

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED OCTOBER 31, 2024

NEW ISSUE

NOT RATED

PROSPECTIVE PURCHASERS ARE ADVISED THAT THE SERIES 2024A BONDS BEING OFFERED PURSUANT TO THIS LIMITED OFFERING MEMORANDUM ARE BEING OFFERED TO "QUALIFIED INSTITUTIONAL BUYERS" AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND "ACCREDITED INVESTORS" AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT. SEE "LIMITATIONS APPLICABLE TO INITIAL PURCHASERS" HEREIN. THE SERIES 2024A BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT IN RELIANCE UPON THE EXEMPTION PROVIDED BY SECTION 3(A)(2) THEREIN. NO ACTION HAS BEEN TAKEN TO QUALIFY THE SERIES 2024A BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY STATE. SEE "LIMITATIONS APPLICABLE TO INITIAL PURCHASERS" HEREIN.

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

The Series 2024A Bonds WILL NOT be designated as "qualified tax-exempt obligations" for financial institutions.



\$34,920,000*

**DENTON COUNTY, TEXAS,
SENIOR LIEN SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024A
(TABOR RANCH PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)**

**Dated Date: Date of Delivery (defined below)
Interest to Accrue from Date of Delivery**

Due: December 31, as shown on page i

The Denton County, Texas, Senior Lien Special Assessment Revenue Bonds, Series 2024A (Tabor Ranch Public Improvement District Improvement Area #1 Project) (the "Series 2024A Bonds"), are being issued by Denton County, Texas (the "County"). The Series 2024A Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$100,000 of principal amount and any integral multiple of \$1,000 in excess thereof. The Series 2024A Bonds will bear interest at the rates set forth on page i hereof, and such interest will be calculated on the basis of a 360-day year of twelve 30-day months, and will be payable on each June 30 and December 31, commencing June 30, 2025, until maturity or earlier redemption. The Series 2024A 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 2024A 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 2024A 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 2024A Bonds are being issued pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "PID Act"), an order expected to be adopted by the Commissioners Court of the County (the "Commissioners Court") on November 19, 2024, and a Master Indenture of Trust, dated as of December 1, 2024 (the "Master Indenture") and the First Supplemental Indenture of Trust, dated as of December 1, 2024 (the "First Supplement"), each to be entered into by and between the County and the Trustee. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture (as defined herein).

Proceeds of the Series 2024A Bonds will be used to provide funds for (i) paying a portion of the Actual Costs of the "Improvement Area #1 Projects" (defined herein), (ii) paying a portion of the interest on the Series 2024A Bonds during and after the period of acquisition and construction of the Improvement Area #1 Projects, (iii) funding a reserve fund for the payment of principal of and interest on the Series 2024A Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District (defined herein), and (v) paying the costs of issuance. See "THE IMPROVEMENT AREA #1 PROJECTS," "APPENDIX A-1 — Form of Master Indenture," and "APPENDIX A-2 – Form of First Supplement."

The Series 2024A Bonds, when issued and delivered, will constitute valid and binding special, limited obligations of the County payable solely from and secured by a first and prior lien on the Pledged Revenues, consisting primarily of Assessments (as defined herein) levied against assessable properties in Improvement Area #1 (as defined herein) of the Tabor Ranch Public Improvement District (the "District") in accordance with a Service and Assessment Plan and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. The Series 2024A Bonds are not payable from funds raised or to be raised from taxation. The Assessments are expected to be levied in accordance with the Assessment Order (as defined herein) of the County. See "SECURITY FOR THE OBLIGATIONS."

The Series 2024A Bonds are subject to redemption at the times, in the amounts, and at the redemption prices more fully described herein under the subcaption "DESCRIPTION OF THE INITIAL OBLIGATIONS — Redemption Provisions – Series 2024A Bonds."

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

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

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

Concurrently with the issuance of the Series 2024A Bonds, the County is issuing its Junior Lien Special Assessment Revenue Bonds, Series 2024B (Tabor Ranch Public Improvement District Improvement Area #1 Project) (the "Series 2024B Bonds" and, together with the Series 2024A Bonds, the "Initial Obligations"), pursuant to the Master Indenture and the Second Supplement (as defined herein). A separate cover page for the Series 2024B Bonds follows this cover page.

The Series 2024A Bonds are offered for delivery when, as, and if issued by the County and accepted by FMSbonds, Inc. (the "Underwriter"), subject to, among other things, the approval of the Series 2024A Bonds by the Attorney General of Texas and the receipt of the opinion of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel, as to the validity of the Series 2024A Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See "APPENDIX C — Forms of Opinions of Bond Counsel." Certain legal matters will be passed upon for the Underwriter by its counsel, Locke Lord LLP, Dallas, Texas and for the Developer by its counsel, Winstead PC. It is expected that the Series 2024A Bonds will be delivered in book-entry form through the facilities of DTC on or about December 12, 2024 (the "Date of Delivery").

FMSbonds, Inc.

* Preliminary; subject to change.

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

CUSIP Prefix: _____

\$34,920,000*

DENTON COUNTY, TEXAS,

SENIOR LIEN SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024A

(TABOR RANCH PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

\$ _____ % Term Bonds, Due December 31, 20 __, Priced to Yield _____ %; CUSIP Suffix _____ (a) (c)

\$ _____ % Term Bonds, Due December 31, 20 __, Priced to Yield _____ %; CUSIP Suffix _____ (a) (b) (c)

\$ _____ % Term Bonds, Due December 31, 20 __, Priced to Yield _____ %; CUSIP Suffix _____ (a) (b) (c)

* Preliminary; subject to change.

- (a) CUSIP numbers are included solely for the convenience of owners of the Series 2024A Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services and 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 County, the County's Financial Advisor or the Underwriter takes any responsibility for the accuracy of such numbers.
- (b) The Series 2024A Bonds are subject to redemption, in whole or in part, prior to stated maturity, at the option of the County, on any date on or after December 31, 20 __, at the redemption price of par plus accrued and unpaid interest to the date of redemption as described herein under "DESCRIPTION OF THE INITIAL OBLIGATIONS — Redemption Provisions."
- (c) The Series 2024A Bonds are also subject to mandatory sinking fund redemption and extraordinary optional redemption as described herein under "DESCRIPTION OF THE INITIAL OBLIGATIONS — Redemption Provisions."

SEPARATE ISSUES. The Series 2024A Bonds and the Series 2024B Bonds are each separate and distinct securities offerings being issued and sold independently except for the use of this common Limited Offering Memorandum, and, while the Series 2024A Bonds and the Series 2024B Bonds share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the terms for payment, the rights of owners, and other features.

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED OCTOBER 31, 2024

NEW ISSUE

NOT RATED

PROSPECTIVE PURCHASERS ARE ADVISED THAT THE SERIES 2024B BONDS BEING OFFERED PURSUANT TO THIS LIMITED OFFERING MEMORANDUM ARE BEING OFFERED TO “QUALIFIED INSTITUTIONAL BUYERS” AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND “ACCREDITED INVESTORS” AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT. SEE “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS” HEREIN. THE SERIES 2024B BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT IN RELIANCE UPON THE EXEMPTION PROVIDED BY SECTION 3(A)(2) THEREIN. NO ACTION HAS BEEN TAKEN TO QUALIFY THE SERIES 2024B BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY STATE. SEE “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS” HEREIN.

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

The Series 2024B Bonds WILL NOT be designated as “qualified tax-exempt obligations” for financial institutions.



\$17,430,000*

**DENTON COUNTY, TEXAS,
JUNIOR LIEN SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024B
(TABOR RANCH PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)**

**Dated Date: Date of Delivery (defined below)
Interest to Accrue from Date of Delivery**

Due: December 31, as shown on page iv

The Denton County, Texas, Junior Lien Special Assessment Revenue Bonds, Series 2024B (Tabor Ranch Public Improvement District Improvement Area #1 Project) (the “Series 2024B Bonds”), are being issued by Denton County, Texas (the “County”). The Series 2024B Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$100,000 of principal amount and any integral multiple of \$1,000 in excess thereof. The Series 2024B Bonds will bear interest at the rates set forth on page iv hereof, and such interest will be calculated on the basis of a 360-day year of twelve 30-day months, and will be payable on each June 30 and December 31, commencing June 30, 2025, until maturity or earlier redemption. The Series 2024B 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 2024B 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 2024B 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 2024B Bonds are being issued pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), an order expected to be adopted by the Commissioners Court of the County (the “Commissioners Court”) on November 19, 2024, and a Master Indenture of Trust, dated as of December 1, 2024 (the “Master Indenture”) and the Second Supplemental Indenture of Trust, dated as of December 1, 2024 (the “Second Supplement”), each to be entered into by and between the County and the Trustee. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture (as defined herein).

Proceeds of the Series 2024B Bonds will be used to provide funds for (i) paying a portion of the Actual Costs of the “Improvement Area #1 Projects” (defined herein), (ii) paying a portion of the interest on the Series 2024B Bonds during and after the period of acquisition and construction of the Improvement Area #1 Projects, (iii) funding a reserve fund for the payment of principal of and interest on the Series 2024B Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District (defined herein), and (v) paying the costs of issuance. See “THE IMPROVEMENT AREA #1 PROJECTS,” “APPENDIX A-1 — Form of Master Indenture,” and “APPENDIX A-3 – Form of Second Supplement.”

The Series 2024B Bonds, when issued and delivered, will constitute valid and binding special, limited obligations of the County payable solely from and secured by a subordinate lien on the Pledged Revenues, consisting primarily of Assessments (as defined herein) levied against assessable properties in Improvement Area #1 (as defined herein) of the Tabor Ranch Public Improvement District (the “District”) in accordance with a Service and Assessment Plan and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. The Series 2024B Bonds are not payable from funds raised or to be raised from taxation. The Assessments are expected to be levied in accordance with the Assessment Order (as defined herein) of the County. See “SECURITY FOR THE OBLIGATIONS.”

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

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

THE SERIES 2024B BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE COUNTY PAYABLE SOLELY FROM A SUBORDINATE LIEN ON THE PLEDGED REVENUES, SUBJECT TO THE FIRST AND PRIOR LIEN OF THE SERIES 2024A BONDS, AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE MASTER INDENTURE AND THE SECOND SUPPLEMENT. THE SERIES 2024B BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE COUNTY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE MASTER INDENTURE AND THE SECOND SUPPLEMENT. THE OWNERS OF THE SERIES 2024B BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE COUNTY OTHER THAN THE PLEDGED REVENUES, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE SERIES 2024B BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE COUNTY’S TAXING POWER TO PAY THE PRINCIPAL OF THE SERIES 2024B BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE COUNTY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE SERIES 2024B BONDS OUT OF ANY FUNDS OF THE COUNTY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE. SEE “SECURITY FOR THE OBLIGATIONS.”

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

Concurrently with the issuance of the Series 2024B Bonds, the County is issuing its Senior Lien Special Assessment Revenue Bonds, Series 2024A (Tabor Ranch Public Improvement District Improvement Area #1 Project) (the “Series 2024A Bonds” and, together with the Series 2024B Bonds, the “Initial Obligations”), pursuant to the Master Indenture and the First Supplement (as defined herein). A separate cover page for the Series 2024A Bonds precedes this cover page.

The Series 2024B Bonds are offered for delivery when, as, and if issued by the County and accepted by FMSbonds, Inc. (the “Underwriter”), subject to, among other things, the approval of the Series 2024B Bonds by the Attorney General of Texas and the receipt of the opinion of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel, as to the validity of the Series 2024B Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See “APPENDIX C — Forms of Opinions of Bond Counsel.” Certain legal matters will be passed upon for the Underwriter by its counsel, Locke Lord LLP, Dallas, Texas and for the Developer by its counsel, Winstead PC. It is expected that the Series 2024B Bonds will be delivered in book-entry form through the facilities of DTC on or about December 12, 2024 (the “Date of Delivery”).

FMSbonds, Inc.

* Preliminary; subject to change.

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

CUSIP Prefix: _____

\$17,430,000*

DENTON COUNTY, TEXAS,

JUNIOR LIEN SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024B

(TABOR RANCH PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

\$ _____ % Term Bonds, Due December 31, 20 __, Priced to Yield _____ %; CUSIP Suffix _____ (a) (c)

\$ _____ % Term Bonds, Due December 31, 20 __, Priced to Yield _____ %; CUSIP Suffix _____ (a) (b) (c)

\$ _____ % Term Bonds, Due December 31, 20 __, Priced to Yield _____ %; CUSIP Suffix _____ (a) (b) (c)

* Preliminary; subject to change.

- (a) CUSIP numbers are included solely for the convenience of owners of the Series 2024B Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services and 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 County, the County's Financial Advisor or the Underwriter takes any responsibility for the accuracy of such numbers.
- (b) The Series 2024B Bonds are subject to redemption, in whole or in part, prior to stated maturity, at the option of the County, on any date on or after December 31, 20 __, at the redemption price of par plus accrued and unpaid interest to the date of redemption as described herein under "DESCRIPTION OF THE INITIAL OBLIGATIONS — Redemption Provisions."
- (c) The Series 2024B Bonds are also subject to mandatory sinking fund redemption and extraordinary optional redemption as described herein under "DESCRIPTION OF THE INITIAL OBLIGATIONS — Redemption Provisions."

SEPARATE ISSUES. The Series 2024A Bonds and the Series 2024B Bonds are each separate and distinct securities offerings being issued and sold independently except for the use of this common Limited Offering Memorandum, and, while the Series 2024A Bonds and the Series 2024B Bonds share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the terms for payment, the rights of owners, and other features.

**DENTON COUNTY, TEXAS
COMMISSIONERS COURT**

<u>Name</u>	<u>Place</u>	<u>Term Expires (November)</u>
Andy Eads	County Judge	2026
Ryan Williams	Commissioner Precinct 1	2024*
Kevin Falconer	Commissioner Precinct 2	2026
Bobbie J. Mitchell	Commissioner Precinct 3	2024*
Dianne Edmondson	Commissioner Precinct 4	2026

** Commissioner Williams is running for re-election at the election to be held on November 5, 2024 and faces a challenger. Commissioner Mitchell is running unopposed in the election to be held on November 5, 2024.*

OTHER ELECTED OFFICIALS

<u>Name</u>	<u>Place</u>	<u>Term Expires (November)</u>
Juli Luke	County Clerk	2026
Cindy Yeatts-Brown	County Treasurer	2026
Michelle French	Tax Assessor/Collector	2024

COUNTY AUDITOR

Jeff May

COUNTY CHIEF CIVIL ATTORNEY

John Feldt

COUNTY ADMINISTRATOR

Jody Gonzalez

ADMINISTRATOR

Willdan Financial Services

FINANCIAL ADVISOR TO THE COUNTY

Samco Capital Markets, Inc.

BOND COUNSEL

Norton Rose Fulbright US LLP

UNDERWRITER'S COUNSEL

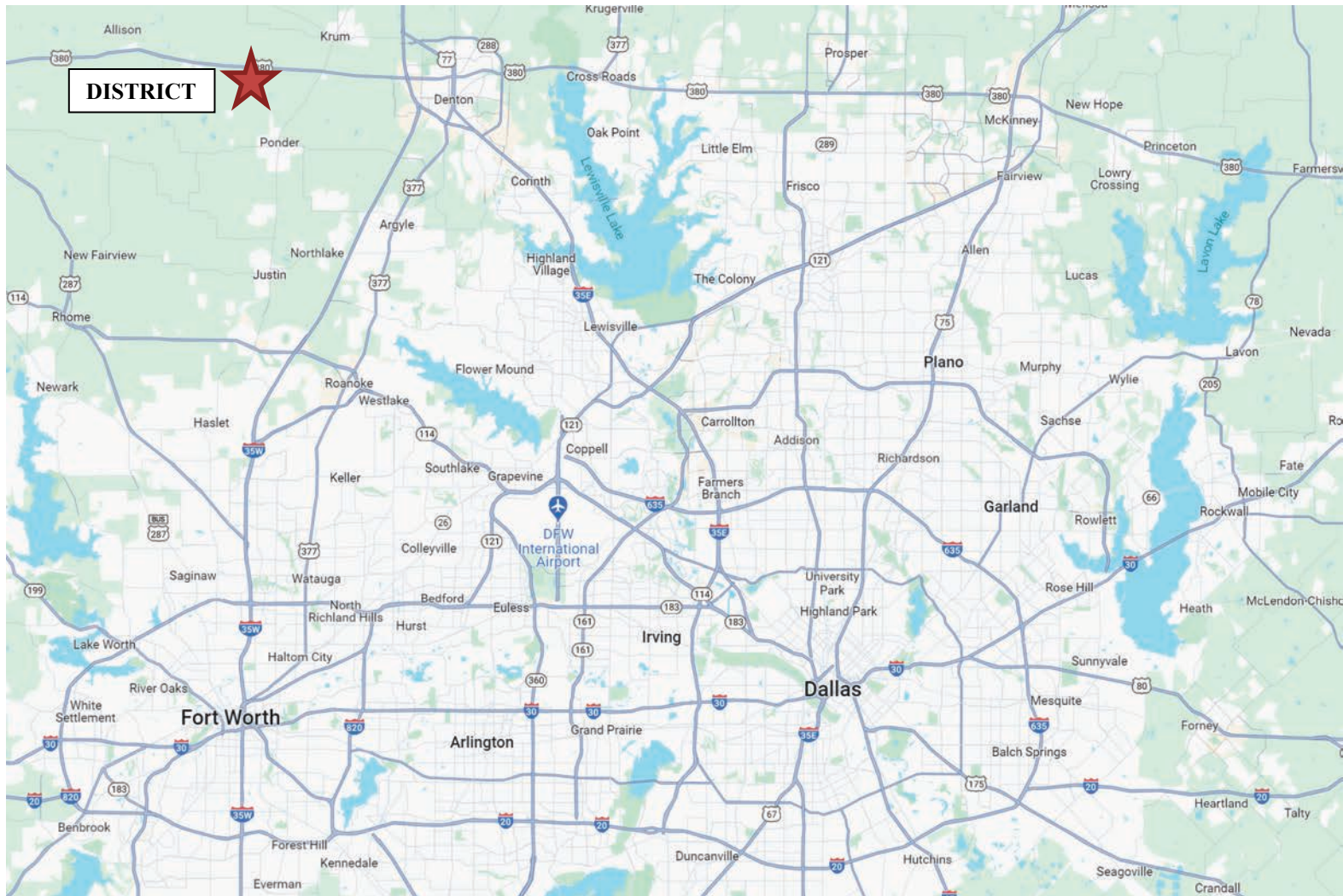
Locke Lord LLP

For additional information regarding the County, please contact:

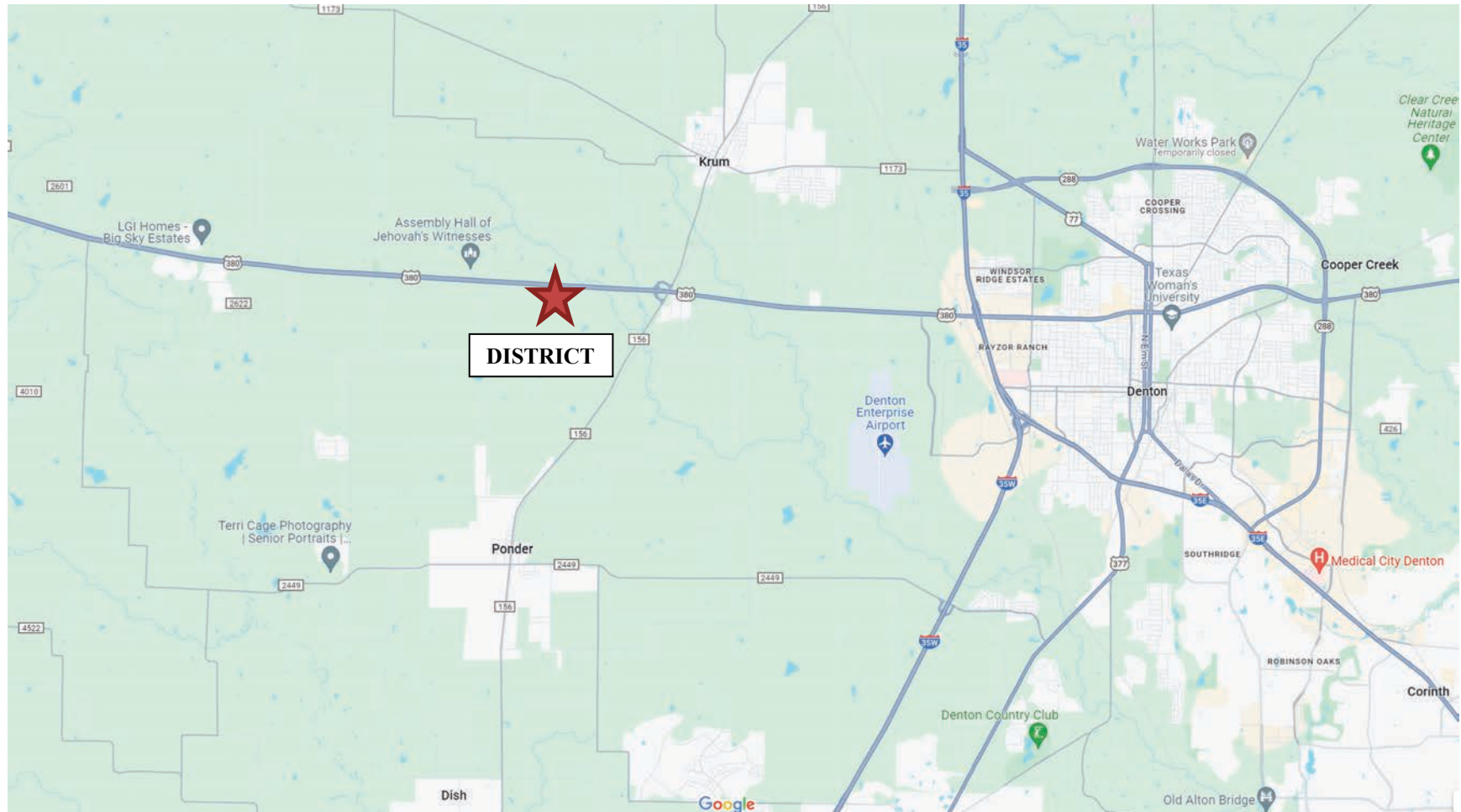
Andy Eads
County Judge
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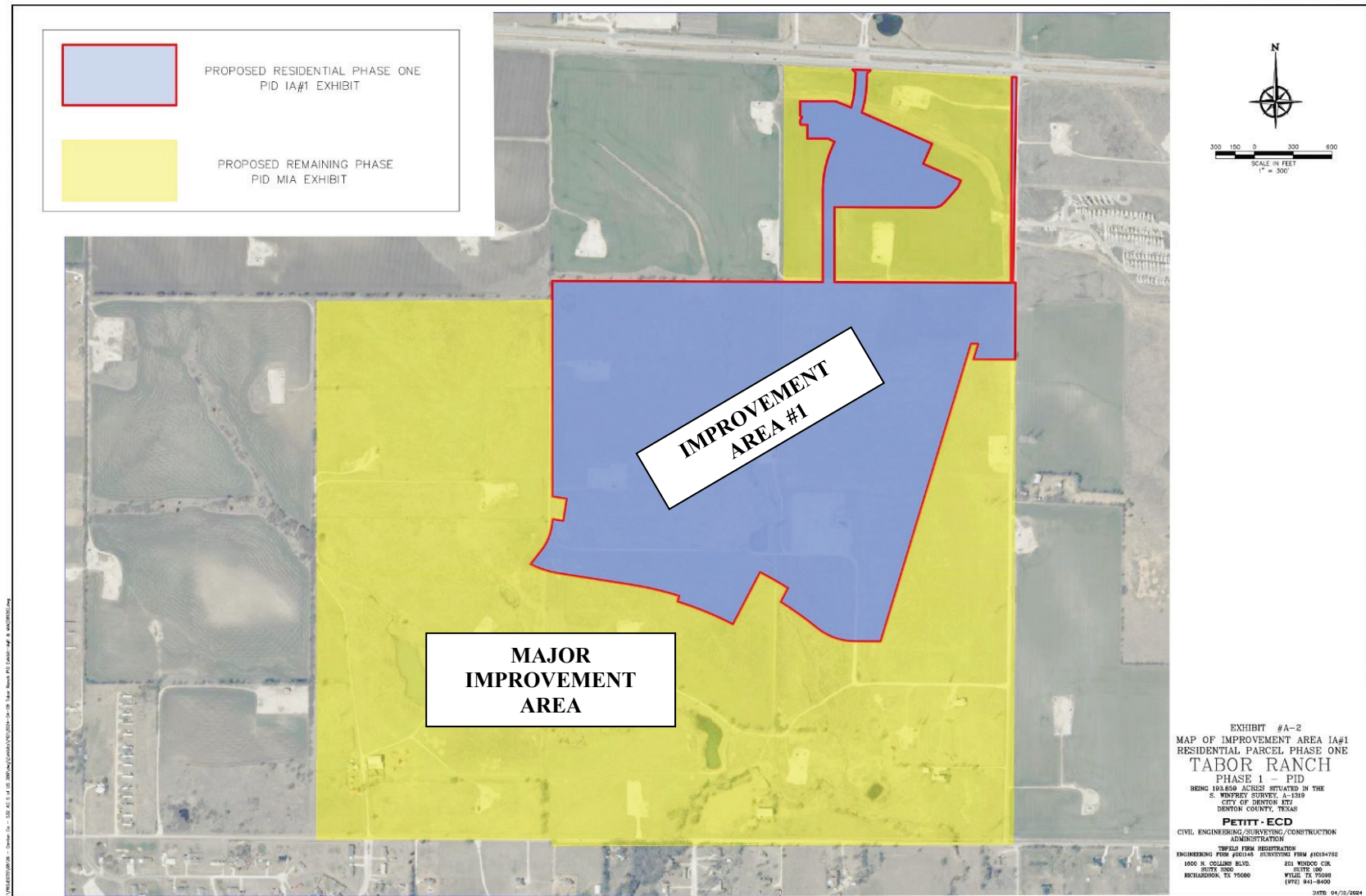
REGIONAL LOCATION MAP OF THE DISTRICT



AREA LOCATION MAP OF THE DISTRICT



MAP SHOWING BOUNDARIES OF THE DISTRICT AND IMPROVEMENT AREAS



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

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

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE COUNTY 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 INITIAL OBLIGATIONS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS 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 COUNTY AND OBTAINED FROM SOURCES, INCLUDING THE DEVELOPER, WHICH ARE BELIEVED BY THE COUNTY 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 COUNTY OR THE DEVELOPER SINCE THE DATE HEREOF.

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

THE INITIAL OBLIGATIONS 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 INITIAL OBLIGATIONS 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 INITIAL OBLIGATIONS OR THE ACCURACY OR COMPLETENESS OF THIS LIMITED OFFERING MEMORANDUM.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS LIMITED OFFERING MEMORANDUM CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE SECURITIES ACT OF 1933. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE TERMINOLOGY USED SUCH AS "PLAN," "EXPECT," "ESTIMATE," "PROJECT," "ANTICIPATE," "BUDGET" OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE COUNTY DOES NOT PLAN TO ISSUE ANY

UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER “CONTINUING DISCLOSURE” HEREIN.

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

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

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PRELIMINARY LIMITED OFFERING MEMORANDUM

\$34,920,000*
DENTON COUNTY, TEXAS,
SENIOR LIEN SPECIAL ASSESSMENT REVENUE
BONDS, SERIES 2024A
(TABOR RANCH PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)

\$17,430,000*
DENTON COUNTY, TEXAS,
JUNIOR LIEN SPECIAL ASSESSMENT REVENUE
BONDS, SERIES 2024B
(TABOR RANCH PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)

INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover pages, inside cover pages and appendices hereto, is to provide certain information in connection with the issuance and sale by Denton County, Texas (the “County”), of its \$34,920,000* aggregate principal amount of Senior Lien Special Assessment Revenue Bonds, Series 2024A (Tabor Ranch Public Improvement District Improvement Area #1 Project) (the “Series 2024A Bonds”) and its \$17,430,000* aggregate principal amount of Junior Lien Special Assessment Revenue Bonds, Series 2024B (Tabor Ranch Public Improvement District Improvement Area #1 Project) (the “Series 2024B Bonds”) and, together with the Series 2024A Bonds, the “Initial Obligations”).

INITIAL PURCHASERS ARE ADVISED THAT THE INITIAL OBLIGATIONS 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. PROSPECTIVE INVESTORS SHOULD BE AWARE OF CERTAIN RISK FACTORS, ANY OF WHICH, IF MATERIALIZED TO A SUFFICIENT DEGREE, COULD DELAY OR PREVENT PAYMENT OF PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND/OR INTEREST ON THE INITIAL OBLIGATIONS. THE INITIAL OBLIGATIONS ARE NOT A SUITABLE INVESTMENT FOR ALL INVESTORS. SEE “SUITABILITY FOR INVESTMENT” AND “BONDHOLDERS’ RISKS.”

The Series 2024A Bonds are being issued by the County pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), the order authorizing the issuance of the Series 2024A Bonds expected to be enacted by the Commissioners Court of the County (the “Commissioners Court”) on November 19, 2024 (the “Bond Order”), and a Master Indenture of Trust, dated as of December 1, 2024 (the “Master Indenture”) and the First Supplemental Indenture of Trust, dated as of December 1, 2024 (the “First Supplement”), both to be entered into by and between the County and U.S. Bank Trust Company, National Association, Dallas, Texas, as trustee (the “Trustee”). The Series 2024A Bonds will be secured by a first and prior lien on and pledge of the Trust Estate (as defined in the Master Indenture) consisting primarily of revenue from special assessments (the “Assessments”) expected to be levied pursuant to a separate order expected to be enacted by the Commissioners Court on November 19, 2024 (the “Assessment Order”) against assessable property located in Improvement Area #1 (the “Assessed Property”) of the Tabor Ranch Public Improvement District (the “District”) for the Improvement Area #1 Projects (as defined herein), all to the extent and upon the conditions described in the Master Indenture and the First Supplement. The County created the District pursuant to a resolution adopted by the Commissioners Court on March 5, 2024 (the “Creation Resolution”).

The Series 2024B Bonds are being issued by the County pursuant to the PID Act, the Bond Order, the Master Indenture and the Second Supplemental Indenture of Trust, dated as of December 1, 2024 to be entered into by and between the County and the Trustee (the “Second Supplement” and, together with the Master Indenture and the First Supplement, the “Indenture”). The Series 2024B Bonds will be secured by a junior and subordinate lien on and pledge of the Trust Estate, subject to the first and prior lien of the Series 2024A Bonds and any Senior Lien Additional Bonds (as defined herein) issued by the County in the future, consisting primarily of the Assessments, all to the extent and upon the conditions described in the Master Indenture and the Second Supplement.

* Preliminary; subject to change.

Reference is made to the Indenture for a full statement of the authority for, and the terms and provisions of, the Initial Obligations. 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 A-1 — Form of Master Indenture,” “APPENDIX A-2 — Form of First Supplement” and “APPENDIX A-3 — Form of Second Supplement.”

Set forth herein are brief descriptions of the County, the District, the Assessment Order, the Bond Order, the Service and Assessment Plan (as defined herein), the PID Financing Agreement (as defined herein), the Construction, Funding, and Acquisition Agreement (as defined herein), Tabor 380 Development, LLC, a Texas limited liability company (the “Developer”), and Willdan Financial Services (the “Administrator”), together with summaries of terms of the Initial Obligations 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 Initial Obligations are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Initial Obligations from the Underwriter, FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas, 75034, Phone: (214) 302-2246. The Form of Master Indenture appears in APPENDIX A-1, the Form of First Supplement appears in APPENDIX A-2, the Form of Second Supplement appears in APPENDIX A-3, and the Form of Service and Assessment Plan appears in APPENDIX B. The information provided under this caption “INTRODUCTION” is intended to provide a brief overview of the information provided in the other captions herein and is not intended, and should not be considered, fully representative or complete as to the subjects discussed in this Limited Offering Memorandum.

PLAN OF FINANCE

The District

The PID Act authorizes political subdivisions, such as the County, to create public improvement districts and to impose assessments within the public improvement district to pay for certain improvements. The District was created for the purpose of undertaking and financing the cost of certain public improvements within the District, including the Improvement Area #1 Projects (as defined herein), authorized by the PID Act and approved by the Commissioners Court that confer a special benefit on the District.

Development Plan and Plan of Finance

The District is composed of approximately 599.392 acres which are being developed as a master-planned mixed use development. The District is expected to be developed in two phases consisting of 1,921 lots in a mixture of 40’, 45’, 50’ and 60’ single family residential lots, approximately 3.54 acres of commercial development and approximately 12.59 acres of multifamily development. The multifamily and commercial development is located in the Major Improvement Area (as defined herein) but will not be subject to Assessments. The District is also expected to include a school, a fire station, and various sites dedicated to public use for utilities. See “THE DEVELOPMENT — Development Plan.” The boundaries of the District are shown on the “MAP SHOWING BOUNDARIES OF THE DISTRICT AND IMPROVEMENT AREAS” on page viii. The term “Improvement Area #1” is used herein to describe the approximately 193.859 acres of property shown on the “MAP SHOWING BOUNDARIES OF THE DISTRICT AND IMPROVEMENT AREAS” on page viii hereof. The term “Major Improvement Area” is used herein to describe all land within the District except Improvement Area #1, which consists of approximately 405.533 acres.

The Developer will develop the District beginning with infrastructure to serve Improvement Area #1 of the District which consists of 850 lots in a mixture of 40’, 45’, 50’ and 60’ lots, and a portion of the major infrastructure to serve the entire District.

The Developer purchased the land comprising the District on October 20, 2023, in three separate transactions. The Developer purchased approximately 532.512 acres from Tabor Ranch, LLC at a purchase price of \$15,000,000. The Developer also purchased two additional tracts of land from Beall Legacy Partners, LP (“Beall”) as follows (i) 47.62 acres at a purchase price of \$1,313,868 and (ii) 19.26 acres from at a purchase price of \$852,400. The Developer is the owner of all land in the District except for an 0.2 acre director lot jointly owned by the board of directors of the Tabor Ranch MUD (as defined herein).

The purchase price of the land was financed with a combination of seller financing in the form of two separate notes each in the amount of \$2,500,000 (“Seller Note #1,” “Seller Note #2” and collectively, the “Seller Notes”) in favor of Tabor Ranch, LLC, earnest money from homebuilders, and a revolving credit line in an amount up to \$12,000,000 (the “Acquisition and Development Loan”) from Texas Bank and Trust Company (the “Lender”). As of October 1, 2024, the Acquisition and Development Loan is outstanding in the amount of \$10,838,807.91. The Acquisition and Development Loan is secured, inter alia, by 418.704 acres of property located in both Improvement Area #1 and in the Major Improvement Area of the District. Seller Note #1 is secured by a deed of trust encumbering a 112.537 acre tract of land in the Major Improvement Area of the District. As of October 1, 2024, Seller Note #1 is outstanding in the amount of \$2,300,000. Seller Note #2 is secured by a deed of trust encumbering a 67.742 acre tract of land in the Major Improvement Area of the District. As of October 1, 2024, Seller Note #2 is outstanding in the amount of \$2,300,000. See “THE DEVELOPER – History and Financing of the District.”

The Developer expects to (i) construct improvements consisting of certain onsite and offsite water, onsite and offsite roadway improvements, sanitary sewer and storm drainage improvements that will benefit the District, and expend certain soft and miscellaneous costs related thereto, and will dedicate certain roadway right of way land within the District to the Tabor Ranch MUD, as defined herein (such improvements and the dedication of the public land, the “Major Improvements”), and (ii) construct certain water, sanitary sewer, storm drainage, and landscaping benefitting only Improvement Area #1 of the District, and expend certain soft and miscellaneous costs related thereto (the “Improvement Area #1 Improvements”). The Improvement Area #1 Improvements and the portion of the Major Improvements benefitting Improvement Area #1 are collectively referred to herein as the “Improvement Area #1 Projects.” The allocable portion of the Major Improvements benefitting the Major Improvement Area is referred to herein as the “Major Improvement Area Improvements.”

The County, Tabor Ranch MUD, and the Developer have entered into the Tabor Ranch Public Improvement District Financing Agreement dated as of October 29, 2024 (the “PID Financing Agreement”) pursuant to which the Developer has agreed to construct certain Authorized Improvements (as defined in the PID Financing Agreement) to serve the District and transfer the Authorized Improvements to the Tabor Ranch MUD which will own, operate and maintain the Authorized Improvements, including the Improvement Area #1 Improvements and the Major Improvements, and the County has agreed to finance such Authorized Improvements through the District. The County and Tabor Ranch MUD have entered into an Interlocal Agreement (the “Interlocal Agreement”) under which Tabor Ranch MUD will agree to own and maintain the Authorized Improvements.

Construction of the Improvement Area #1 Improvements began in November 2023 and is expected to be completed in May 2025. Construction of the Major Improvements began in November 2023 and is expected to be completed in May 2025. As of October 1, 2024, the Developer had expended \$3,105,431.42 on the costs of the Improvement Area #1 Improvements and \$703,052.18 on the costs of the Major Improvements, which costs have been funded with the Acquisition and Development Loan and Developer equity.

The total costs of the Improvement Area #1 Projects together with (i) Bond Issuance Costs relating to the Initial Obligations, (ii) the pro rata portion of the District Formation Costs attributable to the Improvement Area #1, and (iii) First Year Annual Collection Costs attributable to Improvement Area #1 (the “Improvement Area #1 Authorized Improvements”) are expected to be approximately \$52,352,373*. The County will pay the project costs for the Improvement Area #1 Projects from proceeds of the Initial Obligations, which are expected to be sufficient to fund a portion of the Improvement Area #1 Projects. To the extent the proceeds of the Initial Obligations are insufficient to fund the Improvement Area #1 Projects, the balance of the costs of the Improvement Area #1 Projects will be paid by the Developer without reimbursement. The Developer will submit payment requests on a monthly basis for costs actually incurred in developing and constructing the Improvement Area #1 Projects and be paid in accordance with the Indenture and the Tabor Ranch Public Improvement District Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement (the “Construction, Funding, and Acquisition Agreement”). See “THE IMPROVEMENT AREA #1 PROJECTS – General,” “THE DEVELOPMENT – Development Plan” and “APPENDIX F – Form of Construction, Funding, and Acquisition Agreement.”

* Preliminary; subject to change.

838 lots in Improvement Area #1 of the District are under contract with merchant builders. Builders in the District include First Texas Homes, Inc. (“First Texas”), CastleRock Communities LLC (“CastleRock”), Meritage Homes of Texas, LLC (“Meritage”), Lillian Custom Homes LLC (“Lillian”), and Starlight Homes Texas L.L.C. (an affiliate of Ashton Woods) (“Starlight”). No lots are under contract in the Major Improvement Area of the District. See “THE DEVELOPMENT – Lot Purchase and Sale Agreements in the District.”

Concurrently with the issuance of the Initial Obligations, the County will issue its \$23,580,000* Denton County, Texas, Special Assessment Revenue Bonds, Series 2024 (Tabor Ranch Public Improvement District Major Improvement Area Project) (the “Major Improvement Area Bonds”) to finance a portion of the Major Improvement Area Improvements. The Major Improvement Area Bonds will be secured by assessments on property in the Major Improvement Area of the District. See “MAP SHOWING BOUNDARIES OF THE DISTRICT AND IMPROVEMENT AREAS” on page viii.

The Developer expects the County to issue one or more series of bonds (collectively, the “Future Improvement Area Bonds”) to finance the cost of local improvements benefitting the remaining phases within the District (the “Future Improvement Areas”). 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, as applicable. The Developer anticipates that Future Improvement Area Bonds will be issued over a two to five year period. “THE DEVELOPMENT – Future Improvement Area Bonds.”

The Initial Obligations, the Major Improvement Area Bonds, and any Future Improvement Area Bonds issued by the County are separate and distinct issues of securities secured by separate assessments. Any Future Improvement Area Bonds to be issued by the County are not offered pursuant to this Limited Offering Memorandum. Investors interested in purchasing any of these other County obligations should refer to the offering documents related thereto, when and if available.

The Initial Obligations

Series 2024A Bonds. Proceeds of the Series 2024A Bonds will be used to provide funds for (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) paying a portion of the interest on the Series 2024A Bonds during and after the period of acquisition and construction of the Improvement Area #1 Projects, (iii) funding a reserve fund for the payment of principal of and interest on the Series 2024A Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying the costs of issuance. See “THE IMPROVEMENT AREA #1 PROJECTS,” “APPENDIX A-1 – Form of Master Indenture,” “APPENDIX A-2 — Form of First Supplement” and “SOURCES AND USES OF FUNDS.”

Payment of the Series 2024A Bonds is secured by a first and prior lien on and pledge of the Trust Estate, consisting primarily of the Assessments, all to the extent and upon the conditions described herein and in the Master Indenture and First Supplement. See “SECURITY FOR THE OBLIGATIONS” and “ASSESSMENT PROCEDURES.”

The Series 2024A Bonds shall never constitute an indebtedness or general obligation of the County, 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 Series 2024A Bonds are limited and special obligations of the County payable solely from the Trust Estate as provided in the Master Indenture and First Supplement. Neither the full faith and credit nor the taxing power of the County, the State or any other political subdivision of the State is pledged to the payment of the Series 2024A Bonds.

* Preliminary; subject to change.

Series 2024B Bonds. Proceeds of the Series 2024B Bonds will be used to provide funds for (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) paying a portion of the interest on the Series 2024B Bonds during and after the period of acquisition and construction of the Improvement Area #1 Projects, (iii) funding a reserve fund for the payment of principal of and interest on the Series 2024B Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying the costs of issuance. See “THE IMPROVEMENT AREA #1 PROJECTS,” “APPENDIX A-1 – Form of Master Indenture,” “APPENDIX A-3 — Form of Second Supplement” and “SOURCES AND USES OF FUNDS.”

Payment of the Series 2024B Bonds is secured by a junior and subordinate lien on and pledge of the Trust Estate, subject to the first and prior lien of the Series 2024A Bonds, and any Senior Lien Additional Bonds issued by the County in the future, consisting primarily of the Assessments, all to the extent and upon the conditions described herein and in the Master Indenture and Second Supplement. See “SECURITY FOR THE OBLIGATIONS” and “ASSESSMENT PROCEDURES.”

The Series 2024B Bonds shall never constitute an indebtedness or general obligation of the County, the State or any other political subdivision of the State, within the meaning of any constitutional provision or statutory limitation whatsoever, but the Series 2024B Bonds are limited and special obligations of the County payable solely from the Trust Estate as provided in the Master Indenture and Second Supplement. Neither the full faith and credit nor the taxing power of the County, the State or any other political subdivision of the State is pledged to the payment of the Series 2024B Bonds.

DESCRIPTION OF THE INITIAL OBLIGATIONS

General Description

The Series 2024A Bonds and Series 2024B Bonds will mature on the dates and in the amounts set forth on pages i and iv, respectively, of this Limited Offering Memorandum. Interest on the Initial Obligations will accrue from their date of delivery (the “Closing Date”) to the Underwriter and will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Initial Obligations will be payable on each June 30 and December 31, commencing June 30, 2025 (each an “Interest Payment Date”), until maturity or prior redemption. U.S. Bank Trust Company, National Association is the initial Trustee, Paying Agent and Registrar for the Initial Obligations.

The Initial Obligations 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 (or such smaller amounts of not less than \$1,000 as authorized under the Indenture as a result of partial redemption) within each respective series (“Authorized Denominations”). Upon initial issuance, the ownership of the Initial Obligations 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 Initial Obligations will be made in book-entry-only form. See “BOOK-ENTRY-ONLY SYSTEM” and “SUITABILITY FOR INVESTMENT.”

Redemption Provisions

Series 2024A Bonds.

Optional Redemption. Pursuant to the First Supplement, the County reserves the right and option to redeem the Series 2024A Bonds maturing on or after December 31, 20__ before their scheduled maturity dates, in whole or in part, on any date on or after December 31, 20__, such redemption date or dates to be fixed by the County, at a redemption price equal to the principal amount to be redeemed plus the applicable premium if any, plus accrued and unpaid interest to the date fixed for redemption (the “Redemption Price”).

Extraordinary Optional Redemption. Pursuant to the Master Indenture, the County reserves the right and option to redeem Series 2024A Bonds before their respective scheduled maturity dates, in whole or in part and in an amount and on a date specified in a County Certificate, at the Redemption Price of such Series 2024A Bonds, 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 the Master Indenture, any other transfers to the Redemption Fund under the terms of the Master Indenture, or as a result of unexpended amounts

transferred from the Project Fund pursuant to the terms of the Master Indenture). The redemption of Initial Obligations as a result of Prepayments will be allocated on a pro rata basis between the Series 2024A Bonds and the Series 2024B Bonds based on the principal amount of Outstanding Series 2024A Bonds and Outstanding Series 2024B Bonds at the time of receipt of the Prepayment. See “ASSESSMENT PROCEDURES — Prepayment of Assessments” for the definition and description of Prepayments.

Mandatory Sinking Fund Redemption. Pursuant to the Master Indenture and First Supplement, the Series 2024A Bonds are subject to mandatory sinking fund redemption prior to their stated maturity and will be redeemed by the County in part at the Redemption Price from moneys available for such purpose in the Senior Lien 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:

\$ Series 2024A Term Bonds Maturing December 31, 20__

<u>Redemption Date</u>	<u>Amount</u>
December 31, 20__	\$
December 31, 20__	
December 31, 20__†	

\$ Series 2024A Term Bonds Maturing December 31, 20__

<u>Redemption Date</u>	<u>Amount</u>
December 31, 20__	\$
December 31, 20__	
December 31, 20__†	

† Stated maturity.

At least 45 days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by the First Supplement, the Trustee will select a principal amount of Series 2024A Bonds (in accordance with the provisions set forth below under “– Partial Redemption Provisions”) of such maturity equal to the Sinking Fund Installment amount of such Series 2024A Bonds to be redeemed, shall call such Series 2024A Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in the Master Indenture.

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

The principal amount of Series 2024A 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 2024A Bonds which, at least 45 days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Series 2024B Bonds.

Optional Redemption. Pursuant to the Second Supplement, the County reserves the right and option to redeem the Series 2024B Bonds maturing on or after December 31, 20__ before their respective scheduled maturity

dates, in whole or in part, on any date on or after December 31, 20__, such redemption date or dates to be fixed by the County, at the Redemption Price.

Extraordinary Optional Redemption. Pursuant to the Master Indenture, the County reserves the right and option to redeem Series 2024B Bonds before their respective scheduled maturity dates, in whole or in part and in an amount and on a date specified in a County Certificate, at the Redemption Price 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 Master Indenture, any other transfers to the Redemption Fund under the terms of the Master Indenture, or as a result of unexpended amounts transferred from the Project Fund pursuant to the terms of the Master Indenture). The redemption of Initial Obligations as a result of Prepayments will be allocated on a pro rata basis between the Series 2024B Bonds and the Series 2024A Bonds based on the principal amount of Outstanding Series 2024B Bonds and Outstanding Series 2024A Bonds at the time of receipt of the Prepayment. See “ASSESSMENT PROCEDURES — Prepayment of Assessments” for the definition and description of Prepayments.

Mandatory Sinking Fund Redemption. Pursuant to the Master Indenture and Second Supplement, the Series 2024B Bonds are subject to mandatory sinking fund redemption prior to their stated maturity and will be redeemed by the County in part at the Redemption Price from moneys available for such purpose in the Junior Lien 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:

\$ Series 2024B Term Bonds Maturing December 31, 20__

<u>Redemption Date</u>	<u>Amount</u>
December 31, 20__	\$
December 31, 20__	
December 31, 20__†	

\$ Series 2024B Term Bonds Maturing December 31, 20__

<u>Redemption Date</u>	<u>Amount</u>
December 31, 20__	\$
December 31, 20__	
December 31, 20__†	

† Stated maturity.

At least 45 days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by the Second Supplement, the Trustee will select a principal amount of Series 2024B Bonds (in accordance with the provisions set forth below under “– Partial Redemption Provisions”) of such maturity equal to the Sinking Fund Installment amount of such Series 2024B Bonds to be redeemed, shall call such Series 2024B Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in the Master Indenture.

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

The principal amount of Series 2024B 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 2024B Bonds which, at least 45 days prior to the mandatory sinking fund redemption date, shall have been

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

Partial Redemption Provisions. If less than all of a series of Initial Obligations are to be redeemed pursuant to the Master Indenture, or the First Supplement or Second Supplement (each a “Supplemental Indenture”), as applicable, Initial Obligations shall be redeemed in minimum principal amounts of \$1,000 or any integral multiple thereof. Each Initial Obligation shall be treated as representing the number of bonds that is obtained by dividing the principal amount of such series of Initial Obligations by \$1,000. No redemption shall result in an Initial Obligation in a denomination of less than the Authorized Denomination in effect at that time; provided, however, if the amount of the Outstanding Initial Obligation is less than an Authorized Denomination after giving effect to such partial redemption, an Initial Obligation in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued.

If less than all of a series of Initial Obligations are called for extraordinary optional redemption, the Initial Obligations or portion of an Initial Obligation, as applicable, to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Initial Obligations of such series and within such series, as selected by the County using any method that results in random selection and in accordance with a County Certificate delivered to the Trustee.

If less than all of a series of Initial Obligations are called for optional or mandatory redemption pursuant to the provisions of the applicable Supplemental Indenture, then the amount of such series of Initial Obligations or portion of an Obligation to be redeemed, as applicable, shall be selected by the County using any method that results in random selection and in accordance with a County Certificate delivered to the Trustee.

Upon surrender of any Initial Obligation for redemption in part, the Trustee, in accordance with the Master Indenture or applicable Supplemental Indenture, shall authenticate and deliver an exchange Initial Obligation or Initial Obligations of the same series and in an aggregate principal amount equal to the unredeemed portion of the Initial Obligation so surrendered, such exchange being without charge.

