeem Bonds maturing on or after September 1, 2043, before their respective scheduled maturity dates, in whole or in

part, on any date on or after September 1, 2033, such redemption date or dates to be fixed by the City, at the Redemption Price.

Section 4.4. Extraordinary Optional Redemption.

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

Section 4.5. Partial Redemption.

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

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

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

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

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

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

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

Section 4.6. Notice of Redemption to Owners.

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

(b) The notice shall state the redemption date, the Redemption Price, the place at which the Bonds Similarly Secured are to be surrendered for payment, and, if less than all the Outstanding Bonds Similarly Secured are to be redeemed, and subject to Section 4.5 hereof, an identification of the Bonds Similarly Secured 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 Similarly Secured 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 Similarly Secured then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

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

Section 4.7. Payment Upon Redemption.

(a) The Trustee shall make provision for the payment of the Bonds Similarly Secured 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 Similarly Secured being redeemed.

(b) Upon presentation and surrender of any Bond Similarly Secured called for redemption at the Designated Payment/Transfer Office of the Trustee on or after the date fixed for redemption, the Trustee shall pay the Redemption Price on such Bond Similarly Secured 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 Similarly Secured 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 Similarly Secured to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds Similarly Secured or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds Similarly Secured are presented and surrendered for payment on such date.

ARTICLE V

FORM OF THE BONDS SIMILARLY SECURED

Section 5.1. Form Generally.

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

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

(c) The definitive Bonds Similarly Secured 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 Similarly Secured, as evidenced by their execution thereof.

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

Section 5.2. CUSIP Registration.

The City may secure identification numbers through the CUSIP Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association, New York, New York, and may authorize the printing of such numbers on the face of the Bonds Similarly Secured. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds Similarly Secured shall be of no significance or effect as regards the legality thereof; and none of the City, the Trustee, nor the attorneys approving said Bonds Similarly Secured as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds Similarly Secured.

Section 5.3. Legal Opinion.

The approving legal opinion of Bond Counsel may be printed on or attached to each Bond Similarly Secured over the certification of the City Secretary, Assistant City Secretary, or Deputy 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;
- (vii) Administrative Fund; and
- (viii) Reimbursement Fund.

(b) Creation of Accounts.

(i) The following Accounts are hereby created and established under the Pledged Revenue Fund:

- (A) Bond Pledged Revenue Account; and
- (B) Developer Reimbursement Pledged Revenue Account.

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

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

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

- (A) Improvement Area #1 Improvements Account;
- (B) Improvement Area #1 Major Improvements Account;
- (C) Developer Improvement Account; and

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(D) Costs of Issuance Account.

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

(A) Reserve Account; and

(B) Additional Interest Reserve Account.

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

(A) District Administration Account.

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

(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 Bonds.

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

(A) to the Capitalized Interest Account of the Bond Fund: \$172,075.85;

Fund: (B) to the Improvement Area #1 Improvements Account of the Project \$4,668,470.72;

(C) to the Improvement Area #1 Major Improvements Account of the Project Fund: \$763,385.93;

(D) to the Costs of Issuance Account of the Project Fund: \$388,315.00;

(E) to the Reserve Account of the Reserve Fund: \$471,302.50; and

(F) to the District Administration Account of the Administrative Fund: \$50,000.00.

(ii) Funds received from the Developer on the Closing Date of the Bonds in the amount of \$1,788,970.00 shall be paid to the Trustee and deposited or transferred by the Trustee into the Developer Improvement Account of the Project Fund.

Section 6.3. Pledged Revenue Fund.

(a) On or before February 15 of each year while the Bonds Similarly Secured are Outstanding and beginning February 15, 2024, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. From amounts deposited into the Pledged Revenue Fund, the City shall deposit or cause to be deposited Pledged Revenues as follows: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds Similarly Secured next coming due in such calendar year, (ii) second, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, in accordance with Section 6.7(a) hereof, (iii) third, to the Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest collected, if any, in accordance with Section 6.7(b) hereof, (iv) fourth, to the Developer Reimbursement Pledged Revenue Account of the Pledged Revenue Fund to pay the Developer for costs of Improvement Area #1 Projects that have been paid by the Developer (including any accrued interest) pursuant to the terms of the Improvement Area #1 Reimbursement Agreement, (v) fifth, to pay Actual Costs of the Improvement Area #1 Projects, and (vi) sixth, to pay other costs permitted by the PID Act. Moneys transferred to the Developer Reimbursement Pledged Revenue Account shall not be a part of the Trust Estate and are not security for the Bonds Similarly Secured.

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

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

(d) Subject to the provisions of the Improvement Area #1 Reimbursement Agreement, from time to time as needed to pay the obligations relating to Actual Costs of the Improvement Area #1 Projects that are paid by the Developer, and once all amounts deposited into the Improvement Area #1 Improvement Account and Improvement Area #1 Major Improvement Account of the Project Fund have been disbursed, the Trustee shall, pursuant to a completed Reimbursement Payment Request, withdraw from the Developer Reimbursement Pledged Revenue Account and transfer to the Reimbursement Fund such amount needed to pay the Developer for funds it paid to fund Actual Costs of the Improvement Area #1 Projects, including any accrued interest. When all amounts due to the Developer to pay it for the funds it used to pay for Actual Costs of the Improvement Area #1 Projects have been paid to the Developer, whether through Assessments received and applied in accordance with this Indenture and the Service and Assessment Plan or an Annual Service Plan Update, or through the proceeds of Additional Bonds, no further deposits shall be made to the Developer Reimbursement Pledged Revenue Account and the Developer Reimbursement Pledged Revenue Account shall be closed.

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

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

(g) After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds Similarly Secured and to fund any deficiency that may exist in an account of the Reserve Fund, the City may direct the Trustee by City Certificate to apply Assessments for any lawful purposes permitted by the PID Act for which Assessments may be paid, including the funding of any obligations due to the Developer with funds deposited to the Developer Reimbursement Pledged Revenue Account.

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

Section 6.4. Bond Fund.

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

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

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

<u>Date</u>	<u>Amount (\$)</u>
September 1, 2023	172,075.85

Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund, as directed by the City pursuant to a City Certificate, or if both of the Improvement Area #1 Improvements Account and the Improvement Area #1 Major Improvements Account have been closed as provided in Section 6.5(f) herein, such amounts shall be transferred to the Redemption

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Fund to be used to redeem Bonds Similarly Secured and the Capitalized Interest Account shall be closed.

Section 6.5. Project Fund.

(a) Money on deposit in the Project Fund shall be used for the purposes specified in Section 3.1 hereof. Money on deposit in the Improvement Area #1 Improvements Account of the Project Fund shall only be used to pay Actual Costs of Improvement Area #1 Improvements and money on deposit in the Improvement Area #1 Major Improvements Account of the Project Fund shall only be used to pay Actual Costs of Improvement Area #1 Major Improvements.

(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 Similarly Secured pursuant to one or more City Certificates. Disbursements from the other Accounts of the Project Fund to pay Actual Costs of the Improvement Area #1 Projects shall be made by the Trustee upon receipt by the Trustee of either properly executed and completed Certification for Payment or written direction from the City or its designee approving the disbursement to the Developer or the Developer's designee. The disbursement of funds from the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account pursuant to a Certification for Payment shall be pursuant to and in accordance with the disbursement procedures described in the Improvement Area #1 Construction, Funding, and Acquisition Agreement; provided, however, that all disbursement of funds for the Actual Costs of Improvement Area #1 Improvements made pursuant to a Certification of Payment shall be made first, from the Improvement Area #1 Improvements Account, and second, from the Developer Improvement Account and all disbursements of funds for the Actual Costs of the Improvement Area #1 Major Improvements shall be made first, from the Improvement Area #1 Major Improvements Account, and second, from the Developer Improvement Account. Such provisions and procedures related to such disbursements contained in the Improvement Area #1 Construction, Funding, and Acquisition Agreement, are herein incorporated by reference and deemed set forth herein in full.

(c) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Improvement Area #1 Improvements Account of the Project Fund or the Improvement Area #1 Major Improvements Account of the Project Fund are not expected to be expended for purposes of such Account due to the abandonment, or constructive abandonment of the Improvement Area #1 Improvements or Improvement Area #1 Major Improvements, as applicable, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Area #1 Improvements Account of the Project Fund or Improvement Area #1 Major Improvements Account of the Project Fund will ever be expended for the purposes of such Account, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Improvement Area #1 Improvements Account of the Project Fund and/or Improvement Area #1 Major Improvements Account of the Project Fund, as applicable, that are not expected to be used for purposes of such Account. If such City Certificate is so filed, the amounts on deposit in the Improvement Area #1 Improvements Account of the Project Fund and/or Improvement Area #1 Major Improvements Account of the Project Fund shall be transferred to the Redemption Fund to redeem Bonds Similarly Secured on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture.

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

(e) Upon the filing of a City Certificate stating that all Improvement Area #1 Improvements have been completed and that all Actual Costs of the Improvement Area #1 Improvement Area #1 Indenture of Trust

Improvements have been paid, or that any such Actual Costs of the Improvement Area #1 Improvements are not required to be paid from the Improvement Area #1 Improvements Account of the Project Fund pursuant to a Certification for Payment, the Trustee (i) shall transfer the amount, if any, remaining within the Improvement Area #1 Improvements Account of the Project Fund to the Bond Fund and (ii) shall close the Improvement Area #1 Improvements Account. Upon the filing of a City Certificate stating that all Improvement Area #1 Major Improvements have been completed and that all Actual Costs of the Improvement Area #1 Major Improvements have been paid, or that any such Actual Costs of the Improvement Area #1 Major Improvements are not required to be paid from the Improvement Area #1 Major Improvements Account of the Project Fund pursuant to a Certification for Payment, the Trustee (i) shall transfer the amount, if any, remaining within the Improvement Area #1 Major Improvements Account of the Project Fund to the Bond Fund and (ii) shall close the Improvement Area #1 Major Improvements Account. If the Improvement Area #1 Improvements Account and the Improvement Area #1 Major Improvements Account are closed as provided above, the Trustee shall transfer any remaining amounts in the Developer Improvement Account of the Project Fund to the Developer and shall close the Developer Improvement Account of the Project Fund. If the Improvement Area #1 Improvements Account, the Improvement Area #1 Major Improvements Account, and the Developer Improvement Account have been closed as provided above and the Cost of Issuance Account of the Project Fund has been closed pursuant to the provisions of Section 6.5(f), the Project Fund shall be closed.

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

Section 6.6. Redemption Fund.

(a) The Trustee shall cause to be deposited to the Redemption Fund from the Bond Pledged Revenue Account of the Pledged Revenue Fund an amount sufficient to redeem Bonds Similarly Secured 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 Similarly Secured as provided in Article IV.

Section 6.7. Reserve Fund.

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

(b) The Trustee, if needed, will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Additional Interest Reserve Account on March 1 and September 1 of each year, commencing March 1, 2024, an amount equal to the Additional

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

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

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

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

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

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

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

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

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

Section 6.8. Rebate Fund: Rebate Amount.

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

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

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

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

Section 6.9. Administrative Fund.

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

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

Section 6.10. Investment of Funds.

(a) Money in any Fund or Account established pursuant to this Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) days in advance of the making of such investment. The money in any Fund or Account shall be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times. Notwithstanding the preceding sentence, amounts in the Additional Interest Reserve Account may not be invested above the Yield (as defined in Section 7.5(a) hereof) on the Bonds Similarly Secured, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that such investment and/or the failure to comply with such yield restriction will not adversely affect the exemption from federal income tax of the interest on any Bond Similarly Secured. Investments shall be valued each year in terms of current market value as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds or Accounts may be invested in common investments of the kind described above, or in a common pool of such investment which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund or Account are held by or on behalf of each such Fund or Account. If necessary, such investments shall be promptly sold to prevent any default.

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

(c) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee shall have no investment discretion and the Trustee's only responsibility for investments shall be to follow the written instructions contained in any City Certificate and to insure that an investment it is directed to purchase is a permitted investment pursuant to the terms of this Indenture. The Trustee shall not incur any liability for losses arising from any investments made pursuant to this Section. The Trustee shall not be required to determine the suitability or legality of any investments.

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

(e) The Trustee will furnish the City and the Administrator monthly cash transaction statements which include detail for all investment transactions made by the Trustee hereunder; and, unless the Trustee receives a written request, the Trustee is not required to provide brokerage confirmations so long as the Trustee is providing such monthly cash transaction statements.

Section 6.11. Security of Funds.

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

Section 6.12. Reimbursement Fund.

Money on deposit in the Reimbursement Fund shall be disbursed to the Developer, once all amounts deposited into the Improvement Area #1 Improvement Account and Improvement Area #1 Major Improvement Account of the Project Fund have been disbursed, to reimburse the Actual Costs of the Improvement Area #1 Projects previously paid by the Developer, as evidenced by a Certification of Payment. Disbursements shall be made pursuant to this section and the Improvement Area #1 Reimbursement Agreement, based upon approval of a Reimbursement Payment Request by the City Representative. The Reimbursement Payment Request in the form attached as Exhibit A to the Improvement Area #1 Reimbursement Agreement is hereby incorporated into this Indenture. When all amounts due to the Developer to pay it for the funds it has contributed to pay Actual Costs of the Improvement Area #1 Projects have been paid to the Developer, whether through Assessments received and applied in accordance with this Indenture and the Service and Assessment Plan or an Annual Service Plan Update, or through the proceeds of Additional Bonds, no further deposits shall be made to the Reimbursement Fund and the Reimbursement Fund shall be closed. In the event that the Reimbursement Fund is closed pursuant to the terms of this Section, any remaining balance in the Reimbursement Fund and in any Account therein shall be transferred to the Pledged Revenue Fund and applied in accordance with the priorities set forth in Section 6.3(a) above.

ARTICLE VII
COVENANTS

Section 7.1. Confirmation of Assessments.

The City hereby confirms, covenants, and agrees that the Assessments to be collected from the Assessed Property are as so reflected in the Service and Assessment Plan (as it may be updated from time to time) and, in accordance with the Assessment Ordinance, it has levied the Assessments against the respective Assessed Parcels from which the Pledged Revenues will be collected and received.

Section 7.2. Collection and Enforcement of Assessments.

(a) For so long as any Bonds Similarly Secured are Outstanding and/or amounts are due to the Developer to pay it for funds it has contributed to pay Actual Costs of the Improvement Area #1 Projects in accordance with the Improvement Area #1 Reimbursement Agreement, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Assessments.

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

Section 7.3. Against Encumbrances.

(a) Other than Refunding Bonds, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Trust Estate, other than that specified in Section 9.6 of this Indenture, or upon any other property pledged under this Indenture, except the pledge created for the security of the Bonds Similarly Secured, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds Similarly Secured.

(b) So long as Bonds Similarly Secured are Outstanding hereunder, and except as set forth in Section 13.2 hereof, the City shall not issue any bonds, notes or other evidences of indebtedness other than the Bonds Similarly Secured and Refunding Bonds, if any, secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under this Indenture, except for other indebtedness incurred in compliance with Section 13.2 hereof.

Section 7.4. Records, Accounts, Accounting Reports.

The City hereby covenants and agrees that so long as any of the Bonds Similarly Secured or any interest thereon remain Outstanding and unpaid, and/or the obligation to the Developer to pay it for funds it has contributed to pay Actual Costs of the Improvement Area #1 Projects in accordance with the Improvement Area #1 Reimbursement Agreement and the Improvement Area #1 Construction, Funding, and Acquisition Agreement remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Assessments. The Trustee and Owners of any Bonds Similarly Secured 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 Similarly Secured during the City's regular business hours and on a mutually agreeable date not later than thirty days after the City receives such request.

Section 7.5. Covenants to Maintain Tax-Exempt Status.

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

"Closing Date" means the date on which each series of Bonds Similarly Secured are first authenticated and delivered to the respective initial purchasers against payment therefor.

"Code" means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

"Computation Date" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"Gross Proceeds" means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Bonds Similarly Secured.

"Investment" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"Nonpurpose Investment" means any investment property, as defined in Section 148(b) of the Code, in which Gross Proceeds of the Bonds Similarly Secured are invested and which is not acquired to carry out the governmental purposes of the Bonds Similarly Secured.

"Regulations" means any proposed, temporary or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds Similarly Secured. Any reference to any specific Regulation shall also mean, as appropriate, any

proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“Yield” of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and (2) the Bonds Similarly Secured, as it pertains to a particular series of Bonds Similarly Secured, has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Bond Similarly Secured to become includable in the gross income, as defined in Section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond Similarly Secured, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of each series of Bonds Similarly Secured:

(i) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds Similarly Secured of such series, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds Similarly Secured of such series or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan.

(i) Except to the extent permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of any Bonds Similarly Secured to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or

similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(ii) The City covenants and agrees that the levied Assessments will meet the requirements of the “tax assessment loan exception” within the meaning of Section 1.141-5(d) of the Regulations on the date that each series of the Bonds Similarly Secured are delivered and will ensure that the Assessments continue to meet such requirements for so long as Bonds Similarly Secured are outstanding.

(e) Not to Invest at Higher Yield. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of any series of Bonds Similarly Secured directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested) if, as a result of such investment, the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of such series of Bonds Similarly Secured.

(f) Not Federally Guaranteed. Except to the extent permitted by Section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Bonds Similarly Secured to be federally guaranteed within the meaning of Section 149(b) of the Code and the Regulations and rulings thereunder.

(g) Information Report. The City shall timely file the information required by Section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe with respect to each series of Bonds Similarly Secured.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in Section 148(f) of the Code and the Regulations and rulings thereunder:

(i) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last outstanding Bond Similarly Secured is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Bonds Similarly Secured with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(ii) Not less frequently than each Computation Date for each series of Bonds Similarly Secured, the City shall calculate the Rebate Amount for the respective series of Bonds in accordance with rules set forth in Section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of each series of the Bonds Similarly Secured until six years after the final Computation Date.

(iii) As additional consideration for the purchase of the Bonds Similarly Secured by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon
Improvement Area #1 Indenture of Trust

from the gross income of the owners thereof for federal income tax purposes, the City shall, pursuant to a City Certificate, direct the Trustee to transfer to the Rebate Fund from the funds or subaccounts designated in such City Certificate and direct the Trustee to pay to the United States from the Rebate Fund the amount that when added to the future value of previous rebate payments made for any series of Bonds Similarly Secured equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

(iv) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (ii) and (iii), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds Similarly Secured, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds Similarly Secured not been relevant to either party.

(j) Elections. The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Manager, Assistant City Manager, Director of Finance, City Secretary, Assistant City Secretary, or Deputy City Secretary individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with each series of the Bonds Similarly Secured, in the Tax Certificate or similar or other appropriate certificate, form or document.

ARTICLE VIII

LIABILITY OF CITY

The City shall not incur any responsibility in respect of the Bonds Similarly Secured or this Indenture other than in connection with the duties or obligations explicitly herein or in the Bonds Similarly Secured 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 Similarly Secured, or as to the existence of a default or event of default thereunder.

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

No provision of this Indenture, the Bonds Similarly Secured, 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 Similarly Secured (the "Bond Documents"), shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Trust Estate and the Administrative Expenses) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if in the judgment of the City there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it.

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

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

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

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

to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations, and directions of such persons or entities.

ARTICLE IX

THE TRUSTEE

Section 9.1. Trustee as Paying Agent/Registrar.

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

Section 9.2. Trustee Entitled to Indemnity.

The Trustee shall be under no obligation to spend its own funds, to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified, to the extent permitted by law, to its satisfaction against any and all costs and expenses, outlays, and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own negligence or willful misconduct; provided, however, the Trustee may not request or require indemnification as a condition to making any deposits, payments, or transfers when required hereunder, or delivering any notice when required hereunder. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as the Trustee, without indemnity, and in such case the Trustee may make transfers from the Pledged Revenue Fund or the District Administration Account of the Administrative Fund to pay all costs and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall, to the extent permitted by law, be entitled to a preference therefor over any Bonds Similarly Secured Outstanding hereunder.

Section 9.3. Responsibilities of the Trustee.

The recitals contained in this Indenture and in the Bonds Similarly Secured shall be taken as the statements of the City and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of the offering documents, this Indenture, or the Bonds Similarly Secured 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 Similarly Secured for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; (iii) the application of any moneys paid to the City or others in accordance with this Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; or (iv) any calculation of arbitrage or rebate under the Code. The Trustee has the right to act through agents and attorneys.

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 shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct, both before Improvement Area #1 Indenture of Trust

and after default by the City. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from this Indenture for the existence, furnishing or use of the Improvement Area #1 Projects.

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

In case a default or an Event of Default has occurred and is continuing hereunder (of which the Trustee has been notified), the Trustee shall exercise those rights and powers vested in it by this Indenture and shall use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

Section 9.4. Property Held in Trust.

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

Section 9.5. Trustee Protected in Relying on Certain Documents.

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

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

The Trustee shall not be under any obligation to see to the recording or filing of this Indenture, or otherwise to the giving to any Person of notice of the provisions hereof except as expressly required in Section 9.13 herein.
Improvement Area #1 Indenture of Trust

Section 9.6. Compensation.

Unless otherwise provided by contract with the Trustee, the Trustee shall transfer from the District Administration Account of the Administrative Fund, from time to time, reasonable compensation for all services rendered by it hereunder, including its services as Paying Agent/Registrar, together with all its reasonable expenses, charges, and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by specific agreement, and the Trustee shall have a lien therefor on any and all funds at any time held by it in the Administrative Fund. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if in the judgment of the Trustee there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it. If the City shall fail to make any payment required by this Section, the Trustee may make such payment from any moneys in its possession in the Administrative Fund.

Section 9.7. Permitted Acts.

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

Section 9.8. Resignation of Trustee.

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than 30 days' written notice, specifying the date when such resignation shall take effect, to the City and each Owner of any Outstanding Bond Similarly Secured. Such resignation shall take effect upon the appointment of a successor as provided in Section 9.10 and the acceptance of such appointment by such successor.

Section 9.9. Removal of Trustee.

The Trustee may be removed at any time by (i) the Owners of at least a majority of the aggregate outstanding principal of the Bonds Similarly Secured by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or by their attorneys-in-fact, duly authorized and delivered to the City, or (ii) so long as the City is not in default under this Indenture, the City. Copies of each such instrument shall be delivered by the City to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the City or the Owners of not less than 10% of the aggregate outstanding principal of the Bonds Similarly Secured.

Section 9.10. Successor Trustee.

If the Trustee shall resign, be removed, be dissolved, or become incapable of acting, or shall be adjudged as bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of the Trustee hereunder shall thereupon become vacant.

If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, a successor Trustee may be appointed within one year after any such vacancy shall have occurred by the Owners of at least twenty-five percent (25%) of the aggregate outstanding principal of the Bonds Similarly Secured by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or their attorneys-in-fact, duly authorized and delivered to such successor Trustee, with notification thereof being given to the predecessor Trustee and the City.

Unless such successor Trustee shall have been appointed by the Owners of the Bonds Similarly Secured, the City shall forthwith appoint a Trustee to act hereunder. Copies of any instrument of the City providing for any such appointment shall be delivered by the City to the Trustee so appointed. The City shall mail notice of any such appointment to each Owner of any Outstanding Bonds Similarly Secured within 30 days after such appointment. Any appointment of a successor Trustee made by the City immediately and without further act shall be superseded and revoked by an appointment subsequently made by the Owners of Bonds Similarly Secured, in accordance with the immediately preceding paragraph.

If in a proper case no appointment of a successor Trustee shall be made within 45 days after the giving by any Trustee of any notice of resignation in accordance with Section 9.8 herein or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds Similarly Secured may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor and the City shall be responsible for the costs of such appointment process.

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

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

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, Improvement Area #1 Indenture of Trust

obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers, and trusts of such Trustee and all the right, title, and interest of such Trustee in and to the Trust Estate, and shall pay over, assign, and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance, or instrument in writing from the City be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties, or obligations, any and all such deeds, conveyances, and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged, and delivered by the City.

Section 9.12. Merger, Conversion or Consolidation of Trustee.

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

Section 9.13. Trustee to File Continuation Statements.

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

Section 9.14. 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 Similarly Secured. Permissive rights of the Trustee are not to be construed as duties.

ARTICLE X

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 10.1. Amendments Permitted.

(a) This Indenture and the rights and obligations of the City and of the Owners of the Bonds Similarly Secured 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 Similarly Secured, or with the written consent without a meeting, of the Owners of at least a majority of the aggregate principal amount of the Bonds Similarly Secured then Outstanding. No Improvement Area #1 Indenture of Trust

such modification or amendment shall (i) extend the maturity of any Bond Similarly Secured or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond Similarly Secured, without the express consent of the Owner of such Bond Similarly Secured, or (ii) permit the creation by the City of any pledge or lien upon the Trust Estate superior to or on a parity with the pledge and lien created for the benefit of the Bonds Similarly Secured (except as otherwise permitted by Applicable Laws and this Indenture), or reduce the percentage of Owners of Bonds Similarly Secured required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Trustee without its written consent.

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

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

(ii) to make modifications not adversely affecting any Outstanding Bonds Similarly Secured 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 Similarly Secured;

(iv) to provide for the issuance of Additional Bonds or Refunding Bonds as set forth in 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 Similarly Secured.

(c) Any modification or amendment made pursuant to Section 10.1(b) shall not be subject to the notice procedures specified in Section 10.3 below.

(d) Notwithstanding the above, no Supplemental Indenture under subsections (a) or (b)(i), (b)(ii), (b)(iii), (b)(v) of this Section shall be effective unless the City first delivers to the Trustee an opinion of Bond Counsel to the effect that such amendment is permitted and will not adversely affect the: (i) interest of the Owners in any material respect, or (ii) exclusion of interest on any Bond Similarly Secured from gross income for purposes of federal income taxation.

Section 10.2. Owners' Meetings.

The City may at any time call a meeting of the Owners of the Bonds Similarly Secured. In such event the City is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof, and to fix and adopt rules and regulations for the conduct of said meeting.

Section 10.3. Procedure for Amendment with Written Consent of Owners.

The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds Similarly Secured or of this Indenture, to the extent that such amendment is permitted by Section 10.1 herein, to take effect when and as provided in this Section. A copy of such Supplemental Indenture, together with a request to Owners for their consent thereto, shall be mailed by first-class mail, by the Trustee to each Owner of Bonds Similarly Secured from whom consent is required under this Indenture, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.

Such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners as required by this Indenture and a notice shall have been mailed as hereinafter in this Section provided and the City or Bond Counsel, acting on the City's behalf, has delivered to the Trustee an opinion of Bond Counsel to the effect that such amendment is permitted and will not adversely affect the exclusion of interest on any Bond from gross income for purposes of federal income taxation. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds Similarly Secured for which such consent is given, which proof shall be such as is permitted by Section 11.6 herein. Any such consent shall be binding upon the Owner of the Bonds Similarly Secured giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof), unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds Similarly Secured 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 Similarly Secured 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 Similarly Secured at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period; provided, however, that the Trustee during such sixty day period and any such further period during which any such action or proceeding may be pending shall be entitled in its sole discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture, as it may deem expedient; provided, further, that the Trustee shall have no obligation to take or refrain from taking any such action and the Trustee shall have no liability with respect to any action taken or any instance of inactions.

Section 10.4. Effect of Supplemental Indenture.

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

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

The City may determine that Bonds Similarly Secured 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 Similarly Secured Outstanding at such effective date and presentation of his Bond Similarly Secured 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 Similarly Secured. The City may determine that new Bonds Similarly Secured, 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 Similarly Secured then Outstanding, such new Bonds Similarly Secured shall be exchanged at the designated office of the Trustee without cost to any Owner, for Bonds Similarly Secured then Outstanding, upon surrender of such Bonds Similarly Secured.

Section 10.6. Amendatory Endorsement of Bonds Similarly Secured.

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

Section 10.7. Waiver of Default

With the written consent of at least a majority in aggregate principal amount of the Bonds Similarly Secured then Outstanding, the Owners may waive non-compliance by the City with certain past defaults under the Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners.

Section 10.8. Execution of Supplemental Indenture.

In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall receive, and shall be fully protected in relying upon, an opinion of counsel addressed and delivered to the Trustee and the City stating that the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties and immunities under this Indenture.

ARTICLE XI

DEFAULT AND REMEDIES

Section 11.1. Events of Default.

(a) Each of the following occurrences or events shall be and is hereby declared to be an "Event of Default," to wit:

(i) The failure of the City to deposit the Pledged Revenues to the Bond Pledged Revenue Account of the Pledged Revenue Fund;

(ii) The failure of the City to enforce the collection of the Assessments, including the prosecution of foreclosure proceedings;

(iii) The failure to make payment of the principal of or interest on any of the Bonds Similarly Secured when the same becomes due and payable and such failure is not remedied within thirty (30) days; provided, however, that the payments are to be made only from Pledged Revenues or other funds currently available in the Pledged Funds and available to the City to make the payments; and

(iv) Default in the performance or observance of any covenant, agreement or obligation of the City under this Indenture and the continuation thereof for a period of ninety (90) days after written notice to the City by the Trustee, or by the Owners of at least 25% of the aggregate Outstanding principal of the Bonds Similarly Secured with a copy to the Trustee, specifying such default and requesting that the failure be remedied.

(b) Nothing in Section 11.1(a) will be an Event of Default if it is in violation of any applicable state law or court order.

Section 11.2. Immediate Remedies for Default.

(a) Subject to Article VIII, upon the happening and continuance of any of the Events of Default described in Section 11.1, the Trustee may, and at the written direction of the Owners of at least 25% of the Bonds Similarly Secured then Outstanding and its receipt of indemnity satisfactory to it, shall proceed against the City for the purpose of protecting and enforcing the rights of the Owners under this Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies of default.

(b) THE PRINCIPAL OF THE BONDS SIMILARLY SECURED SHALL NOT BE SUBJECT TO ACCELERATION UNDER ANY CIRCUMSTANCES.

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

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

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

Section 11.3. Restriction on Owner's Action.

(a) No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of not less than 25% of the aggregate principal amount of the Bonds Similarly Secured then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in Section 9.2 herein, (iv) the Trustee has for ninety (90) days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 90-day period by the Owners of at least a majority of the aggregate principal amount of the Bonds Similarly Secured then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds Similarly Secured 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 Similarly Secured then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee, be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

(b) Subject to Article VIII, nothing in this Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond Similarly Secured at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond

Similarly Secured 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 Similarly Secured.

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

Section 11.4. Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues and other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee, and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 11.2 hereof, shall be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds Similarly Secured, 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 Similarly Secured, or Redemption Price of any Bonds Similarly Secured 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 Similarly Secured due on any date, then to the payment thereof ratably, according to the amounts of principal due and to the Owners entitled thereto, without any discrimination or preference.

Within ten (10) days of receipt of such good and available funds, the Trustee may fix a record and payment date for any payment to be made to Owners pursuant to this Section 11.4.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 11.1, the available funds shall be allocated to the Bonds Similarly Secured that are Outstanding in proportion to the quantity of Bonds Similarly Secured 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 Improvement Area #1 Indenture of Trust

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 Similarly Secured.

(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 Similarly Secured 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 Similarly Secured 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 Similarly Secured 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 Similarly Secured and the amount, numbers and other identification and date of holding the same shall be proved by the Register.

(b) Except as otherwise provided in this Indenture with respect to revocation of a consent, any request or consent by an Owner of Bonds Similarly Secured shall bind all future Owners of the same Bonds Similarly Secured in respect of anything done or suffered to be done by the City or the Trustee in accordance therewith.

Section 11.7. No Acceleration.

In the event of the occurrence of an Event of Default under Section 11.1 hereof, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Indenture is expressly denied.

Section 11.8. Mailing of Notice.

Any provision in this Article for the mailing of a notice or other document to Owners shall be fully complied with if it is mailed, first-class, postage prepaid, only to each Owner at the address appearing upon the Register.

Section 11.9. Exclusion of Bonds Similarly Secured.

Bonds Similarly Secured 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 Similarly Secured provided for in this Indenture, and the City shall not be entitled with respect to such Bonds Similarly Secured to give any consent or take any other action provided for in this Indenture.

Section 11.10. Remedies Not Exclusive.

No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity, by statute or by contract.

Section 11.11. Direction by Owners.

Anything herein to the contrary notwithstanding, the Owners of at least 25% of the aggregate outstanding principal of the Bonds shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the choice of remedies and the time, method, and place of conducting a proceeding for any remedy available to the Trustee hereunder, under each Supplemental Indenture, or otherwise, or exercising any trust or power conferred upon the Trustee, including the power to direct or withhold directions with respect to any remedy available to the Trustee or the Owners, provided, (i) such direction shall not be otherwise than in accordance with Applicable Laws and the provisions hereof, (ii) that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and (iii) that the Trustee shall have the right to decline to follow any such direction which, in the opinion of the Trustee, would be unjustly prejudicial to Owners not parties to such direction.

ARTICLE XII

GENERAL COVENANTS AND REPRESENTATIONS

Section 12.1. Representations as to Trust Estate.

(a) The City represents and warrants that it is authorized by Applicable Laws to authorize and issue the Bonds Similarly Secured, to execute and deliver this Indenture and to pledge the Trust Estate in the manner and to the extent provided in this Indenture, and that the Pledged Revenues and the Trust Estate are and will be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

(b) The City shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Trust Estate and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) The City will take all steps reasonably necessary and appropriate, and will direct the Trustee to take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Assessments and any other amounts pledged to the payment of the Bonds Similarly Secured to the fullest extent permitted by the PID Act and other Applicable Laws.

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

Section 12.2. Accounts, Periodic Reports and Certificates.

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

Section 12.3. General.

The City shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the City under the provisions of this Indenture.

ARTICLE XIII

SPECIAL COVENANTS

Section 13.1. Further Assurances; Due Performance.

(a) At any and all times the City will duly execute, acknowledge and deliver, or will cause to be done, executed and delivered, all and every such further acts, conveyances, transfers, and assurances in a manner as the Trustee shall reasonably require for better conveying, transferring, pledging, and confirming unto the Trustee, all and singular, the revenues, Funds, Accounts and properties constituting the Pledged Revenues, and the Trust Estate hereby transferred and pledged, or intended so to be transferred and pledged.

(b) The City will duly and punctually keep, observe and perform each and every term, covenant and condition on its part to be kept, observed and performed, contained in this Indenture.

Section 13.2. Additional Obligations or Other Liens; Additional Bonds.

(a) The City reserves the right, subject to the provisions contained in this Section 13.2, to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from the Pledged Revenues. Additionally, the City has reserved the right to issue bonds or other obligations secured by and payable from Pledged Revenues so long as such pledge is subordinate to the pledge of Pledged Revenues securing payment of the Bonds Similarly Secured.

(b) Other than Refunding Bonds issued to refund all or a portion of the Bonds Similarly Secured or Additional Bonds issued in accordance with this Section, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will

not do or omit to do or suffer to be or omit to be done any matter or things whatsoever whereby the lien of this Indenture or the priority hereof might or could be lost or impaired.

(c) The City reserves the right to issue Additional Bonds, but shall be under no obligation to issue Additional Bonds, to finance the Actual Costs of the Improvement Area #1 Projects or to pay amounts due to the Developer pursuant to the Improvement Area #1 Reimbursement Agreement, but only in accordance with the conditions set forth below:

(i) The Trustee shall receive a certificate from the City Representative certifying that (A) the City is not in default in the performance and observance of any of the terms, provisions and conditions applicable to the City contained in this Indenture and (B) the Developer is not delinquent with respect to fees or any other funds or commitments to be paid to the City in accordance with the Development Agreement or the Improvement Area #1 Reimbursement Agreement;

(ii) The Trustee and the City shall receive a certificate from the Developer, through an authorized representative, certifying that the Developer is not in default beyond any applicable notice and cure period in the performance and observance of any of the terms, provisions and conditions applicable to the Developer contained in the Improvement Area #1 Reimbursement Agreement, the Development Agreement or any continuing disclosure agreement entered into by the Developer relating to any Bonds Similarly Secured or Additional Obligations, unless any defaults under the foregoing agreements (except for defaults under any continuing disclosure agreements entered into by the Developer which defaults shall be cured) are disclosed in a certificate from the Developer to the City and the City elects to proceed with the issuance of the Additional Bonds regardless of the existence of such default or defaults;

(iii) The Trustee and the City shall receive a certificate from the Administrator certifying that the Developer is not delinquent with respect to the payment of Assessments or any ad valorem taxes (other than any ad valorem taxes being contested in good faith);

(iv) The City and the Trustee shall receive a certificate from the Developer, through an authorized representative, certifying that no less than fifty (50) single-family lots located within Improvement Area #1 of the District: (A) contain completed single-family homes or (B) have been issued a construction permit by the City;

(v) The principal (including sinking fund installments) of the Additional Bonds must be scheduled to mature on September 1 of the years in which principal is scheduled to mature;

(vi) The interest on the Additional Bonds must be scheduled to be paid on March 1 and September 1 of the years in which interest is scheduled to be paid;

(vii) The Reserve Account Requirement shall be increased by an amount equal to twenty-five percent (25%) of the Maximum Annual Debt Service on the proposed Additional Bonds to be issued as of the Closing Date of such series of Additional Bonds; provided, however, that the Reserve Account Requirement will not be increased by more than 10% of the principal amount of the Additional Bonds (or if the Additional Bonds are issued with more than 2% net original issue discount or premium, 10% of the proceeds of the Additional Bonds); provided further, however, the Reserve Account Requirement shall not exceed the least of (i) Maximum Annual Debt Service on the Bonds Similarly Secured, Improvement Area #1 Indenture of Trust

(ii) 125% of average Annual Debt Service on the Bonds Similarly Secured, or (iii) 10% of the lesser of the principal amount of the Outstanding Bonds Similarly Secured or the combined original issue price of the Bonds Similarly Secured;

(viii) The issuance of such Additional Bonds shall not cause the amount of the Annual Installments to be collected in any year after the issuance of such Additional Bonds to exceed the amount of the Annual Installments collected in the year of the issuance of such Additional Bonds; and

(ix) The maximum principal amount of Additional Bonds that may be issued, subject to the approval of the City, in total, is the lesser of (i) the then outstanding balance of the Improvement Area #1 Reimbursement Agreement and (ii) the then outstanding Assessments, less the Assessments required to pay the principal of the Bonds.

(d) Notwithstanding the provisions of Section 13.2(c) above, Refunding Bonds issued to refund all or a portion of the Bonds Similarly Secured shall not be required to meet the requirements set forth in Section 13.2(c)(iv) or Section 13.2(c)(vii).

Section 13.3. Books of Record.

(a) The City shall cause to be kept full and proper books of record and accounts, in which full, true and proper entries will be made of all dealing, business and affairs of the City, which relate to the Pledged Revenues, the Pledged Funds, the Trust Estate, and the Bonds Similarly Secured.

(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. Specifically, but without limitation, the Trustee shall have no duty to review such information, is not considered to have notice of the contents of such information or a default based on such contents, and has no duty to verify the accuracy of such information.

ARTICLE XIV

PAYMENT AND CANCELLATION OF THE BONDS SIMILARLY SECURED 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 Similarly Secured 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 Similarly Secured, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds Similarly Secured 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 Similarly Secured, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such Improvement Area #1 Indenture of Trust

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 Similarly Secured has been paid so that the City may determine if the Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the in Funds and Accounts held hereunder to the Person entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the City.

Section 14.3. Bonds Similarly Secured Deemed Paid.

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

ARTICLE XV

MISCELLANEOUS

Section 15.1. Benefits of Indenture Limited to Parties.

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

Section 15.2. Successor is Deemed Included in All References to Predecessor.

Whenever in this Indenture or any Supplemental Indenture either the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns
Improvement Area #1 Indenture of Trust

thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 15.3. Execution of Documents and Proof of Ownership by Owners.

Any request, declaration, or other instrument which this Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys duly appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration, or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the Person signing such request, declaration, or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Bonds Similarly Secured and the amount, maturity, number, and date of holding the same shall be proved by the Register.

Any request, declaration or other instrument or writing of the Owner of any Bond Similarly Secured shall bind all future Owners of such Bond Similarly Secured in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

Section 15.4. Waiver of Personal Liability.

No member, officer, agent, or employee of the City shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds Similarly Secured; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law.

Section 15.5. Notices to and Demands on City and Trustee.

(a) Except as otherwise expressly provided in this Indenture, all notices or other instruments required or permitted under this Indenture, including any City Certificate, shall be in writing and shall be telexed, cabled, delivered by hand, mailed by first-class mail, postage prepaid, or transmitted by facsimile or e-mail and addressed as follows:

If to the City: City of Celina, Texas
142 North Ohio
Celina, Texas 75009
Attention: City Manager

If to the Trustee
or the Paying Agent/Registrar: U.S. Bank Trust Company, National Association
Attention: Bond Operations
111 Fillmore Avenue East
St. Paul, Minnesota 55107-1402

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

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

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

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

Section 15.6. Partial Invalidity.

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

Section 15.7. Applicable Laws.

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

Section 15.8. Payment on Business Day.

In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds Similarly Secured or the date fixed for redemption of any Bonds Similarly Secured 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. No Boycott of Israel.

To the extent this Indenture constitutes a contract for goods or services for which a written verification is required under Section 2271.002, Texas Government Code, 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. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, 'boycott Israel,' a term defined in Section 2271.001, Texas Government Code, by reference to Section 808.001(1), Texas Government Code, means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Trustee understands 'affiliate' to mean 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.

Section 15.11. Iran, Sudan, and Foreign Terrorist Organizations.

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 Improvement Area #1 Indenture of Trust

by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to enable the City to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and 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. The Trustee understands 'affiliate' to mean 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.

Section 15.12. No Discrimination Against Fossil Fuel Companies.

To the extent this Indenture constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the 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. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification, "boycott energy companies," a term defined in Section 2274.001(1), Texas Government Code (as enacted by such Senate Bill) by reference to Section 809.001, Texas Government Code (also as enacted by such Senate Bill), shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above. The Trustee understands 'affiliate' to mean 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.

Section 15.13. No Discrimination Against Firearm Entities and Firearm Trade Associations.

(a) To the extent this Indenture constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the 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. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification and the following definitions:

(i) 'discriminate against a firearm entity or firearm trade association,' a term defined in Section 2274.001(3), Texas Government Code (as enacted by such Senate Bill), (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association;

(ii) 'firearm entity,' a term defined in Section 2274.001(6), Texas Government Code (as enacted by such Senate Bill), means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government Code, as enacted by such Senate Bill, as weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (defined in Section 2274.001(5), Texas Government Code, as enacted by such Senate Bill, as devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (defined in Section 2274.001(1), Texas Government Code, as enacted by such Senate Bill, as a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (defined in Section 250.001, Texas Local Government Code, as a business establishment, private club, or association that operates an area for the discharge or other use of firearms for silhouette, skeet, trap, black powder, target, self-defense, or similar recreational shooting); and

(iii) 'firearm trade association,' a term defined in Section 2274.001(7), Texas Government Code (as enacted by such Senate Bill), means any person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code.

(b) The Trustee understands 'affiliate' to mean 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.

IN WITNESS WHEREOF, the City and the Trustee have caused this Indenture of Trust to be executed all as of the date hereof.

CITY OF CELINA, TEXAS

By: _____,
Mayor

Attest:

City Secretary

[CITY SEAL]

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

By: _____
Authorized Officer

EXHIBIT A

(c) Form of Bond.

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

REGISTERED
No. _____

REGISTERED
\$ _____

United States of America
State of Texas

CITY OF CELINA, TEXAS
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2023
(NORTH SKY PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)

INTEREST RATE MATURITY DATE DATE OF DELIVERY CUSIP NUMBER

_____ % September 1, 20____ _____ _____

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

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

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on March 1 and September 1 of each year, commencing September 1, 2023, until maturity or prior redemption.

Capitalized terms appearing herein that are defined terms in the Indenture defined below, have the meanings assigned to them in the Indenture. Reference is made to the Indenture for such definitions and for all other purposes.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in St. Paul, Minnesota (the "Designated Payment/Transfer Office"), of U.S. Bank Trust Company, National Association, as trustee and paying agent/registrar (the "Trustee", which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/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 fifteenth calendar day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first-class, postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the "Bonds"), dated March 9, 2023 and issued in the aggregate principal amount of \$6,715,000 and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of March 1, 2023 (the "Indenture"), by and between the City and the Trustee, to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #1 Projects, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying costs of issuance.

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

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

The Bonds are issuable as fully registered bonds only in Authorized Denominations, subject to the provisions of the Indenture authorizing redemption in denominations of \$100,000 and any multiple of \$1,000 in excess thereof.

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

Term Bonds Maturing September 1, 2030

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 2024	111,000
September 1, 2025	116,000
September 1, 2026	121,000
September 1, 2027	125,000
September 1, 2028	130,000
September 1, 2029	136,000
September 1, 2030*	141,000

* maturity

Term Bonds Maturing September 1, 2043

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 2031	147,000
September 1, 2032	154,000
September 1, 2033	162,000
September 1, 2034	170,000
September 1, 2035	179,000
September 1, 2036	188,000
September 1, 2037	198,000
September 1, 2038	208,000
September 1, 2039	219,000
September 1, 2040	231,000
September 1, 2041	243,000
September 1, 2042	256,000
September 1, 2043*	269,000

* maturity

Term Bonds Maturing September 1, 2052

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 2044	284,000
September 1, 2045	300,000
September 1, 2046	316,000
September 1, 2047	334,000
September 1, 2048	353,000
September 1, 2049	373,000

September 1, 2050	394,000
September 1, 2051	417,000
September 1, 2052*	440,000

* maturity

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

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

The City reserves the right and option to redeem Bonds maturing on or after September 1, 2043 before their scheduled maturity dates, in whole or in part, on any date on or after September 1, 2033, such redemption date or dates to be fixed by the City, at the redemption price of par plus accrued interest to the date of redemption.

Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, and in an amount and on a date specified in a City Certificate, at a redemption price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption, pursuant to the provisions of the Indenture, from amounts on deposit in the Redemption Fund as a result of Prepayments, other transfers to the Redemption Fund pursuant to the Indenture, or as a result of unexpended amounts transferred from the Project Fund as provided in the Indenture.

The Trustee shall give notice of any redemption of Bonds by sending notice by United States mail, first-class, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown on the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed. Any notice so given shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

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

Trustee shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

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

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

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

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

The City has reserved the right to issue Additional Bonds on the terms and conditions specified in the Indenture.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF CELINA, TEXAS, THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the City, including the Bonds, does not exceed any Constitutional or statutory limitation.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be executed under the official seal of the City.

Mayor, City of Celina, Texas

City Secretary, City of Celina, Texas

[City Seal]

(d) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Bond:

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS § REGISTER NO. _____
§
THE STATE OF TEXAS §

I HEREBY CERTIFY THAT there is on file and of record in my office a certificate to the effect that the Attorney General of the State of Texas has approved this Bond, and that this Bond has been registered this day by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____

Comptroller of Public Accounts
of the State of Texas

[SEAL]

(e) 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.

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

DATED: _____

By: _____
Authorized Signatory

(f) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and zip code of transferee):

(Social Security or other identifying number: _____) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed By:

Authorized Signatory

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

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

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

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

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

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

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

SUPPLEMENTAL INDENTURE OF TRUST

By and Between

CITY OF CELINA, TEXAS

and

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

DATED AS OF OCTOBER 1, 2024

SECURING

 \$[PAR]
 CITY OF CELINA, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(NORTH SKY PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1B PROJECT)

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SUPPLEMENTAL INDENTURE OF TRUST

THIS SUPPLEMENTAL INDENTURE OF TRUST, dated as of October 1, 2024, is by and between the CITY OF CELINA, TEXAS (the “City”), and U.S. Bank Trust Company, National Association, as trustee (together with its successors, the “Trustee”). Capitalized terms used in the preambles, recitals and granting clauses and not otherwise defined shall have the meanings assigned thereto in the 2023 Indenture (defined herein) and/or in Article I.

WHEREAS, the City, in accordance with the requirements of the PID Act, including all those requirements of the PID Act pertaining to notice and public hearing, approved the creation of the North Sky Public Improvement District (the “District”), pursuant to Resolution No. 2021-39R, adopted on June 8, 2021; and

WHEREAS, the City, in accordance with the requirements of the PID Act, including all those requirements of the PID Act pertaining to notice and public hearing, adopted Ordinance No. 2023-13 on February 14, 2023, which Assessment Ordinance levied the Assessments against the Assessed Property in Improvement Area #1 of the District for the purpose of paying the costs of the Improvement Area #1 Projects and which also approved and adopted the Service and Assessment Plan for the District; and

WHEREAS, the City has previously issued its “City of Celina, Texas, Special Assessment Revenue Bonds, Series 2023 (North Sky Public Improvement District Improvement Area #1 Project)” (hereafter referred to interchangeably as the “Bonds” and the “Series 2023 Bonds”), which Series 2023 Bonds were the initial series of Bonds Similarly Secured secured by that certain Indenture of Trust, dated as of March 1, 2023, executed and delivered by the City and the Trustee, and which are payable primarily from the Assessments levied against the Assessed Property located within Improvement Area #1 of the District; and

WHEREAS, pursuant to Section 13.2(c) of the 2023 Indenture, the City is authorized to issue a series of Additional Bonds in accordance with the provisions of the 2023 Indenture provided the conditions set forth in Section 13.2(c) of the 2023 Indenture have been satisfied prior to the issuance of such Additional Bonds; and

WHEREAS, pursuant to Section 10.1(b)(ii) of the 2023 Indenture, the City is authorized to amend the 2023 Indenture at any time by a Supplemental Indenture to make any modifications not adversely affecting any Outstanding Bonds Similarly Secured in any material respect without the consent of any owners of the Bonds; and

WHEREAS, pursuant to Section 10.1(b)(iv) of the 2023 Indenture, the City is authorized to amend the 2023 Indenture at any time by a Supplemental Indenture to provide for the issuance of Additional Bonds as set forth in Section 13.2(c) of the 2023 Indenture; and

WHEREAS, the City Council, in accordance with the authority granted to it by the PID Act and other applicable laws, is authorized to issue its revenue bonds payable from the Assessments for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) funding a reserve fund for payment of principal and interest on the Bonds Similarly Secured, and (iii) paying costs of issuance of the Series 2024 Bonds; and

WHEREAS, the City Council now desires to issue a second series of revenue bonds in accordance with the terms of the 2023 Indenture and this 2024 Supplemental Indenture and the PID Act, such bonds to be entitled “City of Celina, Texas, Special Assessment Revenue Bonds,

Series 2024 (North Sky Public Improvement District Improvement Area #1B Project)” (the “Series 2024 Bonds”), such Series 2024 Bonds being payable solely from the Trust Estate, consisting primarily of Pledged Revenues, and other funds pledged under the 2023 Indenture and this 2024 Supplemental Indenture to the payment of the Bonds Similarly Secured and for the purposes set forth in the preamble of this 2024 Supplemental Indenture; and

WHEREAS, the Series 2024 Bonds are being issued as Additional Bonds and are secured and payable from a lien on and pledge of the Trust Estate (as established pursuant to the 2023 Indenture and confirmed herein) on parity with the Series 2023 Bonds; and

WHEREAS, upon issuance of the Series 2024 Bonds and the deposit of the proceeds thereof into the Project Fund, any obligation arising under the Improvement Area #1 Reimbursement Agreement shall be legally defeased and no longer outstanding for any lawful purpose, and any obligation due under the Improvement Area #1 Reimbursement Agreement shall be payable solely from amounts deposited into the Improvement Area #1 Improvements Account or the Reimbursement Fund, as applicable, in accordance with the provisions of the 2023 Indenture, and all costs related to the Improvement Area #1 Projects shall be paid solely out of the applicable account of the Project Fund; and

WHEREAS, in accordance with the provisions of Section 10.1(d) of the 2023 Indenture, the City has delivered to the Trustee an opinion of Bond Counsel to the effect that this 2024 Supplemental Indenture is permitted under Applicable Laws and the provisions of the 2023 Indenture and will not adversely affect the (i) interest of the Owners in any material respect, or (ii) exclusion of interest on any Bond Similarly Secured from gross income for purposes of federal income taxation; and

WHEREAS, the City has received satisfactory evidence that all requirements of Section 13.2(c) of the 2023 Indenture concerning the issuance of Additional Bonds have been satisfied and that the Series 2024 Bonds may be issued as Additional Bonds secured by a pledge and lien on the Trust Estate on parity with the Bonds; and

WHEREAS, the execution and delivery of this 2024 Supplemental Indenture and the issuance of the Series 2024 Bonds have been in all respects duly and validly authorized by written ordinance of the City Council of the City; and

WHEREAS, the Trustee has accepted the trusts created by the 2023 Indenture and confirmed pursuant to this 2024 Supplemental Indenture and in evidence thereof has joined in the execution and delivery hereof; and

WHEREAS, except as provided herein, all acts, conditions and things required by the laws of the State to happen, exist and be performed precedent to execution and delivery of this 2024 Supplemental Indenture have happened, exist and have been performed as so required in order to make the 2024 Supplemental Indenture a valid, binding, and legal instrument for the security of the Series 2024 Bonds and a valid and binding agreement in accordance with its terms; and

NOW, THEREFORE, in consideration of the premises, the acceptance by the Trustee of the trusts created under the 2023 Indenture and restated herein, the purchase and acceptance of the Series 2024 Bonds by the Owners thereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the further purpose of fixing and declaring the terms and conditions upon which the Series 2024 Bonds are to be issued, authenticated, delivered and accepted by the holders thereof, as the Additional Bonds to be

issued pursuant to the terms of the 2023 Indenture and this 2024 Supplemental Indenture, the City and the Trustee do hereby mutually covenant and agree, for the equal and proportionate benefit of the respective Owners, from time to time, of the Bonds Similarly Secured, as follows:

ARTICLE I
SUPPLEMENTAL INDENTURE

Section 1.1 Effect of 2023 Indenture.

Except as modified by this 2024 Supplemental Indenture, the terms, conditions, and provisions of the 2023 Indenture remain in full force and effect.

Section 1.2 Supplemental Provisions.

(a) Section 1.1 of the 2023 Indenture is hereby supplemented to include the following definitions:

“2023 Indenture” means that certain Indenture of Trust, dated as of March 1, 2023, executed and delivered by the City and the Trustee.

“2024 Supplemental Indenture” means that certain Supplemental Indenture of Trust, dated as of October 1, 2024, executed and delivered by the City and the Trustee.

“Series 2023 Bonds” means the Bonds.

“Series 2024 Bonds” means the City's bonds authorized to be issued by the 2024 Supplemental Indenture and secured under the provisions of the 2023 Indenture, entitled “City of Celina, Texas, Special Assessment Revenue Bonds, Series 2024 (North Sky Public Improvement District Improvement Area #1B Project)”, which Series 2024 Bonds are a series of Additional Bonds pursuant to the terms of the 2023 Indenture.

“Series 2024 Bond Ordinance” means Ordinance No. []-[]-2024 adopted by the City Council on October 8, 2024, authorizing the issuance of the Bonds pursuant to the 2023 Indenture, including the 2024 Supplemental Indenture.

(b) The following defined terms in Section 1.1 of the 2023 Indenture are hereby amended as follows:

“Closing Date” means the date of the initial delivery of and payment for each series of the Bonds Similarly Secured. With respect to the Bonds, the Closing Date is March 9, 2023. With respect to the Series 2024 Bonds, the Closing Date is October 29, 2024.

“Improvement Area #1 Construction, Funding, and Acquisition Agreement” means the “North Sky Public Improvement District Improvement Area #1 Construction, Funding, and Acquisition Agreement” by and between the City and the Developer dated as of February 14, 2023, which provides, in part, for the deposit of proceeds from the issuance and sale of the Series 2023 Bonds and the Series 2024 Bonds and the payment of costs of Improvement Area #1 Projects within the District, the issuance of bonds, the use of the funds in the Developer Improvement Account, and other matters related thereto, as supplemented in connection with the issuance of the Series 2024 Bonds.

“Initial Bond” means, with respect to the Series 2023 Bonds, the Initial Bond as set forth in Exhibit A to the 2023 Indenture, and with respect to the Series 2024 Bonds, the Initial Bond set forth in Exhibit A to the 2024 Supplemental Indenture, and with respect to any other series of Bonds Similarly Secured, the Initial Bond set forth in an exhibit to a Supplemental Indenture.

“Interest Payment Date” means the date or dates upon which interest on any series of Bonds Similarly Secured is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being on March 1 and September 1 of each year and commencing, with respect to the Series 2023 Bonds, on September 1, 2023, and, with respect to the Series 2024 Bonds, March 1, 2025.

“Reserve Account Requirement” means the least of: (i) Maximum Annual Debt Service on the Bonds as of the Closing Date of the Bonds, (ii) 125% of average Annual Debt Service on the Bonds as of the Closing Date of the Bonds, or (iii) 10% of the lesser of the principal amount of the Outstanding Bonds or the original issue price of the Bonds. As of the Closing Date for the Bonds, the Reserve Account Requirement is \$471,302.50, which is an amount equal to the Maximum Annual Debt Service on the Bonds as of the Closing Date. Following the issuance of the Series 2024 Bonds, the Reserve Account Requirement is \$[], in satisfaction of the provisions of Section 13.2(c)(vii) of the 2023 Indenture. The Reserve Account Requirement shall be adjusted in accordance with Section 13.2(c)(vii), in the event an additional series of Bonds Similarly Secured is hereafter issued.

“Service and Assessment Plan” means the means the “North Sky Public Improvement District Service and Assessment Plan” dated February 14, 2023, including the Improvement Area #1 Assessment Roll, as amended and restated in connection with the issuance of the Series 2024 Bonds on October 8, 2024, as hereinafter amended, updated, and/or restated by an Annual Service Plan Update or otherwise, a version of which is attached as an exhibit to the Assessment Ordinance and the Series 2024 Bond Ordinance.

(c) Section 3.1 of the 2023 Indenture is hereby supplemented to include the following as subsection (b):

(b) The Series 2024 Bonds. The Series 2024 Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly the PID Act, as amended. The Series 2024 Bonds shall be issued in the aggregate principal amount of \$[] for the purpose of: (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) funding a reserve fund for payment of principal and interest on the Bonds Similarly Secured, and (iii) paying costs of issuance of the Series 2024 Bonds.

(d) Section 3.2 of the 2023 Indenture is hereby supplemented to include the following as subsection (b):

(b) The Series 2024 Bonds.

(i) The Series 2024 Bonds shall be dated October 29, 2024 and shall be issued in Authorized Denominations. The Series 2024 Bonds shall be in fully

registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Bond for the Series 2024 Bonds, which shall be numbered T-1.

(ii) Interest shall accrue and be paid on each Series 2024 Bond from the later of the Closing Date of the Series 2024 Bonds or the most recent Interest Payment Date to which interest has been paid or provided for, at the rate per annum set forth below until the principal thereof has been paid on the maturity date specified below or otherwise provided for. Such interest shall be payable semiannually on March 1 and September 1 of each year, commencing March 1, 2025 computed on the basis of a 360-day year of twelve 30-day months.

(iii) The Series 2024 Bonds shall mature on September 1 in the years and in the principal amounts and shall bear interest as set forth below:

<u>Years</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>
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(iv) The Series 2024 Bonds shall be subject to mandatory sinking fund redemption, optional redemption, and extraordinary optional redemption prior to maturity as provided in Article IV of the 2023 Indenture, as supplemented by this 2024 Supplemental Indenture, and shall otherwise have the terms, tenor, denominations, details, and specifications as set forth in the form of Initial Bond set forth in Exhibit A to the 2024 Supplemental Indenture.

(e) Section 3.3 of the 2023 Indenture is hereby supplemented to include the following as subsection (b):

(b) The Series 2024 Bonds. The Series 2024 Bonds shall be executed by the City and delivered to the Trustee, whereupon the Trustee shall authenticate the Series 2024 Bonds and, upon payment of the purchase price of the Series 2024 Bonds, shall deliver the Series 2024 Bonds upon the order of the City, but only upon delivery to the Trustee of:

- (i) a certified copy of the Assessment Ordinance;
- (ii) a certified copy of the Series 2024 Bond Ordinance;
- (iii) a copy of the executed Improvement Area #1 Construction, Funding, and Acquisition Agreement, including the executed supplement thereto;
- (iv) a copy of the executed Improvement Area #1 Reimbursement Agreement;
- (v) a copy of the opinion of Bond Counsel required by the provisions of Section 10.1(d) of the 2023 Indenture;
- (vi) a copy of the 2023 Indenture executed by the Trustee and the City;

(vii) a copy of the 2024 Supplemental Indenture executed by the Trustee and the City;

(viii) a City Certificate directing the authentication and delivery of the Series 2024 Bonds, describing the Series 2024 Bonds to be authenticated and delivered, designating the purchasers to whom the Series 2024 Bonds are to be delivered, stating the purchase price of the Series 2024 Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the City;

(ix) a certificate from the City Representative certifying that (A) the City is not in default in the performance and observance of any of the terms, provisions and conditions applicable to the City contained in the Indenture and (B) the Developer is not delinquent with respect to fees or any other funds or commitments to be paid to the City in accordance with the Development Agreement or the Improvement Area #1 Reimbursement Agreement;

(x) a certificate from the Developer, through an authorized representative, certifying that the Developer is not in default beyond any applicable notice and cure period in the performance and observance of any of the terms, provisions and conditions applicable to the Developer contained in the Improvement Area #1 Reimbursement Agreement, the Development Agreement or any continuing disclosure agreement entered into by the Developer relating to any Bonds Similarly Secured or Additional Obligations, unless any defaults under the foregoing agreements (except for defaults under any continuing disclosure agreements entered into by the Developer which defaults shall be cured) are disclosed in a certificate from the Developer to the City and the City elects to proceed with the issuance of the Series 2024 Bonds regardless of the existence of such default or defaults;

(xi) a certificate from the Administrator certifying that the Developer is not delinquent with respect to the payment of Assessments or any ad valorem taxes (other than any ad valorem taxes being contested in good faith); and

(xii) a certificate from the Developer, through an authorized representative, certifying that no less than fifty (50) single-family lots located within Improvement Area #1 of the District: (A) contain completed single-family homes or (B) have been issued a construction permit by the City.

(f) Section 4.2 of the 2023 Indenture is hereby supplemented to include the following as subsection (b):

(b) The Series 2024 Bonds.

(i) The Series 2024 Bonds are subject to mandatory sinking fund redemption prior to their Stated Maturity and will be redeemed by the City in part at the Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

Term Bonds Maturing September 1, 20[]

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

Term Bonds Maturing September 1, 20[]

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

(ii) At least forty-five (45) days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by subparagraphs (iii) and (iv) of this Section 4.2(b), the Trustee shall select a principal amount of Series 2024 Bonds (in accordance with Section 4.5) of such maturity equal to the Sinking Fund Installment amount of such Series 2024 Bonds to be redeemed, shall call such Series 2024 Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6.

(iii) The principal amount of Series 2024 Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (i) of this Section 4.2(b) shall be reduced, at the option of the City, by the principal amount of any Series 2024 Bonds of such maturity which, at least forty-five (45) days prior to the mandatory sinking fund redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Series 2024 Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

(iv) The principal amount of Series 2024 Bonds required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (i) of this Section 4.2(b) shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Series 2024 Bonds which, at least forty-five (45) days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

(g) Section 4.3 of the 2023 Indenture is hereby supplemented to include the following as subsection (b):

(b) The Series 2024 Bonds.

(i) The City reserves the right and option to redeem Series 2024 Bonds maturing on or after September 1, 20[], before their respective scheduled maturity dates, in whole or in part, on any date on or after September 1, 20[], such redemption date or dates to be fixed by the City, at the Redemption Price.

(h) Section 4.4 of the 2023 Indenture is hereby amended as follows:

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

(i) Section 6.1 of the 2023 Indenture is hereby supplemented to include the following as subsections (e) and (f):

(e) Following the issuance of the Series 2024 Bonds, all amounts due to the Developer with respect to any Improvement Area #1 Projects pursuant to the terms of the Improvement Area #1 Reimbursement Agreement, shall have been paid to the Developer. In accordance with the provisions of Section 6.3(d), following the issuance of the Series 2024 Bonds, the Developer Reimbursement Pledged Revenue Account shall be closed. Following the closure of the Developer Reimbursement Pledged Revenue Account, no additional Pledged Revenues shall be deposited into the Developer Reimbursement Pledged Revenue Account.

(f) In the event the Costs of Issuance Account has been closed, the Costs of Issuance Account shall be reopened in order to receive funds related to the issuance of the Series 2024 Bonds. The Costs of Issuance Account shall be administered pursuant to the provisions of Section 6.5.

(j) Section 6.2 of the 2023 Indenture is hereby supplemented to include the following as subsection (b):

(b) The Series 2024 Bonds.

(i) The proceeds from the sale of the Series 2024 Bonds shall be paid to the Trustee and deposited or transferred by the Trustee as follows:

(A) to the Improvement Area #1 Improvements Account of the Project Fund: \$[];

(B) to the Improvement Area #1 Major Improvements Account of the Project Fund: \$[];

(C) to the Costs of Issuance Account of the Project Fund: \$[]; and

(D) to the Reserve Account of the Reserve Fund: \$[].

(k) Section 6.3(a) of the 2023 Indenture is hereby amended as follows:

On or before February 15 of each year while the Bonds Similarly Secured are Outstanding and beginning February 15, 2024, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. From amounts deposited into the Pledged Revenue Fund, the City shall deposit or cause to be deposited Pledged Revenues as follows: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds Similarly Secured next coming due in such calendar year, (ii) second, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, in accordance with Section 6.7(a) hereof, (iii) third, to the Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest collected, if any, in accordance with Section 6.7(b) hereof, (iv) fourth, ~~to the Developer Reimbursement Pledged Revenue Account of the Pledged Revenue Fund to pay the Developer for costs of Phase #1 Improvements that have been paid by the Developer (including any accrued interest) pursuant to the terms of the PID Reimbursement Agreement, (v) fifth,~~ to pay Actual Costs of the Phase #1 Improvements, and ~~(v) fifth~~ ^{(vi) sixth}, to pay other costs permitted by the PID Act. ~~Moneys transferred to the Developer Reimbursement Pledged Revenue Account shall not be a part of the Trust Estate and are not security for the Bonds Similarly Secured.~~

(l) Section 7.5(h)(ii) of the 2023 Indenture is hereby amended as follows:

Not less frequently than each Computation Date for each series of Bonds Similarly Secured, the City shall calculate the Rebate Amount for the respective series of Bonds Similarly Secured in accordance with rules set forth in Section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of each series of the Bonds Similarly Secured until six years after the final Computation Date.

(m) The fourth paragraph of Section 9.3 is hereby amended as follows:

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

(n) Section 11.11 of the 2023 Indenture is hereby amended as follows:

Anything herein to the contrary notwithstanding, the Owners of at least 25% of the aggregate outstanding principal of the Bonds Similarly Secured shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the choice of remedies and the time, method, and place of conducting a proceeding for any remedy available to the Trustee hereunder, under each Supplemental Indenture, or otherwise, or exercising any trust or power conferred upon the Trustee, including the power to direct or withhold directions with respect to any remedy available to the Trustee or the Owners, provided, (i) such direction shall not be

otherwise than in accordance with Applicable Laws and the provisions hereof, (ii) that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and (iii) that the Trustee shall have the right to decline to follow any such direction which, in the opinion of the Trustee, would be unjustly prejudicial to Owners not parties to such direction.

(o) Section 13.2(c)(vii) of the 2023 Indenture is hereby amended as follows:

The Reserve Account Requirement shall be increased by an amount equal to ~~twenty-five percent (25%)~~ fifty percent (50%) of the Maximum Annual Debt Service on the proposed Additional Bonds to be issued as of the Closing Date of such series of Additional Bonds; provided, however, that the Reserve Account Requirement will not be increased by more than 10% of the principal amount of the Additional Bonds (or if the Additional Bonds are issued with more than 2% net original issue discount or premium, 10% of the proceeds of the Additional Bonds); provided further, however, the Reserve Account Requirement shall not exceed the least of (i) Maximum Annual Debt Service on the Bonds Similarly Secured, (ii) 125% of average Annual Debt Service on the Bonds Similarly Secured, or (iii) 10% of the lesser of the principal amount of the Outstanding Bonds Similarly Secured or the combined original issue price of the Bonds Similarly Secured;

(p) Section 14.3 of the 2023 Indenture is hereby amended as follows:

All Outstanding Bonds Similarly Secured shall, prior to the Stated Maturity or redemption date thereof be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Bonds Similarly Secured are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided herein, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee for such purpose, shall be sufficient to pay when due the principal of and interest on of the Bonds Similarly Secured to become due on such Bonds Similarly Secured on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant or other authorized third-party selected by the City verifying the sufficiency of the moneys and/or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds Similarly Secured to become due on such Bonds Similarly Secured on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if any Bonds Similarly Secured are then rated, the Trustee shall have received written confirmation from each rating agency then publishing a rating on such Bonds Similarly Secured that such deposit will not result in the reduction or withdrawal of the rating on such Bonds Similarly Secured. 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 Similarly Secured. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds Similarly Secured on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

ARTICLE II
ADDITIONAL PROVISIONS

Section 2.1 Execution of 2024 Supplemental Indenture.

(a) This 2024 Supplemental Indenture may be simultaneously executed in several counterparts, including by facsimile or electronic (PDF) transmission, each of which, when so executed, shall be deemed to be an original and such counterparts shall together constitute one and the same instrument. The Trustee hereby verifies that the requirements set forth in Article X of the 2023 Indenture related to the effectiveness of this 2024 Supplemental Indenture have either been received and/or filed with the Trustee and therefore, this 2024 Supplemental Indenture is effective upon the Closing Date of the Series 2024 Bonds.

Section 2.2 Beneficiaries.

(a) This 2024 Supplemental Indenture shall inure to the benefit of and shall be binding upon the City and the Trustee and their respective successors and assigns.

Section 2.3 Recitals.

(a) The recitals contained herein shall be taken as the statements of the City, and the Trustee assumes no responsibility for nor makes any representations as to their correctness or the validity or sufficiency of this 2024 Supplemental Indenture or the consequences of any amendment provided herein.

Section 2.4 Indemnity.

(a) The indemnification provisions of the Trustee as set forth in the 2023 Indenture remain valid, effective, and binding provisions related to the Trustee, to the extent permitted by Applicable Law, and have not been modified since the City's authorization and execution of the 2023 Indenture (and are not modified herein).

Section 2.5 Construction.

(a) This 2024 Supplemental 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 2024 Supplemental Indenture.

Section 2.6 Statutory Verifications.

The Trustee makes the following representations and verifications to enable the City to comply with Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this 2024 Supplemental 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 2024 Supplemental Indenture shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this 2024 Supplemental Indenture, notwithstanding anything in this 2024 Supplemental Indenture to the contrary.

(a) Not a Sanctioned Company. The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) No Boycott of Israel. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this this 2024 Supplemental Indenture. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.

(c) No Discrimination Against Firearm Entities. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this this 2024 Supplemental Indenture. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

(d) No Boycott of Energy Companies. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this 2024 Supplemental Indenture. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the City and the Trustee have caused this Supplemental Indenture of Trust to be executed as of the date hereof.

CITY OF CELINA, TEXAS

By: _____
Mayor

Attest:

City Secretary

[CITY SEAL]

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

By: _____
Authorized Officer

EXHIBIT A

(a) Form of Series 2024 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 SERIES 2024 BOND.

REGISTERED

REGISTERED

No. _____

\$_____

United States of America
State of Texas

CITY OF CELINA, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(NORTH SKY PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1B PROJECT)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
_____%	September 1, 20__	_____, 20__	_____

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

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

_____ DOLLARS

unless this Series 2024 Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on March 1 and September 1 of each year, commencing March 1, 2025, until maturity or prior redemption.

Capitalized terms appearing herein that are defined terms in the Indenture defined below, have the meanings assigned to them in the Indenture. Reference is made to the Indenture for such definitions and for all other purposes.