Notice of Redemption. The Trustee shall give notice of any redemption of Initial Obligations by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Initial Obligation or portion thereof to be redeemed, at the address shown in the Register. The notice will state the redemption date, the Redemption Price, the place at which the Initial Obligations are to be surrendered for payment, and, if less than all the Initial Obligations outstanding are to be redeemed, an identification of the Initial Obligations 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 Initial Obligation shall become due and payable. Any such notice shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. Notice of redemption having been given as provided in the Master Indenture, the Initial Obligations 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 Initial Obligations to the date fixed for redemption are on deposit with the Trustee; thereafter, such Initial Obligations or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Initial Obligations are presented and surrendered for payment on such date.

The County has the right to rescind any optional redemption or extraordinary optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Initial Obligations then called for redemption, and such cancellation shall not constitute an Event of Default under the Master Indenture or pursuant to the terms of the respective Supplemental 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 Initial Obligations, unless the Trustee has received funds sufficient to pay the Redemption Price of the Initial Obligations to be redeemed before giving of a notice of redemption, the notice may state the County 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 County will not redeem the Initial Obligations and the Trustee will give notice, in the manner in which the notice of redemption was given, that the Initial Obligations have not been redeemed.

BOOK-ENTRY ONLY SYSTEM

This section describes how ownership of the Initial Obligations is to be transferred and how the principal of, premium, if any, and interest on the Initial Obligations are to be paid to and credited by DTC while the Initial Obligations 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 County and the Underwriter believe the source of such information to be reliable, but neither the County nor the Underwriter takes responsibility for the accuracy or completeness thereof.

The County cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Initial Obligations, 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 Initial Obligations), 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 Initial Obligations. The Initial Obligations 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 Initial Obligations, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Initial Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Initial Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Initial Obligations may wish to ascertain that the nominee holding the Initial Obligations 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 Initial Obligations 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 Initial Obligations unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County 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 Initial Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and all other payments on the Initial Obligations 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 County 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 County, 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 County, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

NONE OF THE COUNTY, THE TRUSTEE, THE PAYING AGENT, THE COUNTY'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 INITIAL OBLIGATIONS. THE COUNTY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE INITIAL OBLIGATIONS 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.

LIMITATIONS APPLICABLE TO INITIAL PURCHASERS

Each initial purchaser is advised that the Initial Obligations 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 Initial Obligations (each, an “Investor”) will be deemed to have acknowledged, represented and warranted to the County as follows:

- 1) The Investor has authority and is duly authorized to purchase the Initial Obligations and to execute any instruments and documents required to be executed by the Investor in connection with the purchase of the Initial Obligations.
- 2) The Investor is an “accredited investor” under Rule 501 of Regulation D of the Securities Act of 1933 or a “qualified institutional buyer” under Rule 144A of the Securities Act of 1933, and therefore, has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Initial Obligations.
- 3) The Initial Obligations are being acquired by the Investor for investment and not with a view to, or for resale in connection with, any distribution of the Initial Obligations, and the Investor intends to hold the Initial Obligations 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 Initial Obligations. However, the Investor may sell the Initial Obligations 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 Initial Obligations 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 Initial Obligations (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 County, the Improvement Area #1 Projects, the Initial Obligations, the security therefor, and such other information as the Investor has deemed necessary or desirable in connection with its decision to purchase the Initial Obligations (collectively, the “Investor Information”). The Investor has received a copy of this Limited Offering Memorandum relating to the Initial Obligations. 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 County in connection with the Investor’s purchase of the Initial Obligations. The Investor agrees that none of the County, its commissioners, officers, or employees shall have any liability to the Investor whatsoever for, or in connection with the Investor’s decision to purchase the Initial Obligations

except for fraud or willful misconduct, to the extent permitted by law. For the avoidance of doubt, it is acknowledged that the Underwriter is not deemed an officer or employee of the County.

- 6) The Investor acknowledges that the obligations of the County under the Indenture are special, limited obligations payable solely from amounts paid by the County pursuant to the terms of the Indenture and the County shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of the County for amounts due under the Indenture. The Investor understands that the Initial Obligations are not secured by any pledge of any moneys received or to be received from taxation by the County, Tabor Ranch MUD (as defined herein), the State or any political subdivision or taxing district thereof; that the Initial Obligations will never represent or constitute a general obligation or a pledge of the faith and credit of the County, the State or any political subdivision thereof; that no right will exist to have taxes levied by the State or any political subdivision thereof for the payment of principal and interest on the Initial Obligations; and that the liability of the County and the State with respect to the Initial Obligations is subject to further limitations as set forth in the Initial Obligations and the Indenture.
- 7) The Investor has made its own inquiry and analysis with respect to the Initial Obligations 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 Initial Obligations.
- 8) The Investor acknowledges that the sale of the Initial Obligations to the Investor is made in reliance upon the certifications, representations and warranties described in items 1-7 above.

SECURITY FOR THE OBLIGATIONS

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 Obligations. "Obligations" means, collectively, any Outstanding Senior Lien Bonds, Outstanding Junior Lien Bonds and Outstanding Refunding Bonds. Investors must read the entire Indenture to obtain information essential to the making of an informed investment decision. See "APPENDIX A-1 — Form of Master Indenture," "APPENDIX A-2 — Form of First Supplement" and "APPENDIX A-3 — Form of Second Supplement."

General

THE OBLIGATIONS ARE SPECIAL, LIMITED OBLIGATIONS OF THE COUNTY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE MASTER INDENTURE AND THE APPLICABLE SUPPLEMENTAL INDENTURE. THE OBLIGATIONS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE COUNTY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE MASTER INDENTURE AND THE APPLICABLE SUPPLEMENTAL INDENTURE. THE OWNERS OF THE OBLIGATIONS 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 COUNTY OTHER THAN THE PLEDGED REVENUES, AS AND TO THE EXTENT PROVIDED IN THE MASTER INDENTURE AND THE APPLICABLE SUPPLEMENTAL INDENTURE. NO OWNER OF THE OBLIGATIONS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE COUNTY'S TAXING POWER TO PAY THE PRINCIPAL OF THE OBLIGATIONS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE COUNTY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE OBLIGATIONS OUT OF ANY FUNDS OF THE COUNTY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE. SEE "APPENDIX A-1 — FORM OF MASTER INDENTURE," "APPENDIX A-2 — FORM OF FIRST SUPPLEMENT" AND "APPENDIX A-3 — FORM OF SECOND SUPPLEMENT."

The principal of, premium, if any, and interest on the Obligations are secured by a pledge of and a lien upon the Pledged Revenues, consisting primarily of Assessments expected to be levied against the Assessed Property and

other funds comprising the Trust Estate, all to the extent and upon the conditions described in the Master Indenture and the applicable Supplemental Indenture.

The Senior Lien Bonds and Refunding Bonds issued either to refund Outstanding Senior Lien Bonds or to refund Outstanding Junior Lien Bonds on a senior lien basis, 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 Junior Lien Bonds and Refunding Bonds issued to refund Outstanding Junior Lien Bonds on a junior lien basis, as to both principal and interest, are and shall be secured by and payable from a lien on and pledge of the Trust Estate subordinate to any Senior Lien Bonds.

In accordance with the PID Act, the County has caused the preparation of a Service and Assessment Plan (as may be amended and supplemented, the “Service and Assessment Plan”), which describes the special benefit received by the property within the District, including Improvement Area #1 of the District, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of Assessments and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Initial Obligations. The Service and Assessment Plan is reviewed and updated annually (the “Annual Service Plan Update”) for the purpose of determining the annual budget for improvements and the Annual Installments (as defined below) of Assessments due in a given year. The determination by the County of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the Commissioners Court of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within Improvement Area #1. See “APPENDIX B — Form of Service and Assessment Plan.”

Pledged Revenues

The County is authorized by the PID Act, the Assessment Order and other provisions of applicable law to finance the Improvement Area #1 Projects by levying Assessments upon the Assessed Property benefitted thereby. For a description of the assessment methodology and the amounts of Assessments anticipated to be levied in the District, see “ASSESSMENT PROCEDURES” and “APPENDIX B — Form of Service and Assessment Plan.” The County will covenant in the Master Indenture that it will take and pursue all reasonable actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof to be enforced continuously. See “— Pledged Revenue Fund” and “APPENDIX B — Form of Service and Assessment Plan.”

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

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

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

“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 Exhibit E-1 and related to the Improvement Area #1 Projects and as set forth on Exhibit E-2 of the Service and Assessment Plan; which annual payment includes the Additional Interest and the Annual Collection Costs collected on each annual payment of the Assessments as respectively described in the Indenture and as defined and calculated in the Service and Assessment Plan or in any Annual Service Plan Update.

“Assessment Revenue” means monies collected by or on behalf of the County 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.

“Junior Lien Bonds” means the County’s bonds authorized to be issued by the Master Indenture and the applicable Supplemental Indenture which shall be secured by the Trust Estate subject to the first and prior lien against the Trust Estate securing the Senior Lien Bonds, as provided in the Master Indenture.

“Junior Lien Supplemental Security” means the Junior Lien Reserve Account, the Junior Lien Additional Interest Reserve Account, the Junior Lien Principal and Interest Account, the Junior Lien Capitalized Interest Account, the Junior Lien Improvement Area #1 Projects Account, and the Junior Lien Costs of Issuance Account.

“Pledged Funds” means the Pledged Revenue Fund, the Redemption Fund and, with respect to the Senior Lien Bonds, any Senior Lien Supplemental Security, and, with respect to the Junior Lien Bonds, any Junior Lien Supplemental Security.

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

“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 (each as amended) to refund all or any portion of the then Outstanding Senior Lien Bonds or Outstanding Junior Lien Bonds. Such bonds shall either be issued on parity with the Senior Lien Bonds, including bonds issued as Senior Lien Additional Bonds, or issued on parity with the Junior Lien Bonds pursuant to the terms of the Master Indenture and the applicable Supplemental Indenture.

“Senior Lien Additional Bonds” shall means Obligations issued pursuant to the PID Act and/or Chapter 1207 of the Texas Government Code or any other applicable law of the State (each, as amended), and in accordance with the terms set forth in a Supplemental Indenture or otherwise to refund outstanding Junior Lien Bonds on a senior lien basis and following issuance, the Senior Lien Additional Bonds shall be secured by a lien on and pledge of the Trust Estate and any Senior Lien Supplemental Security on parity with the Senior Lien Bonds and any Refunding Bonds issued to refund the Senior Lien Bonds and shall be treated as Senior Lien Bonds for all purposes under the Master Indenture.

“Senior Lien Bonds” means any of the County’s bonds authorized to be issued by the Master Indenture and the applicable Supplemental Indenture and secured by a first and prior lien on the Trust Estate, as provided in the Master Indenture.

“Senior Lien Supplemental Security” means the Senior Lien Reserve Account, the Senior Lien Additional Interest Reserve Account, the Senior Lien Principal and Interest Account, the Senior Lien Capitalized Interest Account, the Senior Lien Improvement Area #1 Projects Account, and the Senior Lien Costs of Issuance Account.

“Supplemental Security” means the Funds and/or Accounts pledged to the repayment of a series of Obligations as more particularly specified in the applicable Supplemental Indenture relating to the series of Obligations, pursuant to the Master Indenture, and as established pursuant to the Master Indenture pursuant to an applicable Supplemental Indenture. Such term includes the Senior Lien Supplemental Security and the Junior Lien Supplemental Security.

Assessments Payable in Annual Installments

The Assessments on each parcel, tract or lot which are to be collected in each year during the term of the Obligations are shown on the Improvement Area #1 Assessment Roll. The Assessments, together with the interest thereon, will be deposited in the Pledged Revenue Fund for the payment of the principal of and interest on the Obligations, as and to the extent provided in the Service and Assessment Plan and the Master Indenture. See “SECURITY FOR THE OBLIGATIONS — Pledged Revenue Fund.”

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

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

Unconditional Levy of Assessments

The County will impose Assessments on the property within Improvement Area #1 of the District sufficient to pay the principal of and interest on the Obligations scheduled for payment from Pledged Revenues as described in the Master Indenture and in the Service and Assessment Plan and coming due during each fiscal year. The Assessments will be effective on the date of, and strictly in accordance with the terms of, the Assessment Order. Each Assessment may be paid immediately in full or in periodic Annual Installments over a period of time equal to the term of the Obligations, which installments shall include interest on the Assessments. Pursuant to the Assessment Order, interest on the Assessments will be calculated at the rate of interest on the Obligations plus up to 0.50% (the "Additional Interest"), calculated on the basis of a 360-day year of twelve 30-day months. Such rate may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of an Assessment, will be calculated annually as part of the Annual Service Plan Update and will be due on or about October 1 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year.

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

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

The PID Act provides that the Assessments (including any reassessment, with interest, the expense of collection and reasonable attorney's fees, if incurred) are a first and prior lien (the "Assessment Lien") against the Assessed Property, superior to all other liens and claims, except liens and claims for State, county, school district, or municipality ad valorem taxes and are a personal liability of and charge against the owners of property, regardless of whether the owners are named. Pursuant to the PID Act, the Assessment Lien is effective from the date of the Assessment Order and continues until the Assessments are paid (or otherwise discharged) and is enforceable by the Commissioners Court in the same manner that an ad valorem property tax levied against real property may be enforced by the Commissioners Court. 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 Order. 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 Order ("Pre-existing Homestead Rights") for as long as such rights are maintained on the property. See "BONDHOLDERS' RISKS — Assessment Limitations."

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

Perfected Security Interest

The lien on and pledge of the Trust Estate shall be valid and binding and fully perfected from and after the Closing Date, without physical delivery or transfer of control of the Trust Estate, the filing of the Indenture or any other act; all as provided in Texas Government Code, Chapter 1208, as amended, which applies to the issuance of the Obligations and the pledge of the Trust Estate granted by the County under the Indenture, and such pledge is therefore valid, effective and perfected from and after the Closing Date. If Texas law is amended at any time while the Obligations are Outstanding such that the pledge of the Trust Estate granted by the County under the Indenture is to be subject to the filing requirements of Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve the perfection of the security interest in said pledge, the County has agreed 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.

Pledged Revenue Fund

The County will create under the Master Indenture a Pledged Revenue Fund to be held by the Trustee. On or before March 1 of each year while the Obligations are Outstanding and beginning March 1, 2025, the County shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. From amounts deposited into the Pledged Revenue Fund, the County shall deposit or cause to be deposited Pledged Revenues as follows:

- (i) *first*, to the Senior Lien Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Senior Lien Bonds next coming due in such calendar year,
- (ii) *second*, to the Senior Lien Reserve Account of the Reserve Fund in an amount to cause the amount in the Senior Lien Reserve Account to equal the Senior Lien Reserve Account Requirement,
- (iii) *third*, to the Senior Lien Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest collected, if any, up to the Senior Lien Additional Interest Reserve Account Requirement,
- (iv) *fourth*, to the Junior Lien Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Junior Lien Bonds next coming due in such calendar year,
- (v) *fifth*, to the Junior Lien Reserve Account of the Reserve Fund in an amount to cause the amount in the Junior Lien Reserve Account to equal the Junior Lien Reserve Account Requirement,
- (vi) *sixth*, to the Junior Lien Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest collected, if any, up to the Junior Lien Additional Interest Reserve Account Requirement,
- (vii) *seventh*, to pay Actual Costs of the Improvement Area #1 Projects, and
- (viii) *eighth*, to pay other costs permitted by the PID Act.

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

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

If, after the foregoing transfers and any transfer from the Reserve Fund as provided in the Indenture, there are insufficient funds to make the payments provided in the immediately preceding paragraphs, the Trustee shall apply the available funds in the Senior Lien Principal and Interest Account or the Junior Lien Principal and Interest Account, as applicable, *first*, to the payment of interest and, *second*, to the payment of principal (including any Sinking Fund Installments) on the applicable Obligations.

Notwithstanding the foregoing, 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 foregoing, the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds *first*, to the Senior Lien Reserve Account to restore any transfers from the Senior Lien Reserve Account made with respect to the Assessed Parcels to which the Foreclosure Proceeds relate, *second*, to the Senior Lien Additional Interest Reserve Account to restore any transfers from the Senior Lien Additional Interest Reserve Account made with respect to the Assessed Parcels to which the Foreclosure Proceeds relate, *third*, to the Junior Lien Reserve Account to restore any transfers from the Junior Lien Reserve account made with respect to the Assessed Parcels(s) to which the Foreclosure Proceeds relate, *fourth*, to the Junior Lien Additional Interest Reserve Account to restore any transfers from the Junior Lien Additional Interest Reserve Account made with respect to the Assessed Parcels(s) to which the Foreclosure Proceeds relate, and *fifth*, to the Redemption Fund.

Any additional Pledged Revenues remaining after the satisfaction of the foregoing shall be applied by the Trustee, as instructed by the County pursuant to a County 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 Master Indenture or any applicable Supplemental Indenture.

Bond Fund

Senior Lien Bonds.

On each Interest Payment Date, the Trustee shall withdraw from the Senior Lien 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 Senior Lien Bonds, less any amount to be used to pay interest on the Senior Lien Bonds on such Interest Payment Date from the Senior Lien Capitalized Interest Account, as provided below.

If amounts in the Senior Lien Principal and Interest Account are insufficient for the purposes set forth above, the Trustee shall withdraw from the applicable accounts of the Reserve Fund amounts to cover the amount of such insufficiency in the order described under the subcaptions “Reserve Accounts of the Reserve Fund” and “Additional Interest Reserve Accounts of the Reserve Fund” below. Amounts so withdrawn from the Reserve Fund shall be deposited in the Senior Lien Principal and Interest Account and transferred to the Paying Agent/Registrar.

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

<u>Date</u>	<u>Amount (\$)</u>
June 30, 2025	
December 31, 2025	
June 30, 2026	

Any amounts on deposit in the Senior Lien Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above will be transferred to the Senior Lien Improvement Area #1 Projects Account of the Project Fund, or if the Senior Lien Improvement Area #1 Projects Account of the Project Fund has been closed as provided in the First Supplement, such amounts shall be transferred to the Redemption Fund to be used to redeem Senior Lien Bonds and the Senior Lien Capitalized Interest Account shall be closed.

Junior Lien Bonds.

On each Interest Payment Date, the Trustee shall withdraw from the Junior Lien 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 Junior Lien Bonds, less any amount to be used to pay interest on the Junior Lien Bonds on such Interest Payment Date from the Junior Lien Capitalized Interest Account, as provided below.

If amounts in the Junior Lien Principal and Interest Account are insufficient for the purposes set forth above, the Trustee shall withdraw from the applicable accounts of the Reserve Fund amounts to cover the amount of such insufficiency in the order described under the subcaptions “Reserve Accounts of the Reserve Fund” and “Additional Interest Reserve Accounts of the Reserve Fund” below. Amounts so withdrawn from the Reserve Fund shall be deposited in the Junior Lien Principal and Interest Account and transferred to the Paying Agent/Registrar.

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

<u>Date</u>	<u>Amount (\$)</u>
June 30, 2025	
December 30, 2025	
June 30, 2026	

Any amounts on deposit in the Junior Lien Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above will be transferred to the Junior Lien Improvement Area #1 Projects Account of the Project Fund, or if the Junior Lien Improvement Area #1 Projects Account of the Project Fund has been closed as provided in the Second Supplement, such amounts shall be transferred to the Redemption Fund to be used to redeem Junior Lien Bonds and the Junior Lien Capitalized Interest Account shall be closed.

Project Fund

Money on deposit in the Project Fund shall be used for the purposes specified under “PLAN OF FINANCE — The Initial Obligations.” Notwithstanding any other provisions, money on deposit in the Senior Lien Improvement Area #1 Projects Account and the Junior Lien Improvement Area #1 Projects Account of the Project Fund shall only be used to pay Actual Costs of the Improvement Area #1 Projects. Any funds received on the Closing Date pursuant to the Construction, Funding and Acquisition Agreement shall be applied as provided therein.

Disbursements from the Senior Lien Costs of Issuance Account and Junior Lien Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the applicable series of Senior Lien Bonds or Junior Lien Bonds, respectively, pursuant to one or more County 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 a properly executed and completed Certification for Payment. The disbursement of funds from the Senior Lien Improvement Area #1 Projects Account or the Junior Lien Improvement Area #1 Projects Account pursuant to a Certification for Payment shall be pursuant to and in accordance with the disbursement procedures described in the Construction, Funding and Acquisition Agreement; provided, however, that all disbursement of funds for the Actual Costs of Improvement Area #1 Projects made pursuant to a Certification of Payment shall be made on a pro rata basis, subject to any additional requirements of any Supplemental Indenture and those requirements set forth below, from the Senior Lien Improvement Area #1 Projects Account and from the Junior Lien Improvement Area #1 Projects Account.

If the County Representative determines in his or her sole discretion that amounts then on deposit in the Senior Lien Improvement Area #1 Projects Account or the Junior Lien Improvement Area #1 Projects Account are not expected to be expended for purposes of such Account due to the abandonment, or constructive abandonment, of the Improvement Area #1 Projects, such that, in the opinion of the County Representative, it is unlikely that the amounts in the Senior Lien Improvement Area #1 Projects Account or the Junior Lien Improvement Area #1 Projects Account will ever be expended for the purposes of such Account, the County Representative shall file a County Certificate with the Trustee, which identifies the amounts then on deposit in the Senior Lien Improvement Area #1 Projects Account or the Junior Lien Improvement Area #1 Projects Account that are not expected to be used for purposes of such Account. If such County Certificate is so filed, the amounts on deposit in the Senior Lien Improvement Area #1 Projects Account or the Junior Lien Improvement Area #1 Projects Account, as applicable, shall be transferred to the Redemption Fund to redeem Obligations on the earliest practicable date after notice of redemption has been provided in accordance with the Master Indenture or shall be transferred as otherwise directed by a County Certificate provided such transfer is authorized pursuant to the terms of the Master Indenture and Applicable Laws.

In making any determination pursuant to the provisions outlined above, the County Representative may conclusively rely upon a certificate of an Independent Financial Consultant.

Upon the filing of a County Certificate stating that all Improvement Area #1 Projects have been completed and that all Actual Costs of the Improvement Area #1 Projects have been paid, or that any such Actual Costs of the Improvement Area #1 Projects are not required to be paid from the Project Fund pursuant to a Certificate for Payment, the Trustee (i) shall transfer the amount, if any, remaining within the Senior Lien Improvement Area #1 Projects Account of the Project Fund to the Senior Lien Principal and Interest Account of the Bond Fund, (ii) shall transfer the amount, if any, remaining within the Junior Lien Improvement Area #1 Projects Account of the Project Fund to the Junior Lien Principal and Interest Account of the Bond Fund and (iii) shall close the Senior Lien Improvement Area #1 Projects Account and the Junior Lien Improvement Area #1 Projects Account of the Project Fund.

Not later than six months following each respective Closing Date, or upon a determination by the County Representative that all costs of issuance of such series of Senior Lien Bonds have been paid, any amounts remaining in the Senior Lien Costs of Issuance Account shall be transferred to the Senior Lien Improvement Area #1 Projects Account of the Project Fund and used to pay Actual Costs or to the Senior Lien Principal and Interest Account of the Bond Fund and used to pay interest on the Senior Lien Bonds, as directed by the County in a County Certificate filed with the Trustee and the Senior Lien Costs of Issuance Account shall be closed.

Not later than six months following each respective Closing Date, or upon a determination by the County Representative that all costs of issuance of such series of Junior Lien Bonds have been paid, any amounts remaining in the Junior Lien Costs of Issuance Account shall be transferred to the Junior Lien Improvement Area #1 Projects Account of the Project Fund and used to pay Actual Costs or to the Junior Lien Principal and Interest Account of the Bond Fund and used to pay interest on the Junior Lien Bonds, as directed by the County in a County Certificate filed with the Trustee and the Junior Lien Costs of Issuance Account shall be closed.

In the event all amounts deposited into the Senior Lien Improvement Area #1 Projects Account have not been expended by a date 3 years from the Closing Date, the County, pursuant to a County Certificate, shall direct the Trustee to transfer all funds then on deposit in the Senior Lien Improvement Area #1 Projects Account of the Project Fund to the Redemption Fund to redeem Series 2024A Bonds pursuant to the First Supplement. In the event all amounts deposited into the Junior Lien Improvement Area #1 Projects Account have not been expended by a date 3 years from the Closing Date, the County, pursuant to a County Certificate, shall direct the Trustee to transfer all funds then on deposit in the Junior Lien Improvement Area #1 Projects Account of the Project Fund to the Redemption Fund to redeem Series 2024B Bonds pursuant to the Second Supplement.

Reserve Accounts of the Reserve Fund

Pursuant to the Indenture, a Senior Lien Reserve Account and Junior Lien Reserve Account will be created within the Reserve Fund for the benefit of the Obligations and held by the Trustee. The County agrees with the Owners of the Obligations to accumulate from the deposits described under “— Pledged Revenue Fund”, and when accumulated, maintain in the Senior Lien Reserve Account of the Reserve Fund and the Junior Lien Reserve Account of the Reserve Fund, an amount equal to not less than the Senior Lien Reserve Account Requirement and the Junior Lien Reserve Account Requirement, respectively, except to the extent such deficiency is due to the application of Prepayments, as provided below. All amounts deposited in the Senior Lien Reserve Account of the Reserve Fund and the Junior Lien Reserve Account of the Reserve Fund shall be used and withdrawn by the Trustee for the purpose of making transfers to the respective Senior Lien Principal and Interest Account of the Bond Fund and the Junior Lien Principal and Interest Account of the Bond Fund, as provided in the Master Indenture.

Pursuant to the First Supplement, the “Senior Lien Reserve Account Requirement” means the least of: (i) the Maximum Annual Debt Service on the Senior Lien Bonds as of the Closing Date of the Senior Lien Bonds, (ii) 125% of the average Annual Debt Service on the Senior Lien Bonds as of the Closing Date of the Senior Lien Bonds, or (iii) 10% of the lesser of the principal amount of the Outstanding Senior Lien Bonds or the original issue price of the Senior Lien Bonds. As of the Closing Date for the Series 2024A Bonds, the Senior Lien Reserve Account Requirement is \$_____. The Senior Lien Reserve Account Requirement may be adjusted, pursuant to the Master Indenture.

Pursuant to the Second Supplement, the “Junior Lien Reserve Account Requirement” means the least of: (i) the Maximum Annual Debt Service on the Junior Lien Bonds as of the Closing Date of the Junior Lien Bonds, (ii) 125% of the average Annual Debt Service on the Junior Lien Bonds as of the Closing Date of the Junior Lien Bonds, or (iii) 10% of the lesser of the principal amount of the Outstanding Junior Lien Bonds or the original issue price of the Junior Lien Bonds. As of the Closing Date for the Series 2024B Bonds, the Junior Lien Reserve Account Requirement is \$_____.

In the case of Refunding Bonds issued on a first and prior lien basis, amounts on deposit in the Senior Lien Reserve Account of the Reserve Fund shall equal the Senior Lien Reserve Account Requirement after giving effect to the issuance of the proposed series of Refunding Bonds. See “SECURITY FOR THE OBLIGATIONS – Refunding Bonds and Senior Lien Additional Bonds.” In the case of Refunding Bonds issued on a junior and subordinate lien basis, the amounts on deposit in the Junior Lien Reserve Account of the Reserve Fund shall equal the Junior Lien Reserve Account Requirement after giving effect to the issuance of the proposed series of Refunding Bonds.

Whenever Senior Lien Bonds or Junior Lien Bonds are to be redeemed with the proceeds of Prepayments, pursuant to the Indenture, the Trustee shall transfer, on the Business Day prior to the redemption date (or on such other date as agreed to by the County and the Trustee), from the Senior Lien Reserve Account of the Reserve Fund or the Junior Lien Reserve Account of the Reserve Fund (as applicable) to the Redemption Fund, an amount specified in a County Certificate to be applied to the redemption of the Obligations. The amount so transferred from the Senior Lien Reserve Account of the Reserve Fund or the Junior Lien Reserve Account of the Reserve Fund shall be equal to the principal amount of the Senior Lien Bonds or Junior Lien Bonds to be redeemed with Prepayments multiplied by the lesser of: (i) the amount required to be in the Senior Lien Reserve Account of the Reserve Fund or the Junior Lien Reserve Account of the Reserve Fund (as applicable) divided by the principal amount of Outstanding Senior Lien Bonds or Outstanding Junior Lien Bonds (as applicable) prior to the redemption, and (ii) the amount actually in the Senior Lien Reserve Account of the Reserve Fund or the Junior Lien Reserve Account of the Reserve Fund (as applicable) divided by the principal amount of Senior Lien Bonds or Junior Lien Bonds (as applicable) 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 Senior Lien Bonds or Junior Lien Bonds to be redeemed, as identified in a County Certificate, as a result of such Prepayments and as a result of the transfer from the Senior Lien Reserve Account or the Junior Lien Reserve Account under this paragraph, the Trustee shall transfer an amount equal to the shortfall, and/or any additional amounts necessary to permit the Senior Lien Bonds or Junior Lien Bonds to be redeemed in minimum principal amounts of \$1,000, from the Senior Lien Additional Interest Reserve Account or the Junior Lien Additional Interest Reserve Account (as applicable) to the Redemption Fund to be applied to the redemption of the Senior Lien Bonds or the Junior Lien Bonds.

Whenever, on any Interest Payment Date, or on any other date at the written request of a County Representative, the amount in the Senior Lien Reserve Account or the Junior Lien Reserve Account (as applicable) exceeds the Senior Lien Reserve Account Requirement or the Junior Lien Reserve Account Requirement (as applicable), the Trustee shall provide written notice to the County Representative of the amount of the excess. Such excess shall be transferred to the Senior Lien Principal and Interest Account or the Junior Lien Principal and Interest Account (as appropriate) to be used for the payment of debt service on the Senior Lien Bonds or the Junior Lien Bonds (as applicable) on the next Interest Payment Date in accordance with the Master Indenture, unless within 30 days of such notice to the County Representative, the Trustee receives a County Certificate instructing the Trustee to apply such excess: (i) to pay amounts due to the Rebate Fund pursuant to the Master Indenture, (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 County Certificate if the County 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 Obligation.

Whenever, on any Interest Payment Date, the amount on deposit in the Bond Fund is insufficient to pay the debt service on the Senior Lien Bonds or the Junior Lien Bonds (as applicable) due on such date, the Trustee shall transfer *first*, from the Senior Lien Additional Interest Reserve Account of the Reserve Fund or the Junior Lien Additional Interest Reserve Account of the Reserve Fund (as applicable) to the Senior Lien Principal and Interest Account or the Junior Lien Principal and Interest Account of the Bond Fund, as applicable, and, *second*, from the Senior Lien Reserve Account of the Reserve Fund or the Junior Lien Reserve Account of the Reserve Fund (as

applicable) to the Senior Lien Principal and Interest Account or the Junior Lien Principal and Interest Account of the Bond Fund, as applicable, the amounts necessary to cure such deficiency.

At the final maturity of the Senior Lien Bonds or the Junior Lien Bonds, the amount on deposit in the Senior Lien Reserve Account or Junior Lien Reserve Account (as applicable) shall be transferred to the Senior Lien Principal and Interest Account or Junior Lien Principal and Interest Account of the Bond Fund (as applicable) and applied to the payment of the principal of the applicable Outstanding Senior Lien Bonds or Junior Lien Bonds, as applicable.

If, after a withdrawal from the Senior Lien Reserve Account or the Junior Lien Reserve Account pursuant to the applicable Supplemental Indenture, the amount on deposit in the Senior Lien Reserve Account of the Reserve Fund or Junior Lien Reserve Account of the Reserve Fund is less than the respective Senior Lien Reserve Account Requirement or the Junior Lien Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Senior Lien Reserve Account or the Junior Lien Reserve Account of the Reserve Fund, as applicable, the amount of such deficiency, in accordance with the provisions set forth under “— Pledged Revenue Fund.”

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

Additional Interest Reserve Accounts of the Reserve Fund

Pursuant to the applicable Supplemental Indenture, the Senior Lien Additional Interest Reserve Account and Junior Lien Additional Interest Reserve Account will be created within the Reserve Fund and held by the Trustee for the benefit of the Obligations. The Trustee, if needed, will transfer (as applicable) from the Senior Lien Bond Pledged Revenue Account of the Pledged Revenue Fund or the Junior Lien Bond Pledged Revenue Account of the Pledged Revenue Fund to the respective Senior Lien Additional Interest Reserve Account or the Junior Lien Additional Interest Reserve Account on June 30 and December 31 of each year, commencing June 30, 2025, an amount equal to the Additional Interest collected, if any, until the Senior Lien Additional Interest Reserve Account Requirement or the Junior Lien Additional interest Reserve Account Requirement (as applicable) has been accumulated in the respective Senior Lien Additional Interest Reserve Account or the Junior Lien Additional Interest Reserve Account. The “Senior Lien Additional interest Reserve Account Requirement” means an amount equal to 5.5% of the principal amount of the Outstanding Senior Lien Bonds to be funded from Additional Interest, if collected, to be deposited to the Pledged Revenue Fund and transferred to the Senior Lien Additional Interest Reserve Account in accordance with the Master Indenture. The “Junior Lien Additional interest Reserve Account Requirement” means an amount equal to 5.5% of the principal amount of the Outstanding Junior Lien Bonds to be funded from Additional Interest, if collected, to be deposited to the Pledged Revenue Fund and transferred to the Junior Lien Additional Interest Reserve Account in accordance with the Master Indenture.

If the amount on deposit in the Senior Lien Additional Interest Reserve Account or Junior Additional Interest Reserve Account shall at any later time be less than the respective Senior Lien Additional Interest Reserve Account Requirement or the Junior Lien Additional Interest Reserve Account Requirement, the Trustee shall notify the County, in writing, of the amount of such shortfall, and the County shall resume collecting the Additional Interest and shall file a County Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Senior Lien Bond Pledged Revenue Account of the Pledged Revenue Fund or the Junior Lien Bond Pledged Revenue Account of the Pledged Revenue Fund into the respective Senior Lien Additional Interest Reserve Account or the Junior Lien Additional Interest Reserve Account until the respective Senior Lien Additional Interest Reserve Account Requirement or the Junior Lien Additional Interest Reserve Account Requirement has been accumulated in the Senior Lien Additional Interest Reserve Account or the Junior Lien Additional Interest Reserve Account, as applicable; provided, however, that the County shall not be required to replenish the Senior Lien Additional Interest Reserve Account or the Junior Lien Additional Interest Reserve Account in the event funds are transferred from the Senior Lien Additional Interest Reserve Account or the Junior Additional Interest Reserve Account (as applicable) to the Redemption Fund as a result of an extraordinary optional redemption of Obligations from the proceeds of a Prepayment pursuant to the Master Indenture. 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 County of such

transfer in writing. In transferring the amounts described above, 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 County Certificate directing that a different amount be used. See “APPENDIX B — Form of Service and Assessment Plan.”

At the final maturity of the Senior Lien Bonds or the Junior Lien Bonds, the amount on deposit in the Senior Lien Reserve Account and the Senior Lien Additional Interest Reserve Account or the Junior Lien Reserve Account and the Junior Lien Additional Interest Reserve Account shall be transferred to the Senior Lien Principal and Interest Account or Junior Lien Principal and Interest Account of the Bond Fund (as applicable) and applied to the payment of the principal of the applicable Outstanding Senior Lien Bonds or Junior Lien Bonds.

Administrative Fund

The County will create under the Master Indenture an Administrative Fund to be held by the Trustee. The County will deposit or cause to be deposited to the District Administration Account of the Administrative Fund the amounts collected each year to pay Annual Collection Costs and Delinquent Collection Costs, as set forth in the Service and Assessment Plan.

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

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

Defeasance

Any Outstanding Obligation 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 Obligations 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 the Obligations to become due on such Obligations on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant or other qualified third-party selected by the County verifying the sufficiency of the moneys and/or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on the Obligations to become due on such Obligations on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if any Obligations are then rated, the Trustee shall have received written confirmation from each rating agency then publishing a rating on such Obligations that such deposit will not result in the reduction or withdrawal of the rating on such Obligations. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to the Master Indenture nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Obligations. 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 County maturing at times and in amounts sufficient to pay when due the principal of and interest on the Obligations 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 determined by the County and described in the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (“PFIA”); and provided further investments and are, at the time made, included in and authorized by the County’s official investment policy as approved by the Commissioners Court from time to time. Under current State law, which is subject to change, 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 County 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 County 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 Obligations. Because the Master Indenture does not contractually limit such investments, Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or that for any other Defeasance Security will be maintained at any particular rating category.

Events of Default

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

- i. subject to the last paragraph under this caption, the failure of the County to deposit the Pledged Revenues to the Senior Lien Bond Pledged Revenue Account or the Junior Lien Bond Pledged Revenue Account of the Pledged Revenue Fund;
- ii. the failure of the County to enforce the collection of the Assessments including the prosecution of foreclosure proceedings;
- iii. subject to the last paragraph under this caption, the failure to make payment of the principal of or interest on any of the Obligations when the same becomes due and payable and such failure is not remedied within 30 days; provided, however, that the payments are to be made only from Pledged Revenues or other funds currently available in the Pledged Funds (including applicable Supplemental Security) and available to the County to make the payments; and
- iv. default in the performance or observance of any covenant, agreement or obligation of the County under the Master Indenture and the continuation thereof for a period of 90 days after written notice to the County by the Trustee, or by the Owners of at least 25% of the aggregate Outstanding principal of the Obligations with a copy to the Trustee, specifying such default and requesting that the failure be remedied.

None of the events listed above will be an Event of Default if it is in violation of any applicable state law or court order.

A deposit default or payment default under (i) or (iii) above with respect to a Junior Lien Bond shall not constitute an Event of Default with respect to a Senior Lien Bond.

Remedies in Event of Default

Upon the happening and continuance of any of the Events of Default, the Trustee may, and at the written direction of the Owners of at least 25% of the Obligations so affected and then Outstanding and its receipt of indemnity satisfactory to it, shall proceed against the County for the purpose of protecting and enforcing the rights of the Owners under the Master 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 therein, or injunction; provided, however, that no action for money damages against the County 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 OBLIGATIONS WILL 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 Obligations, in the selection of Trust Estate assets to be used in the payment of Obligation due under the Master Indenture, the County shall determine, in its absolute discretion, and shall instruct the Trustee by County 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 County shall fail to deliver to the Trustee such County 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 County by reason of such selection, liquidation or sale.

Whenever moneys are to be applied pursuant to an Event of Default, irrespective of and whether other remedies authorized under the Master 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 County, 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 County 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 Master Indenture or for the execution of any trust thereof or any other remedy thereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of not less than 25% of the aggregate principal amount of the Obligations so affected and 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 the Indenture, (iv) the Trustee has for 90 days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no 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 Obligations so affected and then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Obligations shall have any right in any manner whatsoever to affect, disturb, or prejudice the Master Indenture by its, his or their action or to enforce any right thereunder except in the manner provided therein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided therein and for the equal benefit of the Owners of all Obligations 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 Master Indenture and to any action or cause of action for the enforcement of the Master Indenture or for any other remedy thereunder.

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

In case the Trustee or any Owners of Obligations have proceeded to enforce any right under the Master Indenture and such proceedings will have been discontinued or abandoned for any reason or will have been determined adversely to the Trustee or any Owners of Obligations, then and in every such case the County, the Trustee and the

Owners of Obligations will be restored to their former positions and rights thereunder, and all rights, remedies and powers of the Trustee will continue as if no such proceedings had been taken.

Application of Revenues and Other Moneys After Event of Default

All moneys, securities, funds within the Pledged Revenue Fund and the Redemption Fund including the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of the Master Indenture shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee, and the fees of the Trustee in carrying out the Master Indenture, during the continuance of an Event of Default, shall be applied by the Trustee, on behalf of the County, to the payment of interest and principal or Redemption Price then due on Obligations, as follows:

- i. FIRST: To the payment to the Owners of Senior Lien Bonds entitled thereto all installments of interest then due in the direct order of maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the Owners entitled thereto, without any discrimination or preference; and
- ii. SECOND: To the payment to the Owners of Senior Lien Bonds entitled thereto of the unpaid principal of Outstanding Senior Lien Bonds, or Redemption Price of any Senior Lien Bonds which shall have become due, whether at maturity or by call for redemption, in the direct order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Senior Lien Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal due and to the Owners entitled thereto, without any discrimination or preference; and
- iii. THIRD: To make a deposit in the Senior Lien Reserve Account of the Reserve Fund in an amount necessary to replenish the Account to an amount equal to the Senior Lien Reserve Account Requirement (or, in the event sufficient funds are unavailable, then as nearly as practicable); and
- iv. FOURTH: To the payment to the Owners of Junior Lien Bonds 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
- v. FIFTH: To the payment to the Owners of Junior Lien Bonds entitled thereto of the unpaid principal of Outstanding Junior Lien Bonds, or Redemption Price of any Junior Lien Bonds which shall have become due, whether at maturity or by call for redemption, in the direct order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Junior Lien Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal due and to the Owners entitled thereto, without any discrimination or preference; and
- vi. SIXTH: To make a deposit in the Junior Lien Reserve Account of the Reserve Fund in an amount necessary to replenish the Account to an amount equal to the Junior Lien Reserve Account Requirement (or, in the event sufficient funds are unavailable, then as nearly as practicable).

All moneys, securities, funds within the Funds and Accounts constituting the Senior Lien Supplemental Security, including the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of Article XI of the Master Indenture shall, after payment of the cost and expense 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 First Supplement, during the continuance of an Event of Default, notwithstanding Section 11.2 of the First Supplement, shall be applied by the Trustee, on behalf of the County, to the payment of interest and principal or Redemption Price then due on Senior Lien Bonds, as follows:

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

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

iii. THIRD: To make a deposit in the Senior Lien Reserve Account of the Reserve Fund in an amount necessary to replenish the Account to an amount equal to the Senior Lien Reserve Account Requirement (or, in the event sufficient funds are unavailable, then as nearly as practicable).

All moneys, securities, funds within the Funds and Accounts constituting the Junior Lien Supplemental Security, including the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of Article XI of the Master Indenture shall, after payment of the cost and expense 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 Second Supplement, during the continuance of an Event of Default, notwithstanding Section 10.2 of the Second Supplement, shall be applied by the Trustee, on behalf of the County, to the payment of interest and principal or Redemption Price then due on Junior Lien Bonds, as follows:

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

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

iii. THIRD: To make a deposit in the Junior Lien Reserve Account of the Reserve Fund in an amount necessary to replenish the Account to an amount equal to the Junior Lien Reserve Account Requirement (or, in the event sufficient funds are unavailable, then as nearly as practicable).

In the event funds are not adequate to cure an Event of Default, the available funds will be allocated in the manner set forth above to the Obligations that are Outstanding in proportion to the quantity of Obligations that are currently due and in default under the terms of the Master Indenture and the applicable Supplemental Indenture.

Within ten 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 the Owners of Obligations.

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

Investment or Deposit of Funds

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

times. Notwithstanding the preceding sentence, amounts in the Senior Lien Additional Interest Reserve Account and the Junior Lien Additional Interest Reserve Account may not be invested above the Yield on the Obligations, unless and until the County 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 Obligation. 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 investments which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund 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 Master Indenture for transfer of interest earnings and profits resulting from investment of amounts in Funds and Accounts. Whenever in the Master Indenture any moneys are required to be transferred by the County to the Trustee, such transfer shall be accomplished by transferring a like amount of Investment Securities.

Against Encumbrances

The County 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 under “— Refunding Bonds and Senior Lien Additional Bonds” below, or upon any other property pledged under the Master Indenture, except the pledge created for the security of the Obligations.

Except as set forth under “— Refunding Bonds and Senior Lien Additional Bonds” below, the County shall not issue any bonds, notes or other evidences of indebtedness other than the Obligations, if any, secured by any pledge of or other lien or charge on the Trust Estate or other property pledged under the Master Indenture.

Refunding Bonds and Senior Lien Additional Bonds

The County reserves the right to issue Refunding Bonds to refund Outstanding Senior Lien Bonds so long as such pledge is on parity with the pledge of the Trust Estate securing payment of the then Outstanding Senior Lien Bonds. Furthermore, the County has reserved the right to issue Refunding Bonds to refund Junior Lien Bonds either (i) as Senior Lien Additional Bonds (subject to the provisions set forth below) so long as such pledge is on parity with the pledge of the Trust Estate securing payment of the then Outstanding Senior Lien Bonds or (ii) as additional Junior Lien Bonds, so long as such pledge is on parity with the pledge of Trust Estate securing payment of the then Outstanding Junior Lien Bonds.

Other than Refunding Bonds issued to refund all or a portion of the Obligations, including any Senior Lien Additional Bonds issued in accordance with the provisions set forth below, the County will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate or any portion thereof, and will not do or omit to do or suffer to be or omit to be done any matter or things whatsoever whereby the lien of the Master Indenture or the priority hereof might or could be lost or impaired.

Senior Lien Additional Bonds may be issued, as Refunding Bonds to refund any Outstanding Junior Lien Bonds, only in accordance with the conditions set forth below:

- i. The Trustee shall receive a certificate from the County Representative certifying that (A) the County is not in default in the performance and observance of any of the terms, provisions and conditions applicable to the County contained in this Master Indenture or any Supplemental Indenture and (B) the Developer is not delinquent with respect to fees or any other funds or commitments to be paid to the County in accordance with the Improvement Area #1 Construction, Funding, and Acquisition Agreement;

- ii. The Trustee and the County 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), if applicable;
- iii. The Trustee shall receive a certificate from the County or the Developer through an authorized representative, certifying that no less than 75% certificates of occupancy have been issued for single-family lots located within Improvement Area #1 of the District;
- iv. Amounts on deposit in the Senior Lien Reserve Account of the Reserve Fund shall equal the Senior Lien Reserve Account Requirement after giving effect to the issuance of the proposed series of Senior Lien Additional Bonds and the deposit of any proceeds of such Senior Lien Additional Bonds;
- v. The issuance of such Senior Lien Additional Bonds shall not cause the amount of the Annual Installments to be collected in any year after the issuance of such bonds to exceed the amount of the Annual Installments collected in such year as of the issuance of such Senior Lien Additional Bonds. The Senior Lien Reserve Account Requirement shall be increased by an amount equal to twenty-five percent (25%) of the Maximum Annual Debt Service on the proposed Senior Lien Additional Bonds to be issued as of the Closing Date of such series of Senior Lien Additional Bonds; provided, however, that the Senior Lien Reserve Account Requirement will not be increased by more than 10% of the principal amount of the Senior Lien Additional Bonds (or if the Senior Lien Additional Bonds are issued with more than 2% net original issue discount or premium, 10% of the proceeds of the Senior Lien Additional Bonds); provided further, however, the Senior Lien Reserve Account Requirement shall not exceed the least of (i) Maximum Annual Debt Service on the Senior Lien Bonds, (ii) 125% of average Annual Debt Service on the Senior Lien Bonds, or (iii) 10% of the lesser of the principal amount of the Outstanding Senior Lien Bonds or the combined original issue price of the Senior Lien Bonds; and
- vi. The maximum principal amount of Senior Lien Additional Bonds that may be issued, subject to the approval of the County, in total, is the lesser of (i) the then Outstanding principal balance of the Junior Lien Bonds being refunding and (ii) the then outstanding Assessments, less the Assessments required to pay the principal of the Senior Lien Bonds then Outstanding, after giving effect to the proposed Senior Lien Additional Bonds.

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SOURCES AND USES OF FUNDS

Series 2024A Bonds

The following table summarizes the sources and uses of proceeds of the Series 2024A Bonds:

Sources of Funds:

Principal Amount	\$
Total Sources	\$

Uses of Funds:

Deposit to Senior Lien Improvement Area #1 Projects Account of the Project Fund	
Deposit to Senior Lien Capitalized Interest Account of Bond Fund	
Deposit to Senior Lien Reserve Account of the Reserve Fund	
Deposit to District Administration Account of the Administrative Fund	
Deposit to Senior Lien Costs of Issuance Account of the Project Fund	
Underwriter's Discount ⁽¹⁾	
Total Uses	\$

⁽¹⁾ Includes Underwriter's Counsel's fee of \$ _____.

Series 2024B Bonds

The following table summarizes the sources and uses of proceeds of the Series 2024B Bonds:

Sources of Funds:

Principal Amount	\$
Total Sources	\$

Uses of Funds:

Deposit to Junior Lien Improvement Area #1 Projects Account of the Project Fund	
Deposit to Junior Lien Capitalized Interest Account of Bond Fund	
Deposit to Junior Lien Reserve Account of the Reserve Fund	
Deposit to District Administration Account of the Administrative Fund	
Deposit to Junior Lien Costs of Issuance Account of the Project Fund	
Underwriter's Discount ⁽¹⁾	
Total Uses	\$

⁽¹⁾ Includes Underwriter's Counsel's fee of \$ _____.

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DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the Initial Obligations:

Year Ending (December 31)	Series 2024A Bonds			Series 2024B Bonds			Total Debt Service
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2025	\$	\$	\$	\$	\$	\$	\$
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
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2044							
2045							
2046							
2047							
2048							
2049							
2050							
2051							
2052							
2053							
2054							
Total	\$	\$	\$	\$	\$	\$	\$

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OVERLAPPING TAXES AND DEBT

Overlapping Taxes and Debt

The land within the District has been, and is expected to continue to be, subject to taxes and assessments imposed by taxing entities other than the County. In addition to the Assessments, and ad valorem taxes levied by the County, Ponder Independent School District (“PISD”) and the Tabor Ranch MUD may levy ad valorem taxes upon land in the District for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The County has no control over the level of ad valorem taxes or special assessments levied by such other taxing authorities.

The following tables reflect the estimated overlapping ad valorem tax rates and overlapping indebtedness payable from ad valorem taxes with respect to Assessed Property within Improvement Area #1, as well as County debt secured by the Assessments, after delivery of the Initial Obligations.

OVERLAPPING TAX RATES

<u>Taxing Entity⁽¹⁾</u>	<u>Tax Year 2024 Ad Valorem Tax Rate⁽²⁾</u>
The County	\$0.187869
Ponder Independent School District	<u>1.242300</u>
Total Existing Tax Rate	<u>\$1.430169</u>
Estimated Average Annual Installment as tax rate equivalent⁽³⁾	<u>\$1.130091</u>
Estimated Total Tax Rate and Average Annual Installment as tax rate equivalent⁽³⁾	<u>\$2.560260</u>

- ⁽¹⁾ The property in the District lies within the Tabor Ranch MUD, which is authorized to levy a maintenance tax of up to \$1.20 and to issue bonds secured by ad valorem taxes. The Tabor Ranch MUD has not yet levied such maintenance or debt service tax or issued bonds secured by ad valorem taxes. The Tabor Ranch MUD expects to levy an ad valorem tax in the amount of \$0.10/\$100 in taxable assessed value for maintenance and operations in 2025. See “THE DEVELOPMENT – Tabor Ranch Municipal Utility District of Denton County.”