The principal of this Series 2024 Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Series 2024 Bond at the corporate trust office in St. Paul, Minnesota (the "Designated

Payment/Transfer Office”), of U.S. Bank Trust Company, National Association, as trustee and paying agent/registrant (the “Trustee”, which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrant, at the Designated Payment/Transfer Office of such successor. Interest on this Series 2024 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 Series 2024 Bond, the registered owner shall be the Person in whose name this Series 2024 Bond is registered at the close of business on the “Record Date,” which shall be the fifteenth calendar day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the “Special Payment Date,” which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first-class, postage prepaid, to the address of each Owner of a Series 2024 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 Series 2024 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 Series 2024 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 “ Series 2024 Bonds”), dated October 29, 2024, issued in the aggregate principal amount of \$[] and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of March 1, 2023, as supplemented by the Supplemental Indenture of Trust, dated as of October 1, 2024 (together, the “Indenture”), each 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 Series 2024 Bonds, the Trustee, and the City, and the terms upon which the Series 2024 Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Series 2024 Bond hereby consents. All Bond Similarly Secured, including the Series 2024 Bonds, issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Series 2024 Bonds are being issued for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) funding a reserve fund for payment of principal and interest on the Bonds Similarly Secured, and (iii) paying costs of issuance of the Series 2024 Bonds.

The Series 2024 Bonds are limited obligations of the City payable solely from the Trust Estate as defined in the Indenture, and are secured on a parity with the Bonds Similarly Secured. 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 Series 2024 Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms, conditions and provisions of the Indenture.

Notwithstanding any provision hereof, the Indenture may be released and the obligation of the City to make money available to pay this Series 2024 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 Series 2024 Bonds are issuable as fully registered bonds only in Authorized Denominations, subject to the provisions of the Indenture authorizing redemption in denominations of \$100,000 and any multiple of \$1,000 in excess thereof.

The Series 2024 Bonds are subject to sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI of the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

Term Bonds Maturing September 1, 20[]

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

Term Bonds Maturing September 1, 20[]

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

At least forty-five (45) days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by the Indenture, the Trustee shall select a principal amount of Series 2024 Bonds of such maturity equal to the Sinking Fund Installment amount of such Series 2024 Bonds to be redeemed, shall call such Series 2024 Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in the Indenture.

The principal amount of Series 2024 Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date shall be reduced, at the option of the City, by the principal amount of any Series 2024 Bonds of such maturity which, at least forty-five (45) days prior to the mandatory sinking fund redemption date shall have been acquired by the City at a

price not exceeding the principal amount of such Series 2024 Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

The principal amount of Series 2024 Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Series 2024 Bonds which, at least forty-five (45) 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 Series 2024 Bonds maturing on or after September 1, 20[], before their scheduled maturity dates, in whole or in part, on any date on or after September 1, 20[], such redemption date or dates to be fixed by the City, at the Redemption Price.

The Series 2024 Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, and in an amount and on a date specified in a City Certificate, at a redemption price equal to the principal amount of the Series 2024 Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption, pursuant to the provisions of the Indenture, from amounts on deposit in the Redemption Fund as a result of Prepayments, other transfers to the Redemption Fund, or as a result of unexpended amounts transferred from the Project Fund as provided in the Indenture.

The Trustee shall give notice of any redemption of Series 2024 Bonds by sending notice by United States mail, first-class, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Series 2024 Bond (or part thereof) to be redeemed, at the address shown on the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Series 2024 Bonds are to be surrendered for payment, and, if less than all the Series 2024 Bonds Outstanding are to be redeemed, an identification of the Series 2024 Bonds or portions thereof to be redeemed. Any notice so given shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

With respect to any optional redemption of the Series 2024 Bonds, unless the Trustee has received funds sufficient to pay the redemption price of the Series 2024 Bonds to be redeemed before giving of a notice of redemption, the notice may state the City may condition redemption on the receipt of such funds by the Trustee on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not satisfied and sufficient funds are not received, the notice shall be of no force and effect, the City shall not redeem the Series 2024 Bonds, and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Series 2024 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 Series 2024 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 Similarly Secured at the time Outstanding, on behalf of the holders of all the Bonds Similarly Secured, 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 Series 2024 Bond or any predecessor Series 2024 Bond evidencing the same debt shall be conclusive and binding upon

such holder and upon all future holders thereof and of any Series 2024 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 Series 2024 Bond.

As provided in the Indenture, this Series 2024 Bond is transferable upon surrender of this Series 2024 Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer as is acceptable to the Trustee, and upon delivery to the Trustee of such certifications and/or opinion of counsel as may be required under the Indenture for the transfer of this Series 2024 Bond. Upon satisfaction of such requirements, one or more new fully registered Series 2024 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 Series 2024 Bond called for redemption where such redemption is scheduled to occur within 45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Series 2024 Bond redeemed in part.

The City, the Trustee, and any other Person may treat the Person in whose name this Series 2024 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 Series 2024 Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Series 2024 Bond be overdue, and neither the City nor the Trustee shall be affected by notice to the contrary.

The City has reserved the right to issue Additional Bonds on the terms and conditions specified in the Indenture.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF CELINA, TEXAS, THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES 2024 BONDS.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Series 2024 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 Series 2024 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 Series 2024 Bonds, does not exceed any Constitutional or statutory limitation.

IN WITNESS WHEREOF, the City Council of the City has caused this Series 2024 Bond to be executed under the official seal of the City.

Mayor, City of Celina, Texas

City Secretary, City of Celina, Texas

[City Seal]

(b) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Bond of the Series 2024 Bonds:

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS § REGISTER NO. _____
 §
THE STATE OF TEXAS §

I HEREBY CERTIFY THAT there is on file and of record in my office a certificate to the effect that the Attorney General of the State of Texas has approved this Series 2024 Bond, and that this Series 2024 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 Series 2024 Bonds of the series of Series 2024 Bonds referred to in the within mentioned Indenture.

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

DATED: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and zip code of transferee):

(Social Security or other identifying number: _____) the within Series 2024 Bond and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Series 2024 Bond on the books kept for registration hereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed By:

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Series 2024 Bond in every particular and must be guaranteed in a manner acceptable to the Trustee.

Authorized Signatory

(e) Initial Bond. The Initial Bond of the Series 2024 Bonds shall be in the form set forth in paragraphs (a) through (d) of this Exhibit A, except for the following alterations:

(i) immediately under the name of the Series 2024 Bond the headings "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 Series 2024 Bond, the words “on the Maturity Date as specified above, the sum of _____ DOLLARS” shall be deleted and the following will be inserted: “on September 1 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Years</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)”</u>
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(Information to be inserted from Section 1.2(d) of the 2024 Supplemental Indenture); and

(iii) the Initial Bond of the Series 2024 Bonds shall be numbered T-1.

APPENDIX C

FORM OF SERVICE AND ASSESSMENT PLAN

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NORTH SKY PUBLIC IMPROVEMENT DISTRICT

CELINA, TEXAS

SERVICE AND ASSESSMENT PLAN

February 14, 2023

As Updated for Improvement Area #1B Bonds on

October 8, 2024

PREPARED BY:

MUNICAP, INC.
— PUBLIC FINANCE —

NORTH SKY PUBLIC IMPROVEMENT DISTRICT

SERVICE AND ASSESSMENT PLAN

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I. PLAN DESCRIPTION AND DEFINED TERMS

A. INTRODUCTION

On June 8, 2021, the City Council of the City of Celina, Texas passed and approved Resolution No. 2021-39R approving and authorizing the creation of the North Sky Public Improvement District (the “PID”) to finance the costs of certain public improvements for the benefit of property in such public improvement district, all of which was located within the extraterritorial jurisdiction of the City at the time the PID was created. The City annexed the property within the PID on March 15, 2022.

On February 14, 2023, the City Council approved two ordinances which levied Assessments against the Improvement Area #1 Assessed Property and the Major Improvement Area Assessed Property in connection with the issuance of the Series 2023 Improvement Area #1 Bonds and the Major Improvement Area Bonds to finance the Improvement Area #1 Projects and the Major Improvement Area Projects, respectively, and which also approved the North Sky Public Improvement District Service and Assessment Plan (the “2023 Service and Assessment Plan”).

The 2023 Service and Assessment Plan, as heretofore updated, is being updated as this Service and Assessment Plan in connection with the issuance of the Series 2024 Improvement Area #1 Bonds.

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

Chapter 372 of the Texas Local Government Code, the “Public Improvement District Assessment Act” (as amended, the “PID Act”), governs the creation and operation of public improvement districts within the State of Texas. The North Sky Public Improvement District Service and Assessment Plan (the “Service and Assessment Plan”) has been prepared in accordance with the PID Act and specifically Sections 372.013, 372.014, 372.015 and 372.016, which address the requirements of a service and assessment plan and the assessment roll. According to Section 372.013 of the PID Act, a service plan “must (i) cover a period of at least five years; (ii) define the annual indebtedness and the projected costs for improvements; and (iii) include a copy of the notice form required by Section 5.014, Property Code.” The service plan is described in Section IV of this Service and Assessment Plan. The copy of the notice form required by Section 5.014 of the Texas Property Code, as amended, is attached hereto as Appendix E.

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

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

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

B. DEFINITIONS

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

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

Actual Costs include general contractor’s fees in an amount up to a percentage equal to the percentage of work completed and accepted by the City or construction management fees in an amount up to five percent of the eligible Actual Costs described in a payment request in a form that has been reviewed and approved by the City. The amounts expended on legal costs, taxes, governmental fees, insurance premiums, permits, financing costs, and appraisals shall be excluded from the base upon which the general contractor and construction management fees are calculated.

“**Additional Interest**” means the up to 0.50% additional interest rate charged on Assessments (if applicable) pursuant to Section 372.018 of the PID Act.

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

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

“Administrative Expenses” mean the administrative, organization, maintenance and operation costs associated with, or incident to, the administration, organization, maintenance and operation of the PID, including, but not limited to, the costs of: (i) creating and organizing the PID, including conducting hearings, preparing notices and petitions, and all costs incident thereto, including engineering fees, legal fees and consultant fees, (ii) the annual administrative, organization, maintenance, and operation costs and expenses associated with, or incident and allocable to, the administration, organization, and operation of the PID, (iii) computing, levying, billing and collecting Assessments or the Annual Installments thereof, (iv) maintaining the record of installments of the Assessments and the system of registration and transfer of the Bonds, (v) paying and redeeming the Bonds, (vi) investing or depositing of monies, (vii) complying with the PID Act and other laws applicable to the Bonds, (viii) the Trustee fees and expenses relating to the Bonds, including reasonable fees, (ix) legal counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, and (x) administering the construction of the Authorized Improvements. Administrative Expenses do not include payment of the actual principal of, redemption premium, if any, and interest on the Bonds. Administrative Expenses collected and not expended for actual Administrative Expenses in one year shall be carried forward and applied to reduce Administrative Expenses in subsequent years to avoid the over-collection of amounts to pay Administrative Expenses.

“Administrator” means the employee or designee of the City, identified in any indenture of trust relating to the Bonds or in any other agreement approved by the City Council, who shall have the responsibilities provided for herein.

“Annual Installment” means, with respect to each Parcel, each annual payment of: (i) the Assessments including both principal and interest, as shown on the Assessment Rolls attached hereto as Appendix G and Appendix H, as applicable, or in an Annual Service Plan Update, and calculated as provided in Section VI of this Service and Assessment Plan, (ii) the Additional Interest Component designated for the Additional Interest Reserve described in Section V of this Service and Assessment Plan, and (iii) the Administrative Expenses.

“Annual Service Plan Update” has the meaning set forth in the second paragraph of Section IV of this Service and Assessment Plan.

“Assessed Property” means the property that benefits from the Authorized Improvements to be provided by the PID on which Assessments have been imposed as shown in each Assessment Roll, as each Assessment Roll is updated each year by the Annual Service Plan Update. Assessed Property includes all Parcels within the PID other than Non-Benefited Property.

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

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

“Assessment Revenues” mean the revenues actually received by or on behalf of the City from the collection of Assessments.

“Assessment Roll” means, as applicable, the Improvement Area #1 Assessment Roll, the Major Improvement Area Assessment Roll, or any other Assessment Roll in an amendment or supplement to this Service and Assessment Plan or in an Annual Service Plan Update, as each may be updated, modified, or amended from time to time in accordance with the procedures set forth in this Service and Assessment Plan and in the PID Act.

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

“Bonds” mean any bonds issued by the City in one or more series and secured in whole or in part by the Assessment Revenues.

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

“City” means the City of Celina, Texas.

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

“County” means Collin County, Texas.

“Delinquent Collection Costs” mean interest, penalties and expenses incurred or imposed with respect to any delinquent installment of an Assessment in accordance with the PID Act and the costs related to pursuing collection of a delinquent Assessment and foreclosing the lien against the Assessed Property, including attorney’s fees.

“Developer” means CCD – North Sky, LLC, a Texas limited liability company.

“Development Agreement” means that certain North Sky Development Agreement by and between the City and Pilatus Investments, LLC, approved by the City on February 9, 2021, as assigned to the Developer, and related to development of the property within the PID, and as the same may be amended from time to time.

“Equivalent Units” mean, as to any Parcel the number of dwelling units by lot type expected to be built on the Parcel multiplied by the factors calculated and shown in Appendix F attached hereto.

“Future Improvement Area(s)” means Improvement Areas that are fully developed after Improvement Area #1, as such areas are generally depicted and described in Appendix A. The Parcels within a Future Improvement Area will be assessed in connection with the issuance of Future Improvement Area Bonds or upon the execution of a reimbursement agreement related to such Improvement Area for Authorized Improvements (or the portion thereof) designated in an update to this Service and Assessment Plan that specially benefit the Parcels within the Improvement Area.

“Future Improvement Area Bonds” mean bonds issued to fund Authorized Improvements (or a portion thereof) in a Future Improvement Area. In connection with the Future Improvement Area Bonds, Assessments will be levied only on Parcels located within the Future Improvement Area in question.

“Future Improvement Area Improvements” means those Authorized Improvements associated with any Future Improvement Area(s).

“Homeowner Association” means a homeowner’s association or property owners’ association established for the benefit of property owners within the boundaries of the PID.

“Homeowner Association Property” means property within the boundaries of the PID that is owned by or irrevocably offered for dedication to, whether in fee simple or through an exclusive use easement, a Homeowner’s Association.

“Improvement Area” means one or more Parcels within the PID that will be developed in the same general time period.

“Improvement Area #1” means the initial improvement area to be developed and generally shown in Appendix A, as specifically depicted and described as the sum of all Parcels shown in Appendix H.

“Improvement Area #1 Assessed Property” means all Parcels within Improvement Area #1 other than Non-Benefited Property and shown in the Improvement Area #1 Assessment Roll against which an Assessment relating to the Improvement Area #1 Projects is levied.

“Improvement Area #1 Assessment Revenues” mean the actual revenues received by or on behalf of the City from the collection of Assessments levied against Improvement Area #1 Assessed Property, or the Annual Installments thereof, for the Improvement Area #1 Projects.

“Improvement Area #1 Assessment Roll” means the document included in this Service and Assessment Plan as Appendix H, 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 Bonds or in connection with any Annual Service Plan Update.

“Improvement Area #1 Bonds” mean, collectively those certain City of Celina, Texas, Special Assessment Revenue Bonds, Series 2023 (North Sky Public Improvement District Improvement Area #1 Project) and those certain City of Celina, Texas, Special Assessment Revenue Bonds, Series 2024 (North Sky Public Improvement District Improvement Area #1B Project) that are secured primarily by Improvement Area #1 Assessment Revenues.

“Improvement Area #1 Improvements” mean the Authorized Improvements which only benefit Improvement Area #1 Assessed Property, which are described in Section III.C.

“Improvement Area #1 Maximum Assessment Per Unit” means for Improvement Area #1, an Assessment per unit related to the Improvement Area #1 Projects for each applicable Lot Type as follows:

Lot Type 1 (65 Ft) - \$45,443.22

Lot Type 2 (55 Ft) - \$39,990.03

Lot Type 3 (40 Ft) - \$33,627.98

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

“Improvement Area #1 Reimbursement Agreement” means that certain North Sky Public Improvement District Improvement Area #1 Reimbursement Agreement dated February 14, 2023 by and between the City and the Developer in which the Developer agrees to fund certain Actual Costs of Improvement Area #1 Projects and the City agrees to reimburse the Developer for a portion of such Actual Costs funded by the Developer with interest as permitted by the PID Act. Following the issuance of the Series 2024 Bonds, the Improvement Area #1 Reimbursement Agreement will be satisfied and will be terminated.

“Lot” means a tract of land described as a “lot” in a subdivision plat recorded in the official public records of Collin County, Texas.

“Lot Type” means a classification of final building lots with similar characteristics (e.g. commercial, light industrial, multifamily residential, single family residential, etc.), as determined by the Administrator and confirmed by the City Council as shown in Appendix F. In the case of single family residential lots, the Lot Type shall be further defined by classifying the residential lots by the estimated average home value for each home at the time of assessment levy, considering factors such as density, lot size, proximity to amenities, view premiums, location, and any other factors that may impact the average home value on the lot, as determined by the Administrator and confirmed by the City Council.

“Major Improvement Area” mean the property within the PID excluding Improvement Area #1 which is to be developed subsequent to Improvement Area #1 and generally depicted in Appendix A of this Service and Assessment Plan or any Annual Service Plan Update.

“Major Improvement Area Assessed Property” means, for any year, all Parcels within the PID other than (a) Non-Benefited Property, and (b) Parcels within Improvement Area #1.

“Major Improvement Area Assessment Revenues” mean the revenues actually received by or on behalf of the City from the collection of Assessments levied against the Major Improvement Area Assessed Property, or the Annual Installments thereof, for the Major Improvement Area Projects.

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

“Major Improvement Area Bonds” mean those certain City of Celina, Texas, Special Assessment Revenue Bonds, Series 2023 (North Sky Public Improvement District Major Improvement Area Project) that are secured primarily by Major Improvement Area Assessment Revenues.

“Major Improvement Area Projects” mean the pro rata portion of the Major Improvements allocable to the Major Improvement Area, which are described in Section III.B.

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

“Non-Benefited Property” means Parcels that accrue no special benefit from the Authorized Improvements, including Homeowner Association Property, Public Property and easements that create an exclusive use for a public utility provider to the extent they accrue no special benefit. Property identified as Non-Benefited Property at the time the Assessments (i) are imposed or (ii) are reallocated pursuant to a subdivision of a Parcel, is not assessed. Assessed Property converted to Non-Benefited Property, if the Assessments may not be reallocated pursuant to the provisions herein, remains subject to the Assessments and requires the Assessments to be prepaid as provided for in Section VI.F.

“Parcel” or “Parcels” means a parcel or parcels within the PID identified by either a tax map identification number assigned by the Collin Central Appraisal District for real property tax purposes or by lot and block number in a final subdivision plat recorded in the real property records of Collin County.

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

“PID Act” means Texas Local Government Code Chapter 372, Public Improvement District Assessment Act, Subchapter A, Public Improvement Districts, as amended.

“Prepayment Costs” mean interest and expenses to the date of prepayment, plus any additional expenses related to the prepayment, reasonably expected to be incurred by or imposed upon the City as a result of any prepayment of an Assessment.

“Public Property” means property within the boundaries of the PID that is owned by or irrevocably offered for dedication to the federal government, the State of Texas, Collin County, the City, a school district or any other public agency, whether in fee simple or through an exclusive use easement.

“Series 2023 Improvement Area #1 Bonds” means those certain City of Celina, Texas, Special Assessment Revenue Bonds, Series 2023 (North Sky Public Improvement District Improvement Area #1 Project).

“Series 2024 Improvement Area #1 Bonds” means those certain City of Celina, Texas, Special Assessment Revenue Bonds, Series 2024 (North Sky Public Improvement District Improvement Area #1B Project).

“Service and Assessment Plan” means this Service and Assessment Plan prepared for the PID pursuant to the PID Act, as the same may be amended from time to time.

“Trustee” means the fiscal agent or trustee as specified in the Trust Indenture, including a substitute fiscal agent or trustee.

“Trust Indenture” means an indenture of trust, ordinance or similar document setting forth the terms and other provisions relating to the Bonds, as modified, amended, and/or supplemented from time to time.

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II. PROPERTY INCLUDED IN THE PID

A. PROPERTY INCLUDED IN THE PID

The PID is presently located within the corporate limits of the City and contains approximately 220.1 acres of land. A map of the property within the PID is shown on Appendix A and further described in Appendix C-1 to this Service and Assessment Plan.

At completion, the PID is expected to consist of approximately 786 single family residential units, landscaping, and infrastructure necessary to provide roadways, drainage, and utilities to the PID.

The property within the PID is proposed to be developed as follows:

Table II-A
Proposed Development

Proposed Development	Quantity	Measurement
Single-Family - 65 Ft	234	Units
Single-Family - 55 Ft	326	Units
Single-Family - 40 Ft	226	Units
Total	786	Units

B. PROPERTY INCLUDED IN IMPROVEMENT AREA #1

Improvement Area #1 consists of approximately 83.2 acres and is projected to consist of 322 single family residential units, to be developed as Improvement Area #1, as further described in Section III. A map of the property within Improvement Area #1 is shown in Appendix A and further described in Appendix C-2.

The property within Improvement Area #1 is proposed to be developed as follows:

Table II-B
Proposed Development – Improvement Area #1

Proposed Development	Quantity	Measurement
Single-Family - 65 Ft	109	Units
Single-Family - 55 Ft	102	Units
Single-Family - 40 Ft	111	Units
Total	322	Units

C. PROPERTY INCLUDED IN THE MAJOR IMPROVEMENT AREA (FUTURE IMPROVEMENT AREAS)

The Major Improvement Area consists of approximately 136.9 acres and is projected to consist of approximately 464 residential units. A map of the property within the Major Improvement Area is shown in Appendix A and further described in Appendix C-3.

The property within the Major Improvement Area is proposed to be developed as follows:

Table II-C
Proposed Development – Major Improvement Area

Proposed Development	Quantity	Measurement
Single-Family - 65 Ft	125	Units
Single-Family - 55 Ft	224	Units
Single-Family - 40 Ft	115	Units
Total	464	Units

As Future Improvement Areas are developed, Future Improvement Area Bonds may be issued and/or related reimbursement agreements may be executed for each Future Improvement Area. In connection with the issuance of each new Future Improvement Area Bond and/or each related reimbursement agreement, this Service and Assessment Plan will be updated to add additional details of each Future Improvement Area(s) as shown for Improvement Area #1 in Section II.B. A map of the projected property within each Future Improvement Area is shown in Appendix A. The Future Improvement Area(s) are shown for illustrative purposes only and are subject to adjustment. The current Parcels in the PID are shown on the Assessment Rolls included as Appendix G and Appendix H and additional Assessment Rolls may be added to this Service and Assessment Plan as the Future Improvement Area(s) are developed.

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

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III. DESCRIPTION OF THE AUTHORIZED IMPROVEMENTS

A. AUTHORIZED IMPROVEMENT OVERVIEW

372.003. Authorized Improvements

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

(b) A public improvement may include:

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

After analyzing the public improvement projects authorized by the PID Act, the City has determined at this time to undertake only Authorized Improvements listed in Section III.B and III.C and shown in the opinion of probable costs shown in Appendix B and on the diagrams included as Appendix D for the benefit of the Assessed Property. Any change to the list of Authorized Improvements will require the approval of the City and an update to this Service and Assessment Plan.

B. DESCRIPTIONS AND COSTS OF MAJOR IMPROVEMENTS

The Major Improvements benefit the entire PID. The costs of the Major Improvements are allocated proportionally throughout the entire PID, excluding Non-Benefited Property, in a manner that anticipates planned development of the PID based on the anticipated number of Equivalent Units. Each of Improvement Area #1 and Major Improvement Area will be proportionally allocated the costs of the Major Improvements, as shown on Table III-A.

The Major Improvements descriptions are presented below as provided by the project engineer. The Budgeted Costs of the Major Improvements are shown in Table III-A and may be revised in Annual Service Plan Updates, including such other improvements as deemed necessary to further improve the properties within the PID.

A description of the Major Improvements are as follows:

Roadway Improvements

The roadway improvement portion of the Major Improvements consists of the construction of entrance road improvements, including related paving, drainage, curbs, gutters, sidewalks, retaining walls, signage, and traffic control devices, which benefit the Assessed Property. All roadway projects will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Water Improvements

The water improvement portion of the Major Improvements consists of construction and installation of waterlines, mains, pipes, valves, and appurtenances, necessary for the water distribution system that will service the Assessed Property. The water improvements will be designed and constructed according to City standards and specifications and will be owned and operated by the City.

Sanitary Sewer Improvements

Offsite:

The offsite sanitary sewer improvement portion of the Major Improvements consists of construction and installation of pipes, service lines, manholes, encasements, and appurtenances necessary to provide sanitary sewer service to the Assessed Property. The offsite sanitary sewer improvements will be designed and constructed according to City standards and specifications and will be owned and operated by the City. See Appendix B for cost allocation by Kimley Horn between property located within the PID and property located outside of the PID. Amounts shown in Table III-A represent the PID allocable portion of the offsite sanitary sewer improvements.

Storm Drainage Improvements

The storm drainage improvement portion of the Major Improvements consist of reinforced concrete pipes, reinforced concrete boxes, multi-reinforced box culverts, and storm water detention facilities which benefit the Assessed Property. The storm drainage collection system improvements will be

designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Other Soft and Miscellaneous Improvements

The other soft and miscellaneous portions of the Major Improvements consist of site preparation, signage, district formation costs, contingency, maintenance bonds, platting, permitting, engineering, staking and other soft costs.

**Table III-A
Budgeted Costs – Major Improvements**

Authorized Improvements	Total Original Major Improvement Costs	Budget Changes	Total Revised Major Improvement Costs	Improvement Area #1 Allocated Amount¹	Major Improvement Area Allocated Amount¹
Roadway improvements	\$1,471,458	\$0	\$1,471,458	\$600,669	\$870,788
Water improvements	\$332,800	\$0	\$332,800	\$135,854	\$196,946
Offsite sanitary sewer improvements ²	\$1,409,001	\$0	\$1,409,001	\$575,173	\$833,827
Storm drainage improvements	\$545,502	\$0	\$545,502	\$222,681	\$322,820
Other soft and miscellaneous costs	\$773,506	\$114,650	\$888,156	\$362,557	\$525,598
Total Authorized Improvements	\$4,532,266	\$114,650	\$4,646,916	\$1,896,935	\$2,749,981

Note: Costs provided by Kimley Horn and have been updated based on information from the Developer. The figures shown in Table III-A may be revised in Annual Service Plan Updates and may be reallocated between line items so long as the Total Major Improvements amount does not change.

¹Allocation of Major Improvements are based on the methodologies described in V.C and shown in Table V-A.

²Amount represents the PID allocable portion of the offsite sanitary sewer improvements. See Appendix B for allocation of offsite sanitary sewer improvements to property located within the PID and property located outside of the PID. Source: Kimley Horn.

C. DESCRIPTIONS AND COSTS OF IMPROVEMENT AREA #1 IMPROVEMENTS

The Improvement Area #1 Improvements descriptions are presented below as provided by the project engineer. The Budgeted Costs of the Improvement Area #1 Projects are shown in Table III-B and may be revised in Annual Service Plan Updates, including such other improvements as deemed necessary to further improve the properties within the PID.

Roadway Improvements

The road improvement portion of the Improvement Area #1 Improvements consists of the construction of road improvements, including related excavation, paving, drainage, curbs, gutters, sidewalks, retaining walls, signage, and traffic control devices, which benefit the Improvement Area #1 Assessed Property. All roadway projects will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

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Water Improvements

The water improvements portion of the Improvement Area #1 Improvements consists of construction and installation of a looped water main network, which includes waterlines, valves, fire hydrants, and appurtenances, necessary for the portion of the water distribution system that will service the Improvement Area #1 Assessed Property. The water improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Sanitary Sewer Improvements

Onsite:

The onsite sanitary sewer improvement portion of the Improvement Area #1 Improvements consists of construction and installation of various sized sanitary sewer pipes, service lines, manholes, encasements, and appurtenances necessary to provide sanitary sewer service to Improvement Area #1 Assessed Property. The sanitary sewer improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Storm Drainage Improvements

The storm drainage improvement portion of the Improvement Area #1 Improvements consist of reinforced concrete pipes, reinforced concrete boxes, multi-reinforced box culverts, junction boxes, inlets, headwalls, and appurtenances necessary to provide adequate drainage to the Improvement Area #1 Assessed Property constructed within the boundaries of the PID. The storm drainage collection system improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Other Soft and Miscellaneous Improvements

The other soft and miscellaneous portions of the Improvement Area #1 Improvements consist of site preparation, signage, district formation costs, contingency, maintenance bonds, platting, permitting, engineering, staking and other soft costs.

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**Table III-B
Budgeted Costs – Improvement Area #1 Projects**

Authorized Improvements	Original Improvement Area #1 Improvements	Budget Changes	Revised Improvement Area #1 Improvements	Improvement Area #1's Proportional Share of Major Improvements¹	Total Improvement Area #1 Projects²
Roadway improvements	\$4,434,481	\$0	\$4,434,481	\$600,669	\$5,035,150
Water improvements	\$1,890,302	\$0	\$1,890,302	\$135,854	\$2,026,156
Sanitary sewer improvements:					
Onsite sanitary sewer improvements	\$1,222,800	\$0	\$1,222,800	\$0	\$1,222,800
Offsite sanitary sewer improvements ³	\$0	\$0	\$0	\$575,173	\$575,173
Storm drainage improvements	\$2,099,464	\$0	\$2,099,464	\$222,681	\$2,322,145
Other soft and miscellaneous costs	\$1,667,403	\$152,275	\$1,819,678	\$362,557	\$2,182,235
Total Authorized Improvements	\$11,314,450	\$152,275	\$11,466,725	\$1,896,935	\$13,363,659

¹ See Table III-A. Allocation of Major Improvements is based on the methodologies described in V.C and shown in Table V-A.

² Costs provided by Kimley Horn and have been updated based on information from the Developer. The figures shown in Table III-B may be revised in Annual Service Plan Updates and may be reallocated between line items so long as the total Improvement Area #1 Projects amount does not change.

³ Amount represents the PID's allocable portion of the offsite sanitary sewer improvements. See Appendix B for allocation of offsite sanitary sewer improvements to property located within the PID and property located outside of the PID. Source: Kimley Horn.

D. FUTURE IMPROVEMENT AREAS

As Future Improvement Areas are developed and Future Improvement Area Bonds are issued and/or related reimbursement agreements are executed, this Service and Assessment Plan will be amended to identify the specific Future Improvement Area Improvements that confer a special benefit to the property inside each Future Improvement Area (e.g. a Table III-C will be added to show the costs for the Future Improvement Area Improvements financed within the specific Future Improvement Area being developed.)

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IV. SERVICE PLAN

A. PROJECTED SOURCES AND USES OF FUNDS

The PID Act requires the service plan to cover a period of at least five years. The service plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the PID during the five-year period. Construction of the Major Improvement Area Projects will be completed in the third quarter of 2024. The construction of the Improvement Area #1 Projects has been completed and such improvements have been accepted by the City. At some point after all or a portion of the Major Improvement Area Projects and Improvement Area #1 Projects are constructed, development in Future Improvement Areas will begin, with each Future Improvement Area to be subsequently developed corresponding to the Service and Assessment Plan to be updated with that development.

The Budgeted Costs for Major Improvements Area Projects plus costs related to the issuance of the Major Improvement Area Bonds and payment of expenses incurred in the establishment, administration and operation of the PID allocable to the Major Improvement Area is \$3,452,000 shown in Table IV-A. The Budgeted Costs for the Improvement Area #1 Projects plus costs related to the issuance of both series of Improvement Area #1 Bonds, and the expenses incurred in the establishment, administration, and operation of the PID allocable to Improvement Area #1 are \$15,630,802 as shown in Table IV-B.2. The service plan shall be reviewed and updated at least annually for the purpose of determining the annual budget for Administrative Expenses, updating the Budgeted Costs of the Authorized Improvements, and updating the Assessment Roll(s). Any update to this Service and Assessment Plan is herein referred to as an “Annual Service Plan Update.”

As Future Improvement Areas are developed in connection with the issuance of Future Improvement Area Bonds and/or execution of a related reimbursement agreement, this Service and Assessment Plan will be amended (e.g. Table IV-C will be amended to show the sources and uses for the Future Improvement Area Improvements financed within the specific Future Improvement Area being developed, etc.).

The Major Improvement Area Bonds shown in Table IV-A were issued in 2023 and were used to finance the costs of Major Improvement Area Projects.

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Table IV-A
Projected Sources and Uses – Major Improvement Area

Sources of Funds	Major Improvement Area Bonds
Par amount	\$3,452,000
Total Sources	\$3,452,000
Uses of Funds	
Major Improvement Area Projects¹:	
Road improvements	\$870,788
Water improvements	\$196,946
Offsite sanitary sewer improvements	\$833,827
Storm drainage improvements	\$322,820
Other soft and miscellaneous costs	\$457,750
<i>Subtotal</i>	<i>\$2,682,133</i>
Bond Issuance Costs:	
Cost of issuance	\$254,221
Capitalized interest	\$98,314
Reserve fund	\$263,773
Administrative Expenses	\$50,000
Underwriters discount	\$103,560
<i>Subtotal</i>	<i>\$769,867</i>
Total Uses	\$3,452,000

¹See Table III-A for details.

The Series 2023 Improvement Area #1 Bonds shown in Table IV-B.1 were issued in 2023 and were used to finance a portion of the costs of the Improvement Area #1 Projects. The City and the Developer entered into the Improvement Area #1 Reimbursement Agreement in 2023 to finance a portion of the costs of the Improvement Area #1 Projects, as shown in Table IV-B.1.

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Table IV-B.1
Projected Sources and Uses – Improvement Area #1 - Original

Sources of Funds	Improvement Area #1		Total
	Improvement Area #1 Bonds	Reimbursement Agreement	
Par amount	\$6,715,000	\$0	\$6,715,000
Assessment	\$0	\$6,050,000	\$6,050,000
Other funding sources ¹	\$0	\$1,682,726	\$1,682,726
Total Sources	\$6,715,000	\$7,732,726	\$14,447,726
Uses of Funds			
<u>Improvement Area #1 Improvements²:</u>			
Road improvements	\$1,829,717	\$2,604,763	\$4,434,481
Water improvements	\$779,960	\$1,110,342	\$1,890,302
Sanitary sewer improvements	\$504,541	\$718,259	\$1,222,800
Storm drainage improvements	\$866,263	\$1,233,201	\$2,099,464
Other soft and miscellaneous costs	\$687,990	\$979,414	\$1,667,403
<i>Subtotal Improvement Area #1 Improvements</i>	<i>\$4,668,471</i>	<i>\$6,645,979</i>	<i>\$11,314,450</i>
<u>Major Improvements²:</u>			
Road improvements	\$247,843	\$352,826	\$600,669
Water improvements	\$56,055	\$79,799	\$135,854
Offsite sanitary sewer improvements	\$237,323	\$337,850	\$575,173
Storm drainage improvements	\$91,881	\$130,800	\$222,681
Other soft and miscellaneous costs	\$130,284	\$185,471	\$315,756
<i>Subtotal Major Improvements</i>	<i>\$763,386</i>	<i>\$1,086,747</i>	<i>\$1,850,133</i>
<u>Series 2023 Bond Issuance Costs:</u>			
Cost of issuance	\$388,315	\$0	\$388,315
Capitalized interest	\$172,076	\$0	\$172,076
Reserve fund	\$471,303	\$0	\$471,303
Administrative Expenses	\$50,000	\$0	\$50,000
Underwriters discount	\$201,450	\$0	\$201,450
<i>Subtotal Series 2023 Bond Issuance Costs</i>	<i>\$1,283,143</i>	<i>\$0</i>	<i>\$1,283,143</i>
Total Uses	\$6,715,000	\$7,732,726	\$14,447,726

¹The other funding sources, if any, represent projects costs of the Improvement Area #1 Projects to be paid by the Developer without reimbursement from the City.

²See Table III-B for details.

The Series 2024 Improvement Area #1 Bonds shown in Table IV-B.2 are being issued in 2024 to finance a portion of the costs of the Improvement Area #1 Projects.

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Table IV-B.2
Projected Sources and Uses – Improvement Area #1 – Updated

Sources of Funds	Series 2023 Improvement Area #1 Bonds	Series 2024 Improvement Area #1 Bonds	Total
Par amount	\$6,715,000	\$5,965,000	\$12,680,000
Assessments paid under the Improvement Area #1 Reimbursement Agreement ¹	\$0	\$85,000	\$85,000
Other funding sources ²	\$0	\$2,865,802	\$2,865,802
Total Sources	\$6,715,000	\$8,915,802	\$15,630,802
Uses of Funds			
<u>Improvement Area #1 Improvements³:</u>			
Road improvements	\$1,829,717	\$2,604,763	\$4,434,481
Water improvements	\$779,960	\$1,110,342	\$1,890,302
Sanitary sewer improvements	\$504,541	\$718,259	\$1,222,800
Storm drainage improvements	\$866,263	\$1,233,201	\$2,099,464
Other soft and miscellaneous costs	\$687,990	\$1,131,688	\$1,819,678
<i>Subtotal Improvement Area #1 Improvements</i>	<i>\$4,668,471</i>	<i>\$6,798,254</i>	<i>\$11,466,725</i>
<u>Major Improvements³:</u>			
Road improvements	\$247,843	\$352,826	\$600,669
Water improvements	\$56,055	\$79,799	\$135,854
Offsite sanitary sewer improvements	\$237,323	\$337,850	\$575,173
Storm drainage improvements	\$91,881	\$130,800	\$222,681
Other soft and miscellaneous costs	\$130,284	\$232,273	\$362,557
<i>Subtotal Major Improvements</i>	<i>\$763,386</i>	<i>\$1,133,549</i>	<i>\$1,896,935</i>
<u>Series 2023 Improvement Area #1 Bond Issuance Costs:</u>			
Cost of issuance	\$388,315	\$0	\$388,315
Capitalized interest	\$172,076	\$0	\$172,076
Reserve fund	\$471,303	\$0	\$471,303
Administrative Expenses	\$50,000	\$0	\$50,000
Underwriter's discount	\$201,450	\$0	\$201,450
<i>Subtotal Series 2023 Improvement Area #1 Bond Issuance Costs</i>	<i>\$1,283,143</i>	<i>\$0</i>	<i>\$1,283,143</i>
<u>Estimated Series 2024 Improvement Area #1 Bond Issuance Costs:</u>			
Cost of issuance	\$0	\$366,170	\$366,170
Capitalized interest	\$0	\$0	\$0
Reserve fund	\$0	\$438,880	\$438,880
Administrative Expenses	\$0	\$0	\$0
Underwriter's discount	\$0	\$178,950	\$178,950
<i>Subtotal Estimated Series 2024 Improvement Area #1 Bond Issuance Costs</i>	<i>\$0</i>	<i>\$984,000</i>	<i>\$984,000</i>
Total Uses	\$6,715,000	\$8,915,802	\$15,630,802

¹Assessment paid under the Improvement Area #1 Reimbursement Agreement reflects the principal payment to be made on 9/1/2024.

²The other funding sources, if any, represent projects costs of the Improvement Area #1 Projects to be paid by the Developer without reimbursement from the City.

³ See Table III-B for details.

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As Future Improvement Areas are developed, Future Improvement Area Bonds may be issued and/or a reimbursement agreement may be executed to finance the Authorized Improvements required for each Future Improvement Area.

B. PROJECTED FIVE YEAR SERVICE PLAN

Major Improvement Area

The annual projected costs and annual projected indebtedness for the Major Improvement Area is shown in Table IV-C. The annual projected costs and indebtedness is subject to revision, and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

**Table IV-C
Annual Projected Costs and Annual Projected Indebtedness
Major Improvement Area**

Year	Annual Projected Cost	Annual Projected Indebtedness	Other Funding Sources	Projected Major Improvement Area Annual Installments
2023 ¹	\$3,452,000	\$3,452,000	\$0	\$0
2024	\$0	\$0	\$0	\$332,033
2025	\$0	\$0	\$0	\$331,935
2026	\$0	\$0	\$0	\$331,750
2027	\$0	\$0	\$0	\$332,479
2028	\$0	\$0	\$0	\$332,068
2029	\$0	\$0	\$0	\$331,571
Total	\$3,452,000	\$3,452,000	\$0	\$1,991,835

¹Administrative Expenses in year 2023 were funded with Bond proceeds, and interest on the Major Improvement Area Bonds for year 2023 were funded with capitalized interest.

The annual projected costs shown in Table IV-C are the annual expenditures relating to Major Improvement Area’s proportional share of Major Improvements, referred to as the Major Improvement Area Projects, shown in Table III-A, and the costs associated with setting up the PID allocable to the Major Improvement Area and bond issuance costs including reserves shown in Table IV-A. The difference between the total projected cost and the total projected indebtedness, if any, is the amount contributed by the Developer.

Improvement Area #1

The annual projected costs and annual projected indebtedness for Improvement Area #1 is shown in Table IV-D. The annual projected costs and indebtedness is subject to revision, and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

Table IV-D
Annual Projected Costs and Annual Projected Indebtedness
Improvement Area #1

Year	Annual Projected Cost	Annual Projected Indebtedness¹	Other Funding Sources²	Projected Improvement Area #1 Annual Installments
2023 ³	\$14,646,802	\$12,765,000	\$1,881,802	\$0
2024	\$984,000	\$0	\$984,000	\$1,195,367
2025	\$0	\$0	\$0	\$996,706
2026	\$0	\$0	\$0	\$1,003,013
2027	\$0	\$0	\$0	\$1,002,805
2028	\$0	\$0	\$0	\$1,003,066
2029	\$0	\$0	\$0	\$1,003,748
2030	\$0	\$0	\$0	\$1,003,796
Total	\$15,630,802	\$12,765,000	\$2,865,802	\$7,208,502

¹Includes amounts to be paid from assessments related to the Improvement Area #1 Bonds.

²The other funding sources, if any, represent project costs of the Improvement Area #1 Projects to be paid by the Developer without reimbursement from the City.

³Administrative Expenses for the Series 2023 Improvement Area #1 Bonds in year 2023 were funded with Bond proceeds, and interest on the Series 2023 Improvement Area #1 Bonds for year 2023 were funded with capitalized interest.

The annual projected costs shown in Table IV-D are the annual expenditures relating to the Improvement Area #1 Projects shown in Table III-B, and the costs associated with setting up the PID allocable to Improvement Area #1 and bond issuance costs including reserves for Series 2023 Improvement Area #1 Bonds and Series 2024 Improvement Area #1 Bonds shown in Table IV-B.2. The difference between the total projected cost and the total projected indebtedness, if any, is the amount contributed by the Developer.

C. PID ASSESSMENT NOTICE

The PID Act requires that this Service and Assessment Plan and each Annual Service Plan update include a copy of the notice form required by Section 5.014 of the Texas Property Code (the “PID Assessment Notice”). The PID Assessment Notice is attached hereto as Appendix E and may be updated in an Annual Service Plan Update.

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V. ASSESSMENT PLAN

A. INTRODUCTION

The PID Act requires the City Council to apportion the costs of the Authorized Improvements on the basis of special benefits conferred upon the property because of the Authorized Improvements. The PID Act provides that the costs of the Authorized Improvements may be assessed: (i) equally per front foot or square foot; (ii) according to the value of the property as determined by the governing body, with or without regard to improvements on the property; or (iii) in any other manner that results in imposing equal shares of the cost on property similarly benefited. The PID Act further provides that the governing body may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the municipality and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

The proposed bond issuance program entails a series of bond financings that are intended to finance the public infrastructure required for the development. This financing will necessarily be undertaken in phases to coincide with the private investment and development of the Authorized Improvements. Following the issuance of the Series 2023 Improvement Area #1 Bonds and the Major Improvement Area Bonds issued in 2023, and the Series 2024 Improvement Area #1 Bonds are anticipated to be issued in 2024, subsequent financings may be issued over the upcoming decade as the Future Improvement Areas of the development are gradually constructed.

The purpose of this gradual issuance of bonds in phases is to mirror the actual private development of the Authorized Improvements. The Bonds to be issued are most prudently and efficiently utilized when directly coinciding with construction of public infrastructure needed for private development that is to occur once the infrastructure is completed; it is most effective to issue the Bonds when the infrastructure is needed, not before. Furthermore, there is no economic advantage, and several disadvantages, to issuing debt and encumbering property within the PID prior to the need for the Authorized Improvements.

For purposes of this Service and Assessment Plan, the City Council has determined that the Budgeted Costs of the Authorized Improvements shall be allocated as described below:

1. The costs of the Major Improvement Area Projects and the Improvement Area #1 Projects shall be allocated on the basis of Equivalent Units once such property is developed, and that such method of allocation will result in the imposition of equal shares of the costs of the Authorized Improvements to Parcels similarly benefited.
2. The costs of the Major Improvements are proportionally allocated to the Major Improvement Area Assessed Property and the Improvement Area #1 Assessed Property based on the ratio of Equivalent Units for the Major Improvement Area Assessed Property and the Improvement Area #1 Assessed Property.

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3. The Major Improvement Area Assessed Property's proportional share of the costs for the Major Improvements is allocated to each Parcel within the Major Improvement Area Assessed Property based on the total estimated Equivalent Units for each Parcel.
4. The Improvement Area #1 Projects costs are allocated to each Parcel within the Improvement Area #1 Assessed Property based on the total estimated Equivalent Units for each Parcel within Improvement Area #1.
5. The City Council has concluded that larger more expensive homes are likely to be built on the larger lots, and that larger more expensive homes are likely to make greater use of and receive greater benefit from the Authorized Improvements. In determining the relative values of Parcels, the City Council has taken into consideration (i) the type of development (i.e., residential, commercial, etc.), (ii) single-family lot sizes and the size of homes likely to be built on lots of different sizes, (iii) current and projected home prices provided by the Developer, (iv) the Authorized Improvements to be provided and the estimated costs, and (v) the ability of different property types to utilize and benefit from the Authorized Improvements.
6. The Assessed Property is classified into different Lot Types as described in Appendix F based on the type and size of proposed development on each Parcel.
7. Equivalent Units are calculated for each Lot Type based on the relative average home value of each Lot Type.

Table V-A provides the estimated allocation of costs of the Major Improvements between the Major Improvement Area and Improvement Area #1.

At this time, it is impossible to determine with absolute certainty the amount of special benefit each Parcel within Future Improvement Areas will receive from the direct Authorized Improvements that will benefit each individual Improvement Area and that are to be financed with Future Improvement Area Bonds. Therefore, Parcels will only be assessed for the special benefits conferred upon the Parcel at this time because of the Improvement Area #1 Projects and Major Improvement Area Projects.

In connection with the issuance of Future Improvement Area Bonds and/or execution of related reimbursement agreements, this Service and Assessment Plan will be updated to reflect the special benefit each Parcel of Assessed Property within a Future Improvement Area receives from the specific Future Improvement Area Improvements funded with those Future Improvement Area Bonds issued and/or reimbursement agreement executed with respect to that Future Improvement Areas. Prior to assessing Parcels located within Future Improvement Areas in connection with issuance of Future Improvement Area Bonds and/or execution of a reimbursement agreement, each owner of the Parcels to be assessed must acknowledge that the Future Improvement Area Improvements to be financed confer a special benefit on their Parcel and must consent to the imposition of the Assessments to pay for the Actual Costs of such Future Improvement Area Improvements.

This section of this Service and Assessment Plan currently (i) describes the special benefit received by each Parcel within the PID as a result of the Major Improvement Area Projects and the Improvement Area #1 Projects, as applicable, (ii) provides the basis and justification for the determination that this special benefit exceeds the amount of the Assessments being levied on the Improvement Area #1 Assessed Property and the Major Improvement Area Assessed Property for such improvements, and (iii) establishes the methodologies by which the City Council allocates and reallocates the special benefit of the Major Improvement Area Projects and the Improvement Area #1 Projects to Parcels in a manner that results in equal shares of the Actual Costs of such improvements being apportioned to Parcels similarly benefited. The determination by the City Council of the assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Developer and all future owners and developers of the Assessed Property.

As Future Improvement Areas are developed, in connection with the issuance of Future Improvement Area Bonds and/or execution of a related reimbursement agreement this Service and Assessment Plan will be updated based on the City's determination of the assessment methodology for each Future Improvement Area.

B. SPECIAL BENEFIT

Assessed Property must receive a direct and special benefit from the Authorized Improvements, and this benefit must be equal to or greater than the amount of the Assessments. The Authorized Improvements are provided specifically for the benefit of the Assessed Property. The Authorized Improvements (more particularly described in line-item format in Appendix B to this Service and Assessment Plan) and the costs of issuance and payment of costs incurred in the establishment of the PID shown in Table IV-A and IV-B.2 are authorized by the PID Act. These Authorized Improvements are provided specifically for the benefit of the Assessed Property.

Each owner of the Assessed Property has acknowledged that the Authorized Improvements confer a special benefit on the Assessed Property and has consented to the imposition of the Assessments to pay for the Actual Costs associated therewith. Each of the owners is acting in its interest in consenting to this apportionment and levying of the Assessments because the special benefit conferred upon the Assessed Property by the Authorized Improvements exceeds the amount of the Assessments.

The Authorized Improvements provide a special benefit to the Assessed Property as a result of the close proximity of these improvements to the Assessed Property and the specific purpose of these improvements of providing infrastructure for the Assessed Property. In other words, the Assessed Property could not be used in the manner proposed without the construction of the Authorized Improvements. The Authorized Improvements are being provided specifically to meet the needs of the Assessed Property as required for the proposed use of the property.

The Assessments are being levied to provide the Authorized Improvements that are required for the highest and best use of the Assessed Property (i.e., the use of the property that is most valuable, including any costs associated with that use). Highest and best use can be defined as "the reasonably probable and legal use of property, which is physically possible, appropriately supported, financially

feasible, and that results in the highest value.” (*Dictionary of Real Estate Appraisal, Third Edition.*) The Authorized Improvements are expected to be required for the proposed use of the Assessed Property to be physically possible, appropriately supported, financially feasible, and maximally productive.

The Developer has evaluated the potential use of the property and has determined that the highest and best use of the property is the use intended and the legal use for the property as described in Section II of this Service and Assessment Plan. The use of the Assessed Property as described herein will require the construction of the Authorized Improvements.

The Assessments will repay financing that is on advantageous terms, as the Bonds issued to finance the Authorized Improvements will pay interest that is exempt from federal income tax. As a result, all other terms being equal (e.g., maturity, fixed vs. variable rate, credit quality), the tax- exempt bonds will have a lower interest rate than debt that is not tax-exempt. The Bonds also have a longer term than other available financings and may either be repaid or assumed by a buyer at the buyer’s option. As a result of these advantageous terms, the financing provided by the PID is the most beneficial means of financing the Authorized Improvements.

Each owner of the Assessed Property will ratify, confirm, accept, agree to and approve: (i) the determinations and finding by the City Council as to the special benefits described in this Service and Assessment Plan and the Assessment Ordinance; (ii) the Service and Assessment Plan and the Assessment Ordinance, and (iii) the levying of Assessments on the Assessed Property. Use of the Assessed Property as described in this Service and Assessment Plan and as authorized by the PID Act requires that Authorized Improvements be acquired, constructed, installed, and/or improved. Funding the Actual Costs of the Authorized Improvements through the PID has been determined by the City Council to be the most beneficial means of doing so. As a result, the Authorized Improvements result in a special benefit to the Assessed Property, and this special benefit exceeds the amount of the Assessment. This conclusion is based on and supported by the evidence, information, and testimony provided to the City Council.

In summary, the Authorized Improvements result in a special benefit to the Assessed Property for the following reasons:

1. The Authorized Improvements are being provided specifically for the use of the Assessed Property, are necessary for the proposed best use of the property and provide a special benefit to the Assessed Property as a result;
2. The Developer has consented to the imposition of the Assessments for the purpose of providing the Authorized Improvements and the Developer is acting in its interest by consenting to this imposition;
3. The Authorized Improvements are required for the highest and best use of the property;
4. The highest and best use of the Assessed Property is the use of the Assessed Property that is most valuable (including any costs associated with the use of the Assessed Property);

5. Financing of the costs of the Authorized Improvement through the PID is determined to be the most beneficial means of providing for the Authorized Improvements; and,
6. As a result, the special benefits to the Assessed Property from the Authorized Improvements will be equal to or greater than the Assessments.

C. ALLOCATION OF COSTS TO ASSESSED PROPERTY

The Major Improvements will provide a special benefit to all property in the PID. Accordingly, the estimated Major Improvement costs must be allocated throughout all Assessed Property in the District. Table V-A summarizes the allocation of Actual Costs for each type of Major Improvement. The costs shown in Table V-A are estimates and may be revised in Annual Service Plan Updates, but the related Assessment may not be increased.

Improvement Area #1 is projected to contain 322 residential units and the Major Improvement Area is projected to contain 464 residential units. As shown in Appendix F, the total projected Equivalent Units for Improvement Area #1 is calculated as 280.90 and the total projected Equivalent Units for the Major Improvement Area is calculated as 407.22. The total projected Equivalent Units in the PID is, therefore, calculated to be 688.12 (i.e., $280.90 + 407.22 = 688.12$). As a result, 40.82 percent of the Budgeted Costs of the Major Improvements (i.e., $280.90 \div 688.12 = 40.82\%$) are allocated to the Improvement Area #1 Assessed Property and 59.18 percent of the Budgeted Costs of the Major Improvements (i.e., $407.22 \div 688.12 = 59.18\%$) are allocated to the Major Improvement Area Assessed Property. The Major Improvement Area Bonds will fund the Budgeted Costs of the Major Improvement Area Projects. The Improvement Area #1 Bonds will fund the Budgeted Costs of the Improvement Area #1 Projects. One hundred percent (100%) of the Improvement Area #1 Improvements are allocated to the Improvement Area #1 Assessed Property.

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Table V-A
Allocation of Major Improvement Costs

Authorized Improvement	Total
Road improvements	\$1,471,458
Water improvements	\$332,800
Offsite sanitary sewer improvements ¹	\$1,409,001
Storm drainage improvements	\$545,502
Other soft and miscellaneous costs	\$888,156
Total Major Improvements	\$4,646,916
Improvement Area #1	
Projected total number of Equivalent Units	280.90
% of total Equivalent Units	40.82%
Proportionate Share of Costs	\$1,896,935
Major Improvement Area (Future Improvement Areas)	
Projected total number of Equivalent Units	407.22
% of total Equivalent Units	59.18%
Proportionate Share of Costs	\$2,749,981

¹Amount represents the PID allocable portion of the offsite sanitary sewer improvements. See Appendix B for allocation of offsite sanitary sewer improvements to property located within the PID and property located outside of the PID. Source: Kimley Horn.

D. ASSESSMENT METHODOLOGY

The costs of the Authorized Improvements may be assessed by the City Council against the Assessed Property so long as the special benefit conferred upon the Assessed Property by the Authorized Improvements equals or exceeds the Assessments. The costs of the Authorized Improvements may be assessed using any methodology that results in the imposition of equal shares of the Actual Costs on Assessed Property similarly benefited.

1. Assessment Methodology for the Major Improvement Area Projects

For purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the Major Improvement Area Projects to be financed with the Major Improvement Area Bonds shall be allocated to the Major Improvement Area Assessed Property by spreading the entire Assessment across the Parcels within the Major Improvement Area based on the estimated number of Equivalent Units anticipated to be developed on each Parcel.

Based on the Budgeted Costs of the Major Improvement Area Projects, as set forth in Table III-A, the City Council has determined that the benefit to the Major Improvement Area Assessed Property of the Major Improvement Area Projects is at least equal to the Assessments levied on the Major Improvement Area Assessed Property.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the estimated number of Equivalent Units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned

proportionately among each Parcel based on the ratio of the estimated number of Equivalent Units at the time residential Lots are platted to the total estimated number of all Lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council.

The Assessment and Annual Installments for each Parcel or Lot located within the Major Improvement Area is shown on the Major Improvement Area Assessment Roll, attached as Appendix G, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

2. *Assessment Methodology for the Improvement Area #1 Projects*

For purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the Improvement Area #1 Projects to be financed with the Improvement Area #1 Bonds shall be allocated to the Improvement Area #1 Assessed Property by spreading the entire Assessment across the Parcels within Improvement Area #1 based on the estimated number of Equivalent Units anticipated to be developed on each Parcel.

Based on the Budgeted Costs of the Improvement Area #1 Projects, as set forth in Table III-B, the City Council has determined that the benefit to Improvement Area #1 Assessed Property of the Improvement Area #1 Projects is at least equal to the Assessments levied on the Improvement Area #1 Assessed Property.

Upon subsequent divisions of any Parcel within Improvement Area #1, the Assessment applicable to it will then be apportioned pro rata based on the estimated Equivalent Units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Parcel based on the ratio of the estimated Equivalent Units at the time residential Lots are platted to the total estimated Equivalent Units for Lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council.

The Assessment and Annual Installments for each Parcel or Lot located within Improvement Area #1 is shown on the Improvement Area #1 Assessment Roll, attached as Appendix H, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

3. *Assessment Methodology for Future Improvement Areas*

When any given Future Improvement Areas are developed, and Future Improvement Area Bonds for that Future Improvement Area are to be issued and/or a related reimbursement agreement is executed, this Service and Assessment Plan will be amended to determine the assessment methodology that results in the imposition of equal shares of the Actual Costs on Assessed Property similarly benefited within that Future Improvement Area.

E. ASSESSMENTS

The Assessments have been levied on each Parcel of Assessed Property within the Major Improvement Area and Improvement Area #1 according to the Assessment Rolls, attached hereto as Appendix G and Appendix H, respectively. The Annual Installments of the Assessments will be

collected at the time and in the amounts shown on the Assessment Rolls, subject to any revisions made during an Annual Service Plan Update. Non-Benefitted Property will not be subject to any Assessments.

See Appendix F for Assessment per Equivalent Unit, leverage, and estimated tax rate equivalent calculation details.

F. ADMINISTRATIVE EXPENSES

The cost of administering the PID and collecting the Annual Installments shall be paid for on a pro rata basis by each Parcel based on the amount of Assessment levied against the Parcel. The Administrative Expenses shall be collected as part of and in the same manner as Annual Installments in the amounts shown on each Assessment Roll, which may be revised based on actual costs incurred in Annual Service Plan Updates.

G. ADDITIONAL INTEREST RESERVE

Pursuant to the PID Act, the interest rate for any portion of the Assessments which secure a series of Bonds may exceed the actual interest rate per annum paid on the related Bonds by no more than one half of one percent (0.50%). The interest rate used to determine the Assessments that secure the Bonds is one half of one percent (0.50%) per annum higher than the actual rate paid on the Bonds, with the Additional Interest Component of the Annual Installments allocated to fund a reserve to be used for paying interest associated with a prepayment and to offset any possible delinquency related costs. The Additional Interest Reserve shall be funded until it reaches 5.50% of the outstanding Bonds unless otherwise stipulated in the Bond documents. Once the Additional Interest Reserve is funded in full, the City may allocate the Additional Interest Component of the Annual Installments as provided in the applicable Trust Indenture. No Additional Interest will be collected from any portion of an Assessment which secures a reimbursement obligation and not a series of Bonds.

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VI. TERMS OF THE ASSESSMENTS

A. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN THE MAJOR IMPROVEMENT AREA

The Assessment and Annual Installments for each Assessed Property located within the Major Improvement Area are shown on the Major Improvement Area Assessment Roll, attached as Appendix G, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

The Annual Installments shall be collected from the Major Improvement Area Assessed Property in an amount sufficient to pay (i) principal and interest on the Major Improvement Area Bonds, (ii) to fund the Additional Interest Reserve described in Section V, and (iii) to pay Administrative Expenses related to the PID.

B. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN IMPROVEMENT AREA #1

The Assessment and Annual Installments for each Assessed Property located within Improvement Area #1 is shown on the Improvement Area #1 Assessment Roll, attached as Appendix H, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

The Annual Installments shall be collected from the Assessed Property in an amount sufficient to pay (i) principal and interest on the Improvement Area #1 Bonds, (ii) to fund the Additional Interest Reserve described in Section V, and (iii) to pay Administrative Expenses related to Improvement Area #1. The Annual Installment for each Parcel in Improvement Area #1 shall be calculated by taking into consideration any available capitalized interest applicable to the Parcel.

C. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN FUTURE IMPROVEMENT AREAS

As Future Improvement Areas are developed, this Service and Assessment Plan will be amended to determine the Assessment and Annual Installments for each Assessed Property located within Future Improvement Areas (e.g., an Appendix will be added as the Assessment Roll for Improvement Area #2, etc.). The Assessments shall not exceed the benefit received by the Assessed Property.

D. REALLOCATION OF ASSESSMENTS

1. Subdivision

Upon the subdivision of any Parcel, the Assessment for the Parcel prior to the subdivision shall be reallocated among the new subdivided Parcels according to the following formula:

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

Where the terms have the following meanings:

- A = the Assessment for each new subdivided Parcel
- B = the Assessment for the Parcel prior to subdivision
- C = the estimated number of Equivalent Units to be built on each new subdivided Parcel
- D = the sum of the estimated number of Equivalent Units to be built on all of the new subdivided Parcels

The calculation of the estimated number of Equivalent Units to be built on a Parcel shall be performed by the Administrator and confirmed by the City Council based on the information available regarding the use of the Parcel. The estimate as confirmed shall be conclusive. The number of Equivalent Units to be built on a Parcel may be estimated by net land area and reasonable density ratios.

The sum of the Assessments for all newly subdivided Parcels shall equal the Assessment for the Parcel prior to subdivision. The calculation shall be made separately for each newly subdivided Parcel. The reallocation of an Assessment for a Parcel that is a homestead under Texas law may not exceed the Assessment prior to the reallocation and to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the subdivision of the Parcels. Any reallocation pursuant to this section shall be reflected in an Annual Service Plan Update approved by the City Council.

2. Consolidation

Upon the consolidation of two or more Parcels, the Assessment for the consolidated Parcel shall be the sum of the Assessments for the Parcels prior to consolidation. The reallocation of an Assessment for a Parcel that is a homestead under Texas law may not exceed the Assessment prior to the reallocation and to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the consolidation of the Parcels. Any reallocation pursuant to this section shall be reflected in an Annual Service Plan Update approved by the City Council.

E. MANDATORY PREPAYMENT OF ASSESSMENTS

1. If a Parcel subject to Assessments is transferred to a party that is exempt from the payment of the Assessment under applicable law, or if an owner causes a Parcel subject to Assessments to become Non-Benefited Property, the owner of such Parcel shall pay to the City the full amount of the principal portion of the Assessment on such Parcel, plus all Prepayment Costs, prior to any such transfer or act.
2. If at any time the Assessment per Unit on a Parcel of Improvement Area #1 Assessed Property exceeds the applicable Improvement Area #1 Maximum Assessment per Unit calculated in this Service and Assessment Plan as a result of any changes in land use, subdivision, consolidation or reallocation of the Assessment authorized by this Service and Assessment Plan and initiated by the owner of the Parcel, then such owner shall pay to the City prior to the recordation of the document subdividing the Parcel the amount calculated by the Administrator by which the

Assessment per Unit for the Parcel of Improvement Area #1 Assessed Property exceeds the applicable Improvement Area #1 Maximum Assessment per Unit calculated in this Service and Assessment Plan.

3. The payments required above shall be treated the same as any Assessment that is due and owing under the PID Act, the Assessment Ordinance, and this Service and Assessment Plan, including the same lien priority, penalties, procedures, and foreclosure specified by the PID Act.

F. REDUCTION OF ASSESSMENTS

1. If after all Authorized Improvements to be funded with a series of Bonds and/or reimbursement agreement have been completed and Actual Costs for such Authorized Improvements are less than the Actual Costs or Budgeted Costs of the Authorized Improvements used to calculate the Assessments securing such series of Bonds and/or related reimbursement agreement, resulting in excess Bond proceeds being available to redeem Bonds and/or reduce obligations under a reimbursement agreement, as the case may be, and such excess proceeds shall be applied to redeem Bonds and/or the obligations under a reimbursement agreement may be reduced as provided in the Trust Indenture or the terms of the reimbursement agreement, then the Assessment securing such series of Bonds and/or related reimbursement agreement for each Parcel of Assessed Property shall be reduced by the City Council pro rata such that the sum of the resulting reduced Assessments for all Assessed Properties equals the reduced Actual Costs. The Assessments shall not be reduced to an amount less than the related outstanding series of Bonds and/or amounts due under a related reimbursement agreement. If all of the Authorized Improvements are not completed, the City may reduce the Assessments in another method if it determines such method would better reflect the benefit received by the Parcels from the Authorized Improvements completed.
2. If all the Authorized Improvements are not undertaken, resulting in excess Bonds proceeds being available to redeem Bonds and/or a need to reduce the obligations under a reimbursement agreement, and such excess proceeds shall be applied to redeem Bonds and/or reduce obligations under a reimbursement agreement, as the case may be, as provided in the Trust Indenture or the terms of the reimbursement agreement, then the Assessments and Annual Installments for each Parcel shall be appropriately reduced by the City Council to reflect only the amounts required to repay the Bonds and/or repay obligations under a reimbursement agreement, including interest on the Bonds (including Additional Interest) and/or interest due under a reimbursement agreement and Administrative Expenses. The City Council may reduce the Assessments and the Annual Installments for each Parcel (i) in an amount that represents the Authorized Improvements provided for each Parcel or (ii) by an equal percentage calculated based on number of Equivalent Units, if determined by the City Council to be the most fair and practical means of reducing the Assessments for each Parcel, such that the sum of the resulting reduced Assessments equals the amount required to repay the Bonds and/or repay the obligations under a reimbursement agreement, including interest thereon and Administrative Expenses or as otherwise provided in the applicable Trust Indenture. The principal portion of the Assessment for each Parcel shall be reduced pro rata to the reduction in the Assessments for each Parcel such that the sum of the resulting reduced principal portion of the Bonds and/or obligations under a reimbursement agreement is equal to the outstanding principal amount of the Bonds and/or reimbursement agreement.

G. PAYMENT OF ASSESSMENTS

1. Payment in Full

- (a) The Assessment for any Parcel may be paid in full at any time. Such payment shall include all Prepayment Costs. If prepayment in full will result in redemption of Bonds, the payment amount shall be reduced by the amount, if any, of interest through the date of redemption of Bonds and reserve funds applied to the redemption under the Trust Indenture, net of any other costs applicable to the redemption of Bonds.
- (b) If an Annual Installment has been billed prior to payment in full of an Assessment, the Annual Installment shall be due and payable and shall be credited against the payment-in-full amount.
- (c) Upon payment in full of the Assessment and all Prepayment Costs, the City shall deposit the payment in accordance with the Trust Indenture; whereupon, the Assessment against such Parcel shall be reduced to zero, and the owner's obligation to pay the Assessment and Annual Installments thereof shall automatically terminate.
- (d) At the option of the owner, the Assessment on any Parcel plus Prepayment Costs may be paid in part in an amount sufficient to allow for a convenient redemption of Bonds as determined by the Administrator. Upon the payment of such amounts for a Parcel, the Assessment for the Parcel shall be reduced, the Assessment Roll shall be updated to reflect such partial payment, and the obligation to pay the Annual Installment for such Parcel shall be reduced to the extent the partial payment is made.

2. Payment in Annual Installments

The PID Act provides that an Assessment for a Parcel may be paid in full at any time. If not paid in full, the PID Act authorizes the Assessment to be paid in installments and additionally allows the City to collect interest, administrative expenses and other authorized charges in installments. An Assessment for a Parcel that is not paid in full will be collected in Annual Installments each year in the amounts shown on the Assessment Roll, as updated as provided for herein, which include interest, Administrative Expenses, and payments required for the Additional Interest Reserve. Payment of the Annual Installments shall commence with tax bills mailed after the initial issuance of Bonds secured by such Assessment.

Major Improvement Area

Each Assessment for the Major Improvement Area Assessed Property shall be paid with interest of no more than the lesser of the actual interest rate paid on the Major Improvement Area Bonds. The Major Improvement Area Assessment Roll sets forth for each year the Annual Installment for each Parcel within the Major Improvement Area based on an interest rate of 4.875% in years 1 through 8 (2023-2030), and 6.125% in years 9 through 30 (2031-2052) and Additional Interest at the rate of 0.5% for the Additional Interest Reserve. Furthermore, the Annual Installments related to the Major Improvement Area Bonds may not exceed the amounts shown on the Major Improvement Area Assessment Roll. The Major Improvement Area Assessment Roll is shown as Appendix G.

Improvement Area #1 Bonds

The portion of each Assessment for the Improvement Area #1 Assessed Property related to the Series 2023 Improvement Area #1 Bonds shall be paid with interest of no more than the lesser of the actual interest rate paid on the Series 2023 Improvement Area #1 Bonds. Interest on the Series 2023 Improvement Area #1 Bonds is based on an interest rate of 4.375% in years 1 through 8 (2023-2030), 5.375% in years 9 through 21 (2031-2043), and 5.625% in years 22 through 30 (2044-2052) and Additional Interest at the rate of 0.5% for the Additional Interest Reserve. The portion of each Assessment for the Improvement Area #1 Assessed Property related to the Series 2024 Improvement Area #1 Bonds shall be paid with interest of no more than the lesser of the actual interest rate paid on the Series 2024 Improvement Area #1 Bonds. Interest on the Series Improvement Area #1 Bonds is based on an estimated interest rate of 5.50% in years 1 through 28 (2025-2052), and Additional Interest at the rate of 0.5% for the Additional Interest Reserve. Furthermore, the Annual Installments related to the Improvement Area #1 Bonds may not exceed the amounts shown on the Improvement Area #1 Assessment Roll. The Improvement Area #1 Assessment Roll is shown as Appendix H.

The respective Annual Installments shall be reduced to equal the actual costs of repaying the Improvement Area #1 Bonds and Major Improvement Area Bonds, and actual Administrative Expenses (as provided for in the definition of such term), taking into consideration any other available funds for these costs, such as interest income on account balances.

The City reserves and shall have the right and option to refund the Bonds and/or issue additional Bonds in accordance with Section 372.027 of the PID Act. In the event of such refunding, the Administrator shall recalculate the Annual Installments, and if necessary, may adjust, or decrease, the amount of the Annual Installments so that total Annual Installments of Assessments will be produced in annual amounts that are required to pay the refunding bonds when due and payable as required by and established in the ordinance and/or the indenture authorizing and securing the refunding bonds, and such refunding bonds shall constitute Bonds for purposes of this Service and Assessment Plan.

H. COLLECTION OF ANNUAL INSTALLMENTS

No less frequently than annually, the Administrator shall prepare, and the City Council shall consider, 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 a calculation of the Annual Installment for each Parcel. Administrative Expenses shall be allocated among Parcels in proportion to the amount of the Annual Installments for the Parcels. Each Annual Installment shall be reduced by any credits applied under the applicable Trust Indenture, such as capitalized interest, interest earnings on any account balances, and any other funds available to the Trustee for such purpose, including any existing deposits for a prepayment reserve. Annual Installments shall be collected by the City in the same manner and at the same time as 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 Council may provide for other means of collecting the Annual Installments to the extent permitted under the PID Act. The Assessments shall have lien priority as specified in the PID Act.

Any sale of property for nonpayment of the Annual Installments shall be subject to the lien established for the remaining unpaid Annual Installments 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 Annual Installments against such property as they become due and payable.

Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be calculated as of September 1 and updated annually. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments related to the Improvement Area #1 Bonds and Major Improvement Area Bonds became due January 31, 2024.

I. SURPLUS FUNDS REMAINING IN THE MAJOR IMPROVEMENT AREA BOND ACCOUNT

If proceeds from the Major Improvement Area Bonds still remain after all of the Major Improvement Area Projects are constructed and accepted by the City, the proceeds may be utilized in accordance with the applicable Trust Indenture.

J. SURPLUS FUNDS REMAINING IN THE IMPROVEMENT AREA # 1 BOND ACCOUNT

If proceeds from the Improvement Area #1 Bonds remain after all of the Improvement Area #1 Projects are constructed and accepted by the City, the proceeds may be utilized in accordance with the applicable Trust Indenture.

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VII. THE ASSESSMENT ROLL

A. MAJOR IMPROVEMENT AREA ASSESSMENT ROLL

The City Council has evaluated each Parcel within the Major Improvement Area (based on numerous factors such as the applicable zoning for developable area, the use of proposed Homeowner Association Property, the Public Property, the types of public improvements, and other development factors deemed relevant by the City Council) to determine the amount of Assessed Property within the Major Improvement Area.

The Major Improvement Area Assessed Property has been assessed for the special benefits conferred upon the property resulting from the Major Improvement Area Projects. Table VII-A summarizes the \$3,452,000 in special benefit received by the Major Improvement Area Assessed Property from the Major Improvement Area Projects, a portion of the costs of the PID formation, and the Major Improvement Area Bond issuance costs. The par amount of the Major Improvement Area Bonds is \$3,452,000, which is equal to the benefit received by the Major Improvement Area Assessed Property. Accordingly, the total Assessment applied to all the Major Improvement Area Assessed Property is \$3,452,000. The Assessment for the Major Improvement Area Assessed Property is calculated based on the allocation methodologies described in Section V.D. The Major Improvement Area Assessment Roll is attached hereto as Appendix G.