- ⁽²⁾ As reported by the taxing entities. Per \$100 in taxable assessed value.

- ⁽³⁾ Source: The Administrator. Derived from information presented in the Service and Assessment Plan, and based on a weighted average across lot types. *Preliminary, subject to change.*

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 the Assessed Property within the District and County debt secured by the Assessments:

OVERLAPPING DEBT

<u>Taxing or Assessing Entity</u>	<u>Gross Outstanding Debt as of 10/1/2024</u>	<u>Estimated Percentage Applicable⁽¹⁾</u>	<u>Direct and Estimated Overlapping Debt^{(1),(2)}</u>
The County (Assessments – Series 2024A Bonds) ⁽²⁾	\$ 34,920,000	100.000%	\$ 34,920,000
The County (Assessments – Series 2024B Bonds) ⁽²⁾	17,430,000	100.000%	17,430,000
The County	688,505,000	0.037%	252,531
Ponder Independent School District	<u>65,705,000</u>	5.926%	<u>3,893,872</u>
TOTAL	<u>\$806,560,000</u>		<u>\$56,496,403</u>

⁽¹⁾ Based on the “cumulative retail lot value” set forth in the Appraisal for Improvement Area #1 in the District and on the Tax Year 2024 Net Taxable Assessed Valuations for the taxing entities.

⁽²⁾ *Preliminary, subject to change.*

Source: Municipal Advisory Council of Texas

If land is devoted principally to agricultural use, a landowner can apply for an agricultural valuation on the property and pay ad valorem taxes based on the land's agricultural value. The majority of the property in the District is currently subject to an agricultural use valuation with respect to its ad valorem taxes. Agricultural use includes production of crops or livestock. It also can include leaving the land idle for a government program or for normal crop or livestock rotation. A portion of the property in the District is subject to hay and/or grazing leases. These leases and lessees' operations on the property allow the property to maintain its agricultural valuation. The Developer expects to terminate these leases with respect to Improvement Area #1 in 2025. Leases in the Major Improvement Area are expected to be terminated with respect to each phase of development as development of such phase commences.

If land qualified for an agricultural valuation but the land use changes to a non-agricultural use, "rollback taxes" are assessed for each of the previous 3 years in which the land received the lower agricultural valuation. The rollback tax is the difference between taxes paid on land's agricultural value and the taxes that the landowner would have paid if the land had been taxed on a higher market value plus interest charged for each year from the date on which taxes would have been due.

If the land use changes to a non-agricultural use on only a portion of a larger tract, the landowner can fence off the remaining land and maintain the agricultural valuation on the remaining land. In this scenario, the landowner would only be responsible for rollback taxes on that portion of the land for which use changed and not for the entire tract.

Under Texas law, an owner of land that is entitled to an agricultural valuation has the right to redeem such property after a tax sale for delinquent ad valorem property taxes for a period of two years after the tax sale by paying to the tax sale purchaser a 25% premium, if redeemed during the first year, or a 50% premium, if redeemed during the second year, over the purchase price paid at the tax sale and certain qualifying costs incurred by the purchaser.

It is expected that rollback taxes will be paid by the Developer or purchasers from the Developer during development of Improvement Area #1 and prior to purchase of parcels or lots by homeowners.

Homeowners' Association

In addition to the Assessments and taxes described above, the Developer anticipates that each lot owner in the District will pay a maintenance and operation fee to a homeowners association ("HOA") to be formed within the District.

ASSESSMENT PROCEDURES

General

Capitalized terms used under this caption and not otherwise defined in this Limited Offering Memorandum shall have the meanings given to such terms in the Service and Assessment Plan. As required by the PID Act, when the County 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 land within Improvement Area #1 to be subject to Assessments to pay the cost therefor. The County has caused an assessment roll to be prepared (the "Assessment Roll"), which Assessment Roll shows the land within Improvement Area #1 to be assessed, the amount of the benefit to and the Assessment against each lot or parcel of land and the number of Annual Installments in which the Assessment is divided. The Assessment Roll was filed with the County Clerk and made available for public inspection. Statutory notice was given to the owners of the property to be assessed and a public hearing will be conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Improvement Area #1 Projects and funding a portion of the same with Assessments. The County expects to levy the Assessments and adopt the Assessment Order immediately prior to adopting the Bond Order. After such adoption, the Assessments will become legal, valid and binding liens upon the property against which the Assessments have been made.

Under the PID Act, the Actual Costs of the Improvement Area #1 Projects may be assessed by the County against the assessable property in Improvement Area #1 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 is set forth in the Service and Assessment Plan, which should be read in its entirety. See “APPENDIX B — Form of Service and Assessment Plan.”

Assessment Methodology

The Service and Assessment Plan describes the special benefit to be received by each parcel of assessable 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 County allocates the special benefit of the Improvement Area #1 Projects to parcels in a manner that results in equal shares of costs being apportioned to parcels similarly benefited. As described in the Service and Assessment Plan, a portion of the costs of the Improvement Area #1 Projects are being funded with proceeds of the Initial Obligations, which are payable from and secured by Pledged Revenues, including the Assessment Revenues. As set forth in the Service and Assessment Plan, the Commissioners Court has determined that the Actual Costs (as defined in the Service and Assessment Plan) associated with the Improvement Area #1 Projects will be allocated to the Assessed Property by spreading the entire Assessment across all Parcels and Lots within Improvement Area #1 based on the ratio of estimated build out value of each Parcel or Lot to the estimated buildout value for all Parcels or Lots within Improvement Area #1.

The following table provides additional analysis with respect to special assessment methodology, including the value to assessment burden ratio per unit (lot), equivalent tax rate per unit, and leverage per unit. The information in the table was obtained from and calculated using information provided in the Service and Assessment Plan and the Appraisal (as defined herein). See “APPENDIX B — Form of Service and Assessment Plan” and “APPENDIX E — Appraisal.”

LIEN TO VALUE ANALYSIS, ASSESSMENT ALLOCATION, EQUIVALENT TAX RATE AND LEVERAGE PER UNIT IN IMPROVEMENT AREA #1 OF THE DISTRICT*

Lot Type	Planned No. of Units	Estimated Finished Lot Value per unit ⁽¹⁾	Projected Average Home Value per unit ⁽²⁾	Assessment per unit	Average Annual Installment per unit	Tax Rate Equivalent of Average Annual Installment (per \$100 Lot Value)	Tax Rate Equivalent of Average Annual Installment (per \$100 Home Value)	Leverage (Lot Value)	Leverage (Average Home Value)
40'	41	\$69,000	\$350,000	\$49,100	\$3,955	\$5.7323	\$1.130091	1.41	7.13
45'	218	\$76,500	\$393,000	\$55,132	\$4,441	\$5.8056	\$1.130091	1.39	7.13
50'	420	\$82,500	\$437,000	\$61,305	\$4,938	\$5.9861	\$1.130091	1.35	7.13
60'	171	\$96,600	\$524,000	\$73,510	\$5,922	\$6.1301	\$1.130091	1.31	7.13

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

⁽¹⁾ Calculated based retail lot values provided in the Appraisal. See “APPRAISAL” and “APPENDIX E – Appraisal.” Differs from contract sale price in the Lot Purchase and Sale Agreements entered into by the Developer for Improvement Area #1. See “THE DEVELOPMENT— Lot Purchase and Sale Agreements in the District.”

⁽²⁾ Developer Estimates.

The estimated “cumulative retail lot value” of the assessable property in Improvement Area #1 of the District, as provided in the Appraisal and subject to the limiting conditions therein, including the hypothetical condition that

** Preliminary; subject to change.*

the Improvement Area #1 Projects are completed, is approximately \$70,674,600. See “THE DEVELOPMENT — Development Plan” for further information regarding the expected completion of the development within the District, “APPRAISAL” and “APPENDIX E – Appraisal.”

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

The County has determined that the foregoing method of allocation will result in the imposition of equal shares of the Assessments on parcels similarly situated within Improvement Area #1. The Assessments and interest thereon are expected to be paid in Annual Installments as described above. The determination by the County of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the Commissioners Court 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 within Improvement Area #1. See “APPENDIX B — Form of Service and Assessment Plan.”

Collection and Enforcement of Assessment Amounts

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

In the Master Indenture, the County will covenant to collect, or cause to be collected, Assessments as provided in the Assessment Order. No less frequently than annually, County staff or a designee of the County shall prepare, and the Commissioners Court shall approve, an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include an updated Assessment Roll and a calculation of the Annual Installment for each Assessed Parcel. Annual Collection Costs shall be allocated among all Assessed Property in proportion to the amount of the Annual Installments for each Parcel.

In the Master Indenture, the County will covenant, agree and warrant that, for so long as any Initial Obligations are Outstanding, and/or amounts are due the Developer to pay it for its funds it has contributed to pay Actual Costs of the Improvement Area #1 Projects in accordance with the Construction, Funding and Acquisition Agreement, 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 County, to the affected property owners on the same statement or such other mechanism that is used by the County, 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 County.

The County will determine or cause to be determined, no later than March 1 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the County 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 County shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Parcel.

The County will implement the basic timeline and procedures for Assessment collections and pursuit of delinquencies set forth in Exhibit D of the County’s Continuing Disclosure Agreements set forth in APPENDIX D-1 and APPENDIX D-2 and to comply therewith to the extent that the County reasonably determines that such

compliance is the most appropriate timeline and procedures for enforcing the payment of delinquent Assessments.

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

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

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

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

Assessment Amounts

Assessment Amounts. The maximum amounts of the Assessments will be established by the methodology described in the Service and Assessment Plan. The Assessment Roll sets forth for each year the Annual Installment for each Assessed Parcel consisting of the annual payment allocable to the Initial Obligations and the Improvement Area #1 Projects for each Assessed Parcel, which amount includes (i) the Additional Interest Component and (ii) the annual payment allocable to Annual Collection Costs. The Annual Installments for the Assessments may not exceed the amounts shown on the Assessment Roll. The Assessments will be levied against the parcels comprising the Assessed Property as indicated on the Assessment Roll. See "APPENDIX B — Form of Service and Assessment Plan"

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

Method of Apportionment of Assessments. For purposes of the Service and Assessment Plan, the Commissioners Court has determined that the Assessments shall be initially allocated to the Assessed Parcels based on the ratio of estimated build out value of each Parcel designated as Assessed Property in Improvement Area #1 to the estimated build out value of all Assessed Property in Improvement Area #1.

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

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

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

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

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

The sum of the Assessments for all newly divided Assessed Properties shall equal the Assessment for the Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under State law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in an update to the Service and Assessment Plan approved by the Commissioners Court.

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

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

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

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

E = the number of Lots with same Lot Type

Prior to the recording of a subdivision plat, the Owners shall provide the County an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat considering factors such as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, discussions with homebuilders, and any other factors that may impact value. The calculation of the Assessment for a Lot shall be performed by the Administrator and confirmed by the Commissioners Court based on the Estimated Buildout Value, relying on information provided by the Owner, homebuilders, third party consultants, and/or the official public records of the County regarding the Lot.

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

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

Maximum Assessment. Notwithstanding the foregoing, the Service and Assessment Plan establishes a “Maximum Assessment” for each lot type in Improvement Area #1, which Maximum Assessment is currently calculated at \$49,100* for 40’ lots, \$55,132* for 45’ lots, \$61,305* for 50’ lots, and \$73,510* for 60’ lots in Improvement Area #1 of the District. See “APPENDIX B — Form of Service and Assessment Plan.”

Reduction of Assessments. If, as a result of cost saving or Improvement Area #1 Projects not being constructed, the Actual Costs of completed Improvement Area #1 Projects are less than the Assessments levied for the payment thereof, the Trustee shall be instructed by the County to apply amounts on deposit in the applicable account of the Project Fund relating to the Initial Obligations that are not expected to be used for purposes of the respective account of the Project Fund, to redeem outstanding Initial Obligations, unless otherwise directed by the County pursuant to the terms and in accordance with the Master Indenture. The Assessments shall not, however, be reduced to an amount less than the outstanding Initial Obligations.

The Administrator shall update (and submit to the Commissioners Court for review and approval as part of the next Annual Service Plan Update) the Assessment Rolls and corresponding Annual Installments to reflect the reduced Assessments.

Prepayment of Assessments

The Indenture and the Service and Assessment Plan provide for certain optional and mandatory prepayments as described below (each, a “Prepayment”). To the extent that any Assessment is prepaid, the lien on real property associated with such Assessment prepayment shall be released and any rights of the Trustee and the bond owners to request the County to proceed with foreclosure procedures for the purpose of protecting and enforcing the rights of the bond owners with respect to such property shall terminate.

Voluntary Prepayments. Pursuant to the PID Act and the Indenture, the owner of any property assessed may voluntarily prepay all or part of any Assessment levied against any lot or parcel, together with accrued interest to the date of payment, at any time. Upon receipt of such prepayment, such amounts will be applied towards the redemption or payment of the Initial Obligations. Amounts received at the time of a prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of an Assessment are not to be considered a prepayment, but rather are to be treated as payment of regularly scheduled Assessments.

Mandatory Prepayment of Assessments—Transfer to Exempt Entity. If Assessed Property is transferred to a person or entity that is exempt from payment of the Assessments under applicable law or any portion of Assessed Property becomes Non-Benefited Property, the owner transferring the Assessed Property or causing the portion to become Non-Benefited Property shall pay to the County or the Administrator on behalf of the County the full amount of the outstanding Assessment, plus Prepayment Costs and Delinquent Collection Costs, if any, for such Assessed Property, prior to the transfer. If a reallocation causes the Assessment for any successor parcel to exceed the Maximum Assessment, the owner of the Parcel being reallocated must partially prepay the Assessment to the extent it exceeds the Maximum Assessment for such Parcel in an amount sufficient to reduce the Assessment to the Maximum Assessment.

True-Up of Assessments if Maximum Assessment Exceeded at Plat. Upon submission of a preliminary plat and/or site plan by the Owner to the County, the Owner shall provide the County the Lot Type of each Parcel included in the preliminary plat and/or site plan for each Lot anticipated to be created by the preliminary plat and/or site plan considering factors that may impact value. The Administrator will review the preliminary plat and/or site plan to (1) calculate the Assessment applicable to each Lot and (2) determine if such plat and/or site plan will or will not result in the Assessment per Lot for any Lot Type within the preliminary plat and/or site plan exceeding the Maximum Assessment. If the Administrator determines that the preliminary plat and/or site plan results in an Assessment per Lot for any Lot Type exceeding the Maximum Assessment, prior to the County approving the final plat for any such Lot described in the reviewed preliminary plat and/or site plan, the person or entity filing such site plan will make a Prepayment in an amount sufficient to reduce Assessment to equal the Maximum Assessment. The County’s approval of an Annual Service Plan Update, a preliminary plat, or a site plan without payment of such Prepayment amounts

* Preliminary; subject to change.

does not eliminate the obligation of the person or entity filing such site plan to pay such amounts. Any such true-up Prepayment of Assessments, the prepayment amount shall be allocated to redeem the Series 2024A Bonds and the Series 2024B Bonds on a pro rata basis, based on the principal amount of then outstanding Series 2024A Bonds and Series 2024B Bonds, as more fully provided in the applicable Indenture.

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

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

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

By way of illustration, if an owner owns 100 acres of Assessed Property subject to \$100 Assessment and 10 acres is taken through a Taking, the 10 acres of Taken Property shall be reclassified as Non-Benefited Property and the remaining 90 acres of Remaining Property shall be subject to the \$100 Assessment, (provided that this \$100 Assessment does not exceed the Maximum Assessment on the Remaining Property). If the Administrator determines that the \$100 Assessment reallocated to the Remaining Property would exceed the Maximum Assessment on the Remaining Property by \$10, then the owner shall be required to pay \$10 as a Prepayment of the Assessment against the Remaining Property and the Assessment on the Remaining Property shall be adjusted to by \$90 and the Annual Installments adjusted accordingly.

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

Notwithstanding the previous paragraphs in this subsection, the Assessments shall not, however, be reduced to an amount less than the outstanding Initial Obligations.

Application of Prepayments. If an Assessment is prepaid in full: (1) the Administrator shall cause the Assessment to be removed and the Assessment Roll to be revised and, with respect to the Initial Obligations, the prepayment amount shall be allocated to redeem the Series 2024A Bonds and the Series 2024B Bonds on a pro rata basis, based on the principal amount of then outstanding Series 2024A Bonds and Series 2024B Bonds, as more fully provided in the Indenture. If an Assessment is prepaid in part, the Administrator shall cause the Assessment to be

reduced and the Assessment Roll revised and, with respect to the Initial Obligations, the partial prepayment amount shall be allocated to redeem the Series 2024A Bonds and the Series 2024B Bonds on a pro rata basis, based on the principal amount of then outstanding Series 2024A Bonds and Series 2024B Bonds, as more fully provided in the Indenture. See “DESCRIPTION OF THE INITIAL OBLIGATIONS – Redemption Provisions.”

Priority of Lien

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

Foreclosure Proceedings

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

Any sale of property for nonpayment of an installment or installments of an Assessment will be subject to the lien established for remaining unpaid installments of the Assessment against such property and such property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent installments of the Assessments against such property as they become due and payable. Judicial foreclosure proceedings are not mandatory. In the event a foreclosure is necessary, there could be a delay in payments to owners of the Initial Obligations pending prosecution of the foreclosure proceedings and receipt by the County 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 Initial Obligations or such payment may not be made in full. The County is not required under any circumstance to purchase the property or to pay the delinquent Assessment on the corresponding Assessed Parcel.

In the Master Indenture, the County will covenant to take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and to cause no reduction, abatement or exemption in the Assessments, provided that the County 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 County and distributed in accordance with the Indenture. See “APPENDIX A-1 – Form of Master Indenture.” See also “APPENDIX D-1 – Form of County Disclosure Agreement (Senior Lien)” and “APPENDIX D-2 – Form of County Disclosure Agreement (Junior Lien)” for a description of the expected timing of certain events with respect to collection of the delinquent Assessments.

The County will not be obligated to fund foreclosure proceedings out of any funds other than in the Administrative Fund. If Pledged Revenues are insufficient to pay foreclosure costs, the owners of the Initial Obligations may be required to pay amounts necessary to continue foreclosure proceedings. See “SECURITY FOR THE OBLIGATIONS – Reserve Fund,” “APPENDIX A-1 – Form of Master Indenture” and “APPENDIX B – Form of Service and Assessment Plan.”

THE COUNTY

Background

The County is located in the north central part of the State encompassing approximately 953 square miles. The County is considered to be a top growth area in the State, and one of the top growth areas in the country. Major cities in the County include Denton, the County seat, Lewisville, Flower Mound and Carrollton. The County is a political subdivision of the State and operates under the statutes and the Constitution of the State. The County is the ninth most populous county in the State. The 2020 U.S. Census for the County was 906,422 and the most currently estimated population is 1,036,720.

County Government

The Commissioners Court, which is made up of four commissioners and the County Judge, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The Commissioners Court is responsible, among other things, for adopting the budget and for setting policies. The current members of the Commissioners Court and their respective expiration of terms of office and the principal administrators of the County are set forth on page v hereof.

Major Employers

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

<u>Employer</u>	<u>Product or Service</u>	<u>Employees</u>
University of North Texas	Education	10,600
Lewisville ISD	Education	6,554
Denton ISD	Education	4,690
Medical City Hospitals	Healthcare	3,729
Peterbilt Motors	Manufacturing	3,375
Texas Women's University	Education	2,734
City of Denton	Government	1,967
Denton County	Government	1,715
Denton State School	Education	1,312
OrthoFix	Medical Products	1,267

Source: 2023 Denton County Annual Comprehensive Financial Report

Historical Employment in Denton County

	Average Annual				
	2024 ⁽¹⁾	2023	2022	2021	2020
Civilian Labor Force	582,834	568,450	551,918	529,274	511,246
Total Employed	559,602	548,549	533,977	505,915	478,345
Total Unemployed	23,232	19,901	17,941	23,359	32,901
Unemployment Rate	4.0%	3.5%	3.3%	4.4%	6.4%

Source: Texas Workforce Commission.

⁽¹⁾ Data through August 2024.

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Surrounding Economic Activity

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

City of Denton Approximately 10 miles from the City		City of Frisco Approximately 33 miles from the City		City of Fort Worth Approximately 36 miles from the City	
Employer	Employees	Employer	Employees	Employer	Employees
University of North Texas	8,891	Frisco ISD	8,799	AMR Corp./American Airlines	40,600
Denton ISD	4,331	City of Frisco	1,738	Lockheed Martin Tactical Aircraft Systems	23,000
Peterbilt Motors-Headquarters & Plant	2,000	T-Mobile USA	1,322	Forth Worth ISD	11,000
Denton County	1,822	Keurig Dr. Pepper Inc.	1,213	JPS Health Network/John Peter Smith Hosp.	7,200
Denton State Supported Living Center	1,146	TIAA	906	City of Fort Worth	7,100
City of Denton	1,104	Conifer	903	NAS Fort Worth Joint Reserve Base	5,200
Texas Presbyterian Hospital	1,100	Baylor Scott & White/Centennial Hospital	663	Alcon Laboratories Inc.	5,100
Texas Women's University	1,077	Dallas Cowboys Football Club	471	Tarrant County College	4,900
Sally Beauty Holdings, Inc.	1,000	Baylor Medical Center (Warren Parkway)	460	Bell Helicopter - Textron Inc.	3,800
Medical City Denton	799	Lexipol	420	Burlington Northern Santa Fe LLC	2,500

City of Grapevine Approximately 30 miles from the City	
Employer	Employees
Gaylord Texan Resort & Convention Ctr.	2,000
Dallas/Ft. Worth Int'l Airport	1,970
Grapevine-Colleyville ISD	1,870
Paycom	990
Baylor Medical	660
Great Wolf Lodge	600
City of Grapevine	590
Boeing Distribution	500
Hyat Regency DFW	500
Kubota	450

City of Farmers Branch Approximately 35 miles from the City	
Employer	Employees
Federal Government - IRS	1,200
Feizy	1,170
Anserteam LLC	1,001
Telvista	1,000
TD Industries	900
Haggar Clothing Co.	750
Monitronics Securities	700
IBM Corp.	700
Encore Enterprises Inc.	650
Glazer's Wholesale Drug Co.	650

Source: Municipal Advisory Council of Texas

THE DISTRICT

General

The PID Act authorizes political subdivisions such as the County to create public improvement districts within their boundaries, and to impose assessments within the public improvement district to pay for certain improvements. The District was created by the Creation Resolution for the purpose of undertaking and financing the cost of certain public improvements within the District, including the Improvement Area #1 Projects, authorized by the PID Act and approved by the Commissioners Court that confer a special benefit on the District property being developed. The District is not a separate political subdivision of the State and is governed by the Commissioners Court. A map of the property within the District is included on page vii hereof.

Powers and Authority

Pursuant to the PID Act, the County 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. The PID Act provides that the County 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 County has the power to undertake, or pay 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 County has determined to undertake the construction, acquisition or purchase of certain Authorized Improvements (as defined in the Service and Assessment Plan) within the District and outside of the District, including the Improvement Area #1 Projects, and to finance a portion of the costs thereof through the issuance of the Initial Obligations. The County has further determined to provide for the payment of debt service on the Initial Obligations through Pledged Revenues. See “ASSESSMENT PROCEDURES” herein and “APPENDIX B — Form of Service and Assessment Plan.”

THE IMPROVEMENT AREA #1 PROJECTS

General

The Improvement Area #1 Projects consist of the Improvement Area #1 Improvements and Improvement Area #1's proportionate share of the costs of the Major Improvements. The Developer is responsible for the completion of the construction, acquisition or purchase of the Improvement Area #1 Projects, and the Developer or its designee will act as construction manager. The Developer will submit payment requests on a monthly basis for costs actually incurred in developing and constructing the Improvement Area #1 Projects and be paid in accordance with the Indenture and the Construction, Funding, and Acquisition Agreement. See “THE DEVELOPMENT – Development Plan.”

Improvement Area #1 Improvements. The Improvement Area #1 Improvements, which are being financed with proceeds of the Initial Obligations, include the Authorized Improvements solely benefitting Improvement Area #1. Descriptions of the Improvement Area #1 Improvements are below.

Roadway improvements: The roadway portion of the Improvement Area #1 Improvements consists of right of way dedication and construction of thoroughfare and local subdivision streets, including related paving with curb and gutters, pavement marking and signage, storm drainage, sidewalks, and retaining walls which will benefit all Property in the District. All roadway improvements will be designed and constructed in accordance with County and North Texas Council of Governments standards and specifications and will be owned and operated by Tabor Ranch MUD.

Water improvements: The water portion of the Improvement Area #1 Improvements consists of collection, treatment, storage, and distribution facilities. These facilities include raw water transmission lines, water lines, mains, valves, fire hydrants, as well as related testing, trench safety and erosion protection, necessary to serve the Assessed Property. The water improvements will be designed and constructed in accordance with Texas Commission on Environmental Quality, North Texas Groundwater Conservation District, Denton County, and North Texas Council of Governments standards and specifications and will be owned and operated by Tabor Ranch MUD.

Sanitary sewer improvements: The sanitary sewer portion of the Improvement Area #1 Improvements consists of force mains and gravity collection system improvements including construction and installation of 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 Texas Commission on Environmental Quality and North Texas Council of Governments standards and specifications and will be owned and operated by Tabor Ranch MUD.

Storm drainage improvements: The storm drainage portion of the Improvement Area #1 Improvements consists of consist of detention areas, reinforced concrete pipes, reinforced concrete boxes, multi-reinforced box culverts, and safety end treatments necessary to serve the Assessed Property. The storm drainage improvements will be designed and constructed in accordance with Texas Commission on Environmental Quality, the County, and North Texas Council of Governments standards and specifications and will be owned and operated by Tabor Ranch MUD.

Soft and miscellaneous costs: Soft and miscellaneous costs consist of costs related to designing, constructing, and installing the Improvement Area #1 Improvements including land planning and design, fees assessed by regulatory agencies, legal fees, engineering, soil and construction testing, landscaping, entry features, topographic and boundary surveys, construction staking, construction management, and contingency costs associated with financing the Improvement Area #1 Improvements.

District Formation Costs: Costs associated with forming and operating the District and allocable to Improvement Area #1 at this time, including attorney fees and any other cost or expense incurred by the County directly associated with the establishment of the District.

Major Improvements. The Improvement Area #1 Projects, a portion of which are being financed with proceeds of the Initial Obligations, include the proportionate costs of the Major Improvements benefitting Improvement Area #1. Descriptions of the Major Improvements are below.

Roadway improvements:

Onsite: The onsite roadway portion of the Major Improvements consists of right of way dedication and construction of thoroughfare and local subdivision streets, including related paving with curb and gutters, pavement marking and signage, storm drainage, sidewalks, and retaining walls which will benefit all Property in the District. All onsite roadway improvements will be designed and constructed in accordance with County and North Texas Council of Governments standards and specifications and will be owned and operated by Tabor Ranch MUD.

Offsite: The offsite roadway portion of the Major Improvements consists of right of way dedication and construction of thoroughfare improvements, including related paving, pavement marking and signage, and drainage located outside the boundaries of the District but conferring a benefit on all Property in the District. All offsite roadway improvements will be designed and constructed in accordance with County and North Texas Council of Governments standards and specifications and will be owned and operated by Tabor Ranch MUD.

Water improvements:

Onsite: The onsite water portion of the Major Improvements consists of collection, treatment, storage, and distribution facilities. These facilities include water wells, raw water transmission lines, water treatment and storage facilities, water lines, mains, valves, fire hydrants, as well as related testing, trench safety and erosion protection, necessary to serve all Property in the District. The water improvements will be designed and constructed in accordance with Texas Commission on Environmental Quality, North Texas Groundwater Conservation District, and North Texas Council of Governments standards and specifications and will be owned and operated by Tabor Ranch MUD.

Offsite: The offsite water portion of the Major Improvements consists of construction and installation of water lines, mains, pipes, valves and appurtenances necessary for the water distribution system, as well as related testing, trench safety and erosion protection, necessary to service all Property in the District. The offsite water improvements are constructed exclusively for the benefit of the District and will be designed and constructed in accordance with Texas Commission on Environmental Quality and North Texas Council of Governments standards and specifications and will be owned and operated by Tabor Ranch MUD.

Sanitary sewer improvements: The sanitary sewer portion of the Major Improvements consists of a wastewater treatment plant, lift stations, force mains, and gravity collection system improvements including construction and installation of pipes, service lines, manholes, encasements and appurtenances necessary to provide sanitary sewer service to all Property in the District. The sanitary sewer improvements will be designed and constructed in accordance with Texas Commission on Environmental Quality and North Texas Council of Governments standards and specifications and will be owned and operated by Tabor Ranch MUD.

Storm drainage improvements: The storm drainage portion of the Major Improvements consists of detention areas, reinforced concrete pipes, reinforced concrete boxes, multi-reinforced box culverts, and safety end treatments necessary to serve all Property in the District. The storm drainage improvements will be designed

and constructed in accordance with Texas Commission on Environmental Quality, the County, and North Texas Council of Governments standards and specifications and will be owned and operated by Tabor Ranch MUD.

Soft and miscellaneous costs: Soft and miscellaneous costs consist of costs related to designing, constructing, and installing the Major Improvements including land planning and design, fees assessed by regulatory agencies, legal fees, engineering, soil and construction testing, entry features, art installations, topographic and boundary surveys, construction staking, construction management, and contingency, costs associated with financing the Major Improvements.

District Formation Costs: Costs associated with forming and operating the District and allocable to the entire Major Improvement Area at this time, including attorney fees and any other cost or expense incurred by the County directly associated with the establishment of the District. As each Future Improvement Area is developed, each Future Improvement Area will be allocated a portion of the District Formation Costs.

The cost of the Improvement Area #1 Authorized Improvements (which includes the Improvement Area #1 Projects, along with the (i) Bond Issuance Costs relating to the Initial Obligations, (ii) the pro rata portion of the District Formation Costs attributable to Improvement Area #1, and (iii) First Year Annual Collection Costs attributable to Improvement Area #1) is expected to be approximately \$52,352,373*. A portion of the costs of the Improvement Area #1 Authorized Improvements, in the amount of \$52,350,000* are expected to be funded with proceeds of the Initial Obligations. See "SOURCES AND USES OF FUNDS." To the extent the proceeds of the Initial Obligations are insufficient to fund the Improvement Area #1 Projects, the balance of the costs of the Improvement Area #1 Projects will be paid by the Developer.

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

<u>Type of Improvement</u>	<u>Costs*</u>
Roadway	\$9,996,029
Water	2,292,150
Sanitary Sewer	1,816,500
Storm Drainage	4,034,480
Soft and Miscellaneous Costs	6,098,686
District Formation Costs	<u>3,360,000</u>
Subtotal	<u>\$27,597,845</u>
Costs of Major Improvements allocated to Improvement Area #1	<u>\$13,383,446</u>
Bond Issuance Costs ⁽¹⁾	<u>\$11,371,082</u>
Total Cost of Improvement Area #1 Authorized Improvements	<u>\$52,352,373</u>

⁽¹⁾ Includes First Year Annual Collection Costs.

* Preliminary. Subject to change.

Ownership and Maintenance of Improvements

The Improvement Area #1 Projects will be dedicated to and accepted by the Tabor Ranch MUD, and will constitute a portion of the Tabor Ranch MUD's infrastructure improvements. The Tabor Ranch MUD will provide for the ongoing operation, maintenance and repair of the Improvement Area #1 Projects as outlined in the Service and Assessment Plan.

* Preliminary; subject to change.

THE DEVELOPMENT

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

Overview

The land within the District will be developed as a mixed-use master-planned development to be known as "Tabor Ranch" (the "Development"). The Development is an approximately 599.392 acre master planned project located in the County, southwest of the intersection of US 380 and George Owens Road. The Development is approximately 10 miles east of the City of Denton, 25 miles northwest of the City of Lewisville, and 43 miles north of the City of Fort Worth. The Development lies approximately 37 miles northwest of Dallas-Fort Worth International Airport and 43 miles northwest of Dallas Love Field. The County, located in the north-central region of the Dallas-Fort Worth-Arlington, Texas Metropolitan Statistical Area (the "DFW MSA"), has experienced significant growth as the overall DFW MSA has continued its growth trajectory. The Development is located in the Ponder Independent School District.

The land within the Development is owned by the Developer except for a 0.2 acre director lot jointly owned by the board of directors of the Tabor Ranch MUD. See "THE DEVELOPER — Description of the Developer" and "THE DEVELOPMENT – Tabor Ranch Municipal Utility District of Denton County." The Developer develops infrastructure and community improvements (amenities, parks, trails, etc.) and sells residential lots to high-quality production homebuilders under lot takedown contracts.

Development Plan

The Development is expected to be developed as a mixed-use master planned development in two phases consisting of 1,921 lots in a mixture of 40', 45', 50' and 60' single family residential lots, approximately 3.54 acres of commercial development and approximately 12.59 acres of multifamily development. The District is also expected to include a school, a fire station, and various sites dedicated to public use for utilities.

The current development plan is expected to be concurrent development of the Improvement Area #1 Improvements and the Major Improvements, followed by local area improvements to serve the Future Improvement Area of the District.

Construction of the Improvement Area #1 Improvements began in November 2023 and is expected to be completed in May 2025. Construction of the Major Improvements began in November 2023 and is expected to be completed in May 2025. Developer expects to complete the infrastructure serving the District by 2028. See "THE DEVELOPMENT — Concept Plan," "THE IMPROVEMENT AREA #1 PROJECTS" and "APPENDIX B — Form of Service and Assessment Plan." As of October 1, 2024, the Developer had expended \$3,105,431.42 on the costs of the Improvement Area #1 Improvements and \$703,052.18 on the costs of the Major Improvements, which costs have been funded with the Acquisition and Development Loan and Developer equity.

The cost of Improvement Area #1 Authorized Improvements is expected to be approximately \$52,352,373*. A portion of the costs of construction of the Improvement Area #1 Projects are expected to be funded with proceeds of the Initial Obligations. See "SOURCES AND USES OF FUNDS." To the extent the proceeds of the Initial Obligations are insufficient to fund the Improvement Area #1 Projects, the balance of the costs of the Improvement Area #1 Projects will be paid by the Developer.

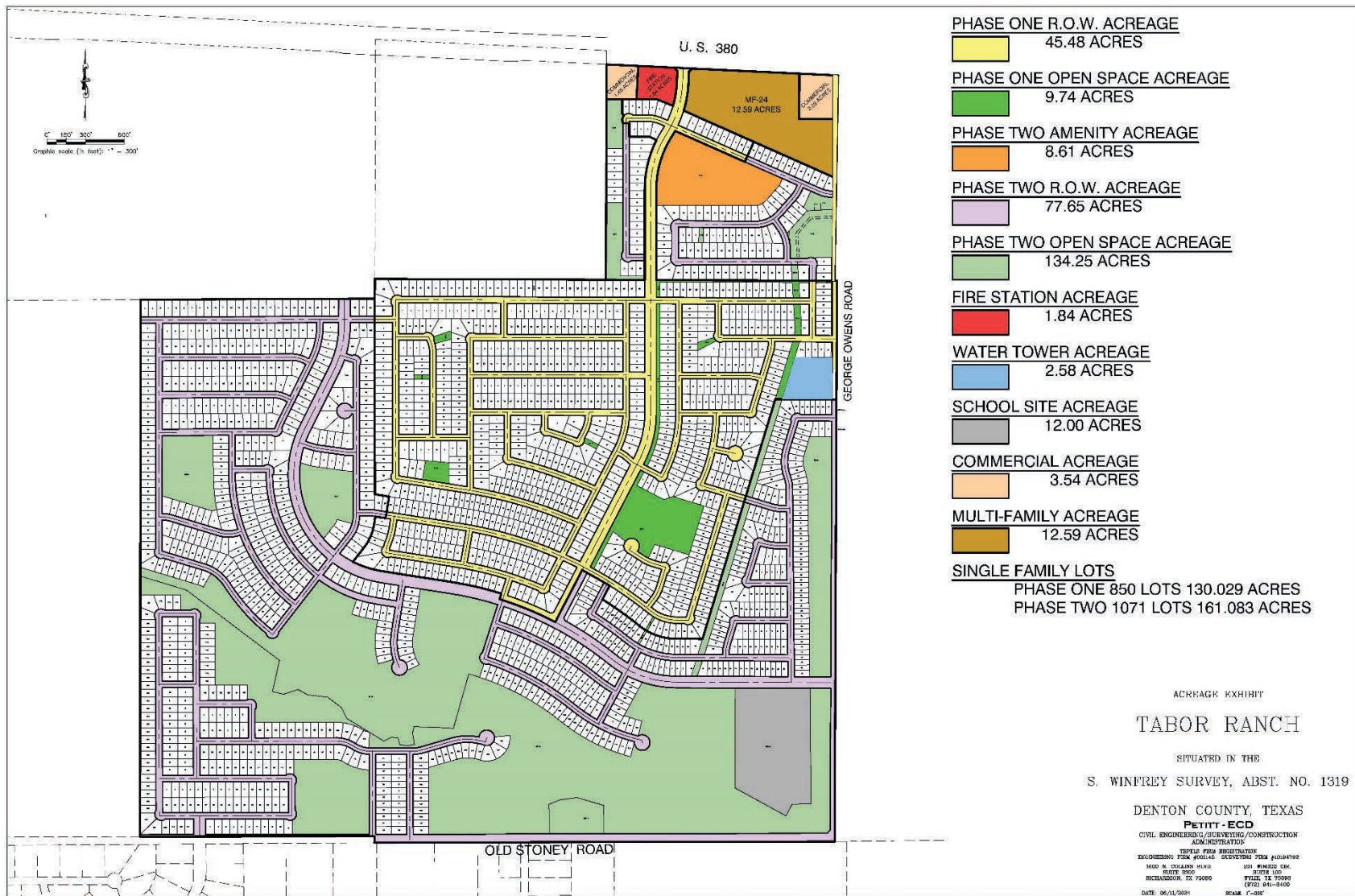
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* Preliminary; subject to change.

Concept Plan

Below is the current concept plan of the Development. The concept plan is conceptual and subject to change.

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Lot Purchase and Sale Agreements in the District

The Developer has entered into lot purchase and sale agreements with First Texas, CastleRock, Meritage, Lillian, and Starlight for 838 lots in Improvement Area #1 of the District. The Developer expects to hold the remaining 12 lots in Improvement Area #1 of the District for use as model lots for builders in the Future Improvement Area. The Developer has not entered into any lot purchase agreements or contracts in the Major Improvement Area of the District except for the Meritage ROFR (as defined below) discussed below.

Under the Meritage lot purchase and sale agreement (the “Meritage PSA”), Meritage has contracted to purchase 218 lots in Improvement Area #1 of the District. Meritage has advanced \$2,792,730 in earnest money to the Developer, which was utilized to purchase the property in the District. See “THE DEVELOPER – History and Financing of the District.” Under the Meritage PSA, the Developer and Meritage have agreed that the tax rate equivalent of the assessments levied on the lots shall not, in the aggregate, exceed \$3.09 per \$100.00 of assessed value. The Meritage PSA requires the Developer to achieve substantial completion of lots by May 2, 2025, with a 120 day extension to be granted upon notice delivered to Meritage. Such extended period would expire on August 30, 2025. In addition to the Meritage PSA, the Developer has also granted Meritage a Right of First Refusal the “Meritage ROFR”) on 352.234 acres of land located in the Major Improvement Area of the District (the “Meritage ROFR Property”). Under the Meritage ROFR, the Developer shall provide written notification of its desire to sell any portion of the Meritage ROFR Property in accordance with a bona fide offer from a third party. Meritage shall have 10 days after receipt of such notice to accept the terms in such notice and 30 days to enter into a written lot purchase and sale agreement regarding the same. The term of the Meritage ROFR ends on October 26, 2028.

Under the CastleRock lot purchase and sale agreement (the “CastleRock PSA”), CastleRock has contracted to purchase 104 lots in Improvement Area #1 of the District. CastleRock has advanced \$1,291,440 in earnest money to the Developer, which was utilized to purchase the property in the District. See “THE DEVELOPER – History and Financing of the District.” Under the CastleRock PSA, the Developer and CastleRock have agreed that the tax rate equivalent of the assessments levied on the lots shall not, in the aggregate, exceed \$3.09 per \$100.00 of assessed value. The CastleRock PSA requires the Developer to achieve substantial completion of lots by May 2, 2025, with a 120 day extension to be granted upon notice delivered to CastleRock. Such extended period would expire on August 30, 2025. If the lots are not completed by such outside completion date, CastleRock may terminate the contract and its earnest money must be returned.

Under the First Texas lot purchase and sale agreement (the “First Texas PSA”), First Texas has contracted to purchase 115 lots in Improvement Area #1 of the District. First Texas has advanced \$1,332,562.50 in earnest money to the Developer, which was utilized to purchase the property in the District. See “THE DEVELOPER – History and Financing of the District.” Under the First Texas PSA, the Developer and First Texas have agreed that the tax rate equivalent of the assessments levied on the lots shall not, in the aggregate, exceed \$3.09 per \$100.00 of assessed value. The First Texas PSA requires the Developer to achieve substantial completion of lots by May 2, 2025, with a 120 day extension to be granted upon notice delivered to First Texas. Such extended period would expire on August 30, 2025. If the lots are not completed by such outside completion date, First Texas may terminate the contract and its earnest money must be returned.

Under the Starlight lot purchase and sale agreement (the “Starlight PSA”), Starlight has contracted to purchase 297 lots in Improvement Area #1 of the District. Starlight has advanced \$3,364,189.50 in earnest money to the Developer, which was utilized to purchase the property in the District. See “THE DEVELOPER – History and Financing of the District.” Under the Starlight PSA, the Developer and Starlight have agreed that the tax rate equivalent of the assessments levied on the lots shall not, in the aggregate, exceed \$3.09 per \$100.00 of assessed value. The Starlight PSA requires the Developer to achieve substantial completion of lots by May 2, 2025, with a 120 day extension to be granted upon notice delivered to Starlight. Such extended period would expire on August 30, 2025. If the lots are not completed by such outside completion date, Starlight may terminate the contract and its earnest money must be returned.

Under the Lillian lot purchase and sale agreement (the “Lillian PSA”), Lillian has contracted to purchase 104 lots in Improvement Area #1 of the District. Lillian has advanced \$1,188,840 in earnest money to the Developer, which was utilized to purchase the property in the District. See “THE DEVELOPER – History and Financing of the District.” Under the Lillian PSA, the Developer and Lillian have agreed that the tax rate equivalent of the assessments

levied on the lots shall not, in the aggregate, exceed \$3.09 per \$100.00 of assessed value. The Lillian PSA requires the Developer to achieve substantial completion of lots by May 2, 2025, with a 120 day extension to be granted upon notice delivered to Lillian. Such extended period would expire on August 30, 2025. If the lots are not completed by such outside completion date, Lillian may terminate the contract and its earnest money must be returned.

The following table provides a summary of the terms and the takedown schedule for the Lot Purchase and Sale Agreements.

LOT PURCHASE AND SALE AGREEMENTS

<u>Homebuilder</u>	<u>Improvement Area</u>	<u>Total Lots*</u>	<u>Base Price per lot**</u>	<u>Additional Fees</u>	<u>Lots per Takedown</u>
Meritage	1	98 – 50' Lots 120 – 60' Lots	\$79,900 \$89,900	N/A	20 lots at initial closing (10 days after Substantial Completion), two of which shall include lots in the Model Home Park Not less than 16 lots every 90 days thereafter
CastleRock	1	74 – 50' Lots 30 – 60' Lots	\$79,900 \$89,900	\$250 mailbox fee	14 lots at initial closing (30 days after Substantial Completion), one or two of which shall include lots in the Model Home Park 12 lots every 90 days thereafter
First Texas	1	55 – 45' Lots 60 – 50' Lots	\$74,250 \$80,000	\$250 mailbox fee	14 lots (7 x 50' and 7 x 45' lots) at initial closing (10 days after Substantial Completion), two of which shall include lots in the Model Home Park 12 lots (6 x 50' lots and 6 x 45' lots) every 90 days thereafter
Starlight	1	163 – 45' Lots 134 – 50' Lots	\$71,910 \$79,900	\$250 mailbox fee	30 lots at initial closing (15 days after Substantial Completion), two of which shall include lots in the Model Home Park 30 lots every 90 days thereafter
Lillian	1	41 – 40' Lots 44 – 50' Lots 19 – 60' Lots	\$65,900 \$79,900 \$89,900	\$250 mailbox fee	14 lots at initial closing (10 business days after Substantial Completion), two of which shall include lots in the Model Home Park 12 lots every 90 days thereafter
Total Lots Under Contract		<u>838</u>			

* Includes model lots purchased in Model Home Park.

** Excludes 6% annual escalator. Differs from base lot price assumed for the purpose of the Service and Assessment Plan, which is based on the Appraisal. See "ASSESSMENT PROCEDURES – Assessment Methodology" and "APPENDIX B – Form of Service and Assessment Plan."

Expected Build-Out and Home Prices in the District

The following table provides the estimated base lot and home prices in the District.

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ESTIMATED HOME PRICES

<u>Improvement Area</u>	<u>Lot Size (Width in Ft.)</u>	<u>Quantity</u>	<u>Base Lot Price⁽¹⁾</u>	<u>Estimated Average Base Home Price⁽²⁾</u>
1	40'	41	\$65,900	\$350,000
	45'	218	\$71,910	\$395,000
	50'	420	\$79,900	\$437,000
	60'	171	\$89,900	\$524,000
Major Improvement Area	40'	218	\$76,000*	\$370,500
	45'	2	\$85,500*	\$419,000
	50'	353	\$95,000*	\$463,000
	60'	498	\$114,000*	\$555,400

⁽¹⁾ Lot Price in Improvement Area #1 are based on Lot Purchase and Sale Agreements. Estimated base lot prices in the Major Improvement Area are estimates based on a 6% escalator. See "ASSESSMENT PROCEDURES – Assessment Methodology" and "APPENDIX B – Form of Service and Assessment Plan."

⁽²⁾ Developer estimates. Estimated average base home price in the Major Improvement Area differ from home values estimated for the purposes of allocating the Major Improvements in the Service and Assessment Plan, which are based on expected home prices in Improvement Area #1. See "ASSESSMENT PROCEDURES – Assessment Methodology" and "APPENDIX B – Form of Service and Assessment Plan."

The following tables provide the Developer's expected build-out schedule of the District and absorption schedule of lots for the District.

<u>Improvement Area</u>	<u>Single-Family Lots</u>	<u>Expected Local Infrastructure Start Date</u>	<u>Expected Infrastructure Completion Date</u>	<u>Expected Final Lot Sale Date</u>
1	850	November 2023	May 2025	September 2028
Major Improvement Area	1,071	May 2027	September 2028	August 2034

EXPECTED ABSORPTION OF LOTS IN THE DISTRICT

<u>Improvement Area #1</u>		<u>Major Improvement Area</u>	
<u>Expected Final Sale Date</u>	<u>Total Lots⁽¹⁾</u>	<u>Expected Final Sale Date</u>	<u>Total Lots</u>
Q2 2025	92	Q4 2028	56
Q3 2025	82	Q1 2029	48
Q4 2025	82	Q2 2029	48
Q1 2026	82	Q3 2029	48
Q2 2026	82	Q4 2029	48
Q3 2026	82	Q1 2030	48
Q4 2026	82	Q2 2030	48
Q1 2027	82	Q3 2030	48
Q2 2027	70	Q4 2030	48
Q3 2027	48	Q1 2031	48
Q4 2027	16	Q2 2031	48
Q1 2028	16	Q3 2031	48
Q2 2028	16	Q4 2031	48
Q3 2028	6	Q1 2032	48
		Q2 2032	48
		Q3 2032	48
		Q4 2032	48
		Q1 2033	48
		Q2 2033	48
		Q3 2033	48
		Q4 2033	48
		Q1 2034	48
		Q2 2034	7

⁽¹⁾ Excludes 12 lots held by the Developer as future model lots for builders in the Future Improvement Areas.

Expected Commercial and Multifamily Development in the District

It is currently expected that the District will include approximately 3.54 acres of commercial development and approximately 12.59 acres of multifamily development, which commercial and multifamily development is to be located in the Major Improvement Area. The Developer expects to sell pad sites to one or more third parties for such development. The Developer has not entered into any contracts for the sale of pad sites for commercial or multifamily use in the District.

The multifamily and commercial development will not be subject to the Assessments and does not constitute Assessed Property.

Future Improvement Area Bonds

Future Improvement Area Bonds to finance the cost of improvements benefitting the Future Improvement Area (the “Future Improvement Area Improvements”) are anticipated to be issued in the future. The estimated costs of the Future Improvement Area Improvements will be determined at the same time the Future Improvement Areas are developed, and the Service and Assessment Plan will be updated to identify the Future Improvement Area Improvements to be constructed within the applicable Future Improvement Area 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. The Developer anticipates that Future Improvement Area Bonds will be issued over a two to five year period, as described in the Service and Assessment Plan.

The Initial Obligations, the Major Improvement Area Bonds and any Future Improvement Area Bonds issued by the County are separate and distinct issues of securities. The County reserves the right to issue Future Improvement Area Bonds for any purpose permitted by the PID Act, including those described above.

Zoning/Permitting

The Development is located outside the corporate limits and extraterritorial jurisdiction of any city, and not subject to any zoning ordinances. Denton County has no authority to zone property for land use nor does Denton County have the authority to issue certificate of occupancy. Denton County has adopted a resolution requiring the application of Subchapter F “Residential Building Code Standards Applicable to Unincorporated Areas of Certain Counties” as found in Section 233 of the Texas Local Government Code and has adopted certain “Subdivision Rules” which are applicable to the property in the District. Denton County requires the submission of a plat for subdivisions within Denton County, which plat will be reviewed for compliance with applicable guidelines relating to the location, design, and construction of roadways, roadway intersections, drainage improvements and other features that provide for the safety of the general public.