Table VII-A
Major Improvement Area
Special Benefit Summary

Special Benefit	Total Cost
Major Improvement Area Projects ¹	\$2,682,133
<u>PID Formation/Bond Costs of Issuance:</u>	
Cost of issuance	\$254,221
Capitalized interest	\$98,314
Reserve fund	\$263,773
Administrative Expense	\$50,000
Underwriters discount	\$103,560
<i>Subtotal</i>	\$769,867
Total Special Benefit	\$3,452,000
<u>Special Benefit:</u>	
Total Special Benefit	\$3,452,000
Projected Special Assessment	\$3,452,000
Excess Benefit	\$0

¹See Table III-A for details.

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B. IMPROVEMENT AREA #1 ASSESSMENT ROLL

The City Council has evaluated each Parcel in Improvement Area #1 (based on numerous factors such as the applicable zoning for developable area, the use of proposed Homeowner Association Property, the Public Property, the types of public improvements, and other development factors deemed relevant by the City Council) to determine the amount of Assessed Property within the Improvement Area #1.

The Improvement Area #1 Assessed Property has been assessed for the special benefits conferred upon the property resulting from the Improvement Area #1 Projects. Table VII-B summarizes the \$15,630,802 in special benefit received by the Improvement Area #1 Assessed Property from the Improvement Area #1 Projects, the costs of the PID formation, the Improvement Area #1 Bonds issuance costs. The total Assessment applied to all the Improvement Area #1 Assessed Property is \$12,765,000, which is less than the benefit received by the Improvement Area #1 Assessed Property. The Assessment for each Improvement Area #1 Assessed Property is calculated based on the allocation methodologies described in Section V.D. The Improvement Area #1 Assessment Roll is attached hereto as Appendix H.

**Table VII-B
Improvement Area #1
Special Benefit Summary**

Special Benefit	Total Cost
Improvement Area #1 Projects ¹	\$13,363,659
PID Formation/Series 2023 Improvement Area #1 Bond Costs of Issuance:	
Cost of issuance	\$388,315
Capitalized interest	\$172,076
Reserve fund	\$471,303
Administrative Expense	\$50,000
Underwriter’s discount	\$201,450
<i>Subtotal PID Formation/Series 2023 Improvement Area #1 Bond Costs of Issuance</i>	<i>\$1,283,143</i>
Series 2024 Improvement Area #1 Bond Costs of Issuance:	
Cost of issuance	\$366,170
Capitalized interest	\$0
Reserve fund	\$438,880
Administrative Expense	\$0
Underwriter’s discount	\$178,950
<i>Subtotal Series 2024 Improvement Area #1 Bond Costs of Issuance</i>	<i>\$984,000</i>
Total Special Benefit	\$15,630,802
Special Benefit:	
Total Special Benefit	\$15,630,802
Projected Assessment	\$12,765,000
Excess Benefit	\$2,865,802

¹See Table III-B for details.

C. FUTURE IMPROVEMENT AREAS ASSESSMENT ROLLS

As Future Improvement Areas are developed, this Service and Assessment Plan will be amended to determine the Assessment for each Parcel or Lot located within such Future Improvement Areas (e.g. an appendix will be added as the Assessment Roll for Future Improvement Areas).

D. ANNUAL ASSESSMENT ROLL UPDATES

The Administrator shall prepare, and shall submit to the City Council for approval, annual updates to the Improvement Area #1 Assessment Roll and the Major Improvement Area Assessment Roll in conjunction with the Annual Service Plan Update to reflect the following matters, together with any other changes helpful to the Administrator or the City and permitted by the PID Act: (i) the identification of each Parcel (ii) the Assessment for each Parcel of Assessed Property, including any adjustments authorized by this Service and Assessment Plan or in the PID Act; (iii) the Annual Installment for the Assessed Property for the year (if the Assessment is payable in installments); and (iv) payments of the Assessment, if any, as provided by Section VI.G of this Service and Assessment Plan.

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VIII. MISCELLANEOUS PROVISIONS

A. ADMINISTRATIVE REVIEW

The City may elect to designate a third party to serve as Administrator. The City shall notify Developer in writing at least thirty (30) days in advance before appointing a third party Administrator.

To the extent consistent with the PID Act, an owner of an Assessed Parcel claiming that a calculation error has been made in the Assessment Roll(s), including the calculation of the Annual Installment, shall send a written notice describing the error to the City not later than thirty (30) days after the date any amount which is alleged to be incorrect is due prior to seeking any other remedy. The Administrator shall promptly review the notice, and if necessary, meet with the Assessed Parcel owner, consider written and oral evidence regarding the alleged error and decide whether, in fact, such a calculation error occurred.

If the Administrator determines that a calculation error has been made and the applicable Assessment Roll should be modified or changed in favor of the Assessed Parcel owner, such change or modification shall be presented to the City Council for approval to the extent permitted by the PID Act. A cash refund may not be made for any amount previously paid by the Assessed Parcel owner (except for the final year during which the Annual Installment shall be collected or if it is determined there are sufficient funds to meet the expenses of the PID for the current year), but an adjustment may be made in the amount of the Annual Installment to be paid in the following year. The decision of the Administrator regarding a calculation error relating to an Assessment Roll may be appealed to the City Council. Any amendments made to the Assessment Roll(s) pursuant to calculation errors shall be made pursuant to the PID Act.

The decision of the Administrator, or if such decision is appealed to the City Council, the decision of the City Council shall be conclusive as long as there is a reasonable basis for such determination. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any other appeal or legal action by such owner.

B. TERMINATION OF ASSESSMENTS

Each Assessment shall be extinguished on the date the Assessment is paid in full, including unpaid Annual Installments and Delinquent Collection Costs, if any. After the extinguishment of an Assessment and the collection of any delinquent Annual Installments and Delinquent Collection Costs, the City shall provide the owner of the affected Parcel a recordable “Notice of the PID Assessment Termination”.

C. AMENDMENTS

Amendments to the Service and Assessment Plan can be made as permitted or required by the PID Act and under Texas law.

The City Council reserves the right to the extent permitted by the PID Act to amend this Service and Assessment Plan without notice under the PID Act and without notice to property owners of Parcels: (i) to correct mistakes and clerical errors; (ii) to clarify ambiguities; and (iii) to provide procedures for the collection and enforcement of Assessments, Prepayment Costs, collection costs, and other charges imposed by the Service and Assessment Plan.

D. ADMINISTRATION AND INTERPRETATION OF PROVISIONS

The City Council shall administer the PID, this Service and Assessment Plan, and all Annual Service Plan Updates consistent with the PID Act and shall make all interpretations and determinations related to the application of this Service and Assessment Plan unless stated otherwise herein or in the Trust Indenture, such determination shall be conclusive. Tables in this Service and Assessment Plan may be rounded to the nearest whole number.

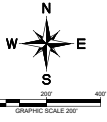
E. SEVERABILITY

If any provision, section, subsection, sentence, clause or phrase of this Service and Assessment Plan or the application of same to an assessed Parcel or any person or set of circumstances is for any reason held to be unconstitutional, void or invalid, the validity of the remaining portions of this Service and Assessment Plan or the application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the City Council in adopting this Service and Assessment Plan that no part hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any other part hereof, and all provisions of this Service and Assessment Plan are declared to be severable for that purpose.

If any provision of this Service and Assessment Plan is determined by a court to be unenforceable, the unenforceable provision shall be deleted from this Service and Assessment Plan and the unenforceable provision shall, to the extent possible, be rewritten to be enforceable and to give effect to the intent of the City.

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APPENDIX A
PID MAP



LEGEND

- IMPROVEMENT PHASE 1
- MAJOR IMPROVEMENT AREA

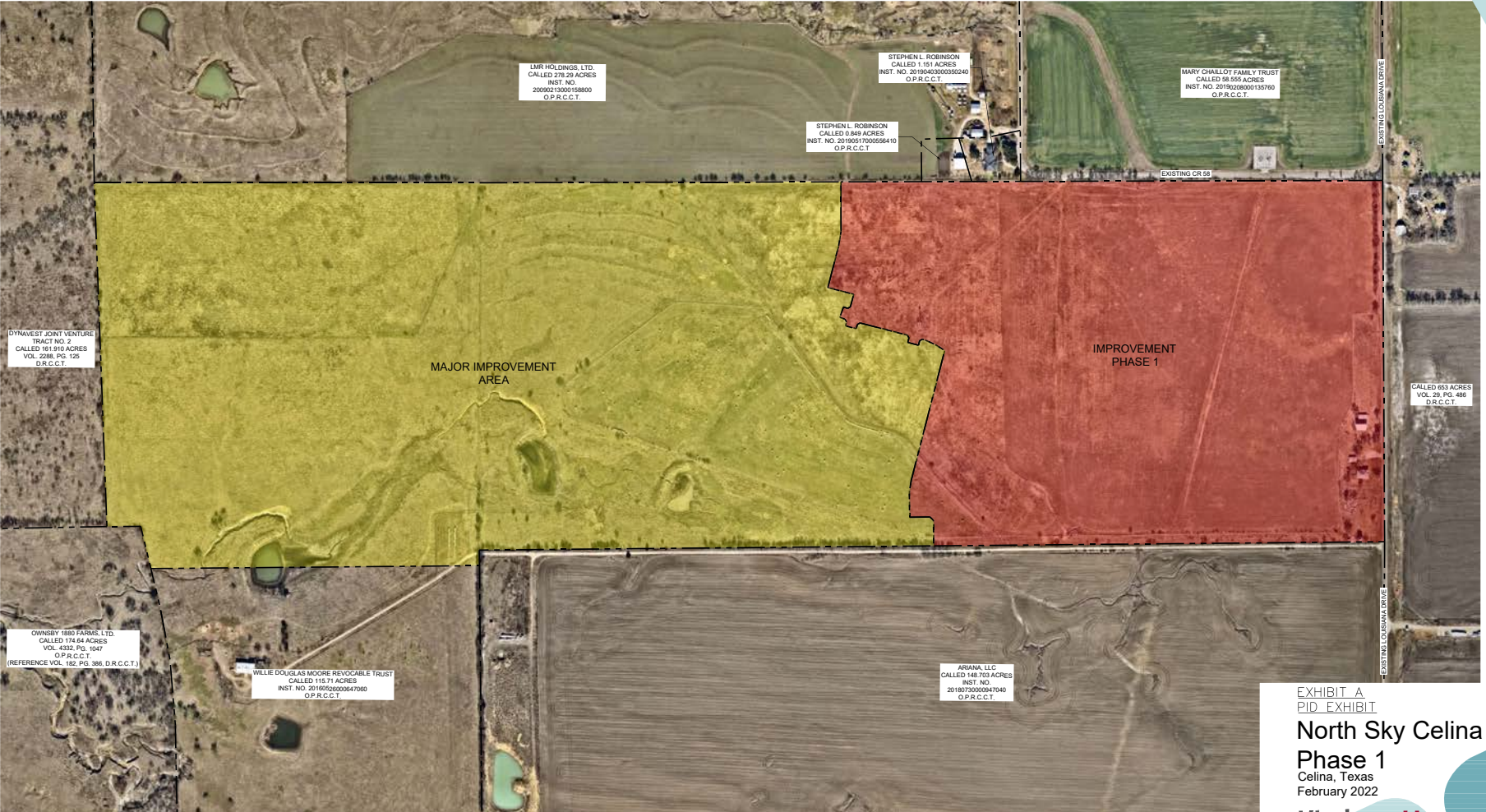


EXHIBIT A
PID EXHIBIT
North Sky Celina
Phase 1
Celina, Texas
February 2022

Kimley»Horn

6160 Warren Parkway, Suite 210
Frisco, Texas 75034
972-335-3580
State of Texas Registration No. F-928

APPENDIX B
BUDGETED COSTS OF AUTHORIZED IMPROVEMENTS



NORTH SKY CELINA PROJECT COST SUMMARY - PHASES 1, 2 & 3

NORTH SKY CELINA PID - CITY OF CELINA

PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY

January 24, 2023

TOTAL PROJECT SUMMARY - BY DIVISION	
	<i>NORTH SKY</i>
CLEARING & EXCAVATION	\$5,573,159
WATER	\$4,763,205
SEWER	\$7,045,506
STORM SEWER	\$6,763,019
PAVEMENT	\$9,804,811
RETAINING WALLS	\$1,287,588
EROSION CONTROL	\$574,653
AMENITIES, LANDSCAPE, & SCREENING	\$6,764,500
FRANCHISE UTILITIES	\$235,800
SUB-TOTAL	\$44,480,811
PLANNING, SURVEY, PLATTING, ENG., LA, PERMITTING, & STAKING	\$3,785,496
CONSTRUCTION MANAGEMENT	\$1,139,588
CITY FEES	\$88,962
MISCELLANEOUS & CONTINGENCY	\$3,483,208
TOTAL	\$52,978,065

LOTS: 786
COST/LOT: \$ 67,402.12

TOTAL PROJECT SUMMARY - BY COST TYPE	
	<i>NORTH SKY</i>
DIRECT PUBLIC	\$29,971,731
MASTER PUBLIC	\$4,532,266
REIMBURSED PUBLIC	\$3,127,149
PRIVATE	\$15,346,919
TOTAL	\$52,978,065

LOTS: 786
COST/LOT: \$ 67,402.12



PHASE COST SUMMARY - NORTH SKY CELINA PID, CITY OF CELINA

PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY
January 24, 2023

DIVISION / PHASE / COST TYPE SUMMARY - NORTH SKY CELINA IMPROVEMENTS																	
DIVISION	DIRECT PUBLIC				MAJOR PUBLIC				REIMBURSED PUBLIC				PRIVATE				TOTAL
	Phase 1	Phase 2	Phase 3	TOTAL	Phase 1	Phase 2	Phase 3	TOTAL	Phase 1	Phase 2	Phase 3	TOTAL	Phase 1	Phase 2	Phase 3	TOTAL	
CLEARING & EXCAVATION	\$553,501	\$584,898	\$153,340	\$1,291,739	\$245,717	\$260,978	\$93,098	\$599,793	\$0	\$0	\$0	\$0	\$1,555,180	\$1,570,709	\$555,739	\$3,681,628	\$5,573,159
WATER	\$1,890,302	\$1,981,178	\$558,925	\$4,430,405	\$136,338	\$144,806	\$51,656	\$332,800	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,763,205
SEWER	\$1,222,800	\$978,051	\$352,650	\$2,553,501	\$577,224	\$613,077	\$218,700	\$1,409,001	\$1,263,012	\$1,341,460	\$478,532	\$3,083,004	\$0	\$0	\$0	\$0	\$7,045,506
STORM SEWER	\$1,957,739	\$3,835,156	\$432,598	\$6,225,492	\$220,208	\$233,886	\$83,433	\$537,527	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,763,019
PAVEMENT	\$3,880,980	\$4,027,049	\$1,025,117	\$8,933,146	\$357,094	\$379,274	\$135,297	\$871,665	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,804,811
RETAINING WALLS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$444,451	\$558,638	\$284,499	\$1,287,588	\$1,287,588
EROSION CONTROL	\$141,725	\$153,100	\$81,250	\$376,075	\$3,267	\$3,470	\$1,238	\$7,975	\$0	\$0	\$0	\$0	\$80,770	\$76,518	\$33,315	\$190,603	\$574,653
FRANCHISE UTILITIES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$96,600	\$102,600	\$36,600	\$235,800	\$235,800
AMENITIES, LANDSCAPE, & SCREENING	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,150,000	\$1,160,250	\$1,454,250	\$6,764,500	\$6,764,500
MISCELLANEOUS & OTHER	\$613,417	\$690,164	\$168,490	\$1,472,071	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$80,500	\$85,500	\$30,500	\$196,500	\$1,668,571
SUB-TOTAL	\$10,260,464	\$12,249,596	\$2,772,369	\$25,282,429	\$1,539,848	\$1,635,491	\$583,421	\$3,758,760	\$1,263,012	\$1,341,460	\$478,532	\$3,083,004	\$6,407,501	\$3,554,214	\$2,394,903	\$12,356,618	\$44,480,811
PLANNING, SURVEY, PLATTING, ENG., LA, PERMITTING, & STAKING	\$700,000	\$1,224,960	\$277,237	\$2,202,197	\$76,992	\$81,775	\$29,171	\$187,938	\$65,424	\$69,488	\$24,788	\$159,700	\$640,750	\$355,421	\$239,490	\$1,235,662	\$3,785,496
CONSTRUCTION MANAGEMENT	\$25,651	\$489,984	\$110,895	\$626,530	\$7,699	\$8,177	\$2,917	\$18,794	\$0	\$0	\$0	\$0	\$256,300	\$142,169	\$95,796	\$494,265	\$1,139,588
CITY FEES	\$20,521	\$24,499	\$5,545	\$50,565	\$3,080	\$3,271	\$1,167	\$7,518	\$2,526	\$2,683	\$957	\$6,166	\$12,815	\$7,108	\$4,790	\$24,713	\$88,962
MISCELLANEOUS & CONTINGENCY	\$307,814	\$1,224,960	\$277,237	\$1,810,010	\$153,985	\$163,549	\$58,342	\$375,876	\$25,260	\$26,829	\$9,571	\$61,660	\$640,750	\$355,421	\$239,490	\$1,235,662	\$3,483,208
DEVELOPER AGREEMENT ADJUSTMENT	\$0	\$0	\$0	\$0	\$75,125	\$79,792	\$28,464	\$183,381	-\$75,125	-\$79,792	-\$28,464	-\$183,381	\$0	\$0	\$0	\$0	\$0
TOTAL	\$11,314,450	\$15,213,998	\$3,443,283	\$29,971,731	\$1,656,730	\$1,972,055	\$703,482	\$4,532,266	\$1,281,097	\$1,360,668	\$485,384	\$3,127,149	\$7,958,117	\$4,414,334	\$2,974,469	\$15,346,919	\$52,978,065

PHASE TOTAL SUMMARY - NORTH SKY CELINA IMPROVEMENTS				
COST TYPE	Phase 1	Phase 2	Phase 3	TOTAL
DIRECT PUBLIC	\$11,314,450	\$15,213,998	\$3,443,283	\$29,971,731
MAJOR PUBLIC	\$1,656,730	\$1,972,055	\$703,482	\$4,532,266
REIMBURSED PUBLIC	\$1,281,097	\$1,360,668	\$485,384	\$3,127,149
PRIVATE	\$7,958,117	\$4,414,334	\$2,974,469	\$15,346,919
TOTAL	\$22,410,393	\$22,961,054	\$7,606,618	\$52,978,065

OPC NOTES, ASSUMPTIONS, QUALIFICATIONS, ETC.

1. Communications franchise service cost is not assumed to be paid by developer, and is not included.
2. Land cost, interest, legal, marketing, financing, closing costs, cost of sales, HOA funding, overhead, maintenance, insurance, taxes, etc. are not included.
3. Park fees are not included and are assumed to be paid at time of building permit.
4. Unit prices are subject to market conditions and may vary from this OPC.
5. Inflation is not factored in this OPC.
6. Professional fees included are for budgeting purposes only and do not constitute proposals. Fees are subject to change, and the % of cost assumptions will vary.
7. Budgeting by line item, sections, or divisions should be avoided. OPC line items cost are less accurate than section/division subtotals, and section/division subtotals are less accurate than the total project cost.
8. Cost associated with the ongoing operations and management of a PID are not included.
9. The cost per lot for moisture conditioning of pads is assumed based on the geotechnical report for Phase 1. A final geotechnical report for Phases 2 and 3 is required to confirm moisture conditioning requirements for streets and pads in those phases.
10. Public-Major and Public-Reimbursed costs apportioned to each phase per number of lots. Improvements may be constructed with another phase.
11. Questions regarding this OPC should be directed to Kimley-Horn and Associates, Kevin Kane, P.E. (972) 335-3580.



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY
 NORTH SKY CELINA PID - PHASES 1, 2, & 3
 DIRECT PUBLIC IMPROVEMENTS - CITY OF CELINA
 January 24, 2023

	Phase 1	Phase 2	Phase 3	TOTAL
NO. OF LOTS:	322	342	122	786
GROSS AC.	83	102	35	220
NET AC.	81	102	33	215

A. CLEARING & EXCAVATION

DESCRIPTION	UNIT	UNIT PRICE	Phase 1		Phase 2		Phase 3		TOTAL	
			QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL
CLEARING / GRUBBING	AC	\$2,500.00	19.7	\$49,250	20.7	\$51,750	5.5	\$13,750	46	\$114,750
BUILDING DEMOLITION (PID SHARE BASED ON RATIO OF PHASE 1 RIGHT OF WAY AREA (61.5 AC) TO PHASE 1 TOTAL AREA (83.2 AC) = 26.1%)	LS	\$20,500.00	26.1%	\$5,351	0.0	\$0	0.0	\$0	26.1%	\$5,351
STREET / ROW EXCAVATION	CY	\$3.00	38,000	\$114,000	50,094	\$150,282	13,310	\$39,930	101,404	\$304,212
MOISTURE CONDITION STREETS (6' DEEP)	CY	\$3.00	128,300	\$384,900	127,622	\$382,866	33,220	\$99,660	289,142	\$867,426
TOTAL CLEARING & EXCAVATION				\$553,501		\$584,898		\$153,340	\$0	\$1,291,739

B. WATER

DESCRIPTION	UNIT	UNIT PRICE	Phase 1		Phase 2		Phase 3		TOTAL	
			QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL
8" P.V.C. WATERLINE (INCLUDING BLOCKING, FITTING, BENDS, TEES, PLUGS & CONNECTIONS TO EXISTING LINES)	LF	\$53.00	11,926	\$632,078	11,770	\$623,810	5,060	\$268,180	28,756	\$1,524,068
12" P.V.C. WATERLINE (INCLUDING BLOCKING, FITTING, BENDS, TEES, PLUGS & CONNECTIONS TO EXISTING LINES)	LF	\$91.00	4,631	\$421,421	4,700	\$427,700	0	\$0	9,331	\$849,121
8" GATE VALVE & BOX	EA	\$2,450.00	48	\$117,600	63	\$154,350	22	\$53,900	133	\$325,850
12" GATE VALVE & BOX	EA	\$3,900.00	18	\$70,200	23	\$89,700	0	\$0	41	\$159,900
FIRE HYDRANT ASSEMBLY	EA	\$7,500.00	34	\$255,000	38	\$285,000	12	\$90,000	84	\$630,000
POST HYDRANT	EA	\$7,500.00	3	\$22,500	2	\$15,000	1	\$7,500	6	\$45,000
1" WATER SERVICE	EA	\$980.00	322	\$315,560	342	\$335,160	122	\$119,560	786	\$770,280
2" WATER SERVICE (AMENITY CENTER)	EA	\$1,890.00	1	\$1,890	0	\$0	0	\$0	1	\$1,890
2" IRRIGATION SERVICE	EA	\$3,400.00	4	\$13,600	3	\$10,200	2	\$6,800	9	\$30,600
4" IRRIGATION SLEEVES	LF	\$16.00	200	\$3,200	200	\$3,200	100	\$1,600	500	\$8,000
WATER LINE DISINFECTION AND TESTING	LF	\$1.60	16,557	\$26,491	16,470	\$26,352	5,060	\$8,096	38,087	\$60,939
TRENCH SAFETY	LF	\$0.65	16,557	\$10,762	16,470	\$10,706	5,060	\$3,289	38,087	\$24,757
TOTAL WATER				\$1,890,302		\$1,981,178		\$558,925		\$4,430,405

C. SEWER

DESCRIPTION	UNIT	UNIT PRICE	Phase 1		Phase 2		Phase 3		TOTAL	
			QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL
8" SDR-35 P.V.C. PIPE INCLUDES CONNECTIONS TO EXISTING LINES AND PLUGS	LF	\$34.00	13,600	\$462,400	11,000	\$374,000	4,400	\$149,600	29,000	\$986,000
8" SDR-26 P.V.C. PIPE INCLUDES CONNECTIONS TO EXISTING LINES AND PLUGS	LF	\$40.00	2,650	\$106,000	125	\$5,000	0	\$0	2,775	\$111,000
12" SDR-26 P.V.C. PIPE INCLUDES CONNECTIONS TO EXISTING LINES AND PLUGS	LF	\$112.00	0	\$0	35	\$3,920	0	\$0	35	\$3,920
12" CASING PIPE	LF	\$112.00	270	\$30,240	118	\$13,216	60	\$6,720	448	\$50,176
4" SERVICE LINES	EA	\$800.00	322	\$257,600	282	\$225,600	122	\$97,600	726	\$580,800



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY
 NORTH SKY CELINA PID - PHASES 1, 2, & 3
 DIRECT PUBLIC IMPROVEMENTS - CITY OF CELINA
 January 24, 2023

							Phase 1	Phase 2	Phase 3	TOTAL	
							NO. OF LOTS:	322	342	122	786
							GROSS AC.	83	102	35	220
							NET AC.	81	102	33	215
4" WYE AND ONE SECTION OF PIPE FOR FUTURE SERVICE	EA	\$920.00	0	\$0	60	\$55,200	0	\$0		60	\$55,200
EXTEND EXISTING 4" SEWER SERVICE	EA	\$500.00	0	\$0	60	\$30,000	0	\$0		60	\$30,000
4' DIAMETER MANHOLE	EA	\$6,100.00	35	\$213,500	37	\$225,700	14	\$85,400		86	\$524,600
5' DIAMETER MANHOLE	EA	\$11,360.00	4	\$45,440	1	\$11,360		\$0		5	\$56,800
5' DIAMETER DROP MANHOLE	EA	\$19,900.00	3	\$59,700	0	\$0	0	\$0		3	\$59,700
TRENCH SAFETY	LF	\$1.00	16,250	\$16,250	11,125	\$11,125	4,400	\$4,400		31,775	\$31,775
SEWER LINE T.V. AND TESTING	LF	\$1.60	16,250	\$26,000	11,125	\$17,800	4,400	\$7,040		31,775	\$50,840
SEWER MANHOLE VACUUM TESTING	LF	\$135.00	42	\$5,670	38	\$5,130	14	\$1,890		94	\$12,690
TOTAL SEWER				\$1,222,800		\$978,051		\$352,650	\$0		\$2,553,501



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY

NORTH SKY CELINA PID - PHASES 1, 2, & 3
DIRECT PUBLIC IMPROVEMENTS - CITY OF CELINA

January 24, 2023

	Phase 1	Phase 2	Phase 3	TOTAL
NO. OF LOTS:	322	342	122	786
GROSS AC.	83	102	35	220
NET AC.	81	102	33	215

D. STORM SEWER

DESCRIPTION	UNIT	UNIT PRICE	Phase 1		Phase 2		Phase 3				TOTAL	
			QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL
18" RCP	LF	\$56.00	3,828	\$214,368	4,340	\$243,040	1,050	\$58,800			9,218	\$516,208
21" RCP	LF	\$57.00	0	\$0	1,150	\$65,550	210	\$11,970			1,360	\$77,520
24" RCP	LF	\$77.00	504	\$38,808	1,130	\$87,010	690	\$53,130			2,324	\$178,948
2-24" RCP	LF	\$144.00	403	\$58,032	0	\$0	0	\$0			403	\$58,032
27" RCP	LF	\$82.00	361	\$29,602	880	\$72,160	380	\$31,160			1,621	\$132,922
30" RCP	LF	\$90.00	0	\$0	950	\$85,500	490	\$44,100			1,440	\$129,600
36" RCP	LF	\$134.00	716	\$95,944	780	\$104,520		\$0			1,496	\$200,464
42" RCP	LF	\$177.00	277	\$49,029	1,560	\$276,120		\$0			1,837	\$325,149
48" RCP	LF	\$215.00	938	\$201,670	370	\$79,550		\$0			1,308	\$281,220
54" RCP	LF	\$247.00	0	\$0	450	\$111,150		\$0			450	\$111,150
5'X4' RCB	LF	\$400.00	1,037	\$414,800	0	\$0		\$0			1,037	\$414,800
5'X5' RCB	LF	\$367.00	0	\$0	1,040	\$381,680		\$0			1,040	\$381,680
6'X4' RCB	LF	\$450.00	605	\$272,250	470	\$211,500		\$0			1,075	\$483,750
10'X5' RCB	LF	\$630.00	0	\$0	1,100	\$693,000		\$0			1,100	\$693,000
36" CMP	LF	\$134.00	64	\$8,576		\$0		\$0			64	\$8,576
GRATE INLET TYPE G	EA	\$5,600.00	3	\$16,800	0	\$0	0	\$0			3	\$16,800
3 GRATE COMBINATION INLET	EA	\$8,000.00	4	\$32,000	0	\$0		\$0			4	\$32,000
2'X2' DROP INLET	EA	\$3,850.00	0	\$0	0	\$0		\$0			0	\$0
3'X3' DROP INLET	EA	\$3,000.00	0	\$0	2	\$6,000	1	\$3,000			3	\$9,000
8' COMBINATION INLET	EA	\$7,460.00	0	\$0	0	\$0		\$0			0	\$0
8' CURB INLET	EA	\$5,300.00	35	\$185,500	0	\$0		\$0			35	\$185,500
8' NON-STANDARD CURB INLET	EA	\$5,500.00	2	\$11,000	0	\$0		\$0			2	\$11,000
10' COMBINATION INLET	EA	\$8,400.00	1	\$8,400	0	\$0		\$0			1	\$8,400
10' CURB INLET	EA	\$6,000.00	24	\$144,000	96	\$576,000	16	\$96,000			136	\$816,000
10' NON-STANDARD CURB INLET	EA	\$6,092.35	1	\$6,092	96	\$584,866	16	\$97,478			113	\$688,436
MANHOLE RISER	EA	\$4,600.00	2	\$9,200	8	\$36,800		\$0			10	\$46,000
4' STORM MANHOLE	EA	\$6,750.00	4	\$27,000	14	\$94,500	4	\$27,000			22	\$148,500
5' STORM MANHOLE	EA	\$7,200.00	3	\$21,600	2	\$14,400		\$0			5	\$36,000
6' STORM MANHOLE	EA	\$7,500.00	0	\$0	2	\$15,000		\$0			2	\$15,000
7'X7' JUNCTION BOX	EA	\$9,750.00	2	\$19,500	0	\$0		\$0			2	\$19,500
8'X8' JUNCTION BOX	EA	\$11,200.00	2	\$22,400	0	\$0		\$0			2	\$22,400
42" RCP TYPE C HEADWALL	EA	\$3,800.00	0	\$0	1	\$3,800		\$0			1	\$3,800
48" RCP TYPE C HEADWALL	EA	\$4,650.00	1	\$4,650	1	\$4,650		\$0			2	\$9,300
54" RCP TYPE C HEADWALL	EA	\$5,700.00	0	\$0	1	\$5,700		\$0			1	\$5,700
6'x4' RCB TYPE C HEADWALL	EA	\$8,000.00	1	\$8,000	0	\$0		\$0			1	\$8,000
6'x4' RCB FW-0 TXDOT HEADWALL	EA	\$11,000.00	1	\$11,000	1	\$11,000		\$0			2	\$22,000
10'x5' RCB FW-0 TXDOT HEADWALL	EA	\$15,000.00	0	\$0	1	\$15,000		\$0			1	\$15,000
PHASE 1 POND OUTFALL TURF REINFORCEMENT	EA	\$3.00	100	\$300	0	\$0	0	\$0			100	\$300
PHASE 1 POND OUTFALL WEIR	EA	\$11,600.00	1	\$11,600	0	\$0	0	\$0			1	\$11,600
PHASE 1 POND OUTFALL WEIR GABION MATTRESS	SY	\$163.50	23	\$3,761	0	\$0	0	\$0			23	\$3,761
TXDOT SET B-SW-0 HEADWALL	EA	\$11,000.00	0	\$0	1	\$11,000		\$0			1	\$11,000
REMOVE 30" HEADWALL & CONNECT TO EXISTING	EA	\$1,500.00	0	\$0	0	\$0	1	\$1,500			1	\$1,500



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY
 NORTH SKY CELINA PID - PHASES 1, 2, & 3
 DIRECT PUBLIC IMPROVEMENTS - CITY OF CELINA
 January 24, 2023

							Phase 1	Phase 2	Phase 3	TOTAL	
							NO. OF LOTS:	322	342	122	786
							GROSS AC.	83	102	35	220
							NET AC.	81	102	33	215
REMOVE 54" HEADWALL & CONNECT TO EXISTING	EA	\$1,500.00	0	\$0	1	\$1,500	0	\$0		1	\$1,500
REMOVE 5x5' HEADWALL & CONNECT TO EXISTING	EA	\$1,500.00	0	\$0	1	\$1,500	0	\$0		1	\$1,500
ASPHALT REMOVAL	SY	\$19.50	300	\$5,850		\$0		\$0			\$0
TRENCH SAFETY	LF	\$1.00	8,669	\$8,669	14,220	\$14,220	2,820	\$2,820		25,709	\$25,709
TESTING (TV)	LF	\$2.00	8,669	\$17,338	14,220	\$28,440	2,820	\$5,640		25,709	\$51,418
TOTAL STORM SEWER				\$1,957,739		\$3,835,156		\$432,598	\$0		\$6,219,642



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY
NORTH SKY CELINA PID - PHASES 1, 2, & 3
DIRECT PUBLIC IMPROVEMENTS - CITY OF CELINA
January 24, 2023

	Phase 1	Phase 2	Phase 3	TOTAL
NO. OF LOTS:	322	342	122	786
GROSS AC.	83	102	35	220
NET AC.	81	102	33	215

E. PAVEMENT

DESCRIPTION	UNIT	UNIT PRICE	Phase 1		Phase 2		Phase 3				TOTAL	
			QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL
7" REINF. CONCRETE STREET PAVEMENT	SY	\$55.00	48,425	\$2,663,375	54,870	\$3,017,850	15,100	\$830,500			118,395	\$6,511,725
9" REINF. CONCRETE STREET PAVEMENT	SY	\$65.00	2,660	\$172,900	0	\$0	0	\$0			2,660	\$172,900
7" REINF. ALLEY PAVEMENT	SY	\$58.00	3,502	\$203,116	3,140	\$182,120	0	\$0			6,642	\$385,236
8" REIN. ALLEY PAVEMENT	SY	\$60.00	1,943	\$116,580	1,400	\$84,000	675	\$40,500			4,018	\$241,080
6" LIME STABILIZED SUBGRADE PREPARATION	SY	\$3.00	64,169	\$192,507	63,811	\$191,433	16,610	\$49,830			144,590	\$433,770
4' POLY BEHIND CURB	LF	\$0.35	31,680	\$11,088	3,454	\$1,209	9,320	\$3,262			44,454	\$15,559
HYDRATED LIME FOR STREET (37#/SY)	TON	\$245.00	1,190	\$291,550	1,149	\$281,407	299	\$73,250			2,638	\$646,207
PAVEMENT HEADER	LF	\$12.00	174	\$2,088	290	\$3,480	30	\$360			494	\$5,928
STAMPED CONCRETE PAVEMENT	SF	\$43.37	2,000	\$86,736	600	\$26,021	0	\$0			2,600	\$112,757
CONCRETE PAVERS INCLUDING CONCRETE BASE	SF	\$26.00	0	\$0	3,400	\$88,400	0	\$0			3,400	\$88,400
BARRICADE	EA	\$1,500.00	4	\$6,000	10	\$15,000	1	\$1,500			15	\$22,500
REMOVE BARRICADE & CONNECT TO EXISTING HEADER	EA	\$500.00	0	\$0	3	\$1,500	6	\$3,000			9	\$4,500
BARRIER FREE PEDESTRIAN RAMP	EA	\$900.00	76	\$68,400	72	\$64,800	10	\$9,000			158	\$142,200
STREET SIGN	EA	\$605.00	14	\$8,470	16	\$9,680	5	\$3,025			35	\$21,175
STOP SIGN	EA	\$1,110.00	35	\$38,850	40	\$44,400	3	\$3,330			78	\$86,580
STREET NAME SIGN	EA	\$630.00	29	\$18,270	25	\$15,750	12	\$7,560			66	\$41,580
4" WHITE STRIPING	LS	\$1.00	1,050	\$1,050	0	\$0	0	\$0			1,050	\$1,050
TOTAL PAVEMENT				\$3,880,980		\$4,027,049		\$1,025,117		\$0		\$8,933,146

F. EROSION CONTROL

DESCRIPTION	UNIT	UNIT PRICE	Phase 1		Phase 2		Phase 3				TOTAL	
			QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL
INLET PROTECTION	EA	\$200.00	69	\$13,800	98	\$19,600	17	\$3,400			184	\$36,800
CURLEX (8' STREETS)	LF	\$1.75	25,700	\$44,975	33,000	\$57,750	10,200	\$17,850			68,900	\$120,575
CURLEX (4' ALLEYS)	LF	\$1.50	5,300	\$7,950	500	\$750	0	\$0			5,800	\$8,700
EROSION CONTROL MAINTENANCE	MOS	\$5,000.00	15	\$75,000	15	\$75,000	12	\$60,000			42	\$210,000
TOTAL EROSION CONTROL				\$141,725		\$153,100		\$81,250		\$0		\$376,075

G. MISCELLANEOUS & OTHER

DESCRIPTION	UNIT	UNIT PRICE	Phase 1		Phase 2		Phase 3				TOTAL	
			QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL
FINAL GEOTECHNICAL REPORT - STREETS AND ALLEYS	AC	\$1,000.00	19.7	\$19,700	20.7	\$20,700	5.5	\$5,500			46	\$45,900
GEOTECHNICAL TESTING - STREET EXCAVATION	CY	\$0.10	166,300	\$16,630	177,716	\$17,772	46,530	\$4,653			390,546	\$39,055
GEOTECHNICAL TESTING - UTILITIES	LF	\$4.50	41,540	\$186,930	41,540	\$186,930	12,280	\$55,260			95,360	\$429,120
GEOTECHNICAL TESTING - PAVEMENT	SY	\$0.50	64,169	\$32,085	63,811	\$31,906	16,610	\$8,305			144,590	\$72,295
CITY INSPECTION (UTILITIES AND PAVING)	%	3%	\$ 8,951,821.10	\$268,555	\$ 10,821,433.31	\$324,643	\$ 2,369,289.70	\$71,079			\$ 22,142,544.11	\$664,276



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY
 NORTH SKY CELINA PID - PHASES 1, 2, & 3
 DIRECT PUBLIC IMPROVEMENTS - CITY OF CELINA
 January 24, 2023

								Phase 1	Phase 2	Phase 3	TOTAL	
								NO. OF LOTS:	322	342	122	786
								GROSS AC.	83	102	35	220
								NET AC.	81	102	33	215
BONDS	%	1%	\$ 8,951,821.10	\$89,518	\$ 10,821,433.31	\$108,214	\$ 2,369,289.70	\$23,693		\$ 22,142,544.11	\$221,425	
TOTAL MISCELLANEOUS & OTHER												
				\$613,417	\$690,164	\$168,490	\$0			\$1,472,071		

SUMMARY - DIRECT PUBLIC IMPROVEMENTS - CITY OF CELINA	Phase 1	Phase 2	Phase 3	TOTAL
A. CLEARING & EXCAVATION	\$553,501	\$584,898	\$153,340	\$1,291,739
B. WATER	\$1,890,302	\$1,981,178	\$558,925	\$4,430,405
C. SEWER	\$1,222,800	\$978,051	\$352,650	\$2,553,501
D. STORM SEWER	\$1,957,739	\$3,835,156	\$432,598	\$6,225,492
E. PAVEMENT	\$3,880,980	\$4,027,049	\$1,025,117	\$8,933,146
F. EROSION CONTROL	\$141,725	\$153,100	\$81,250	\$376,075
G. MISCELLANEOUS & OTHER	\$613,417	\$690,164	\$168,490	\$1,472,071
SUB-TOTAL	\$10,260,464	\$12,249,596	\$2,772,369	\$25,282,429
SURVEY, PLATTING, ENG., PERMITTING, & STAKING	\$700,000	10% \$1,224,960	10% \$277,237	\$2,202,197
CONSTRUCTION MANAGEMENT	0.25% \$25,651	4% \$489,984	4% \$110,895	\$626,530
MISC CITY FEES (0.2%)	\$20,521	\$24,499	\$5,545	\$50,565
MISCELLANEOUS & CONTINGENCY	3% \$307,814	10% \$1,224,960	10% \$277,237	\$1,810,010
TOTAL DIRECT PUBLIC IMPROVEMENTS COST	\$11,314,450	\$15,213,998	\$3,443,283	\$29,971,731



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY
NORTH SKY CELINA PID - PHASES 1, 2, & 3
MAJOR PUBLIC IMPROVEMENTS - CITY OF CELINA

January 24, 2023

	Phase 1	Phase 2	Phase 3	TOTAL
NO. OF LOTS:	322	342	122	786
PRORATED SHARE BY NUMBER OF LOTS:	41.0%	43.5%	15.5%	100%
GROSS AC.	83	102	35	220
NET AC.	81	102	33	215

A.1 CLEARING & EXCAVATION - LOUISIANA DRIVE

DESCRIPTION	TOTAL				Phase 1		Phase 2		Phase 3	
	QUANTITY	UNIT	UNIT PRICE	TOTAL	SHARE	TOTAL	SHARE	TOTAL	SHARE	TOTAL
CLEAR AND GRUBBING - LOUISIANA RIGHT OF WAY	4.8	AC	\$2,500.00	\$12,000.00	41.0%	\$4,916	43.5%	\$5,221	15.5%	\$1,863
SAW CUT, REMOVE AND DISPOSE OF EXISTING PAVEMENT	1650	LF	\$5.00	\$8,250.00	41.0%	\$3,380	43.5%	\$3,590	15.5%	\$1,281
ROADWAY EXCAVATION	1	LS	\$25,000.00	\$25,000.00	41.0%	\$10,242	43.5%	\$10,878	15.5%	\$3,880
TESTING	2095	SY	\$1.50	\$3,142.50	41.0%	\$1,287	43.5%	\$1,367	15.5%	\$488
TOTAL CLEARING & EXCAVATION - LOUISIANA DRIVE				\$48,393		\$19,825		\$21,056		\$7,511

A.2 CLEARING & EXCAVATION - DETENTION POND

DESCRIPTION	TOTAL				Phase 1		Phase 2		Phase 3	
	QUANTITY	UNIT	UNIT PRICE	TOTAL	SHARE	TOTAL	SHARE	TOTAL	SHARE	TOTAL
CLEARING / GRUBBING	10	AC	\$2,500.00	\$24,250.00	41.0%	\$9,934	43.5%	\$10,552	15.5%	\$3,764
DEMUCK EXISTING POND	1	LS	\$142,350.00	\$142,350.00	41.0%	\$58,316	43.5%	\$61,939	15.5%	\$22,095
DETENTION POND EXCAVATION	98000	CY	\$3.00	\$294,000.00	41.0%	\$120,443	43.5%	\$127,924	15.5%	\$45,634
DETENTION POND BERM EMBANKMENT	20000	CY	\$4.00	\$80,000.00	41.0%	\$32,774	43.5%	\$34,809	15.5%	\$12,417
TESTING	108000	CY	\$0.10	\$10,800.00	41.0%	\$4,424	43.5%	\$4,699	15.5%	\$1,676
TOTAL CLEARING & EXCAVATION - DETENTION POND				\$551,400		\$225,892		\$239,922		\$85,586

B. WATER

DESCRIPTION	TOTAL				Phase 1		Phase 2		Phase 3	
	QUANTITY	UNIT	UNIT PRICE	TOTAL	SHARE	TOTAL	SHARE	TOTAL	SHARE	TOTAL
PRESSURE REDUCING STATION INCLUDING PRV SCADA	2	EA	\$160,000.00	\$320,000.00	41.0%	\$131,094	43.5%	\$139,237	15.5%	\$49,669
BONDS	\$320,000	%	1.0%	\$3,200.00	41.0%	\$1,311	43.5%	\$1,392	15.5%	\$497
INSPECTION FEE	\$320,000	%	3.0%	\$9,600.00	41.0%	\$3,933	43.5%	\$4,177	15.5%	\$1,490
TOTAL WATER				\$332,800		\$136,338		\$144,806		\$51,656



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY
NORTH SKY CELINA PID - PHASES 1, 2, & 3
MAJOR PUBLIC IMPROVEMENTS - CITY OF CELINA

January 24, 2023

	Phase 1	Phase 2	Phase 3	TOTAL
NO. OF LOTS:	322	342	122	786
PRORATED SHARE BY NUMBER OF LOTS:	41.0%	43.5%	15.5%	100%
GROSS AC.	83	102	35	220
NET AC.	81	102	33	215

C1. SEWER - 18"/24" SEWER - ONSITE HUBBARD IMPROVEMENT (BASE COST)

DESCRIPTION	TOTAL				Phase 1		Phase 2		Phase 3	
	QUANTITY	UNIT	UNIT PRICE	TOTAL	SHARE	TOTAL	SHARE	TOTAL	SHARE	TOTAL
8" SDR-35 P.V.C. PIPE	546	LF	\$34.00	\$18,564.00	41.0%	\$7,605	43.5%	\$8,077	15.5%	\$2,881
10" SDR-35 P.V.C. PIPE	926	LF	\$81.00	\$75,006.00	41.0%	\$30,728	43.5%	\$32,636	15.5%	\$11,642
4' DIAMETER MANHOLE	22	EA	\$5,900.00	\$129,800.00	41.0%	\$53,175	43.5%	\$56,478	15.5%	\$20,147
VACUUM TEST MANHOLES	22	EA	\$135.00	\$2,970.00	41.0%	\$1,217	43.5%	\$1,292	15.5%	\$461
TRENCH SAFETY	1472	LF	\$1.00	\$1,472.00	41.0%	\$603	43.5%	\$640	15.5%	\$228
TESTING (PRESSURE & TV)	1472	LF	\$1.60	\$2,355.20	41.0%	\$965	43.5%	\$1,025	15.5%	\$366
TESTING (GEOTECH)	1472	LF	\$2.40	\$3,532.80	41.0%	\$1,447	43.5%	\$1,537	15.5%	\$548
BONDS	\$233,700	%	2.0%	\$4,674.00	41.0%	\$1,915	43.5%	\$2,034	15.5%	\$725
INSPECTION FEE	\$233,700	%	3.0%	\$7,011.00	41.0%	\$2,872	43.5%	\$3,051	15.5%	\$1,088
TOTAL SEWER - 18"/24" SEWER - ONSITE HUBBARD IMPROVEMENT (BASE COST)				\$245,385		\$100,527		\$106,771		\$38,088

C2. SEWER - OFFSITE SEWER - OVERSIZE COST (BASE COST)

DESCRIPTION	TOTAL				Phase 1		Phase 2		Phase 3	
	QUANTITY	UNIT	UNIT PRICE	TOTAL	SHARE	TOTAL	SHARE	TOTAL	SHARE	TOTAL
CLEAR AND GRUB	11.3	AC	\$2,500.00	\$28,250.00	41.0%	\$11,573	43.5%	\$12,292	15.5%	\$4,385
SILT FENCE	6700	LF	\$1.85	\$12,395.00	41.0%	\$5,078	43.5%	\$5,393	15.5%	\$1,924
SEEDING (OFFSITE SANITARY SEWER)	11.3	AC	\$310.00	\$3,503.00	41.0%	\$1,435	43.5%	\$1,524	15.5%	\$544
8" SDR-35 P.V.C. PIPE (ASHTON WOODS STUB)	20	LF	\$50.00	\$1,000.00	41.0%	\$410	43.5%	\$435	15.5%	\$155
10" SDR-35 P.V.C. PIPE	0	LF	\$81.00	\$0.00	41.0%	\$0	43.5%	\$0	15.5%	\$0
12" SDR-26 P.V.C. PIPE	6516	LF	\$112.00	\$729,792.00	41.0%	\$298,973	43.5%	\$317,543	15.5%	\$113,276
18" STEEL CASING	120	LF	\$240.00	\$28,800.00	41.0%	\$11,798	43.5%	\$12,531	15.5%	\$4,470
4' DIAMETER MANHOLE	8	EA	\$5,900.00	\$47,200.00	41.0%	\$19,336	43.5%	\$20,537	15.5%	\$7,326
4' DIAMETER MANHOLE (BOLTED AND SEALED FRAME)	6	EA	\$8,800.00	\$52,800.00	41.0%	\$21,631	43.5%	\$22,974	15.5%	\$8,195
4' DIAMETER MANHOLE (VENTED)	3	EA	\$5,900.00	\$17,700.00	41.0%	\$7,251	43.5%	\$7,702	15.5%	\$2,747
4' DIAMETER MANHOLE EXTERNAL DROP MH	1	EA	\$9,500.00	\$9,500.00	41.0%	\$3,892	43.5%	\$4,134	15.5%	\$1,475
MANHOLE MARKERS	18	EA	\$75.00	\$1,350.00	41.0%	\$553	43.5%	\$587	15.5%	\$210
VACUUM TEST MANHOLES	18	EA	\$250.00	\$4,500.00	41.0%	\$1,844	43.5%	\$1,958	15.5%	\$698
TRENCH SAFETY	6516	LF	\$5.00	\$32,580.00	41.0%	\$13,347	43.5%	\$14,176	15.5%	\$5,057
TESTING (PRESSURE & TV)	6516	LF	\$2.00	\$13,032.00	41.0%	\$5,339	43.5%	\$5,670	15.5%	\$2,023
TESTING (GEOTECH)	6516	LF	\$2.00	\$13,032.00	41.0%	\$5,339	43.5%	\$5,670	15.5%	\$2,023



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY
NORTH SKY CELINA PID - PHASES 1, 2, & 3
MAJOR PUBLIC IMPROVEMENTS - CITY OF CELINA

January 24, 2023

							Phase 1	Phase 2	Phase 3	TOTAL	
							<i>NO. OF LOTS:</i>	322	342	122	786
							<i>PRORATED SHARE BY NUMBER OF LOTS:</i>	41.0%	43.5%	15.5%	100%
							<i>GROSS AC.</i>	83	102	35	220
<i>NET AC.</i>	81	102	33	215							
BONDS	\$995,434	%	2.0%	\$19,908.68	41.0%	\$8,156	43.5%	\$8,663	15.5%	\$3,090	
INSPECTION FEE	\$995,434	%	3.0%	\$29,863.02	41.0%	\$12,234	43.5%	\$12,994	15.5%	\$4,635	
TOTAL OFFSITE SEWER - BASE COST				\$1,045,206		\$428,189		\$454,784		\$162,233	
PRIVATE COST SHARE REIMBURSEMENT - ASHTON WOODS				\$118,410	41.0%	\$48,509	43.5%	\$51,522	15.5%	\$18,379	
TOTAL OFFSITE SEWER - BASE COST (NORTH SKY CELINA)				\$1,163,616		\$476,698		\$506,306		\$180,612	

D. STORM SEWER - DETENTION POND

DESCRIPTION	TOTAL				Phase 1		Phase 2		Phase 3	
	QUANTITY	UNIT	UNIT PRICE	TOTAL	SHARE	TOTAL	SHARE	TOTAL	SHARE	TOTAL
FLEX MAT	1500	SY	\$130.00	\$195,000.00	41.0%	\$79,885	43.5%	\$84,847	15.5%	\$30,267
SHORE TRANSITION MAT	72	SY	\$230.59	\$16,602.48	41.0%	\$6,802	43.5%	\$7,224	15.5%	\$2,577
MODIFY GABION MATTRESS	100	SY	\$163.50	\$16,350.00	41.0%	\$6,698	43.5%	\$7,114	15.5%	\$2,538
ADD TURF REINFORCEMENT	100	SY	\$3.00	\$300.00	41.0%	\$123	43.5%	\$131	15.5%	\$47
MODIFY DETENTION POND OUTFALL	1	LS	\$100,000.00	\$100,000.00	41.0%	\$40,967	43.5%	\$43,511	15.5%	\$15,522
CONCRETE PILOT CHANNEL (POND)	1640	LF	\$115.00	\$188,600.00	41.0%	\$77,264	43.5%	\$82,063	15.5%	\$29,274
BONDS	\$516,852	%	1.0%	\$5,168.52	41.0%	\$2,117	43.5%	\$2,249	15.5%	\$802
INSPECTION FEE	\$516,852	%	3.0%	\$15,505.57	41.0%	\$6,352	43.5%	\$6,747	15.5%	\$2,407
TOTAL STORM SEWER - DETENTION POND				\$537,527		\$220,208		\$233,886		\$83,433

E.1. PAVEMENT - LOUISIANA DRIVE TURN LANES

DESCRIPTION	TOTAL				Phase 1		Phase 2		Phase 3	
	QUANTITY	UNIT	UNIT PRICE	TOTAL	SHARE	TOTAL	SHARE	TOTAL	SHARE	TOTAL
SAWCUT, REMOVE, AND MILL 1' MIN. AC PAVING	1650	LF	\$18.60	\$30,690.00	41.0%	\$12,573	43.5%	\$13,354	15.5%	\$4,764
ROADWAY EXCAVATION	1	LS	\$25,000.00	\$25,000.00	41.0%	\$10,242	43.5%	\$10,878	15.5%	\$3,880
SUBGRADE PREP	2095	SY	\$4.86	\$10,181.70	41.0%	\$4,171	43.5%	\$4,430	15.5%	\$1,580
2" HOT MIX ASPHALTIC CONCRETE SURFACE COURSE - TYPE C	2095	SY	\$26.50	\$55,517.50	41.0%	\$22,744	43.5%	\$24,156	15.5%	\$8,617
6" TYPE B ASPHALTIC SUBBASE	2095	SY	\$55.60	\$116,482.00	41.0%	\$47,719	43.5%	\$50,683	15.5%	\$18,080
10" FLEXIBLE BASE COMPACTED TO 95%	2905	SY	\$28.50	\$82,792.50	41.0%	\$33,918	43.5%	\$36,024	15.5%	\$12,851
BAR DITCH GRADING	1500	LF	\$10.00	\$15,000.00	41.0%	\$6,145	43.5%	\$6,527	15.5%	\$2,328
TXDOT SET P-PD HEADWALL AND SAFETY END TREATMENT	2	EA	\$2,030.78	\$4,061.56	41.0%	\$1,664	43.5%	\$1,767	15.5%	\$630
PAVEMENT MARKINGS	1	LS	\$6,500.00	\$6,500.00	41.0%	\$2,663	43.5%	\$2,828	15.5%	\$1,009
STOP SIGN	1	EA	\$1,050.00	\$1,050.00	41.0%	\$430	43.5%	\$457	15.5%	\$163



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY
NORTH SKY CELINA PID - PHASES 1, 2, & 3
MAJOR PUBLIC IMPROVEMENTS - CITY OF CELINA

January 24, 2023

						Phase 1	Phase 2	Phase 3	TOTAL	
NO. OF LOTS:						322	342	122	786	
PRORATED SHARE BY NUMBER OF LOTS:						41.0%	43.5%	15.5%	100%	
GROSS AC.						83	102	35	220	
NET AC.						81	102	33	215	
TRAFFIC CONTROL	1	LS	\$8,000.00	\$8,000.00	41.0%	\$3,277	43.5%	\$3,481	15.5%	\$1,242
TESTING	2095	SY	\$1.00	\$2,095.00	41.0%	\$858	43.5%	\$912	15.5%	\$325
BONDS	\$357,370	%	1.0%	\$3,573.70	41.0%	\$1,464	43.5%	\$1,555	15.5%	\$555
INSPECTION FEE	\$357,370	%	3.0%	\$10,721.11	41.0%	\$4,392	43.5%	\$4,665	15.5%	\$1,664
TOTAL PAVEMENT - LOUISIANA DRIVE TURN LANES			\$371,665	\$152,260		\$161,717		\$57,688		

E.2. CELINA PARKWAY ESCROW

DESCRIPTION	TOTAL				Phase 1		Phase 2		Phase 3	
	QUANTITY	UNIT	UNIT PRICE	TOTAL	SHARE	TOTAL	SHARE	TOTAL	SHARE	TOTAL
CELINA PARKWAY ESCROW	1	LS	\$500,000.00	\$500,000.00	41.0%	\$204,835	43.5%	\$217,557	15.5%	\$77,608
TOTAL CELINA PARKWAY ESCROW			\$500,000	\$204,835		\$217,557		\$77,608		

F.1 EROSION CONTROL - LOUISIANA DRIVE

DESCRIPTION	TOTAL				Phase 1		Phase 2		Phase 3	
	QUANTITY	UNIT	UNIT PRICE	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL
8' CURLEX	3,300	LF	\$1.75	\$5,775.00	41.0%	\$2,366	43.5%	\$2,513	15.5%	\$896
TOTAL EROSION CONTROL			\$5,775	\$2,366		\$2,513		\$896		



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY
NORTH SKY CELINA PID - PHASES 1, 2, & 3
MAJOR PUBLIC IMPROVEMENTS - CITY OF CELINA

January 24, 2023

	Phase 1	Phase 2	Phase 3	TOTAL
NO. OF LOTS:	322	342	122	786
PRORATED SHARE BY NUMBER OF LOTS:	41.0%	43.5%	15.5%	100%
GROSS AC.	83	102	35	220
NET AC.	81	102	33	215

F.2 EROSION CONTROL - DETENTION POND

DESCRIPTION	TOTAL				Phase 1		Phase 2		Phase 3	
	QUANTITY	UNIT	UNIT PRICE	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL
HYDROSEED DISTURBED AREAS - DETENTION POND	8	AC	\$275.00	\$2,200.00	41.0%	\$901	43.5%	\$957	15.5%	\$341
TOTAL EROSION CONTROL - DETENTION POND				\$2,200		\$901		\$957		\$341

SUMMARY - MAJOR PUBLIC IMPROVEMENTS	TOTAL	Phase 1	Phase 2	Phase 3
A.1 CLEARING & EXCAVATION - LOUISIANA DRIVE	\$48,393	\$19,825	\$21,056	\$7,511
A.2 CLEARING & EXCAVATION - DETENTION POND	\$551,400	\$225,892	\$239,922	\$85,586
B. WATER	\$332,800	\$136,338	\$144,806	\$51,656
C.1. SEWER - 18"/24" SEWER - ONSITE HUBBARD IMPROVEMENT (BASE COST)	\$245,385	\$100,527	\$106,771	\$38,088
C.2. TOTAL OFFSITE SEWER - BASE COST (NORTH SKY CELINA)	\$1,163,616	\$476,698	\$506,306	\$180,612
D. STORM SEWER - DETENTION POND	\$537,527	\$220,208	\$233,886	\$83,433
E.1. PAVEMENT - LOUISIANA DRIVE TURN LANES	\$371,665	\$152,260	\$161,717	\$57,688
E.2. CELINA PARKWAY ESCROW	\$500,000	\$204,835	\$217,557	\$77,608
F.1 EROSION CONTROL - LOUISIANA DRIVE	\$5,775	\$2,366	\$2,513	\$896
F.2 EROSION CONTROL - DETENTION POND	\$2,200	\$901	\$957	\$341
SUB-TOTAL	\$3,758,760	\$1,539,848	\$1,635,491	\$583,421
SURVEY, PLATTING, ENG., PERMITTING, & STAKING (5.0%)	\$187,938	\$76,992	\$81,775	\$29,171
CONSTRUCTION MANAGEMENT	0.50% \$18,794	\$7,699	\$8,177	\$2,917
CITY FEES (0.2%)	\$7,518	\$3,080	\$3,271	\$1,167
MISCELLANEOUS & CONTINGENCY (5%)	\$375,876	\$153,985	\$163,549	\$58,342
SUB-TOTAL MAJOR PUBLIC IMPROVEMENT COST	\$4,348,885	\$1,781,604	\$1,892,263	\$675,018

NON-REIMBURSED CITY OFFSITE SEWER COST

DESCRIPTION	TOTAL				Phase 1		Phase 2		Phase 3	
	QUANTITY	UNIT	UNIT PRICE	TOTAL	SHARE	TOTAL	SHARE	TOTAL	SHARE	TOTAL
NON-REIMBURSED CITY OFFSITE SEWER COST	1	LS	\$183,380.78	\$183,380.78	41.0%	\$75,125	43.5%	\$79,792	15.5%	\$28,464



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY
NORTH SKY CELINA PID - PHASES 1, 2, & 3
MAJOR PUBLIC IMPROVEMENTS - CITY OF CELINA

January 24, 2023

	Phase 1	Phase 2	Phase 3	TOTAL
<i>NO. OF LOTS:</i>	322	342	122	786
<i>PRORATED SHARE BY NUMBER OF LOTS:</i>	41.0%	43.5%	15.5%	100%
<i>GROSS AC.</i>	83	102	35	220
<i>NET AC.</i>	81	102	33	215
TOTAL NON-REIMBURSED CITY OFFSITE SEWER COST	\$183,381	\$75,125	\$79,792	\$28,464
TOTAL MAJOR PUBLIC IMPROVEMENT COST	\$4,532,266	\$1,856,730	\$1,972,055	\$703,482



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY
NORTH SKY CELINA PID - PHASES 1, 2, & 3
REIMBURSED PUBLIC IMPROVEMENTS - CITY OF CELINA
January 24, 2023

	Phase 1	Phase 2	Phase 3	TOTAL
NO. OF LOTS:	322	342	122	786
PRORATED SHARE BY NUMBER OF LOTS:	41.0%	43.5%	15.5%	100%
GROSS AC.	83	102	35	220
NET AC.	81	102	33	215

C1. SEWER - 18"/24" SEWER - ONSITE HUBBARD IMPROVEMENT

DESCRIPTION	TOTAL				Phase 1		Phase 2		Phase 3	
	QUANTITY	UNIT	UNIT PRICE	TOTAL	SHARE	TOTAL	SHARE	TOTAL	SHARE	TOTAL
18" P.V.C. PIPE ASTM F679	5092	LF	\$120.00	\$611,040.00	41.0%	\$250,324	43.5%	\$265,872	15.5%	\$94,843
24" P.V.C. PIPE ASTM F679	1318	LF	\$350.00	\$461,300.00	41.0%	\$188,980	43.5%	\$200,718	15.5%	\$71,601
24" CASING PIPE	69	LF	\$350.00	\$24,150.00	41.0%	\$9,894	43.5%	\$10,508	15.5%	\$3,748
5' DIAMETER MANHOLE	2	EA	\$11,360.00	\$22,720.00	41.0%	\$9,308	43.5%	\$9,886	15.5%	\$3,527
5' DIAMETER MANHOLE EXTERNAL DROP MH	20	EA	\$15,800.00	\$316,000.00	41.0%	\$129,455	43.5%	\$137,496	15.5%	\$49,048
MANHOLE MARKERS	12	EA	\$100.00	\$1,200.00	41.0%	\$492	43.5%	\$522	15.5%	\$186
VACUUM TEST MANHOLES	22	EA	\$135.00	\$2,970.00	41.0%	\$1,217	43.5%	\$1,292	15.5%	\$461
TRENCH SAFETY	6410	LF	\$1.00	\$6,410.00	41.0%	\$2,626	43.5%	\$2,789	15.5%	\$995
TESTING (PRESSURE & TV)	6410	LF	\$1.60	\$10,256.00	41.0%	\$4,202	43.5%	\$4,463	15.5%	\$1,592
TESTING (GEOTECH)	6410	LF	\$2.40	\$15,384.00	41.0%	\$6,302	43.5%	\$6,694	15.5%	\$2,388
INSPECTION FEE (3.0%)	\$1,471,430	%	3.0%	\$44,142.90	41.0%	\$18,084	43.5%	\$19,207	15.5%	\$6,852
MAINTENANCE BOND (2.5%)	\$1,471,430	%	2.5%	\$36,785.75	41.0%	\$15,070	43.5%	\$16,006	15.5%	\$5,710
TOTAL SEWER - 18"/24" SEWER - ONSITE HUBBARD IMPROVEMENT (BASE COST)	1	LS	(\$245,385.00)	(\$245,385.00)	41.0%	(\$100,526.68)	43.5%	(\$106,770.57)	15.5%	(\$38,087.75)
TOTAL CITY REIMBURSEMENT - 18"/24" SEWER - ONSITE HUBBARD IMPROVEMENT				\$1,306,974		\$535,427		\$568,683		\$202,864



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY
NORTH SKY CELINA PID - PHASES 1, 2, & 3
REIMBURSED PUBLIC IMPROVEMENTS - CITY OF CELINA
January 24, 2023

	Phase 1	Phase 2	Phase 3	TOTAL
NO. OF LOTS:	322	342	122	786
PRORATED SHARE BY NUMBER OF LOTS:	41.0%	43.5%	15.5%	100%
GROSS AC.	83	102	35	220
NET AC.	81	102	33	215

C2. SEWER - STUBS TO ADJACENT PROPERTY

DESCRIPTION	TOTAL				Phase 1		Phase 2		Phase 3	
	QUANTITY	UNIT	UNIT PRICE	TOTAL	SHARE	TOTAL	SHARE	TOTAL	SHARE	TOTAL
8" P.V.C. PIPE SDR 26 (Stub to Watermark)	160	LF	\$40.00	\$6,400.00	41.0%	\$2,622	43.5%	\$2,785	15.5%	\$993
12" P.V.C. PIPE SDR 26 (Stub to Area 10)	20	LF	\$112.00	\$2,240.00	41.0%	\$918	43.5%	\$975	15.5%	\$348
18" P.V.C. PIPE ASTM F679 (Stub to Owensby)	88	LF	\$150.00	\$13,200.00	41.0%	\$5,408	43.5%	\$5,744	15.5%	\$2,049
4' DIAMETER MANHOLE	1	EA	\$5,900.00	\$5,900.00	41.0%	\$2,417	43.5%	\$2,567	15.5%	\$916
VACUUM TEST MANHOLES	1	EA	\$250.00	\$250.00	41.0%	\$102	43.5%	\$109	15.5%	\$39
TRENCH SAFETY	268	LF	\$0.65	\$174.20	41.0%	\$71	43.5%	\$76	15.5%	\$27
TESTING (PRESSURE & TV)	268	LF	\$2.75	\$737.00	41.0%	\$302	43.5%	\$321	15.5%	\$114
TESTING (GEOTECH)	268	LF	\$2.40	\$643.20	41.0%	\$263	43.5%	\$280	15.5%	\$100
INSPECTION FEE (3.0%)	\$29,544	%	3.0%	\$886.33	41.0%	\$363	43.5%	\$386	15.5%	\$138
MAINTENANCE BOND (2.5%)	\$29,544	%	2.5%	\$738.61	41.0%	\$303	43.5%	\$321	15.5%	\$115
TOTAL SEWER - STUBS TO ADJACENT PROPERTY				\$31,169		\$12,769		\$13,562		\$4,838



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY
NORTH SKY CELINA PID - PHASES 1, 2, & 3
REIMBURSED PUBLIC IMPROVEMENTS - CITY OF CELINA
January 24, 2023

	Phase 1	Phase 2	Phase 3	TOTAL
NO. OF LOTS:	322	342	122	786
PRORATED SHARE BY NUMBER OF LOTS:	41.0%	43.5%	15.5%	100%
GROSS AC.	83	102	35	220
NET AC.	81	102	33	215

C.3 SEWER - OFFSITE SEWER - OVERSIZE COST

DESCRIPTION	TOTAL				Phase 1		Phase 2		Phase 3	
	QUANTITY	UNIT	UNIT PRICE	TOTAL	SHARE	TOTAL	SHARE	TOTAL	SHARE	TOTAL
CLEAR AND GRUB	11.3	AC	\$2,500.00	\$28,250.00	41.0%	\$11,573	43.5%	\$12,292	15.5%	\$4,385
SILT FENCE	13100	LF	\$1.75	\$22,925.00	41.0%	\$9,392	43.5%	\$9,975	15.5%	\$3,558
SEEDING (OFFSITE SANITARY SEWER)	11.3	AC	\$310.00	\$3,503.00	41.0%	\$1,435	43.5%	\$1,524	15.5%	\$544
24" P.V.C. PIPE ASTM F679	4317	LF	\$290.00	\$1,251,930.00	41.0%	\$512,877	43.5%	\$544,733	15.5%	\$194,320
27" P.V.C. PIPE ASTM F679	2199	LF	\$367.00	\$807,033.00	41.0%	\$330,617	43.5%	\$351,152	15.5%	\$125,265
30" STEEL CASING	70	LF	\$300.00	\$21,000.00	41.0%	\$8,603	43.5%	\$9,137	15.5%	\$3,260
36" STEEL CASING	170	LF	\$375.00	\$63,750.00	41.0%	\$26,116	43.5%	\$27,739	15.5%	\$9,895
42" STEEL CASING	134	LF	\$415.00	\$55,610.00	41.0%	\$22,782	43.5%	\$24,197	15.5%	\$8,632
5' DIAMETER MANHOLE	8	EA	\$11,360.00	\$90,880.00	41.0%	\$37,231	43.5%	\$39,543	15.5%	\$14,106
5' DIAMETER MANHOLE EXTERNAL DROP MH (BOLTED)	1	EA	\$18,200.00	\$18,200.00	41.0%	\$7,456	43.5%	\$7,919	15.5%	\$2,825
5' DIAMETER MANHOLE (BOLTED AND SEALED FRAME)	6	EA	\$16,900.00	\$101,400.00	41.0%	\$41,540	43.5%	\$44,121	15.5%	\$15,739
5' DIAMETER MANHOLE (VENTED)	3	EA	\$11,360.00	\$34,080.00	41.0%	\$13,962	43.5%	\$14,829	15.5%	\$5,290
MANHOLE MARKERS	18	EA	\$75.00	\$1,350.00	41.0%	\$553	43.5%	\$587	15.5%	\$210
VACUUM TEST MANHOLES	18	EA	\$250.00	\$4,500.00	41.0%	\$1,844	43.5%	\$1,958	15.5%	\$698
TRENCH SAFETY	6516	LF	\$0.65	\$4,235.40	41.0%	\$1,735	43.5%	\$1,843	15.5%	\$657
TESTING (PRESSURE & TV)	6516	LF	\$2.75	\$17,919.00	41.0%	\$7,341	43.5%	\$7,797	15.5%	\$2,781
TESTING (GEOTECH)	6516	LF	\$2.00	\$13,032.00	41.0%	\$5,339	43.5%	\$5,670	15.5%	\$2,023
INSPECTION FEE (3.0%)	\$2,539,597	%	3.0%	\$76,187.92	41.0%	\$31,212	43.5%	\$33,150	15.5%	\$11,826
MAINTENANCE BOND (1.1%)	\$2,539,597	%	1.1%	\$27,935.57	41.0%	\$11,444	43.5%	\$12,155	15.5%	\$4,336
PAYMENT AND PERFORMANCE BOND (1.1%)	\$2,539,597	%	1.1%	\$27,935.57	41.0%	\$11,444	43.5%	\$12,155	15.5%	\$4,336
TOTAL OFFSITE SEWER BASE COST	1	LS	(\$1,045,205.70)	(\$1,045,205.70)	41.0%	(\$428,188.59)	43.5%	(\$454,784.16)	15.5%	(\$162,232.95)
TOTAL SEWER - OFFSITE SEWER - OVERSIZE COST				\$1,626,451		\$666,307		\$707,692		\$252,452



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY
NORTH SKY CELINA PID - PHASES 1, 2, & 3
REIMBURSED PUBLIC IMPROVEMENTS - CITY OF CELINA
January 24, 2023

	Phase 1	Phase 2	Phase 3	TOTAL
NO. OF LOTS:	322	342	122	786
PRORATED SHARE BY NUMBER OF LOTS:	41.0%	43.5%	15.5%	100%
GROSS AC.	83	102	35	220
NET AC.	81	102	33	215

C.4 SEWER - OFFSITE SEWER NODE 4 TO 5 (BASE COST)