The County and the Developer have entered into a Pre-Development Agreement which allows for certain variances to the Subdivision Rules to provide for lots sizes and lot mixes according to the concept plan, requires the Developer to construct certain roads to County standards, and requires a fire protection agreement with the County before the recording of any final plat.

Private Improvements

Additionally, the Developer has constructed or will construct certain private improvements to serve the entire District consisting of certain grading, franchise utilities, gas well relocations, and other miscellaneous soft costs (collectively, the “Private Improvements”). The approximate cost of the Private Improvements is expected to be approximately \$8,079,425. The costs of the Private Improvements are expected to be paid with funds from the Acquisition and Development Loan and Developer equity.

Amenities

The Developer will construct certain Amenities to serve the District, including an amenity center which includes a lagoon style water park, lazy river and serenity beach, open space, and an event park (the “Amenities”).

The Developer expects to begin construction of such Amenities in January 2025 and complete construction of the Amenities in January 2026. The expected cost of the Amenities is approximately \$12 million, which costs are expected to be funded with the Acquisition and Development Loan and Developer equity.

Education

PISD serves the District, the Township of Ponder, the Township of Dish, and portions of Denton and Northlake in Denton County, Texas. PISD enrolls over 1,550 students in grades PK-12 on three campuses comprising one high school, one middle school and one elementary school. Students in the District desiring to attend public school will attend Ponder Elementary School (approximately 7.3 miles from the District), Ponder Junior High School (approximately 4.6 miles from the District) and Ponder High School (approximately 7.3 miles from the District). According to the Texas Education Agency (“TEA”), PISD, Ponder Elementary School, Ponder Junior High School and Ponder High School, each received an “Accountability Rating” of “B” from the TEA for the 2021-2022 school year, the most recent year for which ratings are available. Greatschools.org rates Ponder Elementary School as below average (3/10), Ponder Junior High School above average (7/10), and Ponder High School average (5/10).

Tabor Ranch Municipal Utility District of Denton County

The Development is located within the Tabor Ranch Municipal Utility District of Denton County (“Tabor Ranch MUD”). The Tabor Ranch MUD was created pursuant to an order of the Texas Commission on Environmental Quality (“TCEQ”) and operates pursuant to Article XVI, Section 59 of the Constitution of the State and Texas Water Code, Chapters 49 and 54. The Tabor Ranch MUD was created by the TCEQ to provide water supply, treatment, and distribution facilities, wastewater control facilities, storm drainage facilities and road construction and operation for the anticipated development within the District.

After an election held on November 7, 2023, the Tabor Ranch MUD was authorized to:

- issue bonds payable from ad valorem taxes in one or more issues or series in the maximum amount of \$434,530,416 to provide for a waterworks system, a sanitary sewer system and drainage and storm sewer system for the Tabor Ranch MUD;
- issue refunding bonds payable from ad valorem taxes in one or more issues or series in the maximum amount of \$543,163,020 to provide for a waterworks system, a sanitary sewer system and drainage and storm sewer system for the Tabor Ranch MUD;
- issue bonds payable from ad valorem taxes in one or more issues or series in the maximum amount of \$289,248,519 for the purposes of constructing, maintaining and operating macadamized, graveled or paved roads and turnpikes, or in aid thereof for the Tabor Ranch MUD;
- issue refunding bonds payable from ad valorem taxes in one or more issues or series in the maximum amount of \$361,560,645 the purposes of constructing, maintaining and operating macadamized, graveled or paved roads and turnpikes, or in aid thereof for the Tabor Ranch MUD; and
- to impose of a tax not to exceed \$1.20 per \$100 of assessed valuation on all taxable property within the Tabor Ranch MUD to secure funds for operation and maintenance purposes.

To date, the Tabor Ranch MUD has not issued bonds or imposed an ad valorem tax on any property within the District. The Tabor Ranch MUD anticipates levying a maintenance tax in 2025, but does not anticipate levying the full maintenance tax authorized. The estimated maintenance tax rate is expected to be \$0.10/\$100. The Tabor Ranch MUD is not expected to issue any of the approved bonds in the near future, or levy a debt service tax therefor.

The Tabor Ranch MUD will own and maintain all public improvements in the District. Pursuant to the Interlocal Agreement, Tabor Ranch MUD is expected to agree that it will not finance any water, wastewater, roadway or drainage improvements that have been financed by the County through use of the District.

Existing Mineral Rights, Easements and Other Third Party Property Rights

Third parties hold title to certain rights applicable to real property within and around the District (the “Mineral Owners”), including reservations of mineral rights and royalty interests and easements (collectively, the “Third Party Property Rights”) pursuant to various instruments in the chain of title for various tracts of land within and immediately adjacent to the District. Some of these reservations of mineral rights include a waiver by the Mineral Owners of their right to enter onto the surface of the property to explore, develop, drill, produce or extract minerals within the District. If the waiver is applicable, such Mineral Owners may only develop such mineral interests by means of wells drilled on land outside of the property of the District.

The Developer is not aware of any ongoing mineral rights development or exploration on or adjacent to the property within the District. The Developer is not aware of any interest in real property (including mineral rights) owned by the Mineral Owners adjacent to the District. Certain rules and regulations of the Texas Railroad Commission may also 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 above-described Third Party Property Rights, or the exercise of such rights or any other third party 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.”

Environmental

Phase One ESA. Phase One Environmental Site Assessments (the “Phase One ESAs”) of land within the District (the “Site”), were completed on various portions of land in the District in December 2021 and June 2024 by Henley Johnston & Associates. Based on the information presented in the Phase One ESAs, there was no evidence that the Development was under environmental regulatory review or enforcement action. The site reconnaissance, regulatory database review and historical source review revealed no evidence of recognized environmental conditions involving the site.

A natural gas pipeline runs along the eastern portion of the District and the District contains 21 gas wells. The Developer indicates that 15 of such wells have been or will be plugged. Eleven of such wells are located in Improvement Area #1 and 4 are located in the Major Improvement Area. Six wells will remain active in the Major Improvement Area. In addition, an operations site for 3 horizontal off-site wells is located in Improvement Area #1. Such site is located in a required setback area from lots in Improvement Area #1.

Endangered Species. According to the website for the United States Fish and Wildlife Service, the whooping crane and the least tern are endangered species in Denton County. The Developer is not aware of any endangered species located on District property.

Flood Designation

According to Federal Emergency Management Agency (“FEMA”) Flood Insurance Rate Map (“FIRM”) No. 48121C0335G, dated April 18, 2011, approximately 45 acres of land located in the Major Improvement Area of the District are located in “Zone A,” a special flood hazard area subject to inundation by a 100-year flood. The Developer expects that all of such land will be used for open space.

Utilities

Aqua Texas (“Aqua”) previously held the certificate of convenience and necessity (“CCN”) to provide water and sewer service to the District. The Developer filed an application to administratively decertify Aqua’s CCN with the Public Utility Commission of Texas (“PUC”), and the PUC approved an order decertifying the land in the District from Aqua’s CCN on August 29, 2024. In 4Q 2024, Aqua, the Developer and the PUC will work through a process to determine adequate compensation for the release of Aqua’s CCN. The Developer expects such compensation process to be complete by 1Q 2025.

In accordance with such release, Tabor Ranch MUD will hold the CCN and is expected to provide water and sewer service to the District as described below.

Water. To source water supply for the District, the Developer expects to construct 4 water wells drilled into the Paluxy and Trinity Aquifers in conjunction with the initial phase of development of the District. According to the Hydrogeological and Regulatory Feasibility Study of Tabor Ranch prepared by Collier Consulting and dated August 8, 2021, the 4 wells should produce 560 gallons per minute combined, which is expected to meet the project demand of 510 gallons per minute, assuming a demand of 0.6 gallons per minute per connection. The Developer has contracted with Wasteline Engineering, Inc. (“Wasteline”) to design and construct such wells. Wasteline submitted construction designs and a permit application to the TCEQ for the first 4 wells in October 2024. The TCEQ is expected to approve the application and design of the wells by 4Q 2024. Construction of the wells is expected to begin in 1Q 2025 and be completed by 2Q 2025. Water treatment will be provided by the Tabor Ranch MUD through a treatment plant to be constructed by the Developer. Construction of the water treatment plant is expected to begin in 1Q 2025 and be completed by 2Q 2025. The water treatment plant, the wells, water lines and related infrastructure will be constructed as part of the Improvement Area #1 Improvements and Major Improvements and financed through the Initial Obligations and the Major Improvement Area Bonds.

Sanitary Sewer. To provide sewer treatment services to the District, Tabor Ranch MUD has entered into an equipment lease with AUC Group, LLC (“AUC”) under which AUC will construct a 250,000 gallon per day (“GPD”) wastewater treatment plant (“WTP”) in the District and lease the WTP to the Tabor Ranch MUD for a period of 60 months, with automatic extensions of one year thereafter unless such lease is terminated or Tabor Ranch MUD exercises a purchase option under the lease. The construction of the WTP is financed by AUC. AUC has been in operation since 1970 and has provided sewer and/or water treatment facilities for more than 1,500 projects. In 2018, AUC became part of Seven Seas Water Group. Seven Seas Water Group is headquartered in Tampa, Florida and Houston, Texas, with operations across the U.S., Caribbean, and Latin America, Seven Seas delivers water and wastewater treatment solutions to governmental, municipal, industrial, and hospitality customers and owns more than 186 water and wastewater treatment plants. The TCEQ issued a Permit to Discharge Wastes under provisions of Section 402 of the Clean Water Act and Chapter 26 of the Texas Water Code to Tabor Ranch, LLC and Beall Legacy Partners, L.P. under No. WQ0016134001 on February 17, 2023. The permit expires 5 years after date of issuance.

The supporting infrastructure for the WTP (lift stations, sewer lines and related infrastructure) will be constructed as part of the Improvement Area #1 Improvements and Major Improvements and financed through the Initial Obligations and the Major Improvement Area Bonds.

Other Utilities. Additional utilities in the District are expected to be provided by: (1) Electric - CoServ and (2) Natural Gas – Si Energy. Phone, data and cable providers are currently being negotiated.

THE DEVELOPER

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

General

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

within a development. In addition, a developer is ordinarily the major tax and assessment payer within a district during its development.

Description of the Developer

The Developer is a single-asset limited liability company formed solely for the purpose of developing the Development. Alluvium Development Inc., a Texas corporation (“Alluvium”) is the Manager of the Developer and owner of 33 1/3% percent of the Developer. ARB-OP Global Capital, LLC and Jonathan Jobe each own an additional 33 1/3% of the Developer. ARB-OP Global Capital, LLC is 100% owned and managed by James Johnston.

Alluvium is a land development company. Alluvium manages all aspects of development from land and lot acquisition, due diligence, subdivision planning, entitlement, zoning, and platting, to supervising and coordinating all infrastructure improvements, including utilities and paving. Alluvium has experience with municipal management districts, municipal utility districts and public improvement districts, and currently is working to form several other public improvement districts. Alluvium is currently developing 15 residential housing projects in the Dallas-Fort Worth area.

A sampling of Alluvium’s current and past developments is below:

Community	Location	Community Type	Expected Number of Lots/Uses
Westside Preserve	Midlothian, Texas	Mixed Use	972 single-family lots 97 townhomes 614 MF units 1,598,477 SF commercial
Hawkins Meadows	Midlothian, Texas	Mixed Use	236 single-family lots 1,070,635 SF commercial
Paloma Trails	Decatur, Texas	Mixed Use	1,800 single-family lots 958,320 SF commercial
Mira Lagos Crossing	Cedar Hill, Texas	Mixed Use	98 single-family lots 380 MF units 479,160 SF commercial 97 Townhome lots

Executive Biographies

Terrance Jobe, CEO of Alluvium Development, Inc. Terrance Jobe serves as Chief Executive Officer of Alluvium. Mr. Jobe has been in the land development business for the past 35 years and works with many top twenty national homebuilders as well as many local custom homebuilders. Mr. Jobe is a past member of the Homebuilder Association Governmental Affairs committee and past Regional Director of the National Association of Home Builders.

Jonathan Jobe, President of Alluvium Development, Inc. Jonathan Jobe serves as President of Alluvium. Jonathan holds a degree in finance from Texas Tech University and has been involved in the real estate industry for over ten years. Jonathan specialized in contractor relations and customer service aspects of the development business.

History and Financing of the District

The Developer purchased the land comprising the District on October 20, 2023, in three separate transactions. The Developer purchased approximately 532.512 acres from Tabor Ranch, LLC at a purchase price of \$15,000,000. The Developer also purchased two additional tracts from Beall as follows: (i) 47.62 acres at a purchase price of \$1,313,868 and (ii) 19.26 acres at a purchase price of \$852,400. The Developer is the owner of all land in the District except for an 0.2 acre director lot jointly owned by the board of directors of the Tabor Ranch MUD.

The purchase price of the land was financed with a combination of seller financing in the form of the Seller Notes (two separate notes each in the amount of \$2,500,000) in favor of Tabor Ranch, LLC, earnest money from homebuilders, Developer equity, and the Acquisition and Development Loan in an amount up to \$12,000,000 from the Lender, Texas Bank and Trust Company.

The Seller notes bear interest at the lesser of 6% per annum and the Wall Street Journal Prime Rate, and are payable in monthly installments of interest and a fixed principal amount of \$20,000. Seller Note #1 is secured by a deed of trust encumbering a 112.537 acre tract of land in the Major Improvement Area of the District. As of October 1, 2024, Seller Note #1 is outstanding in the amount of \$2,300,000. Seller Note #1 matures on October 20, 2026.

Seller Note #2 is secured by a deed of trust encumbering a 67.742 acre tract of land in the Major Improvement Area of the District. As of October 1, 2024, Seller Note #2 is outstanding in the amount of \$2,300,000. Seller Note #2 matures on October 20, 2029.

The Acquisition and Development Loan is structured as a revolving line of credit and amounts repaid may be reborrowed. The Acquisition and Development Loan bears variable interest at a rate equal to the lesser of (i) the maximum rate allowable by law (the "Maximum Rate"), and (ii) the greater of (a) 6.5% (the "Floor Rate") and (b) the Wall Street Journal Prime Rate. Interest payments are due monthly beginning November 2023, with the full principal of the Acquisition and Development Loan payable at maturity. The Acquisition and Development Loan currently matures on October 20, 2026. The Acquisition and Development Loan is personally guaranteed by Terrance Jobe and James Shawn Johnston. As of October 1, 2024, the Acquisition and Development Loan is outstanding in the amount of \$10,838,807.91. The Acquisition and Development Loan is secured, inter alia, by 418.704 acres of property in the Major Improvement Area and Improvement Area #1 of the District and by assignments of the Developer's rights under certain contracts. The Loan Agreement for the Acquisition and Development Loan requires the Developer to complete development in Improvement Area #1 by May 20, 2025.

The PID Act provides that the Assessment Lien is a first and prior lien against an Assessed Parcel within the District and is superior to all other liens and claims except liens or claims for State, county, school district, or municipality ad valorem taxes. Additionally, at or prior to delivery of the Initial Obligations, the Lender shall consent to and acknowledge the creation of the District, the levy of the Assessments and the subordination of the liens securing the Acquisition and Development Loan to the assessment liens on property within the District securing payment of the Assessments. As a result, the lien on the property within the District securing the Assessments will have priority over the lien on the property within the District securing the Acquisition and Development Loan and the earnest money deeds of trust.

THE ADMINISTRATOR

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

The Administrator, Willdan Financial Services, is a consulting that provides financial expertise in consulting counties and administration services for special financing districts. The Administrator's expertise includes post-issuance compliance reporting, with specific attention to requirements for continuing disclosure and arbitrage rebate. The Administrator also provides rate studies and asset valuations support, as well as software expertise to support financial assessment, reporting, and energy grid planning.

The County and the Administrator have entered into a letter agreement for administration of the District (the "Willdan Agreement") with Willdan Financial Services as the "Administrator" to provide specialized services related to the administration of the District needed to support the issuance of the Initial Obligations. The services to be provided to the County under the Willdan Agreement will include administrative support services related to the Assessments, including delinquency management and prepayment of Assessments.

APPRAISAL

The Appraisal

General. Peyco Southwest Realty, Inc. (the “Appraiser”), prepared an appraisal report for the County effective as of May 1, 2025, based upon a physical inspection of Improvement Area #1 conducted on April 24, 2024 (the “Appraisal”). The Appraisal was prepared at the request of the County and the Underwriter. The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to Improvement Area #1. The Appraisal is attached hereto as APPENDIX E and should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions and qualifications, which are set forth therein. See “APPENDIX E — Appraisal.”

Value Estimates. The Appraiser provided estimates of (i) the “prospective market value” of the fee simple interest of the land and the “cumulative retail lot value” (a summation of the value of each of the lots in Improvement Area #1) in Improvement Area #1 of the District, upon completion of the Improvement Area #1 Projects. See “THE DEVELOPMENT – Development Plan” and “THE IMPROVEMENT AREA #1 PROJECTS.” The Appraisal does not reflect the as-is condition of Improvement Area #1 as the Improvement Area #1 Projects have not yet been constructed. Moreover, the Appraisal does not reflect the value of Improvement Area #1 as if sold to a single purchaser in a single transaction. The Appraisal provides the fee simple estate values for Improvement Area #1. See “APPENDIX E — Appraisal.”

The estimated “cumulative retail lot value” for the assessable property within Improvement Area #1 of the District using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, as of May 1, 2025, is \$70,674,600 (\$83,147/lot). After using discounted cash flows, the estimated “prospective market value” for the assessable property within Improvement Area #1 of the District using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, as of May 1, 2025, is \$65,540,000 (\$77,106/lot). For further information about the value of the land within Improvement Area #1 and the lien relating to the Assessments, see “ASSESSMENT PROCEDURES – Assessment Methodology.”

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

BONDHOLDERS’ RISKS

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

General

THE INITIAL OBLIGATIONS ARE SPECIAL, LIMITED OBLIGATIONS OF THE COUNTY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE INITIAL OBLIGATIONS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE COUNTY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE INITIAL OBLIGATIONS 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 COUNTY OTHER THAN THE PLEDGED REVENUES, AS AND TO THE

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

The ability of the County to pay debt service on the Initial Obligations as due is subject to various factors that are beyond the County'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 County, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against property within Improvement Area #1 of the District, (c) general and local economic conditions which may impact real property values, the ability to liquidate real property holdings and the overall value of real property development projects, and (d) general economic conditions which may impact the general ability to market and sell the lots within Improvement Area #1 of the District, it being understood that poor economic conditions within the County, 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 the lands 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 lands, with improvements, will be available for payment of the debt service on the Initial Obligations, and such value can only be realized through the foreclosure or expeditious liquidation of the lands within Improvement Area #1 of the District. There is no assurance that the value of such lands will be sufficient for that purpose and the expeditious liquidation of real property through foreclosure or similar means is generally considered to yield sales proceeds in a lesser sum than might otherwise be received through the orderly marketing of such real property.

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

The County has not applied for or received a rating on the Initial Obligations. The absence of a rating could affect the future marketability of the Initial Obligations. There is no assurance that a secondary market for the Initial Obligations will develop or that holders who desire to sell their Initial Obligations 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 County 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 Initial Obligations involves investment risks, certain of which are set forth under this heading "BONDHOLDERS' RISKS" and elsewhere herein, and each Investor, either alone or with its purchaser representative(s) (as defined in Rule 501(h) of Regulation D under the Securities Act of 1933, has sophisticated knowledge and experience in financial and business matters and the capacity to evaluate such risks in making an informed investment decision to purchase the Initial Obligations, and the Investor can afford a complete loss of its investment in the Initial Obligations.

Assessment Limitations

Annual Installments of Assessments are billed to property owners in Improvement Area #1 of the District. Annual Installments are due and payable, and bear the same penalties and interest for non-payment, as for ad valorem taxes as described under "ASSESSMENT PROCEDURES" herein. Additionally, Annual Installments established by the Service and Assessment Plan correspond in number and proportionate amount to the number of installments and principal amounts of Initial Obligations maturing in each year, interest and the Annual Collection Costs such year. See "ASSESSMENT PROCEDURES" herein. The unwillingness or inability of a property owner to pay regular

property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Annual Installments of Assessment payments in the future.

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

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

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

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

Under Texas law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Order, no such homestead rights will have been claimed. Furthermore, the Developer is not eligible to claim homestead rights and the Developer has represented that it will own all property within Improvement Area #1 of the District as of the date of the Assessment Order. Consequently, there are and can be no homestead rights on the Assessed Parcels superior to the Assessment Lien and, therefore, the Assessment Liens may be foreclosed upon by the County.

Failure by owners of the parcels to pay Annual Installments when due, depletion of the Reserve Fund, delay in foreclosure proceedings, or inability of the County 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 County to make full or punctual payments of debt service on the Initial Obligations.

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

Refunding Bonds on a Senior Lien Basis

The County is permitted under the Master Indenture to issue Refunding Bonds on a senior lien basis secured by and payable from Pledged Revenues to refund Outstanding Senior Lien Bonds or Outstanding Junior Lien Bonds (subject to the provisions set forth under “SECURITY FOR THE OBLIGATIONS — Refunding Bonds and Senior Lien Additional Bonds”), so long as such pledge is on parity to the pledge of Pledged Revenues securing payment of the then Outstanding Senior Lien Bonds. The Senior Lien Bonds and Refunding Bonds issued either to refund Outstanding Senior Lien Bonds or to refund Outstanding Junior Lien Bonds on a senior lien basis, as to both principal and interest, shall be equally and ratably secured by and payable from a first lien on and pledge of the Trust Estate on parity with the Series 2024A Bonds. Therefore, to the extent that the Pledged Revenues are insufficient to make payment on all of the County’s Outstanding Series 2024A Bonds and any Refunding Bonds issued on parity therewith, such insufficiency may negatively impact the payment of principal on, premium, if any, and interest of the Series 2024A Bonds.

Exceedance of Maximum Assessment Could Trigger Assessment Prepayment and Optional Redemption

The Service and Assessment Plan establishes a “Maximum Assessment” for each lot type in Improvement Area #1 of the District, which Maximum Assessment is currently calculated at \$49,100* for 40’ lots, \$55,132* for 45’ lots, \$61,305* for 50’ lots, and \$73,510* for 60’ lots in Improvement Area #1. See “APPENDIX B — Form of Service and Assessment Plan.”

Prior to the approval of a final subdivision plat, the Administrator will certify that such plat will not result in the Assessment per lot for any lot type exceeding the Maximum Assessment. If the Administrator determines that the resulting Assessment per lot for any lot type will exceed the Maximum Assessment, the Service and Assessment Plan provides that the person or entity filing the plat shall make a mandatory prepayment of the Assessments. See “ASSESSMENT PROCEDURES – Assessment Amounts – Maximum Assessment.”

No plat has been filed for lots in Improvement Area #1 of the District. In the event that the combined tax rate for entities taxing Improvement Area #1 rises or the estimated buildout value of lots in Improvement Area #1 falls prior to the filing of a plat for Improvement Area #1, a mandatory prepayment of the Assessments could be triggered at the time of filing of the plat. Any mandatory prepayment of the Assessments related to the exceedance of the Maximum Assessment may trigger an optional redemption of the Initial Obligations by the County. See “DESCRIPTION OF THE INITIAL OBLIGATIONS – Redemption Provisions.”

Competition

The housing industry in the Dallas-Fort Worth area is very competitive, and none of the Developer, the County, the County’s Financial Advisor or the Underwriter can give any assurance that the building programs which are planned 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 other homebuilder in the construction and sale of single-family residential units is affected by most of the factors discussed in this section, and such competitive position is directly related to maintenance of market values in the District. 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 be able to compete with the Development. A sample of competitive projects near the Development, as provided by the Developer, is below.

<u>Project Name</u>	<u># of Units</u>	<u>Proximity to District (Miles)</u>	<u>Developer</u>	<u>Prices</u>
The Meadows	1,590	2.3	Shelton Enterprise, M/I, Tri-Point, FTH, and Centurion American	\$380,000
The Preserve	637	13.5	Justin 197 Partners (Trez)	\$325,990
Erickson Farms	183	7.4	Forestar Real Estate Group (for DR Horton)	\$373,000
Clairmont Estates	140	5.0	Bloomfield Homes	\$370,000

* Preliminary; subject to change.

Recent Changes in State Law Regarding Public Improvement Districts; Failure of Developer to Deliver Required Notice Pursuant to Texas Property Code May Affect Absorption Schedule and Provide for Prepayments Causing Partial Redemptions of Initial Obligations

The 87th Legislature passed HB 1543, which became effective September 1, 2021, and requires a person who proposes to sell or otherwise convey real property within a public improvement district to provide to the purchaser of the property, before the execution of a binding contract of purchase and sale, written notice of the obligation to pay public improvement district assessments, in accordance with Section 5.014, Texas Property Code, as amended. In the event a contract of purchase and sale is entered into without the seller providing the notice, the intended purchaser is entitled to terminate the contract or purchase and sale. If the Developer or homebuilders within Improvement Area #1 of the District 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 prepaid. In the event of such prepayment, a partial redemption of the Initial Obligations could occur. See "DESCRIPTION OF THE INITIAL OBLIGATIONS – Redemption Provisions." On payment of all damages respectively to the lienholders and purchaser pursuant to clause (i), the purchaser is required to reconvey the property to the seller. Further however, if the Developer or homebuilders within Improvement Area #1 of the District 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 form of notice to be provided to homebuyers is attached to the Service and Assessment Plan. See "APPENDIX B – Form of Service and Assessment Plan."

Completion of Homes

The cost and time for completion of homes by the homebuilders Improvement Area #1 is uncertain and may be affected by changes in national, regional and local and economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; changes in local, regional and national market and economic conditions; unanticipated development costs, market preferences and architectural trends; unforeseen environmental risks and controls; the adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds to buyers of the homes yet to be built in the Development, which may render the sale of such homes difficult or unattractive; acts of war, terrorism or other political instability; delays or inability to obtain governmental approvals; changes in laws; moratorium; force majeure (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages; inflation; adverse weather conditions; subcontractor defaults; and other unknown contingencies and factors beyond the control of the Developer or 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 in Improvement Area #1 of the District to pay the Assessments.

Risks Related to Current Increase in Costs of Building Materials

As a result of low supply, high demand, and the ongoing trade war, there have been substantial increases in the cost of materials, causing many homebuilders and general contractors to experience budget overruns. If the construction costs associated with completing homes in Improvement Area #1 of the District are substantially higher than the estimated costs or if the homebuilders within Improvement Area #1 of the District are unable to access building materials in a timely manner, it may affect the ability of such homebuilders in Improvement Area #1 of the District to complete the construction of homes or pay the Assessments when due. There is no way to predict whether

such cost increases or low supply of building materials will continue or if such continuance will affect the development of Improvement Area #1 of the District.

Loss of Tax Exemption

The First Supplement and the Second Supplement contain covenants by the County intended to preserve the exclusion from gross income of interest on the Initial Obligations for federal income tax purposes. As discussed under the caption “TAX MATTERS” herein, interest on the Initial Obligations could become includable in gross income for purposes of federal income taxation, retroactive to the date the Initial Obligations were issued, as a result of future acts or omissions of the County in violation of its covenants in the First Supplement and the Second Supplement.

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 Initial Obligations under Federal or state law and could affect the market price or marketability of the Initial Obligations. 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 Initial Obligations should consult their own tax advisors regarding the foregoing matters.

Bankruptcy

The payment of Assessments and the ability of the County 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 Initial Obligations, and the possibility that delinquent Assessments might not be paid in full.

Direct and Overlapping Indebtedness, Assessments and Taxes

The ability of an owner of property within Improvement Area #1 of the District to pay the Assessments could be affected by the existence of other taxes and assessments imposed upon the property. Public entities whose boundaries overlap those of 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 Improvement Area #1 of 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 Accounts of the Reserve Fund

Failure of the owners of property within Improvement Area #1 to pay the Assessments when due could result in the rapid, total depletion of the Senior Lien Reserve Account or the Junior Lien Reserve Account of the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Initial Obligations if sufficient amounts are not available in Senior Lien Reserve Account or the Junior Lien Reserve Account of the Reserve Fund. The Master Indenture will provide that if, after a withdrawal from the Senior Lien Reserve Account or the Junior Lien Reserve Account of the Reserve Fund, the amount in the Senior Lien Reserve Account or the Junior Lien Reserve Account is less than the Senior Lien Reserve Account Requirement or the Junior Lien Reserve Account Requirement, as applicable, the Trustee shall transfer an amount from the Pledged Revenue Fund to the Senior Lien Reserve Account or the Junior Lien Reserve Account of the Reserve Fund, as applicable, sufficient to cure such deficiency, as described under “SECURITY FOR THE OBLIGATIONS — Reserve Accounts of the Reserve Fund” herein.

Hazardous Substances

While governmental taxes, assessments and charges are a common claim against the value of a parcel, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value that may be realized to the assessment is a claim with regard to a hazardous substance. In general, the owners and operators of

a parcel may be required by law to remedy conditions relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or “Superfund Act,” is the most well-known and widely applicable of these laws. It is likely that, should any of the parcels of land located in Improvement Area #1 of the District be affected by a hazardous substance, the marketability and value of such 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 Developer for the remediation of a hazardous substance condition on the property in Improvement Area #1 of the District. The County has not independently verified, and is not aware, that the Developer has such a current liability with respect to its property; however, it is possible that such liabilities do currently exist and that the County is not aware of them.

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

See “THE DEVELOPMENT – Environmental” for discussion of the Phase One ESAs performed on property within the District.

Exercise of Third Party Property Rights

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

The Developer does not expect the existence or exercise of any Third Party Property Rights, mineral rights or related real property rights in or around Improvement Area #1 of 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 County, the Financial Advisor, or the Underwriter, provide any assurances as to such Developer expectations.

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.

Bondholders’ Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Initial Obligations or the occurrence of any other Event of Default under the Master Indenture, the Trustee may, and upon the written request of at least 25% of the owners of the Initial Obligations then Outstanding, the Trustee shall proceed to protect and enforce its rights and the rights of the owners of the Initial Obligations under the Master Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for mandamus or the specific performance of any covenant or agreement contained therein or in aid or execution of any power granted or for the enforcement of any proper legal or equitable remedy, as the Trustee shall deem most effectual to protect and enforce such rights. The issuance of a writ of mandamus may be sought if there is no other available

remedy at law to compel performance of the County's obligations under the Initial Obligations 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 Initial Obligations 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 Initial Obligations 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 Initial Obligations. The enforceability of the rights and remedies of the owners of the Initial Obligations 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 County. In this regard, should the County file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the County to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "BONDHOLDERS' RISKS — Bankruptcy Limitation to Bondholders' Rights" herein.

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

The County 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 County's sovereign immunity from a suit for money damages in the absence of County action, the Trustee or the owners of the Initial Obligations may not be able to bring such a suit against the County for breach of the Initial Obligations or the Master Indenture covenants. As noted above, the Master Indenture provides that owners of the Initial Obligations may exercise the remedy of mandamus to enforce the obligations of the County under the Master 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).

No Acceleration

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

Bankruptcy Limitation to Bondholders' Rights

The enforceability of the rights and remedies of the owners of the Initial Obligations 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 County. The County is authorized under Texas law to voluntarily proceed under

Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946. The County 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 County decides in the future to proceed voluntarily under the Federal Bankruptcy Code, the County would develop and file a plan for the adjustment of its debts, and the Bankruptcy Court would confirm the plan if (1) the plan complies with the applicable provisions of the Federal Bankruptcy Code, (2) all payments to be made in connection with the plan are fully disclosed and reasonable, (3) the County 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 Initial Obligations would be adjusted in accordance with the confirmed plan of adjustment of the County's debt. The County cannot predict a Bankruptcy Court's treatment of the Bondholders' creditor claim and whether a Bondholder would be repaid in full.

Tax-Exempt Status of the Initial Obligations

As further described in "TAX MATTERS" below, failure of the County 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 Initial Obligations to be included in the gross income of owners of the Initial Obligations for federal income tax purposes, possibly from the date of original issuance of the Initial Obligations. Further, the opinions of Bond Counsel are based on current legal authority, covers certain matters not directly addressed by such authorities, and represent Bond Counsel's judgment as to the proper treatment of interest on the Initial Obligations for federal income tax purposes. Such opinions are not binding on the Internal Revenue Service ("IRS") or the courts. The IRS has an ongoing program of auditing obligations that are issued and sold as bearing tax-exempt interest to determine whether, in the view of the IRS, interest on such obligations is included in the gross income of the owners thereof for federal income tax purposes. The IRS has focused certain of its audit efforts in the past on "developer-driven bond transactions," including certain tax increment financings and certain assessment bond transactions. In some audits, the IRS has asserted that interest on such "developer-driven" obligations can be taxable, in certain circumstances. It cannot be predicted if this IRS focus could lead to an audit of the Initial Obligations or what the result would be of any such audit. If an audit of the Initial Obligations is commenced, under current procedures parties other than the County 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 County legitimately disagrees, may not be practicable. Any action of the IRS, regardless of the outcome, including but not limited to selection of the Initial Obligations 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 Initial Obligations. Finally, if the IRS ultimately determines that the interest on the Initial Obligations is not excluded from the gross income of Bondholders for federal income tax purposes, the County may not have the resources to settle with the IRS, the Initial Obligations are not required to be redeemed, and the interest rate on the Initial Obligations will not increase.

Management and Ownership

The management and ownership of the Developer and related property owners could change in the future. Purchasers of the Initial Obligations 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 development projects comparable to that of the Development.

General Risks of Real Estate Investment and Development

Investments in undeveloped or developing real estate are generally considered to be speculative in nature and to involve a high degree of risk. The Development will be subject to the risks generally incident to real estate investments and development. Many factors that may affect the Development, as well as the operating revenues of the Developer, including those derived from the Development, are not within the control of the Developer. Such

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

Furthermore, the operating revenues of the Developer may be materially adversely affected if specific conditions in the lot purchase contracts are not met. Contracts that the Developer may have with individual homebuilders are subject to a myriad of contractual conditions and contingencies, all or some of which if not complied with, could precipitate a termination or winding up of such contractual arrangement for the sale of lots, causing the Developer to possibly need to execute a different strategy for the development and sale of lots and residential units within the Development. As described herein, the Assessments are an imposition against the land only. Neither the Developer nor any other subsequent landowner is a guarantor of the Assessments and the recourse for the failure of the Developer or any other landowner to pay the Assessments is limited to the collection proceedings against the land as described herein. Failure to meet any lot purchase contract's conditions may allow the applicable lot purchaser to terminate its obligation to purchase lots from the Developer and obtain its earnest money deposit back. See "THE DEVELOPMENT – Expected Build-Out and Home Prices in the District" herein.

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

A slowdown of the development process and the related absorption rate within the Development because of any or all of the foregoing could affect adversely land values. The timely payment of the Initial Obligations 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 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 Master Indenture.

Availability of Utilities

The progress of development within the District is also dependent upon the Tabor Ranch MUD and the water wells constructed by the Developer providing an adequate supply of water and for the WTP and the Tabor Ranch MUD and the WTP providing sufficient capacity for the collection and treatment of wastewater. If an adequate water supply cannot be sourced, or the Tabor Ranch MUD fails to supply water and wastewater services to the property in the District, the Development of the land in the District could be adversely affected. See "THE DEVELOPMENT — Utilities."

Dependence Upon Developer

The Developer, as the owner of the Assessed Parcels in Improvement Area #1 of the District, currently has the obligation for payment of the Assessments. The ability of the Developer to make full and timely payment of the Assessments will directly affect the ability of the County to meet its debt service obligations with respect to the Initial Obligations. There can be no assurances given as to the financial ability of the Developer to advance any funds to the County to supplement revenues from the Assessments if necessary, or as to whether the Developer will advance such funds.

Moreover, the County will pay the Developer, or the Developer's designee, from proceeds of the Initial Obligations for project costs actually incurred in developing and constructing the Improvement Area #1 Projects. See "THE IMPROVEMENT AREA #1 PROJECTS – General" and "THE DEVELOPMENT – Development Plan." There can be no assurances given as to the financial ability of the Developer to complete such improvements.

The Developer will not guarantee or otherwise be obligated to pay debt service on the Initial Obligations.

Potential Future Changes in State Law Regarding Public Improvement Districts

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

Agricultural Use Valuation and Redemption Rights

The majority of the land within the District is currently entitled to valuation for ad valorem tax purposes based upon its agricultural use. Under Texas law, an owner of land that is entitled to an agricultural valuation has the right to redeem such property after a tax sale for a period of two years after the tax sale by paying to the tax sale purchaser a 25% premium, if redeemed during the first year, or a 50% premium, if redeemed during the second year, over the purchase price paid at the tax sale and certain qualifying costs incurred by the purchaser. Although Assessments are not considered a tax under Texas law, the PID Act provides that the lien for Assessments may be enforced in the same manner as a lien for ad valorem taxes. This shared enforcement mechanism raises a possibility that the right to redeem agricultural valuation property may be available following a foreclosure of a lien for Assessments, though there is no indication in Texas law that such redemption rights would be available in such a case.

The Developer expects that the agricultural use valuations within Improvement Area #1 of the District will terminate in 2025.

Use of Appraisal

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

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

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

Risk from Weather Events

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

100-Year Flood Plain

According to FEMA FIRM No. 48121C0335G, dated April 18, 2011, approximately 45 acres of land located in the Major Improvement Area of the District are located in “Zone A,” a special flood hazard area subject to inundation by a 100-year flood. The Developer expects that all of such land will be used for open space.

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

Judicial Foreclosures

Judicial foreclosure proceedings are not mandatory; however, the County has covenanted (subject to provisions set forth in the Master Indenture) 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 Initial Obligations pending prosecution of the foreclosure proceedings and receipt by the County 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 Initial Obligations or such payment may not be made in full. Moreover, in filing a suit to foreclose, the County 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 Initial Obligations 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 Credit Rating

The County has not applied for or received a rating on the Initial Obligations. Even if a credit rating had been sought for the Initial Obligations, 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 Initial Obligations. There is no assurance that a secondary market for the Initial Obligations will develop or that holders who desire to sell their Initial Obligations 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.

Limited Secondary Market for the Initial Obligations

The Initial Obligations may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Initial Obligations in the event an Owner thereof determines to solicit purchasers for the Initial Obligations. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Initial Obligations may be sold. Such price may be lower than that paid by the current Owners of the Initial Obligations, 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.

TAX MATTERS

Tax Exemption

The delivery of the Initial Obligations is subject to the opinion of Bond Counsel to the effect that interest on the Initial Obligations for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of 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 County made in a certificate dated the Closing Date pertaining to the use, expenditure, and investment of the proceeds of the Initial Obligations and will assume continuing compliance by the County with the provisions of the Indenture subsequent to the issuance of the Initial Obligations. The Indenture contains covenants by the County with respect to, among other matters, the use of the proceeds of the Initial Obligations and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Initial Obligations 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 Initial Obligations to be includable in the gross income of the owners thereof from the date of the issuance of the Initial Obligations.

Bond Counsel's opinions are not a guarantee of a result, but represent its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the County described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinions of Bond Counsel, and Bond Counsel's opinions are 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 Initial Obligations is commenced, under current procedures the IRS is likely to treat the County as the "taxpayer," and the owners of the Initial Obligations 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 Initial Obligations, the County may have different or conflicting interests from the owners of the Initial Obligations. Public awareness of any future audit of the Initial Obligations could adversely affect the value and liquidity of the Initial Obligations 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 Initial Obligations. Prospective purchasers of the Initial Obligations should be aware that the ownership of tax-exempt obligations such as the Initial Obligations 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 Initial Obligations. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Initial Obligations.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Initial Obligations 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 Initial Obligations. Prospective purchasers of the Initial Obligations 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 Initial Obligations

The initial public offering price of certain Initial Obligations (the "Discount Initial Obligations") may be less than the amount payable on such Initial Obligations at maturity. An amount equal to the difference between the initial public offering price of a Discount Initial Obligation (assuming that a substantial amount of the Discount Initial Obligations 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 Initial Obligation. A portion of such original issue discount allocable to the holding period of such Discount Initial Obligation by the initial purchaser will, upon the disposition of such Discount Initial Obligation (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 Initial Obligations 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 Initial Obligation, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Initial Obligation 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 Initial Obligation by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Initial Obligation in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Initial Obligation was held) is includable in gross income.

Owners of Discount Initial Obligations should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Initial Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Initial Obligations. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Initial Obligations 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 Initial Obligations (the "Premium Initial Obligations") paid by an owner may be greater than the amount payable on such Initial Obligations at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Initial Obligation over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Initial Obligation 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 Initial Obligation. 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 Initial Obligation, the yield based on a call date that results in the lowest yield on the Initial Obligation).

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

LEGAL MATTERS

Legal Proceedings

Delivery of the Initial Obligations will be accompanied by the unqualified approving legal opinion of the Attorney General to the effect that the Initial Obligations are valid and legally binding obligations of the County 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 Initial Obligations, the legal opinion of Bond Counsel, to a like effect.

Norton Rose Fulbright US LLP serves as Bond Counsel to the County. Locke Lord LLP serves as Underwriter's Counsel. The legal fees paid to Bond Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Initial Obligations.

Legal Opinions

The County will furnish the Underwriter transcripts of certain certified proceedings incident to the authorization and issuance of the Initial Obligations. 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 Initial Obligations are valid and binding special obligations of the County. The County will also furnish the legal opinion of Bond Counsel, to the effect that, based upon an examination of such transcripts, the Initial Obligations are valid and binding special obligations of the County under the Constitution and laws of the State. The legal opinions of Bond Counsel will further state that the Initial Obligations, including principal thereof and interest thereon, are payable from and secured by a pledge of and lien on the Pledged Revenues. Bond Counsel will also provide a legal opinion to the effect that interest on the Initial Obligations 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." Copies of the opinions of Bond Counsel are attached hereto as "APPENDIX C —Forms of Opinions 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 Initial Obligations in the Limited Offering Memorandum under the captions or subcaptions "PLAN OF FINANCE — The Initial Obligations", "DESCRIPTION OF THE INITIAL OBLIGATIONS," "SECURITY FOR THE OBLIGATIONS" (except for the last paragraph under the subcaption "General"), "ASSESSMENT PROCEDURES" (except for the subcaptions "Assessment Methodology" and "Assessment Amounts"), "THE DISTRICT," "TAX MATTERS," "LEGAL MATTERS — Legal Proceedings," "LEGAL MATTERS — Legal Opinions," "INVESTMENTS," "CONTINUING DISCLOSURE — The County," "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS" and "APPENDIX A-1," "APPENDIX A-2," "APPENDIX A-3" and "APPENDIX C" and such firm is of the opinion that the information relating to the Initial Obligations, the Bond Order, the Assessment Order and the Indenture contained therein fairly and accurately describes the laws and legal issues addressed therein and, with respect to the Initial Obligations, such information conforms to the Bond Order, the Assessment Order and the Indenture.

The various legal opinions to be delivered concurrently with the delivery of the Initial Obligations 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 County

At the time of delivery and payment for the Initial Obligations, the County 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 County affecting the existence of the District, or seeking to restrain or to enjoin the sale or delivery of the Initial Obligations, the application of the proceeds thereof, in accordance with the Indenture, or the collection or application of Assessments securing the Initial Obligations, or in any way contesting or affecting the validity or enforceability of the Initial Obligations, the Assessment Order, the Indenture, any action of the County 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 County or its authority with respect to the Initial Obligations or any action of the County contemplated by any documents relating to the Initial Obligations.

Litigation — The Developer

At the time of delivery and payment for the Initial Obligations, 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 members or would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Initial Obligations, the Indenture, the Bond Order, the Service and Assessment Plan, the Construction, Funding, and Acquisition Agreement, the PID Financing Agreement, or the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (ii) the tax-exempt status of interest on the Initial Obligations (individually or in the aggregate, a “Material Adverse Effect”).

SUITABILITY FOR INVESTMENT

Investment in the Initial Obligations poses certain economic risks. See “BONDHOLDERS’ RISKS.” The Initial Obligations are not rated by any nationally recognized municipal securities rating service. No dealer, broker, salesman or other person has been authorized by the County 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.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Initial Obligations 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 Initial Obligations may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Initial Obligations will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors and enacted before or after such delivery.

NO RATING

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

CONTINUING DISCLOSURE

The County

Pursuant to Rule 15c2-12 of the United States Securities and Exchange Commission (the “Rule”), the County, the Administrator and Willdan Financial Services (in such capacity, the “Dissemination Agent”) will enter into a Continuing Disclosure Agreement (the “County Disclosure Agreement (Senior Lien)”) for the benefit of the Owners of the Series 2024A Bonds (including owners of beneficial interests in the Series 2024A Bonds) and a Continuing Disclosure Agreement (the “County Disclosure Agreement (Junior Lien)” and, together with the Disclosure Agreement of the Issuer (Senior Lien), the “County Disclosure Agreements”) for the benefit of the Owners of the Series 2024B Bonds (including owners of beneficial interests in the Series 2024B Bonds) to provide, by certain dates prescribed in the County Disclosure Agreements, certain financial information and operating data relating to the County (collectively, the “County Reports”). The specific nature of the information to be contained in the County Reports is set forth in “APPENDIX D-1 — Form of County Disclosure Agreement (Senior Lien)” and “APPENDIX D-2 — Form of County Disclosure Agreement (Junior Lien).” Under certain circumstances, the failure of the County to comply with its obligations under the County Disclosure Agreements constitutes an event of default thereunder. Such a default will not constitute an event of default under the Master Indenture, but such event of default under the County Disclosure Agreements would allow the Owners of the applicable series of Initial Obligations (including owners of beneficial interests in the applicable series of Initial Obligations) to bring an action for specific performance.

The County has agreed to update information and to provide notices of certain specified events only as provided in the County Disclosure Agreements. The County 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 County Disclosure Agreements. The County makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Initial Obligations at any future date. The County disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the County Disclosure Agreements or from any statement made pursuant to the County Disclosure Agreements.

The County’s Compliance with Prior Undertakings

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

The Developer

The Developer, the Administrator, and the Dissemination Agent will enter into a Continuing Disclosure Agreement (the “Developer Disclosure Agreement (Senior Lien)”) for the benefit of the Owners of the Series 2024A Bonds (including owners of beneficial interests in the Series 2024A Bonds) and a Continuing Disclosure Agreement (the “Developer Disclosure Agreement (Junior Lien)” and, together with the Developer Disclosure Agreement (Senior Lien), the “Developer Disclosure Agreement”) for the benefit of the Owners of the Series 2024B Bonds (including owners of beneficial interests in the Series 2024B Bonds), to provide, by certain dates prescribed in the Developer Disclosure Agreement, certain information regarding the Development and the Improvement Area #1 Projects (collectively, the “Developer Reports”). The specific nature of the information to be contained in the Developer Reports is set forth in “APPENDIX D-3 — Form of Developer Disclosure Agreement (Senior Lien)” and “APPENDIX D-4 — Form of Developer Disclosure Agreement (Junior Lien).” Under certain circumstances, the failure of the Developer or the Administrator to comply with its obligations under the Developer Disclosure Agreement constitutes an event of default thereunder. Such a default will not constitute an event of default under the Master Indenture, but such event of default under the Developer Disclosure Agreement would allow the Owners of the applicable series of Initial Obligations (including owners of beneficial interests in the applicable series of Initial Obligations) to bring an action for specific performance. The Developer Disclosure Agreements are voluntary agreements made for the benefit of the holders of the Initial Obligations and is not entered into pursuant to the Rule.

The Developer has agreed to provide (i) certain updated information to the Administrator, which consultant will prepare and provide such updated information in report form, and (ii) notices of certain specified events, only as provided in the Developer Disclosure Agreement. 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 Developer Disclosure Agreement. The Developer makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Initial Obligations 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 Developer Disclosure Agreement or from any statement made pursuant to the Developer Disclosure Agreement.

The Developer's Compliance with Prior Undertakings

The Developer has not entered into any previous undertakings to provide continuing disclosure.

UNDERWRITING

FMSbonds, Inc. (the "Underwriter") has agreed to purchase the Series 2024A Bonds from the County at a purchase price of \$_____ (the par amount of the Series 2024A 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 2024A Bonds the Underwriter will be obligated to purchase all of the Series 2024A Bonds. The Series 2024A Bonds may be offered and sold by the Underwriter at prices lower than the initial offering prices stated on the page i hereof, and such initial offering prices may be changed from time to time by the Underwriter.

The Underwriter has agreed to purchase the Series 2024B Bonds from the County at a purchase price of \$_____ (the par amount of the Series 2024B 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 2024B Bonds the Underwriter will be obligated to purchase all of the Series 2024B Bonds. The Series 2024B Bonds may be offered and sold by the Underwriter at prices lower than the initial offering prices stated on page iv 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 Initial Obligations 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 Initial Obligations have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Initial Obligations been qualified under the securities acts of any other jurisdiction. The County assumes no responsibility for qualification of the Initial Obligations under the securities laws of any jurisdiction in which the Initial Obligations may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Initial Obligations shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

The PID Act and Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provide that the Initial Obligations 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 Initial Obligations by municipalities or other political subdivisions or public agencies of the State, the PFIA requires that the Initial Obligations 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 Initial Obligations are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Initial Obligations are eligible to secure deposits to the extent of their market value. No review by the County has been made of the laws in other states to determine whether the Initial Obligations are legal investments for various institutions in those states. No representation is made that the Initial Obligations will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes.

The County 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 Initial Obligations for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Initial Obligations for such purposes.