DESCRIPTION	TOTAL				Phase 1		Phase 2		Phase 3	
	QUANTITY	UNIT	UNIT PRICE	TOTAL	SHARE	TOTAL	SHARE	TOTAL	SHARE	TOTAL
CLEAR AND GRUB	3.8	AC	\$2,500.00	\$9,500.00	41.0%	\$3,892	43.5%	\$4,134	15.5%	\$1,475
SILT FENCE	4400	LF	\$1.75	\$7,700.00	41.0%	\$3,154	43.5%	\$3,350	15.5%	\$1,195
SEEDING (OFFSITE SANITARY SEWER)	3.8	AC	\$310.00	\$1,178.00	41.0%	\$483	43.5%	\$513	15.5%	\$183
8" SDR-35 P.V.C. PIPE (ASHTON WOODS STUB)	0	LF	\$50.00	\$0.00	41.0%	\$0	43.5%	\$0	15.5%	\$0
10" SDR-35 P.V.C. PIPE	0	LF	\$81.00	\$0.00	41.0%	\$0	43.5%	\$0	15.5%	\$0
12" SDR-26 P.V.C. PIPE	2199	LF	\$112.00	\$246,288.00	41.0%	\$100,897	43.5%	\$107,163	15.5%	\$38,228
18" STEEL CASING	120	LF	\$240.00	\$28,800.00	41.0%	\$11,798	43.5%	\$12,531	15.5%	\$4,470
4' DIAMETER MANHOLE	0	EA	\$5,900.00	\$0.00	41.0%	\$0	43.5%	\$0	15.5%	\$0
4' DIAMETER MANHOLE (BOLTED AND SEALED FRAME)	4	EA	\$8,800.00	\$35,200.00	41.0%	\$14,420	43.5%	\$15,316	15.5%	\$5,464
4' DIAMETER MANHOLE (VENTED)	2	EA	\$5,900.00	\$11,800.00	41.0%	\$4,834	43.5%	\$5,134	15.5%	\$1,832
4' DIAMETER MANHOLE EXTERNAL DROP MH	0	EA	\$9,500.00	\$0.00	41.0%	\$0	43.5%	\$0	15.5%	\$0
MANHOLE MARKERS	6	EA	\$75.00	\$450.00	41.0%	\$184	43.5%	\$196	15.5%	\$70
VACUUM TEST MANHOLES	6	EA	\$250.00	\$1,500.00	41.0%	\$615	43.5%	\$653	15.5%	\$233
TRENCH SAFETY	2199	LF	\$5.00	\$10,995.00	41.0%	\$4,504	43.5%	\$4,784	15.5%	\$1,707
TESTING (PRESSURE & TV)	2199	LF	\$2.00	\$4,398.00	41.0%	\$1,802	43.5%	\$1,914	15.5%	\$683
TESTING (GEOTECH)	2199	LF	\$2.00	\$4,398.00	41.0%	\$1,802	43.5%	\$1,914	15.5%	\$683
INSPECTION FEE (3.0%)	\$362,207	%	3.0%	\$10,866.21	41.0%	\$4,452	43.5%	\$4,728	15.5%	\$1,687
MAINTENANCE BOND (2.0%)	\$362,207	%	2.0%	\$7,244.14	41.0%	\$2,968	43.5%	\$3,152	15.5%	\$1,124
TOTAL SEWER - OFFSITE SEWER NODE 4 TO 5 (BASE COST)				\$380,317		\$155,804		\$165,482		\$59,031
Ashton Wood Share (Per Cost Share Agreement)			31.13%	\$118,410		\$48,509		\$51,522		\$18,379

SUMMARY - ELIGIBLE REIMBURSED PUBLIC IMPROVEMENTS PER DA	TOTAL	Phase 1	Phase 2	Phase 3
C.1 SEWER - 18"/24" SEWER - ONSITE HUBBARD IMPROVEMENT	\$1,306,974	\$535,427	\$568,683	\$202,864
C.2 SEWER - STUBS TO ADJACENT PROPERTY	\$31,169	\$12,769	\$13,562	\$4,838
C.3 SEWER - OFFSITE SEWER - OVERSIZE COST	\$1,626,451	\$666,307	\$707,692	\$252,452
SUB-TOTAL	\$2,964,594	\$1,214,503	\$1,289,938	\$460,153
SURVEY, PLATTING, ENG., PERMITTING, & STAKING (5.18%)	\$153,566	\$62,911	\$66,819	\$23,836
CITY FEES (0.2%)	\$5,929	\$2,429	\$2,580	\$920
MISCELLANEOUS & CONTINGENCY (2%)	\$59,292	\$24,290	\$25,799	\$9,203



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY
NORTH SKY CELINA PID - PHASES 1, 2, & 3
REIMBURSED PUBLIC IMPROVEMENTS - CITY OF CELINA
 January 24, 2023

	Phase 1	Phase 2	Phase 3	TOTAL
NO. OF LOTS:	322	342	122	786
PRORATED SHARE BY NUMBER OF LOTS:	41.0%	43.5%	15.5%	100%
GROSS AC.	83	102	35	220
NET AC.	81	102	33	215
TOTAL ELIGIBLE REIMBURSED PUBLIC IMPROVEMENTS PER DA	\$3,183,381	\$1,304,133	\$1,385,135	\$494,113
CITY CAP PER DEVELOPER AGREEMENT	\$3,000,000	41%	\$1,305,344	16% \$465,649
CITY NONREIMBURSED PUBLIC IMPROVEMENTS (PUBLIC - MAJOR)	\$183,381	\$75,125	\$79,792	\$28,464

SUMMARY - REIMBURSED PUBLIC IMPROVEMENTS (PRIVATE AGREEMENT)	TOTAL	Phase 1	Phase 2	Phase 3
C.4 SEWER - OFFSITE BASE SEWER - ASHTON WOODS COST SHARE REIMBURSEMENT	\$118,410	\$48,509	\$51,522	\$18,379
SUB-TOTAL	\$118,410	\$48,509	\$51,522	\$18,379
SURVEY, PLATTING, ENG., PERMITTING, & STAKING (5.18%)	\$6,134	\$2,513	\$2,669	\$952
CITY FEES (0.2%)	\$237	\$97	\$103	\$37
MISCELLANEOUS & CONTINGENCY (2%)	\$2,368	\$970	\$1,030	\$368
TOTAL REIMBURSED PUBLIC IMPROVEMENT COST (PRIVATE AGREEMENT)	\$127,149	\$52,089	\$55,324	\$19,736
TOTAL REIMBURSED PUBLIC IMPROVEMENT COST (DA & PRIVATE AGREEMENT)	\$3,127,149	\$1,281,097	\$1,360,668	\$485,384



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY
NORTH SKY CELINA PID - PHASES 1, 2, & 3
PRIVATE IMPROVEMENTS - CITY OF CELINA
 January 24, 2023

	Phase 1	Phase 2	Phase 3	TOTAL
NO. OF LOTS:	322	342	122	786
GROSS AC.	83.2	101.9	35.0	220
NET AC.	80.5	101.9	32.8	215

A. CLEARING & EXCAVATION

DESCRIPTION	UNIT	UNIT PRICE	Phase 1		Phase 2		Phase 3		TOTAL		
			QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL	
CLEARING / GRUBBING	AC	\$2,500.00	61	\$152,000	81	\$203,000	27	\$68,250		169	\$423,250
CONSTRUCTION ENTRANCE	EA	\$2,500.00	1	\$2,500	1	\$2,500	1	\$2,500		3	\$7,500
LOT / BLOCK EXCAVATION	CY	\$3.00	58,500	\$175,500	59,906	\$179,718	21,690	\$65,070		140,096	\$420,288
GRADE TO DRAIN EXCAVATION	CY	\$3.00	34,300	\$102,900	0	\$0	0	\$0		34,300	\$102,900
ROUGH LOT GRADING	EA	\$1,000.00	322	\$322,000	342	\$342,000	122	\$122,000		786	\$786,000
FINAL LOT GRADING	EA	\$500.00	322	\$161,000	342	\$171,000	122	\$61,000		786	\$393,000
FINISH GRADE HOA LOTS	LS	\$1,500.00	1	\$1,500	1	\$1,500	0.5	\$750		3	\$3,750
MOISTURE CONDITION 7' DEEP	LOT	\$1,500.00	31	\$46,500	34	\$51,000	12	\$18,000		77	\$115,500
MOISTURE CONDITIONED 10' DEEP	LOT	\$2,000.00	291	\$582,000	307	\$614,000	108	\$216,000		706	\$1,412,000
TESTING	CY	\$0.10	92,800	\$9,280	59,906	\$5,991	21,690	\$2,169		174,396	\$17,440
TOTAL CLEARING & EXCAVATION				\$1,555,180		\$1,570,709		\$555,739	\$0		\$3,681,628

B. RETAINING WALLS

DESCRIPTION	UNIT	UNIT PRICE	Phase 1		Phase 2		Phase 3		TOTAL		
			QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL	
1 FOOT WALL	LF	\$35.00	1,325	\$46,375	0	\$0	0	\$0		1,325	\$46,375
2 FOOT WALL	LF	\$45.00	2,005	\$90,225	4,140	\$186,300	280	\$12,600		6,425	\$289,125
3 FOOT WALL	LF	\$62.00	1,600	\$99,200	1,370	\$84,940	510	\$31,620		3,480	\$215,760
4 FOOT WALL	LF	\$92.00	610	\$56,120	1,220	\$112,240	200	\$18,400		2,030	\$186,760
5 FOOT WALL	LF	\$115.00	250	\$28,750	170	\$19,550		\$0		420	\$48,300
6 FOOT WALL	LF	\$245.00	175	\$42,875	220	\$53,900		\$0		395	\$96,775
9 FOOT WALL	LF	\$400.00	175	\$70,000	220	\$88,000	550	\$220,000		945	\$378,000
INSPECTION FEE	%	3.0%	363,545	\$10,906	456,930	\$13,708	62,620	\$1,879		883,095	\$26,493
TOTAL RETAINING WALLS				\$444,451		\$558,638		\$284,499	\$0		\$1,287,588



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY
NORTH SKY CELINA PID - PHASES 1, 2, & 3
PRIVATE IMPROVEMENTS - CITY OF CELINA
 January 24, 2023

	Phase 1	Phase 2	Phase 3	TOTAL
NO. OF LOTS:	322	342	122	786
GROSS AC.	83.2	101.9	35.0	220
NET AC.	80.5	101.9	32.8	215

C. EROSION CONTROL

DESCRIPTION	UNIT	UNIT PRICE	Phase 1		Phase 2		Phase 3		TOTAL		
			QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL	
SILT FENCE (PERIMETER & CREEK PROTECTION)	LF	\$1.75	9,000	\$15,750	1,650	\$2,888	4,290	\$7,508	\$0	\$14,940	\$26,145
HYDROSEED DISTURBED AREAS - LOTS	AC	\$275.00	61	\$16,720	81	\$22,330	27	\$7,508	\$0	\$169	\$46,558
MISC. EROSION CONTROL INSPECTION & MAINTENANCE	LOT	\$150.00	322	\$48,300	342	\$51,300	122	\$18,300	\$0	\$786	\$117,900
TOTAL EROSION CONTROL				\$80,770		\$76,518		\$33,315	\$0		\$190,603

D. AMENITIES, LANDSCAPE, & SCREENING

DESCRIPTION	UNIT	UNIT PRICE	Phase 1		Phase 2		Phase 3		TOTAL	
			QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL
PHASE 1 LANDSCAPE / HARDSCAPE	LS	\$2,050,000	1	\$2,050,000	0	\$0	0	\$0	1	\$2,050,000
PHASE 2 LANDSCAPE / HARDSCAPE	LS	\$1,160,250	0	\$0	1	\$1,160,250	0	\$0	1	\$1,160,250
PHASE 3 LANDSCAPE / HARDSCAPE	LS	\$1,454,250	0	\$0	0	\$0	1	\$1,454,250	1	\$1,454,250
AMENITY CENTER	LS	\$2,100,000	1	\$2,100,000	0	\$0	0	\$0	1	\$2,100,000
TOTAL AMENITIES, LANDSCAPE, & SCREENING				\$4,150,000		\$1,160,250		\$1,454,250	\$0	\$6,764,500

E. FRANCHISE UTILITIES

DESCRIPTION	UNIT	UNIT PRICE	Phase 1		Phase 2		Phase 3		TOTAL	
			QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL
GAS (ATMOS)	EA	\$0.00	322	\$0	342	\$0	122	\$0	786	\$0
ELECTRIC (GCEC)	EA	\$0.00	322	\$0	342	\$0	122	\$0	786	\$0
STREET LIGHTS (FURNISHED BY GCEC)	EA	\$0.00	322	\$0	342	\$0	122	\$0	786	\$0
ELECTRIC GAS CROSSINGS PRIOR TO PAVING	EA	\$300.00	322	\$96,600	342	\$102,600	122	\$36,600	786	\$235,800
TOTAL MISCELLANEOUS & OTHER				\$96,600		\$102,600		\$36,600	\$0	\$235,800

F. MISCELLANEOUS & OTHER

DESCRIPTION	UNIT	UNIT PRICE	Phase 1		Phase 2		Phase 3		TOTAL		
			QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL	QUANTITY	TOTAL	
FINAL GEOTECHNICAL REPORT - LOTS	LOT	\$250.00	322	\$80,500	342	\$85,500	122	\$30,500	0	\$0	\$196,500
TOTAL MISCELLANEOUS & OTHER				\$80,500		\$85,500		\$30,500	\$0	\$196,500	



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY
 NORTH SKY CELINA PID - PHASES 1, 2, & 3
 PRIVATE IMPROVEMENTS - CITY OF CELINA
 January 24, 2023

	Phase 1	Phase 2	Phase 3		TOTAL
NO. OF LOTS:	322	342	122		786
GROSS AC.	83.2	101.9	35.0		220
NET AC.	80.5	101.9	32.8		215
SUMMARY - PRIVATE IMPROVEMENTS - NORTH SKY CELINA	<i>Phase 1</i>	<i>Phase 2</i>	<i>Phase 3</i>		TOTAL
A. CLEARING & EXCAVATION	\$1,555,180	\$1,570,709	\$555,739	\$0	\$3,681,628
B. RETAINING WALLS	\$444,451	\$558,638	\$284,499	\$0	\$1,287,588
C. EROSION CONTROL	\$80,770	\$76,518	\$33,315	\$0	\$190,603
D. AMENITIES, LANDSCAPE, & SCREENING	\$4,150,000	\$1,160,250	\$1,454,250	\$0	\$6,764,500
E. FRANCHISE UTILITIES	\$96,600	\$102,600	\$36,600	\$0	\$235,800
F. MISCELLANEOUS & OTHER	\$80,500	\$85,500	\$30,500	\$0	\$196,500
SUB-TOTAL	\$6,407,501	\$3,554,214	\$2,394,903	\$0	\$12,356,618
PLANNING, SURVEY, PLATTING, ENG., LA, PERMITTING, & STAKING (10%)	\$640,750	\$355,421	\$239,490	\$0	\$1,235,662
CONSTRUCTION MANAGEMENT (4%)	\$256,300	\$142,169	\$95,796	\$0	\$494,265
CITY FEES (0.2%)	\$12,815	\$7,108	\$4,790	\$0	\$24,713
MISCELLANEOUS & CONTINGENCY (10%)	\$640,750	\$355,421	\$239,490	\$0	\$1,235,662
TOTAL PRIVATE IMPROVEMENTS COST	\$7,958,117	\$4,414,334	\$2,974,469	\$0	\$15,346,919

APPENDIX C-1
LEGAL DESCRIPTION – PID

Legal Description - PID

BEING a tract of land situated in the German Emigration Co. Survey, Abstract No. 357, and the G. A. Wilson Survey, Abstract No. 1072, Collin County, Texas being a 153.177 Acre Tract to John T. Rasor as recorded in Volume 4327, Page 2386 of the Deed Records of Collin County, Texas, and being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch iron rod set for corner, said iron rod being at the northeast corner of said German Emigration Survey, said iron rod also being in the centerline of Spur 483 (Business 289), said iron rod also being at the southeast corner of a 59.555 Acre tract as recorded in Volume 2199, Page 592, D,R,C,C,T, THENCE South 00 degrees 09 minutes 43 seconds East following the center line of said Spur 483 a distance of 1626.11 feet to a 1/2 inch iron rod set for corner,

THENCE South 89 degrees 37 minutes 15 seconds West following the general course of a wire fence a distance of 4074.68 feet to a bolt found in the top of a 12 inch dia. wood fence corner post,

THENCE North 00 degrees 11 minutes 22 seconds East following the general course of a wire fence a distance of 1653.08 feet to a 1/4 inch iron rod found for corner,

THENCE DUE EAST the general course of a wire fence a distance of 4064.53 feet to the POINT OF BEGINNING and containing 6,672,397 square feet or 153.177 acres of land.

BEING a 66.862 acre tract of land situated in the George A. Wilson Survey, Abstract No. 1072, and the MEP and PRR Co. Survey, Abstract No. 654, in Collin County, Texas, and being part of a 115.71 tract of land conveyed to Willie Douglas Moore, Trustee of the Willie Douglas Moore Revocable Trust and recorded in Collin County Clerk No. 20160526000647060 of the Official Public Records of Collin County, Texas, and being more particularly described in metes and bounds as follows:

BEGINNING at a Bolt found for corner in a fence post at the northwest corner of a 35' access easement as recorded in Collin County Document No. 94-0073233 and in Collin County Document No. 99-0002867 of the Official Public Records of Collin County, Texas and said Bolt being the southwest corner of a called 153.177 acre tract of land as conveyed to Chi Chu Chan, Tsun Huei Chan, and Paul Chan and recorded in Volume 5404, Page 5581 of the Deed Records of Collin County, Texas;

THENCES 00°36'40" E a distance of 70.00' to a capped 1/2" iron rod stamped "4613" set for the southeast corner;

THENCE S 89°29'14" W across the called 115.71 acre tract of land a distance of 1479.14' to a capped 1/2" iron rod stamped "4613" set for corner in the east line of a called 174.64 acre tract of land as conveyed to Ownsby 1880 Farms, LTD. and recorded in Volume 4332, Page 1047 of the Deed records of Collin County Texas;

THENCE N 13°30'40" W a distance of 195.48' to a capped 1/2" iron rod stamped "4613" set for corner;

THENCE S 89°38'20" W a distance of 152.20' to a 1" Pipe found for the southeast corner of a called 161.190 acre tract of land as conveyed to Dynavest Joint Venture in Volume 288, Page 125 of the Deed Records of Collin County, Texas;

THENCE N 02°06'19" W a distance of 1548.42' to a capped 1/2" iron rod stamped "4613" set for the southwest corner of a called 155.26 acre tract of land as conveyed to LMR Holdings, LTD and recorded in Collin County Clerk No. 20090213000158800 of Official Public Records of Collin County, Texas;

THENCE S 89°59'40" E a distance of 1734.20' to a capped 1/2" iron rod stamped "4613" set for the northwest corner of the called 153.177 acre tract of land;

THENCE S 00°02'20" W a distance of 1688.08' to the POINT OF BEGINNING and containing 2,912,529 Square Feet or 66.862 acres of land.

APPENDIX C-2
LEGAL DESCRIPTION – IMPROVEMENT AREA #1

PROPERTY METES AND BOUNDS DESCRIPTION

IMPROVEMENT AREA #1
LEGAL DESCRIPTION
TRACT 1

BEING a tract of land situated in the German Emigration Co. Survey, Abstract No, 357, and being part of a 153.177 acre tract of land as conveyed to CCD-North Sky, LLC in County Clerk No. 20210325000596630 of the Official Public Records of Collin County, Texas, and being more particularly described by metes and bounds as follows:

BEGINNING in the centerline of Spur 483 (Business 289) at a Mag Nail found for corner, and said Mag Nail being at the northeast corner of said German Emigration Survey, and said Mag Nail also being at the southeast corner of a 57.555 acre tract as recorded in County Clerk No. 20190208000135760 of the Official Public Records of Collin County, Texas;

THENCE South 0 degrees 18 minutes 44 seconds East following the center line of said Spur 483 a distance of 1626.11' to a Mag Nail found for corner;

THENCE S 89°28'14" W with the southline of the called 153.177 acre tract of land a distance of 2029.92' to a 1/2" iron rod with plastic cap stamped "4613" set for the southwest corner of the hereto described tract;

THENCE N 00°31'46" W a distance of 115.00' to a 1/2" iron rod with plastic cap stamped "4613" set for corner;

THENCE N 45°31'46" W a distance of 21.21' to a 1/2" iron rod with plastic cap stamped "4613" set for corner;

THENCE S 89°28'14" W a distance of 92.17' to a 1/2" iron rod with plastic cap stamped "4613" set for corner;

THENCE N 00°31'46" W a distance of 113.95' to a 1/2" iron rod with plastic cap stamped "4613" set for corner;

THENCE N 09°19'26" E a distance of 53.74' to a 1/2" iron rod with plastic cap stamped "4613" set for corner;

THENCE N 14°27'47" E a distance of 601.90' to a 1/2" iron rod with plastic cap stamped "4613" set for corner at the beginning of a curve to the left;

THENCE with said curve to the left with an arc length of 113.14', with a radius of 375.00', with a chord bearing of N 62°58'14" W, with a chord length of 112.72', to a 1/2" iron rod with plastic cap stamped "4613" set for corner;

THENCE S 61°02'30" W a distance of 13.75' to a 1/2" iron rod with plastic cap stamped "4613" set for corner;

THENCE S 14°27'47" W a distance of 20.92' to a 1/2" iron rod with plastic cap stamped "4613" set for corner;

THENCE N 75°32'13" W a distance of 50.00' to a 1/2" iron rod with plastic cap stamped "4613" set for corner;

THENCE N 14°27'47" E a distance of 21.24' to a 1/2" iron rod with plastic cap stamped "4613" set for corner;

THENCE N 30°32'13" W a distance of 14.14' to a 1/2" iron rod with plastic cap stamped "4613" set for corner;

THENCE N 75°32'13" W a distance of 220.00' to a 1/2" iron rod with plastic cap stamped "4613" set for corner;

THENCE S 59°27'47" W a distance of 14.14' to a 1/2" iron rod with plastic cap stamped "4613" set for corner;
THENCE S 14°27'47" W a distance of 19.10' to a 1/2" iron rod with plastic cap stamped "4613" set for corner;
THENCE N 75°32'13" W a distance of 50.00' to a 1/2" iron rod with plastic cap stamped "4613" set for corner;
THENCE N 14°27'47" E a distance of 19.10' to a 1/2" iron rod with plastic cap stamped "4613" set for corner;
THENCE N 30°14'08" W a distance of 14.22' to a 1/2" iron rod with plastic cap stamped "4613" set for corner at the beginning of a non-tangent curve to the right;
THENCE with said non-tangent curve to the right with an arc length of 24.24', with a radius of 425.00', with a chord bearing of N 72°37'47" W, with a chord length of 24.24', to a 1/2" iron rod with plastic cap stamped "4613" set for corner;
THENCE N 19°00'15" E a distance of 50.00' to a 1/2" iron rod with plastic cap stamped "4613" set for corner at the beginning of a non-tangent curve to the left;
THENCE with said non-tangent curve to the left with an arc length of 20.28', with a radius of 375.00', with a chord bearing of S 72°32'42" E, with a chord length of 20.27', to a 1/2" iron rod with plastic cap stamped "4613" set for corner;
THENCE N 59°48'11" E a distance of 14.06' to a 1/2" iron rod with plastic cap stamped "4613" set for corner;
THENCE N 14°27'47" E a distance of 57.91' to a 1/2" iron rod with plastic cap stamped "4613" set for corner;
THENCE N 75°32'13" W a distance of 120.00' to a 1/2" iron rod with plastic cap stamped "4613" set for corner;
THENCE N 14°27'47" E a distance of 195.00' to a 1/2" iron rod with plastic cap stamped "4613" set for corner;
THENCE N 09°30'27" E a distance of 65.24' to a 1/2" iron rod with plastic cap stamped "4613" set for corner;
THENCE N 00°09'01" W a distance of 222.85' to a 1/2" iron rod with plastic cap stamped "4613" set for corner in the north line of said 153.177 acre tract of land;
THENCE N 89°50'58" E a distance of 2438.29' to the POINT OF BEGINNING and containing 3,624,995 Square Feet or 83.218 acres of land.

TRACT 2: (Easement Estate)

Non-exclusive easement rights created by that certain easement for right-of-way filed 05/05/1958, recorded in Volume 539, Page 86, and by easement for right-of-way filed 03/19/1990, recorded in Volume 3235, Page 921, Deed Records, Collin County, Texas.

APPENDIX C-3
LEGAL DESCRIPTION – MAJOR IMPROVEMENT AREA

PROPERTY METES AND BOUNDS DESCRIPTION

MAJOR IMPROVEMENT AREA
LEGAL DESCRIPTION
TRACT 1

BEING a tract of land situated in the German Emigration Co. Survey, Abstract No, 357, the George A. Wilson Survey, Abstract No. 1072, and the MEP and PRR Co. Survey, Abstract No. 654, in Collin County, Texas, and being part of Tract 2, a 66.862 tract of land, and Tract 1, a 153.177 acre tract of land as conveyed to CCD-North Sky, LLC in County Clerk No. 20210325000596630 of the Official Public Records of Collin County, Texas, and being more particularly described in metes and bounds as follows:

BEGINNING at a Bolt found for corner in a fence post at the northwest corner of a 35' access easement as recorded in Collin County Document No. 94-0073233 and in Collin County Document No. 99-0002867 of the Official Public Records of Collin County, Texas and said Bolt being the southwest corner of said Tract 1, the called 153.177-acre tract of land;

THENCE S 00°36'40" E a distance of 70.00' to a capped 1/2" iron rod stamped "4613" found for the southeast corner said Tract 2, the called 66.862 tract of land;

THENCE S 89°29'14" W a distance of 1479.14' to a capped 1/2" iron rod stamped "4613" found for corner in the east line of a called 174.64-acre tract of land as conveyed to Ownsby 1880 Farms, LTD. and recorded in Volume 4332, Page 1047 of the Deed records of Collin County Texas;

THENCE N 13°30'40" W a distance of 195.48' to a capped 1/2" iron rod stamped "4613" found for corner;

THENCE S 89°38'20" W a distance of 152.20' to a 1" Pipe found for the southeast corner of a called 161.190 acre tract of land as conveyed to Dynavest Joint Venture in Volume 2288, Page 125 of the Deed Records of Collin County, Texas;

THENCE N 02°06'19" W a distance of 1548.42' to a wood corner post found for the southwest corner of a called 155.26 acre tract of land as conveyed to LMR Holdings, LTD. and recorded in Collin County Clerk No. 20090213000158800 of Official Public Records of Collin County, Texas;

THENCE S 89°59'40" E a distance of 1734.20' to a 1/2" iron rod found for the northwest corner of the called 153.177 acre tract of land;

THENCE N 89°50'58" E a distance of 1626.24' to a capped 1/2" iron rod stamped "4613" set for corner;

THENCE S 00°09'01" E a distance of 222.85' to a capped 1/2" iron rod stamped "4613" set for corner;

THENCE S 09°30'27" W a distance of 65.24' to a capped 1/2" iron rod stamped "4613" set for corner;

THENCE S 14°27'47" W a distance of 195.00' to a capped 1/2" iron rod stamped "4613" set for corner;

THENCE S 75°32'13" E a distance of 120.00' to a capped 1/2" iron rod stamped "4613" set for corner;

THENCE S 14°27'47" W a distance of 57.91' to a capped 1/2" iron rod stamped "4613" set for corner;

THENCE S 59°48'11" W a distance of 14.06' to a capped 1/2" iron rod stamped "4613" set for corner at the beginning of a non-tangent curve to the right;

THENCE with said non-tangent curve to the right with an arc length of 20.28', with a radius of 375.00', with a chord bearing of N 72°32'42" W, with a chord length of 20.27', to a capped 1/2" iron rod stamped "4613" set for corner;

THENCE S 19°00'15" W a distance of 50.00' to a capped 1/2" iron rod stamped "4613" set for corner at the beginning of a non-tangent curve to the left;

THENCE with said non-tangent curve to the left with an arc length of 24.24', with a radius of 425.00', with a chord bearing of S 72°37'47" E, with a chord length of 24.24', to a capped 1/2" iron rod stamped "4613" set for corner;

THENCE S 30°14'08" E a distance of 14.22' to a capped 1/2" iron rod stamped "4613" set for corner;

THENCE S 14°27'47" W a distance of 19.10' to a capped 1/2" iron rod stamped "4613" set for corner;

THENCE S 75°32'13" E a distance of 50.00' to a capped 1/2" iron rod stamped "4613" set for corner;

THENCE N 14°27'47" E a distance of 19.10' to a capped 1/2" iron rod stamped "4613" set for corner;

THENCE N 59°27'47" E a distance of 14.14' to a capped 1/2" iron rod stamped "4613" set for corner;

THENCE S 75°32'13" E a distance of 220.00' to a capped 1/2" iron rod stamped "4613" set for corner;

THENCE S 30°32'13" E a distance of 14.14' to a capped 1/2" iron rod stamped "4613" set for corner;

THENCE S 14°27'47" W a distance of 21.24' to a capped 1/2" iron rod stamped "4613" set for corner;

THENCE S 75°32'13" E a distance of 50.00' to a capped 1/2" iron rod stamped "4613" set for corner;

THENCE N 14°27'47" E a distance of 20.92' to a capped 1/2" iron rod stamped "4613" set for corner;

THENCE N 61°02'30" E a distance of 13.75' to a capped 1/2" iron rod stamped "4613" set for corner at the beginning of a non-tangent curve to the right;

THENCE with said non-tangent curve to the right with an arc length of 113.14', with a radius of 375.00', with a chord bearing of S 62°58'14" E, with a chord length of 112.72', to a capped 1/2" iron rod stamped "4613" set for corner;

THENCE S 14°27'47" W a distance of 601.90' to a capped 1/2" iron rod stamped "4613" set for corner;

THENCE S 09°19'26" W a distance of 53.74' to a capped 1/2" iron rod stamped "4613" set for corner;

THENCE S 00°31'46" E a distance of 113.95' to a capped 1/2" iron rod stamped "4613" set for corner;

THENCE N 89°28'14" E a distance of 92.17' to a capped 1/2" iron rod stamped "4613" set for corner;

THENCE S 45°31'46" E a distance of 21.21' to a capped 1/2" iron rod stamped "4613" set for corner;

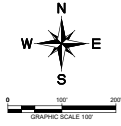
THENCE S 00°31'46" E a distance of 115.00' to a capped 1/2" iron rod stamped "4613" set for corner set in the south line of the said 153.177 acre tract of land;

THENCE S 89°28'14" W a distance of 2044.76' to the POINT OF BEGINNING and containing 5,961,814 Square Feet or 136.864 acres of land.

TRACT 2: (Easement Estate)

Non-exclusive easement rights created by that certain easement for right-of-way filed 05/05/1958, recorded in Volume 539, Page 86, and by easement for right-of-way filed 03/19/1990, recorded in Volume 3235, Page 921, Deed Records, Collin County, Texas.

APPENDIX D
DIAGRAMS OF THE AUTHORIZED IMPROVEMENTS



STEPHEN L. ROBINSON
CALLED 0.849 ACRES
INST. NO. 20180517000566410
O.P.R.C.C.T.

STEPHEN L. ROBINSON
CALLED 1.151 ACRES
INST. NO. 20180403000350240
O.P.R.C.C.T.

MARY CHALLOT FAMILY TRUST
CALLED 98.555 ACRES
INST. NO. 20180308000135760
O.P.R.C.C.T.

CR 58

LOUISIANA DRIVE

CALLED 0.849 ACRES
INST. NO. 20180517000566410
O.P.R.C.C.T.

ARIANA, LLC
CALLED 148.703 ACRES
INST. NO. 20180730000947040
O.P.R.C.C.T.

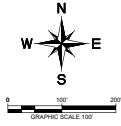
LEGEND

- PROPERTY LIMITS
- PROPOSED CURLEX
- EROSION CONTROL

EXHIBIT K
EROSION CONTROL

North Sky Celina
Phase 1
Celina, Texas
February 2022
Kimley»Horn

6160 Warren Parkway, Suite 210
Frisco, Texas 75034
972-335-3580
State of Texas Registration No. F-928



STEPHEN L. ROBINSON
CALLED 0.849 ACRES
INST. NO. 2019051700056410
O.P.R.C.C.T.

STEPHEN L. ROBINSON
CALLED 1.151 ACRES
INST. NO. 2019042000062040
O.P.R.C.C.T.

MARY CHALLOT FAMILY TRUST
CALLED 58.558 ACRES
INST. NO. 20190208001193790
O.P.R.C.C.T.

CR 58

LOUISIANA DRIVE

LEGEND

	PROPERTY LIMITS
	PHASE 1 WATER LINES

NOTES:
ALL WATERLINES SHALL BE 8" UNLESS OTHERWISE NOTED.

CALLER HAS ACRES
CALLER 28 P.C. 48%
DIRECCT.

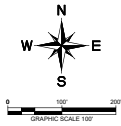
ARIANA, LLC
CALLED 148.703 ACRES
INST. NO. 20180720000947040
O.P.R.C.C.T.

EXHIBIT J
WATER DISTRIBUTION SYSTEM

North Sky Celina
Phase 1
Celina, Texas
February 2022
Kimley»Horn

6160 Warren Parkway, Suite 210
Frisco, Texas 75034
972-336-3580
State of Texas Registration No. F-928

THIS PLAN IS PREPARED BY THE ENGINEER AND HIS ASSOCIATES WITHOUT THE BENEFIT OF A SURVEY OR CONTACT WITH THE CITY. COUNTY, STATE AND FEDERAL AGENCIES SHOULD BE CONTACTED FOR ANY REGULATORY REQUIREMENTS.



STEPHEN L. ROBINSON
CALLED 0.849 ACRES
INST. NO. 2019051700556410
O.P.R.C.C.T.

STEPHEN L. ROBINSON
CALLED 1.151 ACRES
INST. NO. 20190403000050240
O.P.R.C.C.T.

MARY CHAILLOT FAMILY TRUST
CALLED 58.555 ACRES
INST. NO. 20190208000135760
O.P.R.C.C.T.

CR 58

LOUISIANA DRIVE

LEGEND

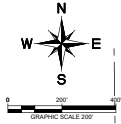
- PROPERTY LIMITS
- PHASE 1 ROADWAY AREAS CONTAINING STORM IMPROVEMENTS

04/15/2022
VOL. 28, PG. 498
D.P.R.C.C.T.

ARIANA, LLC
CALLED 148.703 ACRES
INST. NO. 2018070000047040
O.P.R.C.C.T.

EXHIBIT I
STORM SEWER
FOR MINOR AREA
North Sky Celina
Phase 1
Celina, Texas
February 2022
Kimley»Horn

6160 Warren Parkway, Suite 210
Frisco, Texas 75034
972-335-5580
State of Texas Registration No. F-928



LMR HOLDINGS, LTD.
CALLED 278.29 ACRES
INST. NO. 20090213000158800
O.P.R.C.C.T.

STEPHEN L. ROBINSON
CALLED 0.849 ACRES
INST. NO. 2018007020055410
O.P.R.C.C.T.

STEPHEN L. ROBINSON
CALLED 1.151 ACRES
INST. NO. 2019040200030240
O.P.R.C.C.T.

MARY CHALLOT FAMILY TRUST
CALLED 58.555 ACRES
INST. NO. 20190209000135760
O.P.R.C.C.T.

CR 58

WILLIE DOUGLAS MOORE REVOCABLE TRUST
CALLED 115.71 ACRES
INST. NO. 20160226000647060
O.P.R.C.C.T.

WILLIE DOUGLAS MOORE REVOCABLE TRUST
CALLED 115.71 ACRES
INST. NO. 20160226000647060
O.P.R.C.C.T.

OSBORN INVESTMENTS LTD.
CALLED 15.64 ACRES
VOL. 432, P. 10, 1047
REFERENCE VOL. 182, PG. 386 (DIRECT)

ARIANA, LLC
CALLED 148.703 ACRES
INST. NO. 20180730000547040
O.P.R.C.C.T.

CALLED 60.0 ACRES
VOL. 432, P. 10, 1047
O.P.R.C.C.T.

LOUISIANA DRIVE

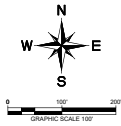
LEGEND	
---	PROPERTY LIMITS
---	PHASE 1 SANITARY SEWER LINES
---	PHASE 2 SANITARY SEWER LINES
---	ONSITE HUBBARD IMPROVEMENT SEWER (CITY REIMBURSED)
---	OFFSITE SEWER

EXHIBIT H
SANITARY SEWER

North Sky Celina
Celina, Texas
February 2022
Kimley»Horn

6160 Warren Parkway, Suite 210
Frisco, Texas 75034
972.335.3580
State of Texas Registration No. F-928

THIS PLAN IS THE PROPERTY OF KIMLEY-HORN AND PARTS HEREOF ARE NOT TO BE REPRODUCED WITHOUT THE WRITTEN PERMISSION OF KIMLEY-HORN. CONTACT WITH THE CITY, COUNTY, STATE AND FEDERAL AGENCIES IS THE RESPONSIBILITY OF THE USER. © 2022, KIMLEY-HORN AND ASSOCIATES, INC.



STEPHEN L. ROBINSON
CALLED 0.849 ACRES
INST. NO. 20190517000566410
O.P.R.C.C.T.

STEPHEN L. ROBINSON
CALLED 1.151 ACRES
INST. NO. 2019062000050240
O.P.R.C.C.T.

MARY CHALLOT FAMILY TRUST
CALLED 58.555 ACRES
INST. NO. 2018020800135790
O.P.R.C.C.T.

CR 58

LOUISIANA DRIVE

CALLER'S ACRES
VOL. 20, P. 2, 486
D.P.R.C.C.T.

ARIANA, LLC
CALLED 148.703 ACRES
INST. NO. 2018073000047040
O.P.R.C.C.T.

LEGEND

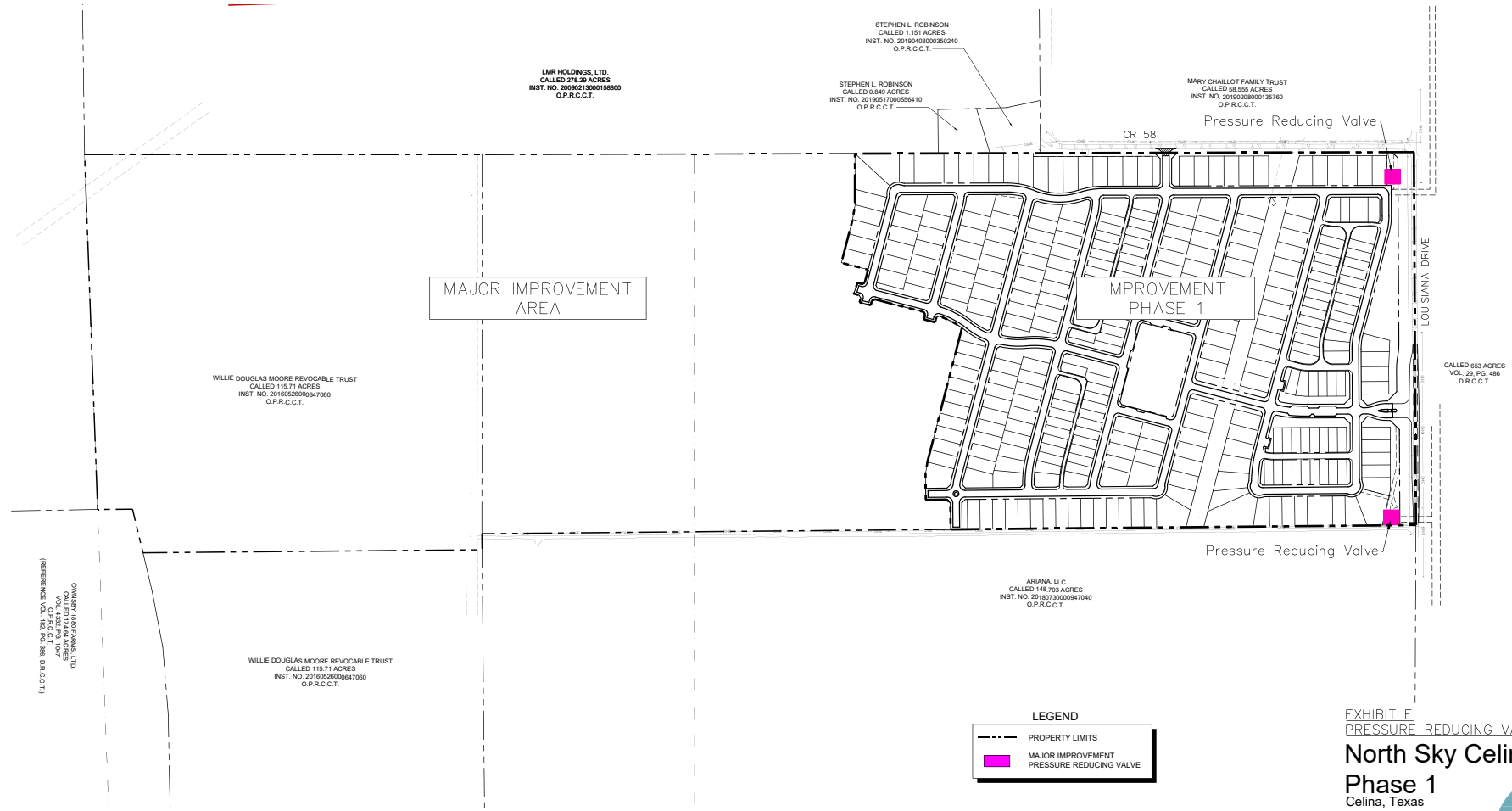
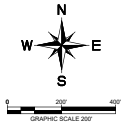
- PROPERTY LIMITS
- PHASE 1 ROADWAY

EXHIBIT G
ROADWAY IMPROVEMENTS
North Sky Celina
Phase 1
Celina, Texas
February 2022

Kimley»Horn

6160 Warren Parkway, Suite 210
Frisco, Texas 75034
972-336-5580
State of Texas Registration No. F-928

THIS PLAN IS PREPARED BY THE ENGINEER AND HIS ASSOCIATES WITHOUT THE BENEFIT OF A SURVEY OR CONTACT WITH THE CITY. CELINA, TEXAS. THE CITY ENGINEER HAS REVIEWED AND APPROVED THIS PLAN FOR THE CITY OF CELINA, TEXAS. THE CITY ENGINEER'S REVIEW IS LIMITED TO THE TECHNICAL ASPECTS OF THE PLAN AND DOES NOT CONSTITUTE A GUARANTEE OF THE ACCURACY OF THE INFORMATION PROVIDED HEREON.



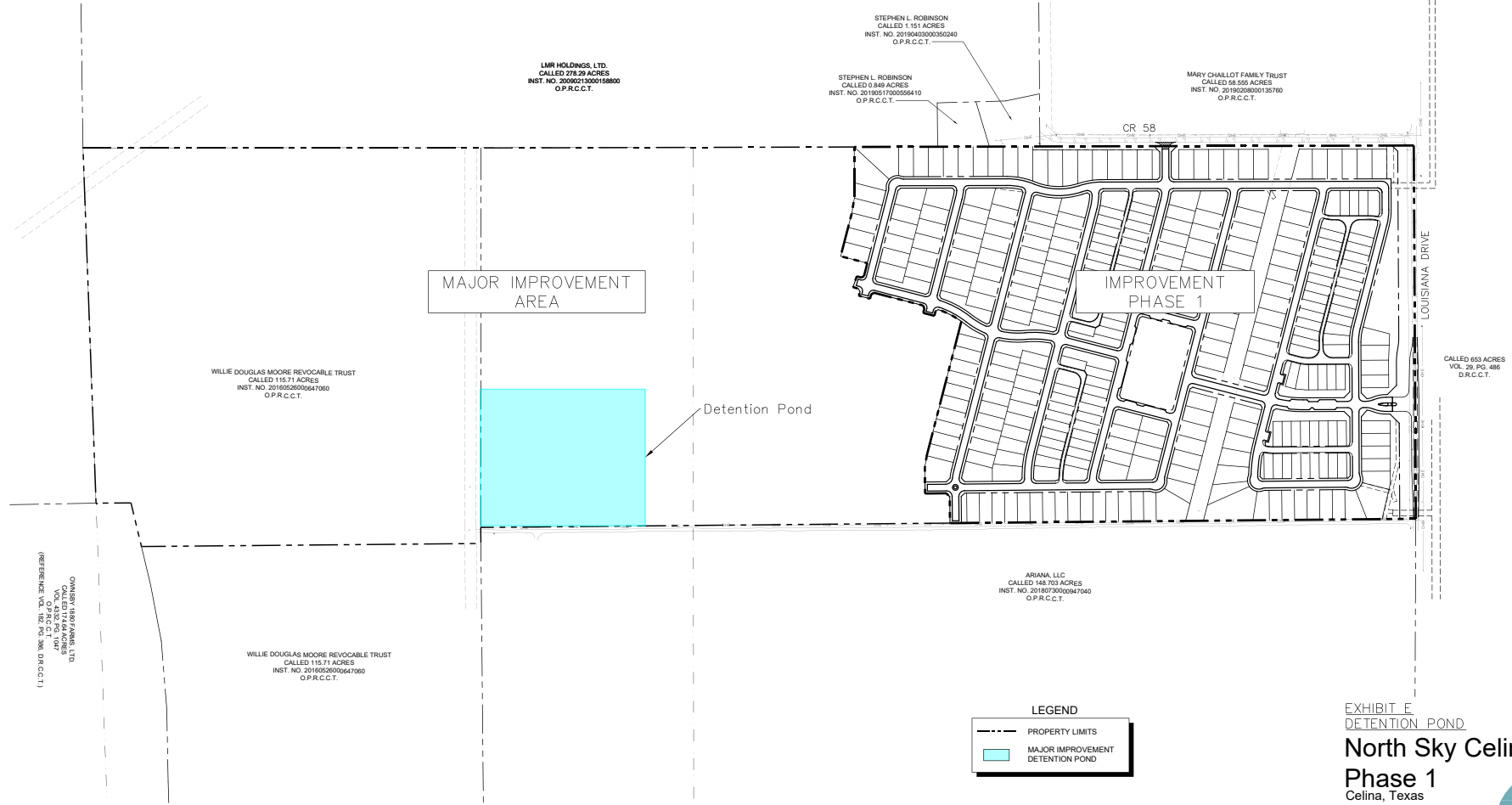
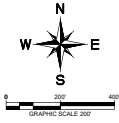
LEGEND

- PROPERTY LIMITS
- MAJOR IMPROVEMENT
- PRESSURE REDUCING VALVE

EXHIBIT E
 PRESSURE REDUCING VALVES
North Sky Celina
 Phase 1
 Celina, Texas
 February 2022

Kimley»Horn

6160 Warren Parkway, Suite 210
 Frisco, Texas 75034
 972-335-3580
 State of Texas Registration No. F-928



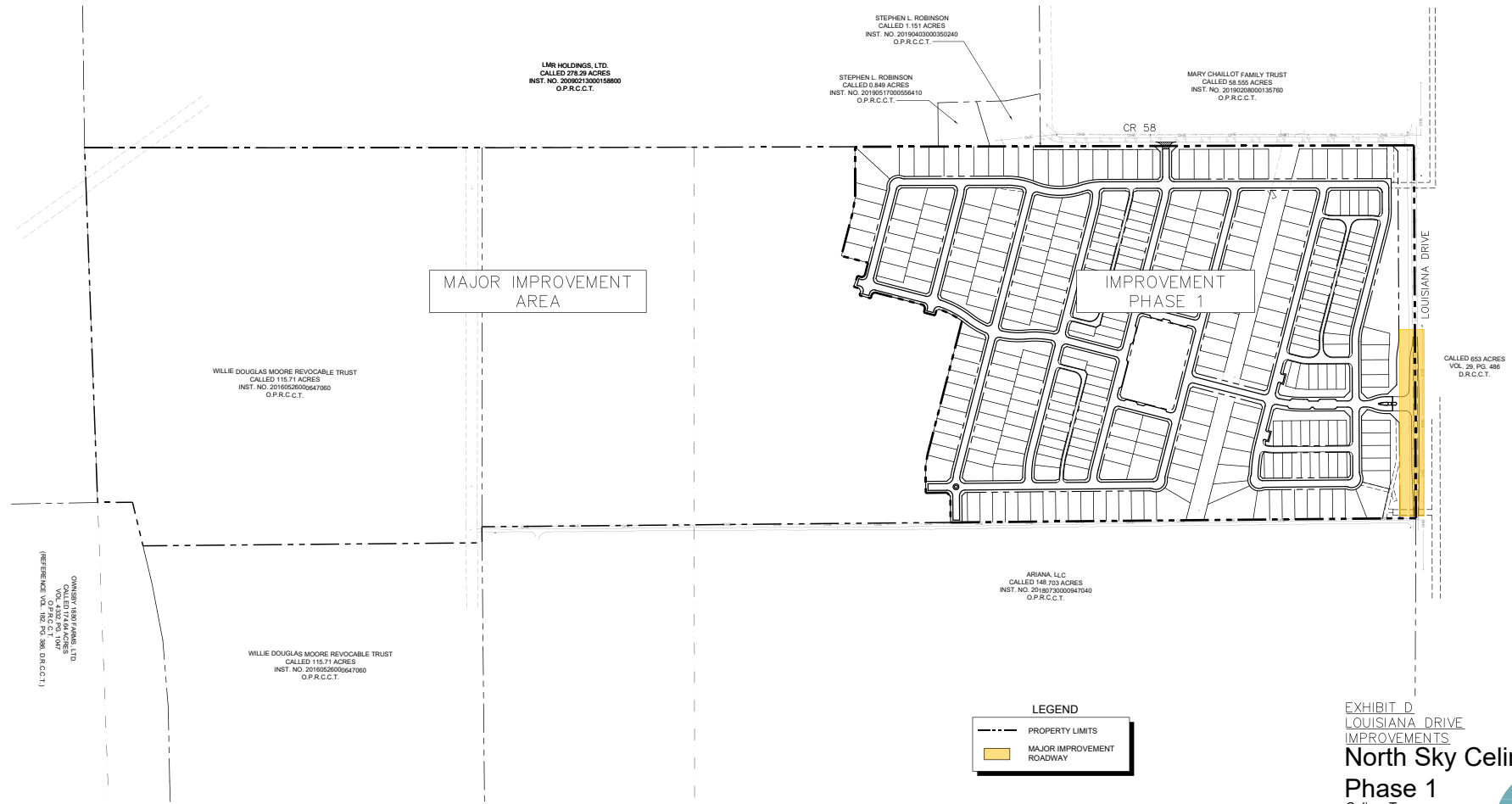
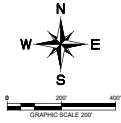
LEGEND

- PROPERTY LIMITS
- MAJOR IMPROVEMENT DETENTION POND

EXHIBIT E
 DETENTION POND
North Sky Celina
 Phase 1
 Celina, Texas
 February 2022

Kimley»Horn

6160 Warren Parkway, Suite 210
 Frisco, Texas 75034
 972-335-3580
 State of Texas Registration No. F-928



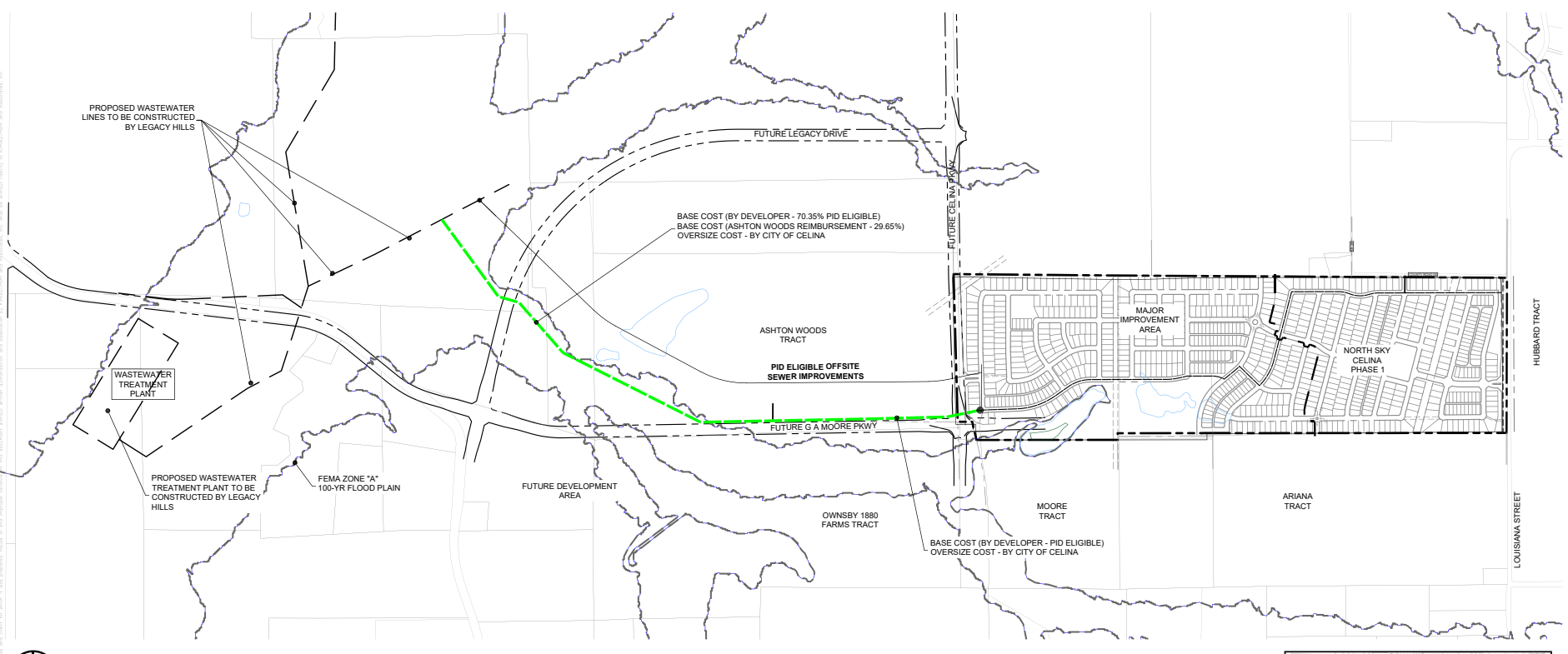
LEGEND

- PROPERTY LIMITS
- MAJOR IMPROVEMENT ROADWAY

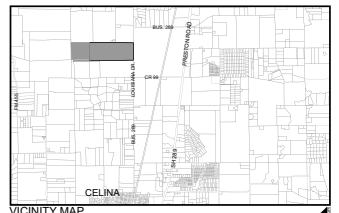
EXHIBIT D
 LOUISIANA DRIVE
 IMPROVEMENTS
 North Sky Celina
 Phase 1
 Celina, Texas
 February 2022
Kimley»Horn

6160 Warren Parkway, Suite 210
 Frisco, Texas 75034
 972-335-3580
 State of Texas Registration No. F-928

Plotfile: ByName, kwin Date: February 02, 2022 11:48:00am File Path: \\V:_Data\GIS\2022\02 - Data\mxd\NorthSky\MapSheet\NorthSky\MapSheet_C - Offsite Sewer - PID Eligible.dwg
 The information on this drawing is for informational purposes only. It is not intended to be used for any other purpose. It is the responsibility of the user to verify the accuracy of the information on this drawing.



LEGEND	
	OFFSITE SANITARY SEWER
	PROPERTY LIMITS
	PHASE BOUNDARY



VICINITY MAP
EXHIBIT "C"
OFFSITE WASTEWATER IMPROVEMENTS
North Sky Celina

February 2022

APPENDIX E
PID ASSESSMENT NOTICE

AFTER RECORDING RETURN TO:

_____]

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF CELINA, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

LOT TYPE _____ PRINCIPAL ASSESSMENT: \$ _____

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Celina, Texas (the "City"), for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within **North Sky Public Improvement District** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City. The exact amount of each annual installment will be approved each year by the City Council in the annual service plan update for the District. More information about the assessments, including the amounts and due dates, may be obtained from the City.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

¹ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF
PURCHASER

SIGNATURE OF
PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER]²

² To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned 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 COLLIN §

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]³

³ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of 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 COLLIN

§

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]⁴

⁴ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

APPENDIX F
ASSESSMENT PER UNIT, PROJECTED LEVERAGE AND PROJECTED TAX RATE
EQUIVALENTS

Appendix F

For purposes of calculating and allocating the Assessments, the Assessed Property has been classified in one of three Lot Types.

“**Lot Type 1**” means lots identified as such on the Assessment Roll, being lots typically with a Lot width of approximately 65 feet, as provided by the development standards shown in the Development Agreement.

“**Lot Type 2**” means lots identified as such on the Assessment Roll, being lots typically with a Lot width of approximately 55 feet, as provided by the development standards shown in the Development Agreement.

“**Lot Type 3**” means lots identified as such on the Assessment Roll, being lots typically with a Lot width of approximately 40 feet, as provided by the development standards shown in the Development Agreement.

A) Proposed Development

Table F-1 shows the proposed residential units to be developed within the PID.

Table F-1
Proposed Development within the PID

Description	Proposed Development	
Single-Family - 65 Ft	234	Units
Single-Family - 55 Ft	326	Units
Single-Family - 40 Ft	226	Units
Total	786	Units

Table F-2 shows the proposed residential units within Improvement Area #1.

Table F-2
Proposed Development – Improvement Area #1

Description	Proposed Development	
Single-Family - 65 Ft	109	Units
Single-Family - 55 Ft	102	Units
Single-Family - 40 Ft	111	Units
Total	322	Units

Table F-3 shows the proposed residential units within the Major Improvement Area.

Table F-3
Proposed Development –Major Improvement Area

Description	Proposed Development	
Single-Family - 65 Ft	125	Units
Single-Family - 55 Ft	224	Units
Single-Family - 40 Ft	115	Units
Total	464	Units

B) Calculation of Equivalent Units

As explained under Section V.D, for purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the Improvement Area #1 Projects and the Major Improvement Area Projects to be financed with (i) the Improvement Area #1 Bonds and (ii) the Major Improvement Area Bonds, respectively, shall be allocated to the Improvement Area #1 Assessed Property and the Major Improvement Area Assessed Property by spreading the entire respective Assessment across the Parcels within Improvement Area #1 and Major Improvement Area based on the estimated Equivalent Units.

For purposes of this Service and Assessment Plan, the City Council has determined that the Assessments shall be allocated to Improvement Area #1 Assessed Property and Major Improvement Area Assessed Property on the basis of the average home value of each Lot Type, and that such method of allocation will result in the imposition of equal shares of the Assessments on Parcels similarly benefited. In determining the average home value of each Lot Type, the City Council has taken into consideration (i) the type of lots (i.e., 65 Ft, 55 Ft, etc.); (ii) current and projected home prices; (iii) the costs of the Authorized Improvements, and (iv) the ability of different property types to utilize and benefit from the Authorized Improvements.

Having taken into consideration the matters described above, the City Council has determined that allocating the Assessments among Parcels based on average home value is best accomplished by creating classifications of benefited Parcels based on the “Lot Types” defined above. These classifications (from Lot Type 1 (65 Ft Lots) representing the highest value to Lot Type 3 (40 Ft Lot) representing the lowest value for residential lots are set forth in Table F-4. Assessments are allocated to each Lot Type on the basis of the average home value for each class of lots. This is accomplished by giving each Lot Type an Equivalent Unit factor. Equivalent Units are the ratio of the average value of lots within each assessment class, setting the Equivalent Unit factor for Lot Type 1 (65 Ft Lots) to 1.0.

Table F-4
Equivalent Unit Factors

Lot Type	Estimated Average Unit Value	Equivalent Unit Factor	
Lot Type 1 (65 Ft)	\$510,000	1.00	per dwelling unit
Lot Type 2 (55 Ft)	\$450,000	0.88	per dwelling unit
Lot Type 3 (40 Ft)	\$375,000	0.74	per dwelling unit

The total estimated Equivalent Units for the Major Improvement Area are shown in Table F-5 as calculated based on the Equivalent Unit factors shown in Table F-4, estimated Lot Types and number of units estimated to be built within the Major Improvement Area.

Table F-5
Estimated Equivalent Units –Major Improvement Area

Lot Type	Planned No. of units	Equivalent Unit Factor	Total Equivalent Units
Lot Type 1 (65 Ft)	125	1.00	125.00
Lot Type 2 (55 Ft)	224	0.88	197.12
Lot Type 3 (40 Ft)	115	0.74	85.10
Total Equivalent Units	464		407.22

The total estimated Equivalent Units for Improvement Area #1 are shown in Table F-6 as calculated based on the Equivalent Unit factors shown in Table F-4, estimated Lot Types and number of units estimated to be built within Improvement Area #1.

Table F-6
Estimated Equivalent Units - Improvement Area #1

Lot Type	Planned No. of units	Equivalent Unit Factor	Total Equivalent Units
Lot Type 1 (65 Ft)	109	1.00	109.00
Lot Type 2 (55 Ft)	102	0.88	89.76
Lot Type 3 (40 Ft)	111	0.74	82.14
Total Equivalent Units	322		280.90

C) Allocation of Assessments to Lots within the Major Improvement Area

As shown in Section IV of this Service and Assessment Plan, the total amount of the Major Improvement Area Bonds, which represents the total Assessment to be allocated on all Parcels within the Major Improvement Area, is \$3,452,000. As shown in Table F-5, there are a total of 407.22 estimated Equivalent Units in the Major Improvement Area, resulting in an Assessment per Equivalent Unit of \$8,476.99.

The Assessment per dwelling unit or acre is calculated as the product of (i) \$8,476.99 multiplied by (ii) the applicable Equivalent Unit value for each Lot Type. For example, The Assessment for a Lot Type 1 (65 Ft Lot) dwelling unit is \$8,476.99 (i.e. \$8,476.99 x 1.00). The Assessment for a Lot Type 2 (55 Ft Lot) dwelling unit is \$7,459.75 (i.e. \$8,476.99 x 0.88). The Assessment for a Lot Type 3 (40 Ft Lot) dwelling unit is \$6,272.97 (i.e. \$8,476.99 x 0.74). Table F-7 sets forth the Assessment per dwelling unit for each Lot Type in the Major Improvement Area.

Table F-7
Assessment Per Unit –Major Improvement Area

Type	Planned No. of units	Assessment			Total Assessments
		per Equivalent Unit	Equivalent Unit Factor	Assessment per unit	
Lot Type 1 (65 Ft)	125	\$8,476.99	1.00	\$8,476.99 per dwelling unit	\$1,059,624
Lot Type 2 (55 Ft)	224	\$8,476.99	0.88	\$7,459.75 per dwelling unit	\$1,670,984
Lot Type 3 (40 Ft)	115	\$8,476.99	0.74	\$6,272.97 per dwelling unit	\$721,392
Total	464				\$3,452,000

The projected leverage calculated based on the estimated finished lot values and home values for each unit is shown in Table F-8.

Table F-8
Projected Leverage –Major Improvement Area

Description	Planned No. of units	Estimated Finished Lot Value per unit	Projected Home Value per unit	Assessment per unit	Leverage (Lot Value)	Leverage (Home Value)
Lot Type 1 (65 Ft)	125	\$80,000	\$510,000	\$8,476.99	9.44	60.16
Lot Type 2 (55 Ft)	224	\$66,000	\$450,000	\$7,459.75	8.85	60.32
Lot Type 3 (40 Ft)	115	\$49,400	\$375,000	\$6,272.97	7.88	59.78

The projected tax rate equivalent per unit calculated based on the estimated finished lot values and home values for each unit is shown in Table F-9.

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Table F-9
Estimated Tax Rate Equivalent Per Unit –Major Improvement Area

Description	Planned No. of units	Estimated Finished Lot Value per unit	Projected Home Value per unit	Projected Average Annual Installment per unit	Tax Rate Equivalent (per \$100 Lot Value)	Tax Rate Equivalent (per \$100 Home Value)
Lot Type 1 (65 Ft)	125	\$80,000	\$510,000	\$815.12	\$1.019	\$0.160
Lot Type 2 (55Ft)	224	\$66,000	\$450,000	\$717.30	\$1.087	\$0.159
Lot Type 3 (40 Ft)	115	\$49,400	\$375,000	\$603.19	\$1.221	\$0.161

The Assessment and Annual Installments for each Parcel or Lot located within the Major Improvement Area is shown on the Major Improvement Area Assessment Roll, attached as Appendix G, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

D) Allocation of Assessments to Lots within Improvement Area #1 - Original

As shown in Section IV of this Service and Assessment Plan, the total amount of the Improvement Area #1 Bonds and Improvement Area #1 Reimbursement Agreement, which represents the original total Assessment to be allocated on all Parcels within Improvement Area #1, is \$12,765,000. As shown in Table F-6, there are a total of 280.90 estimated Equivalent Units in Improvement Area #1, resulting in an original Assessment per Equivalent Unit of \$45,443.22.

The original Assessment per dwelling unit or acre is calculated as the product of (i) \$45,443.22 multiplied by (ii) the applicable Equivalent Unit value for each Lot Type. For example, The original Assessment for a Lot Type 1 (65 Ft Lot) dwelling unit is \$45,443.22 (i.e. \$45,443.22 x 1.00). The original Assessment for a Lot Type 2 (55 Ft Lot) dwelling unit is \$39,990.03 (i.e. \$45,443.22 x 0.88). The original Assessment for a Lot Type 3 (40 Ft Lot) dwelling unit is \$33,627.98 (i.e. \$45,443.22 x 0.74). Table F-10 sets forth the original Assessment per dwelling unit for each Lot Type in Improvement Area #1.

Table F-10
Assessment Per Unit – Improvement Area #1 – Original

Type	Planned No. of units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per unit	Total Assessments
Lot Type 1 (65 Ft)	109	\$45,443.22	1.00	\$45,443.22 per dwelling unit	\$4,953,311
Lot Type 2 (55 Ft)	102	\$45,443.22	0.88	\$39,990.03 per dwelling unit	\$4,078,983
Lot Type 3 (40 Ft)	111	\$45,443.22	0.74	\$33,627.98 per dwelling unit	\$3,732,706
Total	322				\$12,765,000

The original projected leverage calculated based on the estimated finished lot values and home values for each unit is shown in Table F-11.

Table F-11
Projected Leverage – Improvement Area #1 - Original

Description	Planned No. of units	Estimated Finished Lot Value per unit	Projected Home Value per unit	Assessment per unit	Leverage (Lot Value)	Leverage (Home Value)
Lot Type 1 (65 Ft)	109	\$80,000	\$510,000	\$45,443.22	1.76	11.22
Lot Type 2 (55 Ft)	102	\$66,000	\$450,000	\$39,990.03	1.65	11.25
Lot Type 3 (40 Ft)	111	\$49,400	\$375,000	\$33,627.98	1.47	11.15

The original projected tax rate equivalent per unit calculated based on the estimated finished lot values and home values for each unit is shown in Table F-12.

Table F-12
Estimated Tax Rate Equivalent Per Unit – Improvement Area #1 – Original

Description	Planned No. of units	Estimated Finished Lot Value per unit	Projected Home Value per unit	Projected Average Annual Installment per unit	Tax Rate Equivalent (per \$100 Lot Value)	Tax Rate Equivalent (per \$100 Home Value)
Lot Type 1 (65 Ft)	109	\$80,000	\$510,000	\$3,554.94	\$4.444	\$0.697
Lot Type 2 (55Ft)	102	\$66,000	\$450,000	\$3,128.35	\$4.740	\$0.695
Lot Type 3 (40 Ft)	111	\$49,400	\$375,000	\$2,630.66	\$5.325	\$0.702

E) Allocation of Assessments to Lots within Improvement Area #1 - Outstanding

As shown in Section IV of this Service and Assessment Plan, the total amount of the Improvement Area #1 Bonds, which represents the outstanding total Assessment currently allocated on all Parcels within Improvement Area #1, is \$12,680,000. As shown in Table F-6, there are a total of 280.90 estimated Equivalent Units in Improvement Area #1, resulting in an outstanding Assessment per Equivalent Unit of \$45,140.62

The outstanding Assessment per dwelling unit or acre is calculated as the product of (i) \$45,140.62 multiplied by (ii) the applicable Equivalent Unit value for each Lot Type. For example, the outstanding Assessment for a Lot Type 1 (65 Ft Lot) dwelling unit is \$45,140.62 (i.e. \$45,140.62 x 1.00). The outstanding Assessment for a Lot Type 2 (55 Ft Lot) dwelling unit is \$39,723.75 (i.e. \$45,140.62 x 0.88). The outstanding Assessment for a Lot Type 3 (40 Ft Lot) dwelling unit is \$33,404.06 (i.e. \$45,140.62 x 0.74). Table F-13 sets forth the outstanding Assessment per dwelling unit for each Lot Type in Improvement Area #1.

Table F-13
Assessment Per Unit – Improvement Area #1 - Outstanding

Type	Planned No. of units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per unit	Total Assessments ¹
Lot Type 1 (65 Ft)	109	\$45,140.62	1.00	\$45,140.62 per dwelling unit	\$4,920,328
Lot Type 2 (55 Ft)	102	\$45,140.62	0.88	\$39,723.75 per dwelling unit	\$4,051,822
Lot Type 3 (40 Ft)	111	\$45,140.62	0.74	\$33,404.06 per dwelling unit	\$3,707,850
Total	322				\$12,680,000

¹Total Assessment takes reflects the outstanding Assessment based on the reduction in principal from a payment made on 9/1/2024.

The outstanding projected leverage calculated based on the estimated finished lot values and home values for each unit is shown in Table F-14.

Table F-14
Projected Leverage – Improvement Area #1 - Outstanding

Description	Planned No. of units	Estimated Finished Lot Value per unit	Projected Home Value per unit	Assessment per unit	Leverage (Lot Value)	Leverage (Home Value)
Lot Type 1 (65 Ft)	109	\$80,000	\$510,000	\$45,140.62	1.77	11.30
Lot Type 2 (55 Ft)	102	\$66,000	\$450,000	\$39,723.75	1.66	11.33
Lot Type 3 (40 Ft)	111	\$49,400	\$375,000	\$33,404.06	1.48	11.23

The outstanding projected tax rate equivalent per unit calculated based on the estimated finished lot values and home values for each unit is shown in Table F-15.

Table F-15
Estimated Tax Rate Equivalent Per Unit – Improvement Area #1 - Outstanding

Description	Planned No. of units	Estimated Finished Lot Value per unit	Projected Home Value per unit	Projected Average Annual Installment per unit	Tax Rate Equivalent (per \$100 Lot Value)	Tax Rate Equivalent (per \$100 Home Value)
Lot Type 1 (65 Ft)	109	\$80,000	\$510,000	\$3,573.94	\$4.467	\$0.701
Lot Type 2 (55Ft)	102	\$66,000	\$450,000	\$3,145.06	\$4.765	\$0.699
Lot Type 3 (40 Ft)	111	\$49,400	\$375,000	\$2,644.71	\$5.354	\$0.705

The Assessment and Annual Installments for each Parcel or Lot located within Improvement Area #1 is shown on the Improvement Area #1 Assessment Roll, attached as Appendix H, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

APPENDIX G
MAJOR IMPROVEMENT AREA ASSESSMENT ROLL

**Appendix G-1
Major Improvement Area Assessment Roll**

**1014547, 1014538, 2834103
and part of 2120983
407.22
\$3,452,000**

**Parcel
Equivalent Units
Assessment**

Year¹	Principal²	Interest²	Administrative Expenses³	Additional Interest	Capitalized Interest	Total Annual Installment
9/1/23	\$0	\$98,314	\$0	\$0	(\$98,314)	\$0
9/1/24	\$58,000	\$205,773	\$51,000	\$17,260	\$0	\$332,033
9/1/25	\$60,000	\$202,945	\$52,020	\$16,970	\$0	\$331,935
9/1/26	\$62,000	\$200,020	\$53,060	\$16,670	\$0	\$331,750
9/1/27	\$65,000	\$196,998	\$54,122	\$16,360	\$0	\$332,479
9/1/28	\$67,000	\$193,829	\$55,204	\$16,035	\$0	\$332,068
9/1/29	\$69,000	\$190,563	\$56,308	\$15,700	\$0	\$331,571
9/1/30	\$72,000	\$187,199	\$57,434	\$15,355	\$0	\$331,988
9/1/31	\$75,000	\$183,689	\$58,583	\$14,995	\$0	\$332,267
9/1/32	\$78,000	\$179,095	\$59,755	\$14,620	\$0	\$331,470
9/1/33	\$82,000	\$174,318	\$60,950	\$14,230	\$0	\$331,497
9/1/34	\$87,000	\$169,295	\$62,169	\$13,820	\$0	\$332,284
9/1/35	\$91,000	\$163,966	\$63,412	\$13,385	\$0	\$331,763
9/1/36	\$96,000	\$158,393	\$64,680	\$12,930	\$0	\$332,003
9/1/37	\$101,000	\$152,513	\$65,974	\$12,450	\$0	\$331,936
9/1/38	\$106,000	\$146,326	\$67,293	\$11,945	\$0	\$331,565
9/1/39	\$112,000	\$139,834	\$68,639	\$11,415	\$0	\$331,888
9/1/40	\$118,000	\$132,974	\$70,012	\$10,855	\$0	\$331,841
9/1/41	\$125,000	\$125,746	\$71,412	\$10,265	\$0	\$332,424
9/1/42	\$131,000	\$118,090	\$72,841	\$9,640	\$0	\$331,571
9/1/43	\$139,000	\$110,066	\$74,297	\$8,985	\$0	\$332,349
9/1/44	\$146,000	\$101,553	\$75,783	\$8,290	\$0	\$331,626
9/1/45	\$154,000	\$92,610	\$77,299	\$7,560	\$0	\$331,469
9/1/46	\$163,000	\$83,178	\$78,845	\$6,790	\$0	\$331,812
9/1/47	\$172,000	\$73,194	\$80,422	\$5,975	\$0	\$331,591
9/1/48	\$182,000	\$62,659	\$82,030	\$5,115	\$0	\$331,804
9/1/49	\$193,000	\$51,511	\$83,671	\$4,205	\$0	\$332,387
9/1/50	\$204,000	\$39,690	\$85,344	\$3,240	\$0	\$332,274
9/1/51	\$216,000	\$27,195	\$87,051	\$2,220	\$0	\$332,466
9/1/52	\$228,000	\$13,965	\$88,792	\$1,140	\$0	\$331,897
Total	\$3,452,000	\$3,975,496	\$1,978,404	\$318,420	(\$98,314)	\$9,626,007

¹The 9/1/XX dates represent the assessment year (bond year) end for the Major Improvement Area Bonds.

²Represents the principal and interest on the Major Improvement Area Bonds. Interest is calculated using an interest rate of 4.875% in years 1 through 8 (2023-2030), and 6.125% in years 9 through 30 (2031-2052).

³Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year. Administrative Expenses in year 2023 were funded with Bond proceeds.

Appendix G-2
Major Improvement Area Assessment Roll by Lot Type

Lot Type	Lot Type 1 (65 Ft)
Equivalent Units	1.00
Assessment	\$8,476.99

Year ¹	Principal ²	Interest ²	Administrative Expenses ³	Additional Interest	Capitalized Interest	Total Annual Installment
9/1/23	\$0	\$241	\$0	\$0	(\$241)	\$0
9/1/24	\$142	\$505	\$125	\$42	\$0	\$815
9/1/25	\$147	\$498	\$128	\$42	\$0	\$815
9/1/26	\$152	\$491	\$130	\$41	\$0	\$815
9/1/27	\$160	\$484	\$133	\$40	\$0	\$816
9/1/28	\$165	\$476	\$136	\$39	\$0	\$815
9/1/29	\$169	\$468	\$138	\$39	\$0	\$814
9/1/30	\$177	\$460	\$141	\$38	\$0	\$815
9/1/31	\$184	\$451	\$144	\$37	\$0	\$816
9/1/32	\$192	\$440	\$147	\$36	\$0	\$814
9/1/33	\$201	\$428	\$150	\$35	\$0	\$814
9/1/34	\$214	\$416	\$153	\$34	\$0	\$816
9/1/35	\$223	\$403	\$156	\$33	\$0	\$815
9/1/36	\$236	\$389	\$159	\$32	\$0	\$815
9/1/37	\$248	\$375	\$162	\$31	\$0	\$815
9/1/38	\$260	\$359	\$165	\$29	\$0	\$814
9/1/39	\$275	\$343	\$169	\$28	\$0	\$815
9/1/40	\$290	\$327	\$172	\$27	\$0	\$815
9/1/41	\$307	\$309	\$175	\$25	\$0	\$816
9/1/42	\$322	\$290	\$179	\$24	\$0	\$814
9/1/43	\$341	\$270	\$182	\$22	\$0	\$816
9/1/44	\$359	\$249	\$186	\$20	\$0	\$814
9/1/45	\$378	\$227	\$190	\$19	\$0	\$814
9/1/46	\$400	\$204	\$194	\$17	\$0	\$815
9/1/47	\$422	\$180	\$197	\$15	\$0	\$814
9/1/48	\$447	\$154	\$201	\$13	\$0	\$815
9/1/49	\$474	\$126	\$205	\$10	\$0	\$816
9/1/50	\$501	\$97	\$210	\$8	\$0	\$816
9/1/51	\$530	\$67	\$214	\$5	\$0	\$816
9/1/52	\$560	\$34	\$218	\$3	\$0	\$815
Total	\$8,477	\$9,763	\$4,858	\$782	(\$241)	\$23,638

¹The 9/1/XX dates represent the assessment year (bond year) end for the Major Improvement Area Bonds.
²Represents the principal and interest on the Major Improvement Area Bonds. Interest is calculated using an interest rate of 4.875% in years 1 through 8 (2023-2030), and 6.125% in years 9 through 30 (2031-2052).
³Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year. Administrative Expenses in year 2023 were funded with Bond proceeds.

Appendix G-3
Major Improvement Area Assessment Roll by Lot Type

Lot Type
Equivalent Units
Assessment

Lot Type 2 (55 Ft)
0.88
\$7,459.75

Year¹	Principal²	Interest²	Administrative Expenses³	Additional Interest	Capitalized Interest	Total Annual Installment
9/1/23	\$0	\$212	\$0	\$0	(\$212)	\$0
9/1/24	\$125	\$445	\$110	\$37	\$0	\$718
9/1/25	\$130	\$439	\$112	\$37	\$0	\$717
9/1/26	\$134	\$432	\$115	\$36	\$0	\$717
9/1/27	\$140	\$426	\$117	\$35	\$0	\$718
9/1/28	\$145	\$419	\$119	\$35	\$0	\$718
9/1/29	\$149	\$412	\$122	\$34	\$0	\$717
9/1/30	\$156	\$405	\$124	\$33	\$0	\$717
9/1/31	\$162	\$397	\$127	\$32	\$0	\$718
9/1/32	\$169	\$387	\$129	\$32	\$0	\$716
9/1/33	\$177	\$377	\$132	\$31	\$0	\$716
9/1/34	\$188	\$366	\$134	\$30	\$0	\$718
9/1/35	\$197	\$354	\$137	\$29	\$0	\$717
9/1/36	\$207	\$342	\$140	\$28	\$0	\$717
9/1/37	\$218	\$330	\$143	\$27	\$0	\$717
9/1/38	\$229	\$316	\$145	\$26	\$0	\$717
9/1/39	\$242	\$302	\$148	\$25	\$0	\$717
9/1/40	\$255	\$287	\$151	\$23	\$0	\$717
9/1/41	\$270	\$272	\$154	\$22	\$0	\$718
9/1/42	\$283	\$255	\$157	\$21	\$0	\$717
9/1/43	\$300	\$238	\$161	\$19	\$0	\$718
9/1/44	\$316	\$219	\$164	\$18	\$0	\$717
9/1/45	\$333	\$200	\$167	\$16	\$0	\$716
9/1/46	\$352	\$180	\$170	\$15	\$0	\$717
9/1/47	\$372	\$158	\$174	\$13	\$0	\$717
9/1/48	\$393	\$135	\$177	\$11	\$0	\$717
9/1/49	\$417	\$111	\$181	\$9	\$0	\$718
9/1/50	\$441	\$86	\$184	\$7	\$0	\$718
9/1/51	\$467	\$59	\$188	\$5	\$0	\$718
9/1/52	\$493	\$30	\$192	\$2	\$0	\$717
Total	\$7,460	\$8,591	\$4,275	\$688	(\$212)	\$20,802

¹The 9/1/XX dates represent the assessment year (bond year) end for the Major Improvement Area Bonds.

²Represents the principal and interest on the Major Improvement Area Bonds. Interest is calculated using an interest rate of 4.875% in years 1 through 8 (2023-2030), and 6.125% in years 9 through 30 (2031-2052).

³Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year. Administrative Expenses in year 2023 were funded with Bond proceeds.

Appendix G-4
Major Improvement Area Assessment Roll by Lot Type

Lot Type	Lot Type 3 (40 Ft)
Equivalent Units	0.74
Assessment	\$6,272.97

Year ¹	Principal ²	Interest ²	Administrative Expenses ³	Additional Interest	Capitalized Interest	Total Annual Installment
9/1/23	\$0	\$179	\$0	\$0	(\$179)	\$0
9/1/24	\$105	\$374	\$93	\$31	\$0	\$603
9/1/25	\$109	\$369	\$95	\$31	\$0	\$603
9/1/26	\$113	\$363	\$96	\$30	\$0	\$603
9/1/27	\$118	\$358	\$98	\$30	\$0	\$604
9/1/28	\$122	\$352	\$100	\$29	\$0	\$603
9/1/29	\$125	\$346	\$102	\$29	\$0	\$603
9/1/30	\$131	\$340	\$104	\$28	\$0	\$603
9/1/31	\$136	\$334	\$106	\$27	\$0	\$604
9/1/32	\$142	\$325	\$109	\$27	\$0	\$602
9/1/33	\$149	\$317	\$111	\$26	\$0	\$602
9/1/34	\$158	\$308	\$113	\$25	\$0	\$604
9/1/35	\$165	\$298	\$115	\$24	\$0	\$603
9/1/36	\$174	\$288	\$118	\$23	\$0	\$603
9/1/37	\$184	\$277	\$120	\$23	\$0	\$603
9/1/38	\$193	\$266	\$122	\$22	\$0	\$603
9/1/39	\$204	\$254	\$125	\$21	\$0	\$603
9/1/40	\$214	\$242	\$127	\$20	\$0	\$603
9/1/41	\$227	\$229	\$130	\$19	\$0	\$604
9/1/42	\$238	\$215	\$132	\$18	\$0	\$603
9/1/43	\$253	\$200	\$135	\$16	\$0	\$604
9/1/44	\$265	\$185	\$138	\$15	\$0	\$603
9/1/45	\$280	\$168	\$140	\$14	\$0	\$602
9/1/46	\$296	\$151	\$143	\$12	\$0	\$603
9/1/47	\$313	\$133	\$146	\$11	\$0	\$603
9/1/48	\$331	\$114	\$149	\$9	\$0	\$603
9/1/49	\$351	\$94	\$152	\$8	\$0	\$604
9/1/50	\$371	\$72	\$155	\$6	\$0	\$604
9/1/51	\$393	\$49	\$158	\$4	\$0	\$604
9/1/52	\$414	\$25	\$161	\$2	\$0	\$603
Total	\$6,273	\$7,224	\$3,595	\$579	(\$179)	\$17,492

¹The 9/1/XX dates represent the assessment year (bond year) end for the Major Improvement Area Bonds.
²Represents the principal and interest on the Major Improvement Area Bonds. Interest is calculated using an interest rate of 4.875% in years 1 through 8 (2023-2030), and 6.125% in years 9 through 30 (2031-2052).
³Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year. Administrative Expenses in year 2023 were funded with Bond proceeds.

Appendix C
 Assessment Roll Summary - Major Improvement Area
 2024-25

Parcel	Estimated No. of units	Lot Size	Lot Type	Equivalent Units	Outstanding Assessment	Principal	Interest	Excess Interest for Reserves	Administrative Expense	Annual Installment
1014538	112	65,55,40	Various	99.24	\$827,121.85	\$14,622.07	\$45,593.82	\$4,135.61	\$12,655.89	\$77,007.40
1014547	200	65,55,40	Various	179.82	\$1,498,720.79	\$26,494.77	\$82,614.69	\$7,493.60	\$22,932.11	\$139,535.17
2120983	152	65,55,40	Various	128.16	\$1,068,157.36	\$18,883.16	\$58,880.54	\$5,340.79	\$16,344.00	\$99,448.49
	464			407.22	\$3,394,000	\$60,000.00	\$187,089.05	\$16,970.00	\$51,932.00	\$315,991.05

APPENDIX H
IMPROVEMENT AREA #1 ASSESSMENT ROLL

Appendix H-1
Improvement Area #1 Assessment Roll - Outstanding

**Parcel
Equivalent Units
Assessment**

**See Roll Summary
280.90
\$12,680,000**

Year¹	Principal & Interest²	Principal & Interest³	Administrative Expenses⁴	Additional Interest	Capitalized Interest	Total Annual Installment
9/1/23	\$172,076	\$0	\$0	\$0	(\$172,076)	\$0
9/1/24	\$471,158	\$639,634	\$51,000	\$33,575	\$0	\$1,195,367
9/1/25	\$471,303	\$411,218	\$52,020	\$62,165	\$0	\$996,706
9/1/26	\$471,228	\$411,595	\$59,060	\$61,130	\$0	\$1,003,013
9/1/27	\$469,934	\$412,590	\$60,242	\$60,040	\$0	\$1,002,805
9/1/28	\$469,465	\$413,255	\$61,446	\$58,900	\$0	\$1,003,066
9/1/29	\$469,778	\$413,590	\$62,675	\$57,705	\$0	\$1,003,748
9/1/30	\$468,828	\$414,595	\$63,929	\$56,445	\$0	\$1,003,796
9/1/31	\$468,659	\$414,215	\$65,207	\$55,130	\$0	\$1,003,211
9/1/32	\$467,758	\$415,505	\$66,512	\$53,745	\$0	\$1,003,519
9/1/33	\$467,480	\$416,355	\$67,842	\$52,285	\$0	\$1,003,962
9/1/34	\$466,773	\$416,765	\$69,199	\$50,745	\$0	\$1,003,481
9/1/35	\$466,635	\$417,735	\$70,583	\$49,120	\$0	\$1,004,073
9/1/36	\$466,014	\$418,210	\$71,994	\$47,405	\$0	\$1,003,623
9/1/37	\$465,909	\$419,190	\$73,434	\$45,595	\$0	\$1,004,128
9/1/38	\$465,266	\$419,620	\$74,903	\$43,685	\$0	\$1,003,474
9/1/39	\$465,086	\$420,500	\$76,401	\$41,670	\$0	\$1,003,657
9/1/40	\$465,315	\$421,775	\$77,929	\$39,540	\$0	\$1,004,559
9/1/41	\$464,899	\$422,390	\$79,488	\$37,290	\$0	\$1,004,066
9/1/42	\$464,838	\$423,345	\$81,077	\$34,915	\$0	\$1,004,175
9/1/43	\$464,078	\$424,585	\$82,699	\$32,405	\$0	\$1,003,766
9/1/44	\$464,619	\$426,055	\$84,353	\$29,755	\$0	\$1,004,782
9/1/45	\$464,644	\$427,700	\$86,040	\$26,950	\$0	\$1,005,334
9/1/46	\$463,769	\$428,465	\$87,761	\$23,985	\$0	\$1,003,979
9/1/47	\$463,994	\$430,350	\$89,516	\$20,850	\$0	\$1,004,710
9/1/48	\$464,206	\$432,245	\$91,306	\$17,530	\$0	\$1,005,287
9/1/49	\$464,350	\$434,095	\$93,132	\$14,015	\$0	\$1,005,592
9/1/50	\$464,369	\$434,845	\$94,995	\$10,300	\$0	\$1,004,509
9/1/51	\$465,206	\$437,495	\$96,895	\$6,365	\$0	\$1,005,961
9/1/52	\$464,750	\$438,880	\$98,833	\$4,280	\$0	\$1,006,743
Total	\$13,059,148	\$11,817,163	\$2,139,470	\$1,093,945	\$0	\$28,109,726

¹The 9/1/XX dates represent the assessment year (bond year) end for the Improvement Area #1 Bonds.

²Represents the principal and interest on the Series 2023 Improvement Area #1 Bonds. Interest is calculated using an interest rate of 4.375% in years 1 through 8 (2023-2030), 5.375% in years 9 through 21 (2031-2043), and 5.625% in years 22 through 30 (2044-2052).

³Represents the principal and interest on the Series 2024 Improvement Area #1 Bonds. Interest is calculated using an estimated interest rate of 5.50%.

⁴Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year. Administrative Expenses in year 2023 were funded with proceeds of the Series 2023 Improvement Area #1 Bonds.

Appendix H-2
Improvement Area #1 Assessment Roll by Lot Type - Outstanding

Lot Type	Lot Type 1 (65 Ft)
Equivalent Units	1.00
Assessment	\$45,140.62

Year ¹	Principal & Interest ²	Principal & Interest ³	Administrative Expenses ⁴	Additional Interest	Capitalized Interest	Total Annual Installment
9/1/23	\$613	\$0	\$0	\$0	(\$613)	\$0
9/1/24	\$1,677	\$2,277	\$182	\$120	\$0	\$4,255
9/1/25	\$1,678	\$1,464	\$185	\$221	\$0	\$3,548
9/1/26	\$1,678	\$1,465	\$210	\$218	\$0	\$3,571
9/1/27	\$1,673	\$1,469	\$214	\$214	\$0	\$3,570
9/1/28	\$1,671	\$1,471	\$219	\$210	\$0	\$3,571
9/1/29	\$1,672	\$1,472	\$223	\$205	\$0	\$3,573
9/1/30	\$1,669	\$1,476	\$228	\$201	\$0	\$3,574
9/1/31	\$1,668	\$1,475	\$232	\$196	\$0	\$3,571
9/1/32	\$1,665	\$1,479	\$237	\$191	\$0	\$3,573
9/1/33	\$1,664	\$1,482	\$242	\$186	\$0	\$3,574
9/1/34	\$1,662	\$1,484	\$246	\$181	\$0	\$3,572
9/1/35	\$1,661	\$1,487	\$251	\$175	\$0	\$3,574
9/1/36	\$1,659	\$1,489	\$256	\$169	\$0	\$3,573
9/1/37	\$1,659	\$1,492	\$261	\$162	\$0	\$3,575
9/1/38	\$1,656	\$1,494	\$267	\$156	\$0	\$3,572
9/1/39	\$1,656	\$1,497	\$272	\$148	\$0	\$3,573
9/1/40	\$1,657	\$1,502	\$277	\$141	\$0	\$3,576
9/1/41	\$1,655	\$1,504	\$283	\$133	\$0	\$3,574
9/1/42	\$1,655	\$1,507	\$289	\$124	\$0	\$3,575
9/1/43	\$1,652	\$1,512	\$294	\$115	\$0	\$3,573
9/1/44	\$1,654	\$1,517	\$300	\$106	\$0	\$3,577
9/1/45	\$1,654	\$1,523	\$306	\$96	\$0	\$3,579
9/1/46	\$1,651	\$1,525	\$312	\$85	\$0	\$3,574
9/1/47	\$1,652	\$1,532	\$319	\$74	\$0	\$3,577
9/1/48	\$1,653	\$1,539	\$325	\$62	\$0	\$3,579
9/1/49	\$1,653	\$1,545	\$332	\$50	\$0	\$3,580
9/1/50	\$1,653	\$1,548	\$338	\$37	\$0	\$3,576
9/1/51	\$1,656	\$1,557	\$345	\$23	\$0	\$3,581
9/1/52	\$1,655	\$1,562	\$352	\$15	\$0	\$3,584
Total	\$46,490	\$42,069	\$7,616	\$3,894	\$0	\$100,070

¹The 9/1/XX dates represent the assessment year (bond year) end for the Improvement Area #1 Bonds.

²Represents the principal and interest on the Series 2023 Improvement Area #1 Bonds. Interest is calculated using an interest rate of 4.375% in years 1 through 8 (2023-2030), 5.375% in years 9 through 21 (2031-2043), and 5.625% in years 22 through 30 (2044-2052).

³Represents the principal and interest on the Series 2024 Improvement Area #1 Bonds. Interest is calculated using an estimated interest rate of 5.50%.

⁴Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year. Administrative Expenses in year 2023 were funded with proceeds of the Series 2023 Improvement Area #1 Bonds.

Appendix H-3
Improvement Area #1 Assessment Roll by Lot Type - Outstanding

Lot Type	Lot Type 2 (55 Ft)
Equivalent Units	0.88
Assessment	\$39,723.75

Year ¹	Principal & Interest ²	Principal & Interest ³	Administrative Expenses ⁴	Additional Interest	Capitalized Interest	Total Annual Installment
9/1/23	\$539	\$0	\$0	\$0	(\$539)	\$0
9/1/24	\$1,476	\$2,004	\$160	\$105	\$0	\$3,745
9/1/25	\$1,476	\$1,288	\$163	\$195	\$0	\$3,122
9/1/26	\$1,476	\$1,289	\$185	\$192	\$0	\$3,142
9/1/27	\$1,472	\$1,293	\$189	\$188	\$0	\$3,142
9/1/28	\$1,471	\$1,295	\$192	\$185	\$0	\$3,142
9/1/29	\$1,472	\$1,296	\$196	\$181	\$0	\$3,145
9/1/30	\$1,469	\$1,299	\$200	\$177	\$0	\$3,145
9/1/31	\$1,468	\$1,298	\$204	\$173	\$0	\$3,143
9/1/32	\$1,465	\$1,302	\$208	\$168	\$0	\$3,144
9/1/33	\$1,465	\$1,304	\$213	\$164	\$0	\$3,145
9/1/34	\$1,462	\$1,306	\$217	\$159	\$0	\$3,144
9/1/35	\$1,462	\$1,309	\$221	\$154	\$0	\$3,146
9/1/36	\$1,460	\$1,310	\$226	\$149	\$0	\$3,144
9/1/37	\$1,460	\$1,313	\$230	\$143	\$0	\$3,146
9/1/38	\$1,458	\$1,315	\$235	\$137	\$0	\$3,144
9/1/39	\$1,457	\$1,317	\$239	\$131	\$0	\$3,144
9/1/40	\$1,458	\$1,321	\$244	\$124	\$0	\$3,147
9/1/41	\$1,456	\$1,323	\$249	\$117	\$0	\$3,146
9/1/42	\$1,456	\$1,326	\$254	\$109	\$0	\$3,146
9/1/43	\$1,454	\$1,330	\$259	\$102	\$0	\$3,145
9/1/44	\$1,456	\$1,335	\$264	\$93	\$0	\$3,148
9/1/45	\$1,456	\$1,340	\$270	\$84	\$0	\$3,149
9/1/46	\$1,453	\$1,342	\$275	\$75	\$0	\$3,145
9/1/47	\$1,454	\$1,348	\$280	\$65	\$0	\$3,148
9/1/48	\$1,454	\$1,354	\$286	\$55	\$0	\$3,149
9/1/49	\$1,455	\$1,360	\$292	\$44	\$0	\$3,150
9/1/50	\$1,455	\$1,362	\$298	\$32	\$0	\$3,147
9/1/51	\$1,457	\$1,371	\$304	\$20	\$0	\$3,151
9/1/52	\$1,456	\$1,375	\$310	\$13	\$0	\$3,154
Total	\$42,388	\$39,024	\$6,862	\$3,532	\$0	\$91,807

¹The 9/1/XX dates represent the assessment year (bond year) end for the Improvement Area #1 Bonds.

²Represents the principal and interest on the Series 2023 Improvement Area #1 Bonds. Interest is calculated using an interest rate of 4.375% in years 1 through 8 (2023-2030), 5.375% in years 9 through 21 (2031-2043), and 5.625% in years 22 through 30 (2044-2052).

³Represents the principal and interest on the Series 2024 Improvement Area #1 Bonds. Interest is calculated using an estimated interest rate of 5.50%.

⁴Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year. Administrative Expenses in year 2023 were funded with proceeds of the Series 2023 Improvement Area #1 Bonds.

Appendix H-4
Improvement Area #1 Assessment Roll by Lot Type - Outstanding

Lot Type
Equivalent Units
Assessment

Lot Type 3 (40 Ft)
0.74
\$33,404.06

Year¹	Principal & Interest²	Principal & Interest³	Administrative Expenses⁴	Additional Interest	Capitalized Interest	Total Annual Installment
9/1/23	\$453	\$0	\$0	\$0	(\$453)	\$0
9/1/24	\$1,241	\$1,685	\$134	\$88	\$0	\$3,149
9/1/25	\$1,242	\$1,083	\$137	\$164	\$0	\$2,626
9/1/26	\$1,241	\$1,084	\$156	\$161	\$0	\$2,642
9/1/27	\$1,238	\$1,087	\$159	\$158	\$0	\$2,642
9/1/28	\$1,237	\$1,089	\$162	\$155	\$0	\$2,642
9/1/29	\$1,238	\$1,090	\$165	\$152	\$0	\$2,644
9/1/30	\$1,235	\$1,092	\$168	\$149	\$0	\$2,644
9/1/31	\$1,235	\$1,091	\$172	\$145	\$0	\$2,643
9/1/32	\$1,232	\$1,095	\$175	\$142	\$0	\$2,644
9/1/33	\$1,232	\$1,097	\$179	\$138	\$0	\$2,645
9/1/34	\$1,230	\$1,098	\$182	\$134	\$0	\$2,644
9/1/35	\$1,229	\$1,100	\$186	\$129	\$0	\$2,645
9/1/36	\$1,228	\$1,102	\$190	\$125	\$0	\$2,644
9/1/37	\$1,227	\$1,104	\$193	\$120	\$0	\$2,645
9/1/38	\$1,226	\$1,105	\$197	\$115	\$0	\$2,644
9/1/39	\$1,225	\$1,108	\$201	\$110	\$0	\$2,644
9/1/40	\$1,226	\$1,111	\$205	\$104	\$0	\$2,646
9/1/41	\$1,225	\$1,113	\$209	\$98	\$0	\$2,645
9/1/42	\$1,225	\$1,115	\$214	\$92	\$0	\$2,645
9/1/43	\$1,223	\$1,119	\$218	\$85	\$0	\$2,644
9/1/44	\$1,224	\$1,122	\$222	\$78	\$0	\$2,647
9/1/45	\$1,224	\$1,127	\$227	\$71	\$0	\$2,648
9/1/46	\$1,222	\$1,129	\$231	\$63	\$0	\$2,645
9/1/47	\$1,222	\$1,134	\$236	\$55	\$0	\$2,647
9/1/48	\$1,223	\$1,139	\$241	\$46	\$0	\$2,648
9/1/49	\$1,223	\$1,144	\$245	\$37	\$0	\$2,649
9/1/50	\$1,223	\$1,146	\$250	\$27	\$0	\$2,646
9/1/51	\$1,226	\$1,153	\$255	\$17	\$0	\$2,650
9/1/52	\$1,224	\$1,156	\$260	\$11	\$0	\$2,652
Total	\$35,644	\$32,816	\$5,771	\$2,970	\$0	\$77,201

¹The 9/1/XX dates represent the assessment year (bond year) end for the Improvement Area #1 Bonds.

²Represents the principal and interest on the Series 2023 Improvement Area #1 Bonds. Interest is calculated using an interest rate of 4.375% in years 1 through 8 (2023-2030), 5.375% in years 9 through 21 (2031-2043), and 5.625% in years 22 through 30 (2044-2052).

³Represents the principal and interest on the Series 2024 Improvement Area #1 Bonds. Interest is calculated using an estimated interest rate of 5.50%.

⁴Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year. Administrative Expenses in year 2023 were funded with proceeds of the Series 2023 Improvement Area #1 Bonds.

Appendix H-5
Assessment Roll Summary - Improvement Area #1

Parcel	Lot Type	Total Equivalent Units	Total Outstanding Assessment
2901880	2	0.88	\$39,723.75
2901883	2	0.88	\$39,723.75
2901884	2	0.88	\$39,723.75
2901885	2	0.88	\$39,723.75
2901886	2	0.88	\$39,723.75
2901887	2	0.88	\$39,723.75
2901888	2	0.88	\$39,723.75
2901889	2	0.88	\$39,723.75
2901890	2	0.88	\$39,723.75
2901891	2	0.88	\$39,723.75
2901892	2	0.88	\$39,723.75
2901893	2	0.88	\$39,723.75
2901894	2	0.88	\$39,723.75
2901895	2	0.88	\$39,723.75
2901896	2	0.88	\$39,723.75
2901897	1	1	\$45,140.62
2901898	1	1	\$45,140.62
2901899	1	1	\$45,140.62
2901900	1	1	\$45,140.62
2901901	1	1	\$45,140.62
2901902	1	1	\$45,140.62
2901903	1	1	\$45,140.62
2901904	1	1	\$45,140.62
2901905	1	1	\$45,140.62
2901906	1	1	\$45,140.62
2901907	1	1	\$45,140.62
2901908	2	0.88	\$39,723.75
2901909	2	0.88	\$39,723.75
2901910	2	0.88	\$39,723.75
2901911	2	0.88	\$39,723.75
2901912	2	0.88	\$39,723.75
2901913	2	0.88	\$39,723.75
2901914	2	0.88	\$39,723.75
2901915	2	0.88	\$39,723.75
2901916	2	0.88	\$39,723.75
2901917	2	0.88	\$39,723.75
2901918	2	0.88	\$39,723.75
2901919	2	0.88	\$39,723.75
2901920	2	0.88	\$39,723.75
2901921	2	0.88	\$39,723.75

Parcel	Lot Type	Total Equivalent Units	Total Outstanding Assessment
2901922	2	0.88	\$39,723.75
2901923	2	0.88	\$39,723.75
2901924	Non-Assessed	0	\$0.00
2901925	Non-Assessed	0	\$0.00
2901926	Non-Assessed	0	\$0.00
2901927	Non-Assessed	0	\$0.00
2901928	Non-Assessed	0	\$0.00
2901929	Non-Assessed	0	\$0.00
2901930	Non-Assessed	0	\$0.00
2901931	Non-Assessed	0	\$0.00
2901932	3	0.74	\$33,404.06
2901933	3	0.74	\$33,404.06
2901934	3	0.74	\$33,404.06
2901935	3	0.74	\$33,404.06
2901936	3	0.74	\$33,404.06
2901937	3	0.74	\$33,404.06
2901938	3	0.74	\$33,404.06
2901939	3	0.74	\$33,404.06
2901940	3	0.74	\$33,404.06
2901941	3	0.74	\$33,404.06
2901942	3	0.74	\$33,404.06
2901943	3	0.74	\$33,404.06
2901944	3	0.74	\$33,404.06
2901945	3	0.74	\$33,404.06
2901946	3	0.74	\$33,404.06
2901947	3	0.74	\$33,404.06
2901948	3	0.74	\$33,404.06
2901949	3	0.74	\$33,404.06
2901950	3	0.74	\$33,404.06
2901951	3	0.74	\$33,404.06
2901952	3	0.74	\$33,404.06
2901953	3	0.74	\$33,404.06
2901954	3	0.74	\$33,404.06
2901955	3	0.74	\$33,404.06
2901956	3	0.74	\$33,404.06
2901957	3	0.74	\$33,404.06
2901958	3	0.74	\$33,404.06
2901959	3	0.74	\$33,404.06
2901960	3	0.74	\$33,404.06
2901961	3	0.74	\$33,404.06
2901962	3	0.74	\$33,404.06
2901963	3	0.74	\$33,404.06
2901964	3	0.74	\$33,404.06

Parcel	Lot Type	Total Equivalent Units	Total Outstanding Assessment
2901965	3	0.74	\$33,404.06
2901966	3	0.74	\$33,404.06
2901967	3	0.74	\$33,404.06
2901968	3	0.74	\$33,404.06
2901969	3	0.74	\$33,404.06
2901970	3	0.74	\$33,404.06
2901971	3	0.74	\$33,404.06
2901972	3	0.74	\$33,404.06
2901973	3	0.74	\$33,404.06
2901974	3	0.74	\$33,404.06
2901975	3	0.74	\$33,404.06
2901976	3	0.74	\$33,404.06
2901977	3	0.74	\$33,404.06
2901978	3	0.74	\$33,404.06
2901979	3	0.74	\$33,404.06
2901980	3	0.74	\$33,404.06
2901981	3	0.74	\$33,404.06
2901982	3	0.74	\$33,404.06
2901983	3	0.74	\$33,404.06
2901984	3	0.74	\$33,404.06
2901985	3	0.74	\$33,404.06
2901986	3	0.74	\$33,404.06
2901987	3	0.74	\$33,404.06
2901988	3	0.74	\$33,404.06
2901989	Non-Assessed	0	\$0.00
2901990	Non-Assessed	0	\$0.00
2901991	Non-Assessed	0	\$0.00
2901992	2	0.88	\$39,723.75
2901993	1	1	\$45,140.62
2901994	1	1	\$45,140.62
2901995	2	0.88	\$39,723.75
2901996	1	1	\$45,140.62
2901997	1	1	\$45,140.62
2901998	1	1	\$45,140.62
2901999	1	1	\$45,140.62
2902000	1	1	\$45,140.62
2902001	1	1	\$45,140.62
2902002	1	1	\$45,140.62
2902003	1	1	\$45,140.62
2902004	1	1	\$45,140.62

Parcel	Lot Type	Total Equivalent Units	Total Outstanding Assessment
2902005	1	1	\$45,140.62
2902006	1	1	\$45,140.62
2902007	1	1	\$45,140.62
2902008	1	1	\$45,140.62
2902009	1	1	\$45,140.62
2902010	1	1	\$45,140.62
2902011	1	1	\$45,140.62
2902012	1	1	\$45,140.62
2902013	1	1	\$45,140.62
2902014	1	1	\$45,140.62
2902015	1	1	\$45,140.62
2902016	1	1	\$45,140.62
2902017	1	1	\$45,140.62
2902018	1	1	\$45,140.62
2902019	1	1	\$45,140.62
2902020	1	1	\$45,140.62
2902021	1	1	\$45,140.62
2902022	1	1	\$45,140.62
2902023	1	1	\$45,140.62
2902024	1	1	\$45,140.62
2902025	1	1	\$45,140.62
2902026	1	1	\$45,140.62
2902027	1	1	\$45,140.62
2902028	1	1	\$45,140.62
2902029	1	1	\$45,140.62
2902030	1	1	\$45,140.62
2902031	1	1	\$45,140.62
2902032	1	1	\$45,140.62
2902033	2	0.88	\$39,723.75
2902034	2	0.88	\$39,723.75
2902035	2	0.88	\$39,723.75
2902036	2	0.88	\$39,723.75
2902037	2	0.88	\$39,723.75
2902038	2	0.88	\$39,723.75
2902039	2	0.88	\$39,723.75
2902040	2	0.88	\$39,723.75
2902041	2	0.88	\$39,723.75
2902042	1	1	\$45,140.62
2902043	1	1	\$45,140.62
2902044	1	1	\$45,140.62
2902045	1	1	\$45,140.62
2902046	1	1	\$45,140.62
2902047	1	1	\$45,140.62

Parcel	Lot Type	Total Equivalent Units	Total Outstanding Assessment
2902049	1	1	\$45,140.62
2902050	1	1	\$45,140.62
2902051	2	0.88	\$39,723.75
2902052	2	0.88	\$39,723.75
2902053	2	0.88	\$39,723.75
2902054	2	0.88	\$39,723.75
2902055	2	0.88	\$39,723.75
2902056	2	0.88	\$39,723.75
2902057	2	0.88	\$39,723.75
2902058	2	0.88	\$39,723.75
2902059	2	0.88	\$39,723.75
2902060	3	0.74	\$33,404.06
2902061	3	0.74	\$33,404.06
2902062	3	0.74	\$33,404.06
2902063	3	0.74	\$33,404.06
2902064	3	0.74	\$33,404.06
2902065	3	0.74	\$33,404.06
2902066	3	0.74	\$33,404.06
2902067	3	0.74	\$33,404.06
2902068	3	0.74	\$33,404.06
2902069	3	0.74	\$33,404.06
2902070	3	0.74	\$33,404.06
2902071	3	0.74	\$33,404.06
2902072	3	0.74	\$33,404.06
2902073	3	0.74	\$33,404.06
2902074	3	0.74	\$33,404.06
2902075	3	0.74	\$33,404.06
2902076	3	0.74	\$33,404.06
2902077	3	0.74	\$33,404.06
2902078	3	0.74	\$33,404.06
2902079	3	0.74	\$33,404.06
2902080	3	0.74	\$33,404.06
2902081	3	0.74	\$33,404.06
2902082	3	0.74	\$33,404.06
2902083	3	0.74	\$33,404.06
2902084	3	0.74	\$33,404.06
2902085	3	0.74	\$33,404.06
2902086	3	0.74	\$33,404.06
2902087	3	0.74	\$33,404.06
2902088	3	0.74	\$33,404.06
2902089	3	0.74	\$33,404.06
2902090	3	0.74	\$33,404.06
2902091	3	0.74	\$33,404.06

Parcel	Lot Type	Total Equivalent Units	Total Outstanding Assessment
2902092	3	0.74	\$33,404.06
2902093	3	0.74	\$33,404.06
2902094	3	0.74	\$33,404.06
2902095	3	0.74	\$33,404.06
2902096	3	0.74	\$33,404.06
2902097	3	0.74	\$33,404.06
2902098	3	0.74	\$33,404.06
2902099	3	0.74	\$33,404.06
2902100	3	0.74	\$33,404.06
2902101	3	0.74	\$33,404.06
2902102	3	0.74	\$33,404.06
2902103	3	0.74	\$33,404.06
2902104	3	0.74	\$33,404.06
2902105	3	0.74	\$33,404.06
2902106	3	0.74	\$33,404.06
2902107	3	0.74	\$33,404.06
2902108	3	0.74	\$33,404.06
2902109	3	0.74	\$33,404.06
2902110	3	0.74	\$33,404.06
2902111	3	0.74	\$33,404.06
2902112	3	0.74	\$33,404.06
2902113	3	0.74	\$33,404.06
2902114	2	0.88	\$39,723.75
2902115	2	0.88	\$39,723.75
2902116	2	0.88	\$39,723.75
2902117	2	0.88	\$39,723.75
2902118	2	0.88	\$39,723.75
2902119	2	0.88	\$39,723.75
2902120	2	0.88	\$39,723.75
2902121	2	0.88	\$39,723.75
2902122	2	0.88	\$39,723.75
2902123	2	0.88	\$39,723.75
2902124	2	0.88	\$39,723.75
2902125	2	0.88	\$39,723.75
2902126	2	0.88	\$39,723.75
2902127	2	0.88	\$39,723.75
2902128	2	0.88	\$39,723.75
2902129	2	0.88	\$39,723.75
2902130	2	0.88	\$39,723.75
2902131	2	0.88	\$39,723.75
2902132	2	0.88	\$39,723.75
2902133	2	0.88	\$39,723.75
2902134	2	0.88	\$39,723.75

Parcel	Lot Type	Total Equivalent Units	Total Outstanding Assessment
2902135	2	0.88	\$39,723.75
2902136	2	0.88	\$39,723.75
2902137	2	0.88	\$39,723.75
2902138	2	0.88	\$39,723.75
2902139	2	0.88	\$39,723.75
2902140	2	0.88	\$39,723.75
2902141	2	0.88	\$39,723.75
2902142	2	0.88	\$39,723.75
2902143	2	0.88	\$39,723.75
2902144	2	0.88	\$39,723.75
2902145	2	0.88	\$39,723.75
2902146	2	0.88	\$39,723.75
2902147	2	0.88	\$39,723.75
2902148	2	0.88	\$39,723.75
2902149	2	0.88	\$39,723.75
2902150	2	0.88	\$39,723.75
2902151	2	0.88	\$39,723.75
2902152	2	0.88	\$39,723.75
2902153	2	0.88	\$39,723.75
2902154	2	0.88	\$39,723.75
2902155	2	0.88	\$39,723.75
2902156	2	0.88	\$39,723.75
2902157	2	0.88	\$39,723.75
2902158	2	0.88	\$39,723.75
2902159	2	0.88	\$39,723.75
2902160	2	0.88	\$39,723.75
2902161	2	0.88	\$39,723.75
2902162	2	0.88	\$39,723.75
2902163	2	0.88	\$39,723.75
2902164	2	0.88	\$39,723.75
2902165	Non-Assessed	0	\$0.00
2902166	Non-Assessed	0	\$0.00
2902167	Non-Assessed	0	\$0.00
2902168	Non-Assessed	0	\$0.00
2902169	Non-Assessed	0	\$0.00
2902170	Non-Assessed	0	\$0.00
2902171	Non-Assessed	0	\$0.00
2902172	Non-Assessed	0	\$0.00
2902173	1	1	\$45,140.62
2902174	1	1	\$45,140.62
2902175	1	1	\$45,140.62
2902176	1	1	\$45,140.62
2902177	1	1	\$45,140.62

Parcel	Lot Type	Total Equivalent Units	Total Outstanding Assessment
2902178	1	1	\$45,140.62
2902179	1	1	\$45,140.62
2902180	1	1	\$45,140.62
2902181	1	1	\$45,140.62
2902182	1	1	\$45,140.62
2902183	1	1	\$45,140.62
2902184	1	1	\$45,140.62
2902185	1	1	\$45,140.62
2902186	1	1	\$45,140.62
2902187	1	1	\$45,140.62
2902188	1	1	\$45,140.62
2902189	1	1	\$45,140.62
2902190	1	1	\$45,140.62
2902191	1	1	\$45,140.62
2902192	1	1	\$45,140.62
2902193	1	1	\$45,140.62
2902194	1	1	\$45,140.62
2902195	1	1	\$45,140.62
2902196	1	1	\$45,140.62
2902197	1	1	\$45,140.62
2902198	1	1	\$45,140.62
2902199	1	1	\$45,140.62
2902200	1	1	\$45,140.62
2902201	1	1	\$45,140.62
2902202	1	1	\$45,140.62
2902203	1	1	\$45,140.62
2902204	1	1	\$45,140.62
2902205	1	1	\$45,140.62
2902206	1	1	\$45,140.62
2902207	1	1	\$45,140.62
2902208	1	1	\$45,140.62
2902209	1	1	\$45,140.62
2902210	1	1	\$45,140.62
2902211	1	1	\$45,140.62
2902212	1	1	\$45,140.62
2902213	1	1	\$45,140.62
2902214	1	1	\$45,140.62
2902215	1	1	\$45,140.62
2902216	1	1	\$45,140.62
2902217	1	1	\$45,140.62
2902218	1	1	\$45,140.62
2902219	1	1	\$45,140.62
2902220	1	1	\$45,140.62

Parcel	Lot Type	Total Equivalent Units	Total Outstanding Assessment
2902221	1	1	\$45,140.62
2902222	1	1	\$45,140.62
2902223	1	1	\$45,140.62
2902224	Non-Assessed	0	\$0.00
2902225	Non-Assessed	0	\$0.00
2902226	Non-Assessed	0	\$0.00
Total		280.90	\$12,680,000

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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[CLOSING DATE]

Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
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United States

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IN REGARD to the authorization and issuance of the “City of Celina, Texas, Special Assessment Revenue Bonds, Series 2024 (North Sky Public Improvement District Improvement Area #1B Project)” (the “Bonds”), dated October 29, 2024, in the principal amount of \$ _____, we have examined the legality and validity of the issuance thereof by the City of Celina, Texas (the “City”) solely to express legal opinions as to the validity of the Bonds and the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, or the history or prospects of the collection of the Pledged Revenues, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds, and have not assumed any responsibility with respect thereto. Capitalized terms used herein and not otherwise defined have the meanings assigned in the Indenture.

THE BONDS are issued in fully registered form only and mature, unless redeemed prior to maturity in accordance with the terms stated on the Bonds, on September 1 in each of the years specified in an Indenture of Trust (the “Indenture”), dated as March 1, 2023, with U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), as supplemented by the Supplemental Indenture of Trust (the “Supplemental Indenture” and together with the “Indenture of Trust”, the “Indenture”), dated as of October 1, 2024, each approved by the City Council of the City pursuant to an ordinance (the “Ordinance”) adopted by the City Council of the City authorizing the issuance of the Bonds. The Bonds accrue interest from the date, at the rates, and in the manner and interest is payable on the dates, all as provided in the Indenture.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings had in connection with the issuance of the Bonds, including the Indenture, the Ordinance and an examination of the initial Bond executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the City and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Bonds, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATION, we are of the opinion that, under applicable law of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Bonds have been authorized, issued and delivered in accordance with law; that the Bonds are valid, legally binding and enforceable limited obligations of the City in

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Page 2 of Legal Opinion of Norton Rose Fulbright US LLP

Re: "City of Celina, Texas, Special Assessment Revenue Bonds, Series 2024 (North Sky Public Improvement District Improvement Area #1B Project)"

accordance with their terms payable solely from the Trust Estate, except to the extent the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally.

2. Assuming continuing compliance after the date hereof by the City with the provisions of the Indenture and in reliance upon representations and certifications of the City made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds, interest on the Bonds for federal income tax purposes (i) will be excludable from gross income, as defined in Section 61 of the Internal Revenue Code of 1986, as amended to the date hereof, of the owners thereof pursuant to Section 103 of such Code, existing regulations, published rulings, and court decisions thereunder, and (ii) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

We express no opinion with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

APPENDIX E-1

FORM OF DISCLOSURE AGREEMENT OF ISSUER

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**CITY OF CELINA, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(NORTH SKY PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1B PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF ISSUER

This Continuing Disclosure Agreement of Issuer, dated as of October 1, 2024 (this “Disclosure Agreement”), is executed and delivered by and among the City of Celina, Texas (the “Issuer”), MuniCap, Inc. (the “Administrator”), and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc., acting solely in its capacity as dissemination agent (the “Dissemination Agent”), with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2024 (North Sky Public Improvement District Improvement Area #1B 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 Supplemental Indenture of Trust, dated as of October 1, 2024, by and between the Issuer and the Trustee, relating to the Bonds, which supplements the Indenture of Trust, dated as of March 1, 2023, by and between the Issuer and the Trustee (together, the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, the following capitalized terms shall have the following meanings:

“Additional Obligations” shall have the meaning assigned to such term in the Indenture.

“Administrative Expenses” shall have the meaning assigned to such term in the Indenture.

“Administrator” shall have the meaning assigned to such term in the Indenture. The initial Administrator is MuniCap, Inc.

“Annual Collections Report” shall mean any Annual Collections Report provided by the Issuer pursuant to, and as described in, Section 5 of this Disclosure Agreement.

“Annual Collections Report Filing Date” shall mean, for each Fiscal Year succeeding the reporting Fiscal Year, the date that is three (3) months after the Final Assessment Payment Date, which Annual Collections Report Filing Date is currently April 30.

“Annual Financial Information” shall mean annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in subsection 4(a) of this Disclosure Agreement.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Annual Issuer Report” shall mean any Annual Issuer Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Annual Issuer Report Filing Date” shall mean, for each Fiscal Year, the date that is six (6) months after the end of the Issuer’s Fiscal Year, which Annual Issuer Report Filing Date is currently March 31.

“Annual Service Plan Update” shall have the meaning assigned to such term in the Indenture.

“Assessments” shall have the meaning assigned to such term in the Indenture.

“Business Day” shall have the meaning assigned to such term in the Indenture.

“Collections Reporting Date” shall mean, for each Tax Year, the date that is one (1) month after the Delinquency Date, which Collections Reporting Date is currently March 1.

“Delinquency Date” shall mean February 1 of the year following the year in which the Assessments were billed or as may be otherwise defined in Section 31.02 of the Texas Tax Code, as amended.

“Developer” shall have the meaning assigned to such term in the Indenture.

“Disclosure Agreement of Developer” shall mean the Continuing Disclosure Agreement of Developer relating to the Bonds, dated as of October 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 his or her designee or such other officer or employee as the Issuer may designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc., acting solely in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean North Sky Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access service currently available on the internet at <http://emma.msrb.org>.

“Final Assessment Payment Date” shall mean the calendar day preceding the Delinquency Date.

“Financial Obligation” shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean the Issuer’s fiscal year, currently the twelve-month period from October 1 through September 30.

“Improvement Area #1” shall have the meaning assigned to such term in the Indenture.

“Listed Events” shall mean any of the events listed in subsection 6(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive continuing disclosure reports pursuant to the Rule.

“Outstanding” shall have the meaning assigned to such term in the Indenture.

“Owner” shall have the meaning assigned to such term in the Indenture.

“Prepayment” shall have the meaning assigned to such term in the Indenture.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Tax Year” means the calendar year, or as may be otherwise defined in Section 1.04 of the Texas Tax Code, as amended.

“Trust Estate” shall have the meaning assigned to such term in the Indenture.

“Trustee” shall have the meaning assigned to such term in the Indenture.

SECTION 3. Provision of Annual Issuer Reports.

(a) For each Fiscal Year, commencing with the Fiscal Year ending September 30, 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, not later than the Annual Issuer Report Filing Date, an Annual Issuer Report provided to the Dissemination Agent which is consistent with the requirements of and within the time periods specified in Section 4 of this Disclosure Agreement. The Annual Issuer Report may, but is not required to, include the audited financial statements of the Issuer and the failure to include the audited financial statements as a part of the Annual Issuer Report shall not violate the Issuer’s obligations under this Disclosure Agreement provided the Issuer provides its audited financial statements within twelve (12) months of the most recently ended Fiscal Year or, if the audited financial statements are not available within such twelve-month period, the Issuer provides its unaudited financial statements within such twelve-month period, and provides audited financial statements when and if available. In each case, the Annual Issuer Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the Issuer’s Fiscal Year changes, it shall file notice of such change (including the date of the new Fiscal Year) with

the MSRB prior to the next Annual Issuer Report Filing Date. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Not later than ten (10) days prior to the Annual Issuer Report Filing Date, the Issuer shall provide the Annual Issuer Report to the Dissemination Agent together with written direction to file such Annual Issuer Report with the MSRB. The Dissemination Agent shall provide such Annual Issuer Report to the MSRB not later than ten (10) days from receipt of such Annual Issuer Report from the Issuer, but in no event later than the Annual Issuer Report Filing Date for such Fiscal Year.

If by the fifth (5th) day before the Annual Issuer Report Filing Date the Dissemination Agent has not received a copy of the Annual Issuer Report, the Dissemination Agent shall contact the Disclosure Representative in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Issuer Report pursuant to this subsection (a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Issuer Report no later than two (2) Business Days prior to the Annual Issuer Report Filing Date, or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Issuer Report by the Annual Issuer Report Filing Date, state the date by which the Annual Issuer Report for such year will be provided, and instruct the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Issuer Report or the notice of failure to file, as applicable, to the MSRB no later than the Annual Issuer Report Filing Date; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than the last Business Day prior to the Annual Issuer Report Filing Date; or the Issuer will notify the Dissemination Agent in writing that the Issuer will provide or cause to be provided the Annual Issuer Report to the MSRB through alternate means. If the Issuer so notifies the Dissemination Agent, the Issuer will provide the Dissemination Agent with a written report certifying that the Annual Issuer Report has been provided to the MSRB pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB prior to the second (2nd) Business Day prior to the Annual Issuer Report Filing Date. In the event the Issuer fails to provide the Dissemination Agent with such a report, the Dissemination Agent shall file a notice of failure to file no later than the last Business Day prior to the applicable Annual Issuer Report Filing Date.

(b) The Issuer shall or shall cause the Dissemination Agent pursuant to written direction to:

(i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Issuer Report; and

(ii) file the Annual Issuer Report containing or incorporating by reference the information set forth in Section 4 hereof.

(c) If the Issuer has provided the Dissemination Agent with the completed Annual Issuer Report and the Dissemination Agent has filed such Annual Issuer Report with the MSRB, then the Dissemination Agent shall provide written confirmation to the Issuer verifying that the Annual Issuer Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB, which report shall include a filing receipt from the MSRB.

SECTION 4. Content and Timing of Annual Issuer Reports. The Annual Issuer Report for the Bonds shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Issuer Report Filing Date, the following:

(a) Annual Financial Information. The following Annual Financial Information (any or all of which may be unaudited):

(i) Tables setting forth the following information, as of the end of such Fiscal Year:

(A) For the Bonds, the maturity date(s), the interest rate(s), the original aggregate principal amount(s), the principal amount(s) remaining Outstanding, and the total interest amount due on the aggregate principal amount Outstanding;

(B) The amounts in the funds and accounts securing the Bonds and a description of the related investments;

(C) The assets and liabilities of the Trust Estate.

(ii) Financial information and operating data with respect to the Issuer of the general type and in substantially similar form to that shown in the tables provided under Sections 4(a)(ii) of Exhibit B attached hereto. Such information shall be provided as of the end of the reporting Fiscal Year;

(iii) Any updates to the Service and Assessment Plan, including the Annual Service Plan Update;

(iv) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer's audited financial statements during such Fiscal Year.

(b) Audited Financial Statements. The audited financial statements of the Issuer for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer and that have been audited by an independent certified public accountant, *but only if* available by the Annual Issuer Report Filing Date. If the audited financial statements of the Issuer are not available within twelve months after the end of the Fiscal Year, the Issuer shall provide notice that the audited financial statements are not available, file unaudited financial statements within such twelve-month period, and file audited financial statements when prepared and available.

(c) A form for submitting the information described in subsection 4(a) above is attached as Exhibit B hereto. Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to and are publicly accessible from the MSRB. If the document included by reference is a final offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Financial Information. In all cases, the Issuer shall have the sole responsibility for the content, design, and other elements comprising substantive contents of the Annual Issuer Reports under this Section 4.

SECTION 5. Annual Collections Report.

(a) For each Fiscal Year succeeding the reporting Fiscal Year, the Issuer shall cause, pursuant to written direction, and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, not later than the Annual Collections Report Filing Date, an Annual Collections Report provided to the Dissemination Agent which complies with the requirements specified in this Section 5; provided that the Issuer may provide the Annual Collections Report as part of the Annual Issuer Report, if such Annual Collections Report is available when the Annual Issuer Report is provided to the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Not later than ten (10) days prior to the Annual Collections Report Filing Date, the Issuer shall provide the Annual Collections Report to the Dissemination Agent together with written direction to file such Annual Collections Report with the MSRB. The Dissemination Agent shall provide such Annual Collections Report to the MSRB not later than ten (10) days from receipt of such Annual Collections Report from the Issuer, but in no event later than the Annual Collections Report Filing Date.

If by the fifth (5th) day before the Annual Collections Report Filing Date the Dissemination Agent has not received a copy of the Annual Collections Report, the Dissemination Agent shall contact the Disclosure Representative in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Collections Report pursuant to this subsection (a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Collections Report no later than two (2) Business Days prior to the Annual Collections Report Filing Date, or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Collections Report by the Annual Collections Report Filing Date, state the date by which the Annual Collections Report for such year will be provided, and instruct the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A hereto; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Collections Report or the notice of failure to file, as applicable, to the MSRB no later than the Annual Collections Report Filing Date; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than the last Business Day prior to the Annual Collections Report Filing Date; 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 (2nd) Business Day prior to the Annual Collections Report Filing Date. In the event the Issuer fails to provide the Dissemination Agent with such a report, the Dissemination Agent shall file a notice of failure to file no later than the last Business Day prior to the applicable Annual Collections Report Filing Date.

(b) The Annual Collections Report for the Bonds shall contain, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Collections Report Filing Date, certain financial information and operating data with respect to collection of the Assessments of the general type and in substantially similar form to that shown in the tables provided in Exhibit C attached hereto. Such information shall cover the period beginning the first (1st) day of the

Fiscal Year succeeding the reporting Fiscal Year through the Collections Reporting Date. If the State Legislature amends the definition of Delinquency Date or Tax Year, the 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, each of the following is a Listed Event with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of Owners, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer.
13. The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee, if material.

15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material.

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

Any sale by the Developer of real property within Improvement Area #1 in the ordinary course of the Developer's business will not constitute a Listed Event for the purposes of paragraph (10) above.

For these purposes, any event described in paragraph (12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

The Issuer intends the words used in paragraphs (15) and (16) above and the definition of Financial Obligation to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018. For the avoidance of doubt, the incurrence of Additional Obligations without the filing of a corresponding official statement with the MSRB will constitute the incurrence of a material Financial Obligation for which a notice of a Listed Event in accordance with this Section 6 must be filed with the MSRB.

Upon the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB. The Dissemination Agent shall file such notice no later than three (3) Business Days immediately following the day on which it receives written notice of such occurrence from the Issuer. Any such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event; provided, however, the failure of the Issuer to provide timely written notice to the Dissemination Agent in accordance with this paragraph shall not constitute a failure of the Dissemination Agent to comply with the MSRB's ten (10) Business Day filing requirement.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Dissemination Agent to disseminate such information as provided herein, and the date the Issuer desires for the Dissemination Agent to disseminate the information.

In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures made under this Section 6. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 6 is filed within ten (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative in writing of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the Disclosure Representative to do so. If the Dissemination Agent has been instructed in writing by the Disclosure Representative on behalf of the Issuer to report the occurrence of a Listed Event under this subsection (b), the Dissemination Agent shall file a notice of such occurrence with the MSRB no later than two (2) Business Days following the day on which it receives such written instructions. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Issuer and not that of the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer, the Trustee, any Owner or beneficial owner of any interests in the Bonds, or any other party as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under any of numbers 2, 7, 8 (as to bond calls only), 10, 13, 14, or 15 of subparagraph (a) above is not material under applicable federal securities laws, the Issuer shall promptly, but in no case more than five (5) Business Days after the occurrence of the event, notify the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (b).

SECTION 7. Termination of Reporting Obligations. The obligations of the Issuer, the Administrator, and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent and the Administrator of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. So long as any of the Bonds remain Outstanding, the Administrator and the Dissemination Agent may assume that the Issuer is an obligated person with respect to the Bonds until they receive written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Bonds, and the Dissemination Agent and the Administrator may conclusively rely upon such written notice with no duty to make investigation or inquiry into any statements contained or matters referred to in such written notice. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to the Bonds under Section 6(a).

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Issuer discharges the Dissemination Agent without appointing a successor Dissemination Agent, the Issuer shall use best efforts to appoint a successor Dissemination Agent within 30 days of such discharge. The Dissemination Agent may resign at any time with 30 days’ written notice to the Issuer. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be HTS

Continuing Disclosure Services, a division of Hilltop Securities, Inc. The Issuer will give prompt written notice to the Developer, or any other party responsible for providing quarterly information pursuant to the Continuing Disclosure Agreement of Developer, of any change in the identity of the Dissemination Agent under the Continuing Disclosure Agreement of Developer.

SECTION 9. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer, the Administrator, and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested in writing by the Issuer or the Administrator), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5, or 6(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the delivery of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Financial Information, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 6(a), and (ii) the Annual Financial Information for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Issuer Report, Annual Collections Report, or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Issuer Report, Annual Collections Report, or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such

information or include it in any future Annual Issuer Report, Annual Collections Report, or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Owner or beneficial owner of the Bonds may, and the Dissemination Agent (at the written request of the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction) shall, take such actions as may be necessary and appropriate to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance. A default under this Disclosure Agreement shall not be deemed a default under the Disclosure Agreement of Developer and a default under the Disclosure Agreement of Developer shall not be deemed a default under this Disclosure Agreement.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. To the extent permitted by law, the Issuer agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees and agents, but only from Assessments collected for Administrative Expenses from the property owners in Improvement Area #1, against any losses, expenses, 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 arising under this Disclosure Agreement, but excluding (i) liabilities due to the Dissemination Agent's negligence or willful misconduct, and (ii) liabilities resulting from claims made by the Issuer against the Dissemination Agent; provided, however, that nothing herein shall be construed to require the Issuer to indemnify and hold harmless the Dissemination Agent for losses, expenses or liabilities arising from information provided to the Dissemination Agent by the Developer or the failure of the Developer to provide information to the Dissemination Agent as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive termination of this Disclosure Agreement, resignation or removal of the Dissemination Agent, and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. If the Issuer does not provide the Dissemination Agent with the Annual Issuer Report in accordance with subsection 3(a) or the Annual Collections Report in accordance with subsection 5(a), the Dissemination Agent shall not be responsible for the failure to submit an Annual Issuer Report or an Annual Collections Report, as applicable, to the MSRB. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder.

The Dissemination Agent may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its duties hereunder, and the Dissemination Agent shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

The Issuer, the Administrator, and the Dissemination Agent agree that the legal expenses of the Dissemination Agent, which it is expressly entitled to be paid under this paragraph 12(a), are Administrative Expenses.

(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 Assessments collected for Administrative Expenses from the property owners in Improvement Area #1, against any loss, expense and liabilities which the Administrator 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 under this Disclosure Agreement, but excluding (i) liabilities due to the Administrator's negligence or willful misconduct, and (ii) liabilities resulting from claims made by the Issuer against the Administrator; provided, however, that nothing herein shall be construed to require the Issuer to indemnify or hold harmless the Administrator for losses, expenses or liabilities arising from information provided to the Administrator by third parties, or the failure of any third party to provide information to the Administrator as and when required under this Disclosure Agreement, or the failure of the Developer to provide information to the Administrator as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

The Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its duties hereunder, and the Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

The Issuer, the Administrator, and the Dissemination Agent agree that the legal expenses of the Administrator, which it is expressly entitled to be paid under this paragraph 12(b), are Administrative Expenses.

(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, officers, agents, or employees of the Issuer, the Administrator, or the Dissemination Agent in other than that person's official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 16. Sovereign Immunity. The Dissemination Agent and the Administrator agree that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 17. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Administrator, the Dissemination Agent, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 18. Dissemination Agent and Administrator Compensation. The fees and expenses incurred by the Dissemination Agent and the Administrator for their respective services rendered in accordance with this Disclosure Agreement constitute Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent and the Administrator, but only with funds to be provided from the Administrative Expenses component of the Annual Installments collected from the property owners in Improvement Area #1, for the fees and expenses for their respective services rendered in accordance with this Disclosure Agreement.

SECTION 19. Statutory Verifications. The Dissemination Agent and the Administrator, each individually, make the following representation and verifications to enable the Issuer to comply with Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the “Government Code”), in entering into this Disclosure Agreement. As used in such verifications, “affiliate” means an entity that controls, is controlled by, or is under common control with the Dissemination Agent or the Administrator, as the case may be, within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification prior to the expiration or earlier termination of this Disclosure Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Disclosure Agreement, notwithstanding anything in this Disclosure Agreement to the contrary.

(a) Not a Sanctioned Company. The Dissemination Agent and the Administrator, each individually, represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Dissemination Agent and the Administrator and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) No Boycott of Israel. The Dissemination Agent and the Administrator, each individually, hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Disclosure Agreement. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.

(c) No Discrimination Against Firearm Entities. The Dissemination Agent and the Administrator, each individually, hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Disclosure Agreement. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

(d) No Boycott of Energy Companies. The Dissemination Agent and the Administrator, each individually, hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Disclosure Agreement. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

SECTION 20. Disclosure of Interested Parties. Pursuant to Section 2252.908(c)(4), Texas Government Code, as amended, the Dissemination Agent hereby certifies it is a publicly traded business entity and is not required to file a Certificate of Interested Parties Form 1295 related to this Disclosure Agreement. Submitted herewith is a completed Form 1295 in connection with the Administrator’s participation in the execution of this Disclosure Agreement generated by the Texas Ethics Commission’s (the “TEC”) electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the “Form 1295”). The Issuer hereby

confirms receipt of the Form 1295 from the Administrator, and the Issuer agrees to acknowledge such form with the TEC through its electronic filing application not later than the thirtieth (30th) day after the receipt of such form. The Administrator and the Issuer understand and agree that, with the exception of information identifying the Issuer and the contract identification number, neither the Issuer nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Administrator; and, neither the Issuer nor its consultants have verified such information.

SECTION 21. Governing Law and Venue. This Disclosure Agreement shall be governed by the laws of the State of Texas. Venue of any action to enforce the rights and privileges existing under this Disclosure Agreement shall be brought in the state district court of 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 CELINA, TEXAS

By: _____
City Manager

HTS Continuing Disclosure Services, a division of
Hilltop Securities, Inc.,
(as Dissemination Agent)

By: _____
Authorized Officer

MuniCap, Inc.
(as Administrator)

By: _____
Authorized Officer

EXHIBIT A

**NOTICE TO MSRB OF FAILURE TO FILE
[ANNUAL ISSUER REPORT][ANNUAL COLLECTIONS REPORT]
[AUDITED/UNAUDITED FINANCIAL STATEMENTS]**

Name of Issuer: City of Celina, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024
(North Sky Public Improvement District Improvement Area #1B
Project) (the “Bonds”)
CUSIP Nos. [insert CUSIP Nos.]
Date of Delivery: _____, 20__

NOTICE IS HEREBY GIVEN that the City of Celina, Texas (the “Issuer”), has not provided [an Annual Issuer Report][an Annual Collections Report][audited/unaudited financial statements] with respect to the Bonds as required by the Continuing Disclosure Agreement of Issuer dated as of October 1, 2024, by and among the Issuer, MuniCap, Inc., as “Administrator,” and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc., as “Dissemination Agent.” The Issuer anticipates that [the Annual Issuer Report][the Annual Collections Report][audited/unaudited financial statements] will be filed by _____.

Dated: _____

HTS Continuing Disclosure Services, a division of
Hilltop Securities, Inc., on behalf of the City of
Celina, Texas
(as Dissemination Agent)

By: _____

Title: _____

cc: City of Celina, Texas

EXHIBIT B

**CITY OF CELINA, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(NORTH SKY PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)**

ANNUAL FINANCIAL INFORMATION ^[*]

Delivery Date: _____, 20__

CUSIP Nos: [insert CUSIP Nos.]

DISSEMINATION AGENT

Name: HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc.
Address: [_____]
City: []
Telephone: () ____ - ____
Contact Person: Attn: _____

Section 4(a)(i)(A)

BONDS OUTSTANDING

CUSIP Number	Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Outstanding Interest Amount

Section 4(a)(i)(B)

INVESTMENTS

Fund/ Account Name	Investment Description	Par Value ⁽¹⁾	Book Value ⁽¹⁾	Market Value ⁽¹⁾

⁽¹⁾ According to account balance statement dated as of [insert date] as provided by the Trustee.

[_____]
[*Excluding audited financial statements of the Issuer.]

Section 4(a)(i)(C)

BALANCE OF FUNDS AND ACCOUNTS SECURING THE BONDS

Bonds (Principal Balance)	_____
Funds and Accounts [list]	_____
TOTAL ASSETS	_____

Form of Accounting Cash Accrual Modified Accrual

Section 4(a)(ii)

FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE AND IN SUBSTANTIALLY SIMILAR FORM PROVIDED IN THE FOLLOWING TABLES AS OF THE END OF THE FISCAL YEAR

Debt Service Requirements on the Bonds

<u>Year Ending</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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Top [Five] Assessment Payers in Improvement Area #1 ⁽¹⁾

<u>Property Owner</u>	<u>No. of Parcels/Lots</u>	<u>Percentage of</u> <u>Parcels/Lots</u>	<u>Outstanding</u> <u>Assessments</u>	<u>Percentage of Total</u> <u>Assessments</u>
-----------------------	----------------------------	---	--	--

⁽¹⁾ Does not include those owing less than one percent (1%) of total Assessments; may be fewer than five.

Assessed Value of Improvement Area #1 of the District

The [YEAR] certified total assessed value for the Assessed Property in Improvement Area #1 of the District is approximately \$[AMOUNT] according to the Collin County Appraisal District.

[FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE AS OF THE END OF THE FISCAL YEAR AND AS OF FEBRUARY 1 OF THE NEXT SUCCEEDING YEAR] *

[Foreclosure History Related to the Annual Installments]

	Delinquent Improvement Area #1			
	Parcels in Foreclosure Proceedings	Assessment Amount in Foreclosure Proceedings	Foreclosure Sales	Foreclosure Proceeds Received
<u>Time Period</u> [FISCAL YEAR END]		\$		\$
[FEB. 1 OF CURRENT YEAR] ⁽¹⁾		\$		\$

⁽¹⁾ As of February 1, 20__.

* Include the following bracketed tables if a separate Annual Collections Report will not be prepared.

[Collection and Delinquency History of Assessments]

<u>Time Period</u>	<u>Total Improvement Area #1 Assessment Levied</u>	<u>Parcels Levied⁽¹⁾</u>	<u>Delinquent Amount as of 2/1</u>	<u>Delinquent % as of 2/1</u>	<u>Delinquent Amount as of 8/1</u>	<u>Delinquent % as of 8/1</u>	<u>Total Assessments Collected⁽²⁾</u>
[FISCAL YEAR END]	\$		\$	%	\$	%	\$
[FEB 1. OF CURRENT YEAR] ⁽³⁾	\$		\$	%	N/A	N/A	\$

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

⁽²⁾ [Does/does not] include interest and penalties.

⁽³⁾ Collected as of February 1, 20__.

[History of Prepayment of Assessments for the Past Five Fiscal Years]

<u>Fiscal Year Ended (9/30)</u>	<u>Number of Prepayments</u>	<u>Amount of Prepayments</u>	<u>Bond Call Date</u>	<u>Amount of Bonds Redeemed</u>
20__		\$		\$
20__				
20__				
20__				
20__				

[insert any necessary footnotes]

ITEMS REQUIRED BY SECTION 4(a)(iii) – [(v)/(vi)]

[Insert a line item for each applicable listing]

EXHIBIT C

**CITY OF CELINA, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(NORTH SKY PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1B PROJECT)**

ANNUAL COLLECTIONS REPORT

Delivery Date: _____, 20__

CUSIP Nos: [insert CUSIP Nos.]

DISSEMINATION AGENT

Name: HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc.
Address: [_____] _____
City: [_____, Texas _____]
Telephone: (____) ____ - ____
Contact Person: Attn: _____

**SELECT FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO
THE COLLECTION OF ASSESSMENTS COVERING THE PERIOD BEGINNING WITH
THE FIRST DAY OF THE FISCAL YEAR SUCCEEDING THE REPORTING FISCAL
YEAR THROUGH THE COLLECTIONS REPORTING DATE PROVIDED IN
COMPLIANCE WITH SUBSECTION 5(A) OF THE ISSUER'S DISCLOSURE
AGREEMENT**

Foreclosure History Related To The Annual Installments⁽¹⁾

Succeeding Fiscal Year	Delinquent Annual Installment Amount not in Foreclosure <u>Proceedings</u>	Parcels in Foreclosure <u>Proceedings</u>	Delinquent Annual Installment Amount in Foreclosure <u>Proceedings</u>	<u>Foreclosure</u> <u>Sales</u>	Foreclosure Proceeds <u>Received</u>
20	\$		\$		\$

(i) Period covered includes October 1, 20__ through March 1, 20__.

Collection and Delinquency of Annual Installments ⁽¹⁾

<u>Succeeding Fiscal Year</u> 20__	<u>Total Annual Installments Levied</u> \$	<u>Parcels Levied</u> ⁽²⁾	<u>Delinquent Amount as of 3/1</u> \$	<u>Delinquent % as of 3/1</u> %	<u>Total Annual Installments Collected</u> ⁽³⁾ \$
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⁽¹⁾ Period covered includes October 1, 20__ through March 1, 20__.

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

⁽³⁾ [Does/does not] include interest and penalties.

Prepayment of Assessments ⁽¹⁾

<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> \$
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⁽¹⁾ Period covered includes October 1, 20__ through March 1, 20__.

EXHIBIT D

BASIC EXPECTED TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES¹

<u>Date</u>	<u>Delinquency Clock (Days)</u>	<u>Activity</u>
January 31		Assessments are due.
February 1	1	Assessments delinquent if not received.
	15	<p>Upon receipt, but no later than February 15, Issuer forwards payment to Trustee for all collections received, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter.</p> <p>Issuer and/or Administrator should be aware of actual and specific delinquencies.</p> <p>Administrator should be aware if Reserve Fund needs to be utilized for debt service payments during the corresponding Fiscal Year.</p> <p>Issuer and Administrator should determine if previously collected surplus funds, if any, plus actual Annual Installment collections will be fully adequate for debt service in the corresponding March and September.</p>
March 1	28/29	Trustee pays bond interest payments to Owners.
April 1	59/60	<p>At this point, if total delinquencies are under 5% and if there is adequate funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account for full September payments, no further action is anticipated for collection of Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure deficiency.</p> <p>Issuer, or the Trustee on behalf of the Issuer, to notify Dissemination Agent in writing of the occurrence of draw on the Reserve Fund and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw or the Reserve Fund.</p>
July 1	152/153	If there are over 5% delinquencies or if there is insufficient funding in the Pledged Revenue Fund for

¹ Illustrates anticipated dates and procedures for pursuing the collection of delinquent Annual Installments of Assessments, which dates and procedures shall be in accordance with Chapters 31, 32, 33, and 34, Texas Tax Code, as amended (the "Code"), and the Tax Assessor/Collector's procedures, and are subject to adjustment by the Issuer. If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas, an amendment to the Code, or otherwise, such modifications shall control.

transfer to the Principal and Interest Account of such amounts as shall be required for the full September payment, Issuer and/or Administrator to notify Dissemination Agent in writing for inclusion in the next Annual Report.

Preliminary Foreclosure activity commences in accordance with Tax Assessor/Collector's procedures.