INVESTMENTS

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

Under Texas law, the County is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the County selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the County selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the County appoints as its custodian of the banking deposits issued for its account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under Securities and Exchange Commission Rule 15c3-3; (9) certificates of deposit and share certificates (i) issued by or through an institution that either has its main office or a branch office in the State, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Insurance Fund, or are secured as to principal by obligations described in the clauses (1) through (6) or in any other manner and amount provided by law for County deposits, or (ii) where (a) the funds are invested by the County through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted by the County as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the County; (b) the broker or the depository institution selected by the County 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 County; (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 County appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the County with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the County, held in the County's name, and deposited at the time the investment is made with the County or with a third party selected and approved by the County and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the County, held

in the County's name and deposited at the time the investment is made with the County or a third party designated by the County; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less, (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (13) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (14) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that provide the County with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and comply with federal Securities and Exchange Commission Rule 2a-7, and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

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

Political subdivisions such as the County 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) of the first paragraph under this subcaption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than "A" or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (8) and (13) through (15) of the first paragraph under this subcaption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the governmental body, held in the name of the governmental body and deposited at the time the investment is made with the County or a third party designated by the County; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

Under Texas law, the County is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for County 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 County funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

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

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

INFORMATION RELATING TO THE TRUSTEE

The County 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 Initial Obligations, 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 County of any of the Initial Obligations authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Initial Obligations by the County. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Initial Obligations 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 Initial Obligations, the technical or financial feasibility of the project, or the investment quality of the Initial Obligations, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

Additional information about the Trustee may be found at its website at www.usbank.com. Neither the information on the Trustee’s website, nor any links from that website, is a part of this Limited Offering Memorandum, nor should any such information be relied upon to make investment decisions regarding the Initial Obligations.

SOURCES OF INFORMATION

General

The information contained in this Limited Offering Memorandum has been obtained primarily from the County'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 County 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 the sections captioned "PLAN OF FINANCE – Development Plan and Plan of Finance," "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", "CONTINUING DISCLOSURE – The Developer" and "– The Developer's Compliance with Prior Undertakings," and "APPENDIX F – Form of Construction, Funding, and Acquisition Agreement," has been provided by the Developer, and the Developer warrants and represents, solely with respect to information pertaining to the Developer, the Development and the Improvement Area #1 Projects that the information contained herein is true and correct and does not contain any untrue statement of material fact or omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they were made, not misleading. At the time of delivery of the Initial Obligations to the Underwriter, the Developer will deliver a certificate to this effect to the County and the Underwriter.

Experts

The information regarding the Service and Assessment Plan in this Limited Offering Memorandum has been provided by the Administrator and has been included in reliance upon the authority of such firm as experts in the field of development planning and finance.

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

Updating of Limited Offering Memorandum

If, subsequent to the date of the Limited Offering Memorandum, the County 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 Initial Obligations, the County 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 County to so amend or supplement the Limited Offering Memorandum will terminate when the County delivers the Initial Obligations to the Underwriter, unless the Underwriter notifies the County on or before such date that less than all of the Initial Obligations have been sold to ultimate customers; in which case the County's obligations hereunder will extend for an additional period of

time (but not more than 90 days after the date the County delivers the Initial Obligations) until all of the Initial Obligations 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 of 1933. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “anticipate,” “budget” or other similar words.

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

AUTHORIZATION AND APPROVAL

In the Bond Order, the Commissioners Court is expected to approve the form and content of this preliminary Limited Offering Memorandum and authorize and ratify the use of this preliminary Limited Offering Memorandum by the Underwriter in connection with the marketing and sale of the Initial Obligations, and approve the form and content of the final Limited Offering Memorandum.

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APPENDIX A-1

FORM OF MASTER INDENTURE

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MASTER INDENTURE OF TRUST

By and Between

DENTON COUNTY, TEXAS

and

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

DATED AS OF DECEMBER 1, 2024

SECURING

DENTON COUNTY, TEXAS,
TABOR RANCH PUBLIC IMPROVEMENT DISTRICT (IMPROVEMENT
AREA #1 PROJECT) OBLIGATIONS

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MASTER INDENTURE OF TRUST

THIS MASTER INDENTURE, dated as of December 1, 2024 is by and between DENTON COUNTY, TEXAS (the "County"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, DALLAS, TEXAS, as trustee (together with its successors, the "Trustee"). Capitalized terms used in the preambles and recitals and not otherwise defined shall have the meanings assigned thereto in Article I.

WHEREAS, a petition was submitted and filed with the County Clerk of the County (the "County Clerk") pursuant to the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended (the "PID Act"), requesting the creation of a public improvement district located within the County and not within the corporate limits nor the extraterritorial jurisdiction of any city, to be known as the Tabor Ranch 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 Denton 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 March 5, 2024, after due notice, the Denton County Commissioners Court (the "Commissioners Court") 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 March 5, 2024, the Commissioners Court made the findings required by Section 372.009(b) of the PID Act and, by a resolution adopted by a majority of the members of the Commissioners Court, 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 March 5, 2024, the County Clerk filed a copy of the resolution creating the District with the county clerk of Denton County, in which all of the District is located in accordance with the provisions of the PID Act; and

WHEREAS, no written protests of the District from any owners of record of property within the District were filed with the County Clerk within 20 days after March 5, 2024; and

WHEREAS, the District is not within the corporate limits nor the extraterritorial jurisdiction of any city, and no objection was made by any city to the establishment of the District within 30 days of the County's action to approve the District; and

WHEREAS, on October 29, 2024, the Commissioners Court made findings and determinations by a resolution 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 November 19, 2024 and directed County staff to (i) file said proposed assessment roll with the County Clerk and to make it available for public inspection as required by Section 372.016(b) of the PID Act, and (ii) publish and mail such notice relating to the November 19, 2024 hearing as required by Section 372.016(b) of the PID Act; and

WHEREAS, on November 2, 2024, the Commissioners Court, pursuant to Section 372.016(b) of the PID Act, published notice of the public hearing in the *Denton Record-Chronicle*, a newspaper of general circulation in the County, 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 Commissioners Court, 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 Commissioners Court opened and convened the hearing on November 19, 2024 and at such public hearing all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the proposed Service and Assessment Plan, the proposed Improvement Area #1 Assessment Roll and the proposed Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessments, the allocation of estimated costs of the Improvement Area #1 Projects to the Assessed Property within Improvement Area #1 of the District, 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 County Clerk in opposition to the Service and Assessment Plan, the allocation of estimated costs of the Improvement Area #1 Projects to the Assessed Property within Improvement Area #1, the Improvement Area #1 Assessment Roll, and the levy of the Assessments; and

WHEREAS, the Commissioners Court closed the hearing, and, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the County, the Commissioners Court found and determined that the Assessments should be levied as provided in the Service and Assessment Plan and the County approved the Assessment Order which levied the Assessments and approved the Service and Assessment Plan, in conformity with the requirements of the PID Act; and

WHEREAS, the County Clerk filed a copy of the Assessment Order and the Service and Assessment Plan as an exhibit to the Assessment Order, not later than the seventh day after the date the Commissioners Court approved the Assessment Order and the Service and Assessment Plan with the County Clerk of Denton County; and

WHEREAS, the Commissioners Court 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 Obligations 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 Obligations, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Obligations; and

WHEREAS, the Commissioners Court now desires to issue revenue bonds, in accordance with the PID Act, and in accordance with any Supplemental Indenture to this Master Indenture, such bonds being payable solely from the Trust Estate and for the purposes set forth in this Master Indenture and the applicable Supplemental Indenture; and

WHEREAS, Obligations issued under the PID Act, this Master Indenture, and any Supplemental Indentures are special obligations of the County, do not constitute a debt of the County or a pledge of the faith and credit of the County and such Obligations are payable by the County solely from the amounts pledged to pay such Obligations and the interest thereon as provided in this Master Indenture and any Supplemental Indenture, and the faith and credit and

the taxing power of the County are not pledged to the payment of the principal of or interest on the Obligations herein authorized; and

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

THIS MASTER INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Obligations 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 County has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners from time to time of the Obligations 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 Master Indenture, the following terms shall have the meanings specified below:

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

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

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

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

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

“Administrator” means the County or the person or independent firm designated by the County who shall have the responsibilities provided in the Service and Assessment Plan, this Master Indenture, or any other agreement or document approved by the County related to the

duties and responsibilities of the administration of the District. The initial Administrator is Willdan Financial Services.

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

“Annual Debt Service” means, for each Bond Year, the sum of (i) the interest due on the Outstanding Obligations in such Bond Year, assuming that the Outstanding Obligations are retired as scheduled (including by reason of Sinking Fund Installments), and (ii) the principal amount of the Outstanding Obligations 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 Exhibit E-1 and related to the Improvement Area #1 Projects and as set forth on Exhibit E-2 of the Service and Assessment Plan; which annual payment includes the Additional Interest and the Annual Collection Costs collected on each annual payment of the Assessments as respectively described in Sections 6.7 and 6.9 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 and as approved by the Commissioners Court.

“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 County 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 Order in accordance with the Service and Assessment Plan.

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

“Assessment Order” means the order adopted by the Commissioners Court on November 19, 2024, 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, 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 County 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 Obligation is less than \$100,000, then the Authorized Denomination of such Outstanding Obligation shall be the amount of such Outstanding Obligation.

“Authorized Improvements” means improvements authorized by Section 372.003 of the PID Act, including, but not limited to the Improvement Area #1 Projects, district formation expenses, first year annual collection costs, and bond issuance costs, listed in Section IV of the Service and Assessment Plan or an Annual Service Plan Update.

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

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

“Bond Year” means the one-year period beginning on December 31 in each year and ending on December 30 in the following year.

“Book-Entry Obligations” means all of the Obligations subject to the Book-Entry-Only System.

“Book-Entry-Only System” means a system similar to the system described herein pursuant to which Obligations are registered as Book-Entry Obligations.

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

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

“County Representative” means any official or agent of the County authorized by the Commissioners Court to undertake the action referenced herein.

“Closing Date” means the date of the initial delivery of and payment for each series of Obligations.

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

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

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

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named in this Master 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 County and such successor.

“Developer” means Tabor 380 Development, LLC, a Texas limited liability company, and any successors or assigns thereof that intend to develop the property in the District for the ultimate purpose of transferring title to end users.

“District Administration Account” means the Account of such name established pursuant to Section 6.1 and administered as provided in Section 6.9.

“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.

“Event of Default” shall have the meaning assigned to such term in Section 11.1 hereof.

“Foreclosure Proceeds” means the proceeds, including interest and penalty interest, received by the County 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 Master Indenture.

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

“Improvement Area #1 Assessment Roll” means the assessment roll attached as Exhibit E-1 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 Obligations 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 “Tabor Ranch Public Improvement District Improvement Area #1 Projects Construction, Funding,

and Acquisition Agreement” by and between the County and the Developer dated as of November 19, 2024, which provides, in part, for the deposit of proceeds from the issuance and sale of the Obligations and the payment of costs of Improvement Area #1 Projects within the District, and other matters related thereto.

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

“Improvement Area #1 Projects” means the Improvement Area #1 Improvements and the pro rata portion of the Major Improvements allocable to the Assessed Property within Improvement Area #1.

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

“Initial Bond” means, with respect to the Obligations, the Initial Bond set forth in an exhibit to the respective Supplemental Indenture.

“Initial Obligations” means the County’s bonds authorized to be issued by Section 2.2 of this Master Indenture and each applicable Supplemental Indenture entitled “Denton County, Texas, Senior Lien Special Assessment Revenue Bonds, Series 2024A (Tabor Ranch Public Improvement District Improvement Area #1 Project)” and “Denton County, Texas, Junior Lien Special Assessment Revenue Bonds, Series 2024B (Tabor Ranch Public Improvement District Improvement Area #1 Project).”

“Interest Payment Date” means the date or dates upon which interest on any series of Obligations is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being on June 30 and December 31 of each year, commencing June 30, 2025 and terminating as provided in the respective Supplemental Indenture.

“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 County’s official investment policy as approved by the Commissioners Court from time to time.

“Junior Lien Additional Interest Reserve Account” means the Account of such name established pursuant to a Supplemental Indenture pertaining to the Junior Lien Bonds.

“Junior Lien Additional Interest Reserve Account Requirement” shall have the meaning set forth in any Supplemental Indenture pertaining to the Junior Lien Bonds.

“Junior Lien Bonds” means the County’s bonds authorized to be issued by Section 2.2 of this Master Indenture and the applicable Supplemental Indenture which shall be secured by the Trust Estate, subject to the first and prior lien against the Trust Estate securing the Senior Lien Bonds, as provided in Section 2.1(b)(ii) of this Master Indenture.

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

“Junior Lien Capitalized Interest Account” means the Account of such name established pursuant to a Supplemental Indenture pertaining to the Junior Lien Bonds.

“Junior Lien Costs of Issuance Account” means the Account of such name established pursuant to a Supplemental Indenture pertaining to the Junior Lien Bonds.

“Junior Lien Improvement Area #1 Projects Account” means the Account of such name established pursuant to a Supplemental Indenture pertaining to the Junior Lien Bonds.

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

“Junior Lien Reserve Account” means the Account of such name established pursuant to a Supplemental Indenture pertaining to the Junior Lien Bonds.

“Junior Lien Reserve Account Requirement” shall have the meaning set forth in any Supplemental Indenture pertaining to the Junior Lien Bonds.

“Junior Lien Supplemental Security” shall have the meaning set forth in any Supplemental Indenture pertaining to the Junior Lien Bonds.

“Major Improvements” mean Authorized Improvements that confer a special benefit to all of the assessed property within the District, as further described in Section IV.A and depicted on Exhibit G of the Service and Assessment Plan.

“Master Indenture” means this Master Indenture of Trust as originally executed, or as it may be amended from time to time.

“Maximum Annual Debt Service” means, with respect to a series of Obligations, the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of such Outstanding Obligations.

“Obligation” means any of the Obligations.

“Obligations” means the Outstanding Senior Lien Bonds, the Outstanding Junior Lien Bonds, and any Outstanding Refunding Bonds hereafter issued pursuant to and secured under this Master Indenture and any applicable Supplemental Indenture.

“Outstanding” means, as of any particular date when used with reference to all Obligations or a series of Obligations, as applicable, authenticated and delivered under this Master Indenture or any Supplemental Indenture except (i) any Obligation that has been canceled by the Trustee (or has been delivered to the Trustee for cancellation) at or before such date, (ii) any Obligation for which the payment of the principal or Redemption Price of and interest on such Obligation shall have been made as provided in Article IV, and (iii) any Obligation in lieu of or in substitution for which a new Obligation shall have been authenticated and delivered pursuant to Section 3.5 herein.

“Owner” means the Person who is the registered owner of an Obligation or Obligations, as shown in the Register, which shall be Cede & Co., as nominee for DTC, so long as the

Obligations are in book-entry-only form and held by DTC as securities depository in accordance with Section 3.5 herein.

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

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

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

“Pledged Funds” means the Pledged Revenue Fund, the Redemption Fund and, with respect to the Senior Lien Bonds, any Senior Lien Supplemental Security, and, with respect to the Junior Lien Bonds, any Junior Lien Supplemental Security.

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

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

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

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

“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 first 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 Obligation 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 Senior Lien Bonds or Outstanding Junior Lien Bonds. Such bonds shall either be issued on parity with the Senior Lien Bonds, including bonds

issued as Senior Lien Additional Bonds, or issued on parity with the Junior Lien Bonds pursuant to the terms of this Master Indenture and the applicable Supplemental Indenture.

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

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

“Senior Lien Additional Bonds” shall means Obligations 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), and in accordance with the terms set forth herein or in a Supplemental Indenture or otherwise to refund outstanding Junior Lien Bonds on a senior lien basis and following issuance, the Senior Lien Additional Bonds shall be secured by a lien on and pledge of the Trust Estate and any Senior Lien Supplemental Security on parity with the Senior Lien Bonds and any Refunding Bonds issued to refund the Senior Lien Bonds and shall be treated as Senior Lien Bonds for all purposes under this indenture.

“Senior Lien Additional Interest Reserve Account” means the Account of such name established pursuant to a Supplemental Indenture pertaining to the Senior Lien Bonds.

“Senior Lien Additional Interest Reserve Account Requirement” shall have the meaning set forth in any Supplemental Indenture pertaining to the Senior Lien Bonds.

“Senior Lien Bonds” means any of the County's bonds authorized to be issued by Section 2.2 of this Master Indenture and each applicable Supplemental Indenture and secured by a first and prior lien on the Trust Estate, as provided in Section 2.1(b)(i) of this Master Indenture.

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

“Senior Lien Capitalized Interest Account” means the Account of such name established pursuant to a Supplemental Indenture pertaining to the Senior Lien Bonds.

“Senior Lien Costs of Issuance Account” means the Account of such name established pursuant to a Supplemental Indenture pertaining to the Senior Lien Bonds.

“Senior Lien Improvement Area #1 Projects Account” means the Account of such name established pursuant to a Supplemental Indenture pertaining to the Senior Lien Bonds.

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

“Senior Lien Reserve Account” means the Account of such name established pursuant to a Supplemental Indenture pertaining to the Senior Lien Bonds.

“Senior Lien Reserve Account Requirement” shall have the meaning set forth in any Supplemental Indenture pertaining to the Senior Lien Bonds.

“Senior Lien Supplemental Security” shall have the meaning set forth in any Supplemental Indenture pertaining to the Senior Lien Bonds.

“Service and Assessment Plan” means the “Tabor Ranch Public Improvement District Service and Assessment Plan” dated November 19, 2024, including the Improvement Area #1 Assessment Roll, as hereinafter amended, updated, and/or restated by an Annual Service Plan Update or otherwise, a version of which is attached as an exhibit to the Assessment Order.

“Sinking Fund Installment” means the amount of money to redeem or pay at maturity the principal of Obligations payable from such installments at the times and in the amounts provided in the applicable Supplemental Indenture.

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

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

“Supplemental Security” means the Funds and/or Accounts pledged to the repayment of a series of Obligations as more particularly specified in the applicable Supplemental Indenture relating to the series of Obligations, pursuant to Section 2.1(a)(ii) hereof, and as established pursuant to Section 6.1(e) hereof pursuant to an applicable Supplemental Indenture. Such term includes the Senior Lien Supplemental Security and the Junior Lien Supplemental Security.

“Tax Certificate” means the Certificate as to Tax Exemption delivered by the County on the Closing Date for each series of the Obligations 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 Obligations will be used in a manner that would cause the interest on such Obligations to be included in the gross income of the Owners thereof for Federal income tax purposes.

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

Section 1.2. Findings.

The declarations, determinations, and findings declared, made and found in the preamble to this Master 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 Master 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 Master 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 Master Indenture unless the context shall require otherwise.

(d) This Master 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 Master Indenture.

ARTICLE II

AUTHORIZATION OF THE OBLIGATIONS

Section 2.1. Granting Clauses.

(a) In order to secure the payment of debt service on all Obligations, and the performance and observance by the County of all the covenants expressed or implied herein, the County does hereby grant to the Trustee a security interest in, mortgage, create a first lien on, and pledge to the Trustee, all of its right, title, and interest, whether now owned or hereafter acquired, in, to, and under the following (the "Trust Estate"):

(i) All Pledged Revenues, in the order of priority set forth in subsection (b) below and payable according to the priority set out in Section 6.3(a) hereof, and all moneys and investments held in the Pledged Funds (including any Supplemental Security, payable as specified in the applicable Supplemental Indenture relating such series of Obligations), including any and all proceeds thereof and any contract or any evidence of indebtedness relating thereto or other rights of the County to receive any such moneys or investments, whether now existing or hereafter coming into existence, and whether now or hereafter acquired; and

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

(b) Pledged Revenues shall be paid in the following order of priority:

(i) FIRST: for the payment of the Senior Lien Bonds and the interest thereon and as security for the satisfaction of any other obligation assumed by the County in this

Master Indenture in connection with the Senior Lien Bonds, and for the equal and proportionate benefit and security of all and singular present and future Owners of the Senior Lien Bonds entitled to the benefit of this Master Indenture, in accordance with priorities and distinctions as to lien as set forth in this Master Indenture; provided that, the Trustee shall apply the security pledged hereunder to the payment of the principal of, and interest on, and other payments with respect to the Senior Lien Bonds (including any required deposits to the Reserve Fund for the benefit of the Senior Lien Bonds as set forth in any Supplemental Indenture pertaining to the Senior Lien Bonds) and for the purposes and uses and in the order of priority set forth herein prior to the payment of the principal of, and interest on, and other payments with respect to the Junior Lien Bonds; and

(ii) SECOND: subject to the security interest pledged for the security and payment of the Senior Lien Bonds, for the payment of the Junior Lien Bonds and the interest thereon and as security for the satisfaction of any other obligation assumed by the County in this Master Indenture in connection with the Junior Lien Bonds, and for the equal and proportionate benefit and security of all and singular present and future Owners of the Junior Lien Bonds entitled to the benefit of this Master Indenture, in accordance with the priorities and distinctions as to lien as set forth in this Master Indenture; provided that, the Trustee shall apply the security pledged hereunder to the payment of the principal of, and interest on, and other payments with respect to the Junior Lien Bonds (including any required deposits to the Reserve Fund for the benefit of the Junior Lien Bonds as set forth in any Supplemental Indenture pertaining to the Junior Lien Bonds) and for the purposes and uses and in the order of priority set forth herein and junior and subordinate to the payment of the principal of, and interest on, and other payments with respect to the Senior Lien Bonds.

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

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

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

Section 2.2. Obligations.

(a) The Obligations of the County are hereby authorized to be issued and delivered for the purposes authorized by law pursuant to the provisions of this Master Indenture and one or more Supplemental Indentures, including for (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) paying a portion of the interest on the Obligations 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 Obligations, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying costs of issuance.

(b) Subject to the requirements of Section 2.8 hereof, Refunding Bonds issued to refund Outstanding Obligations of the County are hereby authorized to be issued and delivered pursuant to the provisions of this Master Indenture and one or more Supplemental Indentures.

(c) Immediately after the delivery of any Obligations issued under this Section, the County shall deposit the proceeds thereof, if any, (including accrued interest, if any, collected at the time of the delivery of such Obligations) with the Trustee, and the Trustee shall deposit the proceeds as provided in this Master Indenture and the applicable Supplemental Indenture or as otherwise directed by a County Certificate.

Section 2.3. Designation of Obligations.

Each Obligation shall be designated as provided in the respective Supplemental Indenture authorizing such Obligation and shall be of the parity specified therein and in accordance with Section 2.1(b) hereof.

Section 2.4. Details of Obligations.

(a) The respective Supplemental Indentures authorizing each series of Obligations shall provide the terms of the Obligations, including the dated dates, parity, interest rates, Interest Payment Dates, principal amounts, principal payment dates, prepayment, and redemption terms and other terms as provided therein.

(b) Notwithstanding subsection (a) of this Section, the Supplemental Indentures authorizing any series of Obligations shall contain the following terms:

(i) The date the Obligations shall be dated, the Authorized Denominations of the series of Obligations, the form of the Obligations which shall be issued in fully registered form and numbered.

(ii) The principal (including any principal amounts to be redeemed on a mandatory sinking fund redemption date) of the Obligations, each of which shall mature on December 31 of the years in which principal is schedule to mature.

(iii) The dates on which interest shall accrue and be paid on each Obligation from the later of the Closing Date of the Obligations or the most recent Interest Payment Date to which interest has been paid or provided for, and the rate per annum at which interest shall accrue until the principal thereof has been paid on the maturity date specified in the applicable Supplemental Indenture or otherwise provided for. Unless otherwise provided in a Supplemental Indenture, interest on the Obligations shall be payable semiannually on June 30 and December 31 of each year, commencing on the date

specified in the respective Supplemental Indenture and computed on the basis of a 360-day year of twelve 30-day months.

(iv) The terms by which each series of the Obligations shall be subject to mandatory sinking fund redemption, optional redemption, and extraordinary optional redemption prior to maturity, each as provided in Article IV herein.

Section 2.5. Interest on Obligations.

The unpaid principal balance of the Obligations shall bear interest, and the interest shall be payable, all in the manner provided and at the rates and on the dates stated in the respective Supplemental Indenture authorizing the Obligations.

Section 2.6. Form of Obligations.

The form of the Obligations, including the form of registration certificate of the Comptroller of Public Accounts of the State to be endorsed on the Obligation, shall be established as provided in each respective Supplemental Indenture.

Section 2.7. Security for the Obligations.

The Senior Lien Bonds and Refunding Bonds issued either to refund Outstanding Senior Lien Bonds or as Senior Lien Additional Bonds, as to both principal and interest, are and shall be equally and ratably secured by and payable from the Trust Estate, consisting primarily of 1) a first lien on and pledge of the Pledged Revenues and 2) the Senior Lien Supplemental Security.

The Junior Lien Bonds and Refunding Bonds issued on a junior lien level to refund Outstanding Junior Lien Bonds, as to both principal and interest, are and shall be secured by and payable from the Trust Estate, consisting primarily of 1) a lien on and pledge of the Pledged Revenues subordinate to any Senior Lien Bonds (including any Senior Lien Additional Bonds) and 2) the Junior Lien Supplemental Security.

Texas Government Code, Chapter 1208, as amended, applies to the issuance of the Obligations and the pledge of the Trust Estate granted by the County under this Master Indenture, and such pledge is therefore valid, effective and perfected from and after the Closing Date. If Texas law is amended at any time while the Obligations are Outstanding such that the pledge of the Trust Estate granted by the County under this Master 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 Obligations the perfection of the security interest in said pledge, the County 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 2.8. Refunding Bonds.

(a) This Section 2.8 shall not be applicable to the issuance of any Obligations which constitute all or a portion of the Initial Obligations.

(b) The County reserves the right to issue Refunding Bonds to refund Outstanding Senior Lien Bonds so long as such pledge is on parity with the pledge of the Trust Estate securing payment of the then Outstanding Senior Lien Bonds. Furthermore, the County has reserved the

right to issue Refunding Bonds to refund Junior Lien Bonds either (i) as Senior Lien Additional Bonds (subject to the provisions set forth in Section 2.8(d) below) so long as such pledge is on parity with the pledge of the Trust Estate securing payment of the then Outstanding Senior Lien Bonds or (ii) as additional Junior Lien Bonds, so long as such pledge is on parity with the pledge of Trust Estate securing payment of the then Outstanding Junior Lien Bonds.

(c) Other than Refunding Bonds issued to refund all or a portion of the Obligations, including any Senior Lien Additional Bonds issued in accordance with the provisions set forth in Section 2.8(d) below, the County will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate or any portion thereof, and will not do or omit to do or suffer to be or omit to be done any matter or things whatsoever whereby the lien of this Master Indenture or the priority hereof might or could be lost or impaired.

(d) Senior Lien Additional Bonds may be issued, as Refunding Bonds to refund any Outstanding Junior Lien Bonds, only in accordance with the conditions set forth below:

(i) The Trustee shall receive a certificate from the County Representative certifying that (A) the County is not in default in the performance and observance of any of the terms, provisions and conditions applicable to the County contained in this Master Indenture or any Supplemental Indenture and (B) the Developer is not delinquent with respect to fees or any other funds or commitments to be paid to the County in accordance with the Improvement Area #1 Construction, Funding, and Acquisition Agreement;

(ii) The Trustee and the County 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), if applicable;

(iii) The Trustee shall receive a certificate from the County or the Developer through an authorized representative, certifying that no less than 75% certificates of occupancy have been issued for single-family lots located within Improvement Area #1 of the District;

(iv) Amounts on deposit in the Senior Lien Reserve Account of the Reserve Fund shall equal the Senior Lien Reserve Account Requirement after giving effect to the issuance of the proposed series of Senior Lien Additional Bonds and the deposit of any proceeds of such Senior Lien Additional Bonds;

(v) The issuance of such Senior Lien Additional Bonds shall not cause the amount of the Annual Installments to be collected in any year after the issuance of such bonds to exceed the amount of the Annual Installments collected in such year as of the issuance of such Senior Lien Additional Bonds. The Senior Lien Reserve Account Requirement shall be increased by an amount equal to twenty-five percent (25%) of the Maximum Annual Debt Service on the proposed Senior Lien Additional Bonds to be issued as of the Closing Date of such series of Senior Lien Additional Bonds; provided, however, that the Senior Lien Reserve Account Requirement will not be increased by more than 10% of the principal amount of the Senior Lien Additional Bonds (or if the Senior Lien Additional Bonds are issued with more than 2% net original issue discount or premium, 10% of the proceeds of the Senior Lien Additional Bonds); provided further, however, the Senior Lien Reserve Account Requirement shall not exceed the least of (i) Maximum Annual Debt Service on the Senior Lien Bonds, (ii) 125% of average Annual Debt Service

on the Senior Lien Bonds, or (iii) 10% of the lesser of the principal amount of the Outstanding Senior Lien Bonds or the combined original issue price of the Senior Lien Bonds; and

(vi) The maximum principal amount of Senior Lien Additional Bonds that may be issued, subject to the approval of the County, in total, is the lesser of (i) the then Outstanding principal balance of the Junior Lien Bonds being refunding and (ii) the then outstanding Assessments, less the Assessments required to pay the principal of the Senior Lien Bonds then Outstanding, after giving effect to the proposed Senior Lien Additional Bonds.

ARTICLE III

GENERAL TERMS AND PROVISIONS REGARDING THE OBLIGATIONS

Section 3.1. Limited Obligations.

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

Section 3.2. Authorization for Indenture.

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

Section 3.3. Contract with Owners and Trustee.

(a) The purposes of this Master 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 Obligations and to prescribe the rights of the Owners, and the rights and duties of the County and the Trustee.

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

Section 3.4. Conditions Precedent to Delivery of Obligations.

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

the Trustee of the documents specified in the respective Supplemental Indenture authorizing such Obligations.

Section 3.5. Registration, Transfer, Payment, Substitution and Description of Obligations.

The Obligations 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 County to DTC. On the Closing Date, the definitive Obligations 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 Obligations registered in the name of Cede & Co., as nominee of DTC, the County 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 Obligations. Without limiting the immediately preceding sentence, the County 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 Obligations, (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 Obligations, 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 Obligations. Notwithstanding any other provision of this Indenture to the contrary, the County and the Paying Agent/Registrar shall be entitled to treat and consider the Person in whose name each Obligation is registered in the Register as the absolute owner of such Obligation for the purpose of payment of principal of, premium, if any, and interest on Obligations, for the purpose of giving notices of redemption and other matters with respect to such Obligation, for the purpose of registering transfer with respect to such Obligation, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Obligations 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 County's obligations with respect to payment of principal of, premium, if any, and interest on the Obligations 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 County to make payments of amounts due pursuant to this Master 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 Master 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 Master Indenture shall refer to such new nominee of DTC.

ARTICLE IV

REDEMPTION OF OBLIGATIONS BEFORE MATURITY

Section 4.1. Limitation on Redemption.

The Obligations shall be subject to mandatory redemption, optional redemption, extraordinary redemption and partial redemption before their scheduled maturity only as provided in this Article IV and the provisions of the applicable Supplemental Indenture authorizing such Obligations.

Section 4.2. Extraordinary Optional Redemption.

Notwithstanding any provision in this Master Indenture to the contrary, the County reserves the right and option to redeem Obligations before their respective scheduled maturity dates, in whole or in part and in an amount and on a date specified in a County Certificate, at the Redemption Price of such Obligations, 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 Master Indenture), any other transfers to the Redemption Fund under the terms of this Master Indenture, or as a result of unexpended amounts transferred from the Project Fund pursuant to the terms of this Master Indenture. The redemption of Obligations as a result of Prepayments will be allocated on a pro rata basis between the Senior Lien Bonds and the Junior Lien Bonds based on the principal amount of Outstanding Senior Lien Bonds and Outstanding Junior Lien Bonds at the time of receipt of the Prepayment. The County will provide the Trustee a County Certificate directing the Obligations to be redeemed pursuant to this Section 4.2 in accordance with the provisions of Section 4.4 hereof.

Section 4.3. Partial Redemption.

(a) If less than all of a series of Obligations are to be redeemed pursuant to Sections 4.1 or 4.2, or pursuant to the respective Supplemental Indenture authorizing such Obligations, such Obligations shall be redeemed in minimum principal amounts of \$1,000 or any integral multiple thereof. Each Obligation shall be treated as representing the number of bonds that is obtained by dividing the principal amount of such series of Obligations by \$1,000. No redemption shall result in an Obligation in a denomination of less than the Authorized Denomination in effect at that time; provided, however, if the amount of the Outstanding Obligation is less than an Authorized Denomination after giving effect to such partial redemption, an Obligation in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued.

(b) If less than all Obligations are called for extraordinary optional redemption pursuant to Section 4.2 hereof or the provisions of the applicable Supplemental Indenture, the Obligations or portion of an Obligation, as applicable, redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Obligations and within each such series, as selected by the County using any method that results in random selection and in accordance with a County Certificate delivered to the Trustee.

(c) If less than all of a series of Obligations are called for optional or mandatory redemption pursuant to the provisions of the applicable Supplemental Indenture, then the amount of such series of Obligations or portion of an Obligation to be redeemed, as applicable, shall be selected by the County using any method that results in random selection and in accordance with a County Certificate delivered to the Trustee.

(d) Upon surrender of any Obligation for redemption in part, the Trustee, in accordance with Section 3.5 of this Master Indenture and the provisions of the applicable Supplemental Indenture authorizing such Obligations, shall authenticate and deliver an exchange Obligation or Obligations of the same series and in an aggregate principal amount equal to the unredeemed portion of the Obligation so surrendered, such exchange being without charge.

Section 4.4. Notice of Redemption to Owners.

(a) The Trustee shall give notice of any redemption of Obligations 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 Obligation or portion thereof to be redeemed, at the address shown in the Register. So long as the Obligations are Book-Entry Obligations and held by DTC as security depository, references to Owner in this Master Indenture mean Cede & Co., as nominee for DTC.

(b) The notice shall state the redemption date, the Redemption Price, the place at which the Obligations are to be surrendered for payment, and, if less than all the Outstanding Obligations are to be redeemed, and subject to Section 4.3 hereof, an identification of the Obligations 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 Obligation 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 County has the right to rescind any optional redemption or extraordinary optional redemption described in Section 4.2 or in the respective Supplemental Indenture authorizing such Obligations 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 Obligations then called for redemption, and such cancellation shall not constitute an Event of Default under the Master Indenture or pursuant to the terms of the respective Supplemental 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 Obligations, unless the Trustee has received funds sufficient to pay the Redemption Price of the Obligations to be redeemed before giving of a notice of redemption, the notice may state the County 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 County shall not redeem the Obligations and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Obligations have not been redeemed.

Section 4.5. Payment Upon Redemption.

(a) The Trustee shall make provision for the payment of the Obligations 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 County and shall use such funds solely for the purpose of paying the Redemption Price on the Obligations being redeemed.

(b) Upon presentation and surrender of any Obligation 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 Obligation to the date of redemption from the moneys set aside for such purpose.

Section 4.6. Effect of Redemption.

Notice of redemption having been given as provided in Section 4.4 of this Master Indenture, the Obligations 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 Obligations to the date fixed for redemption are on deposit with the Trustee; thereafter, such Obligations or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Obligations are presented and surrendered for payment on such date.

ARTICLE V

FORM OF THE OBLIGATIONS

Section 5.1. Form Generally.

(a) The Obligations, 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 Obligations, (i) shall be, with respect to the Obligations, substantially in the form set forth in the Supplemental Indenture authorizing such Obligations with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by the Supplemental 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 County or by the officers executing such Obligations, as evidenced by their execution thereof.

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

(c) The definitive Obligations 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 Obligations, 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 County 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 Obligations. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Obligations shall be of no significance or effect as regards the legality thereof; and none of the County, the Trustee, nor the attorneys approving said Obligations as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Obligations.

Section 5.3. Legal Opinion.

The approving legal opinion of Bond Counsel may be printed on or attached to each Obligation over the certification of the County Clerk of the County, 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 Master Indenture:

- (i) Pledged Revenue Fund;
- (ii) Bond Fund;
- (iii) Project Fund;
- (iv) Reserve Fund;
- (v) Redemption Fund;
- (vi) Rebate Fund; and
- (vii) Administrative Fund.

(b) Creation of Accounts.

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

- (A) Senior Lien Bond Pledged Revenue Account; and
- (B) Junior Lien Bond Pledged Revenue Account.

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

- (A) Senior Lien Principal and Interest Account; and
- (B) Junior Lien Principal and Interest Account.

(iii) 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 County. 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 Obligations pursuant to the provisions hereof.

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

(e) The Trustee may, from time to time, upon written direction from the County pursuant to a County Certificate or pursuant to the terms of a Supplemental Indenture, including the Supplemental Indentures related to the Initial Obligations, entered into between the Trustee and the County, create additional Funds or Accounts hereunder as may be necessary to provide for Supplemental Security for a series of Obligations, to facilitate the receipt and application the Annual Installments, to account properly for the payment of the Actual Costs of the Improvement Area #1 Projects, to facilitate the payment or redemption of the Obligations, or for the administration of any Obligations, this Master Indenture, or any Supplemental Indenture.

Section 6.2. Initial Deposits to Funds and Accounts.

The proceeds from the sale of the Obligations shall be paid to the Trustee and deposited or transferred by the Trustee as specified in the applicable Supplemental Indenture.

Section 6.3. Pledged Revenue Fund.

(a) On or before March 1 of each year while the Obligations are Outstanding and beginning March 1, 2025, the County shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. From amounts deposited into the Pledged Revenue Fund, the County shall deposit or cause to be deposited Pledged Revenues as follows:

(i) first, to the Senior Lien Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Senior Lien Bonds next coming due in such calendar year;

(ii) second, to the Senior Lien Reserve Account of the Reserve Fund, established pursuant to a Supplemental Indenture pertaining to the Senior Lien Bonds, in an amount to cause the amount in the Senior Lien Reserve Account to equal any Senior Lien Reserve Account Requirement, in accordance with the Supplemental Indenture pertaining to the Senior Lien Bonds;

(iii) third, to the Senior Lien Additional Interest Reserve Account of the Reserve Fund, established pursuant to a Supplemental Indenture pertaining to the Senior Lien Bonds, in an amount equal to the Additional Interest collected, if any, up to any Senior Lien Additional Interest Reserve Account Requirement, in accordance with the Supplemental Indenture pertaining to the Senior Lien Bonds;

(iv) fourth, to the Junior Lien Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Junior Lien Bonds next coming due in such calendar year;

(v) fifth, to the Junior Lien Reserve Account of the Reserve Fund, established pursuant to a Supplemental Indenture pertaining to the Junior Lien Bonds, in an amount to cause the amount in the Junior Lien Reserve Account to equal any Junior Lien Reserve Account Requirement, in accordance with the Supplemental Indenture pertaining to the Junior Lien Bonds;

(vi) sixth, to the Junior Lien Additional Interest Reserve Account of the Reserve Fund, established pursuant to a Supplemental Indenture pertaining to the Junior Lien Bonds, in an amount equal to the Additional Interest collected, if any, up to any Junior Lien Additional Interest Reserve Account Requirement, in accordance with the Supplemental Indenture pertaining to the Junior Lien Bonds,

- (vii) seventh, to pay Actual Costs of the Improvement Area #1 Projects, and
- (viii) eighth, to pay other costs permitted by the PID Act.

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

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

(d) If, after the foregoing transfers and any transfer from the Reserve Fund as provided in any Supplemental Indenture, there are insufficient funds to make the payments provided in paragraph (b) or (c) above, the Trustee shall apply the available funds in the Senior Lien Principal and Interest Account or the Junior Lien Principal and Interest Account, as applicable, first, to the payment of interest and, second, to the payment of principal (including any Sinking Fund Installments) on the applicable Obligations, as described in Section 11.4(a) hereof.

(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 Senior Lien Reserve Account to restore any transfers from the Senior Lien Reserve Account made with respect to the Assessed Parcel(s) to which the Foreclosure Proceeds relate, second, to the Senior Lien Additional Interest Reserve Account to restore any transfers from the Senior Lien Additional Interest Reserve Account made with respect to the Assessed Parcel(s) to which the Foreclosure Proceeds relate, third, to the Junior Lien Reserve Account to restore any transfers from the Junior Lien Reserve account made with respect to the Assessed Parcel(s) to which the Foreclosure Proceeds relate, fourth, to the Junior Lien Additional Interest Reserve Account to restore any transfers from the Junior Lien Additional Interest Reserve Account made with respect to the Assessed Parcel(s) to which the Foreclosure Proceeds relate, and fifth, to the Redemption Fund.

(g) Any additional Pledged Revenues remaining after the satisfaction of the foregoing shall be applied by the Trustee, as instructed by the County pursuant to a County 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 Master Indenture or any applicable Supplemental Indenture.

Section 6.4. Bond Fund.

(a) Senior Lien Bonds.

(i) On each Interest Payment Date, the Trustee shall withdraw from the Senior Lien 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 Senior Lien Bonds, less any amount to be used to pay interest on the Senior Lien Bonds on such Interest Payment Date from any Senior Lien Capitalized Interest Account of the Bond Fund, as provided in any Supplemental Indenture pertaining to the Senior Lien Bonds.

(ii) If amounts in the Senior Lien Principal and Interest Account are insufficient for the purposes set forth in paragraph (a)(i) above, the Trustee shall withdraw from the Reserve Fund amounts to cover the amount of such insufficiency in the order described in the applicable Supplemental Indenture. Amounts so withdrawn from the Reserve Fund shall be deposited in the Senior Lien Principal and Interest Account and transferred to the Paying Agent/Registrar.

(iii) Money on deposit in the Senior Lien Capitalized Interest Account shall be used for the purposes specified in Section 2.2(a) hereof and as provided in any Supplemental Indenture.

(b) Junior Lien Bonds.

(i) On each Interest Payment Date, the Trustee shall withdraw from the Junior Lien 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 Junior Lien Bonds, less any amount to be used to pay interest on the Junior Lien Bonds on such Interest Payment Date from any Junior Lien Capitalized Interest Account of the Bond Fund, as provided in any Supplemental Indenture pertaining to the Junior Lien Bonds.

(ii) If amounts in the Junior Lien Principal and Interest Account are insufficient for the purposes set forth in paragraph (b)(i) above, the Trustee shall withdraw from the Reserve Fund amounts to cover the amount of such insufficiency in the order described in the Applicable Supplemental Indenture. Amounts so withdrawn from the Reserve Fund shall be deposited in the Junior Principal and Interest Account and transferred to the Paying Agent/Registrar.

(iii) Money on deposit in the Junior Lien Capitalized Interest Account shall be used for the purposes specified in Section 2.2(a) hereof and as provided in any Supplemental Indenture.

Section 6.5. Project Fund.

(a) Money on deposit in the Project Fund shall be used for the purposes specified in Section 2.2(a) hereof and as provided in any Supplemental Indenture. Notwithstanding any other provisions, money on deposit in the Project Fund shall only be used to pay Actual Costs of the Improvement Area #1 Projects and to pay costs of issuance.

(b) If all of the Accounts within the Project Fund are closed as provided in the applicable Supplemental Indentures, then the Project Fund shall be closed.

Section 6.6. Redemption Fund.

(a) Subject to sufficient funds being then on deposit in the Pledged Revenue Fund, the Trustee shall cause to be deposited to the Redemption Fund from the Pledged Revenue Fund an amount sufficient to redeem Obligations as provided in Section 4.2 and the applicable Supplemental Indenture on the dates specified for redemption as provided in Section 4.2 and the applicable Supplemental Indenture.

(b) Notwithstanding any provisions of this Master Indenture to the contrary, including the lien priority of the Senior Lien Bonds and the Junior Lien Bonds, amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Obligations on a pro rata basis based on the principal amount of Outstanding Senior Lien Bonds and Outstanding Junior Lien Bonds at the time of receipt of the Prepayment amounts, as provided in Sections 4.2 and 4.3 hereof.

Section 6.7. Reserve Fund.

(a) The County agrees with the Owners of the Obligations to accumulate from the deposits described in Sections 6.2 (including the deposits specified in the respective Supplemental Indenture) and 6.3(a) hereof, and when accumulated, maintain in the applicable Account of the Reserve Fund an amount equal to not less than the Senior Lien Reserve Account Requirement or the Junior Lien Reserve Account Requirement, as applicable, pursuant to the applicable Supplemental Indenture, except to the extent such deficiency is due to the application of Prepayments, as provided in the applicable Supplemental Indenture.

(b) 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 County, specifying the amount withdrawn and the source of said funds.

(c) If the amount held in the Accounts of 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 Obligations on the next Interest Payment Date, together with the unpaid interest accrued on such Outstanding Obligations as of such Interest Payment Date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Outstanding Obligations as of such Interest Payment Date.

Section 6.8. Rebate Fund: Rebate Amount.

(a) There is hereby established a special fund of the County to be designated "Denton County, Texas, Rebate Fund" (the "Rebate Fund") to be held by the Trustee in accordance with the terms and provisions of this Master Indenture. Amounts on deposit in the Rebate Fund shall

be used solely for the purpose of paying amounts relating to the Obligations due the United States Government in accordance with the Code.

(b) In order to assure that the 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, Section 7.4 and the applicable Supplemental Indenture and shall not be liable or responsible if it follows the instructions of the County and shall not be required to take any action under this Section, Section 7.4 and the applicable Supplemental Indenture in the absence of written instructions from the County.

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

Section 6.9. Administrative Fund.

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

(b) Moneys in the District Administration Account of the Administrative Fund shall be held by the Trustee separate and apart from the other Funds and Accounts created and administered hereunder and used as directed by a County Certificate solely for the purposes set forth in the Service and Assessment Plan. The Administrative Fund shall not be part of the Trust Estate and shall not be security for the Obligations.

Section 6.10. Investment of Funds.

(a) Money in any Fund or Account established pursuant to this Master Indenture shall be invested by the Trustee as directed by the County pursuant to a County Certificate filed with the Trustee at least two days in advance of the making of such investment. The money in any Fund or Account shall be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Account or Fund will be available at the proper time or times. Notwithstanding the preceding sentence, amounts in the Senior Lien Additional Interest Reserve Account and the Junior Lien Additional Interest Reserve Account may not be invested above the Yield (as defined in the applicable Supplemental Indenture) on the Obligations, unless and until the County 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 Obligation. 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 investments which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund 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 Master Indenture for transfer of interest earnings and profits resulting from investment of amounts in Funds and Accounts. Whenever in this Master Indenture any moneys are required to be transferred by the County 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 County Certificate and to ensure that an investment it is directed to purchase is a permitted investment pursuant to the terms of this Master 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 Master Indenture.

(e) The Trustee will furnish the County 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.

(f) If, following an annual calculation of the Rebate Amount in accordance with Sections 6.8 and 7.4 hereof, including any terms set forth in a Supplemental Indenture related to the tax-exempt status of such Obligations as provided in Section 7.4, it is determined that a Rebate Amount is owed with respect to the Obligations, the County shall direct the Trustee, pursuant to a County Certificate, to transfer to the Rebate Fund an amount equal to the Rebate Amount owed by the County from investment earnings derived from the investment of the amount on deposit in the Pledged Funds. The County Certificate shall specify the amount to be transferred and identify the Pledged Fund or Pledged Funds from which the investment earnings shall be transferred.

(g) The Trustee may conclusively rely on any County Certificate and shall not be required to make any investigation in connection therewith.

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 Master Indenture.

ARTICLE VII

COVENANTS

Section 7.1. Confirmation of Assessments.

The County 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, amended and/or restated from time to time) and, in accordance with the Assessment Order, 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 Obligations are Outstanding, the County 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 County will determine or cause to be determined, no later than March 1 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the County 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 County 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 County, the County 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 County and its appropriate collections enforcement designees.

Section 7.3. Against Encumbrances.

(a) The County 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 Refunding Bonds or Senior Lien Additional Bonds issued in accordance with Section 2.8 of this Master Indenture, or upon any other property pledged under this Master Indenture, except the pledge created for the security of the Obligations.

(b) Except for Refunding Bonds and/or Senior Lien Additional Bonds issued in accordance with Section 2.8 hereof, the County shall not issue any bonds, notes or other

evidences of indebtedness other than the Obligations, if any, secured by any pledge of or other lien or charge on the Trust Estate or other property pledged under this Master Indenture.

Section 7.4. Covenants to Maintain Tax-Exempt Status.

The Obligations may be issued on a taxable or tax-exempt status. If issued on a tax-exempt status, the applicable provisions related thereto shall be included in the respective Supplemental Indenture related to such Obligations.

ARTICLE VIII

LIABILITY OF COUNTY

The County shall not incur any responsibility in respect of the Obligations or this Master Indenture other than in connection with the duties or obligations explicitly herein or in the Obligations assigned to or imposed upon it. The County 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 County 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 Obligations, or as to the existence of a default or Event of Default thereunder.

In the absence of bad faith, the County 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 County and conforming to the requirements of this Master Indenture. The County 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 Master Indenture any Supplemental Indenture, the Obligations, the Assessment Order, or any agreement, document, instrument, or certificate executed, delivered or approved in connection with the issuance, sale, delivery, or administration of the Obligations (the "Bond Documents"), shall require the County to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Trust Estate and the Annual Collection Costs) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if in the judgment of the County 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 County or any of its officers, officials, agents, or employees for damages suffered as a result of the County'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 County, in accordance with the Bond Documents and the PID Act. Any such claim shall be payable only from Trust Estate (including the funds available for such payment in any of the Pledged Funds and the applicable Supplemental Security (as provided for in the applicable Supplemental Indenture)), if any, or the amounts collected to pay Annual Collection Costs on deposit in the Administrative Fund. Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding in any court or before any governmental body, agency, or instrumentality against the County 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 Obligations by mandamus or other proceeding at law or in equity.

The County 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 County 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 Master Indenture, the County 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 County, be deemed to be conclusively proved and established by a certificate of the Trustee, an Independent Financial Consultant, an independent inspector or County Administrator or other person designated by the Commissioners Court to so act on behalf of the County, and such certificate shall be full warrant to the County for any action taken or suffered under the provisions of this Master Indenture upon the faith thereof, but in its discretion the County 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 County may employ such persons or entities as it deems necessary or advisable. The County 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 Obligations.

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 Master 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 Obligations Outstanding hereunder.

Section 9.3. Responsibilities of the Trustee.

The recitals contained in this Master Indenture and in the Obligations shall be taken as the statements of the County 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 Master Indenture, the Obligations or with respect to the security afforded by this Master Indenture, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this Master Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of Obligations 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 County or others in accordance with this Master Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; or (iv) any calculation of arbitrage or rebate under the Code. The Trustee has the right to act through agents and attorneys and shall have no liability for the negligence or willful misconduct of the agents and attorneys appointed by it with due care.

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

The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Master Indenture, except for its own negligence or willful misconduct, both before and after default by the County. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from this Master 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 County 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 Master 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. Trustee Joining in Supplemental Indentures; Supplemental Indentures Part of Master Indenture

The Trustee is authorized to join with the County in the execution of any such Supplemental Indentures and to make the further agreements and stipulations which may be contained therein. Any Supplemental Indenture executed in accordance with the provisions of this Section shall thereafter form a part of this Master Indenture, and all the terms and conditions contained in any such Supplemental Indenture as to any provisions authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Master Indenture for any and all purposes. In case of the execution and delivery of any Supplemental

Indenture, express reference may be made thereto in the text of any Obligations issued thereafter, if deemed necessary or desirable by the Trustee or the County.

Upon execution of any Supplemental Indenture pursuant to the provisions of this Section, this Master Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Master Indenture of the County and the Trustee and all Owners of Outstanding Obligations shall thereafter be determined exercised and enforced hereunder, subject in all respects to such modifications and amendments.

Section 9.5. Property Held in Trust.

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

Section 9.6. 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 Master 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 Master 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 Master Indenture, such matter may be deemed to be conclusively proved and established by a County Certificate, unless other evidence in respect thereof be hereby specifically prescribed. Such County 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 County to the Trustee shall be sufficiently executed if executed in the name of the County by the County Representative.

The Trustee shall not be under any obligation to see to the recording or filing of this Master Indenture, or otherwise to the giving to any Person of notice of the provisions hereof except as expressly required in Section 9.14 herein.

Section 9.7. 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 Master 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 County 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 9.8. 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 Obligations and may join in any action that any Owner of Obligations 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 County 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 Obligations or this Master Indenture, whether or not such committee shall represent the Owners of a majority in aggregate outstanding principal amount of the Obligations.

Section 9.9. 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 County and each Owner of any Outstanding Obligation. Such resignation shall take effect upon the appointment of a successor as provided in Section 9.11 and the acceptance of such appointment by such successor.

Section 9.10. 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 Obligations 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 County, or (ii) so long as the County is not in default under this Master Indenture, the County. Copies of each such instrument shall be delivered by the County 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 Master Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the County or the Owners of not less than 10% of the aggregate outstanding principal of the Obligations.

Section 9.11. Successor Trustee.

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

If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, a successor Trustee may be appointed within one year after any such vacancy shall have occurred by the Owners of at least 25% of the aggregate outstanding principal amount of the Obligations 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 County.

Until such successor Trustee shall have been appointed by the Owners of the Obligations, the County shall forthwith appoint a Trustee to act hereunder. Copies of any instrument of the County providing for any such appointment shall be delivered by the County to the Trustee so appointed. The County shall mail notice of any such appointment to each Owner of any Outstanding Obligations within 30 days after such appointment. Any appointment of a successor Trustee made by the County immediately and without further act shall be superseded and revoked by an appointment subsequently made by the Owners of Obligations, 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 9.9 herein or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Obligations 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 County 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 Master Indenture.

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

Section 9.12. Transfer of Rights and Property to Successor Trustee.

Any successor Trustee appointed under the provisions of Section 9.11 shall execute, acknowledge, and deliver to its predecessor and the County an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the County 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 County 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 County.

Section 9.13. 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 9.11, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 9.14. 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 County, or on behalf of the County, 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 Master Indenture in the time, place and manner required by the UCC.

Section 9.15. Construction of Indenture.

The Trustee may construe any of the provisions of this Master 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 Obligations. Permissive rights of the Trustee are not to be construed as duties.

ARTICLE X

MODIFICATION OR AMENDMENT OF THIS MASTER INDENTURE

Section 10.1. Amendments Permitted.

(a) This Master Indenture and any Supplemental Indenture and the rights and obligations of the County and of the Owners of the Obligations 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 the Obligations, or with the written consent without a meeting, of the Owners of at least a majority of the aggregate principal amount of the Obligations so affected and then Outstanding. No such modification or amendment shall (i) extend the maturity of any Obligation or reduce the interest rate thereon, or otherwise alter or impair the obligation of the County to pay the principal of, and the interest and any premium on, any Obligation, without the express consent of the Owner of such Obligation, or (ii) permit the creation by the County 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 Obligations (except as otherwise permitted by Applicable Laws and this Master Indenture), or reduce the percentage of Owners of Obligations 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 Master Indenture and any Supplemental Indenture and the rights and obligations of the County and of the Owners may also be modified or amended at any time, 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 County in this Master Indenture or any Supplemental 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 County;

(ii) to make modifications not adversely affecting any Outstanding Obligations 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 Master Indenture or any Supplemental Indenture, or in regard to questions arising under this Master Indenture or any Supplemental Indenture, as the County and the Trustee may deem necessary or desirable and not inconsistent with this Master Indenture or any Supplemental Indenture, and that shall not adversely affect the rights of the Owners of the Obligations;

(iv) to provide for the issuance of Refunding Bonds, including Refunding Bonds issued to refund Junior Lien Bonds, as set forth herein;

(v) to appoint or accept a successor trustee in accordance with the provisions of Article IX hereof; provided, however, in no event shall this provision limit the Owners ability to appoint a successor trustee pursuant to Article IX hereof; and

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

(c) Any modification or amendment made pursuant to Section 10.1(b) shall not be subject to the notice procedures specified in Section 10.3 below.

(d) Notwithstanding the foregoing, the County and the Trustee may enter into Supplemental Indentures, without the consent of any Owners, and upon the execution of such Supplemental Indenture modifying or amending the Master Indenture or Supplemental Indenture to issue the Junior Lien Bonds and Senior Lien Bonds as described in Sections 2.2 and 2.8 hereof. Such Supplemental Indentures shall specify the purposes, dates, interest, maturities, provisions for mandatory or optional redemption prior to maturity, parity level, and other necessary provisions pertaining to the Obligations issued thereunder.

Section 10.2. Owners' Meetings.

The County may at any time call a meeting of the Owners of the Obligations. In such event the County is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof, and to fix and adopt reasonable rules and regulations for the conduct of said meeting.

Section 10.3. Procedure for Amendment with Written Consent of Owners.

The County and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Obligations, this Master Indenture, or any Supplemental 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 Obligations from whom consent is required under this Master 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 (except as otherwise provided in Section 10.1) unless there shall be filed with the Trustee the written consents of the Owners as required by this Master Indenture and a notice shall have been mailed as hereinafter in this Section provided and the County or Bond Counsel, acting on the County'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 Obligations 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 Obligations 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 Obligations shall have filed their consents to the Supplemental Indenture, the County 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 Obligations 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 County and the Owners of all Obligations at the expiration of 60 days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such 60-day period; provided, however, that the Trustee during such 60-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 Master Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, and obligations under this Master Indenture of the County,

the Trustee and all Owners of Outstanding Obligations 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 Master Indenture for any and all purposes.

Section 10.5. 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 Master Indenture, the Trustee shall receive, and shall be fully protected conclusively in relying upon, an opinion of counsel addressed and delivered to the Trustee and the County stating that the execution of such Supplemental Indenture is permitted by and in compliance with this Master 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 Master Indenture.

Section 10.6. Waiver of Default

With the written consent of at least 51% in aggregate principal amount of the Obligations so affected and then Outstanding, the Owners may waive non-compliance by the County with certain past defaults under the Master Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners.

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) Subject to Section 11.1(c), the failure of the County to deposit the Pledged Revenues to the Senior Lien Bond Pledged Revenue Account of the Pledged Revenue Fund or the Junior Lien Bond Pledged Revenue Account of the Pledged Revenue Fund;

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

(iii) Subject to Section 11.1(c), the failure to make payment of the principal of or interest on any of the Obligations 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 (including applicable Supplemental Security), and available to the County to make the payments; and

(iv) Default in the performance or observance of any covenant, agreement or obligation of the County under this Master Indenture and the continuation thereof for a period of 90 days after written notice to the County by the Trustee, or by the Owners of at least 25% of the aggregate Outstanding principal of the Obligations 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.

(c) A deposit default or payment default under Section 11.1(a)(i) or (a)(iii) with respect to a Junior Lien Bond shall not constitute an Event of Default with respect to a Senior Lien Bond.

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 Obligations so affected and then Outstanding and its receipt of indemnity satisfactory to it, shall proceed against the County for the purpose of protecting and enforcing the rights of the Owners under this Master 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 County 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 OBLIGATIONS 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 Obligations, in the selection of Trust Estate assets to be used in the payment of Obligations due under this Article, the County shall determine, in its absolute discretion, and shall instruct the Trustee by County 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 County shall fail to deliver to the Trustee such County 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 County 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 Master 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 County, 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 County 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 Master 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 Obligations so affected and then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in Section 9.2 herein, (iv) the Trustee has for 90 days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 90-day period by the Owners of at least a majority of the aggregate principal amount of the Obligations so affected and then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Obligations shall have any right in any manner whatsoever to affect, disturb, or prejudice this Master 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 Obligations 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 Master Indenture and to any action or cause of action for the enforcement of this Master Indenture or for any other remedy hereunder.

(b) Subject to Article VIII, nothing in this Master Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Obligation at and after the maturity thereof, or on the date fixed for redemption or the obligation of the County to pay each Obligation issued hereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed herein and in the Obligations.

(c) In case the Trustee or any Owners shall have proceeded to enforce any right under this Master 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 County, 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.

(a) All moneys, securities, funds within the Pledged Revenue Fund and the Redemption Fund including 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 Master Indenture, during the continuance of an Event of Default, notwithstanding Section 11.2 hereof, shall be applied by the Trustee, on behalf of the County, to the payment of interest and principal or Redemption Price then due on Obligations, as follows:

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

THIRD: To make a deposit in the Senior Lien Reserve Account of the Reserve Fund in an amount necessary to replenish the Account to an amount equal to the Senior Lien Reserve Account Requirement (or, in the event sufficient funds are unavailable, then as nearly as practicable); and

FOURTH: To the payment to the Owners of Junior Lien Bonds 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

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

SIXTH: To make a deposit in the Junior Lien Reserve Account of the Reserve Fund in an amount necessary to replenish the Account to an amount equal to the Junior Lien Reserve Account Requirement (or, in the event sufficient funds are unavailable, then as nearly as practicable).

Within 10 days of receipt of such good and available funds, the Trustee may fix a record and payment date for any payment to be made to Owners pursuant to this Section 11.4.

(b) All moneys, securities and funds held as Supplemental Security shall be disbursed in accordance with the provisions of the applicable Supplemental Indenture.

(c) 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 in the manner set forth in Section 11.4(a) to the Obligations that are Outstanding in proportion to the quantity of Obligations that are currently due and in default under the terms of this Master Indenture.

(d) The restoration of the County 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 Master Indenture or impair any right consequent thereon.

Section 11.5. Effect of Waiver.

No delay or omission of the Trustee, or any Owner, to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Master 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 Obligations.

(a) Any request, consent, revocation of consent or other instrument which this Master Indenture may require or permit to be signed and executed by the Owners of Obligations 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 Obligations shall be sufficient for any purpose of this Master 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 Obligations 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 Obligations 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 Master Indenture with respect to revocation of a consent, any request or consent by an Owner of Obligations shall bind all future Owners of the same Obligations in respect of anything done or suffered to be done by the County 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 Master 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 Obligations.

Obligations owned or held by or for the account of the County will not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Obligations provided for in this Master Indenture, and the County shall not be entitled with respect to such Obligations to give any consent or take any other action provided for in this Master 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 Obligations so affected 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 County represents and warrants that it is authorized by Applicable Laws to authorize and issue the Obligations, to execute and deliver this Master Indenture and to pledge the Trust Estate in the manner and to the extent provided in this Master Indenture, and that the Trust Estate is and will remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Master Indenture except as expressly provided herein.

(b) The County 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 Master Indenture against all claims and demands of all Persons whomsoever.

(c) The County 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 Obligations 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 County, to the affected property owners on the same statement or such other mechanism that is used by the County, 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 County.

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 Master Indenture and which shall at all times be subject to inspection by the County, and the Owner or Owners of not less than 10% in principal amount of any Obligations then Outstanding or their representatives duly authorized in writing.

Section 12.3. General.

The County 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 County under the provisions of this Master Indenture.

ARTICLE XIII

SPECIAL COVENANTS

Section 13.1. Further Assurances; Due Performance.

(a) At any and all times the County 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, Supplemental Security and the Trust Estate hereby transferred and pledged, or intended so to be transferred and pledged.

(b) The County 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 Master Indenture and any applicable Supplemental Indenture.

Section 13.2. Books of Record.

(a) The County 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 County, which relate to the Pledged Revenues, the Pledged Funds, the Supplemental Security, the Trust Estate, and the Obligations.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 13.2 except to receive and retain the same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Master 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

SATISFACTION OF THE MASTER INDENTURE

Section 14.1. Trust Irrevocable.

The trust created by the terms and provisions of this Master Indenture is irrevocable until the Obligations 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 County shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the Obligations, at the times and in the manner stipulated in the applicable Supplemental Indenture, and all amounts due and owing with respect to the Obligations have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the County to the Owners of such Obligations, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the County copies of all such documents as it may have evidencing that principal of and interest on all of the Obligations has been paid so that the County may determine if the Master 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 County.

Section 14.3. Obligations Deemed Paid.

Any Outstanding Obligation 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 Obligations 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 the Obligations to become due on such Obligations on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant or other qualified third-party

selected by the County verifying the sufficiency of the moneys and/or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on the Obligations to become due on such Obligations on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if any Obligations are then rated, the Trustee shall have received written confirmation from each rating agency then publishing a rating on such Obligations that such deposit will not result in the reduction or withdrawal of the rating on such Obligations. 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 Obligations. 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 County maturing at times and in amounts sufficient to pay when due the principal of and interest on the Obligations 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 Master Indenture, expressed or implied, is intended to give to any Person other than the County, the Trustee and the Owners, any right, remedy, or claim under or by reason of this Master Indenture. Any covenants, stipulations, promises or agreements in this Master Indenture by and on behalf of the County 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 Master Indenture or any Supplemental Indenture either the County or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Master Indenture contained by or on behalf of the County 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 Master 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 Obligations 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 Obligation shall bind all future Owners of such Obligation in respect of anything done or suffered to be done by the County 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 County shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Obligations; 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 County and Trustee.

(a) Except as otherwise expressly provided in this Master Indenture, all notices or other instruments required or permitted under this Master Indenture, including any County 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 County:	Denton County, Texas 1 Courthouse Drive Denton, Texas 76208 Attention: County Administrator
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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
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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 an Obligation notice of (i) any substitution of the Trustee; or (ii) the redemption or defeasance of all Obligations Outstanding.

(c) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Master 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 County 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 County whenever a person is to be added or deleted from the listing. If the County 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 County 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 County shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and the County 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 County. 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 County 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 County; (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 Master Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Master Indenture. The County hereby declares that it would have adopted this Master Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issue of the Obligations pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Master Indenture may be held illegal, invalid, or unenforceable.

Section 15.7. Applicable Laws.

This Master 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 Obligations or the date fixed for redemption of any Obligations or the date any action is to be taken pursuant to this Master 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 Master Indenture may be executed in counterparts, each of which shall be deemed an original. The County and the Trustee agree that electronic signatures to this Master Indenture may be regarded as original signatures.

Section 15.10. Verifications of Statutory Representations and Covenants.

The Trustee makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Master 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. Section 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Master Indenture shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Master Indenture, notwithstanding anything in this Master 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 Master 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 Master 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 Master Indenture. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

IN WITNESS WHEREOF, the County and the Trustee have caused this Master Indenture of Trust to be executed all as of the date hereof.

DENTON COUNTY, TEXAS

By: _____,
County Judge

Attest:

County Clerk

[COUNTY SEAL]

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

By: _____
Authorized Officer

APPENDIX A-2

FORM OF FIRST SUPPLEMENT

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FIRST SUPPLEMENTAL INDENTURE OF TRUST

By and Between

DENTON COUNTY, TEXAS

and

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

DATED AS OF DECEMBER 1, 2024

SECURING

\$ _____
DENTON COUNTY, TEXAS,
SENIOR LIEN SPECIAL ASSESSMENT REVENUE BONDS, SERIES
2024A
(TABOR RANCH PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)

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FIRST SUPPLEMENTAL INDENTURE OF TRUST

THIS FIRST SUPPLEMENTAL INDENTURE, dated as of December 1, 2024 is by and between DENTON COUNTY, TEXAS (the "County"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as trustee (together with its successors, the "Trustee").

WHEREAS, the terms used and not otherwise defined in this Preamble shall have the meanings given in Section 1.1 to this First Supplemental Indenture; and

WHEREAS, the County and the Trustee have entered into a Master Indenture, dated as of even date herewith; and

WHEREAS, pursuant to the Master Indenture, the County is authorized to issue the Initial Obligations to finance the Improvement Area #1 Projects; and

WHEREAS, the Trustee has accepted the trusts created by this First Supplemental Indenture and in evidence thereof has joined in the execution hereof; and

WHEREAS, the County and the Trustee hereby agree 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 First Supplemental Indenture, the following terms shall have the meanings specified below:

"Account" means any of the accounts established pursuant to Section 6.1 of the Master Indenture.

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

"Additional Interest" means the amount collected by application of the Additional Interest Rate.

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

“Administrative Fund” shall have the meaning assigned to such term in the Master Indenture.

“Administrator” means the County or the person or independent firm designated by the County who shall have the responsibilities provided in the Service and Assessment Plan, this First Supplemental Indenture, or any other agreement or document approved by the County related to the duties and responsibilities of the administration of the District. The initial Administrator is Willdan Financial Services.

“Annual Collection Costs” means the actual or budgeted costs and expenses relating to collecting the Annual Installments, including, but not limited to, costs and expenses for: (1) the Administrator; (2) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the County; (3) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (4) preparing and maintaining records with respect to Improvement Area #1 Assessment Roll and Annual Service Plan Updates; (5) issuing, paying, and redeeming Series 2024A Bonds; (6) investing or depositing Assessments and Annual Installments; (7) complying with the Service and Assessment Plan and the PID Act with respect to the issuance and sale of 2024A Bonds, including continuing disclosure requirements; and (8) the paying agent/registrar and Trustee in connection with 2024A Bonds, including their respective legal counsel. Annual Collection Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

“Annual Installment” means, with respect to each Assessed Parcel, each annual payment of the Assessments (including both principal of and interest on the Assessments) as shown on the Improvement Area #1 Assessment Roll attached to the Service and Assessment Plan as Exhibit E-1 and related to the Improvement Area #1 Projects and as set forth on Exhibit E-2 of the Service and Assessment Plan; which annual payment includes the Additional Interest and the Annual Collection Costs collected on each annual payment of the Assessments as respectively described in Sections 6.7 and 6.9 of the Master Indenture 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 and as approved by the Commissioners Court.

“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 County 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 Order in accordance with the Service and Assessment Plan.

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

“Assessment Order” means the Order adopted by the Commissioners Court on November 19, 2024, 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, 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 County 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 Series 2024A Bond is less than \$100,000, then the Authorized Denomination of such Outstanding Series 2024A Bond shall be the amount of such Outstanding Series 2024A Bond.

“Authorized Improvements” means improvements authorized by Section 372.003 of the PID Act, including, but not limited to the Improvement Area #1 Projects, district formation expenses, first year annual collection costs, and bond issuance costs, listed in Section IV of the Service and Assessment Plan.

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

“Bond Fund” shall have the meaning assigned to such term in the Master Indenture.

“Bond Order” means the Order adopted by the Commissioners Court on November 19, 2024, authorizing the issuance of the Series 2024A Bonds pursuant to this First Supplemental Indenture.

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

“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 County Representative executed by a Person approved by a County Representative, delivered to a County 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.

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

“County Representative” means any official or agent of the County authorized by the Commissioners Court to undertake the action referenced herein.

“Closing Date” means the date of the initial delivery of the Series 2024A Bonds. With respect to the Series 2024A Bonds, the Closing Date is December 12, 2024.

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

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

“Delinquent Collection Costs” shall have the meaning assigned to such term in the Master Indenture.

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named in this First Supplemental 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 County and such successor.

“Developer” means Tabor 380 Development, LLC, a Texas limited liability company, and any successors or assigns thereof that intend to develop the property in the District for the ultimate purpose of transferring title to end users.

“District Administration Account” shall have the meaning assigned to such term in the Master Indenture.

“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.

“Event of Default” shall have the meaning assigned to such term in the Master Indenture.

“First Supplemental Indenture” means this First Supplemental 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.

“Foreclosure Proceeds” means the proceeds, including interest and penalty interest, received by the County 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 the Master Indenture.

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

“Improvement Area #1 Assessment Roll” means the assessment roll attached as Exhibit E-1 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 Obligations 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 “Tabor Ranch Public Improvement District Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement” by and between the County and the Developer dated as of November 19, 2024, which provides, in part, for the deposit of proceeds from the issuance and sale of the Series 2024A Bonds and the payment of costs of Improvement Area #1 Projects within the District, and other matters related thereto.

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

“Improvement Area #1 Projects” means the Improvement Area #1 Improvements and the pro rata portion of the Major Improvements allocable to the Assessed Property within Improvement Area #1.

“Independent Financial Consultant” means any consultant or firm of such consultants appointed by the County who, or each of whom: (i) is judged by the County, as the case may be, to have experience in matters relating to the issuance and/or administration of the Series 2024A Bonds; (ii) is in fact independent and not under the domain of the County; (iii) does not have any substantial interest, direct or indirect, with or in the County, or any owner of real property in the District, or any real property in the District; and (iv) is not connected with the County as an officer or employee of the County, but who may be regularly retained to make reports to the County.

“Initial Bond” means, with respect to the Series 2024A Bonds, the Initial Bond as set forth in Exhibit A to this First Supplemental Indenture.

“Initial Obligation(s)” shall have the same meaning assigned to such term in the Master Indenture.

“Interest Payment Date” means the date or dates upon which interest on the Series 2024A Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being on June 30 and December 31 of each year and commencing, with respect to the Series 2024A Bonds, on June 30, 2025.

“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 County’s official investment policy as approved by the Commissioners Court from time to time.

“Junior Lien Improvement Area #1 Projects Account” shall have the meaning assigned to such term in the Master Indenture.

“Major Improvements” means Authorized Improvements that confer a special benefit to all of the assessed property within the District, as further described in Section IV.A and depicted on Exhibit G of the Service and Assessment Plan.

“Master Indenture” means the “Master Indenture of Trust” by and between the County and the Trustee dated as of December 1, 2024, which provides for the issuance of the Obligations, including the Series 2024A Bonds, and other matters related thereto.

“Obligations” shall have the meaning assigned to such term in the Master Indenture. Such term includes the Series 2024A Bonds.

“Outstanding” means, as of any particular date when used with reference to the Series 2024A Bonds, all Series 2024A Bonds authenticated and delivered under this First Supplemental Indenture except (i) any Series 2024A Bond that has been canceled by the Trustee (or has been delivered to the Trustee for cancellation) at or before such date, (ii) any Series 2024A Bond for which the payment of the principal or Redemption Price of and interest on such Series 2024A Bond shall have been made as provided in Article IV, and (iii) any Series 2024A Bond in lieu of or in substitution for which a new Series 2024A Bond shall have been authenticated and delivered pursuant to Section 3.10 herein.

“Owner” means the Person who is the registered owner of a Series 2024A Bond or Series 2024A Bonds, as shown in the Register, which shall be Cede & Co., as nominee for DTC, so long as the Series 2024A Bonds are in book-entry only form and held by DTC as securities depository in accordance with Section 3.11 herein.

“Paying Agent/Registrar” means initially the Trustee, or any successor thereto as provided in this First Supplemental 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” shall have the meaning assigned to such term in the Master Indenture.

“Pledged Revenue Fund” shall have the meaning assigned to such term in the Master Indenture.

“Pledged Revenues” shall have the same meaning assigned to such term in the Master Indenture.

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

“Project Fund” means that Fund of such name established pursuant to Section 6.1 of the Master Indenture and administered pursuant to Section 6.5 therein.

“Purchaser” means the initial purchaser of the Series 2024A Bonds. The Purchaser of the Series 2024A Bonds is FMSbonds, Inc.

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

“Rebate Fund” shall have the meaning assigned to such term in the Master Indenture.

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

“Redemption Fund” shall have the meaning assigned to such term in the Master Indenture.

“Redemption Price” means, when used with respect to any Series 2024A Bond 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 Obligations.

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

“Reserve Fund” shall have the meaning assigned to such term in the Master Indenture.

“Senior Lien Additional Interest Reserve Account” means the Account of such name established pursuant to Section 2.5 herein.

“Senior Lien Additional Interest Reserve Account Requirement” means an amount equal to 5.50% of the principal amount of the Outstanding Senior Lien Bonds to be funded from Additional Interest, if collected, to be deposited to the Pledged Revenue Fund and transferred to the Senior Lien Additional Interest Reserve Account in accordance with the provisions of Section 6.3 of the Master Indenture and Section 6.6(d) hereof.

“Senior Lien Bonds” shall have the meaning assigned to such term in the Master Indenture.

“Senior Lien Capitalized Interest Account” means the Account of such name established pursuant to Section 2.5 herein.

“Senior Lien Costs of Issuance Account” means the Account of such name established pursuant to Section 2.5 herein.

“Senior Lien Improvement Area #1 Projects Account” means the Account of such name established pursuant to Section 2.5 herein.

“Senior Lien Principal and Interest Account” shall have the meaning assigned to such term in the Master Indenture.

“Senior Lien Reserve Account” means the Account of such name established pursuant to Section 2.5 herein.

“Senior Lien Reserve Account Requirement” means the least of: (i) the Maximum Annual Debt Service on the Senior Lien Bonds as of the Closing Date of the Senior Lien Bonds, (ii) 125% of the average Annual Debt Service on the Senior Lien Bonds as of the Closing Date of the Senior Lien Bonds, or (iii) 10% of the lesser of the principal amount of the Outstanding Senior Lien Bonds or the original issue price of the Senior Lien Bonds. As of the Closing Date for the Senior Lien Bonds, the Senior Lien Reserve Account Requirement is \$_____, which is an amount equal to the [Maximum Annual Debt Service on the Senior Lien Bonds as of the Closing Date]. The Senior Lien Reserve Account Requirement may be adjusted, pursuant to Section 2.8(d)(iv) of the Master Indenture.

“Senior Lien Supplemental Security” means the Senior Lien Reserve Account, the Senior Lien Additional Interest Reserve Account, the Senior Lien Principal and Interest Account, the Senior Lien Capitalized Interest Account, the Senior Lien Improvement Area #1 Projects Account and the Senior Lien Costs of Issuance Account.

“Series 2024A Bond” means any of the Series 2024A Bonds.

“Series 2024A Bonds” means the County’s bonds authorized to be issued by Section 3.1(a) of this First Supplemental Indenture entitled “Denton County, Texas, Senior Lien Special Assessment Revenue Bonds, Series 2024A (Tabor Ranch Public Improvement District Improvement Area #1 Project).”

“Series 2024 Obligations Rebate Account” means the Account of such name established pursuant to Section 2.5 herein.

“Service and Assessment Plan” means the “Tabor Ranch Public Improvement District Service and Assessment Plan” dated November 19, 2024, including the Improvement Area #1 Assessment Roll, as hereinafter amended, updated, and/or restated by an Annual Service Plan Update or otherwise, a version of which is attached as an exhibit to the Assessment Order.

“Sinking Fund Installment” means the amount of money to redeem or pay at maturity the principal of Series 2024A Bonds payable from such installments at the times and in the amounts provided in Section 4.2 herein.

“Stated Maturity” means the date the Series 2024A Bonds, or any portion of the Series 2024A Bonds, as applicable, are scheduled to mature without regard to any redemption or prepayment.

“Supplemental Indenture” means an indenture which has been duly executed by the Trustee and the County Representative pursuant to an order adopted by the Commissioners Court and which indenture amends or supplements this First Supplemental 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 County on the Closing Date for the Series 2024A Bonds setting forth the facts, estimates and circumstances in existence on such Closing Date which establish that it is not expected that the proceeds of the 2024A Bonds will be used in a manner that would cause the interest on such Series 2024A Bonds to be included in the gross income of the Owners thereof for Federal income tax purposes.

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

“Trustee” means U.S. Bank Trust Company, National Association, and its successors, and any other corporation or association that may at any time be substituted in its place, as provided in Article IX of the Master Indenture, such entity to serve as Trustee and Paying Agent/Registrar for the Series 2024A Bonds.

Section 1.2. Findings.

The declarations, determinations, and findings declared, made and found in the preamble to this First Supplemental 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 First Supplemental 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 First Supplemental 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 First Supplemental Indenture unless the context shall require otherwise.

(d) This First 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 First Supplemental Indenture.

ARTICLE II

GENERAL PROVISIONS REGARDING THE SERIES 2024A BONDS

Section 2.1. Initial Obligations.

The Series 2024A Bonds issued pursuant to this First Supplemental Indenture are Initial Obligations and Senior Lien Bonds, as such terms are defined and authorized pursuant to the Master Indenture.

Section 2.2. Pledge; Senior Supplemental Security; Security for the Senior Lien Bonds.

The County has pledged to the Trustee all moneys held by the Trustee in the Trust Estate created under the Master Indenture as security for the payment of all Obligations, and the interest thereon, for the benefit and security of all and singular present and future Owners of all such Obligations, all to the extent provided in the Master Indenture, and with such priority and distinction as is set forth in the Master Indenture and this First Supplemental Indenture. Such pledge is hereby confirmed and specifically made applicable and extended to the Series 2024A Bonds.

Pursuant to Sections 2.1(a)(ii) and 6.1(e) of the Master Indenture, there is hereby created the Senior Lien Supplemental Security, which shall be solely for the Senior Lien Bonds, including the Series 2024A Bonds, and shall constitute a portion of the Pledged Funds for the Senior Lien Bonds, including the Series 2024A Bonds.

The Series 2024A Bonds are issued as Senior Lien Bonds, and, as to both principal and interest, are and shall be equally and ratably secured by and payable from the Trust Estate, consisting primarily of 1) a first lien on and pledge of the Pledged Revenues, and 2) the Senior Lien Supplemental Security.

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 First Supplemental Indenture or any other act; all as provided in Texas Government Code, Chapter 1208, as amended, which applies to the issuance of the Series 2024A

Bonds and the pledge of the Trust Estate granted by the County under this First Supplemental Indenture, and such pledge is therefore valid, effective and perfected from and after the Closing Date. If Texas law is amended at any time while the Series 2024A Bonds are Outstanding such that the pledge of the Trust Estate granted by the County under this First Supplemental 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 Series 2024A Bonds the perfection of the security interest in said pledge, the County agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Texas Business and Commerce Code, Chapter 9, as amended, and enable a filing to perfect the security interest in said pledge to occur.

Section 2.3. Payment of the Series 2024A Bonds.

The principal of, premium, if any, and interest on the Series 2024A Bonds shall be paid from the applicable Funds and Accounts, as such terms are defined in the Master Indenture, in accordance with Article VI of the Master Indenture and Article VI hereof.

Section 2.4. Master Indenture Applicable.

Except as modified and supplemented by this First Supplemental Indenture, the provisions of the Master Indenture shall be applicable to the Series 2024A Bonds.

Section 2.5. Establishment of Accounts.

(a) Pursuant to Section 6.1(e) of the Master Indenture, there is hereby created under the Rebate Fund a Series 2024 Obligations Rebate Account. The Series 2024 Obligations Rebate Account of the Rebate Fund is and shall be excluded from the Pledged Funds and shall not constitute any portion of the Trust Estate.

(b) Pursuant to Sections 2.1(a)(ii) and 6.1(e) of the Master Indenture, there is hereby created under the Reserve Fund a Senior Lien Reserve Account. The Senior Lien Reserve Account of the Reserve Fund is, and shall be included as, a portion of the Senior Lien Supplemental Security and shall constitute a portion of the Pledged Funds and the Trust Estate for the Senior Lien Bonds, including the Series 2024A Bonds.

(c) Pursuant to Sections 2.1(a)(ii) and 6.1(e) of the Master Indenture, there is hereby created under the Reserve Fund a Senior Lien Additional Interest Reserve Account. The Senior Lien Additional Interest Reserve Account of the Reserve Fund is, and shall be included as, a portion of the Senior Lien Supplemental Security and shall constitute a portion of the Pledged Funds and the Trust Estate for the Senior Lien Bonds, including the Series 2024A Bonds.

(d) Pursuant to Sections 2.1(a)(ii) and 6.1(e) of the Master Indenture, there is hereby created under the Bond Fund a Senior Lien Capitalized Interest Account. The Senior Lien Capitalized Interest Account of the Bond Fund is, and shall be included as, a portion of the Senior Lien Supplemental Security and shall constitute a portion of the Pledged Funds and the Trust Estate for the Senior Lien Bonds, including the Series 2024A Bonds.

(e) Pursuant to Sections 2.1(a)(ii) and 6.1(e) of the Master Indenture, there is hereby created under the Project Fund a Senior Lien Improvement Area #1 Projects Account. The Senior Lien Improvement Area #1 Projects Account of the Project Fund is, and shall be included as, a

portion of the Senior Lien Supplemental Security and shall constitute a portion of the Pledged Funds and the Trust Estate for the Senior Lien Bonds, including the Series 2024A Bonds.

(f) Pursuant to Sections 2.1(a)(ii) and 6.1(e) of the Master Indenture, there is hereby created under the Project Fund a Senior Lien Costs of Issuance Account. The Senior Lien Costs of Issuance Account of the Project Fund is, and shall be included as, a portion of the Senior Lien Supplemental Security and shall constitute a portion of the Pledged Funds and the Trust Estate for the Senior Lien Bonds, including the Series 2024A Bonds.

Section 2.6. Limited Obligations.

The Series 2024A Bonds are special and limited obligations of the County, payable solely from and secured solely by the Trust Estate, consisting primarily of 1) a first lien on and pledge of the Pledged Revenues, and 2) the Senior Lien Supplemental Security; and the Series 2024A Bonds shall never be payable out of funds raised or to be raised by taxation or from any other revenues, properties or income of the County.

Section 2.7. Authorization for Indenture.

The terms and provisions of this First Supplemental Indenture and the execution and delivery hereof by the County to the Trustee have been duly authorized by official action of the Commissioners Court of the County and Sections 2.1, 10.1(d) and 10.5 of the Master Indenture. The County has ascertained and it is hereby determined and declared that the execution and delivery of this First Supplemental Indenture is necessary to carry out and effectuate the purposes set forth in the preambles of this First Supplemental Indenture and the preambles of the Master Indenture, and that each and every covenant or agreement herein contained and made and contained and made in the Master Indenture is necessary, useful or convenient in order to better secure the Series 2024A Bonds and is a contract or agreement necessary, useful and convenient to carry out and effectuate the purposes herein described.

Section 2.8. Contract with Owners and Trustee.

(a) The purposes of this First Supplemental 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 Series 2024A Bonds and to prescribe the rights of the Owners, and the rights and duties of the County and the Trustee.

(b) In consideration of the purchase and acceptance of any or all of the Series 2024A Bonds by those who shall purchase and hold the same from time to time, the provisions of this First Supplemental Indenture and the Master Indenture shall be a part of the contract of the County with the Owners, and shall be deemed to be and shall constitute a contract among the County, the Owners, and the Trustee.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE SERIES 2024A BONDS

Section 3.1. Authorization of the Series 2024A Bonds.

(a) The Series 2024A Bonds. The Series 2024A 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 2024A 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) paying a portion of the interest on the Series 2024A 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 Series 2024A 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 Series 2024A Bonds shall be dated December 12, 2024 and shall be issued in Authorized Denominations. The Series 2024A Bonds shall be issued in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Bond for the Series 2024A Bonds, which shall be numbered T-1.

(b) Interest shall accrue and be paid on each Series 2024A Bond from the later of the Closing Date of the Series 2024A 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 June 30 and December 31 of each year, commencing June 30, 2025 computed on the basis of a 360-day year of twelve 30-day months.

(c) The Series 2024A Bonds shall mature on December 31 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>
****	****	****
****	****	****

(d) The Series 2024A 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 Series 2024A Bond set forth in Exhibit A to this First Supplemental Indenture.

Section 3.3. Conditions Precedent to Delivery of Series 2024A Bonds.

(a) The Series 2024A Bonds. The Series 2024A Bonds shall be executed by the County and delivered to the Trustee, whereupon the Trustee shall authenticate the Series 2024A Bonds and, upon payment of the purchase price of the Series 2024A Bonds, shall deliver the Series 2024A Bonds upon the order of the County, but only upon delivery to the Trustee of:

- (i) a certified copy of the Assessment Order;
- (ii) a certified copy of the Bond Order;

(iii) a copy of the executed Improvement Area #1 Construction, Funding, and Acquisition Agreement;

(iv) a copy of the Master Indenture executed by the Trustee and the County;

(v) a copy of this First Supplemental Indenture executed by the Trustee and the County; and

(vi) a County Certificate directing the authentication and delivery of the Series 2024A Bonds, describing the Series 2024A Bonds to be authenticated and delivered, designating the purchasers to whom the Series 2024A Bonds are to be delivered, stating the purchase price of the Series 2024A Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the County.

Section 3.4. Medium, Method and Place of Payment.

(a) Principal of and interest on the Series 2024A Bonds shall be paid in lawful money of the United States of America, as provided in this Section.

(b) Interest on the Series 2024A Bonds shall be payable to the Owners thereof as shown in the Register at the close of business on the relevant Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from or on behalf of the County. 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 2024A Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

(c) Interest on the Series 2024A Bonds shall be paid by check, dated as of the Interest Payment Date, and sent, United States mail, first-class, postage prepaid, by the Paying Agent/Registrar to each Owner at the address of each Owner as such appears in the Register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the Owner; provided, however, the Owner shall bear all risk and expense of such other banking arrangement.

(d) The principal of each Series 2024A Bond shall be paid to the Owner of such Series 2024A Bond on the due date thereof, whether at the maturity date or the date of prior redemption thereof, upon presentation and surrender of such Series 2024A Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar.

(e) If the date for the payment of the principal of or interest on the Series 2024A Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which such banking institutions are required or authorized to close, and payment on such date shall for all purposes

be deemed to have been made on the due date thereof as specified in Section 3.2 of this First Supplemental 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 Series 2024A Bonds to which such unclaimed payments pertain. Subject to any escheat, abandoned property, or similar law of the State of Texas, any such payments remaining unclaimed by the Owners entitled thereto for two (2) years after the applicable payment or redemption date shall be applied to the next payment or payments on such Series 2024A Bonds thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Series 2024A Bonds, shall be paid to the County to be used for any lawful purpose. Thereafter, none of the County, the Paying Agent/Registrar, or any other Person shall be liable or responsible to any Owners of such Series 2024A Bonds for any further payment of such unclaimed moneys or on account of any such Series 2024A Bonds, subject to any applicable escheat law or similar law of the State of Texas.

Section 3.5. Execution and Registration of Series 2024A Bonds.

(a) The Series 2024A Bonds shall be executed on behalf of the County by the County Judge and County Clerk, by their manual or facsimile signatures, and the official seal of the County shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Series 2024A Bonds shall have the same effect as if each of the Series 2024A Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Series 2024A Bonds shall have the same effect as if the official seal of the County had been manually impressed upon each of the Series 2024A Bonds.

(b) In the event that any officer of the County whose manual or facsimile signature appears on the Series 2024A Bonds ceases to hold such office before the authentication of such Series 2024A Bonds or before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Series 2024A Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this First Supplemental 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 Series 2024A Bonds. In lieu of the executed Certificate of Trustee described above, the Initial Bond delivered at the Closing Date for the Series 2024A Bonds 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 County, and has been registered by the Comptroller of Public Accounts of the State of Texas.

(d) On the Closing Date of the Series 2024A Bonds, one Initial Bond representing the entire principal amount of the Series 2024A Bonds, payable in stated installments to the Purchaser of the Series 2024A Bonds or its designee, executed with the manual or facsimile signatures of the County Judge and County Clerk, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the

Purchaser of the Series 2024A Bonds 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 the 2024A Bonds one registered definitive bond for each year of maturity of the Series 2024A Bonds, in the aggregate principal amount of all bonds for such maturity of the Series 2024A Bonds, registered in the name of Cede & Co., as nominee of DTC.

Section 3.6. Ownership.

(a) The County, the Trustee, the Paying Agent/Registrar and any other Person may treat the Person in whose name any Series 2024A Bond is registered as the absolute owner of such Series 2024A Bond for the purpose of making and receiving payment as provided herein (except interest shall be paid to the Person in whose name such Series 2024A Bond is registered on the relevant Record Date) and for all other purposes, whether or not such Series 2024A Bond is overdue, and neither the County 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 Series 2024A Bond shall be valid and effectual and shall discharge the liability of the County, the Trustee and the Paying Agent/Registrar upon such Series 2024A Bond to the extent of the sums paid.

Section 3.7. Registration, Transfer and Exchange.

(a) So long as any Series 2024A Bonds remain Outstanding, the County 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 the Series 2024A Bonds in accordance with this First Supplemental Indenture. The Paying Agent/Registrar represents and warrants that it will file and maintain a copy of the Register with the County, and shall cause the Register to be current with all registration and transfer information as from time to time may be applicable.

(b) A Series 2024A Bond shall be transferable only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Series 2024A Bond shall be effective until entered in the Register.

(c) The Series 2024A Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Series 2024A Bond or Series 2024A Bonds, 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 Series 2024A Bond presented for exchange.

(d) The Trustee is hereby authorized to authenticate and deliver Series 2024A Bonds transferred or exchanged for other Series 2024A Bonds in accordance with this Section. A new Series 2024A Bond or Series 2024A Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Series 2024A Bond being transferred or exchanged, at the Designated Payment/Transfer Office, or sent by United States mail, first-class, postage prepaid, to the Owner or his designee. Each transferred Series 2024A Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the County and shall be entitled to the benefits and security of this First Supplemental Indenture to the same extent as the Series 2024A Bond or Series 2024A Bonds in lieu of which such transferred Series 2024A Bond is delivered.

(e) Each exchange Series 2024A Bond delivered in accordance with this Section shall constitute an original contractual obligation of the County and shall be entitled to the benefits and security of this First Supplemental Indenture to the same extent as the Series 2024A Bond or Series 2024A Bonds in lieu of which such exchange Series 2024A Bond is delivered.

(f) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for a different Authorized Denomination of any of the Series 2024A Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer, or exchange of a Series 2024A Bond.

(g) Neither the County nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Series 2024A Bond or portion thereof called for redemption prior to maturity within 45 days prior to the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Series 2024A Bond redeemed in part.

Section 3.8. Cancellation.

All Series 2024A Bonds paid or redeemed before scheduled maturity in accordance with this First Supplemental Indenture, and all Series 2024A Bonds in lieu of which exchange Series 2024A Bonds or replacement Series 2024A Bonds are authenticated and delivered in accordance with this First Supplemental 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 Series 2024A Bonds in accordance with the records retention requirements of the Trustee.

Section 3.9. Temporary Bonds.

(a) Following the delivery and registration of the respective Initial Bond and pending the preparation of definitive Series 2024A Bonds, the proper officers of the County may execute and, upon the County's request, the Trustee shall authenticate and deliver, one or more temporary Series 2024A Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Series 2024A Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the County executing such temporary Series 2024A Bonds may determine, as evidenced by their signing of such temporary Series 2024A Bonds.

(b) Until exchanged for Series 2024A Bonds in definitive form, such Series 2024A Bonds in temporary form shall be entitled to the benefit and security of this First Supplemental Indenture.

(c) The County, without unreasonable delay, shall prepare, execute and deliver to the Trustee the Series 2024A Bonds in definitive form; thereupon, upon the presentation and surrender of the Series 2024A Bond or Series 2024A Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Series 2024A Bonds in temporary form and the Trustee shall authenticate and deliver in exchange therefor a Series 2024A Bond or Series 2024A Bonds of the same maturity, in definitive form, in the Authorized Denomination, and in the same aggregate principal amount, as the Series 2024A Bond or Series 2024A Bonds

in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.10. Replacement Bonds.

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Series 2024A Bond, the Trustee shall authenticate and deliver in exchange therefor a replacement Series 2024A Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. The County or the Paying Agent/Registrar may require the Owner of such Series 2024A Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event that any Series 2024A Bond is lost, apparently destroyed or wrongfully taken, the County shall issue and the Trustee, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Series 2024A Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Series 2024A Bond of like tenor and principal amount bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Series 2024A Bond;

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

(c) After the delivery of such replacement Series 2024A Bond, if a bona fide purchaser of the original Series 2024A Bond in lieu of which such replacement Series 2024A Bond was issued presents for payment such original Series 2024A Bond, the County and the Paying Agent/Registrar shall be entitled to recover such replacement Series 2024A Bond from the Person to whom it was delivered or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost, or expense incurred by the County, the Paying Agent/Registrar or the Trustee in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Series 2024A Bond has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Series 2024A Bond, may pay such Series 2024A Bond if it has become due and payable or may pay such Series 2024A Bond when it becomes due and payable.

(e) Each replacement Series 2024A Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the County and shall be entitled to

the benefits and security of this First Supplemental Indenture to the same extent as the Series 2024A Bond or Series 2024A Bonds in lieu of which such replacement Series 2024A Bond is delivered.

Section 3.11. Book-Entry Only System.

The Series 2024A Bonds shall initially be issued in book-entry-only form and shall be deposited with DTC, which is hereby appointed to act as the securities depository therefor, in accordance with the letter of representations from the County to DTC. On the Closing Date of the Series 2024A Bonds, the definitive Series 2024A Bonds shall be issued in the form of a single typewritten certificate for each maturity thereof registered in the name of Cede & Co., as nominee for DTC.

With respect to Series 2024A Bonds registered in the name of Cede & Co., as nominee of DTC, the County 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 Series 2024A Bonds. Without limiting the immediately preceding sentence, the County 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 Series 2024A Bonds, (ii) the delivery to any DTC Participant or any other Person, other than an Owner, as shown on the Register, of any notice with respect to the Series 2024A Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other Person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Series 2024A Bonds. Notwithstanding any other provision of this First Supplemental Indenture to the contrary, the County and the Paying Agent/Registrar shall be entitled to treat and consider the Person in whose name each Series 2024A Bond is registered in the Register as the absolute owner of such Series 2024A Bond for the purpose of payment of principal of, premium, if any, and interest on such Series 2024A Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2024A Bond, for the purpose of registering transfer with respect to such Series 2024A Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Series 2024A Bonds only to or upon the order of the respective Owners as shown in the Register, as provided in this First Supplemental Indenture, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to payment of principal of, premium, if any, and interest on the Series 2024A Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Register, shall receive a certificate evidencing the obligation of the County to make payments of amounts due pursuant to this First Supplemental 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 First Supplemental 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 First Supplemental 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 County determines that DTC is incapable of discharging its responsibilities described herein and in the letter of representations from the County to DTC, the County 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 Series 2024A Bonds to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability through DTC of certificated Series 2024A Bonds and cause the Paying Agent/Registrar to transfer one or more separate registered Series 2024A Bonds to DTC Participants having Series 2024A Bonds credited to their DTC accounts. In such event, the Series 2024A Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Series 2024A Bonds shall designate, in accordance with the provisions of this First Supplemental Indenture.

Section 3.13. Payments to Cede & Co.

Notwithstanding any other provision of this First Supplemental Indenture to the contrary, so long as any Series 2024A Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Series 2024A Bonds, and all notices with respect to such Series 2024A Bonds shall be made and given, respectively, in the manner provided in the blanket letter of representations from the County to DTC.

ARTICLE IV

REDEMPTION OF SERIES 2024A BONDS BEFORE MATURITY

Section 4.1. Limitation on Redemption.

The Series 2024A Bonds shall be subject to redemption before their scheduled maturity only as provided in this Article IV and Article IV of the Master Indenture.

Section 4.2. Mandatory Sinking Fund Redemption.

(a) The Series 2024A Bonds are subject to mandatory sinking fund redemption prior to their Stated Maturity and will be redeemed by the County 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 December 31, 20__

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__*	
* maturity	

Term Bonds Maturing December 31, 20

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__ *	
* maturity	

Term Bonds Maturing December 31, 20

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__ *	
* maturity	

(b) At least 45 days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by subparagraphs (c) and (d) of this Section 4.2, the Trustee shall select a principal amount of Series 2024A Bonds (in accordance with Section 4.5) of such maturity equal to the Sinking Fund Installment amount of such Series 2024A Bonds to be redeemed, shall call such Series 2024A Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6.

(c) The principal amount of Series 2024A Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced, at the option of the County, by the principal amount of any Series 2024A Bonds of such maturity which, at least 45 days prior to the mandatory sinking fund redemption date shall have been acquired by the County at a price not exceeding the principal amount of such Series 2024A Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

(d) The principal amount of Series 2024A Bonds required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Series 2024A Bonds which, at least 45 days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.3. Optional Redemption.

The County reserves the right and option to redeem Series 2024A Bonds maturing on or after December 31, 20__, before their respective scheduled maturity dates, in whole or in part, on any date on or after December 31, 20__, such redemption date or dates to be fixed by the County, at the Redemption Price.

Section 4.4. Extraordinary Optional Redemption.

Notwithstanding any provision in this First Supplemental Indenture to the contrary, the County reserves the right and option to redeem Series 2024A Bonds on any date before their respective scheduled maturity dates as a result of Prepayments in accordance with Section 4.2 of the Master Indenture.

Section 4.5. Partial Redemption.

Notwithstanding any provision in this First Supplemental Indenture to the contrary, if less than all of the Series 2024A Bonds are to be redeemed pursuant to Sections 4.2, 4.3, or 4.4, the Series 2024A Bonds shall be redeemed in accordance with Section 4.3 of the Master Indenture.

Section 4.6. Notice of Redemption to Owners.

Notwithstanding any provision in this First Supplemental Indenture to the contrary, notice of any redemption to the Owners of the Series 2024A Bonds shall be given in accordance with Section 4.4 of the Master Indenture.

Section 4.7. Payment Upon Redemption.

Notwithstanding any provision in this First Supplemental Indenture to the contrary, payment upon redemption of the Series 2024A Bonds shall occur in accordance with Section 4.5 of the Master Indenture.

Section 4.8. Effect of Redemption.

Notwithstanding any provision in this First Supplemental Indenture to the contrary, the effect of redemption of the Series 2024A Bonds shall be given in accordance with Section 4.6 of the Master Indenture.

ARTICLE V

FORM OF THE SERIES 2024A BONDS

Section 5.1. Form Generally.