If Dissemination Agent has not received Foreclosure Schedule and Plan of Collections, Dissemination Agent to request same from the Issuer.

If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, Dissemination Agent requests that the Issuer commence foreclosure or provide plan for collection.

August 15

197/198

The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination Agent and the Trustee. The goal for the foreclosure actions is a filing by no later than August 15.

Foreclosure action to be filed with the court as soon as practicable, in accordance with the Tax Assessor/Collector's procedures.

Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status in writing for inclusion in next Annual Report.

A committee of not less than twenty-five percent (25%) of the Owners may request a meeting with the Issuer to discuss the Issuer's actions in pursuing the repayment of any delinquencies. This would also occur after day thirty (30) if it is apparent that a Reserve Fund draw is required. Further, if delinquencies exceed five percent (5%), Owners may also request a meeting with the Issuer at any time to discuss the Issuer's plan and progress on collection and foreclosure activity. If the Issuer is not diligently proceeding with the foreclosure process, the Owners may seek an action for mandamus or specific performance to direct the Issuer to pursue the collections of delinquent Annual Installments of Assessments.

APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF DEVELOPER

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**CITY OF CELINA, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(NORTH SKY PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1B PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER

This Continuing Disclosure Agreement of Developer dated as of October 1, 2024 (this “Disclosure Agreement”), is executed and delivered by and among CCD – North Sky, LLC, a Texas limited liability company (the “Developer”), MuniCap, Inc. (the “Administrator”), and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc., acting solely in its capacity as dissemination agent (the “Dissemination Agent”) with respect to the captioned bonds (the “Bonds”). The Developer, the Administrator, and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Developer, the Administrator, and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Supplemental Indenture of Trust, dated as of October 1, 2024, by and between the Issuer and the Trustee, relating to the Bonds, which supplements the Indenture of Trust, dated as of March 1, 2023, by and between the Issuer and the Trustee (together, the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, the following capitalized terms shall have the following meanings:

“Administrative Expenses” shall have the meaning assigned to such term in the Indenture.

“Administrator” shall have the meaning assigned to such term in the Indenture. The Issuer has selected MuniCap, Inc., as the initial Administrator.

“Affiliate” shall mean an entity is controlled by, controls, or is under common control with another entity.

“Amenities” shall mean an amenity center, pool, covered pavilion, restrooms, playground, and trails and benches throughout the District that the Developer intends to construct in the District.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Assessments” shall have the meaning assigned to such term in the Indenture.

“Business Day” shall have the meaning assigned to such term in the Indenture.

“Certification Letter” shall mean a certification letter provided by a Reporting Party pursuant to Section 3, in substantially the form attached as Exhibit D.

“Developer” shall mean CCD – North Sky, LLC, a Texas limited liability company, its successors and assigns, including any Affiliate of the Developer.

“Developer Listed Events” shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

“Development Agreement” has the meaning assigned such term in the Indenture.

“Disclosure Agreement of Issuer” shall mean the Continuing Disclosure Agreement of Issuer with respect to the Bonds dated as of even date herewith executed and delivered by the Issuer, the Administrator, and the Dissemination Agent.

“Dissemination Agent” shall mean HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc., acting solely in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer, and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean the North Sky Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access service administered by the MSRB which, as of the date of this Disclosure Agreement, is available on the internet at <http://emma.msrb.org>.

“Homebuilder” shall mean any merchant homebuilder who enters into a Lot Purchase Agreement with the Developer, and the successors and assigns of such homebuilder under such Lot Purchase Agreement.

“Improvement Area #1” shall have the meaning assigned to such term in the Indenture.

“Improvement Area #1 Projects” shall have the meaning assigned to such term in the Indenture.

“Issuer” shall mean the City of Celina, Texas.

“Listed Events” shall mean, collectively, Developer Listed Events and Significant Homebuilder Listed Events.

“Lot Purchase Agreement” shall mean, with respect to lots or land within Improvement Area #1 of the District, any agreement between a Homebuilder and the Developer to purchase lots or to purchase land.

“MSRB” shall mean the Municipal Securities Rulemaking Board, or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

“Outstanding” shall have the meaning assigned to such term in the Indenture.

“Owner” shall have the meaning assigned to such term in the Indenture.

“Parcel” shall have the meaning assigned to such term in the Indenture.

“Participating Underwriter” shall mean FMSbonds, Inc., and its successors and assigns.

“Person” shall have the meaning assigned to such term in the Indenture.

“Quarterly Ending Date” shall mean each March 31, June 30, September 30 and December 31, beginning December 31, 2024.

“Quarterly Filing Date” shall mean for each Quarterly Ending Date, the fifteenth calendar day of the second month following such Quarterly Ending Date being February 15, May 15, August 15, and November 15.

“Quarterly Information” shall have the meaning assigned to such term in Section 3 of this Disclosure Agreement.

“Quarterly Report” shall mean any Quarterly Report described in Section 3 of this Disclosure Agreement and substantially similar to that attached as Exhibit A hereto.

“Reporting Party” shall mean, collectively, the Developer and any Significant Homebuilder who has acknowledged and assumed reporting obligations in accordance with Section 6 of this Disclosure Agreement.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Significant Homebuilder” shall mean a Homebuilder that then owns 32 or more of the single family residential lots within Improvement Area #1.

“Significant Homebuilder Listed Events” shall mean any of the events listed in Section 4(b) of this Disclosure Agreement.

“Trustee” shall have the meaning assigned to such term in the Indenture.

SECTION 3. Quarterly Reports.

(a) The Developer and any Significant Homebuilder that is a Reporting Party, with respect to its acquired real property, shall, at its cost and expense, provide, or cause to be provided, to the Administrator, not more than ten (10) days after each Quarterly Ending Date, the information in the Quarterly Report required to be provided by such Reporting Party pursuant to Section 3(d) (with respect to each Reporting Party, the “Quarterly Information”). The Reporting Party shall provide, or cause to be provided, such Quarterly Information until such party’s obligations terminate pursuant to Section 7 of this Disclosure Agreement. For the avoidance of doubt, (i) if the Developer elects, the Developer may, but shall not be obligated to, provide any Quarterly Information on behalf of any Significant Homebuilder and (ii) the Developer shall remain obligated with respect to any real property acquired by a Significant Homebuilder until an acknowledgment of assignment with respect to such real property is

delivered in accordance with Section 6 of this Disclosure Agreement, at which time the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred.

(b) The Administrator shall (i) review each Quarterly Report containing the Quarterly Information provided by each Reporting Party pursuant to subsection (a) above and (ii) no later than twenty (20) days after each Quarterly Ending Date, either (1) advise the applicable Reporting Party as to any necessary changes to the applicable Quarterly Information, or (2) provide to the Dissemination Agent the Quarterly Report in accordance with subsection (c) below. If the Administrator advises a Reporting Party as to any necessary changes to their respective Quarterly Information, such Reporting Party shall provide, or cause to be provided, to the Administrator, not more than thirty (30) days after each Quarterly Ending Date, the revised Quarterly Information. The Administrator shall review the revised Quarterly Information within the Quarterly Report and provide the Quarterly Report to the Dissemination Agent in accordance with subsection (c) below.

If Reporting Parties provide the Quarterly Information in more than one report to the Administrator, the Administrator shall (i) prepare each Quarterly Report with the Quarterly Information provided by the Reporting Parties pursuant to subsection (a) above, and (ii) provide the Quarterly Report to the Reporting Parties for review no later than twenty (20) days after each Quarterly Ending Date. The Reporting Parties shall review and revise, as necessary, the Quarterly Report and, upon such review, shall promptly, but no later than thirty (30) days after each Quarterly Ending Date, provide the Quarterly Report and Certification Letter(s) to the Administrator and authorize the Administrator to provide such Quarterly Report and Certification Letter(s) to the Issuer and the Dissemination Agent pursuant to subsection (c) below.

In all cases, each Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all of the Quarterly Information provided by such Reporting Party contained in the Quarterly Report.

(c) The Administrator shall provide to the Dissemination Agent, no later than thirty-five (35) days after each Quarterly Ending Date, the Quarterly Report containing the information described in Section 3(d), the Certification Letter(s), if applicable, and written direction to the Dissemination Agent to file such report with the MSRB. The Dissemination Agent shall file the Quarterly Report and the Certification Letter(s), if applicable, with the MSRB and provide a copy of such report to the Issuer and the Participating Underwriter within ten (10) days of the Dissemination Agent's receipt thereof pursuant to this subsection 3(c); provided, however, that the Quarterly Report must be submitted to the MSRB not later than each Quarterly Filing Date. In the event that any Reporting Party or the Administrator does not provide the information required by subsection (a) or (b) of this Section 3, as applicable, in a timely manner and, as a result, either an incomplete Quarterly Report is filed with the MSRB, or a Quarterly Report is not filed with the MSRB by each Quarterly Filing Date, the Dissemination Agent shall, upon written direction from the applicable Reporting Party file a notice of failure to provide Quarterly Information or failure to file a Quarterly Report with the MSRB in substantially the form attached as Exhibit B, as soon as practicable. If incomplete Quarterly Information or no Quarterly Information is provided by any Reporting Party, the Dissemination Agent and any other Reporting Party who provided complete Quarterly Information shall not be responsible for the failure to submit a complete Quarterly Report to the MSRB. If each Reporting Party timely provides the required Quarterly Information to the Administrator as described in this Section 3, the failure of the Administrator to provide the Quarterly

Report to the Dissemination Agent, or the failure of the Dissemination Agent to provide such report to the Participating Underwriter in a timely manner, shall not be deemed a default by the Reporting Parties under this Disclosure Agreement.

- (d) Each Quarterly Report shall consist of the information listed in Exhibit A attached hereof.

SECTION 4. Event Reporting Obligations.

(a) Pursuant to the provisions of this Section 4, each of the following is a Developer Listed Event with respect to the Bonds:

- (i) Failure to pay any real property taxes or Assessments levied within Improvement Area #1 on a parcel owned by the Developer; provided, however, that the exercise of any right of the Developer as a landowner within Improvement Area #1 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Developer Listed Event under this Section nor a breach or default of this Disclosure Agreement;

- (ii) Material damage to or destruction of any development or improvements within Improvement Area #1, including the Improvement Area #1 Projects, and the Amenities;

- (iii) Material default by the Developer or any of the Developer's Affiliates on any loan with respect to the acquisition, development, or permanent financing of Improvement Area #1 undertaken by the Developer or any of the Developer's Affiliates;

- (iv) Material default by the Developer or any of Developer's Affiliates on any loan secured by property within Improvement Area #1 owned by the Developer or any of the Developer's Affiliates;

- (v) The bankruptcy, insolvency, or similar filing of the Developer or any of the Developer's Affiliates or any determination that the Developer or any of the Developer's Affiliates is unable to pay its debts as they become due;

- (vi) The consummation of a merger, consolidation, or acquisition of the Developer, or the sale of all or substantially all of the assets of the Developer or any of the Developer's Affiliates, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- (vii) The filing of any lawsuit with a claim for damages in excess of \$1,000,000 against the Developer or any of the Developer's Affiliates that may adversely affect the completion of development of Improvement Area #1, or litigation that may materially adversely affect the financial condition of the Developer or any of the Developer's Affiliates;

- (viii) Any change in the legal structure, chief executive officer, or controlling ownership of the Developer; and

(ix) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Sections 5 or 6 hereof.

(b) Pursuant to the provisions of this Section 4, each of the following occurrences related to any Significant Homebuilder is a Significant Homebuilder Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within Improvement Area #1 on a lot or parcel owned by such Significant Homebuilder; provided, however, that the exercise of any right of such Significant Homebuilder as a landowner within Improvement Area #1 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Significant Homebuilder Listed Event under this Section nor a breach or default of this Disclosure Agreement;

(ii) The bankruptcy, insolvency, or similar filing of such Significant Homebuilder or any determination that such Significant Homebuilder is unable to pay its debts as they become due;

(iii) The consummation of a merger, consolidation, or acquisition involving such Significant Homebuilder or the sale of all or substantially all of the assets of the Significant Homebuilder, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(iv) Any change in the type of legal entity, chief executive officer, or controlling ownership of such Significant Homebuilder;

(v) Early termination of or material default by such Significant Homebuilder under a Lot Purchase Agreement; and

(vi) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Section 6 herein.

(c) Whenever a Reporting Party obtains knowledge of the occurrence of a Listed Event applicable to such Reporting Party, such Reporting Party shall promptly, and not more than five (5) Business Days after such Reporting Party obtains such knowledge, notify the Issuer, the Administrator and the Dissemination Agent in writing and the Reporting Party shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB, in the manner hereinafter described, and provide a copy of such notice to the Issuer and the Participating Underwriter. Any such notice is required to be filed within ten (10) Business Days after the Reporting Party becomes aware of the occurrence of such Listed Event. If the Reporting Party timely notifies the Dissemination Agent of the occurrence of a Listed Event, as described in this Section 4, the failure of the Dissemination Agent to provide such notice to the Participating Underwriter in a timely manner shall not be deemed a default by such Reporting Party under this Disclosure Agreement.

The Developer and each other Reporting Party, if any, shall only be responsible for reporting the occurrence of a Listed Event applicable to such Reporting Party and shall not be responsible for reporting the occurrence of a Listed Event applicable to any other Reporting Party, regardless of if such Reporting Party is providing Quarterly Information on behalf of any other Reporting Party. Additionally, if a

Significant Homebuilder does not execute the assignment and assumption of disclosure obligations pursuant to Section 6 hereof, and, therefore, the Developer is reporting on behalf of the Significant Homebuilder, the Developer shall not be required to conduct an independent investigation of the occurrence of a Significant Homebuilder Listed Event.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the applicable Reporting Party desires to make, the written authorization of such Reporting Party for the Dissemination Agent to disseminate such information as provided herein, and the date the Reporting Party desires for the Dissemination Agent to disseminate the information.

In all cases, the applicable Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures. In addition, the applicable Reporting Party shall have the sole responsibility to ensure that any notice required to be filed with the MSRB under this Section 4 is actually filed within ten (10) Business Days after such Reporting Party becomes aware of the Listed Event applicable to such Reporting Party.

(d) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event, notify in writing the Administrator and the applicable Reporting Party of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the applicable Reporting Party to do so. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Reporting Party and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the applicable Reporting Party as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Participating Underwriter, the Administrator, the Issuer, any Reporting Party or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(e) If the Dissemination Agent has been notified in writing by a Reporting Party to report the occurrence of a Listed Event in accordance with subsections (c) or (d) of this Section 4, the Dissemination Agent shall file a notice of such occurrence with the MSRB promptly after its receipt of such written instructions from such Reporting Party; provided that all such notices must be filed no later than the date specified in subsection (c) of this Section 4 for such Listed Event.

SECTION 5. Assumption of Reporting Obligations of Developer.

The Developer shall cause each Person who, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Improvement Area #1 Projects, or the Amenities to assume and comply with the disclosure obligations of the Developer under this Disclosure Agreement. The Developer shall deliver to the Dissemination Agent, the Administrator, and the Issuer a written acknowledgement from each Person who assumes the obligations, requirements, or covenants to construct one or more of the Improvement Area #1 Project, or Amenities in substantially the form attached as Exhibit E (the “Developer Acknowledgment”), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Section 4(a)(ix) above, the Developer shall direct the

Dissemination Agent to file a copy of each Developer Acknowledgment with the MSRB, in accordance with Sections 4(c) and 4(e) above. Upon any such transfer to a Person, and such Person's delivery of written acknowledgement of assumption of Developer's obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Person arising from or in connection with such disclosure obligations under this Disclosure Agreement.

SECTION 6. Assumption of Reporting Obligations by Significant Homebuilder.

(a) If a Homebuilder acquires ownership of real property in Improvement Area #1 resulting in such Homebuilder becoming a Significant Homebuilder, the Developer may (i) cause such Significant Homebuilder to comply with the Developer's disclosure obligations under Section 3 and Section 4(b) hereof, with respect to such acquired real property, until such party's disclosure obligations terminate pursuant to Section 7 of this Disclosure Agreement or (ii) elect to provide any or all Quarterly Information on behalf of such Significant Homebuilder; provided, however, that if the Developer initially elects to provide any or all Quarterly Information on behalf of such Significant Homebuilder, the Developer may elect in the future to cause such Significant Homebuilder to comply with the Developer's disclosure obligations, as described in (i) above.

(b) If the Developer elects to cause a Significant Homebuilder to comply with the Developer's disclosure obligations, as described in (i) above, the Developer shall deliver to the Dissemination Agent, Administrator and the Issuer a written acknowledgement from each Significant Homebuilder, in substantially the form attached as Exhibit F (the "Significant Homebuilder Acknowledgment"), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Section 4(a)(ix) above, the Developer shall direct the Dissemination Agent to file a copy of the Significant Homebuilder Acknowledgment with the MSRB, in accordance with Sections 4(c) above. Upon any such transfer to a Significant Homebuilder, and such Significant Homebuilder's delivery of written acknowledgement of assumption of the Developer's obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. The Developer shall remain obligated with respect to any real property acquired by a Significant Homebuilder until an acknowledgment of assignment with respect to such real property is delivered to the Dissemination Agent, Administrator, the Issuer and the MSRB, in accordance with this Section 6(b).

(c) Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Significant Homebuilder arising from or in connection with such disclosure obligations under this Disclosure Agreement.

SECTION 7. Termination of Reporting Obligations.

(a) The reporting obligations of the Developer or any Significant Homebuilder under this Disclosure Agreement shall terminate upon the earliest of (i) the date when none of the Bonds remain Outstanding, (ii) when the Developer or such Significant Homebuilder, including their respective affiliates and/or successors and assigns, no longer owns 32 or more single family residential lots within

Improvement Area #1, as of each Quarterly Ending Date; provided, however, if the Developer elects to provide any or all Quarterly Information on behalf of a Significant Homebuilder in accordance with Section 6(a) above, the reporting obligations of the Developer under this Disclosure Agreement shall terminate upon the earliest of (i) the date when none of the Bonds remain Outstanding, or (ii) when the Developer and such Significant Homebuilder(s) (on behalf of whom the Developer is reporting), including their respective affiliates and/or successors and assigns, collectively no longer own 32 or more single family residential lots within Improvement Area #1, as of each Quarterly Ending Date.

(b) Upon receipt of written notice from a Reporting Party or the Dissemination Agent that the reporting obligations of a Reporting Party have terminated in accordance with subsection (a) of this Section 7, the Administrator shall provide written notice to the applicable Reporting Party, the Participating Underwriter, the Issuer, and the Dissemination Agent in substantially the form attached as Exhibit C, thereby terminating such Reporting Party's reporting obligations under this Disclosure Agreement (the "Termination Notice"). If such Termination Notice with respect to a Reporting Party occurs while any of the Bonds remain Outstanding, the Administrator shall immediately provide, or cause to be provided, the Termination Notice to the Dissemination Agent, and the Dissemination Agent shall provide such Termination Notice to the MSRB for filing, the Issuer, the Trustee, the applicable Reporting Party and the Participating Underwriter on or before the next succeeding Quarterly Filing Date.

(c) The obligations of the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon, the earlier of (i) the date when none of the Bonds remain Outstanding, or (ii) termination of all Reporting Parties' reporting obligations in accordance with subsection (a) of this Section 7 and any Termination Notice required by subsection (b) of this Section 7 has been provided to the MSRB, the Issuer, the Trustee, the Dissemination Agent, the Reporting Parties, and the Participating Underwriter, as applicable.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist the Developer, any Person that has executed a Developer Acknowledgement pursuant to Section 5 hereof, or any Significant Homebuilder that has executed a Significant Homebuilder Acknowledgment pursuant to Section 6 hereof in carrying out their obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time with thirty (30) days' notice to the Issuer, the Developer, and the Administrator; provided, however, that if the Dissemination Agent is serving in the same capacity under the Disclosure Agreement of Issuer, the Dissemination Agent shall resign under the Disclosure Agreement of Issuer simultaneously with its resignation hereunder; provided, further, that if the Issuer is the Dissemination Agent, the Issuer may not resign without first appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. Pursuant to the Disclosure Agreement of Issuer, the Issuer has agreed to provide written notice to each of the Developer, any Person that has executed a Developer Acknowledgement pursuant to Section 5 hereof, or any Significant Homebuilder that has executed a Significant Homebuilder Acknowledgment pursuant to Section 6 hereof of any change in the identity of the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc.

SECTION 9. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Developer, the Administrator, and the Dissemination Agent may jointly amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested in writing by the Developer or the Administrator), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3 or 4, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Developer or any Significant Homebuilder, or the type of business conducted; and

(b) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Administrator shall describe such amendment in the next related Quarterly Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Developer. The Developer shall provide, or cause to be provided, at its cost and expense, an executed copy of any amendment or waiver entered into in accordance with this Section 9 to the Issuer, the Administrator, the Dissemination Agent, and the Participating Underwriter.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Developer or any Significant Homebuilder from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in addition to that which is required by this Disclosure Agreement. If the Developer or Significant Homebuilder chooses to include any information in any Quarterly Report or notice of occurrence of a Developer Listed Event or Significant Homebuilder Listed Event, as applicable, in addition to that which is specifically required by this Disclosure Agreement, the Developer or the Significant Homebuilder, as applicable, shall have no obligation under this Disclosure Agreement to update such information or include it in any future Quarterly Report or notice of occurrence of a Developer Listed Event or Significant Homebuilder Listed Event.

SECTION 11. Content of Disclosures. In all cases, the Developer or Significant Homebuilder, as applicable, shall have the sole responsibility for the content, design, and other elements comprising substantive contents of all disclosures provided hereunder.

SECTION 12. Default. In the event of a failure of a Reporting Party or the Administrator to comply with any provision of this Disclosure Agreement, (i) the Dissemination Agent or any Owner or beneficial owner of the Bonds may, and (ii) at the request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction, the Dissemination Agent shall take such actions as may be necessary and appropriate to cause the Reporting Party and/or the Administrator to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of

Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of a Reporting Party or the Administrator to comply with this Disclosure Agreement shall be an action to mandamus or specific performance. A default under this Disclosure Agreement by a Reporting Party or the Administrator shall not be deemed a default under the Disclosure Agreement of Issuer by the Issuer, and a default under the Disclosure Agreement of Issuer by the Issuer shall not be deemed a default under this Disclosure Agreement by a Reporting Party or the Administrator. Additionally, a default by the Developer of its obligations under this Disclosure Agreement shall not be deemed a default by any Significant Homebuilder of such Significant Homebuilder's obligations under this Disclosure Agreement; and, likewise, a default by any Significant Homebuilder of such Significant Homebuilder's obligations under this Disclosure Agreement shall not be deemed a default of the Developer of the Developer's obligations under this Disclosure Agreement.

SECTION 13. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Quarterly Report) prepared by a Reporting Party and/or the Administrator pursuant to this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. The Developer agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees, and agents against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding (i) liabilities due to the Dissemination Agent's negligence or willful misconduct, and (ii) liabilities resulting from claims made by the Developer against the Dissemination Agent. The obligations of the Developer under this Section shall survive termination of this Disclosure Agreement, resignation or removal of the Dissemination Agent, and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Dissemination Agent shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Dissemination Agent hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Dissemination Agent and believed to be genuine and to have been signed or presented by the proper party or parties.

(b) The Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. The Developer agrees to hold harmless the Administrator, its officers, directors, employees, and agents against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding (i) liabilities due to the Administrator's breach, negligence, or willful misconduct, and (ii) liabilities resulting from claims made by the Developer against the Administrator. The obligations of the Developer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the

Administrator is an “obligated person” under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

(c) The Dissemination Agent or the Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent and Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The Developer, the Administrator, and the Dissemination Agent agree that the legal expenses of the Dissemination Agent or the Administrator to which it is expressly entitled to be paid pursuant to this paragraph 13(c) are Administrative Expenses.

(d) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, THE DEVELOPER, OR ANY SIGNIFICANT HOMEBUILDER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY OTHER PARTY TO THIS DISCLOSURE AGREEMENT OR A SIGNIFICANT HOMEBUILDER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION, EXCEPT AS DESCRIBED IN SECTION 12 WITH RESPECT TO THE DISSEMINATION AGENT.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation, or agreement of the Developer, any Significant Homebuilder, the Administrator, or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation, or agreement of any present or future officer, agent, or employee of the Developer, any Significant Homebuilder, the Administrator, or the Dissemination Agent in other than that person’s official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act, or action, or part thereof, made, assumed, entered into, or taken thereunder, or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act, or action, or part thereof, made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act, or action, or part thereof, is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act, or action, or part thereof, shall be deemed to

be effective, operative, made, entered into, or taken in the manner and to the full extent permitted by law.

SECTION 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Reporting Parties, the 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 Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent, but only with funds to be provided from the Administrative Expenses component of the Annual Installments collected from the property owners in Improvement Area #1, for the fees and expenses for its services rendered in accordance with this Disclosure Agreement.

SECTION 18. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of Improvement Area #1, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

SECTION 19. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 20. Notice. Any written notice required to be given or made hereunder among or between any of the Parties and/or Participating Underwriter, shall be given or made by e-mail, facsimile, hand delivery, overnight courier, or by United States mail, certified or registered mail, return receipt requested, postage prepaid, at the addresses listed below or at such other addresses as any be specified in writing by any party hereto to the other parties hereto. If the required notice is provided or delivered by e-mail, the sender must request a read or delivery receipt from the recipient confirming that the recipient received the e-mail or the e-mail was delivered with such notice. Failure of any party to this Disclosure Agreement or Significant Homebuilder to provide proof of an e-mail read receipt or delivery receipt does not constitute a breach or default by such party or Significant Homebuilder under this Disclosure Agreement.

If to Developer: C and C Land, LLC

With a copy to: Locke Lord LLP
Attn: Drew Slone
2200 Ross Avenue, Suite 2800
Dallas, Texas 75201
E-mail: dslone@lockelord.com

If to the Dissemination Agent or Trustee:

HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc.

Attn: _____

Email: _____

If to Administrator:

MuniCap, Inc.

Attn: _____

600 E. John Carpenter Fwy. #150

Irving, Texas 75062

Email: _____

If to the Issuer:

City of Celina, Texas

Attn: City Manager's Office

142 N. Ohio Street

Celina, Texas 75009

E-mail: rranc@celina-tx.gov

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. The Developer, the Administrator, and the Dissemination Agent agree that electronic signatures to this Disclosure Agreement may be regarded as original signatures.

Signature pages follow.

HTS Continuing Disclosure Services, a division of
Hilltop Securities, Inc.,
Dissemination Agent

By: _____
Authorized Officer

DEVELOPER:

CCD – North Sky, LLC, a Texas limited liability company

By: _____
[Lawrence Corson/Brian Cramer]
Co-President

MuniCap, Inc.,
Administrator

By: _____

Name: _____

Title: _____

EXHIBIT A

**CITY OF CELINA, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(NORTH SKY PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1B PROJECT)**

**DEVELOPER QUARTERLY REPORT
[INSERT QUARTERLY ENDING DATE]**

Delivery Date: _____, 20__

CUSIP Numbers: [Insert CUSIP Numbers]

DISSEMINATION AGENT

Name: HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc.
 Address:
 City:
 Telephone:
 Contact Person: Attn:

TABLE 3(d)(i)

OVERVIEW (as of [Insert Quarterly Ending Date])			
NUMBER OF PLATTED SINGLE FAMILY RESIDENTIAL LOTS IN IMPROVEMENT AREA #1 OF THE DISTRICT SUBJECT TO THE ASSESSMENTS:			
	District ⁽¹⁾	Original Service and Assessment Plan ⁽²⁾	Explanation as to any change in Lots/Parcels from Original Service and Assessment Plan
Single Family			
Lot Type	-	-	
40' Lot			
55' Lot			
65' Lot			
[Future SF]			
<i>Total SF Lots:</i>			

⁽¹⁾ Single family lots represent the number of platted single family lots in Improvement Area #1 of the District, as of [Insert Quarterly Ending Date].

⁽²⁾ Single family lots represent the number of planned single family lots included in the original Service and Assessment Plan.

TABLE 3(d)(ii)

LANDOWNER COMPOSITION (as of <i>[Insert Quarterly Ending Date]</i>) OF IMPROVEMENT AREA #1 OF THE DISTRICT		
Landowner Composition	Number of Actual Single Family Residential Lots Owned	Percentage of Total Actual Single Family Residential Lots
Developer Owned		
40' Lot		
55' Lot		
65' Lot		
[Future SF]		
<i>Total Developer Owned SF Lots:</i>		
[Homebuilder] Owned⁽¹⁾		
40' Lot		
55' Lot		
65' Lot		
[Future SF]		
<i>Total Homebuilder Owned SF Lots:</i>		
End-User Owned		
40' Lot		
55' Lot		
65' Lot		
[Future SF]		
<i>Total End-User Owned SF Lots:</i>		
<i>Total Development:</i>		

⁽¹⁾ Add additional rows for each Homebuilder.

The remainder of this page is left blank intentionally.

FOR EACH PARCEL DESIGNATED AS SINGLE FAMILY RESIDENTIAL:
TABLE 3(d)(iii)

DEVELOPER ABSORPTION STATISTICS FOR SINGLE FAMILY RESIDENTIAL IN IMPROVEMENT AREA #1 OF THE DISTRICT											
	Q 20__	Q 20__	Q 20__	Q 20__	Q 20__	Q 20__	Q 20__	Q 20__	Q 20__	Q 20__	Q 20__
# of platted SF lots: <ul style="list-style-type: none"> • 40' Lot • 55' Lot • 65' Lot • [Future SF] TOTAL											
# of SF lots under contract with Homebuilders: <ul style="list-style-type: none"> • [Homebuilder] <ul style="list-style-type: none"> ○ 40' Lot ○ 55' Lot ○ 65' Lot ○ [Future SF] Subtotal <ul style="list-style-type: none"> • [Homebuilder] <ul style="list-style-type: none"> ○ 40' Lot ○ 55' Lot ○ 65' Lot ○ [Future SF] Subtotal <ul style="list-style-type: none"> • [Homebuilder] <ul style="list-style-type: none"> ○ 40' Lot ○ 55' Lot ○ 65' Lot ○ [Future SF] Subtotal TOTAL											
# of SF lots closed with Homebuilders: <ul style="list-style-type: none"> • [Homebuilder] <ul style="list-style-type: none"> ○ 40' Lot ○ 55' Lot ○ 65' Lot ○ [Future SF] Subtotal											
<ul style="list-style-type: none"> • [Homebuilder] <ul style="list-style-type: none"> ○ 40' Lot ○ 55' Lot ○ 65' Lot ○ [Future SF] Subtotal											
<ul style="list-style-type: none"> • [Homebuilder] <ul style="list-style-type: none"> ○ 40' Lot ○ 55' Lot ○ 65' Lot ○ [Future SF] Subtotal TOTAL											
# of SF lots not under contract with Homebuilders: <ul style="list-style-type: none"> • 40' Lot • 55' Lot • 65' Lot • [Future SF] TOTAL											

TABLE 3(d)(iv)

[Homebuilder] ABSORPTION STATISTICS FOR SINGLE FAMILY RESIDENTIAL LOTS IN IMPROVEMENT AREA #1 OF THE DISTRICT ⁽¹⁾								
	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__	Q__ 20__
# of SF homes under construction: <ul style="list-style-type: none"> • 40' Lot • 55' Lot • 65' Lot • [Future SF] TOTAL								
# of completed SF homes NOT under contract with end-user: <ul style="list-style-type: none"> • 40' Lot • 55' Lot • 65' Lot • [Future SF] TOTAL								
# of SF homes under contract with end-user: <ul style="list-style-type: none"> • 40' Lot • 55' Lot • 65' Lot • [Future SF] TOTAL								
# of SF homes delivered to end-users: <ul style="list-style-type: none"> • 40' Lot • 55' Lot • 65' Lot • [Future SF] TOTAL								
Average home prices of homes delivered to end-users: <ul style="list-style-type: none"> • 40' Lot • 55' Lot • 65' Lot • [Future SF] • Average 								

⁽¹⁾ Additional tables to be added for each Homebuilder

The estimated date of completion of all homes to be constructed by [Homebuilder] is _____, ____.

The estimated date of completion of all homes to be constructed by [Homebuilder] is _____, ____.

The estimated date of completion of all homes to be constructed by [Homebuilder] is _____, ____.

STATUS OF DEVELOPMENT:

TABLE 3(d)(v)

STATUS OF AMENITIES					
Type of Amenity	Budgeted Costs	Expected or Actual Construction Start Date	Total Costs Spent to Date	Expected or Actual Construction Completion Date	If Delay in Expected Completion Date from Previously Reported, an Explanation of Delay

TABLE 3(d)(vi)

PERMITS/APPROVALS	
Materially Adverse Change or Determination to Permit/Approval	Description of the Necessitated Change to the Land Use Plan

TABLE 3(d)(vii)

OCCURRENCE OF ANY NEW OR MODIFIED MORTGAGE DEBT				
Borrower	Lender	Amount	Interest Rate	Terms of Repayment

The remainder of this page is left blank intentionally.

STATUS OF IMPROVEMENT AREA #1 PROJECTS:

TABLES 3(e)(i)-(ii)

IMPROVEMENT AREA #1 PROJECTS BUDGET AND TIMELINE OVERVIEW						
	Budgeted Costs	Actual Costs Draw from Improvement Area #1 Improvements Account as of [<i>Insert Quarterly Ending Date</i>]	Actual Costs Draw from Improvement Area #1 Major Improvements Account as of [<i>Insert Quarterly Ending Date</i>]	Actual Costs financed with sources other than Bond proceeds as of [<i>Insert Quarterly Ending Date</i>]	Forecast Completion Date	Actual Issuer Acceptance Date
Total costs required to complete Improvement Area #1 Projects:						
• Roadway	\$ _____	\$ _____	\$ _____	\$ _____	_____	_____
• Water	\$ _____	\$ _____	\$ _____	\$ _____	_____	_____
• Sewer (Onsite)	\$ _____	\$ _____	\$ _____	\$ _____	_____	_____
• Sewer (Offsite)	\$ _____	\$ _____	\$ _____	\$ _____	_____	_____
• Drainage	\$ _____	\$ _____	\$ _____	\$ _____	_____	_____
• Soft Costs	\$ _____	\$ _____	\$ _____	\$ _____	_____	_____

Narrative update on construction milestones for Improvement Area #1 Projects since last Quarterly Report:

EXHIBIT B

**NOTICE TO MSRB OF FAILURE TO
[PROVIDE QUARTERLY INFORMATION][FILE QUARTERLY REPORT]**

[DATE]

Name of Issuer: City of Celina, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024 (North Sky Public Improvement District Improvement Area #1B Project) (the “Bonds”)
CUSIP Numbers: [insert CUSIP Numbers]
Date of Delivery: _____, 20__

NOTICE IS HEREBY GIVEN that _____, a _____ (the [“Developer¹”] [“Significant Homebuilder”]) has not provided the [Quarterly Information][Quarterly Report] for the period ending on [*Insert Quarterly Ending Date*] with respect to the Bonds as required by the Continuing Disclosure Agreement of Developer related to such Bonds, by and among CCD – North Sky, LLC, a Texas limited liability company (the “Developer”), MuniCap, Inc., as Administrator, and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc., as Dissemination Agent. The [Developer][Homebuilder] anticipates that the [Quarterly Information][Quarterly Report] will be [provided][filed] by _____.

Dated: _____

HTS Continuing Disclosure Services, a division of
Hilltop Securities, Inc.,
on behalf of the Developer,
as Dissemination Agent

By: _____

Title: _____

cc: City of Celina, Texas

¹ If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT C

TERMINATION NOTICE

[DATE]

Name of Issuer: City of Celina, Texas
 Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024 (North Sky Public Improvement District Improvement Area #1B Project) (the “Bonds”)
 CUSIP Numbers. [insert CUSIP Numbers]
 Date of Delivery: _____, 20__

FMSbonds, Inc. HTS Continuing Disclosure Services, a division of
 5 Cowboys Way, Suite 300-25 Hilltop Securities, Inc.
 Frisco, Texas 75034 _____

City of Celina, Texas CCD – North Sky, LLC
 142 N. Ohio St.
 Celina, Texas 75009

[Significant Homebuilder]

NOTICE IS HEREBY GIVEN that _____, a _____ (the [“Developer¹”] [“Significant Homebuilder”]) is no longer responsible for providing [any Quarterly Information][the Quarterly Report] with respect to the Bonds, thereby terminating such party’s reporting obligations under the Continuing Disclosure Agreement of Developer related to such Bonds, by and among CCD – North Sky, LLC, a Texas limited liability company (the “Developer”), MuniCap, Inc., as Administrator, and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc., as Dissemination Agent.

Dated: _____

MuniCap, Inc.
 on behalf of the [Developer] [Significant Homebuilder],
 as Administrator)

By: _____

Title: _____

¹ If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT D

CERTIFICATION LETTER

[DATE]

Name of Issuer: City of Celina, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024 (North Sky Public Improvement District Improvement Area #1B Project)
CUSIP Numbers: [insert CUSIP Numbers]
Quarterly Ending Date: _____, 20__

Re: Quarterly Report for North Sky Public Improvement District – Improvement Area #1

To whom it may concern:

Pursuant to the Continuing Disclosure Agreement of Developer related to the captioned Bonds by and among CCD – North Sky, LLC, a Texas limited liability company ¹ (the “Developer”), MuniCap, Inc., as Administrator, and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc., as Dissemination Agent, this letter constitutes the certificate stating that the Quarterly Information, provided by [Developer][_____], as a “Significant Homebuilder”, contained in this Quarterly Report herein submitted by the Administrator, on behalf of the [Developer][Significant Homebuilder], constitutes the [portion of the] Quarterly Report required to be furnished by the [Developer][Significant Homebuilder]. Any and all Quarterly Information, provided by the [Developer][Significant Homebuilder], contained in this Quarterly Report for the three month period ending on [Insert Quarterly Ending Date], to the best of my knowledge, is true and correct, as of [insert date].

Please do not hesitate to contact our office if you have and questions or comments.

CCD – North Sky, LLC, a Texas limited liability company

By: _____
[Lawrence Corson/Brian Cramer], its
Co-President

[OR

SIGNIFICANT HOMEBUILDER
(as Significant Homebuilder)

By: _____
Title: _____]

¹ If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT E

**FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT
OF DEVELOPER REPORTING OBLIGATIONS**

[DATE]

[INSERT ASSIGNEE CONTACT INFORMATION]

Re: North Sky Public Improvement District – Improvement Area #1 – Continuing Disclosure Obligation

Dear _____,

Per [*Insert name of applicable agreement*], as of _____, 20__, you have been assigned and have assumed the obligations, requirements, or covenants to construct one or more of the Improvement Area #1 Projects or Amenities (as those terms are defined in the Disclosure Agreement of Developer (as defined herein)) within Improvement Area #1 of the North Sky Public Improvement District (the “District”).

Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer (the “Disclosure Agreement of Developer”) by and among CCD – North Sky, LLC, a Texas limited liability company (the “Developer”), MuniCap, Inc. (the “Administrator”), and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc. (the “Dissemination Agent”), with respect to the “City of Celina, Texas, Special Assessment Revenue Bonds, Series 2024 (North Sky Public Improvement District Improvement Area #1B Project),” any person that, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Improvement Area #1 Projects or Amenities is defined as a Developer.

As a Developer, pursuant to Section 5 of the Disclosure Agreement of Developer, you acknowledge and assume the reporting obligations of the Disclosure Agreement of Developer for the property which is owned as detailed in the Disclosure Agreement of Developer, which is included herewith.

Sincerely,

CCD – North Sky, LLC, a Texas limited liability company

By: _____
[Lawrence Corson/Brian Cramer], its
Co-President

Acknowledged by:

[INSERT ASSIGNEE NAME]

By: _____

Title: _____

EXHIBIT F

**FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT
OF SIGNIFICANT HOMEBUILDER REPORTING OBLIGATIONS**

[DATE]

[INSERT SIGNIFICANT HOMEBUILDER CONTACT INFORMATION]

Re: North Sky Public Improvement District – Improvement Area #1 – Continuing Disclosure Obligation

Dear _____,

As of _____, 20__, you own ____ lots within Improvement Area #1 of North Sky Public Improvement District (the “District”). Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer related to the captioned Bonds (the “Disclosure Agreement of Developer”) by and among CCD – North Sky, LLC, a Texas limited liability company (the “Developer”), MuniCap, Inc. (the “Administrator”), and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc. (the “Dissemination Agent”), with respect to the “City of Celina, Texas, Special Assessment Revenue Bonds, Series 2024 (North Sky Public Improvement District Improvement Area #1B Project),” any entity that owns 32 or more of the single family residential lots within Improvement Area #1 of the District is defined as a Significant Homebuilder.

As a Significant Homebuilder, pursuant to Section 6 of the Disclosure Agreement of Developer, you acknowledge and assume the reporting obligations under Sections 3(d)(iv) and 4(b) of the Disclosure Agreement of Developer for the property which is owned as detailed in the Disclosure Agreement of Developer, which is included herewith.

Sincerely,

CCD – North Sky, LLC, a Texas limited liability company

By: _____
[Lawrence Corson/Brian Cramer], its
Co-President

Acknowledged by:
[INSERT ASSIGNEE NAME]

By: _____
Title: _____

APPENDIX F
DEVELOPMENT AGREEMENT

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FIRST AMENDMENT TO DEVELOPMENT AGREEMENT

THIS FIRST AMENDMENT TO DEVELOPMENT AGREEMENT (“First Amendment”) is made and entered into by and between the **CITY OF CELINA, TEXAS**, a home-rule municipality located in Collin and Denton Counties, Texas (the “City”), **CCD-NORTH SKY, LLC**, (the “Developer”), to be effective on March 15, 2022 (the “Effective Date”).

RECITALS

WHEREAS, the City and Pilatus Investments, LLC (the “Original Developer”) previously entered into a development agreement effective on or about February 9, 2021, for the development of approximately 153.2 acres and approximately 66 acres of undeveloped property located wholly in Collin County, Texas (the “Development Agreement”); and

WHEREAS, the Original Developer purchased and closed on the Property on March 24, 2021, and

WHEREAS, the Original Developer subsequently assigned the Development Agreement to the Developer on December 17, 2021; and

WHEREAS, the Developer and the City are sometimes individually referred to as a “Party” and collectively as the “Parties”; and

WHEREAS, the Parties agree that the plan described in the Development Agreement to construct regional perimeter and offsite wastewater improvements to serve the Property via construction of a lift station and force main are no longer the optimal solution to provide wastewater service to the Property; and

WHEREAS, the Parties agree that a new solution to provide wastewater service to the Property is through a gravity flow system into a future wastewater line west of the Property that will connect to a future City wastewater plant; and

WHEREAS, the Parties desire to amend the Development Agreement relative to the timing and delivery of wastewater service to the Property; and

WHEREAS, the Parties desire to update the Offsite Wastewater Improvements exhibits; and

WHEREAS, the Parties acknowledge and agree that, except to the extent amended by this First Amendment herein, all provisions and terms contained in the Development Agreement shall remain in full force and effect; and

NOW, THEREFORE, for and in consideration of the mutual covenants of the Parties set forth in this First Amendment, and for good and valuable consideration the receipt and adequacy of which are acknowledged and agreed, the Parties agree as follows:

AGREEMENT

1. Defined Terms. All capitalized terms used in this First Amendment, to the extent not otherwise expressly defined herein, shall have the meanings assigned to them in the Development Agreement.

2. Amendment to Section 2.1(d) Wastewater Infrastructure. The Parties agree that Section 2.1(d) Wastewater Infrastructure of the Development Agreement shall be amended and replaced in its entirety to read as follows:

(d) Wastewater Infrastructure.

(I) The City agrees that, other than Onsite Public Improvements, no wastewater improvements are required to be escrowed, constructed or improved as part of the Development of the Property, except as specifically provided in this Agreement. The City agrees that capacity to serve the Development shall be created by construction of a City-owned and operated wastewater treatment plant to serve the Property, and other property in the same sewer basin, at the location shown on Exhibit H (the “New Plant”) anticipated to be completed by the earlier of March 15, 2024 or twenty-four (24) months after receipt by the City of a contribution towards construction costs for the New Plant from the developer of Legacy Hills. If the New Plant is not operational and able to serve the Development or any portion thereof by the later of (i) the deadline in the preceding sentence, or (ii) the time the Offsite Wastewater Improvements (as hereinafter defined) are completed by Developer and approved by the City, then the City agrees to pump and haul wastewater from the Development at the City’s sole cost until such time as the New Plant is operational and able to serve the full Development. Prior to (iii) completion of the New Plant, (iv) completion of the Offsite Wastewater Improvements, and (v) the time the City is obligated to pump and haul under this paragraph, the Developer may pump and haul wastewater from the Development at the Developer’s sole cost. Additionally, the City agrees to use its power of condemnation if necessary, and at Developer’s expense, to secure any easement rights for the hereinafter described Offsite Wastewater Improvements.

(II) The Developer agrees to design and construct, either with the proceeds of PID Bonds or at the Developer’s sole cost and expense, gravity lines sized solely to serve the Development, reflected as “by Developer” in Exhibit H, (the “Offsite Wastewater Improvements”) to flow into a future offsite wastewater line west of the Property that will connect to the New Plant. Developer shall, at its sole cost and expense, obtain easement rights for the Offsite Wastewater Improvements. The Developer shall give the City at least 180 days written notice that the Developer will be proceeding with the construction of the Offsite Wastewater Improvements. Based upon the foregoing and subject to the City satisfying its obligations to complete the New Plant and provide retail wastewater service to the Development pursuant to this section, the Owner acknowledges and agrees to the City’s designation as the sole and exclusive retail sewer service provider for all new development on the Property.

- (III) The City and the Developer agree to cooperate and work together, prior to design, in determining whether any oversizing of the Offsite Wastewater Improvements, will be required by the City. The City shall pay such oversizing costs, which shall not exceed \$3,000,000.00, during construction of the oversized Offsite Wastewater Improvements by Developer, which payments by the City shall be made once each calendar month on a percentage of completion basis until the City's acceptance of the Offsite Wastewater Improvements.

3. Amendment to Section 2.3 Eminent Domain. The Parties agree that Section 2.3 Eminent Domain of the Development Agreement shall be amended and replaced in its entirety to read as follows:

2.3 Eminent Domain. The Developer agrees to use commercially reasonable efforts to obtain all third-party rights-of-way, consents, or easements, if any, required for the Offsite Wastewater Improvements. If, however, the Developer is unable to obtain such third-party rights-of-way, consents, or easements after using reasonable efforts for at least ninety (90) days, the City agrees to take reasonable steps to secure same (subject to City Council authorization after a finding of public necessity) through the use of the City's power of eminent domain. The Developer shall be responsible for funding all reasonable and necessary legal proceeding/litigation costs, attorney's fees and related expenses, and appraiser and expert witness fees (collectively, "Eminent Domain Fees") paid or incurred by the City in the exercise of its eminent domain powers and shall, if requested in writing by the City, escrow with a mutually agreed upon escrow agent the City's reasonably estimated Eminent Domain Fees both in advance of the initiations of each eminent domain proceeding and as funds are needed by the City. Provided that the escrow fund remains appropriately funded in accordance with this Agreement, the City will use all reasonable efforts to expedite such condemnation procedures so that the Offsite Wastewater Improvements can be constructed as soon as reasonably practicable. If the City's Eminent Domain Fees exceed the amount of funds escrowed in accordance with this paragraph, the Developer shall deposit additional funds as requested by the City into the escrow account within ten (10) days after written notice from the City. City is not required to continue pursuing the eminent domain unless and until the Developer deposits addition Eminent Domain Fees with the City. Any unused escrow funds will be refunded to the Developer with thirty (30) days after any condemnation award or settlement becomes final and non-appealable. Nothing in this subsection is intended to constitute a delegation of the police powers or governmental authority of the City, and the City reserves the right, at all times, to control its proceedings in eminent domain.

4. Amendment to Exhibit H. The Exhibit H Offsite Wastewater Improvements attached to the Development Agreement shall be amended and replaced in its entirety with the Offsite Wastewater Improvements exhibit, attached hereto as Attachment A, and incorporated herein by reference.

5. Miscellaneous.

(a) This First Amendment amends the Development Agreement in no other manner except as expressly set forth herein, including the exhibits attached hereto. Except as

amended herein, the terms, provisions, agreements, covenants and conditions of the Development Agreement shall continue in full force and effect. In the event of a conflict between this First Amendment, including the exhibits attached hereto, and the Development Agreement, the terms of this First Amendment, including the exhibits attached hereto, shall control.

(b) This First Amendment together with the Development Agreement, shall constitute the entire agreement between the Parties and supersedes all prior agreements and understandings, whether oral or written, concerning the subject matter of this First Amendment and the Development Agreement. This First Amendment and the Development Agreement shall not be modified or amended except in writing signed by the Parties.

(c) If any provision of this First Amendment is determined by a court of competent jurisdiction to be unenforceable for any reason, then: (a) such unenforceable provision shall be deleted from this First Amendment; (b) the unenforceable provision shall, to the extent possible and upon mutual agreement of the Parties, be rewritten to be enforceable and to give effect to the intent of the Parties; and (c) the remainder of this First Amendment shall remain in full force and effect and shall be interpreted to give effect to the intent of the Parties.

(d) This First Amendment may be executed in one (1) or more counterparts, each of which when taken together shall constitute one and the same instrument.

(e) The City represents and warrants that the individual executing this First Amendment on behalf of the City has been duly authorized to do so. The Developer represents and warrants that this First Amendment has been approved by appropriate action of Developer, and that each individual executing this First Amendment on behalf of Developer has been duly authorized to do so.

(f) Certificate of Interested Parties Form 1295. The Developer represents and warrants that it is required to comply with Section 2252.908 of the Texas Government Code, as amended, and must file, and has filed, a Certificate of Interested Parties Form 1295 prescribed thereunder with the City.

(g) No Boycott of Israel; No Business With Sanctioned Countries. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this First Amendment is a contract for goods or services, will not boycott Israel during the term of this First Amendment. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable State or federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Developer understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Developer and exists to make a profit.

The Developer represents that neither it nor any of its respective parent companies, wholly- or majority-owned subsidiaries, and other affiliates, if any, is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Developer and any of its respective parent companies, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Developer understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Developer and exists to make a profit.

(h) Verification Regarding Energy Company Boycotts. To the extent this First Amendment constitutes a contract for goods or services for which a written verification statement is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislative Session), Texas Government Code, as amended, the Developer hereby verifies that it and its parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, will not boycott energy companies during the term of this First Amendment. The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law. 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 understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Developer and exists to make a profit.

(i) Verification Regarding Discrimination Against Firearm Entity or Trade Association. To the extent this First Amendment constitutes a contract for goods or services for which a written verification statement is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislative Session, "SB 19"), Texas Government Code, as amended, the Developer hereby verifies that it and its parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any,

(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 First Amendment against a firearm entity or firearm trade association.

The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law. 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) (as added by SB 19), Texas Government Code. The Developer understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Developer and exists to make a profit.

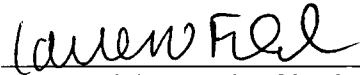
[Signature Page to Follow]

EXECUTED by the City and Developer to be effective as of the Effective Date.

CITY OF CELINA

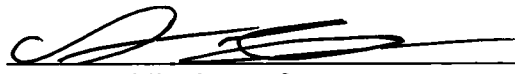
By: 
Sean Terry, Mayor

ATTEST:


Lauren Field, Interim City Secretary

STATE OF TEXAS §
 §
COUNTY OF COLLIN §

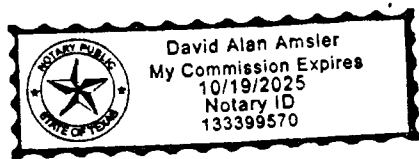
This instrument was acknowledged before me on the 17th day of March, 2022 by Sean Terry, Mayor of the City of Celina, Texas, on behalf of said City.


Notary Public, State of Texas

(SEAL)

David Amsler
Name printed or typed

Commission Expires: 10/19/25



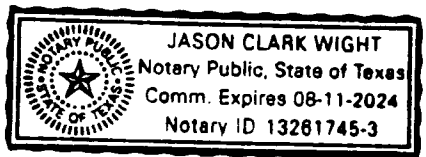
DEVELOPER

CCD-North Sky, LLC.
a Texas limited liability company

By: [Signature]
Name: Brian Coomes
Title: Co-Manager

STATE OF TEXAS

COUNTY OF Dallas

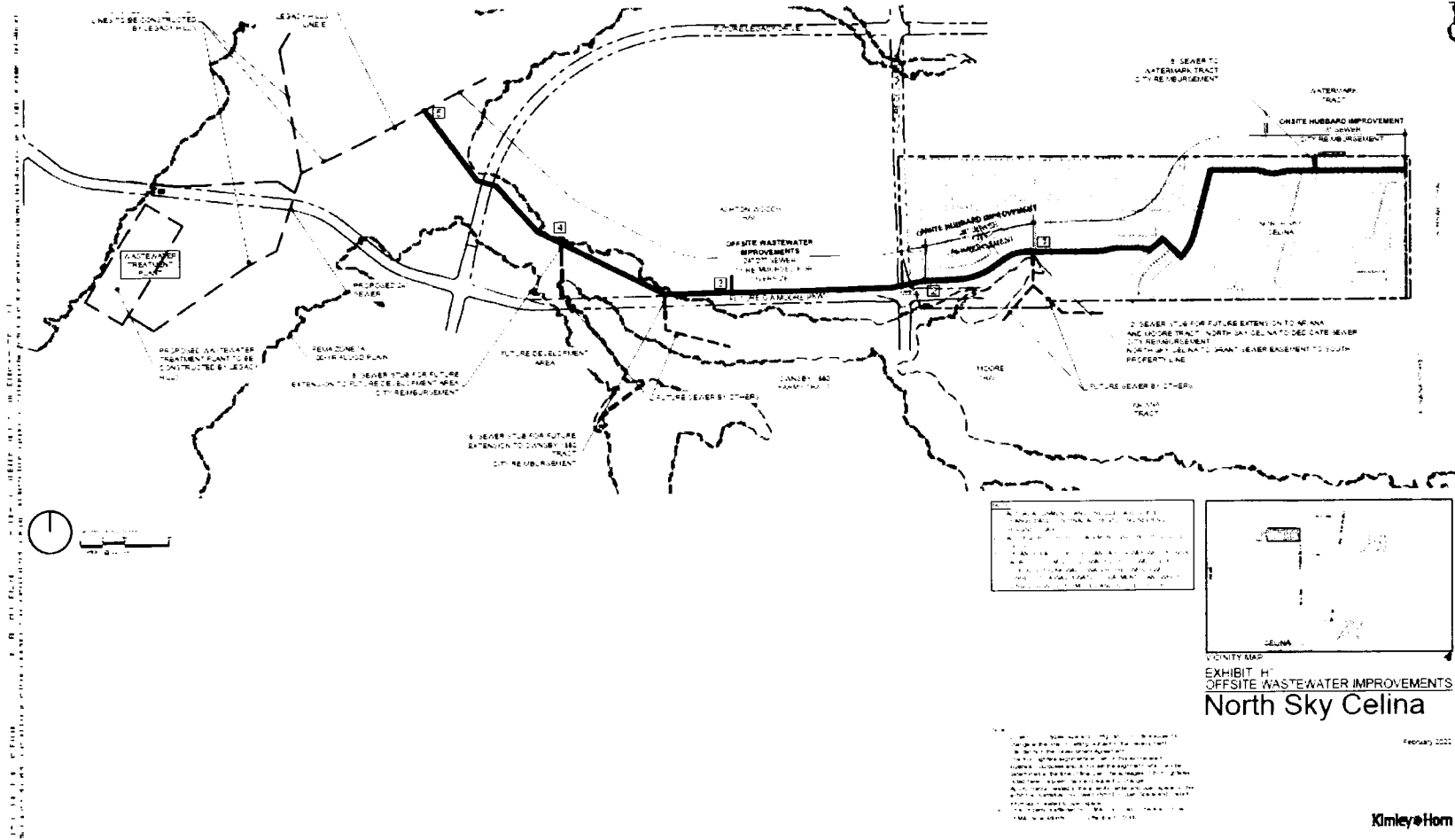


This instrument was acknowledged before me on the 9 day of March, 2022
by Brian Coomes - Co-Manager of CCD-North Sky, LLC, a Texas limited liability
company on behalf of said company.

[Signature]
Notary Public, State of Texas

ATTACHMENT A

Amended Exhibit H, Offsite Wastewater Improvements, to the Development Agreement





Filed and Recorded
Official Public Records
Stacey Kemp, County Clerk
Collin County, TEXAS
03/18/2022 02:10:45 PM
\$62.00 DKITZMILLER
20220318000438950

Stacey Kemp

DEVELOPMENT AGREEMENT

This Development Agreement (this "Agreement") is entered into by and between PILATUS INVESTMENTS, L.L.C. (the "Developer") and the City of Celina (the "City"), to be effective on the date upon which the Developer acquires fee simple title to the Property (hereinafter defined) ("Effective Date").

RECITALS

WHEREAS, certain terms used herein are defined in Article I; and

WHEREAS, the City is a home-rule municipality of the State of Texas located within Denton County and Collin County; and

WHEREAS, the Developer and the City (which are sometimes individually referred to as a "Party" and collectively as the "Parties") desire to enter into this Agreement; and

WHEREAS, on the date the City Council voted to approve this Agreement, landowners Chan, Chi-Chu; Chan, Tsun-Huei; and Paul Chan (collectively, the "Owner") own ±153.2 acres of land, located at the southwest corner of the intersection of Business Highway 289 (Louisiana Drive) and County Road 58, which lies within the extraterritorial jurisdiction of the City (except for a narrow strip running on and along the western side of the right-of way of Business Highway 289, which is already within the jurisdictional limits of the City), entirely within Collin County, Texas and described by metes and bounds on Exhibit A-1 and depicted in Exhibit A-2, (the "Property"); and

WHEREAS, the Owner intends to sell the Property to the Developer and the Developer intends to develop the Property pursuant to the terms of this Agreement; and

WHEREAS, the Developer also intends to purchase and develop ±66 acre parcel of land which lies entirely within the extraterritorial jurisdiction of the City, in Collin County, Texas, is described by metes and bounds on Exhibit B-1 and depicted in Exhibit B-2, and located immediately west of the Property (the "Moore Parcel"); and

WHEREAS, the Parties intend that this Agreement will apply to the Property upon the Developer acquiring fee simple title to the Property; however, should the Developer close upon acquisition of the Moore Parcel prior to September 30, 2021 then, the Parties agree that this Agreement will be automatically amended to expand the definition of the Property to include the Moore Parcel, under the same terms stated herein; and

WHEREAS, the Developer intends to develop the Property as a planned residential development (the "Development"); and

WHEREAS, the Parties intend for this Agreement to establish certain restrictions and to impose certain commitments in connection with the development of the Property; and

WHEREAS, the Parties intend for the Property to be developed in a manner consistent with the City's zoning requirements, building material requirements and building code requirements, except as otherwise provided herein; and

WHEREAS, the Parties intend that the Property will be developed in accordance with the concept plan attached hereto as **Exhibit C** (the "Concept Plan"), the development standards attached hereto as **Exhibit D** (the "Development Standards"), and the open space standards attached herein as **Exhibit E**; and

WHEREAS, the Developer intends to construct and/or make financial contributions to certain onsite and/or offsite public improvements to serve the Development; and

WHEREAS, in consideration of the Developer's agreements contained herein to develop the Property as envisioned by the Parties, and to incentivize the development of the Property, the City has agreed to reduce the capital recovery fees for the development of the Property as specifically set forth in this Agreement; and

WHEREAS, the City holds or will hold the certificates of convenience and necessity (the "CCNs") to provide retail water and wastewater service to the Property, or will otherwise acquire the right to serve at the Developer's expense as provided by this Agreement, and the Parties intend for the City to provide retail water and wastewater service to the Property; and

WHEREAS, in lieu of construction of such perimeter and offsite road improvements necessary and proportionate to serve the Development, as ordinarily required by ordinance and approved construction criteria, the Parties intend that this requirement will instead be satisfied by dedication of needed additional right-of-way and certain construction, as further specified in the terms of this Agreement, and from specified contributions and escrows by each of the Parties; and

WHEREAS, in lieu of construction of such offsite water line extensions necessary and proportionate to serve the Development, as ordinarily required by ordinance and approved construction criteria, the Parties intend that this requirement will instead be satisfied by City's design and construction of a water line along Louisiana Street, within an easement(s) outside of the right-of-way acquired by or dedicated to the City, as further specified in the terms of this Agreement; and

WHEREAS, in lieu of construction of such perimeter and offsite wastewater improvements necessary and proportionate to serve the Development, as ordinarily required by ordinance and approved construction criteria, the Parties intend that this requirement will instead be satisfied by the Developer's design and construction of regional wastewater improvements, including design and construction of a lift station and force main, within offsite easements provided by the City, at no cost to the Developer, to serve not only the Development but several surrounding properties, as further specified in the terms of this Agreement; and

WHEREAS, subject to any cost participation undertaken by the City for oversizing water or wastewater mains inside the Property to serve surrounding properties, the Development will require Developer to build certain onsite infrastructure, including streets and roads; drainage; water, sanitary sewer, and other utility systems; parks, open space, landscaping, and trail systems;

and dedicate land for all of the onsite public improvements (collectively, "Onsite Public Improvements") and together with the Roadway Improvements, the Offsite Water Improvements and the Offsite Wastewater Improvements (the "Public Infrastructure"); and

WHEREAS, due to the location and other natural features of the Property, the cost of the Public Infrastructure does not allow for the intended Development in a cost-effective and market-competitive manner without participation by the City; and

WHEREAS, the City has determined that full development of the Property as provided herein will promote local economic development within the City and will stimulate business and commercial activity within the City, which will drive infrastructure investment and job creation, and have a multiplier effect that increases both the City's tax base and utility revenues; and

WHEREAS, the Parties have determined that the Development will increase the quality of housing within the City; and

WHEREAS, the City and the Developer agree that the Development can best proceed pursuant to a development agreement such as this Agreement; and

WHEREAS, to the extent the Property is within the City's extraterritorial jurisdiction, the Parties have the authority to enter into this Agreement pursuant to Section 212.171 *et seq* of the Texas Local Government Code, and to the extent the Property is within the City, the Parties have the authority to enter into this Agreement pursuant to other applicable law; and

WHEREAS, the parties contemplate that Developer will prepare, circulate, execute and return a Petition satisfying all legal requisites for annexation of the Property under Subchapter C-4 of Texas Local Government Code chapter 43, as set forth in Article VI, below.

NOW, THEREFORE, for and in consideration of the mutual covenants of the Parties set forth in this Agreement and for other good and valuable consideration, the receipt and adequacy of which are acknowledged, the Parties agree as follows:

ARTICLE I
GENERAL TERMS AND DEFINITIONS

1.1 Recitals. The recitals to this Agreement are incorporated herein for all purposes.

1.2 Definitions. Unless the context requires otherwise, the following terms shall have the meanings hereinafter set forth:

Agreement is defined in the introductory paragraph.

Bank Qualified Debt Fee is defined in Section 7.3(a).

CCNs mean certificates of convenience and necessity.

City is defined in the introductory paragraph.

City Assignee is defined in Section 9.2.

City Council means the city council of the City.

City Regulation(s) means any ordinance, rule, regulation, standard, policy, order, guideline or other City-adopted or City-enforced requirement, as amended and adopted by the City for uniform application throughout the corporate limits, and as are applicable to the Development.

Claims is defined in Section 4.2(a).

Concept Plan means the concept plan as shown in **Exhibit C**, as amended in accordance with this Agreement.

Developer is defined in the introductory paragraph.

Developer Assignee is defined in Section 9.1(a).

Development is defined in the Recitals.

Development Standards means the development standards for the Property, which are set forth on **Exhibit D**.

Effective Date is the date in the introductory paragraph.

End-Buyer is defined in Section 10.1.

Indemnified Party is defined in Section 4.2(a).

Moore Parcel is defined in the Recitals.

Offsite Wastewater Improvements is defined in Section 2.1(d) and described in **Exhibit H**.

Offsite Water Improvements is defined in Section 2.1(c) and described in **Exhibit G**.

Onsite Public Improvements is defined in the Recitals.

Open Space Improvements is defined in Section 4.1(c) and described in **Exhibit E**.

Owner is defined in the Recitals.

Parties means the Developer and the City.

Party means the Developer or the City.

Petition Property is defined in Section 6.1.

PID means a public improvement district created by the City for the benefit of the Property pursuant to the PID Act.

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

PID Bonds means the assessment revenue bonds secured solely by PID assessments.

PID Projects is defined in Section 7.1(c).

PID Project Costs is defined in Section 7.1(d).

Property is defined in the recitals and will be automatically amended to include the Moore Parcel upon the Developer's acquisition of the Moore Parcel.

Public Infrastructure means water, wastewater, drainage, roadway, and other public infrastructure necessary to serve the full development of the Property, including the Onsite Public Improvements, the Offsite Water Improvements and the Offsite Wastewater Improvements.

ARTICLE II **PUBLIC INFRASTRUCTURE**

2.1 Public Infrastructure.

(a) Standards. Except as otherwise expressly provided for in this Agreement, all Public Infrastructure shall be designed, constructed and installed by the Developer in compliance with the City Regulations. Construction and/or installation of Public Infrastructure shall not begin until complete and accurate plans and specifications have been approved by the City. Each contract for construction of Public Infrastructure shall require a two-year maintenance bond following completion of such Public Infrastructure, which bond shall run in favor of the Party responsible for maintenance of the completed Public Infrastructure. To the extent easements or rights-of-way are needed within the Property, they shall be dedicated by the Developer to the City at no cost to the City. The Public Infrastructure will be installed within easements granted to the City or in the public right-of-way, however utilities must be in an easement separate from the right-of-way. The size of the Public Infrastructure shall be as finally determined by the City's engineer and could vary from the estimated sizes reflected in **Exhibits G and H**, however, should the City's engineer determine oversizing is needed to serve property other than the Development and other than the oversizing described in Section 2.1(d) below, then the City shall pay its proportionate share of such oversizing costs as they become due and payable under the construction contract, in addition to the oversize contributions set forth in Section 2.1(d). The City's oversizing contribution described in Section 2.1(d) does not apply to any oversizing determined by the City's engineer pursuant to this Section 2.1(a).

(b) Louisiana Street and Celina Parkway. The City agrees that no perimeter roadway improvements are required to be escrowed, constructed or improved by Developer as part of the Development of the Property, except as specifically provided in this Agreement. After the levy of the first PID assessments, the Developer will dedicate, at no cost to the City, a 70-foot wide right-of-way within the Property for the future expansion of Louisiana Street in the general location shown on **Exhibit F**. In addition, if the Developer acquires the Moore Parcel and after the levy of the first PID assessments on the Moore Parcel, then the Developer will dedicate, at no cost to the City, a 60-foot wide right-of-way within the Moore Parcel for the future expansion of Celina

Parkway in the general location shown on **Exhibit F**. Simultaneously with the levying of PID assessments on the final phase of the Development, the Developer shall escrow with the City an amount sufficient to construct two (2) lanes of Celina Parkway, or reimburse the City if construction is already completed, which escrow/reimbursement amount shall not exceed \$500,000.00. The Developer will not be required to construct improvements to the Louisiana Street or Celina Parkway expansions. The dedications required herein shall be transferred at the time of final platting, or if construction is to start prior to recording a final plat of any portion of said rights-of-ways, then by separate instrument within ten (10) days of being requested by the City.

(c) **Water Infrastructure.** The City agrees that, other than Onsite Public Improvements, no water improvements are required to be escrowed, constructed or improved by Developer as part of the Development of the Property, except as specifically provided in this Agreement. The City will design and construct, at the City's sole cost and expense, the offsite waterline along Louisiana Street, as reflected in **Exhibit G**, (the "**Offsite Water Improvements**") no later than December 31, 2021.

(d) **Wastewater Infrastructure.** The City agrees that, other than Onsite Public Improvements, no wastewater improvements are required to be escrowed, constructed or improved as part of the Development of the Property, except as specifically provided in this Agreement. The Developer agrees to design and construct, either with the proceeds of PID Bonds or at the Developer's sole cost and expense, a lift station, force main and gravity lines sized solely to serve the Development, reflected as "by Developer" in **Exhibit H**, (the "**Offsite Wastewater Improvements**"). The City and the Developer agree to cooperate and work together, prior to design, in determining whether any oversizing of the Offsite Wastewater Improvements will be required by the City. The City shall acquire, at the City's sole cost and expense, all necessary offsite easements for the Offsite Wastewater Improvements. The Developer shall give the City at least 180 days written notice that the Developer will be proceeding with the construction of the Offsite Wastewater Improvements. The City has requested oversizing of the 16-inch force main, the 18-inch gravity main and lift station wet well with 4.8 MGD capacity reflected as "by City" in **Exhibit H** to serve other property and the City shall pay its proportionate share of the oversizing costs, not to exceed \$3,500,000.00, on or before May 15, 2022, or if construction of the oversized Offsite Wastewater Improvements is not completed by Developer by May 15, 2022, then the City's payment shall be made once each calendar month on a percentage of completion basis until the City's acceptance of the Offsite Wastewater Improvements.

2.2 **Inspections, Acceptance of Public Infrastructure.**

(a) **Roadway and Storm Infrastructure.** The City shall have the right to inspect, at any time, the construction of all roadway and storm water Public Infrastructure, and any related Public Infrastructure necessary to support the proposed development within the Property, which shall be inspected, designed and constructed in compliance with all statutory and regulatory requirements, including design and construction criteria, and the City Regulations.

(b) **Water and Wastewater Infrastructure.** The City shall have the right to inspect the construction of all water and wastewater Public Infrastructure at any time, which water and wastewater shall be inspected, designed and constructed in compliance with all statutory and regulatory requirements, including design and construction criteria, and the City Regulations. The

timing of construction of the various components of the water and wastewater Public Infrastructure shall be as required by the City Regulations.

(c) No Release. The City's inspections shall not release the Developer from its responsibility to construct, or ensure the construction of, adequate Public Infrastructure in accordance with approved engineering plans, construction plans, and other approved plans related to the Development provided the City satisfies its obligations under this Agreement.

(d) City Owned. From and after the inspection and acceptance by the City of the Public Infrastructure and any other dedications required under this Agreement, such improvements and dedications shall be owned by the City.

(e) Approval of Plats/Plans. Approval of plats, permits, plans, designs or specifications by the City shall be in accordance with the City Regulations. Approval by the City, the City's engineer or other City employee or representative of any plats, permits, plans, designs or specifications submitted pursuant to this Agreement or pursuant to the City Regulations shall not constitute or be deemed to be a release of the responsibility and liability of the Developer, his engineer, employees, officers or agents for the accuracy and competency of their design and specifications. Further, any such approvals shall not be deemed to be an assumption of such responsibility and liability by the City for any defect in the design and specifications prepared by the Developer or the Developer's engineer, or engineer's officers, agents, servants, or employees, it being the intent of the parties that approval by the City's engineer signifies the City's approval on only the general design concept of the improvements to be constructed. All plats and plans of the Developer related to the Property shall meet the requirements of the applicable City Regulations.

2.3 Eminent Domain. The City will acquire, at its expense, any offsite easements or right-of-way required to construct any offsite Public Infrastructure required to serve full development of the Property.

2.4 Operation and Maintenance.

(a) Upon inspection, approval, and acceptance of the water and wastewater Public Infrastructure or any portion thereof, the City shall maintain and operate the accepted water and wastewater infrastructure or any accepted portion thereof and provide water and wastewater service to the Property.

(b) Upon inspection, approval, and acceptance of the roadway and storm water Public Infrastructure or any portion thereof, the City shall maintain and operate the roadways and storm water infrastructure or any accepted portion thereof.

(c) Maintenance and operation of open spaces, trails, common areas, right-of-way irrigation systems, right-of-way landscaping, screening walls, and any other common improvements or appurtenances is addressed in the Development Standards, and to the extent not addressed shall be maintained and operated by a homeowner's association in accordance with the City Regulations.

2.5 Onsite Rights-of-Way and Easements. The Developer will transfer to the City by final plat or separate instrument any onsite rights-of-way and onsite easements necessary for the Onsite Public Improvements. In addition, if the Developer acquires the Moore Parcel, then the Developer will dedicate, at no cost to the City, a 20-foot wide water and sewer easement within the Moore Parcel and adjacent to the Celina Parkway right-of-way, which easement will be within a future landscape buffer, in the general location shown on Exhibit F.

ARTICLE III DEVELOPMENT REGULATIONS

3.1 Full Compliance with City Standards.

- (a) Development of the Property shall be subject to the applicable City Regulations.
- (b) The Parties agree the Concept Plan was created by the Developer for illustrating the boundary, lot mix and general layout of the Development. Any amendment to the Concept Plan shall be considered an amendment to this Agreement and shall replace the attached Concept Plan and become a part of this Agreement. The City Manager of the City may administratively approve any amendments to the Concept Plan that the City Manager deems in his reasonable discretion to be minor in nature. If the City Manager deems an amendment to not be minor in nature, the Concept Plan may be amended as set forth in the Development Standards attached as Exhibit D.

3.2 Replat. The Developer may submit a plat for all or any portion of the Property. Any plat shall be in general conformance with the Concept Plan, including any amendments.

3.3 Vested Rights. This Agreement shall constitute a "permit" under Chapter 245 of the Texas Local Government Code that is deemed filed with the City on the date upon which the last of all of the Parties has approved and duly executed this Agreement. The Developer does not, by entering into this Agreement, waive any rights or obligations arising under Chapter 245 of the Texas Local Government Code. Upon an administratively complete application for a preliminary plat for any portion of the Property, Owner may claim vested rights as to the portion of the Property contained in the preliminary plat based upon ordinances in effect at the time of preliminary plat application, except to the extent such claim would cause the City's building material regulations in the zoning ordinance (as it existed on August 1, 2019) to be inapplicable.

3.4 Building Codes, Fire Codes and Building Materials. *As consideration for the capital recovery fees being reduced and impact fees being waived for the Property, Owner has requested and the Parties agree that Exhibit D, the City-adopted building codes and local amendments as subsequently amended, the City-adopted fire codes and local amendments as subsequently amended, and the City's building material regulations in the zoning ordinance (as it existed on August 1, 2019) and other city ordinances, as subsequently amended, to apply to the Property for forty-five (45) years, and voluntarily agrees to burden the property with their applicability, despite Texas Government Code Chapter 3000, effective September 1, 2019, as it presently exists or may be subsequently amended.*

3.5 Internet and Gas Lines. Simultaneously with the construction of water Public Infrastructure, the Developer shall install within public rights-of-way or public easements high-speed internet infrastructure (either fiber or a future technology approved by the City) and

gas lines to the perimeter of each lot. The high-speed internet infrastructure/fiber and gas lines shall be adequately sized to serve the intended use of the lot, with the high-speed internet infrastructure/fiber being capable of transmitting high-speed internet of at least 1 gig per second. Once installed, the Developer shall have no obligation to own, maintain or upgrade such high-speed internet infrastructure or gas lines.

3.6 Amenity Center with Pool. Developer shall construct an amenity center with a swimming pool to be owned and operated by a property owners' association. The amenity center shall include those features described on Exhibit E. Completion of the amenity center by Developer shall be evidenced by a certificate of occupancy from the City. No building permits shall be issued for more than 450 residential lots until Developer has completed the amenity center.

ARTICLE IV **DEVELOPMENT PROCESS AND CHARGES**

4.1 Capital Recovery Fees.

(a) Residential. Except as specifically described below, the Property shall be subject to those fees and charges due and payable to the City in connection with the Development that are charged pursuant to City Regulations to other developments located in the corporate limits of the City. Notwithstanding the foregoing, no capital recovery fees, including, but not limited to, pro rata fees, impact fees for water, sewer and roadways and other capital recovery fees shall be charged against the Property other than: (i) park fees in an amount not exceeding \$1,500 per residential dwelling unit; (ii) technology fees in an amount not to exceed \$500 per residential dwelling unit; (iii) roadway capital fees of \$3,000 per residential dwelling unit; (iv) water capital fees of \$2,500 per residential dwelling unit; (v) wastewater capital fees of \$2,500 per residential dwelling unit. Roadway, water, and wastewater capital fees shall each escalate by an additional \$350 per residential dwelling unit upon reaching the five-year anniversary of the Effective Date, and upon each succeeding five-year anniversary thereafter, until the term prescribed in Article V, or thereafter extended; however if within ten (10) years of the Effective Date PID assessments are levied for the first phase of the Development or if the City accepts the Public Infrastructure on the final plat for the first phase of the Development, then there will be no escalation after the second escalation. Notwithstanding the foregoing escalation terms, no residential roadway, water or wastewater capital fee charged by the City in connection with development of the Property shall exceed the roadway, water or wastewater capital fee charged uniformly to other residential developments located in the corporate limits of the City at the time such fees are collected. All capital recovery fees applicable to individual lots will be due and payable at the time building permits are issued for each lot.

(b) Open Space. At least 15% of the Property shall be developed as open space. Within said open space, the Developer shall construct a walking trail system and amenities as generally depicted on Exhibit E, which improvements shall comply with the standards set forth in the City Regulations to the extent not specifically altered in Exhibit E ("Open Space Improvements"). Other than the open space and Open Space Improvements required by this Section 4.1(b), no park land dedication or construction of park improvements shall be required, and no park fees shall be required other than those fees described in Section 4.1(a) above.

(c) CCN Acquisition Costs. The Parties agree that the City will be the retail water and wastewater service provider to the Property. Prior to the City initiating water service to the Property, for any portion of the Property located in the water CCN of Marilee Special Utility District, the Developer shall (1) pay to the City the cost that will be owed by the City to Marilee Special Utility District pursuant to that certain Full and Final Settlement and Release dated April 24, 2001, as subsequently amended, or another amount negotiated by City, or (2) decertify the Property from Marilee's CCN, at the Developer's sole cost, so that the City may add the Property to a City CCN.

(d) Public Education Support. Owner requests, and City agrees, that the City collect an additional One Hundred dollars (\$100.00) with every building permit application submitted to the City for the Property. No less than annually, the City shall remit the funds collected in accordance with this paragraph to the Celina Education Foundation.

4.2 INDEMNIFICATION AND HOLD HARMLESS.

(a) THE DEVELOPER AND ITS SUCCESSORS AND ASSIGNS SHALL INDEMNIFY AND HOLD HARMLESS THE CITY, ITS OFFICIALS, EMPLOYEES, OFFICERS, REPRESENTATIVES AND AGENTS (EACH AN "INDEMNIFIED PARTY"), FROM AND AGAINST ALL ACTIONS, DAMAGES, CLAIMS, LOSSES OR EXPENSE OF EVERY TYPE AND DESCRIPTION TO WHICH THEY MAY BE SUBJECTED OR PUT: (I) BY REASON OF, OR RESULTING FROM THE BREACH OF ANY PROVISION OF THIS AGREEMENT BY THE DEVELOPER; (II) THE NEGLIGENT DESIGN, ENGINEERING AND/OR CONSTRUCTION BY THE DEVELOPER OR ANY ARCHITECT, ENGINEER OR CONTRACTOR HIRED BY THE DEVELOPER OF ANY OF THE PUBLIC INFRASTRUCTURE ACQUIRED FROM THE DEVELOPER HEREUNDER; (III) THE DEVELOPER'S NONPAYMENT UNDER CONTRACTS BETWEEN THE DEVELOPER AND ITS CONSULTANTS, ENGINEERS, ADVISORS, CONTRACTORS, SUBCONTRACTORS AND SUPPLIERS IN THE PROVISION AND/OR CONSTRUCTION OF THE PUBLIC INFRASTRUCTURE; (IV) ANY CLAIMS OF PERSONS EMPLOYED BY THE DEVELOPER OR ITS AGENTS TO CONSTRUCT THE PUBLIC INFRASTRUCTURE; OR (V) ANY CLAIMS AND SUITS OF THIRD PARTIES, INCLUDING BUT NOT LIMITED TO DEVELOPER'S RESPECTIVE PARTNERS, OFFICERS, DIRECTORS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, ASSIGNEES, VENDORS, GRANTEES, AND/OR TRUSTEES, REGARDING OR RELATED TO THE PUBLIC INFRASTRUCTURE OR ANY AGREEMENT OR RESPONSIBILITY REGARDING THE PUBLIC INFRASTRUCTURE, INCLUDING CLAIMS AND CAUSES OF ACTION WHICH MAY ARISE OUT OF THE PARTIAL NEGLIGENCE OF AN INDEMNIFIED PARTY (THE "CLAIMS"). NOTWITHSTANDING THE FOREGOING, NO INDEMNIFICATION IS GIVEN HEREUNDER FOR ANY ACTION, DAMAGE, CLAIM, LOSS OR EXPENSE DETERMINED BY A COURT OF COMPETENT JURISDICTION TO BE DIRECTLY ATTRIBUTABLE TO THE WILLFUL MISCONDUCT OR SOLE NEGLIGENCE OF ANY INDEMNIFIED PARTY. DEVELOPER IS EXPRESSLY REQUIRED TO DEFEND CITY AGAINST ALL SUCH CLAIMS, AND CITY IS REQUIRED TO REASONABLY COOPERATE AND ASSIST DEVELOPER IN PROVIDING SUCH DEFENSE.

(b) IN ITS REASONABLE DISCRETION, CITY SHALL HAVE THE RIGHT TO APPROVE OR SELECT DEFENSE COUNSEL TO BE RETAINED BY DEVELOPER IN FULFILLING ITS OBLIGATIONS HEREUNDER TO DEFEND AND INDEMNIFY THE INDEMNIFIED PARTIES, UNLESS SUCH RIGHT IS EXPRESSLY WAIVED BY CITY IN WRITING. THE INDEMNIFIED PARTIES RESERVE THE RIGHT TO PROVIDE A PORTION OR ALL OF THEIR/ITS OWN DEFENSE, AT THEIR/ITS SOLE COST; HOWEVER, INDEMNIFIED PARTIES ARE UNDER NO OBLIGATION TO DO SO. ANY SUCH ACTION BY AN

INDEMNIFIED PARTY IS NOT TO BE CONSTRUED AS A WAIVER OF DEVELOPER'S OBLIGATION TO DEFEND INDEMNIFIED PARTIES OR AS A WAIVER OF DEVELOPER'S OBLIGATION TO INDEMNIFY INDEMNIFIED PARTIES PURSUANT TO THIS AGREEMENT. DEVELOPER SHALL RETAIN CITY-APPROVED DEFENSE COUNSEL WITHIN SEVEN BUSINESS DAYS OF WRITTEN NOTICE FROM AN INDEMNIFIED PARTY THAT IT IS INVOKING ITS RIGHT TO INDEMNIFICATION UNDER THIS AGREEMENT. IF DEVELOPER FAILS TO RETAIN COUNSEL WITHIN SUCH TIME PERIOD, INDEMNIFIED PARTIES SHALL HAVE THE RIGHT TO RETAIN DEFENSE COUNSEL ON THEIR OWN BEHALF, AND DEVELOPER SHALL BE LIABLE FOR ALL REASONABLE COSTS INCURRED BY INDEMNIFIED PARTIES. THE CITY AGREES, UNLESS ADVISED BY DEFENSE COUNSEL TO THE CONTRARY, TO ASSERT ITS IMMUNITY FROM LIABILITY AND IMMUNITY FROM SUIT AND/OR OTHER AVAILABLE AFFIRMATIVE DEFENSES

(c) THIS SECTION 4.2 SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

(d) THE PARTIES AGREE AND STIPULATE THAT THIS INDEMNIFICATION AND THE EXPRESS NEGLIGENCE TEXT COMPLIES WITH THE CONSPICUOUSNESS REQUIREMENT, AND IS VALID AND ENFORCEABLE AGAINST THE DEVELOPER.

4.3 THE DEVELOPER'S ACKNOWLEDGEMENT OF THE CITY'S COMPLIANCE WITH FEDERAL AND STATE CONSTITUTIONS, STATUTES AND CASE LAW AND FEDERAL, STATE AND LOCAL ORDINANCES, RULES AND REGULATIONS/DEVELOPERS' WAIVER AND RELEASE OF CLAIMS FOR OBLIGATIONS EXPRESSLY SET FORTH IN THIS AGREEMENT.

(a) THE DEVELOPER ACKNOWLEDGES AND AGREES THAT, PROVIDED THERE ARE NO CITY DEFAULTS UNDER THIS AGREEMENT:

(i) THE PUBLIC INFRASTRUCTURE EXPRESSLY SET FORTH IN THIS AGREEMENT TO BE CONSTRUCTED UNDER THIS AGREEMENT, AND THE FEES TO BE IMPOSED BY THE CITY PURSUANT TO THIS AGREEMENT, REGARDING THE PROPERTY, IN WHOLE OR IN PART, DO NOT CONSTITUTE A:

(A) TAKING UNDER THE TEXAS OR UNITED STATES CONSTITUTION;

(B) VIOLATION OF THE TEXAS LOCAL GOVERNMENT CODE, AS IT EXISTS OR MAY BE AMENDED; AND/OR

(C) NUISANCE.

(ii) THE AMOUNT OF THE DEVELOPER'S FINANCIAL AND INFRASTRUCTURE CONTRIBUTION FOR THE PUBLIC INFRASTRUCTURE EXPRESSLY SET FORTH IN THIS AGREEMENT IS ROUGHLY PROPORTIONAL TO THE DEMAND THAT THE DEVELOPER'S ANTICIPATED IMPROVEMENTS AND DEVELOPER'S DEVELOPMENT OF THE PROPERTY PLACES ON THE CITY'S INFRASTRUCTURE.

(iii) THE DEVELOPER HEREBY AGREES, STIPULATES AND ACKNOWLEDGES THAT: (A) ANY PROPERTY WHICH IT CONVEYS TO THE CITY OR ACQUIRES FOR THE CITY PURSUANT TO THIS AGREEMENT IS ROUGHLY PROPORTIONAL TO THE BENEFIT RECEIVED BY THE DEVELOPER FOR SUCH LAND, AND THE DEVELOPER HEREBY WAIVES ANY CLAIM

THEREFOR THAT IT MAY HAVE; AND (B) ALL PREREQUISITES TO SUCH DETERMINATION OF ROUGH PROPORTIONALITY HAVE BEEN MET, AND ANY VALUE RECEIVED BY THE CITY RELATIVE TO SAID CONVEYANCE IS RELATED BOTH IN NATURE AND EXTENT TO THE IMPACT OF THE DEVELOPMENT OF THE PROPERTY ON THE CITY'S INFRASTRUCTURE. THE DEVELOPER FURTHER AGREES TO WAIVE AND RELEASE ALL CLAIMS IT MAY HAVE AGAINST THE CITY UNDER THIS AGREEMENT RELATED TO ANY AND ALL: (A) CLAIMS OR CAUSES OF ACTION BASED ON ILLEGAL OR EXCESSIVE EXACTIONS; AND (B) ROUGH PROPORTIONALITY AND INDIVIDUAL DETERMINATION REQUIREMENTS MANDATED BY THE UNITED STATES SUPREME COURT IN *DOLAN V. CITY OF TIGARD*, 512 U.S. 374 (1994), AND ITS PROGENY, AS WELL AS ANY OTHER REQUIREMENTS OF A NEXUS BETWEEN DEVELOPMENT CONDITIONS AND THE PROJECTED IMPACT OF THE PUBLIC INFRASTRUCTURE.

(b) NOTHING IN THIS AGREEMENT, INCLUDING THIS SECTION 4.3, WAIVES (AND DEVELOPER EXPRESSLY RESERVES) ANY RIGHT THE DEVELOPER MAY NOW OR HEREAFTER HAVE WITH RESPECT TO ANY CLAIM THAT THE APPLICATION OF AMENDMENTS TO THE CITY REGULATIONS, ENACTED AFTER THE EFFECTIVE DATE, TO THE PROPERTY VIOLATES ANY STATE OR FEDERAL LAW, SO LONG AS SUCH CLAIM DOES NOT RELATE TO ANY EXPRESS OBLIGATION OF DEVELOPER SET FORTH IN THIS AGREEMENT.

(c) THIS SECTION 4.3 SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

ARTICLE V TERM

The term of this Agreement shall be for a period of thirty (30) years after the Effective Date, except that **Exhibit D** and Section 3.4, plus all provisions of this Agreement related to **Exhibit D** and Section 3.4 shall have a term of forty-five (45) years. The Parties may extend the term of this Agreement if they execute an agreement in writing. Notwithstanding anything to the contrary in this Agreement, should the Developer close upon acquisition of the Moore Parcel prior to September 30, 2021, then conditioned upon the timely completion of that event, this Agreement will be automatically amended to expand the definition of the Property to include the Moore Parcel. Further, notwithstanding the foregoing, if the Owner fails to transfer the Property to the Developer on or before September 30, 2021, this Agreement shall be void ab initio.

ARTICLE VI ANNEXATION AND POST-ANNEXATION MATTERS

6.1 Annexation. Within ten (10) days of being requested to do so by the City, , Developer agrees to (a) submit a voluntary annexation petition for the Property, or (b) if requested by the City, sign a petition for annexation presented to the Developer by the City that may contain additional acres (collectively, the "Petition Property"). The Developer agrees to execute and supply any and all instruments and/or other documentation necessary for the City to annex the Property into the City's corporate limits. This Agreement constitutes the service plan agreement for providing City services to the Property. If the City is unable to complete the annexation of the Petition Property for any reason, including but not limited to procedural error or legal challenge, the Developer shall execute another voluntary annexation petition for the Petition Property and/or

Property, within ten (10) days of being requested to do so. Prior to annexation of the Property, this Agreement shall be approved by the Parties and shall be considered a binding, and mutually agreed upon, contractual obligation between the City and the Developer. The Developer acknowledges and agrees that this Section 6.1 was a material inducement for the City to enter into this Agreement with the Developer and to create a PID. The City acknowledge and agrees creation of the PID and issuance of PID Bonds are a material inducement for the Developer to agree to this Section 6.1 and the Developer to agree to the obligations contained in this Agreement.

6.2 Zoning of Property. While the Parties expressly acknowledge that the Property will be voluntarily annexed in accordance with Section 6.1 of this Agreement, the Parties agree that the Concept Plan, the Development Standards, and the applicable provisions of this Agreement memorialize the plan for development of the Property as provided for in Section 212.172 of the Texas Local Government Code and other applicable law. The City shall consider zoning the Property consistent with the Development Standards, Concept Plan, and applicable provisions of this Agreement contemporaneously with the annexation of the Property. Through this Agreement, the Developer expressly consents and agrees to the zoning of the Property consistent with and as contemplated by this section. In the event of a conflict between this Agreement and the zoning of the Property, the Parties agree that this Agreement shall control. The Developer agrees that nothing in this Agreement shall prevent Exhibit D, Section 3.4 of this Agreement, and the City Regulations, including but not limited to zoning, from being enforced against an End-Buyer.

ARTICLE VII INFRASTRUCTURE FINANCING

7.1 PID Financing. The City proposes to create the PID, to fund, in part, the Public Infrastructure that will confer a special benefit upon the Property. As soon as reasonably practicable following a request by the Developer, and provided the City's financial advisor confirms the bonds are credit worthy and marketable to third party institutional investors, the City agrees to issue PID Bonds.

(a) A PID creation petition will be submitted by the Developer to the City.

(b) PID funding of certain Public Infrastructure as authorized by the PID Act and approved by the City will include, to the maximum extent authorized by State law, one or more of the following: (i) annual payments by the City to the Developer of PID assessments not pledged to the repayment of PID Bonds; (ii) the issuance by the City of PID Bonds secured by PID assessments and/or other security; (iii) the issuance by the City or other issuer of other bonds secured by PID assessments and/or other security; or (iv) any other method approved by the Parties. The total amount of PID Bonds secured by assessments from the Property shall not exceed the amount stated in the PID creation petition which amount shall not exceed \$75,000,000.00.

(c) The Public Infrastructure to be funded by the PID will be described in the PID Service and Assessment Plan, which Public Infrastructure is described in this Agreement and confers a special benefit on the Property (the "PID Projects").

(d) The total estimated cost of the PID Projects (the "PID Project Costs") will be as stated in the PID Service and Assessment Plan, as amended. The PID Project Costs will include the cost of two-year maintenance bonds for the PID Projects.

(e) The City and the Developer will jointly determine the PID Project Costs (which shall not include City right-of-way acquisition costs) and prepare a Service and Assessment Plan for the PID. After the City approves the final PID Project Costs, prepares a proposed assessment roll based thereon, and files the Service and Assessment Plan and proposed assessment roll with the Secretary for the City for public inspection, the City will levy special assessments against the Property.

(f) The City shall review and update the Service and Assessment Plan consistent with the requirements of Section 372.013(b) of the PID Act. As needed for consistency with the updated Service and Assessment Plan and consistent with the requirements of Sections 372.019 and 372.020 of the PID Act, the City shall make supplemental assessments, reassessments or new assessments such that assessments reflect the updated PID Project Costs. Concurrent with the levy of PID assessments and as needed to implement the Service and Assessment Plan, the City and the Developer will enter into a PID reimbursement agreement that provides for the Developer's construction of certain PID Projects and the City's reimbursement to the Developer of certain PID Project Costs.

(g) The City will use its reasonable efforts to issue one or more series of PID Bonds secured, in whole or in part, by assessments levied against benefited property within the PID. PID Bonds may also be secured by any other revenue authorized by the PID Act or other State law and approved by the City Council of the City. The net proceeds from the sale of PID Bonds (i.e., net of costs and expenses of issuance and amounts for debt service reserves and capitalized interest) will be used to pay PID Project Costs. Notwithstanding the foregoing, the obligation of the City to issue PID Bonds is conditioned upon the adequacy of the bond security and the financial obligation of the Developer to pay the amount, if any, by which PID Project Costs exceed the net proceeds from the sale of PID Bonds and the amount, if any, of cost overruns. The City may require the Developer to secure its obligation to pay such deficit by providing a performance bond, letter of credit, or other security acceptable to the City prior to the issuance of the PID Bonds. The net proceeds from the sale of the PID Bonds will be deposited in and disbursed from a construction fund created and administered pursuant to the indenture under which the PID Bonds are issued.

7.2 Emergency Sirens. In consideration for the City's assistance and cooperation in connection with the issuance by the City of PID Bonds for any part of the Development, the Developer agrees to pay the City, simultaneously with the closing and funding of the second issuance of PID Bonds, a fee in the amount of \$50,000 to be used by the City to purchase and install an emergency warning siren.

7.3 Costs for Non-Bank Qualified Bonds.

(a) If in any calendar year the City issues bonds, notes or other obligations as approved by the City Council for any given year in question that would constitute a qualified tax-exempt obligation but for the issuance of the PID Bonds or other bonds, notes or other obligations supporting public improvements for non-City owned development projects or City owned projects

financed for a direct benefit to the non-City owned development projects, including either bonds authorized by Texas Tax Code Chapter 311 or bonds authorized by the PID Act, then the Developer shall pay to the City a fee (the "Bank Qualified Debt Fee") to compensate the City for the debt service savings the City would have achieved had the debt issued by the City been able to be classified as a qualified tax-exempt obligation provided that all other developers or owners benefitting from the City issuing debt are similarly burdened with an obligation to compensate the City. The Bank Qualified Debt Fee of the Developer and all other developers or owners on whose behalf the City issues debt, will be calculated as follows:

The net present value (calculated based on the Internal Revenue Service bond yield) of the debt service savings that would have accrued to the City had it been able to issue qualified tax-exempt obligation debt multiplied by a fraction, the numerator of which is the amount of debt issued by the City for any particular owner or developer (including the Developer, as applicable) and the denominator of which is the total debt issued by the City for the benefit of all owners or developers (including the Developer, as applicable).

(b) To the extent any developer(s) or owner(s) (including the Developer, as applicable) has (have) paid the Bank Qualified Debt Fee for any particular calendar year, any such Bank Qualified Debt Fee paid subsequently by a developer or owner (including the Developer, as applicable) to the City applicable to the same calendar year shall be reimbursed by the City to the developer(s) or owner(s) (including the Developer, as applicable) as necessary so as to put all developers and owners so paying for the same calendar year in the required payment proportion as set forth above, said reimbursement to be made by the City within ten (10) business days after its receipt of such subsequent payments of the Bank Qualified Debt Fee.

(c) If in any calendar year the City issues PID Bonds on its own account that exceed the amount that would otherwise qualify the City for the issuance of bank qualified debt, or if the City fails to charge the Bank Qualified Debt Fee to any other developer or owner on whose behalf the City has issued debt and fails to cure such oversight, then no Bank Qualified Debt Fee shall be due under this provision and if any Bank Qualified Debt Fee had already been paid to the City under this provision, then such Bank Qualified Debt Fee shall be reimbursed promptly to the Developer from lawfully available and otherwise unencumbered funds.

7.4 PID Notices. When selling any of the Property after the PID is created, the Developer shall provide notices in a form required by Section 5.014 of the Texas Property Code, as amended, to anyone who purchases property within the PID notifying the purchaser: (a) that the property is located in the PID; (b) that the City has issued or may issue PID bonds; (c) that the City has levied or may levy PID assessments; (d) of the unpaid reimbursement amount of the PID assessment against the Property; (e) of the estimated annual installments if PID assessments are not paid in full; and (f) of the estimated duration of the PID assessment and annual installments. Further, the Developer shall contractually require builders selling homes to continuously post a notice of the PID assessments in a conspicuous location in each model home and provide an explanation of the PID assessments in written brochures and promotional materials given to each prospective purchaser. This section applies to all owners of all or any portion of the Property.

ARTICLE VIII
EVENTS OF DEFAULT; REMEDIES

8.1 Events of Default. No Party shall be in default under this Agreement until notice of the alleged failure of such Party to perform has been given in writing (which notice shall set forth in reasonable detail the nature of the alleged failure) and until such Party has been given a reasonable time to cure the alleged failure (such reasonable time to be determined based on the nature of the alleged failure, but in no event more than 30 days after written notice of the alleged failure has been given). Notwithstanding the foregoing, no Party shall be in default under this Agreement if, within the applicable cure period, the Party to whom the notice was given begins performance and thereafter diligently and continuously pursues performance until the alleged failure has been cured and within such 30-day period gives written notice to the non-defaulting Party of the details of why the cure will take longer than 30 days with a statement of how many days are needed to cure.

8.2 Remedies. If a Party is in default, the aggrieved Party may, at its option and without prejudice to any other right or remedy under this Agreement, seek any relief available at law or in equity, including, but not limited to, an action under the Uniform Declaratory Judgment Act, or actions for specific performance, mandamus, or injunctive relief. NOTWITHSTANDING THE FOREGOING, HOWEVER, NO DEFAULT UNDER THIS AGREEMENT SHALL ENTITLE THE AGGRIEVED PARTY TO TERMINATE THIS AGREEMENT OR LIMIT THE TERM OF THIS AGREEMENT.

ARTICLE IX
ASSIGNMENT AND ENCUMBRANCE

9.1 Assignment by Developer to Successors.

(a) The Developer has the right (from time to time without the consent of the City, but upon prior written notice to the City) to assign this Agreement, in whole or in part, and including any obligation, right, title, or interest of the Developer under this Agreement, to any person or entity (an "Developer Assignee") that (i) is or will become an owner of any portion of the Property or (ii) is controlled by or under common control by the Developer and becomes an owner of any portion of the Property, provided that the Developer is not in breach of this Agreement at the time of such assignment. A Developer Assignee is considered the "Developer" and a "Party," under this Agreement for purposes of the obligations, rights, title, and interest assigned to the Developer Assignee. Notice of each proposed assignment to a Developer Assignee shall be provided to the City at least fifteen (15) days prior to the effective date of the assignment, which notice shall include a copy of the proposed assignment document together with the name, address, telephone number, and e-mail address (if available) of a contact person representing the Developer Assignee.

(b) Each assignment shall be in writing executed by the Developer and the Developer Assignee and shall obligate the Developer Assignee to be bound by this Agreement to the extent this Agreement applies or relates to the obligations, rights, title, or interests being assigned. A copy of each fully executed assignment to a Developer Assignee shall be provided to all Parties within fifteen (15) days after execution. From and after such assignment, the City agrees to look solely to the Developer Assignee for the performance of all obligations assigned to the Developer

Assignee and agrees that the Developer shall be released from subsequently performing the assigned obligations and from any liability that results from the Developer Assignee's failure to perform the assigned obligations; provided, however, if a copy of the assignment is not received by the City within 15 days after execution, Developer shall not be released until the City receives such copy of the assignment.

(c) No assignment by Developer shall release Developer from any liability that resulted from an act or omission by Developer that occurred prior to the effective date of the assignment unless the City approves the release in writing.

(d) The Developer shall maintain written records of all assignments made to Developer Assignees, including a copy of each executed assignment and the Developer Assignee's Notice information as required by this Agreement, and, upon written request from another Party, shall provide a copy of such records to the requesting person or entity.

9.2 Assignment by the City. The City has the right (from time to time without the consent of another Party, but upon prior written Notice to each other Party) to assign this Agreement, in whole or in part, and including any obligation, right, title, or interest of the City under this Agreement, to any agency, authority, or political subdivision of the state (a "City Assignee"). Notice of each proposed assignment to a City Assignee shall be provided to each other Party at least 15 days prior to the effective date of the assignment, which Notice shall include a copy of the proposed assignment document together with the name, address, telephone number, and e-mail address of a contact person representing the City Assignee who the other Party may contact for additional information. Each assignment shall be in writing executed by the City and the City Assignee and shall obligate the City Assignee to be bound by this Agreement to the extent this Agreement applies or relates to the obligations, rights, title, or interests being assigned. A copy of each fully executed assignment to a City Assignee shall be provided to all Parties within 15 days after execution. From and after such assignment, all Parties agrees to look solely to the City Assignee for the performance of all obligations assigned to the City Assignee and agrees that the City shall be released from subsequently performing the assigned obligations and from any liability that results from the City Assignee's failure to perform the assigned obligations; provided, however, if a copy of the assignment is not received by the other Parties within 15 days after execution, the City shall not be released until the other Parties receive such copy of the assignment. No assignment by the City shall release the City from any liability that resulted from an act or omission by the City that occurred prior to the effective date of the assignment unless the other Parties approve the release in writing. The City shall maintain written records of all assignments made by the City to City Assignees, including a copy of each executed assignment and the City Assignee's Notice information as required by this Agreement, and, upon written request from another Party, shall provide a copy of such records to the requesting person or entity.

9.3 Collateral Assignments. The Developer and Developer Assignees have the right, from time to time, to collaterally assign, pledge, grant a lien or security interest in, or otherwise encumber any of their respective rights, title, or interest under this Agreement for the benefit of their respective lenders without the consent of, but with prompt written Notice to, the City. The collateral assignment, pledge, grant of lien or security interest, or other encumbrance shall not, however, obligate any lender to perform any obligations or incur any liability under this Agreement unless the lender agrees in writing to perform such obligations or incur such liability. Provided

the City has been given a copy of the documents creating the lender's interest, including Notice (hereinafter defined) information for the lender, then that lender shall have the right, but not the obligation, to cure any default under this Agreement and shall be given a reasonable time to do so in addition to the cure periods otherwise provided to the defaulting Party by this Agreement; and the City agrees to accept a cure offered by the lender as if offered by the defaulting Party. A lender is not a Party to this Agreement unless this Agreement is amended, with the consent of the lender, to add the lender as a Party. Notwithstanding the foregoing, however, this Agreement shall continue to bind the Property and shall survive any transfer, conveyance, or assignment occasioned by the exercise of foreclosure or other rights by a lender, whether judicial or non-judicial. Any purchaser from or successor owner through a lender of any portion of the Property shall be bound by this Agreement and shall not be entitled to the rights and benefits of this Agreement with respect to the acquired portion of the Property until all defaults under this Agreement with respect to the acquired portion of the Property have been cured.

9.4 Transfer of Warranties. Any Public Infrastructure that are transferred to the City shall be accompanied by all applicable third-party bonds and warranties related to construction and maintenance of such Public Infrastructure.

9.5 Assignees as Parties. An assignee authorized in accordance with this Agreement and for which notice of assignment has been provided in accordance with this Agreement shall be considered a "Party" for the purposes of this Agreement. With the exception of the End-Buyer of a lot within the Property, any person or entity upon becoming an owner of land or upon obtaining an ownership interest in any part of the Property shall be deemed to be a "Developer" and have all of the obligations of the Developer as set forth in this Agreement and all related documents to the extent of said ownership or ownership interest.

9.6 No Third-Party Beneficiaries. This Agreement only inures to the benefit of, and may only be enforced by, the Parties. No other person or entity shall have any right, title, or interest under this Agreement or otherwise be deemed to be a third-party beneficiary of this Agreement.

ARTICLE X **RECORDATION AND ESTOPPEL CERTIFICATES**

10.1 Binding Obligations. This Agreement and all amendments hereto (including amendments to the Concept Plan as allowed in this Agreement) and assignments hereof shall be recorded in the deed records of Collin County. This Agreement binds and constitutes a covenant running with the Property. Upon the Effective Date, this Agreement shall be binding upon the Parties and their successors and assigns permitted by this Agreement and forms a part of any other requirements for Development within the Property. This Agreement, when recorded on or after the Effective Date, shall be binding upon the Parties and their successors and assigns as permitted by this Agreement and upon the Property; however, this Agreement shall not be binding upon, and shall not constitute any encumbrance to title as to, any end-buyer/homebuyer of a fully developed and improved lot (an "End-Buyer") and shall not negate the End-Buyer's obligation to comply with the City's Regulations, including but not limited to zoning ordinances, as they currently exist or may be amended.

10.2 Estoppel Certificates. From time to time upon written request of the Developer, if needed to facilitate a sale of all or a portion of the Property or a loan secured by all or a portion of the Property, the City will execute a written estoppel certificate in a form and substance satisfactory to the City, to its reasonable knowledge and belief, identifying any obligations of the Developer under this Agreement that are in default. The Developer shall pay the City \$1,000 at the time of the Developer's request for an estoppel certificate for each request in excess of one per calendar year.

ARTICLE XI
ADDITIONAL PROVISIONS

11.1 Recitals. The recitals contained in this Agreement: (a) are true and correct as of the Effective Date; (b) form the basis upon which the Parties negotiated and entered into this Agreement; (c) are legislative findings of the City Council of the City; and (d) reflect the final intent of the Parties with regard to the subject matter of this Agreement. In the event it becomes necessary to interpret any provision of this Agreement, the intent of the Parties, as evidenced by the recitals, shall be taken into consideration and, to the maximum extent possible, given full effect. The Parties have relied upon the recitals as part of the consideration for entering into this Agreement and, but for the intent of the Parties reflected by the recitals, would not have entered into this Agreement.

11.2 Notices. Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to any party shall be deemed to have been received when personally delivered or transmitted by telecopy or facsimile transmission (which shall be immediately confirmed by telephone and shall be followed by mailing an original of the same within 24 hours after such transmission) or 72 hours following deposit of the same in any United States Post Office, registered or certified mail, postage prepaid, addressed as follows:

To the City:

Attn: City Manager
City of Celina
142 North Ohio
Celina, TX 75009
E-mail: jlaumer@celina-tx.gov
TEL: (972) 382-2682
FAX: (972) 382-3736

With a copy to:

Attn: Julie Fort
Messer, Rockefeller & Fort, PLLC
6371 Preston Road, Suite 200
Frisco, Texas 75034
E-mail: Julie@txmunicipallaw.com
TEL: (972) 668-6400
FAX: (972) 668-6414

To the Developer: Attn: Van D. Nichols, President
PILATUS INVESTMENTS, L.L.C.
1341 S Preston Road, Suite C
Celina, Texas 75009
E-mail: vannichols@aol.com
TEL: 214-533-7166

With a copy to: Attn: Frank Abbott
Kimley-Horn and Associates, Inc.
5750 Genesis Ct., Suite 200
Frisco, TX 75034
E-mail: frank.abbott@kimley-horn.com
TEL: (972) 335-3580

With a copy to: Attn: Misty Ventura
Shupe Ventura, PLLC
9406 Biscayne Blvd.
Dallas, Texas 75218
E-mail: misty.ventura@svlandlaw.com
TEL: (214) 328-1101

Any party may change its address or addresses for delivery of notice by delivering written notice of such change of address to the other party.

11.3 Interpretation. The Parties acknowledge that each has been actively involved in negotiating this Agreement. Accordingly, the rule of construction that any ambiguities are to be resolved against the drafting Party will not apply to interpreting this Agreement. In the event of any dispute over the meaning or application of any provision of this Agreement, the provision will be interpreted fairly and reasonably and neither more strongly for nor against any Party, regardless of which Party originally drafted the provision.

11.4 Time. In this Agreement, time is of the essence and compliance with the times for performance herein is required.

11.5 Authority and Enforceability. The City represents and warrants that this Agreement has been approved by official action by the City Council of the City in accordance with all applicable public notice requirements (including, but not limited to, notices required by the Texas Open Meetings Act) and that the individual executing this Agreement on behalf of the City has been duly authorized to do so. The Developer represents and warrants that this Agreement has been approved by appropriate action of the Developer, and that the individual executing this Agreement on behalf of the Developer has been duly authorized to do so. Each Party respectively acknowledges and agrees that this Agreement is binding upon such Party and is enforceable against such Party, in accordance with its terms and conditions and to the extent provided by law.

11.6 Entire Agreement. This Agreement constitutes the entire agreement between the Parties and supersedes all prior agreements, whether oral or written, covering the subject matter of

this Agreement. This Agreement shall not be modified or amended except in writing signed by the Parties.

11.7 Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable for any reason, then: (a) such unenforceable provision shall be deleted from this Agreement; (b) the unenforceable provision shall, to the extent possible and upon mutual agreement of the parties, be rewritten to be enforceable and to give effect to the intent of the Parties; and (c) the remainder of this Agreement shall remain in full force and effect and shall be interpreted to give effect to the intent of the Parties.

11.8 Applicable Law; Venue. This Agreement is entered into pursuant to, and is to be construed and enforced in accordance with, the laws of the State of Texas, and all obligations of the Parties are performable in Collin County. Exclusive venue for any action to enforce or construe this Agreement shall be in the Collin County District Court.

11.9 Non-Waiver. Any failure by a Party to insist upon strict performance by the other Party of any material provision of this Agreement shall not be deemed a waiver thereof, and the Party shall have the right at any time thereafter to insist upon strict performance of any and all provisions of this Agreement. No provision of this Agreement may be waived except by writing signed by the Party waiving such provision. Any waiver shall be limited to the specific purposes for which it is given. No waiver by any Party of any term or condition of this Agreement shall be deemed or construed to be a waiver of any other term or condition or subsequent waiver of the same term or condition.

11.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument.

11.11 Further Documents. The Parties agree that at any time after execution of this Agreement, they will, upon request of another Party, execute and deliver such further documents and do such further acts and things as the other Party may reasonably request in order to effectuate the terms of this Agreement. This provision shall not be construed as limiting or otherwise hindering the legislative discretion of the City Council seated at the time that this Agreement is executed or any future City Council.

11.12 Exhibits. The following exhibits are attached to this Agreement and are incorporated herein for all purposes:

- Exhibit A-1 Legal Description of the Property
- Exhibit A-2 Depiction of the Property
- Exhibit B-1 Legal Descriptions of the Moore Parcel
- Exhibit B-2 Depiction of the Moore Parcel
- Exhibit C Concept Plan
- Exhibit D Development Standards
- Exhibit E Trails and Open Space Exhibit
- Exhibit F Celina Parkway and Louisiana Street ROW
- Exhibit G Offsite Water Improvements

Exhibit H Offsite Wastewater Improvements

11.13 Governmental Powers; Waivers of Immunity. By its execution of this Agreement, the City does not waive or surrender any of its respective governmental powers, immunities, or rights except as provided in this section. The Parties acknowledge that the City waives its sovereign immunity as to suit solely for the purpose of adjudicating a claim under this Agreement. This is an agreement for the provision of goods or services to the City under Section 271.151 et seq. of the Texas Local Government Code.

11.14 Force Majeure. Each Party shall use good faith, due diligence and reasonable care in the performance of its respective obligations under this Agreement, and time shall be of the essence in such performance; however, in the event a Party is unable, due to force majeure, to perform its obligations under this Agreement, then the obligations affected by the force majeure shall be temporarily suspended. Within three business days after the occurrence of a force majeure, the Party claiming the right to temporarily suspend its performance, shall give notice to all the Parties, including a detailed explanation of the force majeure and a description of the action that will be taken to remedy the force majeure and resume full performance at the earliest possible time. The term "force majeure" shall include events or circumstances that are not within the reasonable control of Party whose performance is suspended and that could not have been avoided by such Party with the good faith exercise of good faith, due diligence and reasonable care.

11.15 Amendments. This Agreement cannot be modified, amended, or otherwise varied, except in writing signed by the City and the Developer expressly amending the terms of this Agreement.

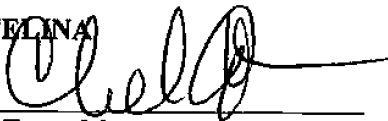
11.16 Consideration. This Agreement is executed by the Parties hereto without coercion or duress and for substantial consideration, the sufficiency of which is hereby acknowledged.

[signatures on following pages]

EXECUTED by the City and the Developer on the respective dates stated below after approval of the City Council of the City on February 9, 2021.

Date: 02/09/21


CITY OF CELINA

By: 
Sean Terry, Mayor Mayor Pro-Tem

ATTEST:

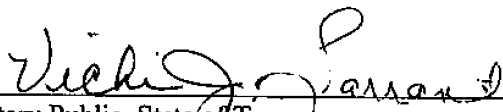

Vicki Tarrant, City Secretary

APPROVED AS TO FORM


~~Julie Fort~~, Attorney for City
Trey Sargent

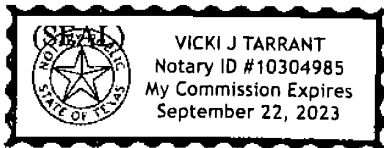
STATE OF TEXAS §
 §
COUNTY OF COLLIN §

This instrument was acknowledged before me on the 9 day of Feb, 2021, by Sean Terry, the Mayor of the City of Celina, Texas, on behalf of said City.


Notary Public, State of Texas

Vicki J Tarrant
Name printed or typed

Commission Expires: 9-22-2023



DEVELOPER:

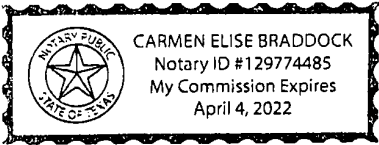
PILATUS INVESTMENTS, L.L.C.

a Texas limited liability company

By: Van D. Nichols
Name: VAN D. NICHOLS
Title: PRESIDENT

STATE OF TEXAS §
 §
COUNTY OF Collin §

BEFORE ME, a Notary Public in and for the State of Texas, duly authorized to take acknowledgments, on February 2nd, 2021, personally appeared Van D. Nichols, President of PILATUS INVESTMENTS, L.L.C., a Texas limited liability company and acknowledged that he executed the foregoing document on behalf of said limited liability company.



Carmen Elise Braddock
Notary Public in and for the State of Texas

EXHIBIT A-1
DESCRIPTION OF THE PROPERTY

BEING a tract of land situated in the German Emigration Co. Survey, Abstract No, 357, and the G. A. Wilson Survey, Abstract No. 1072, Collin County, Texas being a 153.177 Acre Tract to John T. Razor as recorded in Volume 4327, Page 2386 of the Deed Records of Collin County, Texas, and being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch iron rod set for corner, said iron rod being at the northeast corner of said German Emigration Survey, said iron rod also being in the centerline of Spur 483 (Business 289), said iron rod also being at the southeast corner of a 59.555 Acre tract as recorded in Volume 2199, Page 592, D,R,C,C,T,

THENCE South 00 degrees 09 minutes 43 seconds East following the center line of said Spur 483 a distance of 1626.11 feet to a 1/2 inch iron rod set for corner;

THENCE South 89 degrees 37 minutes 15 seconds West following the general course of a wire fence a distance of 4074.68 feet to a bolt found in the top of a 12 inch dia. wood fence corner post;

THENCE North 00 degrees 11 minutes 22 seconds East following the general course of a wire fence a distance of 1653.08 feet to a 1/4 inch iron rod found for corner;

THENCE DUE EAST the general course of a wire fence a distance of 4064.53 feet to the POINT OF BEGINNING and containing 6,672,397 square feet or 153.177 acres of land.

EXHIBIT B-1
LEGAL DESCRIPTION OF THE MOORE PARCEL

BEING a 66.862 acre tract of land situated in the George A. Wilson Survey, Abstract No. 1072, and the MEP and PRR Co. Survey, Abstract No. 654, in Collin County, Texas, and being part of a 115.71 tract of land conveyed to Willie Douglas Moore, Trustee of the Willie Douglas Moore Revocable Trust and recorded in Collin County Clerk No. 20160526000647060 of the Official Public Records of Collin County, Texas, and being more particularly described in metes and bounds as follows:

BEGINNING at a Bolt found for corner in a fence post at the northwest corner of a 35' access easement as recorded in Collin County Document No. 94-0073233 and in Collin County Document No. 99-0002867 of the Official Public Records of Collin County, Texas and said Bolt being the southwest corner of a called 153.177 acre tract of land as conveyed to Chi Chu Chan, Tsun Huei Chan, and Paul Chan and recorded in Volume 5404, Page 5581 of the Deed Records of Collin County, Texas;

THENCE S 00°36'40" E a distance of 70.00' to a capped 1/2" iron rod stamped "4613" set for the southeast corner;

THENCE S 89°29'14" W across the called 115.71 acre tract of land a distance of 1479.14' to a capped 1/2" iron rod stamped "4613" set for corner in the east line of a called 174.64 acre tract of land as conveyed to Ownsby 1880 Farms, LTD. and recorded in Volume 4332, Page 1047 of the Deed records of Collin County Texas;

THENCE N 13°30'40" W a distance of 195.48' to a capped 1/2" iron rod stamped "4613" set for corner;

THENCE S 89°38'20" W a distance of 152.20' to a 1" Pipe found for the southeast corner of a called 161.190 acre tract of land as conveyed to Dynavest Joint Venture in Volume 288, Page 125 of the Deed Records of Collin County, Texas;

THENCE N 02°06'19" W a distance of 1548.42' to a capped 1/2" iron rod stamped "4613" set for the southwest corner of a called 155.26 acre tract of land as conveyed to LMR Holdings, LTD and recorded in Collin County Clerk No. 20090213000158800 of Official Public Records of Collin County, Texas;

THENCE S 89°59'40" E a distance of 1734.20' to a capped 1/2" iron rod stamped "4613" set for the northwest corner of the called 153.177 acre tract of land;

THENCE S 00°02'20" W a distance of 1688.08' to the POINT OF BEGINNING and containing 2,912,529 Square Feet or 66.862 acres of land.

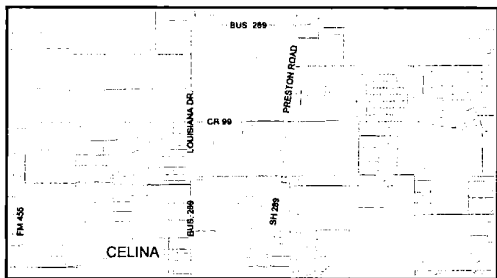
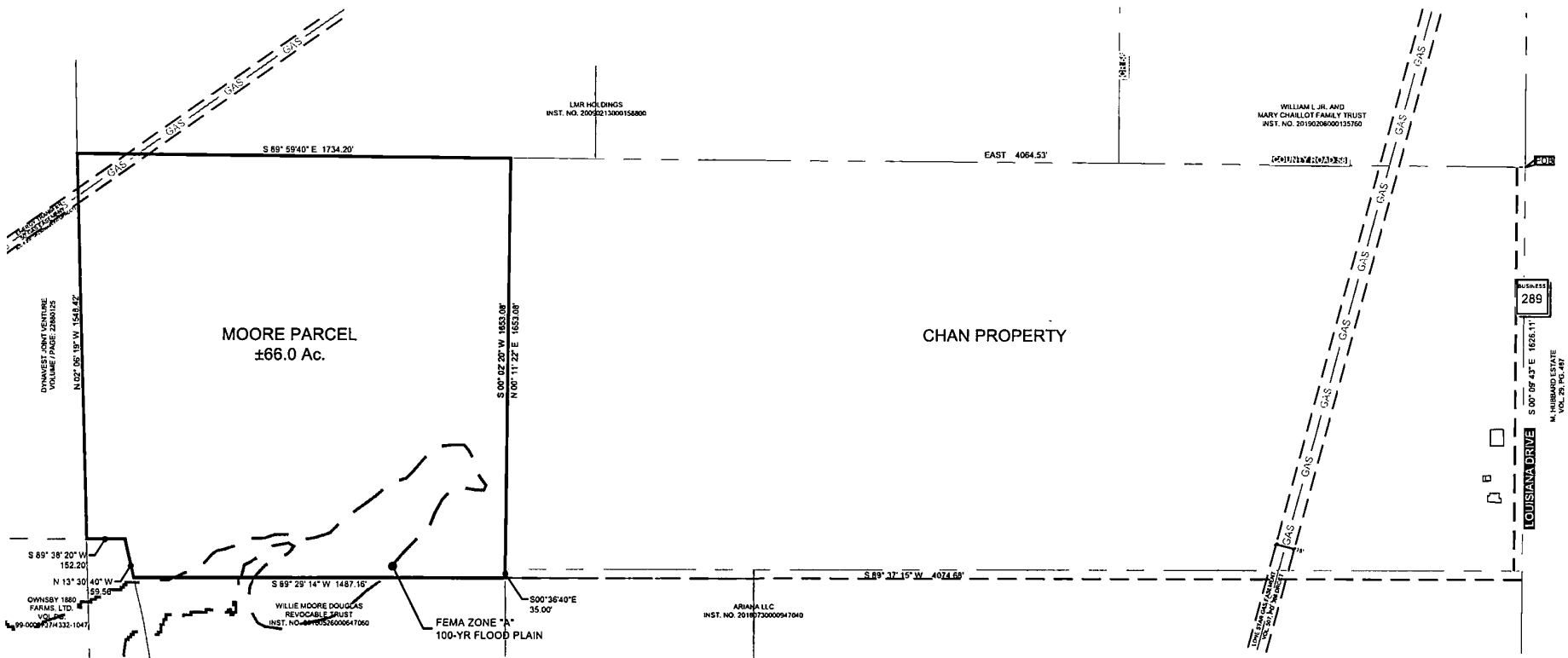


EXHIBIT "B-2"
DEPICTION OF THE MOORE PARCEL

Chan-Moore

A ±66.0 ACRE TRACT IN THE GEORGE A. WILSON SURVEY & M.E.P. & P. RR. COMPANY SURVEY, ABSTRACT NO. 654 IN THE CITY OF CELINA, COLLIN COUNTY, TEXAS

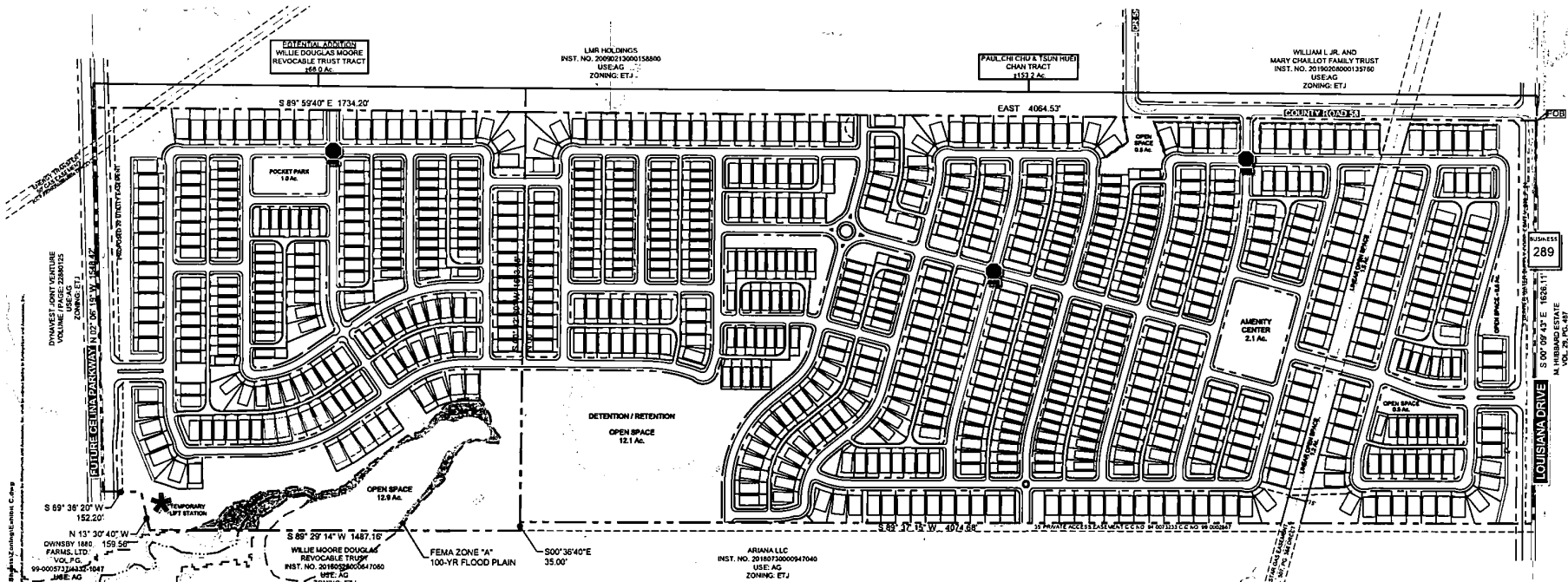
APPLICANT:
Pilatus Investments, LLC
1341 S Preston Rd., STE C
Celina, TX 75009
Van Nichols
P 972-382-4004
E vannichols@aol.com

OWNER:
Moore Willie Douglas Revocable Trust
4107 Newton Ave. Apt. 5
Dallas, TX 75219-3030
Willie Douglas Moore Trustee

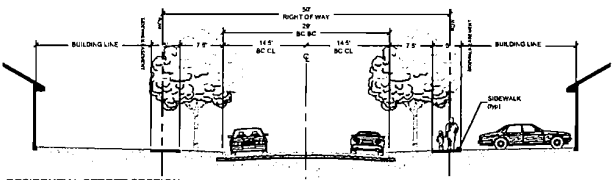
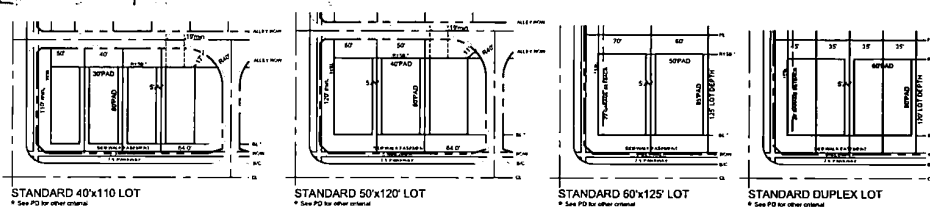
ENGINEER / SURVEYOR:
Kimley-Horn and Associates
State of Texas Registration No. F-928
6160 Warren Parkway
Suite 200
Frisco, TX 75034
P 972-335-3580
Contact: Frank Abbott, PE

Connor Nichols
P 972-345-0344
E cjnichols10@gmail.com

January 2021
Kimley»Horn



Prepared by: Kinimberly Allen Date: January 28, 2021 GR-022248
 File Path: \\P:\PL_Civil\033748_100 - Chan-Moore\033748_Civil\022248.dwg
 The information contained on this drawing is the property of Kinimberly Allen & Associates, Inc. and is not to be used for any other project without the written consent of Kinimberly Allen & Associates, Inc.



Chan Land Use Acreage Summary*

Perimeter Thoroughfares Rights of Way	2.8
Open Space	24.7
Residential Lots / Residential Rights of Way	125.7
Total	153.2

Open Space Acreage Summary*

Open Space	24.7
Area (Net of Right of Way)	150.4
Total Percent Open Space	16.4%

Lot Type Summary*

40'	188	31.6%
50'	259	45.2%
60'	138	23.2%
Total	585	

Density Summary (Units per Acre)*

Gross	3.9
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*Acreage, Open Space, Lot Type and Density Summaries are for information only and may vary at the time of platting based on criteria set forth in Exhibit D of the Development Agreement.

Note: If there is a conflict between Exhibit C and Exhibit D, then Exhibit D controls.

LEGEND

6" MASONRY WALL

6" BOARD ON BOARD WOOD FENCE

Potential Addition Land Use Acreage Summary*

Perimeter Thoroughfares Rights of Way	1.3
Open Space	16.6
Residential Lots / Residential Rights of Way	47.2
Total	65.0

Open Space Acreage Summary*

Open Space	16.6
Area (Net of Right of Way)	61.7
Total Percent Open Space	26.0%

Lot Type Summary*

40'	71	33.6%
50'	89	42.2%
60'	51	24.2%
Total	211	

Density Summary (Units per Acre)*

Gross	3.2
--------------	------------

- Note:
- Location of lot types, size and configuration of lots is subject to change at the time of platting, subject to the Development Standards in the Development Agreement.
 - The thoroughfare alignments shown on this exhibit are for illustration purposes and do not constitute the alignment, which will be determined at the time of final plat. The acreage of thoroughfares noted herein is preliminary and subject to change.
 - All information related to the amenity center and open space on this exhibit is illustrative only. See Exhibit E - Open Space and Trails for information related to open space.
 - This property is affected by FEMA Flood Plain Zone A and X per FEMA Panel 48065C0110, Effective 6/2/2009

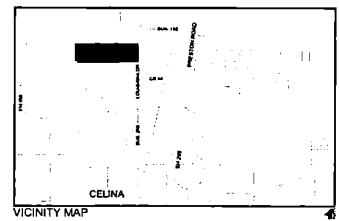
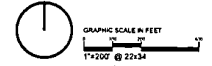


EXHIBIT "C" - CONCEPT PLAN

Chan-Moore

A 153.177 ACRE TRACT IN THE GERMAN EMIGRATION CO. SURVEY, ABSTRACT #337 & THE G.S. WILSON SURVEY, ABSTRACT #1072 IN THE CITY OF CELINA, COLLIN COUNTY, TEXAS

January 2021

APPLICANT: Pital Investments, LLC
 1414 S Preston Rd., STE C
 Celina, TX 75009
 Van Huchin
 P 972-342-4024
 C vanhuchin@aol.com

OWNER: Du Chu Chan
 4130 Hampshire
 Plano, TX
 P (214) 433-6662
 C dchan@verizon.net

ENGINEER / SURVEYOR: Kinimberly Allen and Associates
 State of Texas Registration No. 9-28
 6160 Waterway Parkway
 Suite 200
 Frisco, TX 75034
 P 972-345-3540
 C kallen@kinimberly.com

OWNER: Kinimberly Allen & Associates, Inc.
 P 972-345-0144
 C kallen@kinimberly.com

EXHIBIT D
DEVELOPMENT STANDARDS

All development within the Property shall meet the standards of the SFR, Single Family Residential Detached District as established in the City of Celina Zoning Ordinance, as amended from time to time (the "Zoning Ordinance"), with the exceptions noted herein. The City's building material regulations in the zoning ordinance as it existed on August 1, 2019 (not "as amended") shall apply.

The Development Standards noted herein will hold precedence over any conflicting regulations created by the Zoning Ordinance.

- (a) **Supplemental Permitted Lot Sizes.** In addition to the lot sizes allowed under the base district, the following lot sizes are allowed by right:

Minimum 60' x 120' single family detached residential lots

Minimum 50' x 115' single family detached residential lots

Minimum 40' x 110' single family detached residential lots

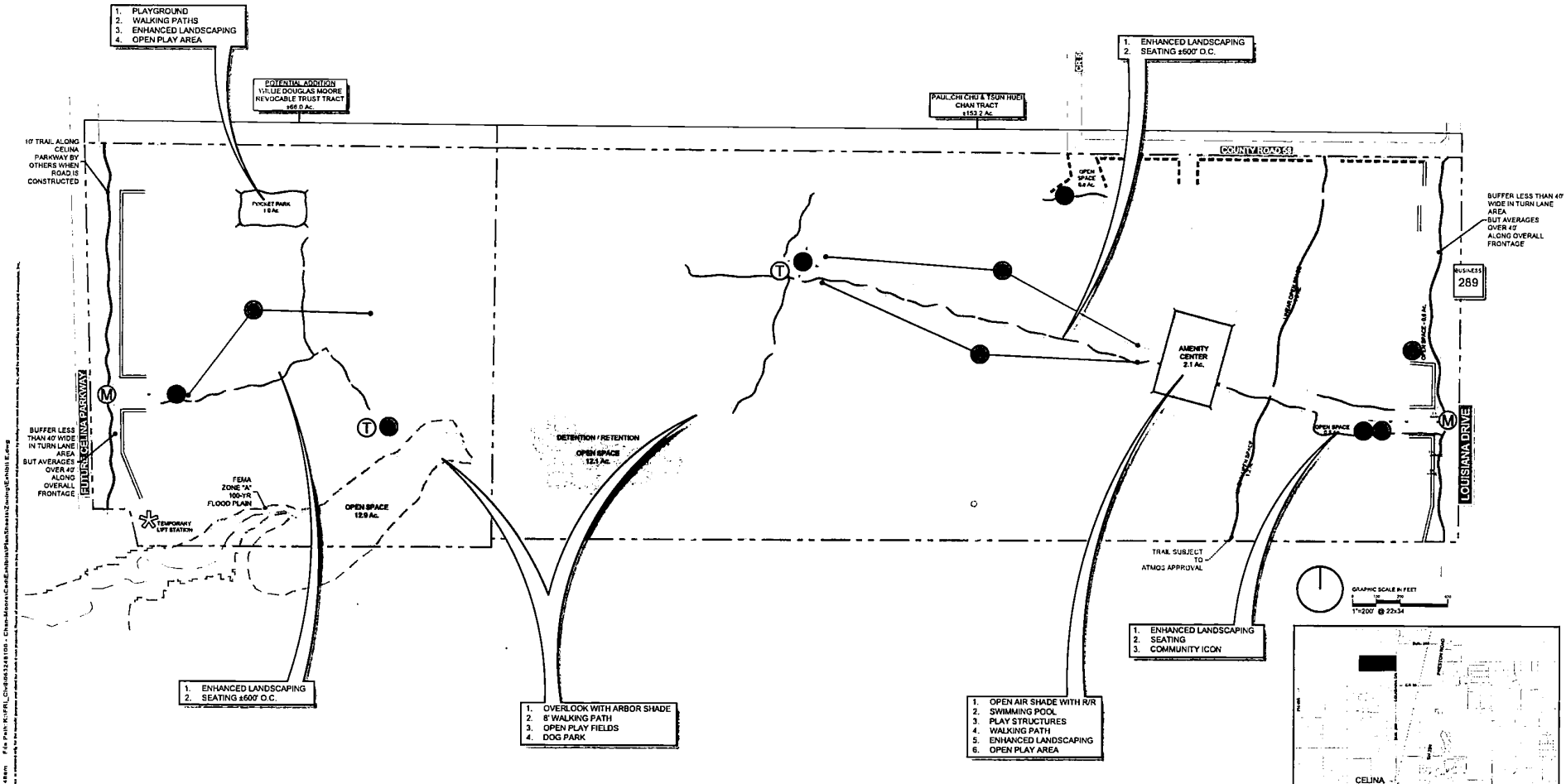
Minimum 35' x 120' duplex lots (attached product)

- (b) **Supplemental Development Standards (In addition to the regulations in the base district):**

1. **Side Yards:** minimum 5' side yards for center loaded lots and/or alternate minimum 10'/0' zero lot option (except duplex lots - minimum 5'/0')
2. **Lot Width:** Minimum lot widths will be calculated at the building line
3. **Front/Rear Yard:**
 - a. Front/rear yards for 60' minimum lot sizes shall total at least 40'.
 - b. Front/rear yards for 50' minimum lot sizes and/or attached residential product lots (regardless of lot size) shall total at least 35'.
 - c. Front/rear yards for 40' minimum lot sizes shall total at least 30'.
 - d. Minimum setbacks of 15' for either front or rear yards shall apply.
4. **Percentage of Lot Sizes:**
 - a. Minimum of 20% of the lots to be 60 feet in width or greater, measured at the earlier of (i) the time the last final plat of the Property is approved, or (ii) the time that such lots must be included on a final plat to ensure the total lot mix can be achieved on the Property with the number of unplatted acres remaining.
 - b. Maximum of 55% of the lots to be 40 feet in width or less, measured at the earlier of (i) the time the last final plat of the Property is approved, or (ii) the time that such lots must be included on a final plat to ensure the total lot mix can be achieved on the Property with the number of unplatted acres remaining.

- c. Maximum of 35% of the lots to be attached residential product (35 feet minimum lot width), measured at the earlier of (i) the time the last final plat of the Property is approved, or (ii) the time that such lots must be included on a final plat to ensure the total lot mix can be achieved on the Property with the number of unplatted acres remaining.
 - d. See Item 5 below for alternate lot size options.
5. Alternate Lot Size Options. The Development may contain front-loaded 55' x 120' lots if (a) 20% or more of the lots are 60 feet in width or greater, and (b) 20% or more of the lots are rear-loaded and 40 feet in width or greater, measured at the earlier of (i) the time the last final plat of the Property is approved, or (ii) the time that such lots must be included on a final plat to ensure the total lot mix can be achieved on the Property with the number of unplatted acres remaining.
 6. Lot Restrictions: With the exception of model home lots, no single family attached lots (duplexes) can be east of the existing Atmos gas line that bisects the Chan Tract. There shall be no single family attached lots (duplexes) within 300 feet of the existing eastern right-of-way line of the proposed Celina Parkway thoroughfare which is along the Moore Tract western property line. The "duplex lots" described in the Supplemental Permitted Lot Sizes, paragraph (a) above, are required to be served by rear alleys.
 7. Minimum Floor Area: 1500 square feet
 8. Garage Placement:
 - i.) Front facades & front-facing garage placement – one-story homes. The face of garage doors shall not extend beyond the front façade of any residential structure unless one or both of the following conditions apply; and in that case, the face of the garage door may extend up to a maximum of eight (8) feet beyond the front façade:
 - a. A front porch spanning a minimum of fifty percent (50%) of the width of the front façade is provided; or
 - b. A bay window is provided on the longest wall face of the front façade.
 - ii.) Front facades & front-facing garage placement – two story homes. The face of garage doors may extend beyond the front façade of any residential structure up to a maximum of eight (8) feet beyond the front façade.
 - iii.) Front facades & J-swing garage placement. When the doors of garages are designed to be perpendicular to the street access (as in J-swing garages), the entire garage may extend in front of the main front façade of the residential structure.
 - iv.) Side facades & J-swing garages. J-swing garages shall have a minimum of twenty (20) feet from the door face of the garage to the side property line for maneuvering and tandem parking.
 - v.) Rear-facing & alley-served garages. Rear-facing and alley-served garages shall have a minimum of twenty (20) feet from the door face of the garage to the edge of the alley pavement line for maneuvering and tandem parking.

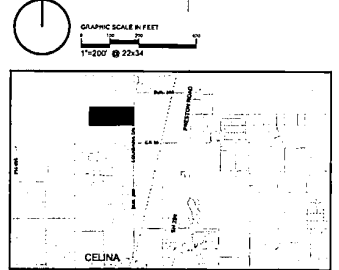
- (c) **Concept Plan:** Development shall be in general conformance with the Concept Plan attached as **Exhibit C**. Revisions to **Exhibit C** are subject to the approval of the Director of Development Services at the time of approval of the preliminary plat and shall not constitute a rezoning application. Revisions to lot sizes shown on the Concept Plan shall be approved by the Director of Development Services as long as they meet the criteria noted in Section (b)4 (Percentage of Lot Sizes). Revisions to street layouts, as well as open space size and configuration, shall be approved by the Director of Development Services as long as they meet all applicable City Regulations, as modified by this Agreement.
- (d) **Open Space:** The overall open space shall not be less than 15% of the gross area of the Property, measured at the time the last final plat of the Property is approved. The required program elements/amenities shall be as noted on **Exhibit E**. Changes to program elements and locations noted in **Exhibit E** are subject to approval by the Director of Development Services at the time of approval of the preliminary plat and shall not constitute a rezoning application. Open fencing is required on residential lot lines siding or backing to open spaces unless otherwise noted on **Exhibit E** or approved by the Director of Development Services at the time of approval of the preliminary plat. One minimum 3-inch caliper tree is required in the back yard of residential lots the rear of which is adjacent to the existing Atmos Gas easement.
- (e) **Landscape Setbacks:** The required landscape setbacks adjacent to major thoroughfares shall average a minimum of 40' in width and be as generally depicted in the landscape buffers shown on **Exhibit E**. The total area of the setback shall be no less than the linear frontage along the thoroughfare times 40' in width except as shown on **Exhibit E**. There shall be a minimum landscape setback (buffer) of 15' along County Road 58. Screening shall be as generally depicted on **Exhibit E**.



LEGEND

OPEN SPACE	17' TRAIL	—————
ARTERIAL BUFFER	8' TRAIL	—————
ENHANCED LANDSCAPING	6' TRAIL	—————
TRAIL HEAD	6' MASONRY WALL	—————
ENTRANCE MONUMENT	8' BOARD ON BOARD WOOD FENCE	—————
COMMUNITY ICON		

- Note**
- 1) Location of lot types, size and configuration of lots is subject to change at the time of platting, subject to the Development Standards in the Development Agreement.
 - 2) The thoroughfare alignments shown on this exhibit are for illustration purposes and do not set the alignment, which will be determined at the time of final plat. The acreages of thoroughfares noted herein is preliminary and subject to change.
 - 3) Required trails, sidewalks and paths shall be concrete.
 - 4) This property is affected by FEMA Flood Plain Zone A and X per FEMA Panel AB05031101, Effective 05/2009.
 - 5) In conformance with Exhibit D of the Development Agreement the overall open space shall not be less than 15% of the gross area of the Property, measured at the time of the final plat of the property.
 - 6) Open fencing is required on lots sitting or backing to open space unless otherwise noted on exhibit "D" or approved by the director of development services at the time of approval of the preliminary plat.
 - 7) In addition to the code minimum landscape required for the development, enhanced landscape improvements shall include seating spaced at 800' linear feet on center, sidewalks and trails as indicated on "exhibit e - trail and open space exhibit", and 5% of the total area comprising of shrubs, groundcover, and/or ornamental grasses.