(a) The Series 2024A Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of the Trustee, and the Assignment to

appear on each of the Series 2024A Bonds, (i) shall be, with respect to the Series 2024A Bonds, substantially in the form set forth in Exhibit A to this First Supplemental Indenture with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this First Supplemental 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 County or by the officers executing such Series 2024A Bonds, as evidenced by their execution thereof.

(b) Any portion of the text of any Series 2024A Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Series 2024A Bonds.

(c) The definitive Series 2024A Bonds shall be typewritten, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Series 2024A Bonds, 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 County may secure identification numbers through the CUSIP Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association, New York, New York, and may authorize the printing of such numbers on the face of the Series 2024A Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Series 2024A Bonds shall be of no significance or effect as regards the legality thereof; and none of the County, the Trustee, nor the attorneys approving said Series 2024A Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Series 2024A Bonds.

Section 5.3. Legal Opinion.

The approving legal opinion of Bond Counsel may be printed on or attached to each Series 2024A Bond over the certification of the County Clerk of the County, which may be executed in facsimile.

ARTICLE VI

FUNDS AND ACCOUNTS

Section 6.1. Initial Deposits to Funds and Accounts.

Pursuant to Section 6.2 of the Master Indenture, the proceeds from the sale of the Series 2024A Bonds shall be paid to the Trustee and deposited or transferred by the Trustee as follows:

- (a) to the Senior Lien Capitalized Interest Account of the Bond Fund: \$_____;
- (b) to the Senior Lien Improvement Area #1 Projects Account of the Project Fund: \$_____;

- (c) to the Senior Lien Costs of Issuance Account of the Project Fund: \$_____;
- (d) to the Senior Lien Reserve Account of the Reserve Fund: \$_____; and
- (e) to the District Administration Account of the Administrative Fund: \$_____.

Section 6.2. Pledged Revenue Fund.

Notwithstanding any provision in this First Supplemental Indenture to the contrary, deposits of amounts to the Pledged Revenue Fund and the Senior Lien Bond Pledged Revenue Account of the Pledged Revenue Fund and transfers of amounts from the Pledged Revenue Fund and the Senior Lien Bond Pledged Revenue Account of the Pledged Revenue Fund shall be made in accordance with Section 6.3 of the Master Indenture, along with all other transfers and deposits prescribed by that Section.

Section 6.3. Bond Fund; Senior Lien Capitalized Interest Account.

(a) Notwithstanding any provision in this First Supplemental Indenture to the contrary, deposits of amounts to the Bond Fund, the Senior Lien Capitalized Interest Account and the Senior Lien Principal and Interest Account of the Bond Fund and transfers of amounts from the Bond Fund, the Senior Lien Capitalized Interest Account and the Senior Lien Principal and Interest Account of the Bond Fund shall be made in accordance with Section 6.4 of the Master Indenture, along with all other transfers and deposits prescribed by that Section.

(b) Moneys in the Senior Lien Capitalized Interest Account shall be used for the payment of interest on the Series 2024A Bonds on the following dates and in the following amounts:

<u>Date</u>	<u>Amount (\$)</u>
June 30, 20__	\$_____

Any amounts on deposit in the Senior Lien Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to the Senior Lien Improvement Area #1 Projects Account of the Project Fund, or if the Senior Lien Improvement Area #1 Projects Account has been closed as provided in Section 6.4(d) herein, such amounts shall be transferred to the Redemption Fund to be used to redeem Senior Lien Bonds and the Senior Lien Capitalized Interest Account shall be closed.

Section 6.4. Project Fund.

(a) Disbursements from the Senior Lien Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Senior Lien Bonds, including the Series 2024A Bonds pursuant to one or more County Certificates. Disbursements from the Senior Lien Improvement Area #1 Projects Account 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

a properly executed and completed Certification for Payment. The disbursement of funds from the Senior Lien Improvement Area #1 Projects 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 Projects made pursuant to a Certification of Payment shall be made on a pro rata basis, subject to any additional requirements of any Supplemental Indenture, from the Senior Lien Improvement Area #1 Projects Account and from any Junior Lien Improvement Area #1 Projects 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.

(b) If the County Representative determines in his or her sole discretion that amounts then on deposit in the Senior Lien Improvement Area #1 Projects 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 Projects such that, in the opinion of the County Representative, it is unlikely that the amounts in the Senior Lien Improvement Area #1 Projects Account of the Project Fund will ever be expended for the purposes of such Account, the County Representative shall file a County Certificate with the Trustee which identifies the amounts then on deposit in the Senior Lien Improvement Area #1 Projects Account of the Project Fund that are not expected to be used for purposes of such Account. If such County Certificate is so filed, the amounts on deposit in the Senior Lien Improvement Area #1 Projects Account of the Project Fund, as applicable, shall either be transferred to the Redemption Fund to redeem Obligations on the earliest practicable date after notice of redemption has been provided in accordance with 6.6(b) of the Master Indenture or shall be transferred as otherwise directed by a County Certificate provided such transfer is authorized pursuant to the terms of the Master Indenture and Applicable Laws.

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

(d) Upon the filing of a County Certificate stating that all Improvement Area #1 Projects have been completed and that all Actual Costs of the Improvement Area #1 Projects have been paid, or that any such Actual Costs of the Improvement Area #1 Projects are not required to be paid from the Project Fund pursuant to a Certificate for Payment, the Trustee (i) shall transfer the amount, if any, remaining within the Senior Lien Improvement Area #1 Projects Account of the Project Fund to the Senior Lien Principal and Interest Account of the Bond Fund, and (ii) shall close the Senior Lien Improvement Area #1 Projects Account of the Project Fund.

(e) Not later than six months following each respective Closing Date, or upon a determination by the County Representative that all costs of issuance of such series of Senior Lien Bonds have been paid, any amounts remaining in the Senior Lien Costs of Issuance Account shall be transferred to the Senior Lien Improvement Area #1 Projects Account of the Project Fund and used to pay Actual Costs or to the Senior Lien Principal and Interest Account of the Bond Fund and used to pay interest on the Senior Lien Bonds, as directed by the County in a County Certificate filed with the Trustee and the Senior Lien Costs of Issuance Account shall be closed.

(f) In the event all amounts deposited into the Senior Lien Improvement Area #1 Projects Account pursuant to Section 6.1(b) have not been expended by a date 3 years from the Closing Date, the County, pursuant to a County Certificate, shall direct the Trustee to transfer all

funds then on deposit in the Senior Lien Improvement Area #1 Projects Account of the Project Fund to the Redemption Fund to redeem Bonds pursuant to Section 4.4 hereof.

Section 6.5. Redemption Fund.

(a) Notwithstanding any provision in this First Supplemental Indenture to the contrary, deposits of amounts to the Redemption Fund and transfers of amounts from the Redemption Fund shall be made in accordance with Section 6.6 of the Master Indenture, along with all other transfers and deposits prescribed by that Section.

(b) Subject to sufficient funds being then on deposit in the Senior Lien Bond Pledged Revenue Account of the Pledged Revenue Fund, the Trustee shall cause to be deposited to the Redemption Fund from the Senior Lien Bond Pledged Revenue Account of the Pledge Revenue Fund an amount sufficient to redeem the Series 2024A Bonds as provided in Sections 4.3 and 4.4 hereof on the dates specified for redemption as provided in Sections 4.3 and 4.4 hereof.

Section 6.6. Reserve Fund.

(a) Notwithstanding any provision in this First Supplemental Indenture to the contrary, the County and the Trustee shall accumulate and maintain the Senior Lien Reserve Account Requirement, as provided in Section 6.7(a) of the Master Indenture.

(b) Notwithstanding any provision in this First Supplemental Indenture to the contrary, the County and the Trustee shall accumulate and maintain the Senior Lien Additional Interest Reserve Account Requirement, as provided herein.

(c) On the Closing Date for the Series 2024A Bonds, the County shall deposit or cause to be deposited with the Trustee proceeds from the sale of the Series 2024A Bonds in an amount equal to the Senior Lien Reserve Account Requirement to the Senior Lien Reserve Account of the Reserve Fund, as provided in Section 6.1(d) hereof. If the amount on deposit in the Senior Lien Reserve Account of the Reserve Fund shall at any time be less than the Senior Lien Reserve Account Requirement, the Trustee shall make the transfers as prescribed by subsection (j) hereof to cure such deficiency.

(d) The Trustee, if needed, will transfer from the Senior Lien Bond Pledged Revenue Account of the Pledged Revenue Fund to the Senior Lien Additional Interest Reserve Account of the Reserve Fund on June 30 and December 31 of each year, commencing June 30, 2025, an amount equal to the Additional Interest collected, if any, until the Senior Lien Additional Interest Reserve Account Requirement has been accumulated in the Senior Lien Additional Interest Reserve Account of the Reserve Fund. If the amount on deposit in the Senior Lien Additional Interest Reserve Account shall at any later time be less than the Senior Lien Additional Interest Reserve Account Requirement, the Trustee shall notify the County, in writing, of the amount of such shortfall, and the County shall resume collecting the Additional Interest and shall file a County Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Senior Lien Bond Pledged Revenue Account of the Pledged Revenue Fund into the Senior Lien Additional Interest Reserve Account of the Reserve Fund until the Senior Lien Additional Interest Reserve Account Requirement has been accumulated in the Senior Lien Additional Interest Reserve Account; provided, however, that the County shall not be required to replenish the Senior Lien Additional Interest Reserve Account in the event funds are transferred from the Senior Lien Additional Interest Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Obligations from the proceeds of a

Prepayment pursuant to Section 4.2 of the Master Indenture. 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 County of such transfer in writing. In transferring 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 County Certificate directing that a different amount be used.

(e) If the amount on deposit in the Senior Lien Additional Interest Reserve Account of the Reserve Fund shall at any time be less than the Senior Lien Additional Interest Reserve Account Requirement, then the County and the Trustee shall make the collections and deposits prescribed by Section 6.7(d) hereof to cure such deficiency.

(f) Whenever Senior Lien Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.2 of the Master Indenture, the Trustee shall transfer, on the Business Day prior to the redemption date (or on such other date as agreed to by the County and the Trustee), from the Senior Lien Reserve Account of the Reserve Fund to the Redemption Fund, an amount specified in a County Certificate to be applied to the redemption of the Obligations. The amount so transferred from the Senior Lien Reserve Account of the Reserve Fund shall be equal to the principal amount of the Senior Lien Bonds to be redeemed with Prepayments multiplied by the lesser of: (i) the amount required to be in the Senior Lien Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Senior Lien Bonds prior to the redemption, and (ii) the amount actually in the Senior Lien Reserve Account of the Reserve Fund divided by the principal amount of Senior Lien Bonds prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayments toward payment of accrued interest, there are insufficient funds in the Redemption Fund to pay the principal amount plus accrued and unpaid interest to the date fixed for redemption of the Senior Lien Bonds to be redeemed, as identified in a County Certificate, as a result of such Prepayments and as a result of the transfer from the Senior Lien Reserve Account under this Section 6.7(f), the Trustee shall transfer an amount equal to the shortfall, and/or any additional amounts necessary to permit the Senior Lien Bonds to be redeemed in minimum principal amounts of \$1,000, from the Senior Lien Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Senior Lien Bonds.

(g) Whenever, on any Interest Payment Date, or on any other date at the written request of a County Representative, the amount in the Senior Lien Reserve Account exceeds the Senior Lien Reserve Account Requirement, the Trustee shall provide written notice to the County Representative of the amount of the excess. Such excess shall be transferred to the Senior Lien Principal and Interest Account to be used for the payment of debt service on the Senior Lien Bonds on the next Interest Payment Date in accordance with Section 6.4(a)(ii) of the Master Indenture, unless within 30 days of such notice to the County Representative, the Trustee receives a County Certificate instructing the Trustee to apply such excess: (i) to pay amounts due under Section 6.8 of the Master Indenture, (ii) to a specified Account of the Project Fund pertaining to the Senior Lien Bonds 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 County Certificate if the County 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 Obligation.

(h) Whenever, on any Interest Payment Date, the amount on deposit in the Bond Fund is insufficient to pay the debt service on the Senior Lien Bonds due on such date, the

Trustee shall transfer first, from the Senior Lien Additional Interest Reserve Account of the Reserve Fund to the Senior Lien Principal and Interest Account and, second, from the Senior Lien Reserve Account of the Reserve Fund to the Senior Lien Principal and Interest Account the amounts necessary to cure such deficiency.

(i) At the final maturity of the Senior Lien Bonds, the amount on deposit in the Senior Lien Reserve Account and the Senior Lien Additional Interest Reserve Account shall be transferred to the Senior Lien Principal and Interest Account of the Bond Fund and applied to the payment of the principal of the applicable Outstanding Senior Lien Bonds.

(j) If, after a withdrawal from the Senior Lien Reserve Account pursuant to Section 6.6(h), the amount on deposit in the Senior Lien Reserve Account of the Reserve Fund is less than the Senior Lien Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Senior Lien Reserve Account of the Reserve Fund (as applicable) the amount of such deficiency, in accordance with Section 6.3 of the Master Indenture.

Section 6.7. Rebate Fund.

Notwithstanding any provision in this First Supplemental Indenture to the contrary, deposits of amounts to the Rebate Fund and transfers of amounts from the Rebate Fund shall be made in accordance with Section 6.8 of the Master Indenture, along with all other transfers and deposits prescribed by that Section, and Section 8.1 hereof.

Section 6.8. Administrative Fund.

Notwithstanding any provision in this First Supplemental Indenture to the contrary, deposits of amounts to the Administrative Fund and the District Administration Account of the Administrative Fund and transfers of amounts from the Administrative Fund and the District Administration Account of the Administrative Fund shall be made in accordance with Section 6.9 of the Master Indenture, along with all other transfers and deposits prescribed by that Section.

Section 6.9. Investment of Funds.

Notwithstanding any provision in this First Supplemental Indenture to the contrary, money in any Fund or Account established pursuant to the Master Indenture shall be invested in accordance with Section 6.10 of the Master Indenture.

Section 6.10. Security of Funds.

Notwithstanding any provision in this First Supplemental Indenture to the contrary, all Funds or Accounts created under the Master Indenture shall be secured as provided in Section 6.11 of the Master Indenture.

ARTICLE VII

COVENANTS CONCERNING THE SERIES 2024A BONDS

Section 7.1. Payments.

The County covenants that it will promptly pay the principal or maturity amount of and interest on every Series 2024A Bond at the place, on the dates, and in the manner provided herein

and in said Series 2024A Bonds and any premium required for the retirement of said Series 2024A Bonds by redemption, according to the provisions in the Master Indenture and this First Supplemental Indenture.

Section 7.2. Records, Accounts, Accounting Reports.

The County hereby covenants and agrees that so long as any of the Series 2024A Bonds 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 Master Indenture, this First Supplemental Indenture, 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 Series 2024A Bonds or any duly authorized agent or agents of such Owners shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the County by the Trustee or duly authorized representative, as applicable. The County shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Series 2024A Bonds during the County's regular business hours and on a mutually agreeable date not later than 30 days after the County receives such request.

ARTICLE VIII
COVENANTS CONCERNING THE INITIAL OBLIGATIONS

Section 8.1. Covenants to Maintain Tax-Exempt Status.

(a) Authorization. Pursuant to Section 10.1(b)(i) of the Master Indenture, the following covenant concerning the tax-exempt status of the Initial Obligations is hereby added to the Master Indenture.

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

"Closing Date" means the date on which the Initial Obligations 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 Initial Obligations.

"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 Initial Obligations are invested and which is not acquired to carry out the governmental purposes of the Initial Obligations.

“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 Initial Obligations. 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 Initial Obligations, as it pertains to the Initial Obligations, has the meaning set forth in Section 1.148-4 of the Regulations.

(c) Not to Cause Interest to Become Taxable. The County 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 Initial Obligation 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 County 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 Initial Obligation, the County shall comply with each of the specific covenants in this Section.

(d) No Private Use or Private Payments. Except as permitted by Section 141 of the Code and the Regulations and rulings thereunder, the County shall at all times prior to the last Stated Maturity of the Initial Obligations:

(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 Initial Obligations, 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 Initial Obligations 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 County or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(e) No Private Loan.

(i) Except to the extent permitted by Section 141 of the Code and the Regulations and rulings thereunder, the County shall not use Gross Proceeds of any Initial

Obligations 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 County 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 the Initial Obligations are delivered and will ensure that the Assessments continue to meet such requirements for so long as the Initial Obligations are outstanding.

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

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

(h) Information Report. The County 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 the Initial Obligations.

(i) 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 County 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 Initial Obligation is discharged. However, to the extent permitted by law, the County may commingle Gross Proceeds of the Initial Obligations with other money of the County, provided that the County separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(ii) Not less frequently than each Computation Date for the Initial Obligations, the County shall calculate the Rebate Amount for the Initial Obligations in accordance with rules set forth in Section 148(f) of the Code and the Regulations and rulings thereunder. The County shall maintain such calculations with its official transcript of proceedings

relating to the issuance of the Initial Obligations until six years after the final Computation Date.

(iii) As additional consideration for the purchase of the Initial Obligations by the Purchaser and the loan of the money represented thereby and in order to induce such purchase by measures designed to ensure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the County shall, pursuant to a County Certificate, direct the Trustee to transfer to the Series 2024 Obligations Rebate Account of the Rebate Fund from the funds or subaccounts designated in such County Certificate and direct the Trustee to pay to the United States from the Series 2024 Obligations Rebate Account of the Rebate Fund the amount that when added to the future value of previous rebate payments made for the Initial Obligations 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 County shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (ii) and (iii), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within 180 days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

(j) Not to Divert Arbitrage Profits. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the County shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Initial Obligations, enter into any transaction that reduces the amount required to be paid to the United States pursuant to subsection (i) 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 Initial Obligations not been relevant to either party.

(k) Elections. The County hereby directs and authorizes the County Judge, County Administrator, County Representative, County Clerk, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Initial Obligations, in the Tax Certificate or similar or other appropriate certificate, form or document.

ARTICLE IX

LIABILITY OF COUNTY

The County shall not incur any responsibility in respect of the Series 2024A Bonds or this First Supplemental Indenture other than in connection with the duties or obligations explicitly herein or in the Series 2024A Bonds assigned to or imposed upon it. The County 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 County 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 Series 2024A Bonds, or as to the existence of a default or Event of Default thereunder.

In the absence of bad faith, the County 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 County and conforming to the requirements of this First Supplemental Indenture. The County 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 First Supplemental Indenture, the Series 2024A Bonds, the Assessment Order, or any agreement, document, instrument, or certificate executed, delivered or approved in connection with the issuance, sale, delivery, or administration of the Series 2024A Bonds (the "Bond Documents"), shall require the County to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Funds and Accounts described below and the Annual Collection Costs) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if in the judgment of the County 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 County or any of its officers, officials, agents, or employees for damages suffered as a result of the County'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 County, in accordance with the Bond Documents and the PID Act. Any such claim shall be payable only from the Senior Lien Bond Pledged Revenue Account of the Pledged Revenue Fund, the Senior Lien Capitalized Interest Account and the Senior Lien Principal and Interest Account of the Bond Fund, the Senior Lien Improvement Area #1 Projects Account and the Senior Lien Costs of Issuance Account of the Project Fund, the Senior Lien Reserve Account and the Senior Lien Additional Interest Reserve Account of the Reserve Fund, and the Redemption Fund, or the amounts collected to pay Annual Collection Costs on deposit in the Administrative Fund. Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding in any court or before any governmental body, agency, or instrumentality against the County 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 Series 2024A Bonds by mandamus or other proceeding at law or in equity.

The County 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 County 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 First Supplemental Indenture, the County 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 County, be deemed to be conclusively proved and established by a certificate of the Trustee, an Independent Financial Consultant, an independent inspector or County Administrator or other person

designated by the Commissioners Court to so act on behalf of the County, and such certificate shall be full warrant to the County for any action taken or suffered under the provisions of this First Supplemental Indenture upon the faith thereof, but in its discretion the County 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 County may employ such persons or entities as it deems necessary or advisable. The County 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 X

MODIFICATION OR AMENDMENT OF THIS FIRST SUPPLEMENTAL INDENTURE

(a) This First Supplemental Indenture may be amended or modified in accordance with the provisions of Article X of the Master Indenture.

(b) No Supplemental Indenture under this Section modifying or amending this First Supplemental Indenture shall be effective unless the County first delivers to the Trustee an opinion of Bond Counsel to the effect that such modification or 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 Series 2024A Bond from gross income for purposes of federal income taxation.

ARTICLE XI

DEFAULTS AND REMEDIES

Section 11.1. Events of Default.

Notwithstanding any provision in this First Supplemental Indenture to the contrary, each of the occurrences specified in Section 11(a) of the Master Indenture shall constitute an Event of Default pertaining to the Series 2024A Bonds. Sections 11.1(b) and 11.1(c) of the Master Indenture shall be applicable to an Event of Default pertaining to the Series 2024A Bonds.

Section 11.2. Immediate Remedies for Default.

Notwithstanding any provision in this First Supplemental Indenture to the contrary, and subject to Article IX herein, Section 11.2 of the Master Indenture is hereby incorporated by reference and shall be applicable to the Series 2024A Bonds and to a happening and continuance of any Event of Default pertaining to the Series 2024A Bonds.

Section 11.3. Restriction on Owner's Actions.

Notwithstanding any provision in this First Supplemental Indenture to the contrary, Section 11.3 of the Master Indenture is hereby incorporated by reference and shall be applicable to the Series 2024A Bonds and to a happening and continuance of any Event of Default pertaining to the Series 2024A Bonds.

Section 11.4. Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds within the Pledged Revenue Fund and the Redemption Fund, including 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 and Article XI of the Master Indenture shall, after payment of the costs 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 First Supplemental Indenture, during the continuance of an Event of Default, notwithstanding Section 11.2 of the Master Indenture, shall be applied by the Trustee, on behalf of the County, as provided in Section 11.4(a) of the Master Indenture.

(b) All moneys, securities, funds within the Funds and Accounts constituting the Senior Lien Supplemental Security, including the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of Article XI of the Master Indenture shall, after payment of the cost and expense 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 First Supplemental Indenture, during the continuance of an Event of Default, notwithstanding Section 11.2 hereof, shall be applied by the Trustee, on behalf of the County, to the payment of interest and principal or Redemption Price then due on Senior Lien Bonds, as follows:

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

THIRD: To make a deposit in the Senior Lien Reserve Account of the Reserve Fund in an amount necessary to replenish the Account to an amount equal to the Senior Lien Reserve Account Requirement (or, in the event sufficient funds are unavailable, then as nearly as practicable).

Within 10 days of receipt of such good and available funds, the Trustee may fix a record and payment date for any payment to be made to the Owners pursuant to this Section 11.4.

(c) In the event funds are not adequate to cure any of the Events of Default described in Section 11.1(a) of the Master Indenture, the available funds shall be allocated according to the provisions of Section 11.4(b) of the Master Indenture and 11.4(b) hereof.

(d) The restoration of the County to its prior position after any and all defaults have been cured, as provided in Section 11.3 of the Master Indenture, shall not extend to or affect any

subsequent default under this First Supplemental Indenture or impair any right consequent thereon.

Section 11.5. Effect of Waiver.

No delay or omission of the Trustee, or any Owner, to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this First Supplemental Indenture and the Master 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 the Series 2024A Bonds.

(a) Any request, consent, revocation of consent or other instrument which this First Supplemental Indenture may require or permit to be signed and executed by the Owners of Series 2024A Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, or the holding by any Person of the Series 2024A Bonds shall be sufficient for any purpose of this First Supplemental Indenture (except as otherwise herein expressly provided) if made in the manner provided in Section 11.6(a)(i)-(ii) of the Master Indenture.

(b) Except as otherwise provided in this First Supplemental Indenture and the Master Indenture with respect to revocation of a request or consent, any request or consent by an Owner of Series 2024A Bonds shall bind all future Owners of the same Series 2024A Bonds in respect of anything done or suffered to be done by the County 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 First Supplemental Indenture and the Master Indenture is expressly denied.

Section 11.8. Mailing of Notice.

Any provision in this Article and Article XI of the Master Indenture 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 Series 2024A Bonds.

Series 2024A Bonds owned or held by or for the account of the County will not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Series 2024A Bonds provided for in this First Supplemental Indenture and the Master Indenture, and the County shall not be entitled with respect to such Series 2024A Bonds to give any consent or take any other action provided for in this First Supplemental Indenture and the Master 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 Series 2024A 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, 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 County represents and warrants that it is authorized by Applicable Laws to authorize and issue the Series 2024A Bonds, to execute and deliver this First Supplemental Indenture and to pledge the Trust Estate in the manner and to the extent provided in this First Supplemental 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 the pledge and lien created in or authorized by this First Supplemental Indenture except as expressly provided herein and in the Master Indenture.

(b) The County 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 First Supplemental Indenture against all claims and demands of all Persons whomsoever.

Section 12.2. General.

The County 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 County under the provisions of this First Supplemental Indenture.

Section 12.3. No Default under Master Indenture

The County is not in default under the Master Indenture and, upon issuance of the Series 2024A Bonds, the funds held under the Master Indenture will contain the amounts required to be on deposit therein.

ARTICLE XIII

PAYMENT AND CANCELLATION OF THE SERIES 2024A BONDS AND SATISFACTION OF THE FIRST SUPPLEMENTAL INDENTURE

Section 13.1. Trust Irrevocable.

The trust created by the terms and provisions of this First Supplemental Indenture is irrevocable until the Series 2024A Bonds secured hereby are fully paid or provision is made for their payment as provided in this Article.

Section 13.2. Satisfaction of First Supplemental Indenture.

If the County shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the Series 2024A Bonds, at the times and in the manner stipulated in this First Supplemental Indenture, and all amounts due and owing with respect to the Series 2024A Bonds have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the County to the Owners of the Series 2024A Bonds, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the County copies of all such documents as it may have evidencing that principal of and interest on all of the Series 2024A Bonds has been paid so that the County may determine if the First Supplemental Indenture is satisfied; if so, and provided that the Master Indenture is also satisfied pursuant to Section 14.2 of the Master Indenture, the Trustee shall pay over or deliver all moneys held by it in the in Funds and Accounts held under the Master Indenture to the Person entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the County.

Section 13.3. Series 2024A Bonds Deemed Paid.

Any Outstanding Series 2024A Bond shall, prior to the Stated Maturity or redemption date thereof be deemed to have been paid and to no longer be deemed Outstanding if it meets the requirements set forth in (i) through (iv) of Section 14.3 of the Master Indenture, and all other requirements of that Section pertaining to Defeasance Securities.

ARTICLE XIV

MISCELLANEOUS

Section 14.1. Benefits of First Supplemental Indenture Limited to Parties.

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

Section 14.2. Successor is Deemed Included in All References to Predecessor.

Whenever in this First Supplemental Indenture or any Supplemental Indenture either the County or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this First Supplemental

Indenture contained by or on behalf of the County or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 14.3. Successorship of Trustees.

Any commercial bank, national banking association or trust company with or into which any Trustee may be merged or consolidated, or to which the assets and business of such Trustee may be sold, shall be deemed the successor of such Trustee for the purposes of this First Supplemental Agreement. If the position of any Trustee shall become vacant for any reason, the County shall, within 30 days thereafter, appoint a commercial bank, national banking association or trust company as Trustee to fill such vacancy; provided, however, that if the County shall fail to appoint such Trustee within said period, the Trustee shall make such appointment.

Section 14.4. Notices.

Except as otherwise provided herein, all notices, certificates or other communications hereunder shall be in writing and shall be deemed given as required by the Master Indenture.

Section 14.5. Execution of Documents and Proof of Ownership by Owners.

Any request, declaration, or other instrument which this First Supplemental 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 Series 2024A Bonds and the amount, maturity, number, and date of holding the same shall be proved by the Register.

Any request, declaration or other instrument or writing of the Owner of any Series 2024A Bond shall bind all future Owners of such Series 2024A Bond in respect of anything done or suffered to be done by the County or the Trustee in good faith and in accordance therewith.

Section 14.6. Waiver of Personal Liability.

No member, officer, agent, or employee of the County shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Series 2024A Bonds; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law.

Section 14.7. Notices to and Demands on County and Trustee.

(a) Except as otherwise expressly provided in this First Supplemental Indenture, all notices or other instruments required or permitted under this First Supplemental Indenture,

with a subsequent written instruction. The County 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 County; (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 14.8. Partial Invalidity.

If any Section, paragraph, sentence, clause, or phrase of this First Supplemental Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this First Supplemental Indenture. The County hereby declares that it would have adopted this First Supplemental Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issue of the Series 2024A Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this First Supplemental Indenture may be held illegal, invalid, or unenforceable.

Section 14.9. Applicable Laws.

This First Supplemental 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 14.10. Payment on Business Day.

In any case where the date of the maturity of interest or of principal (and premium, if any) of the Series 2024A Bonds or the date fixed for redemption of any Series 2024A Bonds or the date any action is to be taken pursuant to this First Supplemental 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 14.11. Counterparts.

This First Supplemental Indenture may be executed in counterparts, each of which shall be deemed an original. The County and the Trustee agree that electronic signatures to this First Supplemental Indenture may be regarded as original signatures.

Section 14.12. Verifications of Statutory Representations and Covenants.

The Trustee makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this First 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. Section 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this First 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 First Supplemental Indenture, notwithstanding anything in this First 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 First 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 First 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 First Supplemental Indenture. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

IN WITNESS WHEREOF, the County and the Trustee have caused this First Supplemental Indenture of Trust to be executed all as of the date hereof.

DENTON COUNTY, TEXAS

By: _____,
County Judge

Attest:

County Clerk

COUNTY SEAL

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

By: _____
Authorized Officer

EXHIBIT A

(a) Form of Series 2024A Bond.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE COUNTY, 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

DENTON COUNTY, TEXAS
SENIOR LIEN SPECIAL ASSESSMENT REVENUE BOND, SERIES 2024A
(TABOR RANCH PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
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_____	December 31, 20____, 20____	_____	_____
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Denton County, Texas (the "County"), 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

_____ MILLION _____ THOUSAND AND NO/100 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 June 30 and December 31 of each year, commencing June 30, 2025, until maturity or prior redemption.

Capitalized terms appearing herein that are defined terms in the Master Indenture and the First Supplemental Indenture defined below, have the meanings assigned to them in the Master Indenture and the First Supplemental Indenture. Reference is made to the Master Indenture and the First Supplemental 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"), U.S. Bank Trust Company, National Association, as trustee and paying agent/registrar (the "Trustee", which term includes any successor trustee under the Master 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 first 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 County. 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 County having the designation specified in its title (herein referred to as the "Bonds"), dated December 12, 2024 and issued in the aggregate principal amount of \$_____ and issued, with the limitations described herein, pursuant to a First Supplemental Indenture of Trust, dated as of December 1, 2024 (the "First Supplemental Indenture") and a Master Indenture of Trust, dated as of December 1, 2024 (the "Master Indenture"), by and between the County and the Trustee, to which such First Supplemental Indenture and Master 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 County, 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 First Supplemental 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 special, limited obligations of the County payable solely from the Trust Estate, consisting primarily of 1) a first lien on and pledge of the Pledged Revenues, and 2) the Senior Lien Supplemental Security, all as defined in the Master Indenture and First Supplemental Indenture. Reference is hereby made to the First Supplemental 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 County, 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 First Supplemental Indenture and the Master Indenture.

Notwithstanding any provision hereof, the First Supplemental Indenture may be released and the obligation of the County 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 Master Indenture.

The Bonds are issuable as fully registered bonds only in Authorized Denominations, subject to the provisions of the First Supplemental Indenture authorizing redemption in denominations of \$100,000 and any multiple of \$1,000 in excess thereof.

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

Term Bonds Maturing December 31, 20__

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__*	
* maturity	

Term Bonds Maturing December 31, 20__

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__*	
* maturity	

Term Bonds Maturing December 31, 20__

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__*	

* maturity

At least 45 days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by Section 4.2 of the First Supplemental Indenture, the Trustee shall select for redemption, pursuant to the provisions of the First Supplemental 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 First Supplemental Indenture.

The principal amount of Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date shall be reduced, at the option of the County, by the principal amount of any Bonds of such maturity which, at least 45 days prior to the mandatory sinking fund redemption date shall have been acquired by the County at a price not exceeding the principal amount of such Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation. The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Bonds which, at least 45 days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption and not previously credited to a sinking fund redemption.

The County reserves the right and option to redeem Bonds maturing on or after December 31, 20__ before their scheduled maturity dates, in whole or in part, on any date on or after December 31, 20__, such redemption date or dates to be fixed by the County, 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, on any date, 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 Master Indenture, from amounts on deposit in the Redemption Fund as a result of Prepayments, other transfers to the Redemption Fund pursuant to the Master Indenture, or as a result of unexpended amounts transferred from the Project Fund as provided in the Master 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 County 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 County 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 County has the right to rescind any optional redemption or extraordinary optional redemption described in Section 4.2 of the Master Indenture or Sections 4.3 and 4.4 of the First Supplemental Indenture authorizing the Bonds by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Master Indenture. The Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

The First Supplemental Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the County and the rights of the holders of the Bonds under the First Supplemental Indenture at any time Outstanding affected by such modification. The First Supplemental 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 County with certain past defaults under the Bond Order or the Master 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 First Supplemental 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 First Supplemental 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 County 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 County, 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 County nor the Trustee shall be affected by notice to the contrary.

The County has reserved the right to issue Refunding Bonds on the terms and conditions specified in the Master Indenture.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF DENTON COUNTY, TEXAS, THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the County, including the Bonds, does not exceed any Constitutional or statutory limitation.

IN WITNESS WHEREOF, the Commissioners Court of the County has caused this Bond to be executed under the official seal of the County.

County Judge, Denton County, Texas

County Clerk, Denton County, Texas

[County Seal]

(b) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Bond:

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER	§	
OF PUBLIC ACCOUNTS	§	REGISTER NO. _____
	§	
THE STATE OF TEXAS	§	

I HEREBY CERTIFY THAT there is on file and of record in my office an opinion to the effect that the Attorney General of the State of Texas has approved this Bond, and that this Bond has been registered this day by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____

Comptroller of Public Accounts
of the State of Texas

[SEAL]

(c) Form of Certificate of Trustee.

CERTIFICATE OF TRUSTEE

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

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 Bond and
all rights hereunder and hereby irrevocably constitutes and appoints _____
attorney to transfer the within Bond on the books kept for registration hereof, with full power of
substitution in the premises.

Date: _____

Signature Guaranteed By:

Authorized Signatory

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

(e) The Initial Bond shall be in the form set forth in paragraphs (a) 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 December 31 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Years</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>
--------------	------------------------------	--------------------------

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

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

APPENDIX A-3

FORM OF SECOND SUPPLEMENT

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SECOND SUPPLEMENTAL INDENTURE OF TRUST

By and Between

DENTON COUNTY, TEXAS

and

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

DATED AS OF DECEMBER 1, 2024

SECURING

\$ _____
DENTON COUNTY, TEXAS,
JUNIOR LIEN SPECIAL ASSESSMENT REVENUE BONDS, SERIES
2024B
(TABOR RANCH PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)

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SECOND SUPPLEMENTAL INDENTURE OF TRUST

THIS SECOND SUPPLEMENTAL INDENTURE, dated as of December 1, 2024 is by and between DENTON COUNTY, TEXAS (the "County"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as trustee (together with its successors, the "Trustee").

WHEREAS, the terms used and not otherwise defined in this Preamble shall have the meanings given in Section 1.1 to this Second Supplemental Indenture; and

WHEREAS, the County and the Trustee have entered into a Master Indenture, dated as of even date herewith; and

WHEREAS, pursuant to the Master Indenture, the County is authorized to issue the Initial Obligations to finance the Improvement Area #1 Projects; and

WHEREAS, the Trustee has accepted the trusts created by this Second Supplemental Indenture and in evidence thereof has joined in the execution hereof; and

WHEREAS, the County and the Trustee hereby agree 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 Second Supplemental Indenture, the following terms shall have the meanings specified below:

"Account" means any of the accounts established pursuant to Section 6.1 of the Master Indenture.

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

"Additional Interest" means the amount collected by application of the Additional Interest Rate.

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

“Administrative Fund” shall have the meaning assigned to such term in the Master Indenture.

“Administrator” means the County or the person or independent firm designated by the County who shall have the responsibilities provided in the Service and Assessment Plan, this Second Supplemental Indenture, or any other agreement or document approved by the County related to the duties and responsibilities of the administration of the District. The initial Administrator is Willdan Financial Services.

“Annual Collection Costs” means the actual or budgeted costs and expenses relating to collecting the Annual Installments, including, but not limited to, costs and expenses for: (1) the Administrator (2) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the County; (3) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (4) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (5) issuing, paying, and redeeming the Series 2024B Bonds; (6) investing or depositing Assessments and Annual Installments; (7) complying with the Service and Assessment Plan and the PID Act with respect to the issuance and sale of the Series 2024B Bonds, including continuing disclosure requirements; and (8) the paying agent/registrars and Trustee in connection with the Series 2024B Bonds, including their respective legal counsel. Annual Collection Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

“Annual Installment” means, with respect to each Assessed Parcel, each annual payment of the Assessments (including both principal of and interest on the Assessments) as shown on the Improvement Area #1 Assessment Roll attached to the Service and Assessment Plan as Exhibit E-1 and related to the Improvement Area #1 Projects and as set forth on Exhibit E-2 of the Service and Assessment Plan which annual payment includes the Additional Interest and the Annual Collection Costs collected on each annual payment of the Assessments as respectively described in Sections 6.7 and 6.9 of the Master Indenture 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 and as approved by the Commissioners Court.

“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 County 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 Order in accordance with the Service and Assessment Plan.

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

“Assessment Order” means the Order adopted by the Commissioners Court on November 19, 2024, 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, 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 County 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 Series 2024B Bond is less than \$100,000, then the Authorized Denomination of such Outstanding Series 2024B Bond shall be the amount of such Outstanding Series 2024B Bond.

“Authorized Improvements” means improvements authorized by Section 372.003 of the PID Act, including, but not limited to the Improvement Area #1 Projects, district formation expenses, first year annual collection costs, and bond issuance costs, listed in Section IV of the Service and Assessment Plan.

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

“Bond Fund” shall have the meaning assigned to such term in the Master Indenture.

“Bond Order” means the Order adopted by the Commissioners Court on November 19, 2024, authorizing the issuance of the Series 2024B Bonds pursuant to this Second Supplemental Indenture.

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

“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 County Representative executed by a Person approved by a County Representative, delivered to a County 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.

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

“County Representative” means any official or agent of the County authorized by the Commissioners Court to undertake the action referenced herein.

“Closing Date” means the date of the initial delivery of the Series 2024B Bonds. With respect to the Series 2024B Bonds, the Closing Date is December 12, 2024.

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

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

“Delinquent Collection Costs” shall have the meaning assigned to such term in the Master Indenture.

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named in this Second Supplemental 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 County and such successor.

“Developer” means Tabor 380 Development, LLC a Texas limited liability company, and any successors or assigns thereof that intend to develop the property in the District for the ultimate purpose of transferring title to end users.

“District Administration Account” shall have the meaning assigned to such term in the Master Indenture.

“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.

“Event of Default” shall have the meaning assigned to such term in the Master Indenture.

“First Supplemental Indenture” means the “First Supplemental Indenture of Trust” by and between the County and Trustee dated as of December 1, 2024, which provides for the issuance of the County’s bonds entitled “Denton County, Texas, Senior Lien Special Assessment Revenue Bonds, Series 2024A (Tabor Ranch Public Improvement District Improvement Area #1 Project)”, and other matters related thereto.

“Foreclosure Proceeds” means the proceeds, including interest and penalty interest, received by the County 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 the Master Indenture.

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

“Improvement Area #1 Assessment Roll” means the assessment roll attached as Exhibit E-1 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 Obligations 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 “Tabor Ranch Public Improvement District Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement” by and between the County and the Developer dated as of November 19, 2024, which provides, in part, for the deposit of proceeds from the issuance and sale of the Series 2024B Bonds and the payment of costs of Improvement Area #1 Projects within the District, and other matters related thereto.

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

“Improvement Area #1 Projects” means, the Improvement Area #1 Improvements and the pro rata portion of the Major Improvements allocable to the Assessed Property within Improvement Area #1.

“Independent Financial Consultant” means any consultant or firm of such consultants appointed by the County who, or each of whom: (i) is judged by the County, as the case may be, to have experience in matters relating to the issuance and/or administration of the Series 2024B Bonds; (ii) is in fact independent and not under the domain of the County; (iii) does not have any substantial interest, direct or indirect, with or in the County, or any owner of real property in the District, or any real property in the District; and (iv) is not connected with the County as an officer or employee of the County, but who may be regularly retained to make reports to the County.

“Initial Bond” means, with respect to the Series 2024B Bonds, the Initial Bond as set forth in Exhibit A to this Second Supplemental Indenture.

“Initial Obligation(s)” shall have the same meaning assigned to such term in the Master Indenture.

“Interest Payment Date” means the date or dates upon which interest the Series 2024B Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being June 30 and December 31 of each year and commencing, with respect to the Series 2024B Bonds, on June 30, 2025.

“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 County’s official investment policy as approved by the Commissioners Court from time to time.

“Junior Lien Additional Interest Reserve Account” means the Account of such name established pursuant to Section 2.5 herein.

“Junior Lien Additional Interest Reserve Account Requirement” means an amount equal to 5.50% of the principal amount of the Outstanding Junior Lien Bonds to be funded from Additional Interest, if collected, to be deposited to the Pledged Revenue Fund and transferred to the Junior Lien Additional Interest Reserve Account in accordance with the provisions of Section 6.3 of the Master Indenture and Section 6.6(d) hereof.

“Junior Lien Bonds” shall have the meaning assigned to such term in the Master Indenture.

“Junior Lien Capitalized Interest Account” means the Account of such name established pursuant to Section 2.5 herein.

“Junior Lien Costs of Issuance Account” means the Account of such name established pursuant to Section 2.5 herein.

“Junior Lien Improvement Area #1 Projects Account” means the Account of such name established pursuant to Section 2.5 herein.

“Junior Lien Principal and Interest Account” shall have the meaning assigned to such term in the Master Indenture.

“Junior Lien Reserve Account” means the Account of such name established pursuant to Section 2.5 herein.

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

“Junior Lien Supplemental Security” means the Junior Lien Reserve Account, the Junior Lien Additional Interest Reserve Account, the Junior Lien Principal and Interest Account, the Junior Lien Capitalized Interest Account, the Junior Lien Improvement Area #1 Projects Account and the Junior Lien Costs of Issuance Account.

“Major Improvements” mean Authorized Improvements that confer a special benefit to all of the assessed property within the District, as further described in Section IV.A and depicted on Exhibit G of the Service and Assessment Plan

“Master Indenture” means the “Master Indenture of Trust” by and between the County and the Trustee dated as of December 1, 2024, which provides for the issuance of the Obligations, including the Series 2024B Bonds, and other matters related thereto.

“Obligations” shall have the meaning assigned to such term in the Master Indenture. Such term includes the Series 2024B Bonds.

“Outstanding” means, as of any particular date when used with reference to the Series 2024B Bonds, all Series 2024B Bonds authenticated and delivered under this Second Supplemental Indenture except (i) any Series 2024B Bond that has been canceled by the Trustee (or has been delivered to the Trustee for cancellation) at or before such date, (ii) any Series 2024B Bond for which the payment of the principal or Redemption Price of and interest on such Series 2024B Bond shall have been made as provided in Article IV, and (iii) any Series 2024B Bond in lieu of or in substitution for which a new Series 2024B Bond shall have been authenticated and delivered pursuant to Section 3.10 herein.

“Owner” means the Person who is the registered owner of a Series 2024B Bond or Series 2024B Bonds, as shown in the Register, which shall be Cede & Co., as nominee for DTC, so long

as the Series 2024B Bonds are in book-entry only form and held by DTC as securities depository in accordance with Section 3.11 herein.

“Paying Agent/Registrar” means initially the Trustee, or any successor thereto as provided in this Second Supplemental 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” shall have the meaning assigned to such term in the Master Indenture.

“Pledged Revenue Fund” shall have the meaning assigned to such term in the Master Indenture.

“Pledged Revenues” shall have the same meaning assigned to such term in the Master Indenture.

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

“Project Fund” means that Fund of such name established pursuant to Section 6.1 of the Master Indenture and administered pursuant to Section 6.5 therein.

“Purchaser” means the initial purchaser of the Series 2024B Bonds. The Purchaser of the Series 2024B Bonds is FMSbonds, Inc.

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

“Rebate Fund” shall have the meaning assigned to such term in the Master Indenture.

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

“Redemption Fund” shall have the meaning assigned to such term in the Master Indenture.

“Redemption Price” means, when used with respect to any Series 2024B Bond 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 Obligations.

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

“Reserve Fund” shall have the meaning assigned to such term in the Master Indenture.

“Second Supplemental Indenture” means this Second Supplemental 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.

“Senior Lien Improvement Area #1 Projects Account” shall have the meaning assigned to such term in the First Supplemental Indenture.

“Series 2024B Bond” means any of the Series 2024B Bonds.

“Series 2024B Bonds” means the County’s bonds authorized to be issued by Section 3.1(a) of this Second Supplemental Indenture entitled “Denton County, Texas, Junior Lien Special Assessment Revenue Bonds, Series 2024B (Tabor Ranch Public Improvement District Improvement Area #1 Project).”

“Series 2024 Obligations Rebate Account” means the Account of such name established pursuant to Section 2.5 of the First Supplemental Indenture

“Service and Assessment Plan” means the “Tabor Ranch Public Improvement District Service and Assessment Plan” dated November 19, 2024, including the Improvement Area #1 Assessment Roll, as hereinafter amended, updated, and/or restated by an Annual Service Plan Update or otherwise, a version of which is attached as an exhibit to the Assessment Order.

“Sinking Fund Installment” means the amount of money to redeem or pay at maturity the principal of Series 2024B Bonds payable from such installments at the times and in the amounts provided in Section 4.2 herein.

“Stated Maturity” means the date the Series 2024B Bonds, or any portion of the Series 2024B Bonds, as applicable, are scheduled to mature without regard to any redemption or prepayment.

“Supplemental Indenture” means an indenture which has been duly executed by the Trustee and the County Representative pursuant to an ordinance adopted by the Commissioners Court and which indenture amends or supplements this Second Supplemental 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 County on the Closing Date for the Series 2024B Bonds setting forth the facts, estimates and circumstances in existence on such Closing Date which establish that it is not expected that the proceeds of the 2024B Bonds will be used in a manner that would cause the interest on such Series 2024B Bonds to be included in the gross income of the Owners thereof for Federal income tax purposes.

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

“Trustee” means U.S. Bank Trust Company, National Association, and its successors, and any other corporation or association that may at any time be substituted in its place, as provided in Article IX of the Master Indenture, such entity to serve as Trustee and Paying Agent/Registrar for the Series 2024B Bonds.

Section 1.2. Findings.

The declarations, determinations, and findings declared, made and found in the preamble to this Second Supplemental 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 Second Supplemental 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 Second Supplemental 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 Second Supplemental Indenture unless the context shall require otherwise.

(d) This Second 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 Second Supplemental Indenture.

ARTICLE II

GENERAL PROVISIONS REGARDING THE SERIES 2024B BONDS

Section 2.1. Initial Obligations.

The Series 2024B Bonds issued pursuant to this Second Supplemental Indenture are Initial Obligations and Junior Lien Bonds, as such terms are defined and authorized pursuant to the Master Indenture.

Section 2.2. Pledge; Junior Supplemental Security; Security for the Junior Lien Bonds.

The County has pledged to the Trustee all moneys held by the Trustee in the Trust Estate created under the Master Indenture as security for the payment of all Obligations, and the interest thereon, for the benefit and security of all and singular present and future Owners of all such Obligations, all to the extent provided in the Master Indenture, and with such priority and distinction as is set forth in the Master Indenture and this Second Supplemental Indenture. Such pledge is hereby confirmed and specifically made applicable and extended to the Series 2024B Bonds.

Pursuant to Sections 2.1(a)(ii) and 6.1(e) of the Master Indenture, there is hereby created the Junior Lien Supplemental Security, which shall be solely for the Junior Lien Bonds, including the Series 2024B Bonds, and shall constitute a portion of the Pledged Funds for the Junior Lien Bonds, including the Series 2024B Bonds.

The Series 2024B Bonds are issued as Junior Lien Bonds, and, as to both principal and interest, are and shall be equally and ratably secured by and payable from a lien and pledge of the Trust Estate, consisting primarily of 1) a lien on and pledge of the Pledged Revenues subordinate to any Senior Lien Bonds, and 2) the Junior Lien Supplemental Security.

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 Second Supplemental Indenture or any other act; all as provided in Texas Government Code, Chapter 1208, as amended, which applies to the issuance of the Series 2024B Bonds and the pledge of the Trust Estate granted by the County under this Second Supplemental Indenture, and such pledge is therefore valid, effective and perfected from and after the Closing Date. If Texas law is amended at any time while the Series 2024B Bonds are Outstanding such that the pledge of the Trust Estate granted by the County under this Second Supplemental 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 Series 2024B Bonds the perfection of the security interest in said pledge, the County agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Texas Business and Commerce Code, Chapter 9, as amended, and enable a filing to perfect the security interest in said pledge to occur.

Section 2.3. Payment of the Series 2024B Bonds.

The principal of, premium, if any, and interest on the Series 2024B Bonds shall be paid from the applicable Funds and Accounts, as such terms are defined in the Master Indenture, in accordance with Article VI of the Master Indenture and Article VI hereof.

Section 2.4. Master Indenture Applicable.

Except as modified and supplemented by this Second Supplemental Indenture, the provisions of the Master Indenture shall be applicable to the Series 2024B Bonds.

Section 2.5. Establishment of Accounts.

(a) Pursuant to Sections 2.1(a)(ii) and 6.1(e) of the Master Indenture, there is hereby created under the Reserve Fund a Junior Lien Reserve Account. The Junior Lien Reserve Account of the Reserve Fund is, and shall be included as, a portion of the Junior Lien Supplemental Security and shall constitute a portion of the Pledged Funds and the Trust Estate for the Junior Lien Bonds, including the Series 2024B Bonds.