VICINITY MAP

EXHIBIT "E" TRAILS & OPEN SPACE EXHIBIT

Chan-Moore

A 153.177 ACRE TRACT IN THE GERMAN EMIGRATION CO. SURVEY, ABSTRACT #357 & THE G.S. WILSON SURVEY ABSTRACT #1172 IN THE CITY OF CELINA, COLLIN COUNTY, TEXAS

APPLICANT:
Piazza Investments, LLC
2341 S. Preston Rd., STE C
Celina, TX 75709
P 972.341.4004
E vavichich@aol.com

OWNER:
Chi Chi Chan
4120 Hampshire
Plano, TX
P (214) 231-6662
E chh3@verizon.net

ENGINEER / SURVEYOR:
Kimley-Horn and Associates
State of Texas Registration No. F-328
6160 Warren Parkway
Suite 300
Frisco, TX 75034
P 972.315-3580
Contact: Frank Abbott, PE
Kimley-Horn

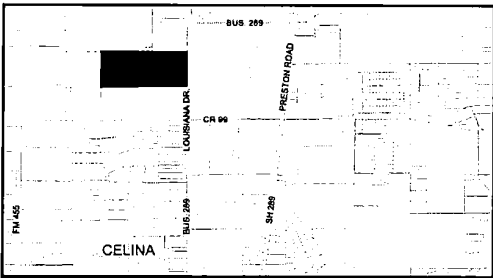
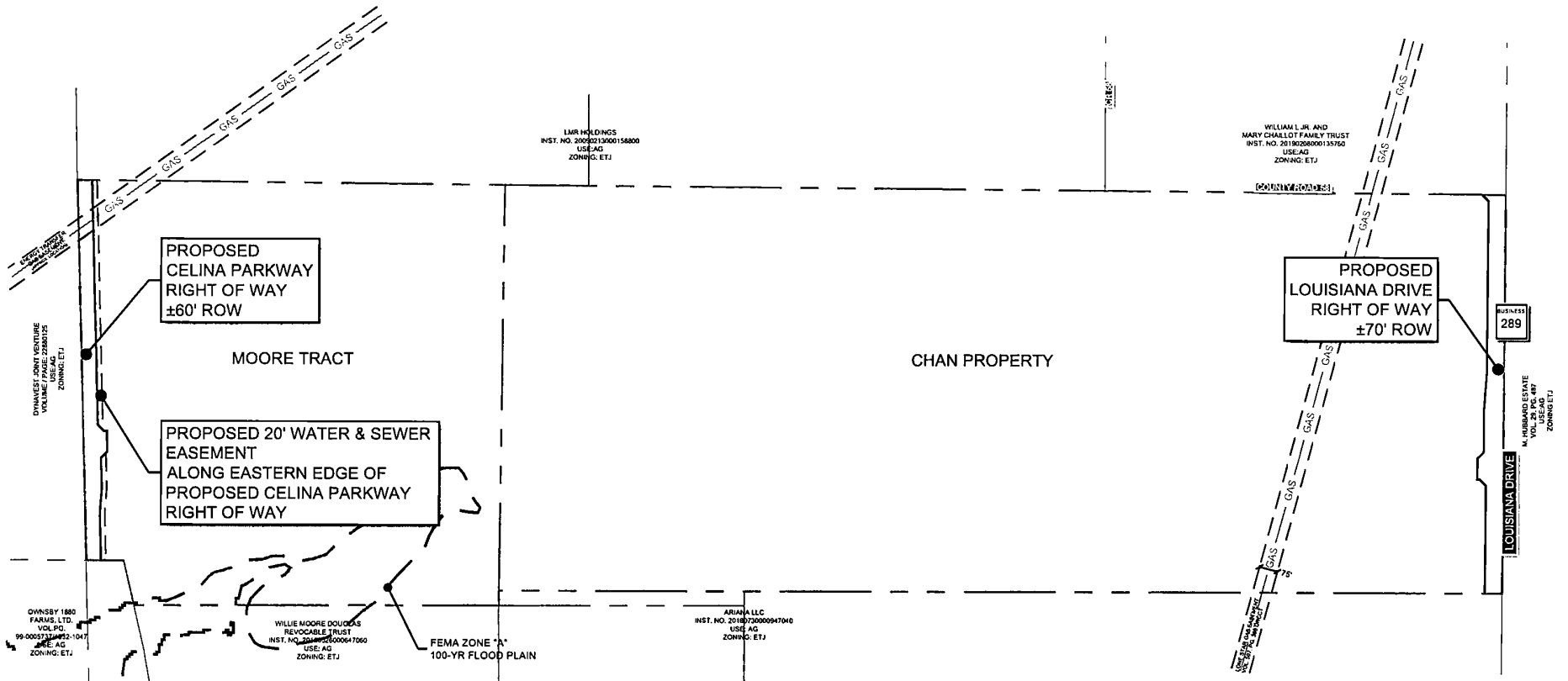


EXHIBIT "F"
 CELINA PARKWAY & LOUISIANA ST. ROW

Chan-Moore

APPLICANT:
 Pilatus Investments, LLC
 1341 S Preston Rd., STE C
 Celina, TX 75009
 Van Nichols
 P 972-382-4004
 E vannichols@aol.com

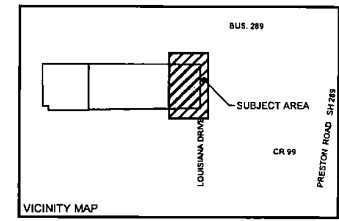
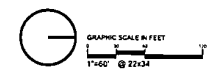
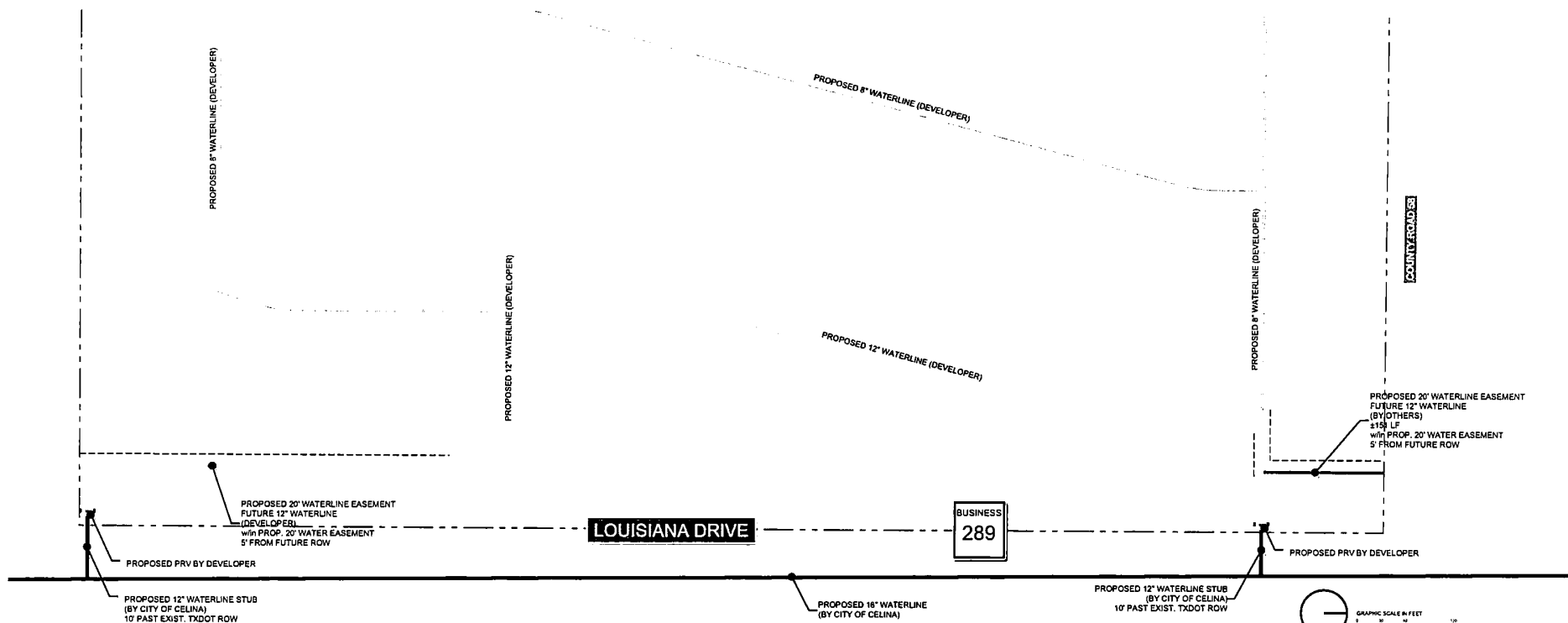
Connor Nichols
 P 972-345-0344
 E cnichols10@gmail.com

OWNER:
 Chi Chu Chan
 4120 Hampshire
 Plano, TX
 P (214) 235-6662
 E chi12@verizon.net

Moore Willie Douglas
 Revocable Trust
 4107 Newton Ave. Apt. 5
 Dallas, TX 75219-3030
 Willie Douglas Moore Trustee

ENGINEER / SURVEYOR:
 Kimley-Horn and Associates
 State of Texas Registration No.
 F-928
 6160 Warren Parkway
 Suite 200
 Frisco, TX 75034
 P 972-335-3580
 Contact: Frank Abbott, PE

January 2021
Kimley»Horn



VICINITY MAP

EXHIBIT "G" OFFSITE WATERLINE IMPROVEMENTS Chan-Moore

January 2021

APPLICANT: Preston Investments, LLC 2343 S Preston Rd., STE C Celina, TX 75009 Van Nichols P 972.335.4004 E vnichols@aol.com	OWNER: Chen-Chen Chan 4320 Hampshire Ft. Worth, TX P (817) 335-6662 E vnichols@aol.com	ENGINEER / SURVEYOR: Benny, Hren and Associates State of Texas Registration No. 6-318 6160 Warren Parkway Suite 300 Ft. Worth, TX 75044 P 972.335-2580 Contact: Frank Abbott, PE
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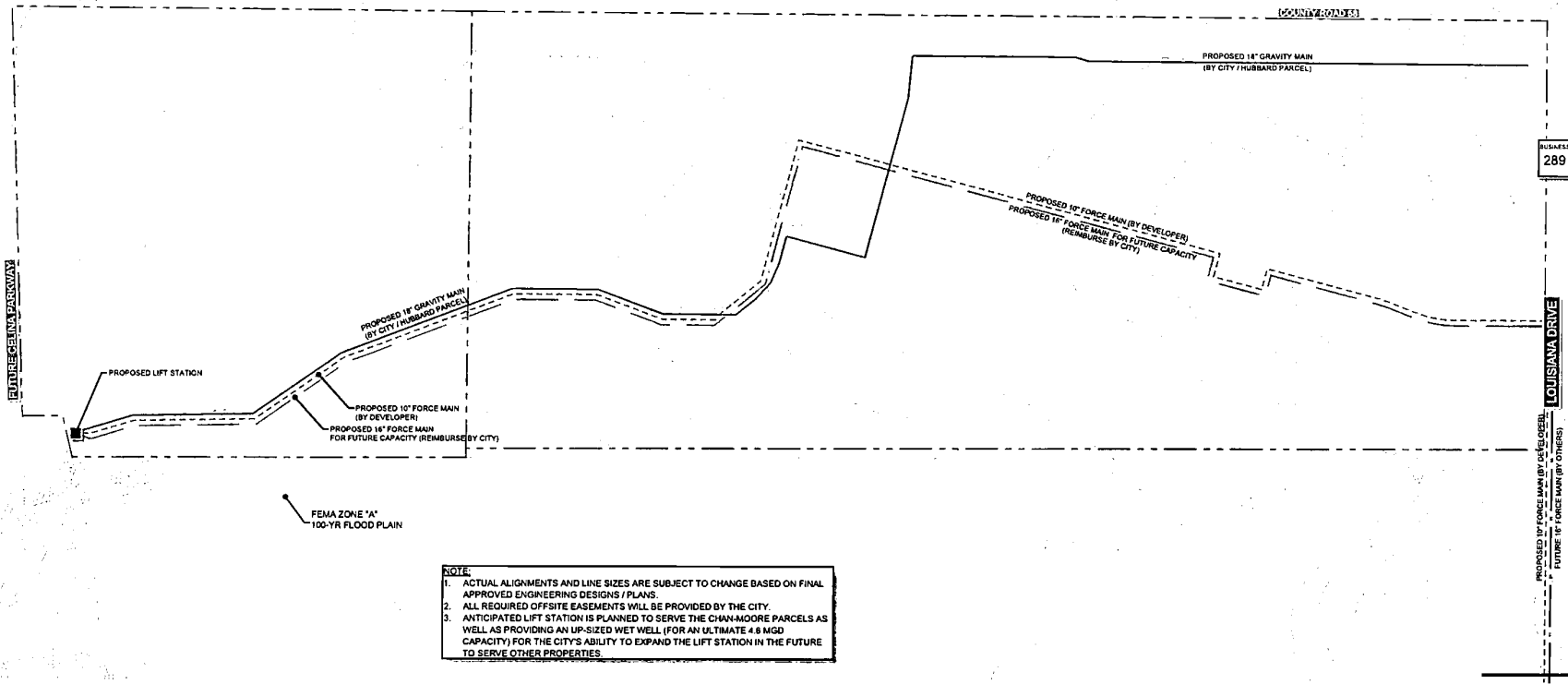
Conor Nichols
P 972.345.0344
E cnycho110@gmail.com

LEGEND

18" WATERLINE BY CITY OF CELINA	—————
12" WATERLINE BY CITY OF CELINA	—————
12" WATERLINE BY DEVELOPER	—————
12" WATERLINE BY OTHERS	—————
6" WATERLINE BY DEVELOPER

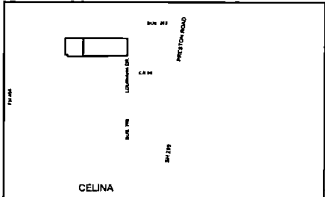
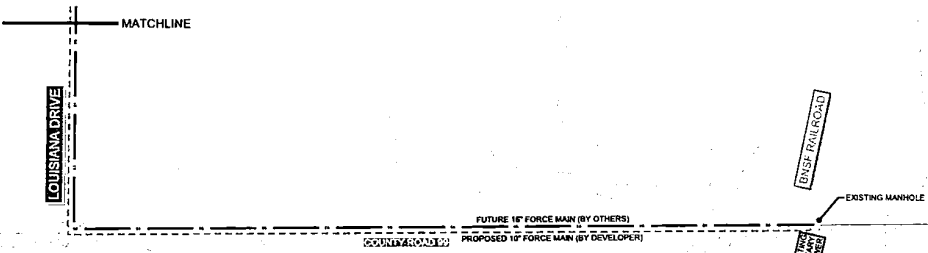
Note:
Onsite waterline alignments may change at time of platting based on actual street alignments.

Plotted By: Russell, Adam Date: January 20, 2021 06:18:03am File Path: K:\P&L_Civil\182344130 - Chan-Moore\182344130\182344130.dwg
 This document is the property of Frank Abbott & Associates, Inc. and is not to be distributed, copied, or used for any other purpose without the written consent of Frank Abbott & Associates, Inc.



NOTE:

1. ACTUAL ALIGNMENTS AND LINE SIZES ARE SUBJECT TO CHANGE BASED ON FINAL APPROVED ENGINEERING DESIGNS / PLANS.
2. ALL REQUIRED OFFSITE EASEMENTS WILL BE PROVIDED BY THE CITY.
3. ANTICIPATED LIFT STATION IS PLANNED TO SERVE THE CHAN-MOORE PARCELS AS WELL AS PROVIDING AN UP-SIZED WET WELL (FOR AN ULTIMATE 4.8 MGD CAPACITY) FOR THE CITY'S ABILITY TO EXPAND THE LIFT STATION IN THE FUTURE TO SERVE OTHER PROPERTIES.



VICINITY MAP
EXHIBIT "H"
 OFFSITE WASTEWATER IMPROVEMENTS

Chan-Moore

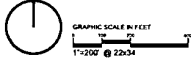
January 2021

APPLICANT:
 P&L Investments, LLC
 2342 S. Freston Rd., STE C
 Celina, TX 75509
 Van Nichol
 P 972-382-4004
 E vni@p&linc.com

OWNER:
 Chi Chi Chan
 4130 Hampshire
 Plano, TX
 P (141) 235-6662
 E cchi@verizon.net

ENGINEER / SURVEYOR:
 Frank Horn and Associates
 State of Texas Registration
 No. F-038
 6100 Warren Parkway
 Suite 300
 Frisco, TX 75034
 P 972-335-2580
 Contact: Frank Abbott, PE
 Kimley-Horn

Conor Nichols
 P 972-345-0344
 E cny@khl.com





Filed and Recorded
Official Public Records
Stacey Kemp, County Clerk
Collin County, TEXAS
03/11/2021 01:34:33 PM
\$170.00 DRITZMILLER
20210311000485810

Stacey Kemp

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APPENDIX G

FORM OF IMPROVEMENT AREA #1 CONSTRUCTION, FUNDING, AND ACQUISITION AGREEMENT

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**SUPPLEMENT TO NORTH SKY PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 CONSTRUCTION, FUNDING, AND ACQUISITION
AGREEMENT**

THIS SUPPLEMENT TO NORTH SKY PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 CONSTRUCTION, FUNDING, AND ACQUISITION AGREEMENT (this “Supplement”), dated as of October 8, 2024, is by and between the **CITY OF CELINA, TEXAS**, a home-rule municipality of the State of Texas (the “City”), and **CCD – NORTH SKY, LLC**, a Texas limited liability company, (the “Developer”).

**ARTICLE I
RECITALS**

WHEREAS, the City and Developer entered into that certain North Sky Public Improvement District Improvement Area #1 Construction, Funding, and Acquisition Agreement dated effective as of February 14, 2023 (the “Construction, Funding, and Acquisition Agreement”),

WHEREAS, the Construction, Funding, and Acquisition Agreement provides certain terms and conditions relating to the disbursement of funds from the Improvement Area #1 Improvements Account and Improvement Area #1 Major Improvements Account for the payment of the Improvement Area #1 Improvements and Improvement Area #1 Major Improvements.

WHEREAS, the City Council desires to issue the Series 2024 Bonds (as defined herein) in accordance with the terms of the Indenture and that certain Supplemental Indenture (as defined herein) and the PID Act.

WHEREAS, the Construction, Funding, and Acquisition Agreement may be amended by a written supplement executed by the parties in accordance with Section 9.10 of the Construction, Funding, and Acquisition Agreement.

WHEREAS, the City and Developer desire to supplement certain terms and provisions of the Construction, Funding, and Acquisition Agreement, as set forth in this Supplement, to account for the 2024 Bonds.

All capitalized terms used in this Supplement but not defined herein shall have the meaning assigned to such terms in the Construction, Funding, and Acquisition Agreement.

**ARTICLE II
AGREEMENTS**

NOW, THEREFORE, for and in consideration of the terms and obligations contained in this Supplement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and Developer hereby agree as follows:

2.01 Recitals. The recitals set forth above are true and correct and are incorporated into this Supplement by reference for all purposes.

2.02 Effect of Construction, Funding, and Acquisition Agreement. Except as modified by this Supplement, the terms, conditions, and provisions of the Construction, Funding, and Acquisition Agreement remain in full force and effect.

2.03 Supplemental Provisions. Article I of the Construction, Funding, and Acquisition Agreement is hereby supplemented to include the following definitions:

“2023 Indenture” means that certain Indenture of Trust, dated as of March 1, 2023, executed and delivered by and between the City and U.S. Bank Trust Company, National Association.

“2024 Supplemental Indenture” means that certain Supplemental Indenture of Trust, dated as of October 1, 2024, executed and delivered by and between the City and U.S. Bank Trust Company, National Association.

“2023 Bonds” means the City’s bonds designated “City of Celina, Texas, Special Assessment Revenue Bonds, Series 2023 (North Sky Public Improvement District Improvement Area #1 Project)”

“2024 Bonds” means the City’s bonds designated “City of Celina, Texas, Special Assessment Revenue Bonds, Series 2024 (North Sky Public Improvement District Improvement Area #1B Project)”.

2.04 Amended Provisions. The following defined terms in Article I of the Construction, Funding, and Acquisition Agreement are hereby amended as follows:

“Bond Ordinance” means, with respect to the 2023 Bonds, the ordinance adopted by the City Council on February 14, 2023 authorizing the issuance of the 2023 Bonds pursuant to the Indenture, and with respect to the 2024 Bonds the ordinance adopted by the City Council on October 8, 2024 authorizing the issuance of the 2024 Bonds pursuant to the Indenture.

“Bonds” means the 2023 Bonds and the 2024 Bonds.

“Indenture” means the 2023 Indenture, as supplemented by the 2024 Supplemental Indenture.

ARTICLE III MISCELLANEOUS

3.01. Severability. If any part of this Supplement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Supplement shall be given effect to the fullest extent possible.

3.02 Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Supplement by any other party, or the failure by a party to exercise its rights upon the default of any other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by such other party with the terms of this Supplement thereafter.

3.03. Merger. No other agreement, statement or promise made by any party or any employee, officer or agent of any party with respect to any matters covered hereby that is not in writing and signed by all the parties to this Supplement shall be binding.

3.04. Parties in Interest. Nothing in this Supplement, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or entity other than the City and the Developer any rights, remedies or claims under or by reason of this Supplement or any covenants, conditions or stipulations hereof, and all covenants, conditions, promises and agreements in this Supplement contained by or on behalf of the City or the Developer shall be for the sole and exclusive benefit of the City and the Developer.

3.05. Counterparts. This Supplement may be executed in counterparts, each of which shall be deemed an original.

3.06 Effective Date. This Supplement has been dated as of the date first above written solely for the purpose of convenience of reference and shall become effective upon its execution and delivery, on the Closing Date (as defined in the Supplemental Indenture) of the 2024 Bonds, by the parties hereto. All representations and warranties set forth therein shall be deemed to have been made on the Closing Date (as defined in the Supplemental Indenture) of the 2024 Bonds.

3.07. Statutory Verifications. The Developer makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Agreement, notwithstanding anything in this Agreement to the contrary.

a. Not a Sanctioned Company. The Developer represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Developer and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

b. No Boycott of Israel. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. As used in

the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.

c. No Discrimination Against Firearm Entities. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

d. No Boycott of Energy Companies. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

3.11. Form 1295. Submitted herewith is a completed Form 1295 in connection with the Developer’s participation in the execution of this Supplement generated by the Texas Ethics Commission’s (the “TEC”) electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the “Form 1295”). The City hereby confirms receipt of the Form 1295 from the Developer, and the City agrees to acknowledge such form with the TEC through its electronic filing application not later than the 30th day after the receipt of such form. The Developer and the City understand and agree that, with the exception of information identifying the City and the contract identification number, neither the City nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Developer; and, neither the City nor its consultants have verified such information.

[EXECUTION PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties have caused this Supplement to be executed as of _____, 2024.

CITY OF CELINA, TEXAS

By: _____
Name: _____
Title: Mayor

ATTEST:

Name: _____
Title: City Secretary

(City Seal)

APPROVED AS TO FORM

_____, Attorney for the City

DEVELOPER:

CCD – NORTH SKY, LLC,
a Texas limited liability company

By: _____
Name: _____
Title: _____

**NORTH SKY PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1
CONSTRUCTION, FUNDING, AND ACQUISITION AGREEMENT**

THIS NORTH SKY PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 CONSTRUCTION, FUNDING, AND ACQUISITION AGREEMENT (this “Agreement”), dated as of February 14, 2023, is by and between the CITY OF CELINA, TEXAS, a home-rule municipality of the State of Texas (the “City”), and CCD - NORTH SKY, LLC, a Texas limited liability company, (the “Developer”).

**ARTICLE I
DEFINITIONS**

The following terms shall have the meanings ascribed to them in this Article I for purposes of this Agreement. Unless otherwise indicated, any other terms, capitalized or not, when used herein shall have the meanings ascribed to them in the Indenture (as hereinafter defined).

“**Act**” means the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended.

“**Actual Costs**” means the costs of the Improvement Area #1 Projects actually paid or incurred for construction and installation of the Improvement Area #1 Projects in accordance with the Service and Assessment Plan.

“**Administrator**” means, initially, MuniCap, Inc., or any other individual or entity designated by the City to administer the District.

“**Annual Service Plan Update**” means the annual update to the Service and Assessment Plan conducted by the Administrator pursuant to the Service and Assessment Plan.

“**Authorized Improvements**” means improvements authorized by Section 372.003 of the Act.

“**Bond Ordinance**” means the ordinance adopted by the City Council on February 14, 2023 authorizing the issuance of the Bonds pursuant to the Indenture.

“**Bonds**” means the City’s bonds designated "City of Celina, Texas, Special Assessment Revenue Bonds, Series 2023 (North Sky Public Improvement District Improvement Area #1 Project)".

“**Budgeted Costs**” means the anticipated, agreed upon costs of the Improvement Area #1 Projects as shown in Section III of the Service and Assessment Plan.

“**Certification for Payment**” means a certificate, substantially in the form of **Exhibit B** hereto or otherwise agreed to by the Developer, the Administrator and the City Representative,

executed by an engineer, construction manager or other person or entity acceptable to the City, as evidenced by the signature of a City Representative, provided no more frequently than once per each month to the City Representative and the Trustee, specifying the amount of work performed and the amount charged for that work, including materials and labor costs, presented to the Trustee to request payment for Actual Costs of Improvement Area #1 Projects under the Indenture.

“City Inspector” means an individual employed by or an agent of the City whose job is, in part or in whole, to inspect infrastructure to be owned by the City for compliance with all rules and regulations applicable to the development and the infrastructure inspected.

“City Manager” means the City Manager of the City, or its designee.

“City Representative” means the City Manager, or any other official or agent of the City later authorized by the City to undertake the action referenced herein.

“Closing Disbursement Request” means the certificate, substantially in the form of **Exhibit A** hereto or otherwise mutually agreed to by the Developer, Administrator, and City Representative, executed by an engineer, construction manager or other person or entity acceptable to the City, as evidenced by the signature of a City Representative, specifying the amounts to be disbursed for the costs related to the creation of the District and the costs of issuance of the Bonds.

“Construction Contracts” means the contracts for the construction of an Improvement Area #1 Project. **“Construction Contract”** means any one of the Construction Contracts.

“Costs” means the Actual Costs or the cost of an Improvement Area #1 Project as reflected in a Construction Contract, if greater than the Budgeted Costs.

“Costs of Issuance Account” means the account of such name in the Project Fund created under Section 6.1 of the Indenture.

“Cost Overrun” means, with respect to each Improvement Area #1 Project, the Actual Cost, as appropriate, of such Improvement Area #1 Project in excess of the Budgeted Cost.

“Developer Improvement Account” means the account of such name in the Project Fund created under Section 6.1 of the Indenture.

“Development Agreement” means that certain Development Agreement by and between the City and Pilatus Investments, LLC, approved by the City on February 9, 2021, as assigned to the Developer, and as the same may be amended from time to time.

“District” shall mean the North Sky Public Improvement District created June 8, 2021.

“Final Completion” means completion of an Improvement Area #1 Project in compliance with existing City standards for dedication under the City’s ordinances and the Development Agreement.

“Improvement Area #1” means the initial improvement area to be developed and generally shown in Appendix A to the Service and Assessment Plan, as specifically depicted and described as the sum of all parcels shown in Appendix H to the Service and Assessment Plan.

“Improvement Area #1 Improvements” mean the Authorized Improvements which only benefit Improvement Area #1, which are described in Section III.C of the Service and Assessment Plan.

“Improvement Area #1 Improvements Account” means the account of such name in the Project Fund created under Section 6.1 of the Indenture.

“Improvement Area #1 Major Improvements Account” means the account of such name in the Project Fund created under Section 6.1 of the Indenture.

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

“Indenture” means that certain Indenture of Trust between the City and U.S. Bank Trust Company, National Association, as trustee, dated as of March 1, 2023 relating to the Bonds.

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

“Plans” means the plans, specifications, schedules and related construction contracts for the Improvement Area #1 Projects, respectively, approved pursuant to the applicable standards, ordinances, procedures, policies and directives of the City, the Development Agreement, and any other applicable governmental entity.

“Project Fund” means the fund, including the accounts created and established under such fund, where monies from the proceeds of the sale of the Bonds and funds received from the Developer, excluding those deposited in other funds in accordance with the Indenture, shall be deposited, and the fund by such name created under the Indenture.

“Reimbursement Agreement” means the North Sky Public Improvement District Improvement Area #1 Reimbursement Agreement dated as of February 14, 2023, by and between the City and the Developer providing for the construction and financing of certain Improvement Area #1 Projects by the Developer for which the Developer is expected to later be reimbursed by the City pursuant to the Act.

“Reimbursement Fund” shall have the meaning given to it in the Indenture.

“Service and Assessment Plan” means the North Sky Public Improvement District Service and Assessment Plan adopted by a City ordinance on February 14, 2023 by the City Council, prepared pursuant to the Act.

“Substantial Completion” means the time at which the construction of an Improvement Area #1 Project (or specified segment, section or part thereof) has progressed to the point where such Improvement Area #1 Project (or a specified segment, section or part thereof) is sufficiently complete in accordance with the Construction Contracts related thereto so that such Improvement Area #1 Project (or a specified segment, section or part thereof) can be utilized for the purposes for which it is intended.

ARTICLE II RECITALS

Section 2.01. The District and the Improvement Area #1 Projects.

(a) The City has created the District under the Act for the financing of, among other things, the acquisition, construction and installation of the Improvement Area #1 Projects.

(b) The City has authorized the issuance of the Bonds in accordance with the provisions of the Act, the Bond Ordinance and the Indenture, the proceeds of which Bonds shall be used, in part, to finance all or a portion of the Improvement Area #1 Projects in accordance with the terms and limitations of the Indenture, the Development Agreement, this Agreement, and the Service and Assessment Plan.

(c) It is anticipated (but not required) that there shall be two bond issues, the Bonds currently being issued and a subsequent issuance of bonds that are anticipated to be issued after some or all of the Improvement Area #1 Projects are constructed (the “Improvement Area #1B Bonds”). Concurrently with the issuance of the Bonds, the Developer and the City have entered into the Reimbursement Agreement to provide for the construction and financing of certain Improvement Area #1 Projects prior to the issuance of the Improvement Area #1B Bonds.

(d) All Improvement Area #1 Projects are eligible to be financed with proceeds of the Bonds, and/or the Improvement Area #1B Bonds and amounts contributed by the Developer under the Reimbursement Agreement to the extent specified herein.

(e) The proceeds from the issuance and sale of the Bonds and funds received from the Developer concurrently with the closing of the Bonds shall be deposited in accordance with the Indenture.

(f) The Developer will undertake, oversee, or ensure the construction and development of the Improvement Area #1 Projects for acquisition and acceptance by the City, in accordance with the terms and conditions contained in the Development Agreement and this Agreement.

Section 2.02. Agreements. In consideration of the mutual promises and covenants set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Developer agree that the foregoing recitals, as applicable to each, are true and correct and further make the agreements set forth herein.

ARTICLE III FUNDING

Section 3.01. Bonds.

(a) The City, in connection with this Agreement, is proceeding with the issuance and delivery of the Bonds.

(b) The projects to be financed in part with the proceeds of the Bonds are the Improvement Area #1 Projects. The payment of costs from the proceeds of the Bonds for such Improvement Area #1 Projects shall be made from the Improvement Area #1 Improvements Account of the Project Fund and the Improvement Area #1 Major Improvements Account of the Project Fund established under the Indenture. The payment of Costs of the Improvement Area #1 Projects from the Development Improvement Account of the Project Fund and the Reimbursement Fund established under the Indenture shall be made in accordance with the provisions of Section 5.03 hereof and the terms of the Indenture.

(c) The City's obligation with respect to the payment of the Improvement Area #1 Projects shall be limited to the lesser of the Actual Costs or Budgeted Costs, and shall be payable solely from amounts on deposit for the payment of such costs as provided herein and in the Indenture. The Developer agrees and acknowledges that it is responsible for all Cost Overruns and all expenses related to the Improvement Area #1 Projects, qualified, however, by the distribution of Cost Underrun (as defined in Section 4.04 hereof) monies, as detailed in Section 4.04.

(d) The City shall have no responsibility whatsoever to the Developer with respect to the investment of any funds held in the Project Fund by the Trustee under the provisions of the Indenture, including any loss of all or a portion of the principal invested or any penalty for liquidation of an investment.

(e) The Developer acknowledges that any lack of availability of amounts in the funds or accounts established in the Indenture to pay the Costs of the Improvement Area #1 Projects shall in no way diminish any obligation of the Developer with respect to the construction of or contributions for the Improvement Area #1 Projects required by this Agreement, the Development Agreement, or any other agreement to which the Developer is a party or any governmental approval to which the Developer or any land within the District is subject.

(f) The Developer acknowledges that as a result of the anticipation (but without guarantee) that the bonds are being issued in two series, some funds may not be immediately

available for reimbursement for Actual Costs submitted and approved with an approved Certification for Payment. Both parties acknowledge that these remaining amounts will be disbursed, to the extent of available monies in the Project Fund or Reimbursement Fund, as applicable under the terms of the Indenture, this Agreement, and the Reimbursement Agreement, as money is deposited into the Project Fund or Reimbursement Fund for the payment of such Actual Costs.

Section 3.02 Accounts. All disbursements from the Improvement Area #1 Improvements Account of the Project Fund, the Improvement Area #1 Major Improvements Account of the Project Fund, and the Developer Improvement Account of the Project Fund shall be made by the City in accordance with provisions of the Development Agreement, the Service and Assessment Plan, this Agreement, and the Indenture. Disbursements from the Reimbursement Fund shall be made by the City in accordance with provisions of the Development Agreement, the Service and Assessment Plan, this Agreement, the Reimbursement Agreement and the Indenture.

ARTICLE IV CONSTRUCTION OF THE IMPROVEMENT AREA #1 PROJECTS

Section 4.01. Duty of Developer to Construct.

(a) All Improvement Area #1 Projects shall be constructed by or at the direction of the Developer in accordance with the Plans and in accordance with this Agreement and the Development Agreement. The Developer shall perform, or cause to be performed, all of its obligations and shall conduct, or cause to be conducted, all operations with respect to the construction of Improvement Area #1 Projects in a good, workmanlike and commercially reasonable manner, with the standard of diligence and care normally employed by duly qualified persons utilizing their commercially reasonable efforts in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken. The Developer shall employ at all times adequate staff or consultants with the requisite experience necessary to administer and coordinate all work related to the design, engineering, acquisition, construction and installation of all Improvement Area #1 Projects, to be acquired and accepted by the City, from the Developer as provided in this Agreement.

(b) The Developer shall not be relieved of its obligation to construct or cause to be constructed each Improvement Area #1 Project and, upon completion, inspection, and acceptance, convey each such Improvement Area #1 Project to the City, in accordance with the terms hereof, even if there are insufficient funds in the Project Fund or other funds or account created under the Indenture to pay the Actual Costs thereof. In any event, this Agreement shall not affect any obligation of the Developer under any other agreement to which the Developer is a party or any governmental approval to which the Developer or any land within the District is subject, with respect to the Improvement Area #1 Projects required in connection with the development of the land within the District.

Section 4.02. No Competitive Bidding. The Improvement Area #1 Projects shall not require competitive bidding pursuant to Section 252.022(a)(9) of the Texas Local Government Code, as amended.

Section 4.03. Independent Contractor. In performing this Agreement, the Developer is an independent contractor and not the agent or employee of the City with respect to the Improvement Area #1 Projects.

Section 4.04. Remaining Funds After Completion of an Improvement Area #1 Project. Upon the Final Completion of an Improvement Area #1 Project and payment of all outstanding invoices for such Improvement Area #1 Project, if the Actual Cost of such Improvement Area #1 Project is less than the Budgeted Cost of such Improvement Area #1 Project (a “Cost Underrun”), any remaining Budgeted Cost may be made available to pay Cost Overruns on any other Improvement Area #1 Project. The City shall promptly confirm to the Administrator that such remaining amounts are available to pay such Cost Overruns, and the Developer, the Administrator and the City Representative will agree how to use such moneys to secure the payment and performance of the work for other Improvement Area #1 Projects and shall include this update in the next Annual Service Plan Update. Any Cost Underrun for any Improvement Area #1 Project is available to pay Cost Overruns on any other Improvement Area #1 Project.

Section 4.05. Contracts and Change Orders. The Developer shall be responsible for entering into all contracts and any supplemental agreements (herein referred to as “change orders”) required for the construction of the Improvement Area #1 Projects. Developer or its contractors may approve and implement any change orders, even if such change order would increase the Cost of an Improvement Area #1 Project, but the Developer shall be solely responsible for payment of any Cost Overruns resulting from such change orders except to the extent amounts are available pursuant to Section 4.04. If any change order is for work that requires changes to be made by an engineer to the construction and design documents and plans previously approved under Section 4.01, then such revisions made by an engineer must be submitted to the City for approval by the City’s engineer prior to execution of the change order.

ARTICLE V ACQUISITION, CONSTRUCTION, AND PAYMENT

Section 5.01. Payment Requests for Disbursements at Closing. In order to receive the disbursement from the Costs of Issuance Account of the Project Fund, the Improvement Area #1 Improvements Account of the Project Fund, or the Improvement Area #1 Major Improvements Account of the Project Fund at closing of the Bonds related to costs of issuance of the Bonds or costs incurred in the creation of the District, the Developer shall execute a Closing Disbursement Request, substantially in the form of **Exhibit A** hereto or otherwise acceptable and agreed to by the City, to be delivered to the City no less than five (5) business days prior to the scheduled Closing Date for the Bonds for payment in accordance with the provisions of the Indenture. In

order to receive the disbursement for an Improvement Area #1 Project from the Improvement Area #1 Improvements Account of the Project Fund, the Improvement Area #1 Major Improvements Account of the Project Fund, or the Developer Improvement Account of the Project Fund at closing of the Bonds, the Developer shall execute a Certification for Payment, substantially in the form of **Exhibit B** hereto or otherwise agreed to by the City, to be delivered to the City no later than five (5) business days prior to the scheduled Closing Date for the Bonds for payment in accordance with the provisions of the Indenture. Upon approval by the City, the City shall submit a Closing Disbursement Request or a Certification for Payment, as applicable, to the Trustee for disbursement to be made from the Costs of Issuance Account of the Project Fund, the Improvement Area #1 Improvements Account of the Project Fund, the Improvement Area #1 Major Improvements Account of the Project Fund, or the Developer Improvement Account of the Project Fund, as applicable.

Section 5.02. Certification for Payment for an Improvement Area #1 Project.

(a) No payment hereunder shall be made from the Project Fund or the Reimbursement Fund to the Developer for work on an Improvement Area #1 Project until a Certification for Payment is received from the Developer. Upon receipt of a Certification for Payment substantially in the form of **Exhibit B** hereto (and all accompanying documentation required by the City) from the Developer, the City Inspector shall conduct a review in order to confirm that such request is complete, that the work with respect to such Improvement Area #1 Project identified therein for which payment is requested was completed in accordance with all applicable governmental laws, rules and regulations and applicable Plans therefor and with the terms of this Agreement, the Development Agreement, and to verify and approve the Actual Cost of such work specified in such Certification for Payment (collectively, the “Developer Compliance Requirements”). The City Inspector and/or the City Representative shall also conduct such review as is required in his discretion to confirm the matters certified in the Certification for Payment. The Developer agrees to cooperate with the City Inspector and/or City Representative in conducting each such review and to provide the City Inspector and/or City Representative with such additional information and documentation as is reasonably necessary for the City Inspector and/or City Representative to conclude each such review.

(b) Within fifteen (15) business days of receipt of any Certification for Payment, the City Representative shall either (i) approve and execute the Certification for Payment and forward the same to the Administrator for approval and delivery to the Trustee for payment to the Developer in accordance with Section 5.03(a) hereof or (ii) in the event the City Representative disapproves the Certification for Payment, give written notification to the Developer of the City Representative’s disapproval, in whole or in part, of such Certification for Payment, specifying the reasons for such disapproval and the additional requirements to be satisfied for approval of such Certification for Payment. If a Certification for Payment seeking reimbursement is approved only in part, the City Representative shall specify the extent to which the Certification for Payment is

approved and shall deliver such partially approved Certification for Payment to the Administrator for approval in accordance with Section 5.03 hereof and delivery to the Developer in accordance with Section 5.02(c) hereof, and any such partial work shall be processed for payment under Section 5.03 notwithstanding such partial denial.

(c) If the City Representative denies the Certification for Payment, the denial must be in writing, stating the reason(s) for denial. The denial may be appealed to the City Council by the Developer in writing within thirty (30) days of being denied by the City Representative. Denial of the Certification for Payment by the City Council shall be attempted to be resolved by half-day mediation between the parties in the event an agreement is not otherwise reached by the parties, with the mediator's fee being paid by Developer. The Certification for Payment shall not be forwarded to the Trustee for payment until the dispute is resolved by the City and the Developer.

(d) The Developer shall deliver the approved or partially approved Certification for Payment to the Trustee for payment and the Trustee shall make such payment from the Project Fund in accordance with Section 5.03 below.

Section 5.03. Payment for Improvement Area #1 Project.

(a) Upon receipt of a reviewed and approved Certification for Payment, the Trustee shall make payment from the following funds: (1) first, from the Improvement Area #1 Improvements Account of the Project Fund or the Improvement Area #1 Major Improvements Account of the Project Fund, as applicable; (2) second, from the Developer Improvement Account of the Project Fund; and (3) third, from the Reimbursement Fund for the Improvement Area #1 Projects as designated in the Certification for Payment pursuant to the terms of the Certification for Payment and the Indenture in an amount not to exceed the Budgeted Cost for the particular Improvement Area #1 Project, unless a Cost Overrun amount has been approved for a particular Improvement Area #1 Project. If a Cost Overrun amount has been approved, then the amount reimbursed shall not exceed the Budgeted Amount plus the approved Cost Overrun amount.

(b) Approved Certifications for Payment that await reimbursement shall not accrue interest.

(c) Notwithstanding any other provisions of this Agreement, when payment is made, the Trustee shall make payment directly to the general contractor or supplier of materials or services or jointly to Developer (or any permitted assignee of such Developer) and the general contractor or supplier of materials or services, as indicated in an approved Certification for Payment, out of available and appropriate funds in the Project Fund or the Reimbursement Fund. If the request for payment results in ninety percent (90%) or more of the Budgeted Costs for such Improvement Area #1 Project identified in such request for payment being paid, then Trustee shall hold the payment until work with respect to that Improvement Area #1 Project has been completed and accepted by the City. If an unconditional lien release related to the items referenced in the

Certification for Payment is attached to such Certification for Payment, the Trustee shall make such payment to the Developer or any permitted assignee of the Developer. In the event the Developer provides a general contractor's or supplier of materials' unconditional lien release for a portion of the work covered by a Certification for Payment, the Trustee will make such payment directly to the Developer or any permitted assignee of the Developer to the extent of such lien release.

(d) Withholding Payments.

Nothing in this Agreement shall be deemed to prohibit the Developer or the City from contesting in good faith the validity or amount of any mechanics or materialman's lien and/or judgment nor limit the remedies available to the Developer or the City with respect thereto, including the withholding of any payment that may be associated with the exercise of such remedy, so long as such delay in performance shall not subject the Improvement Area #1 Project to foreclosure, forfeiture, or sale. In the event that any such mechanics or materialman's lien and/or judgment with respect to any Improvement Area #1 Project is contested, the Developer shall post or cause delivery of a surety bond in the amount determined by the City or City may decline to accept the Improvement Area #1 Projects until such mechanics or materialman's lien and/or judgment is satisfied.

**ARTICLE VI
OWNERSHIP AND TRANSFER OF IMPROVEMENT AREA #1 PROJECT**

Section 6.01. Improvement Area #1 Project to be Owned by the City– Title Evidence. If required by the City, the Developer shall furnish to the City a preliminary title report for land with respect to an Improvement Area #1 Project to be acquired and accepted by the City from the Developer and not previously dedicated or otherwise conveyed to the City for review and approval at least thirty (30) calendar days prior to the transfer of title of an Improvement Area #1 Project to the City. The City shall approve the preliminary title report unless it reveals a matter which, in the reasonable judgment of the City, could materially affect the City's clean title or use and enjoyment of any part of the property or easement covered by the preliminary title report. In the event the City does not approve the preliminary title report, the City shall not be obligated to accept title to the Improvement Area #1 Project until the Developer has cured such objections to title to the satisfaction of the City.

Section 6.02. Improvement Area #1 Project Constructed on City Land or Developer Land. If the Improvement Area #1 Project is on land owned by the City, the City hereby grants to the Developer a license to enter upon such land for purposes related to construction (and maintenance pending acquisition and acceptance) of the Improvement Area #1 Project. If the Improvement Area #1 Project is on land owned by the Developer, the Developer hereby grants to the City an easement to enter upon such land for purposes related to inspection and maintenance (pending acquisition and acceptance) of the Improvement Area #1 Project. The grant of the permanent

easement shall not relieve the Developer of any obligation to grant the City title to property and/or easements related to the Improvement Area #1 Project as required by the Development Agreement or as should in the City's reasonable judgment be granted to provide for convenient access to and routine and emergency maintenance of such Improvement Area #1 Project. The provisions for inspection and acceptance of such Improvement Area #1 Project otherwise provided herein shall apply.

ARTICLE VII REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 7.01. Representations, Covenants and Warranties of the Developer. The Developer represents and warrants for the benefit of the City as follows:

(a) Organization. The Developer is a limited liability company duly formed, organized and validly existing under the laws of the State of Texas, is in compliance with the laws of the State of Texas, and has the power and authority to own its properties and assets and to fulfill its obligations in this Agreement and the Development Agreement and to carry on its business in the State of Texas as now being conducted as hereby contemplated.

(b) Authority. The Developer has the power and authority to enter into this Agreement and has taken all action necessary to cause this Agreement to be executed and delivered, and this Agreement has been duly and validly executed and delivered by the Developer.

(c) Binding Obligation. This Agreement is a legal, valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms, subject to bankruptcy and other equitable principles.

(d) Compliance with Law. The Developer shall not commit, suffer or permit any act to be done in, upon or to the lands in the District or the Improvement Area #1 Projects in violation of any law, ordinance, rule, regulation or order of any governmental authority or any covenant, condition or restriction now or hereafter affecting the lands in the District or the Improvement Area #1 Projects.

(e) Requests for Payment. The Developer represents and warrants that (i) it will not request payment from the Project Fund or the Reimbursement Fund for the acquisition construction or installation of any improvements that are not part of the costs associated with the Improvement Area #1 Projects, and (ii) it will diligently follow all procedures set forth in this Agreement with respect to the Certification for Payments.

(f) Financial Records. For a period of two years after completion of the Improvement Area #1 Projects, the Developer covenants to maintain proper books of record and account for the construction of the Improvement Area #1 Projects and all Costs related thereto. Such accounting books shall be maintained in accordance with generally accepted accounting principles, and shall

be available for inspection by the City or its agents at any reasonable time during regular business hours on reasonable notice.

(g) Plans. The Developer represents that it has obtained or will obtain approval of the Plans from all appropriate departments of the City and from any other public entity or public utility from which such approval must be obtained. The Developer further agrees that, subject to the terms hereof, the Improvement Area #1 Projects have been or will be constructed in full compliance with such Plans and any change orders thereto consistent with the Act, this Agreement and the Development Agreement. Developer shall provide as-built plans for all Improvement Area #1 Projects to the City.

(h) Additional Information. The Developer agrees to cooperate with all reasonable written requests for nonproprietary information by the initial purchaser of the Bonds, the City Manager and the City Representative related to the status of construction of the Improvement Area #1 Projects within the District, the anticipated completion dates for future improvements and any other matter that the initial purchaser of the Bonds or City Representative deems material to the investment quality of the Bonds.

(i) Continuing Disclosure Agreement. The Developer agrees to provide the information required pursuant to the Continuing Disclosure Agreement of the Developer executed by the Developer in connection with the Bonds.

(j) Tax Certificate. The City will deliver a certificate relating to the Bonds (such certificate, as it may be amended and supplemented from time to time, being referred to herein as the “Tax Certificate”) containing covenants and agreements designed to satisfy the requirements of 26 U.S. Code Sections 103 and 141 through 150, inclusive, and the federal income tax regulations issued thereunder relating to the use of the proceeds of the Bonds or of any monies, securities or other obligations on deposit to the credit of any of the funds and accounts created by the Indenture or this Agreement or otherwise that may be deemed to be proceeds of the Bonds within the meaning of 26 U.S. Code Section 148 (collectively, “Bond Proceeds”).

The Developer covenants to provide, or cause to be provided, such facts and estimates as the City reasonably considers necessary to enable it to execute and deliver its Tax Certificate. The Developer further covenants that (i) such facts and estimates will be based on its reasonable expectations on the date of issuance of the Bonds and will be, to the best of the knowledge of the officers of the Developer providing such facts and estimates, true, correct and complete as of that date, and (ii) the Developer will make reasonable inquiries to ensure such truth, correctness and completeness. The Developer covenants that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use or investment of the Bond Proceeds (including, but not limited to, the use of the Improvement Area #1 Projects) that would cause any of the covenants or agreements of the City contained in the Tax Certificate to be violated or that would

otherwise have an adverse effect on the tax-exempt status of the interest payable on the Bonds for federal income tax purposes.

(k) Financial Resources. The Developer represents and warrants that it has the financial resources, or the ability to obtain sufficient financial resources, to meet its obligations under this Agreement, the Service and Assessment Plan and the Development Agreement.

Section 7.02. Indemnification and Hold Harmless. THE DEVELOPER SHALL INDEMNIFY AND HOLD HARMLESS THE CITY INSPECTOR, THE CITY, ITS OFFICIALS, EMPLOYEES, OFFICERS, REPRESENTATIVES AND AGENTS (EACH AN "INDEMNIFIED PARTY"), FROM AND AGAINST ALL ACTIONS, DAMAGES, CLAIMS, LOSSES OR EXPENSE OF EVERY TYPE AND DESCRIPTION TO WHICH THEY MAY BE SUBJECTED OR PUT: (I) BY REASON OF, OR RESULTING FROM THE BREACH OF ANY PROVISION OF THIS AGREEMENT BY THE DEVELOPER; (II) THE NEGLIGENT DESIGN, ENGINEERING, AND/OR CONSTRUCTION BY THE DEVELOPER OR ANY ARCHITECT, ENGINEER OR CONTRACTOR HIRED BY THE DEVELOPER OF ANY OF THE IMPROVEMENT AREA #1 PROJECTS ACQUIRED FROM THE DEVELOPER HEREUNDER; (III) THE DEVELOPER'S NONPAYMENT UNDER CONTRACTS BETWEEN THE DEVELOPER AND ITS CONSULTANTS, ENGINEERS, ADVISORS, CONTRACTORS, SUBCONTRACTORS AND SUPPLIERS IN THE PROVISION OF THE IMPROVEMENT AREA #1 PROJECTS; (IV) ANY CLAIMS OF PERSONS EMPLOYED BY THE DEVELOPER OR ITS AGENTS TO CONSTRUCT THE IMPROVEMENT AREA #1 PROJECTS; OR (V) ANY CLAIMS AND SUITS OF THIRD PARTIES, INCLUDING BUT NOT LIMITED TO DEVELOPER'S RESPECTIVE PARTNERS, OFFICERS, DIRECTORS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, ASSIGNEES, VENDORS, GRANTEES AND/OR TRUSTEES, REGARDING OR RELATED TO THE IMPROVEMENT AREA #1 PROJECTS OR ANY AGREEMENT OR RESPONSIBILITY REGARDING THE IMPROVEMENT AREA #1 PROJECTS, INCLUDING CLAIMS AND CAUSES OF ACTION WHICH MAY ARISE OUT OF THE SOLE OR PARTIAL NEGLIGENCE OF AN INDEMNIFIED PARTY (THE "CLAIMS"). NOTWITHSTANDING THE FOREGOING, NO INDEMNIFICATION IS GIVEN HEREUNDER FOR ANY ACTION, DAMAGE, CLAIM, LOSS OR EXPENSE DETERMINED BY A COURT OF COMPETENT JURISDICTION TO BE DIRECTLY ATTRIBUTABLE TO THE WILLFUL MISCONDUCT OF ANY INDEMNIFIED PARTY, DEVELOPER IS EXPRESSLY REQUIRED TO DEFEND CITY AGAINST ALL SUCH CLAIMS, AND CITY IS REQUIRED TO REASONABLY COOPERATE AND ASSIST DEVELOPER IN PROVIDING SUCH DEFENSE.

IN ITS REASONABLE DISCRETION, CITY SHALL HAVE THE RIGHT TO APPROVE OR SELECT DEFENSE COUNSEL TO BE RETAINED BY DEVELOPER IN FULFILLING ITS OBLIGATIONS HEREUNDER TO DEFEND AND INDEMNIFY THE INDEMNIFIED PARTIES, UNLESS SUCH RIGHT IS EXPRESSLY WAIVED BY CITY IN

WRITING. THE INDEMNIFIED PARTIES RESERVE THE RIGHT TO PROVIDE A PORTION OR ALL OF THEIR/ITS OWN DEFENSE, AT THEIR/ITS SOLE COST; HOWEVER, INDEMNIFIED PARTIES ARE UNDER NO OBLIGATION TO DO SO. ANY SUCH ACTION BY AN INDEMNIFIED PARTY IS NOT TO BE CONSTRUED AS A WAIVER OF DEVELOPER'S OBLIGATION TO DEFEND INDEMNIFIED PARTIES OR AS A WAIVER OF DEVELOPER'S OBLIGATION TO INDEMNIFY INDEMNIFIED PARTIES, PURSUANT TO THIS AGREEMENT. DEVELOPER SHALL RETAIN CITY-APPROVED DEFENSE COUNSEL WITHIN SEVEN (7) BUSINESS DAYS OF WRITTEN NOTICE FROM AN INDEMNIFIED PARTY THAT IT IS INVOKING ITS RIGHT TO INDEMNIFICATION UNDER THIS AGREEMENT. IF DEVELOPER FAILS TO RETAIN COUNSEL WITHIN SUCH TIME PERIOD, INDEMNIFIED PARTIES SHALL HAVE THE RIGHT TO RETAIN DEFENSE COUNSEL ON ITS OWN BEHALF, AND DEVELOPER SHALL BE JOINTLY AND SEVERALLY LIABLE FOR ALL REASONABLE COSTS INCURRED BY INDEMNIFIED PARTIES.

THIS SECTION 7.02 SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

THE PARTIES AGREE AND STIPULATE THAT THIS INDEMNIFICATION COMPLIES WITH THE CONSPICUOUSNESS REQUIREMENT AND THE EXPRESS NEGLIGENCE TEST, AND IS VALID AND ENFORCEABLE AGAINST THE DEVELOPER.

Section 7.03. Use of Monies by City; Changes to Indenture. The City agrees not to take any action or direct the Trustee to take any action to expend, disburse or encumber the monies held in the Project Fund or the Reimbursement Fund and any monies to be transferred thereto for any purpose other than the purposes permitted by the Indenture. Prior to the acceptance of all the Improvement Area #1 Projects, the City agrees not to modify or supplement the Indenture without the approval of the Developer if as a result or as a consequence of such modification or supplement: (a) the amount of monies that would otherwise have been available under the Indenture for disbursement for the Costs of the Improvement Area #1 Projects is reduced, delayed or deferred, (b) the obligations or liabilities of the Developer is or may be substantially increased or otherwise adversely affected in any manner, or (c) the rights of the Developer is or may be modified, limited, restricted or otherwise substantially adversely affected in any manner.

Section 7.04. No Reduction of Assessments. The Developer agrees not to take any action or actions to reduce the total amount of such Assessments to be levied as of the effective date of this Agreement.

ARTICLE VIII TERMINATION

Section 8.01. Mutual Consent. This Agreement may be terminated by the mutual, written consent of the City and the Developer, in which event the City may either execute contracts for or perform any remaining work related to the Improvement Area #1 Projects not accepted by the City or other appropriate entity and use all or any portion of funds on deposit in the Project Fund or other amounts transferred to the Project Fund under the terms of the Indenture to pay for same, and the Developer shall have no claim or right to any further payments for the Costs of an Improvement Area #1 Project hereunder, except as otherwise may be provided in such written consent.

Section 8.02. City's Election for Cause.

(a) The City, upon notice to Developer and the passage of the cure period identified in subsection (b) below, may terminate this Agreement, without the consent of the Developer if the Developer shall breach any material covenant or default in the performance of any material obligation hereunder.

(b) If any such event described in Section 8.02(a) occurs, the City shall give written notice of its knowledge of such event to the Developer, and the Developer agrees to promptly meet and confer with the City Inspector and other appropriate City staff and consultants as to options available to assure timely completion, subject to the terms of this Agreement, of the Improvement Area #1 Projects. Such options may include, but not be limited to, the termination of this Agreement by the City. If the City elects to terminate this Agreement, the City shall first notify the Developer (and any mortgagee or trust deed beneficiary specified in writing by the Developer to the City to receive such notice) of the grounds for such termination and allow the Developer a minimum of 45 days to eliminate or to mitigate to the satisfaction of the City the grounds for such termination. Such period may be extended, at the sole discretion of the City, if the Developer, to the reasonable satisfaction of the City, is proceeding with diligence to eliminate or mitigate such grounds for termination. If at the end of such period (and any extension thereof), as determined reasonably by the City, the Developer has not eliminated or completely mitigated such grounds to the satisfaction of the City, the City may then terminate this Agreement. In the event of the termination of this Agreement, the Developer is entitled to payment for work accepted by the City related to an Improvement Area #1 Project only as provided for under the terms of the Indenture and this Agreement prior to the termination date of this Agreement. Notwithstanding the foregoing, so long as the Developer has breached any material covenant or defaulted in the performance of any material obligation hereunder, notice of which has been given by the City to the Developer, and such event has not been cured or otherwise eliminated by the Developer, the City may in its discretion cause the Trustee to cease making payments for the Actual Costs of Improvement Area #1 Projects, provided that the Developer shall receive payment of the Actual

Costs of any Improvement Area #1 Projects that were accepted by the City at the time of the occurrence of such breach or default by the Developer upon submission of the documents and compliance with the other applicable requirements of this Agreement.

(c) If this Agreement is terminated by the City for cause, the City may either execute contracts for or perform any remaining work related to the Improvement Area #1 Projects not accepted by the City and use all or any portion of the funds on deposit in the Project Fund or other amounts transferred to the Project Fund and the Developer shall have no claim or right to any further payments for the Improvement Area #1 Projects hereunder, except as otherwise may be provided upon the mutual written consent of the City and the Developer or as provided for in the Reimbursement Agreement. The City shall have no obligation to perform any work related to an Improvement Area #1 Project or to incur any expense or cost in excess of the remaining balance of the Project Fund.

Section 8.03. Termination Upon Redemption or Defeasance of Bonds. This Agreement will terminate automatically and with no further action by the City or the Developer upon the redemption or defeasance of all outstanding Bonds (including any refunding bonds issued to refund the Bonds) issued under the Indenture.

Section 8.04. Construction of the Improvement Area #1 Projects Upon Termination of this Agreement. Notwithstanding anything to the contrary contained herein, upon the termination of this Agreement pursuant to this Article VIII, the Developer shall perform its obligations with respect to the Improvement Area #1 Projects in accordance with this Agreement and the Development Agreement.

Section 8.05. Force Majeure. Whenever performance is required of a party hereunder, that party shall use all due diligence and take all necessary measures in good faith to perform, but if completion of performance is delayed by reasons of floods, earthquakes or other acts of God, war, civil commotion, riots, strikes, picketing or other labor disputes, damage to work in progress by casualty or by other cause beyond the reasonable control of the party (financial inability excepted) (“Force Majeure”), then the specified time for performance shall be extended by the amount of the delay actually so caused. The extension of time to perform allowed by this Section 8.05 shall not apply unless, upon the occurrence of an event of Force Majeure, the party needing additional time to perform notifies the other party of the event of Force Majeure and the amount of additional time reasonably required within ten (10) business days of the occurrence of the event of Force Majeure.

ARTICLE IX MISCELLANEOUS

Section 9.01. Limited Liability of City. The Developer agrees that any and all obligations of the City arising out of or related to this Agreement are special obligations of the City, and the

City's obligations to make any payments hereunder are restricted entirely to the moneys, if any, in the Project Fund and the Reimbursement Fund and from no other source. Neither the City, the City Inspector, City Representative nor any other City employee, officer, official or agent shall incur any liability hereunder to the Developer or any other party in their individual capacities by reason of their actions hereunder or execution hereof.

Section 9.02. Audit. The City Inspector, City Representative or a finance officer of the City shall have the right, during normal business hours and upon the giving of three business days' prior written notice to a Developer, to review all books and records of the Developer pertaining to costs and expenses incurred by the Developer with respect to any of the Improvement Area #1 Projects and any bids taken or received for the construction thereof or materials therefor.

Section 9.03. Notices. Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to any party shall be deemed to have been received when personally delivered or transmitted by telecopy or facsimile transmission (which shall be immediately confirmed by telephone and shall be followed by mailing an original of the same within 24 hours after such transmission) or 72 hours following deposit of the same in any United States Post Office, registered or certified mail, postage prepaid, addressed as follows:

To the City:	Attn: City Manager City of Celina, Texas 142 N. Ohio Celina, Texas 75009
With a copy to:	Attn: Julie Fort Messer, Fort, & McDonald PLLC 6371 Preston Road, Suite 200 Frisco, TX 75034
And to:	Attn: Bond Counsel Robert Dransfield Norton Rose Fulbright US LLP 2200 Ross Avenue, Suite 3600 Dallas, Texas 75201-7932
To the Developer:	Attn: Brian Cramer and Larry Corson CCD – North Sky, LLC 4925 Greenville Avenue, Suite 604 Dallas, Texas 75206
With a copy to:	Attn: Drew Slone Locke Lord LLP 2200 Ross Avenue Suite 2800 Dallas, Texas 75201

Any party may change its address or addresses for delivery of notice by delivering written notice of such change of address to the other party.

The City shall advise the Developer of the name and address of any person who is to receive any notice or other communication pursuant to this Agreement.

Section 9.04. Severability. If any part of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent possible.

Section 9.05. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto. Any receivables due under this Agreement may be assigned by the Developer without the consent of, but upon written notice to the City pursuant to Section 9.03 of this Agreement. The obligations, requirements, or covenants of this Agreement shall be able to be assigned to an affiliate or related entity of the Developer, or any lien holder on the Property, without prior written consent of the City. The obligations, requirements, or covenants of this Agreement shall not be assigned by the Developer to a non-affiliate or non-related entity of the Developer without prior written consent of the City Manager, except pursuant to a collateral assignment to any person or entity providing construction financing to the Developer for an Improvement Area #1 Project, provided such person or entity expressly agrees to assume all obligations of the Developer hereunder if there is a default under such financing and such Person elects to complete the Improvement Area #1 Project. No such assignment shall be made by the Developer or any successor or assignee of the Developer that results in the City being an “obligated person” within the meaning of Rule 15c2-12 of the United States Securities and Exchange Commission without the express written consent of the City. In connection with any consent of the City, the City may condition its consent upon the acceptability of the financial condition of the proposed assignee, upon the assignee’s express assumption of all obligations of the Developer hereunder and/or upon any other reasonable factor which the City deems relevant in the circumstances. In any event, any such assignment shall be in writing, shall clearly identify the scope of the rights and/or obligations assigned. The City may assign by a separate writing certain rights as described in this Agreement and in the Indenture, to the Trustee and the Developer hereby consents to such assignment.

Section 9.06. Other Agreements. The obligations of the Developer hereunder shall be those of a party hereto and not as an owner of property in the District. Nothing herein shall be construed as affecting the City’s or the Developer’s rights or duties to perform their respective obligations under other agreements, use regulations, ordinances or subdivision requirements relating to the development of the lands in the District, including the applicable Construction Contracts and the Development Agreement. To the extent there is a conflict between this

Agreement and the Development Agreement, the Development Agreement shall control. To the extent there is a conflict between this Agreement and the Indenture, the Indenture shall control.

Section 9.07. Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by any other party, or the failure by a party to exercise its rights upon the default of any other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by such other party with the terms of this Agreement thereafter.

Section 9.08. Merger. No other agreement, statement or promise made by any party or any employee, officer or agent of any party with respect to any matters covered hereby that is not in writing and signed by all the parties to this Agreement shall be binding.

Section 9.09. Parties in Interest. Nothing in this Agreement, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or entity other than the City and the Developer any rights, remedies or claims under or by reason of this Agreement or any covenants, conditions or stipulations hereof, and all covenants, conditions, promises and agreements in this Agreement contained by or on behalf of the City or the Developer shall be for the sole and exclusive benefit of the City and the Developer.

Section 9.10. Amendment. This Agreement may be amended upon agreement of the parties, from time to time in a manner consistent with the Act, the Indenture, and the Bond Ordinance by written supplement hereto and executed in counterparts, each of which shall be deemed an original.

Section 9.11. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

Section 9.12. Effective Date. This Agreement has been dated as of the date first above written solely for the purpose of convenience of reference and shall become effective upon its execution and delivery, on the Closing Date of the Bonds, by the parties hereto. All representations and warranties set forth therein shall be deemed to have been made on the Closing Date of the Bonds.

Section 9.13. Term. The term of this Agreement, other than the provisions contained in Section 7.02, which shall survive the termination of this Agreement, shall be thirty (30) years or until all amounts under the Reimbursement Agreement have been paid or the Reimbursement Agreement has otherwise terminated in accordance with its terms and upon redemption or defeasance of the Bonds (including any refunding bonds issued to refund the Bonds) issued under the Indenture. If the Developer defaults under this Agreement, the Reimbursement Agreement, or the Development Agreement, this Agreement, the Reimbursement Agreement and the Development Agreement shall not terminate with respect to the Costs of the Improvement Area

#1 Projects that have been approved by the City pursuant to a Certification for Payment prior to the date of default.

Section 9.14 No Waiver of Powers or Immunity. The City does not waive or surrender any of its governmental powers, immunities, or rights except as necessary to allow Developer to enforce its remedies under this Agreement.

Section 9.15. No Boycott Israel. To the extent this Agreement constitutes a contract for goods or services for which a written verification is required under Section 2271.002, Texas Government Code, the Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, ‘boycott Israel,’ a term defined in Section 2271.001, Texas Government Code, by reference to Section 808.001(1), Texas Government Code, means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Developer understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

Section 9.16. Not a Listed Company. The Developer represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to enable the City to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Developer and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. As used in this Section, the Developer understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 133(f), 17 C.F.R. § 230.133(f), and exists to make a profit.

Section 9.17. Verification Regarding Energy Company Boycotts. To the extent this Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislature, Regular

Session), Texas Government Code, as amended, the Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification, “boycott energy companies,” a term defined in Section 2274.001(1), Texas Government Code (as enacted by such Senate Bill) by reference to Section 809.001, Texas Government Code (also as enacted by such Senate Bill), shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above. As used in this Section, the Developer understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 133(f), 17 C.F.R. § 230.133(f), and exists to make a profit.

Section 9.18. Verification Regarding Discrimination Against Firearm Entity or Trade Association.

To the extent this Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification and the following definitions:

(i) ‘discriminate against a firearm entity or firearm trade association,’ a term defined in Section 2274.001(3), Texas Government Code (as enacted by such Senate Bill), (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that

restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association;

(ii) 'firearm entity,' a term defined in Section 2274.001(6), Texas Government Code (as enacted by such Senate Bill), means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government Code, as enacted by such Senate Bill, as weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (defined in Section 2274.001(5), Texas Government Code, as enacted by such Senate Bill, as devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (defined in Section 2274.001(1), Texas Government Code, as enacted by such Senate Bill, as a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (defined in Section 250.001, Texas Local Government Code, as a business establishment, private club, or association that operates an area for the discharge or other use of firearms for silhouette, skeet, trap, black powder, target, self-defense, or similar recreational shooting); and

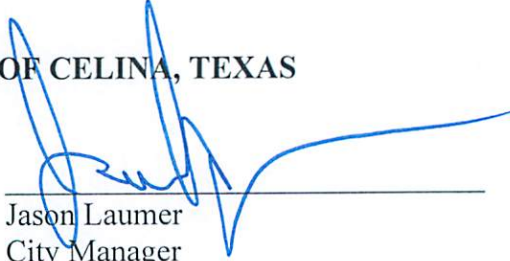
(iii) 'firearm trade association,' a term defined in Section 2274.001(7), Texas Government Code (as enacted by such Senate Bill), means any person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code.

As used in this Section, the Developer understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 133(f), 17 C.F.R. § 230.133(f), and exists to make a profit.

[Execution pages follow.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of February 14, 2023.

CITY OF CELINA, TEXAS

By: 
Name: Jason Laumer
Title: City Manager

ATTEST:


Name: Lauren Field
Title: City Secretary



DEVELOPER:

CCD – NORTH SKY, LLC,
a Texas limited liability company


By: 
Name: Brian Cranger
Title: Co President

Exhibit A

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for CCD - North Sky, LLC, (the “Developer”) and requests payment from:

[the Costs of Issuance Account of the Project Fund][the Improvement Area #1 Improvements Account of the Project Fund][the Improvement Area #1 Major Improvements Account of the Project Fund] (as defined in the North Sky Public Improvement District Improvement Area #1 Construction, Funding, and Acquisition Agreement) from U.S. Bank Trust Company, National Association, (the “Trustee”) in the amount of _____ DOLLARS (\$ _____) for costs incurred in the establishment, administration, and operation of the North Sky Public Improvement District (the “District”), as follows:

Closing Costs Description	Cost	PID Allocated Cost
TOTAL		

In connection to the above referenced payments, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Closing Disbursement Request on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The payment requested for the above referenced establishment, administration, and operation of the District at the time of the delivery of the Bonds has not been the subject of any prior payment request submitted to the City.
3. The amount listed for the above itemized costs is a true and accurate representation of the Actual Costs incurred by Developer with the establishment of the District at the time of the delivery of the Bonds, and such costs are in compliance with the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the North Sky Public Improvement District Improvement Area #1 Construction, Funding, and Acquisition Agreement, the Development Agreement, and the Service and Assessment Plan.
5. All conditions set forth in the Indenture (as defined in the North Sky Public Improvement District Improvement Area #1 Construction, Funding, and Acquisition Agreement) for the payment hereby requested have been satisfied.

6. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

Payments requested hereunder shall be made as directed below:

- a. X amount to Person or Account Y for Z goods or services.
- b. Etc.

I hereby declare that the above representations and warranties are true and correct.

CCD - NORTH SKY, LLC

By: _____

Name: _____

Title: _____

Date: _____

APPROVAL OF REQUEST BY CITY

The City is in receipt of the attached Closing Disbursement Request. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request and shall include said payments in the City Certificate submitted to the Trustee directing payments to be made from the Costs of Issuance Account of the Project Fund, the Improvement Area #1 Improvements Account of the Project Fund, and/ or the Improvement Area #1 Major Improvements Account of the Project Fund, as applicable, upon delivery of the Bonds. The City’s approval of the Closing Disbursement Request shall not have the effect of estopping or preventing the City from asserting claims under the North Sky Public Improvement District Improvement Area #1 Construction, Funding and Acquisition Agreement, the Development Agreement, the Service and Assessment Plan, any other agreement between the parties or that there is a defect in an Improvement Area #1 Project.

CITY OF CELINA, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

Exhibit B

CERTIFICATION FOR PAYMENT FORM – IMPROVEMENT AREA #1 PROJECTS

CERTIFICATION FOR PAYMENT NO. _____

The undersigned is a lawfully authorized representative for CCD - North Sky, LLC, (the “Developer”) and requests payment from the [Improvement Area #1 Improvements Account of the Project Fund] [Improvement Area #1 Major Improvements Account of the Project Fund] [Developer Improvement Account of the Project Fund] [the Reimbursement Fund] from U.S. Bank Trust Company, National Association (the “Trustee”) in the amount of _____ for labor, materials, fees, and/or other general costs related to the construction and installation of the following Improvement Area #1 Projects related to the North Sky Public Improvement District:

[insert specific Improvement Area #1 Project this request is for here]

Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the North Sky Public Improvement District Improvement Area #1 Construction, Funding, and Acquisition Agreement.

In connection to the above referenced payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certification for Payment Form on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The payment requested for the below referenced Improvement Area #1 Project(s) has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.
3. The itemized amounts listed for the Improvement Area #1 Project(s) below is a true and accurate representation of the Actual Costs incurred by Developer with the construction and installation of said Improvement Area #1 Project(s) identified above, and such costs (i) are in compliance with the North Sky Public Improvement District Improvement Area #1 Construction, Funding, and Acquisition Agreement, and (ii) are consistent with the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the North Sky Public Improvement District Improvement Area #1 Construction, Funding, and Acquisition Agreement, the Development Agreement, and the Service and Assessment Plan.

5. All conditions set forth in the Indenture for the payment hereby requested have been satisfied.

6. The work with respect to the Improvement Area #1 Project(s) identified above (or its completed segment, portion or segment) has been completed and the City has inspected or may begin inspection of the Improvement Area #1 Project(s). If this request for payment results in ninety percent (90%) or more of the Budgeted Costs for the Improvement Area #1 Project(s) identified above being paid, then the work with respect to the Improvement Area #1 Project(s) have been completed and the City has inspected AND accepted the Improvement Area #1 Project(s).

7. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

Payments requested are as follows:

Payee / Description of Improvement Area #1 Project	Total Cost of Improvement Area #1 Project	Budgeted Cost of Improvement Area #1 Project	Amount to be paid from the Project Fund or Reimbursement Fund (Specify)

Attached hereto, are receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments.

Pursuant to the North Sky Public Improvement District Improvement Area #1 Construction, Funding, and Acquisition Agreement, after receiving this Payment Request, the City is authorized to inspect the Improvement Area #1 Project (or completed segment, portion or segment) and confirm that said work has been completed in accordance with all applicable governmental laws, rules, and Plans.

I hereby declare that the above representations and warranties are true and correct.

CCD - NORTH SKY, LLC

By: _____

Name: _____

Title: _____

Date: _____

APPROVAL OF REQUEST BY CITY

The City is in receipt of the attached Certification for Payment. After reviewing the Certification for Payment, the City approves the Certification for Payment and shall include said payments in the City Certificate submitted to the Trustee directing payments to be made from the appropriate Project Fund account or the Reimbursement Fund, as applicable. The City's approval of the Certification for Payment shall not have the effect of estopping or preventing the City from asserting claims under the North Sky Public Improvement District Improvement Area #1 Construction, Funding, and Acquisition Agreement, the Development Agreement, the Service and Assessment Plan, any other agreement between the parties or that there is a defect in the Improvement Area #1 Projects.

CITY OF CELINA, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

**CITY OF CELINA, TEXAS • SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(NORTH SKY PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1B PROJECT)**



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