(b) Pursuant to Sections 2.1(a)(ii) and 6.1(e) of the Master Indenture, there is hereby created under the Reserve Fund a Junior Lien Additional Interest Reserve Account. The Junior Lien Additional Interest Reserve Account of the Reserve Fund is, and shall be included as, a portion of the Junior Lien Supplemental Security and shall constitute a portion of the Pledged Funds and the Trust Estate for the Junior Lien Bonds, including the Series 2024B Bonds.

(c) Pursuant to Sections 2.1(a)(ii) and 6.1(e) of the Master Indenture, there is hereby created under the Bond Fund a Junior Lien Capitalized Interest Account. The Junior Lien Capitalized Interest Account of the Bond Fund is, and shall be included as, a portion of the Junior Lien Supplemental Security and shall constitute a portion of the Pledged Funds and the Trust Estate for the Junior Lien Bonds, including the Series 2024B Bonds.

(d) Pursuant to Sections 2.1(a)(ii) and 6.1(e) of the Master Indenture, there is hereby created under the Project Fund a Junior Lien Improvement Area #1 Projects Account. The Junior Lien Improvement Area #1 Projects Account of the Project Fund is, and shall be included as, a portion of the Junior Lien Supplemental Security and shall constitute a portion of the Pledged Funds and the Trust Estate for the Junior Lien Bonds, including the Series 2024B Bonds.

(e) Pursuant to Sections 2.1(a)(ii) and 6.1(e) of the Master Indenture, there is hereby created under the Project Fund a Junior Lien Costs of Issuance Account. The Junior Lien Costs of Issuance Account of the Project Fund is, and shall be included as, a portion of the Junior Lien Supplemental Security and shall constitute a portion of the Pledged Funds and the Trust Estate for the Junior Lien Bonds, including the Series 2024B Bonds.

(f) The Series 2024 Obligations Rebate Account created pursuant to Section 6.1(e) of the Master Indenture and Section 2.5 of the First Supplemental Indenture is hereby confirmed and incorporated by reference.

Section 2.6. Limited Obligations.

The Series 2024B Bonds are special and limited obligations of the County, payable solely from and secured solely by the Trust Estate, consisting primarily of 1) a lien on and pledge of the Pledged Revenues subordinate to any Senior Lien Bonds, and 2) the Junior Lien Supplemental Security; and the Series 2024B Bonds shall never be payable out of funds raised or to be raised by taxation or from any other revenues, properties or income of the County.

Section 2.7. Authorization for Indenture.

The terms and provisions of this Second Supplemental Indenture and the execution and delivery hereof by the County to the Trustee have been duly authorized by official action of the Commissioners Court of the County and Sections 2.1, 10.1(d) and 10.5 of the Master Indenture. The County has ascertained and it is hereby determined and declared that the execution and delivery of this Second Supplemental Indenture is necessary to carry out and effectuate the purposes set forth in the preambles of this Second Supplemental Indenture and the preambles of the Master Indenture, and that each and every covenant or agreement herein contained and made and contained and made in the Master Indenture is necessary, useful or convenient in order to better secure the Series 2024B Bonds and is a contract or agreement necessary, useful and convenient to carry out and effectuate the purposes herein described.

Section 2.8. Contract with Owners and Trustee.

(a) The purposes of this Second Supplemental 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 Series 2024B Bonds and to prescribe the rights of the Owners, and the rights and duties of the County and the Trustee.

(b) In consideration of the purchase and acceptance of any or all of the Series 2024B Bonds by those who shall purchase and hold the same from time to time, the provisions of this

Second Supplemental Indenture and the Master Indenture shall be a part of the contract of the County with the Owners, and shall be deemed to be and shall constitute a contract among the County, the Owners, and the Trustee.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE SERIES 2024B BONDS

Section 3.1. Authorization of the Series 2024B Bonds.

(a) The Series 2024B Bonds. The Series 2024B 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 2024B 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) paying a portion of the interest on the Series 2024B 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 Series 2024B 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 Series 2024B Bonds shall be dated December 12, 2024 and shall be issued in Authorized Denominations. The Series 2024B Bonds shall be issued in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Bond for the Series 2024B Bonds, which shall be numbered T-1.

(b) Interest shall accrue and be paid on each Series 2024B Bond from the later of the Closing Date of the Series 2024B 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 June 30 and December 31 of each year, commencing June 30, 2025 computed on the basis of a 360-day year of twelve 30-day months.

(c) The Series 2024B Bonds shall mature on December 31 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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(d) The Series 2024B 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 Series 2024B Bond set forth in Exhibit A to this Second Supplemental Indenture.

Section 3.3. Conditions Precedent to Delivery of Series 2024B Bonds.

(a) The Series 2024B Bonds. The Series 2024B Bonds shall be executed by the County and delivered to the Trustee, whereupon the Trustee shall authenticate the Series 2024B Bonds and, upon payment of the purchase price of the Series 2024B Bonds, shall deliver the Series 2024B Bonds upon the order of the County, but only upon delivery to the Trustee of:

- (i) a certified copy of the Assessment Order;
- (ii) a certified copy of the Bond Order;
- (iii) a copy of the executed Improvement Area #1 Construction, Funding, and Acquisition Agreement;
- (iv) a copy of the Master Indenture executed by the Trustee and the County;
- (v) a copy of this Second Supplemental Indenture executed by the Trustee and the County; and
- (vi) a County Certificate directing the authentication and delivery of the Series 2024B Bonds, describing the Series 2024B Bonds to be authenticated and delivered, designating the purchasers to whom the Series 2024B Bonds are to be delivered, stating the purchase price of the Series 2024B Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the County.

Section 3.4. Medium, Method and Place of Payment.

(a) Principal of and interest on the Series 2024B Bonds shall be paid in lawful money of the United States of America, as provided in this Section.

(b) Interest on the Series 2024B Bonds shall be payable to the Owners thereof as shown in the Register at the close of business on the relevant Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from or on behalf of the County. 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 2024B Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

(c) Interest on the Series 2024B Bonds shall be paid by check, dated as of the Interest Payment Date, and sent, United States mail, first-class, postage prepaid, by the Paying Agent/Registrar to each Owner at the address of each Owner as such appears in the Register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the Owner; provided, however, the Owner shall bear all risk and expense of such other banking arrangement.

(d) The principal of each Series 2024B Bond shall be paid to the Owner of such Series 2024B Bond on the due date thereof, whether at the maturity date or the date of prior redemption thereof, upon presentation and surrender of such Series 2024B Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar.

(e) If the date for the payment of the principal of or interest on the Series 2024B Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which such banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the due date thereof as specified in Section 3.2 of this Second Supplemental 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 Series 2024B Bonds to which such unclaimed payments pertain. Subject to any escheat, abandoned property, or similar law of the State of Texas, any such payments remaining unclaimed by the Owners entitled thereto for two (2) years after the applicable payment or redemption date shall be applied to the next payment or payments on such Series 2024B Bonds thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Series 2024B Bonds, shall be paid to the County to be used for any lawful purpose. Thereafter, none of the County, the Paying Agent/Registrar, or any other Person shall be liable or responsible to any Owners of such Series 2024B Bonds for any further payment of such unclaimed moneys or on account of any such Series 2024B Bonds, subject to any applicable escheat law or similar law of the State of Texas.

Section 3.5. Execution and Registration of Series 2024B Bonds.

(a) The Series 2024B Bonds shall be executed on behalf of the County by the County Judge and County Clerk, by their manual or facsimile signatures, and the official seal of the County shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Series 2024B Bonds shall have the same effect as if each of the Series 2024B Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Series 2024B Bonds shall have the same effect as if the official seal of the County had been manually impressed upon each of the Series 2024B Bonds.

(b) In the event that any officer of the County whose manual or facsimile signature appears on the Series 2024B Bonds ceases to hold such office before the authentication of such Series 2024B Bonds or before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Series 2024B Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Second Supplemental 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 Series 2024B Bonds. In lieu of the executed Certificate of Trustee described above, the Initial Bond delivered at the Closing Date for the Series 2024B Bonds 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 County, and has been registered by the Comptroller of Public Accounts of the State of Texas.

(d) On the Closing Date of the Series 2024B Bonds, one Initial Bond representing the entire principal amount of the Series 2024B Bonds, payable in stated installments to the Purchaser of the Series 2024B Bonds or its designee, executed with the manual or facsimile signatures of the County Judge and the County Clerk, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Purchaser of the Series 2024B Bonds 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 the 2024B Bonds one registered definitive bond for each year of maturity of the Series 2024B Bonds, in the aggregate principal amount of all bonds for such maturity of the Series 2024B Bonds, registered in the name of Cede & Co., as nominee of DTC.

Section 3.6. Ownership.

(a) The County, the Trustee, the Paying Agent/Registrar and any other Person may treat the Person in whose name any Series 2024B Bond is registered as the absolute owner of such Series 2024B Bond for the purpose of making and receiving payment as provided herein (except interest shall be paid to the Person in whose name such Series 2024B Bond is registered on the relevant Record Date) and for all other purposes, whether or not such Series 2024B Bond is overdue, and neither the County 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 Series 2024B Bond shall be valid and effectual and shall discharge the liability of the County, the Trustee and the Paying Agent/Registrar upon such Series 2024B Bond to the extent of the sums paid.

Section 3.7. Registration, Transfer and Exchange.

(a) So long as any Series 2024B Bonds remain Outstanding, the County 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 the Series 2024B Bonds in accordance with this Second Supplemental Indenture. The Paying Agent/Registrar represents and warrants that it will file and maintain a copy of the Register with the County, and shall cause the Register to be current with all registration and transfer information as from time to time may be applicable.

(b) A Series 2024B Bond shall be transferable only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Series 2024B Bond shall be effective until entered in the Register.

(c) The Series 2024B Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Series 2024B Bond or Series 2024B Bonds, 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 Series 2024B Bond presented for exchange.

(d) The Trustee is hereby authorized to authenticate and deliver Series 2024B Bonds transferred or exchanged for other Series 2024B Bonds in accordance with this Section. A new Series 2024B Bond or Series 2024B Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Series 2024B Bond being transferred or exchanged, at the Designated Payment/Transfer Office, or sent by United States mail, first-class, postage prepaid, to the Owner or his designee. Each transferred Series 2024B Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the County and shall be entitled to the benefits and security of this Second Supplemental Indenture to the same extent as the Series 2024B Bond or Series 2024B Bonds in lieu of which such transferred Series 2024B Bond is delivered.

(e) Each exchange Series 2024B Bond delivered in accordance with this Section shall constitute an original contractual obligation of the County and shall be entitled to the benefits and security of this Second Supplemental Indenture to the same extent as the Series 2024B Bond or Series 2024B Bonds in lieu of which such exchange Series 2024B Bond is delivered.

(f) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for a different Authorized Denomination of any of the Series 2024B Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer, or exchange of a Series 2024B Bond.

(g) Neither the County nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Series 2024B Bond or portion thereof called for redemption prior to maturity within 45 days prior to the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Series 2024B Bond redeemed in part.

Section 3.8. Cancellation.

All Series 2024B Bonds paid or redeemed before scheduled maturity in accordance with this Second Supplemental Indenture, and all Series 2024B Bonds in lieu of which exchange Series 2024B Bonds or replacement Series 2024B Bonds are authenticated and delivered in accordance with this Second Supplemental 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 Series 2024B Bonds in accordance with the records retention requirements of the Trustee.

Section 3.9. Temporary Bonds.

(a) Following the delivery and registration of the respective Initial Bond and pending the preparation of definitive Series 2024B Bonds, the proper officers of the County may execute and, upon the County's request, the Trustee shall authenticate and deliver, one or more temporary Series 2024B Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Series 2024B Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the County executing such temporary Series 2024B Bonds may determine, as evidenced by their signing of such temporary Series 2024B Bonds.

(b) Until exchanged for Series 2024B Bonds in definitive form, such Series 2024B Bonds in temporary form shall be entitled to the benefit and security of this Second Supplemental Indenture.

(c) The County, without unreasonable delay, shall prepare, execute and deliver to the Trustee the Series 2024B Bonds in definitive form; thereupon, upon the presentation and surrender of the Series 2024B Bond or Series 2024B Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Series 2024B Bonds in temporary form and the Trustee shall authenticate and deliver in exchange therefor a Series 2024B Bond or Series 2024B Bonds of the same maturity, in definitive form, in the Authorized Denomination, and in the same aggregate principal amount, as the Series 2024B Bond or Series 2024B Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.10. Replacement Bonds.

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Series 2024B Bond, the Trustee shall authenticate and deliver in exchange therefor a replacement Series 2024B Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. The County or the Paying Agent/Registrar may require the Owner of such Series 2024B Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event that any Series 2024B Bond is lost, apparently destroyed or wrongfully taken, the County shall issue and the Trustee, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Series 2024B Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Series 2024B Bond of like tenor and principal amount bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Series 2024B Bond;

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

(c) After the delivery of such replacement Series 2024B Bond, if a bona fide purchaser of the original Series 2024B Bond in lieu of which such replacement Series 2024B Bond was issued presents for payment such original Series 2024B Bond, the County and the Paying Agent/Registrar shall be entitled to recover such replacement Series 2024B Bond from the Person to whom it was delivered or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to

the extent of any loss, damage, cost, or expense incurred by the County, the Paying Agent/Registrar or the Trustee in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Series 2024B Bond has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Series 2024B Bond, may pay such Series 2024B Bond if it has become due and payable or may pay such Series 2024B Bond when it becomes due and payable.

(e) Each replacement Series 2024B Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the County and shall be entitled to the benefits and security of this Second Supplemental Indenture to the same extent as the Series 2024B Bond or Series 2024B Bonds in lieu of which such replacement Series 2024B Bond is delivered.

Section 3.11. Book-Entry Only System.

The Series 2024B Bonds shall initially be issued in book-entry-only form and shall be deposited with DTC, which is hereby appointed to act as the securities depository therefor, in accordance with the letter of representations from the County to DTC. On the Closing Date of the Series 2024B Bonds, the definitive Series 2024B Bonds shall be issued in the form of a single typewritten certificate for each maturity thereof registered in the name of Cede & Co., as nominee for DTC.

With respect to Series 2024B Bonds registered in the name of Cede & Co., as nominee of DTC, the County 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 Series 2024B Bonds. Without limiting the immediately preceding sentence, the County 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 Series 2024B Bonds, (ii) the delivery to any DTC Participant or any other Person, other than an Owner, as shown on the Register, of any notice with respect to the Series 2024B Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other Person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Series 2024B Bonds. Notwithstanding any other provision of this Second Supplemental Indenture to the contrary, the County and the Paying Agent/Registrar shall be entitled to treat and consider the Person in whose name each Series 2024B Bond is registered in the Register as the absolute owner of such Series 2024B Bond for the purpose of payment of principal of, premium, if any, and interest on such Series 2024B Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2024B Bond, for the purpose of registering transfer with respect to such Series 2024B Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Series 2024B Bonds only to or upon the order of the respective Owners as shown in the Register, as provided in this Second Supplemental Indenture, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to payment of principal of, premium, if any, and interest on the Series 2024B Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Register, shall receive a certificate evidencing the obligation of the County to make payments of amounts due pursuant to this Second Supplemental 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 Second Supplemental

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 Second Supplemental 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 County determines that DTC is incapable of discharging its responsibilities described herein and in the letter of representations from the County to DTC, the County 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 Series 2024B Bonds to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability through DTC of certificated Series 2024B Bonds and cause the Paying Agent/Registrar to transfer one or more separate registered Series 2024B Bonds to DTC Participants having Series 2024B Bonds credited to their DTC accounts. In such event, the Series 2024B Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Series 2024B Bonds shall designate, in accordance with the provisions of this Second Supplemental Indenture.

Section 3.13. Payments to Cede & Co.

Notwithstanding any other provision of this Second Supplemental Indenture to the contrary, so long as any Series 2024B Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Series 2024B Bonds, and all notices with respect to such Series 2024B Bonds shall be made and given, respectively, in the manner provided in the blanket letter of representations from the County to DTC.

ARTICLE IV

REDEMPTION OF SERIES 2024B BONDS BEFORE MATURITY

Section 4.1. Limitation on Redemption.

The Series 2024B Bonds shall be subject to redemption before their scheduled maturity only as provided in this Article IV and Article IV of the Master Indenture.

Section 4.2. Mandatory Sinking Fund Redemption.

(a) The Series 2024B Bonds are subject to mandatory sinking fund redemption prior to their Stated Maturity and will be redeemed by the County 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 December 31, 20

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
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Series 2024B Bonds which, at least 45 days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.3. Optional Redemption.

The County reserves the right and option to redeem Series 2024B Bonds maturing on or after December 31, 20__, before their respective scheduled maturity dates, in whole or in part, on any date on or after December 31, 20__, such redemption date or dates to be fixed by the County, at the Redemption Price.

Section 4.4. Extraordinary Optional Redemption.

Notwithstanding any provision in this Second Supplemental Indenture to the contrary, the County reserves the right and option to redeem Series 2024B Bonds on any date before their respective scheduled maturity dates as a result of Prepayments in accordance with Section 4.2 of the Master Indenture.

Section 4.5. Partial Redemption.

Notwithstanding any provision in this Second Supplemental Indenture to the contrary, if less than all of the Series 2024B Bonds are to be redeemed pursuant to Sections 4.2, 4.3, or 4.4, the Series 2024B Bonds shall be redeemed in accordance with Section 4.3 of the Master Indenture.

Section 4.6. Notice of Redemption to Owners.

Notwithstanding any provision in this Second Supplemental Indenture to the contrary, notice of any redemption to the Owners of the Series 2024B Bonds shall be given in accordance with Section 4.4 of the Master Indenture.

Section 4.7. Payment Upon Redemption.

Notwithstanding any provision in this Second Supplemental Indenture to the contrary, payment upon redemption of the Series 2024B Bonds shall occur in accordance with Section 4.5 of the Master Indenture.

Section 4.8. Effect of Redemption.

Notwithstanding any provision in this Second Supplemental Indenture to the contrary, the effect of redemption of the Series 2024B Bonds shall be given in accordance with Section 4.6 of the Master Indenture.

ARTICLE V

FORM OF THE SERIES 2024B BONDS

Section 5.1. Form Generally.

(a) The Series 2024B Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of the Trustee, and the Assignment to appear on each of the Series 2024B Bonds, (i) shall be, with respect to the Series 2024B Bonds, substantially in the form set forth in Exhibit A to this Second Supplemental Indenture with such

appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Second Supplemental 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 County or by the officers executing such Series 2024B Bonds, as evidenced by their execution thereof.

(b) Any portion of the text of any Series 2024B Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Series 2024B Bonds.

(c) The definitive Series 2024B Bonds shall be typewritten, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Series 2024B Bonds, 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 County may secure identification numbers through the CUSIP Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association, New York, New York, and may authorize the printing of such numbers on the face of the Series 2024B Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Series 2024B Bonds shall be of no significance or effect as regards the legality thereof; and none of the County, the Trustee, nor the attorneys approving said Series 2024B Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Series 2024B Bonds.

Section 5.3. Legal Opinion.

The approving legal opinion of Bond Counsel may be printed on or attached to each Series 2024B Bond over the certification of the County Clerk, which may be executed in facsimile.

ARTICLE VI

FUNDS AND ACCOUNTS

Section 6.1. Initial Deposits to Funds and Accounts.

Pursuant to Section 6.2 of the Master Indenture, the proceeds from the sale of the Series 2024B Bonds shall be paid to the Trustee and deposited or transferred by the Trustee as follows:

- (a) to the Junior Lien Capitalized Interest Account of the Bond Fund: \$_____;
- (b) to the Junior Lien Improvement Area #1 Projects Account of the Project Fund: \$_____;
- (c) to the Junior Lien Costs of Issuance Account of the Project Fund: \$_____; and
- (d) to the Junior Lien Reserve Account of the Reserve Fund: \$_____;

(e) to the District Administration Account of the Administrative Fund: \$_____.

Section 6.2. Pledged Revenue Fund.

Notwithstanding any provision in this Second Supplemental Indenture to the contrary, deposits of amounts to the Pledged Revenue Fund and the Junior Lien Bond Pledged Revenue Account of the Pledged Revenue Fund and transfers of amounts from the Pledged Revenue Fund and the Junior Lien Bond Pledged Revenue Account of the Pledged Revenue Fund shall be made in accordance with Section 6.3 of the Master Indenture, along with all other transfers and deposits prescribed by that Section.

Section 6.3. Bond Fund; Junior Lien Capitalized Interest Account.

(a) Notwithstanding any provision in this Second Supplemental Indenture to the contrary, deposits of amounts to the Bond Fund, the Junior Lien Capitalized Interest Account and the Junior Lien Principal and Interest Account of the Bond Fund and transfers of amounts from the Bond Fund, the Junior Lien Capitalized Interest Account and the Junior Lien Principal and Interest Account of the Bond Fund shall be made in accordance with Section 6.4 of the Master Indenture, along with all other transfers and deposits prescribed by that Section.

(b) Moneys in the Junior Lien Capitalized Interest Account shall be used for the payment of interest on the Series 2024B Bonds on the following dates and in the following amounts:

<u>Date</u>	<u>Amount (\$)</u>
June 30, 2025	

Any amounts on deposit in the Junior Lien Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to the Junior Lien Improvement Area #1 Projects Account of the Project Fund, or if the Junior Lien Improvement Area #1 Projects Account has been closed as provided in Section 6.4(d) herein, such amounts shall be transferred to the Redemption Fund to be used to redeem Junior Lien Bonds and the Junior Lien Capitalized Interest Account shall be closed.

Section 6.4. Project Fund.

(a) Disbursements from the Junior Lien Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Junior Lien Bonds, including the Series 2024B Bonds pursuant to one or more County Certificates. Disbursements from the Junior Lien Improvement Area #1 Projects Account 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 a properly executed and completed Certification for Payment. The disbursement of funds from the Junior Lien Improvement Area #1 Projects 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 Projects made

pursuant to a Certification of Payment shall be made on a pro rata basis, pursuant to Section 6.4(a) of the First Supplemental Indenture and this Section 6.4(a), subject to any additional requirements of any Supplemental Indenture, from the Junior Lien Improvement Area #1 Projects Account and from any Senior Lien Improvement Area #1 Projects 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.

(b) If the County Representative determines in his or her sole discretion that amounts then on deposit in the Junior Lien Improvement Area #1 Projects 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 Projects such that, in the opinion of the County Representative, it is unlikely that the amounts in the Junior Lien Improvement Area #1 Projects Account of the Project Fund will ever be expended for the purposes of such Account, the County Representative shall file a County Certificate with the Trustee which identifies the amounts then on deposit in the Junior Lien Improvement Area #1 Projects Account of the Project Fund that are not expected to be used for purposes of such Account. If such County Certificate is so filed, the amounts on deposit in the Junior Lien Improvement Area #1 Projects Account of the Project Fund, as applicable, shall be transferred to the Redemption Fund to redeem Obligations on the earliest practicable date after notice of redemption has been provided in accordance with 6.6(b) of the Master Indenture or shall be transferred as otherwise directed by a County Certificate provided such transfer is authorized pursuant to the terms of the Master Indenture and Applicable Laws.

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

(d) Upon the filing of a County Certificate stating that all Improvement Area #1 Projects have been completed and that all Actual Costs of the Improvement Area #1 Projects have been paid, or that any such Actual Costs of the Improvement Area #1 Projects are not required to be paid from the Project Fund pursuant to a Certificate for Payment, the Trustee (i) shall transfer the amount, if any, remaining within the Junior Lien Improvement Area #1 Projects Account of the Project Fund to the Junior Lien Principal and Interest Account of the Bond Fund, and (ii) shall close the Junior Lien Improvement Area #1 Projects Account of the Project Fund.

(e) Not later than six months following each respective Closing Date, or upon a determination by the County Representative that all costs of issuance of such series of Junior Lien Bonds have been paid, any amounts remaining in the Junior Lien Costs of Issuance Account shall be transferred to the Junior Lien Improvement Area #1 Projects Account of the Project Fund and used to pay Actual Costs or to the Junior Lien Principal and Interest Account of the Bond Fund and used to pay interest on the Junior Lien Bonds, as directed by the County in a County Certificate filed with the Trustee and the Junior Lien Costs of Issuance Account shall be closed.

(f) Notwithstanding any provision in this Second Supplemental Indenture to the contrary, deposits of amounts to the Project Fund, the Junior Lien Improvement Area #1 Projects Account and the Junior Lien Costs of Issuance Account of the Project Fund and transfers of amounts from the Project Fund, the Junior Lien Improvement Area #1 Projects Account, and the Junior Lien Costs of Issuance Account of the Project Fund shall be made in accordance with the provisions of the Master Indenture, along with all other transfers and deposits prescribed therein.

(g) In the event all amounts deposited into the Junior Lien Improvement Area #1 Projects Account pursuant to Section 6.1(b) have not been expended by a date 3 years from the Closing Date, the County, pursuant to a County Certificate, shall direct the Trustee to transfer all funds then on deposit in the Junior Lien Improvement Area #1 Projects Account of the Project Fund to the Redemption Fund to redeem Bonds pursuant to Section 4.4 hereof.

Section 6.5. Redemption Fund.

(a) Notwithstanding any provision in this Second Supplemental Indenture to the contrary, deposits of amounts to the Redemption Fund and transfers of amounts from the Redemption Fund shall be made in accordance with Section 6.6 of the Master Indenture, along with all other transfers and deposits prescribed by that Section.

(b) Subject to sufficient funds being then on deposit in the Junior Lien Bond Pledged Revenue Account of the Pledged Revenue Fund, the Trustee shall cause to be deposited to the Redemption Fund from the Junior Lien Bond Pledged Revenue Account of the Pledged Revenue Fund an amount sufficient to redeem the Series 2024B Bonds as provided in Sections 4.3 and 4.4 hereof on the dates specified for redemption as provided in Sections 4.3 and 4.4 hereof.

Section 6.6. Reserve Fund.

(a) Notwithstanding any provision in this Second Supplemental Indenture to the contrary, the County and the Trustee shall accumulate and maintain the Junior Lien Reserve Account Requirement, as provided in Section 6.7(a) of the Master Indenture.

(b) Notwithstanding any provision in this Second Supplemental Indenture to the contrary, the County and the Trustee shall accumulate and maintain the Junior Lien Additional Interest Reserve Account Requirement, as provided herein.

(c) On the Closing Date for the Series 2024B Bonds, the County shall deposit or cause to be deposited with the Trustee proceeds from the sale of the Series 2024B Bonds in an amount equal to the Junior Lien Reserve Account Requirement to the Junior Lien Reserve Account of the Reserve Fund, as provided in Section 6.1(d) hereof. If the amount on deposit in the Junior Lien Reserve Account of the Reserve Fund shall at any time be less than the Junior Lien Reserve Account Requirement, the Trustee shall make the transfers as prescribed by subsection (j) hereof to cure such deficiency.

(d) The Trustee, if needed, will transfer from the Junior Lien Bond Pledged Revenue Account of the Pledged Revenue Fund to the Junior Lien Additional Interest Reserve Account of the Reserve Fund on June 30 and December 31 of each year, commencing June 30, 2025, an amount equal to the Additional Interest collected, if any, until the Junior Lien Additional Interest Reserve Account Requirement has been accumulated in the Junior Lien Additional Interest Reserve Account of the Reserve Fund. If the amount on deposit in the Junior Lien Additional Interest Reserve Account shall at any later time be less than the Junior Lien Additional Interest Reserve Account Requirement, the Trustee shall notify the County, in writing, of the amount of such shortfall, and the County shall resume collecting the Additional Interest and shall file a County Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Junior Lien Bond Pledged Revenue Account of the Pledged Revenue Fund into the Junior Lien Additional Interest Reserve Account of the Reserve Fund until the Junior Lien Additional Interest Reserve Account Requirement has been accumulated in the Junior Lien Additional Interest Reserve Account; provided, however, that the County shall not be required to

replenish the Junior Lien Additional Interest Reserve Account in the event funds are transferred from the Junior Lien Additional Interest Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Obligations from the proceeds of a Prepayment pursuant to Section 4.2 of the Master Indenture. 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 County of such transfer in writing. In transferring 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 County Certificate directing that a different amount be used.

(e) If the amount on deposit in the Junior Lien Additional Interest Reserve Account of the Reserve Fund shall at any time be less than the Junior Lien Additional Interest Reserve Account Requirement, then the County and the Trustee shall make the collections and deposits prescribed by Section 6.7(d) hereof to cure such deficiency.

(f) Whenever Junior Lien Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.2 of the Master Indenture, the Trustee shall transfer, on the Business Day prior to the redemption date (or on such other date as agreed to by the County and the Trustee), from the Junior Lien Reserve Account of the Reserve Fund to the Redemption Fund, an amount specified in a County Certificate to be applied to the redemption of the Obligations. The amount so transferred from the Junior Lien Reserve Account of the Reserve Fund shall be equal to the principal amount of the Junior Lien Bonds to be redeemed with Prepayments multiplied by the lesser of: (i) the amount required to be in the Junior Lien Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Junior Lien Bonds prior to the redemption, and (ii) the amount actually in the Junior Lien Reserve Account of the Reserve Fund divided by the principal amount of Junior Lien Bonds prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayments toward payment of accrued interest, there are insufficient funds in the Redemption Fund to pay the principal amount plus accrued and unpaid interest to the date fixed for redemption of the Junior Lien Bonds to be redeemed, as identified in a County Certificate, as a result of such Prepayments and as a result of the transfer from the Junior Lien Reserve Account under this Section 6.7(f), the Trustee shall transfer an amount equal to the shortfall, and/or any additional amounts necessary to permit the Junior Lien Bonds to be redeemed in minimum principal amounts of \$1,000, from the Junior Lien Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Junior Lien Bonds.

(g) Whenever, on any Interest Payment Date, or on any other date at the written request of a County Representative, the amount in the Junior Lien Reserve Account exceeds the Junior Lien Reserve Account Requirement, the Trustee shall provide written notice to the County Representative of the amount of the excess. Such excess shall be transferred to the Junior Lien Principal and Interest Account to be used for the payment of debt service on the Junior Lien Bonds on the next Interest Payment Date in accordance with Section 6.4(a)(ii) of the Master Indenture, unless within 30 days of such notice to the County Representative, the Trustee receives a County Certificate instructing the Trustee to apply such excess: (i) to pay amounts due under Section 6.8 of the Master Indenture, (ii) to a specified Account of the Project Fund pertaining to the Junior Lien Bonds 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 County Certificate if the County 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 Obligation.

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

(i) At the final maturity of the Junior Lien Bonds, the amount on deposit in the Junior Lien Reserve Account and the Junior Lien Additional Interest Reserve Account shall be transferred to the Junior Lien Principal and Interest Account of the Bond Fund and applied to the payment of the principal of the applicable Outstanding Junior Lien Bonds.

(j) If, after a withdrawal from the Junior Lien Reserve Account pursuant to Section 6.6(h), the amount on deposit in the Junior Lien Reserve Account of the Reserve Fund is less than the Junior Lien Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Junior Lien Reserve Account of the Reserve Fund (as applicable) the amount of such deficiency, in accordance with Section 6.3 of the Master Indenture.

Section 6.7. Rebate Fund.

Notwithstanding any provision in this Second Supplemental Indenture to the contrary, deposits of amounts to the Rebate Fund and transfers of amounts from the Rebate Fund shall be made in accordance with Section 6.8 of the Master Indenture, along with all other transfers and deposits prescribed by that Section, and Section 8.1 hereof.

Section 6.8. Administrative Fund.

Notwithstanding any provision in this Second Supplemental Indenture to the contrary, deposits of amounts to the Administrative Fund and the District Administration Account of the Administrative Fund and transfers of amounts from the Administrative Fund and the District Administration Account of the Administrative Fund shall be made in accordance with Section 6.9 of the Master Indenture, along with all other transfers and deposits prescribed by that Section.

Section 6.9. Investment of Funds.

Notwithstanding any provision in this Second Supplemental Indenture to the contrary, money in any Fund or Account established pursuant to the Master Indenture shall be invested in accordance with Section 6.10 of the Master Indenture.

Section 6.10. Security of Funds.

Notwithstanding any provision in this Second Supplemental Indenture to the contrary, all Funds or Accounts created under the Master Indenture shall be secured as provided in Section 6.11 of the Master Indenture.

ARTICLE VII

COVENANTS CONCERNING THE SERIES 2024B BONDS

Section 7.1. Payments.

The County covenants that it will promptly pay the principal or maturity amount of and interest on every Series 2024B Bond at the place, on the dates, and in the manner provided herein and in said Series 2024B Bonds and any premium required for the retirement of said Series 2024B Bonds by redemption, according to the provisions in the Master Indenture and this Second Supplemental Indenture.

Section 7.2. Records, Accounts, Accounting Reports.

The County hereby covenants and agrees that so long as any of the Series 2024B Bonds 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 Master Indenture, this Second Supplemental Indenture, 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 Series 2024B Bonds or any duly authorized agent or agents of such Owners shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the County by the Trustee or duly authorized representative, as applicable. The County shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Series 2024B Bonds during the County's regular business hours and on a mutually agreeable date not later than 30 days after the County receives such request.

ARTICLE VIII

LIABILITY OF COUNTY

The County shall not incur any responsibility in respect of the Series 2024B Bonds or this Second Supplemental Indenture other than in connection with the duties or obligations explicitly herein or in the Series 2024B Bonds assigned to or imposed upon it. The County 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 County 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 Series 2024B Bonds, or as to the existence of a default or Event of Default thereunder.

In the absence of bad faith, the County 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 County and conforming to the requirements of this Second Supplemental Indenture. The County 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 Second Supplemental Indenture, the Series 2024B Bonds, the Assessment Order, or any agreement, document, instrument, or certificate executed, delivered or approved in connection with the issuance, sale, delivery, or administration of the Series 2024B Bonds (the "Bond Documents"), shall require the County to expend or risk its own general funds

or otherwise incur any financial liability (other than with respect to the Funds and Accounts described below and the Annual Collection Costs) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if in the judgment of the County 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 County or any of its officers, officials, agents, or employees for damages suffered as a result of the County'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 County, in accordance with the Bond Documents and the PID Act. Any such claim shall be payable only from the Junior Lien Bond Pledged Revenue Account of the Pledged Revenue Fund, the Junior Lien Capitalized Interest Account and the Junior Lien Principal and Interest Account of the Bond Fund, the Junior Lien Improvement Area #1 Projects Account and the Junior Lien Costs of Issuance Account of the Project Fund, the Junior Lien Reserve Account and the Junior Lien Additional Interest Reserve Account of the Reserve Fund, and the Redemption Fund, or the amounts collected to pay Annual Collection Costs on deposit in the Administrative Fund. Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding in any court or before any governmental body, agency, or instrumentality against the County 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 Series 2024B Bonds by mandamus or other proceeding at law or in equity.

The County 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 County 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 Second Supplemental Indenture, the County 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 County, be deemed to be conclusively proved and established by a certificate of the Trustee, an Independent Financial Consultant, an independent inspector or County Administrator or other person designated by the Commissioners Court to so act on behalf of the County, and such certificate shall be full warrant to the County for any action taken or suffered under the provisions of this Second Supplemental Indenture upon the faith thereof, but in its discretion the County 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 County may employ such persons or entities as it deems necessary or advisable. The County 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

MODIFICATION OR AMENDMENT OF THIS SECOND SUPPLEMENTAL INDENTURE

(a) This Supplemental Indenture may be amended or modified in accordance with the provisions of Article X of the Master Indenture.

(b) No Supplemental Indenture under this Section modifying or amending this Second Supplemental Indenture shall be effective unless the County first delivers to the Trustee an opinion of Bond Counsel to the effect that such modification or 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 Series 2024B Bond from gross income for purposes of federal income taxation.

ARTICLE X

DEFAULTS AND REMEDIES

Section 10.1. Events of Default.

Notwithstanding any provision in this Second Supplemental Indenture to the contrary, each of the occurrences specified in Section 11(a) of the Master Indenture shall constitute an Event of Default pertaining to the Series 2024B Bonds. Sections 11.1(b) and 11.1(c) of the Master Indenture shall be applicable to an Event of Default pertaining to the Series 2024B Bonds.

Section 10.2. Immediate Remedies for Default.

Notwithstanding any provision in this Second Supplemental Indenture to the contrary, and subject to Article IX herein, Section 11.2 of the Master Indenture is hereby incorporated by reference and shall be applicable to the Series 2024B Bonds and to a happening and continuance of any Event of Default pertaining to the Series 2024B Bonds.

Section 10.3. Restriction on Owner's Actions.

Notwithstanding any provision in this Second Supplemental Indenture to the contrary, Section 11.3 of the Master Indenture is hereby incorporated by reference and shall be applicable to the Series 2024B Bonds and to a happening and continuance of any Event of Default pertaining to the Series 2024B Bonds.

Section 10.4. Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds within the Pledged Revenue Fund and the Redemption Fund, including 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 and Article XI of the Master Indenture shall, after payment of the costs 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 Second Supplemental Indenture, during the continuance of an Event of Default, notwithstanding Section 11.2 of the Master Indenture, shall be applied by the Trustee, on behalf of the County, as provided in Section 11.4(a) of the Master Indenture.

(b) All moneys, securities, funds within the Funds and Accounts constituting the Junior Lien Supplemental Security, including the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of Article XI of the Master Indenture shall, after payment of the cost and expense 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 Second Supplemental Indenture, during the continuance of an Event of Default, notwithstanding Section 10.2 hereof, shall be applied by the Trustee, on behalf of the County, to the payment of interest and principal or Redemption Price then due on Junior Lien Bonds, as follows:

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

THIRD: To make a deposit in the Junior Lien Reserve Account of the Reserve Fund in an amount necessary to replenish the Account to an amount equal to the Junior Lien Reserve Account Requirement (or, in the event sufficient funds are unavailable, then as nearly as practicable).

Within 10 days of receipt of such good and available funds, the Trustee may fix a record and payment date for any payment to be made to the Owners pursuant to this Section 10.4.

(c) In the event funds are not adequate to cure any of the Events of Default described in Section 11.1(a) of the Master Indenture, the available funds shall be allocated according to the provisions of Section 11.4(b) of the Master Indenture and 10.4(b) hereof.

(d) The restoration of the County to its prior position after any and all defaults have been cured, as provided in Section 11.3 of the Master Indenture, shall not extend to or affect any subsequent default under this Second Supplemental Indenture or impair any right consequent thereon.

Section 10.5. Effect of Waiver.

No delay or omission of the Trustee, or any Owner, to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Second Supplemental Indenture and the Master Indenture to the Trustee or the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 10.6. Evidence of Ownership of the Series 2024B Bonds.

(a) Any request, consent, revocation of consent or other instrument which this Second Supplemental Indenture may require or permit to be signed and executed by the Owners of Series 2024B Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, or the holding by any Person of the Series 2024B Bonds shall be sufficient for any purpose of this Second Supplemental Indenture (except as otherwise herein expressly provided) if made in the manner provided in Section 11.6(a)(i)-(ii) of the Master Indenture.

(b) Except as otherwise provided in this Second Supplemental Indenture and the Master Indenture with respect to revocation of a request or consent, any request or consent by an Owner of Series 2024B Bonds shall bind all future Owners of the same Series 2024B Bonds in respect of anything done or suffered to be done by the County or the Trustee in accordance therewith.

Section 10.7. No Acceleration.

In the event of the occurrence of an Event of Default under Section 10.1 hereof, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Second Supplemental Indenture and the Master Indenture is expressly denied.

Section 10.8. Mailing of Notice.

Any provision in this Article and Article XI of the Master Indenture 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 10.9. Exclusion of Series 2024B Bonds.

Series 2024B Bonds owned or held by or for the account of the County will not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Series 2024B Bonds provided for in this Second Supplemental Indenture and the Master Indenture, and the County shall not be entitled with respect to such Series 2024B Bonds to give any consent or take any other action provided for in this Second Supplemental Indenture and the Master Indenture.

Section 10.10. 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 10.11. Direction by Owners.

Anything herein to the contrary notwithstanding, the Owners of at least 25% of the aggregate outstanding principal of the Series 2024B 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, 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 XI

GENERAL COVENANTS AND REPRESENTATIONS

Section 11.1. Representations as to Trust Estate.

(a) The County represents and warrants that it is authorized by Applicable Laws to authorize and issue the Series 2024B Bonds, to execute and deliver this Second Supplemental Indenture and to pledge the Trust Estate in the manner and to the extent provided in this Second Supplemental 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 the pledge and lien created in or authorized by this Second Supplemental Indenture except as expressly provided herein and in the Master Indenture.

(b) The County 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 Second Supplemental Indenture against all claims and demands of all Persons whomsoever.

Section 11.2. General.

The County 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 County under the provisions of this Second Supplemental Indenture.

The County hereby directs and authorizes the County Judge, County Administrator, County Representative, County Clerk, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Initial Obligations, in the Tax Certificate or similar or other appropriate certificate, form or document.

Section 11.3. No Default under Master Indenture

The County is not in default under the Master Indenture and, upon issuance of the Series 2024B Bonds, the funds held under the Master Indenture will contain the amounts required to be on deposit therein.

ARTICLE XII

PAYMENT AND CANCELLATION OF THE SERIES 2024B BONDS AND SATISFACTION OF THE SECOND SUPPLEMENTAL INDENTURE

Section 12.1. Trust Irrevocable.

The trust created by the terms and provisions of this Second Supplemental Indenture is irrevocable until the Series 2024B Bonds secured hereby are fully paid or provision is made for their payment as provided in this Article.

Section 12.2. Satisfaction of Second Supplemental Indenture.

If the County shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the Series 2024B Bonds, at the times and in the manner stipulated in this Second Supplemental Indenture, and all amounts due and owing with respect to the Series 2024B Bonds have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the County to the Owners of the Series 2024B Bonds, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the County copies of all such documents as it may have evidencing that principal of and interest on all of the Series 2024B Bonds has been paid so that the County may determine if the Second Supplemental Indenture is satisfied; if so, and provided that the Master Indenture is also satisfied pursuant to Section 14.2 of the Master Indenture, the Trustee shall pay over or deliver all moneys held by it in the in Funds and Accounts held under the Master Indenture to the Person entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the County.

Section 12.3. Series 2024B Bonds Deemed Paid.

Any Outstanding Series 2024B Bond shall, prior to the Stated Maturity or redemption date thereof be deemed to have been paid and to no longer be deemed Outstanding if it meets the requirements set forth in (i) through (iv) of Section 14.3 of the Master Indenture, and all other requirements of that Section pertaining to Defeasance Securities.

ARTICLE XIII

MISCELLANEOUS

Section 13.1. Benefits of Second Supplemental Indenture Limited to Parties.

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

Section 13.2. Successor is Deemed Included in All References to Predecessor.

Whenever in this Second Supplemental Indenture or any Supplemental Indenture either the County or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Second

Supplemental Indenture contained by or on behalf of the County or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 13.3. Successorship of Trustees.

Any commercial bank, national banking association or trust company with or into which any Trustee may be merged or consolidated, or to which the assets and business of such Trustee may be sold, shall be deemed the successor of such Trustee for the purposes of this Second Supplemental Agreement. If the position of any Trustee shall become vacant for any reason, the County shall, within 30 days thereafter, appoint a commercial bank, national banking association or trust company as Trustee to fill such vacancy; provided, however, that if the County shall fail to appoint such Trustee within said period, the Trustee shall make such appointment.

Section 13.4. Notices.

Except as otherwise provided herein, all notices, certificates or other communications hereunder shall be in writing and shall be deemed given as required by the Master Indenture.

Section 13.5. Execution of Documents and Proof of Ownership by Owners.

Any request, declaration, or other instrument which this Second Supplemental 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 Series 2024B Bonds and the amount, maturity, number, and date of holding the same shall be proved by the Register.

Any request, declaration or other instrument or writing of the Owner of any Series 2024B Bond shall bind all future Owners of such Series 2024B Bond in respect of anything done or suffered to be done by the County or the Trustee in good faith and in accordance therewith.

Section 13.6. Waiver of Personal Liability.

No member, officer, agent, or employee of the County shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Series 2024B Bonds; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law.

Section 13.7. Notices to and Demands on County and Trustee.

(a) Except as otherwise expressly provided in this Second Supplemental Indenture, all notices or other instruments required or permitted under this Second Supplemental Indenture, including any County 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 County: Denton County, Texas
1 Courthouse Drive
Denton, Texas 76208
Attention: County Judge

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 Series 2024B Bond notice of (i) any substitution of the Trustee; or (ii) the redemption or defeasance of all Series 2024B Bonds Outstanding.

(c) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Second Supplemental 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 County 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 County whenever a person is to be added or deleted from the listing. If the County 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 County 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 County shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and the County 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 County. 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 County 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 County; (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 13.8. Partial Invalidity.

If any Section, paragraph, sentence, clause, or phrase of this Second Supplemental Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Second Supplemental Indenture. The County hereby declares that it would have adopted this Second Supplemental Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issue of the Series 2024B Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Second Supplemental Indenture may be held illegal, invalid, or unenforceable.

Section 13.9. Applicable Laws.

This Second Supplemental 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 13.10. Payment on Business Day.

In any case where the date of the maturity of interest or of principal (and premium, if any) of the Series 2024B Bonds or the date fixed for redemption of any Series 2024B Bonds or the date any action is to be taken pursuant to this Second Supplemental 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 13.11. Counterparts.

(a) This Second Supplemental Indenture may be executed in counterparts, each of which shall be deemed an original. The County and the Trustee agree that electronic signatures to this Second Supplemental Indenture may be regarded as original signatures.

Section 13.12. Verifications of Statutory Representations and Covenants.

The Trustee makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the “Government Code”), in entering into this Second 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. Section 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Second 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 Second Supplemental Indenture, notwithstanding anything in this Second 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 Second 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 Second 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 Second Supplemental Indenture. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

IN WITNESS WHEREOF, the County and the Trustee have caused this Second Supplemental Indenture of Trust to be executed all as of the date hereof.

DENTON COUNTY, TEXAS

By: _____,
County Judge

Attest:

County Clerk

COUNTY SEAL

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

By: _____
Authorized Officer

EXHIBIT A

(a) Form of Series 2024B Bond.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE COUNTY, 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

DENTON COUNTY, TEXAS
JUNIOR LIEN SPECIAL ASSESSMENT REVENUE BOND, SERIES 2024B
(TABOR RANCH PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
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	December 31, 20____,	_____, 2024	
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Denton County, Texas (the "County"), 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

_____ MILLION _____ THOUSAND AND NO/100 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 June 30 and December 31 of each year, commencing June 30, 2025 until maturity or prior redemption.

Capitalized terms appearing herein that are defined terms in the Master Indenture and the Second Supplemental Indenture defined below, have the meanings assigned to them in the Master Indenture and the Second Supplemental Indenture. Reference is made to the Master Indenture and the Second Supplemental 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 Master 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 first 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 County. 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 County having the designation specified in its title (herein referred to as the "Bonds"), dated December 12, 2024 and issued in the aggregate principal amount of \$_____ and issued, with the limitations described herein, pursuant to a Second Supplemental Indenture of Trust, dated as of December 1, 2024 (the "Second Supplemental Indenture") and a Master Indenture of Trust, dated as of December 1, 2024 (the "Master Indenture"), by and between the County and the Trustee, to which such Second Supplemental Indenture and Master 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 County, 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 Second Supplemental 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 special, limited obligations of the County payable solely from the Trust Estate, consisting primarily of 1) a lien on and pledge of the Pledged Revenues subordinate to any Senior Lien Bonds, and 2) the Junior Lien Supplemental Security, all as defined in the Master Indenture and Second Supplemental Indenture. Reference is hereby made to the Second Supplemental 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 County, 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 Second Supplemental Indenture and the Master Indenture.

At least 45 days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by Section 4.2 of the Second Supplemental Indenture, the Trustee shall select for redemption, pursuant to the provisions of the Second Supplemental 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 Second Supplemental Indenture.

The principal amount of Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date shall be reduced, at the option of the County, by the principal amount of any Bonds of such maturity which, at least 45 days prior to the mandatory sinking fund redemption date shall have been acquired by the County at a price not exceeding the principal amount of such Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation. The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Bonds which, at least 45 days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption and not previously credited to a sinking fund redemption.

The County reserves the right and option to redeem Bonds maturing on or after December 31, 20__ before their scheduled maturity dates, in whole or in part, on any date on or after December 31, 20__, such redemption date or dates to be fixed by the County, 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, on any date, 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 Master Indenture, from amounts on deposit in the Redemption Fund as a result of Prepayments, other transfers to the Redemption Fund pursuant to the Master Indenture, or as a result of unexpended amounts transferred from the Project Fund as provided in the Master 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 County 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 County 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 County has the right to rescind any optional redemption or extraordinary optional redemption described in Section 4.2 of the Master Indenture or Sections

4.3 and 4.4 of the Second Supplemental Indenture authorizing the Bonds by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Master Indenture. The Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

The Second Supplemental Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the County and the rights of the holders of the Bonds under the Second Supplemental Indenture at any time Outstanding affected by such modification. The Second Supplemental 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 County with certain past defaults under the Bond Order or the Master 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 Second Supplemental 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 Second Supplemental 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 County 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 County, 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 County nor the Trustee shall be affected by notice to the contrary.

The County has reserved the right to issue Refunding Bonds on the terms and conditions specified in the Master Indenture.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF DENTON COUNTY, TEXAS, THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the County, including the Bonds, does not exceed any Constitutional or statutory limitation.

IN WITNESS WHEREOF, the Commissioners Court of the County has caused this Bond to be executed under the official seal of the County.

County Judge, Denton County, Texas

County Clerk, Denton County, Texas

[County Seal]

(b) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Bond:

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER	§	
OF PUBLIC ACCOUNTS	§	REGISTER NO. _____
	§	
THE STATE OF TEXAS	§	

I HEREBY CERTIFY THAT there is on file and of record in my office an opinion to the effect that the Attorney General of the State of Texas has approved this Bond, and that this Bond has been registered this day by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____

Comptroller of Public Accounts
of the State of Texas

[SEAL]

(c) Form of Certificate of Trustee.

CERTIFICATE OF TRUSTEE

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

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 Bond and
all rights hereunder and hereby irrevocably constitutes and appoints _____
attorney to transfer the within Bond on the books kept for registration hereof, with full power of
substitution in the premises.

Date: _____

Signature Guaranteed By:

Authorized Signatory

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

(e) The Initial Bond shall be in the form set forth in paragraphs (a) 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 December 31 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 3.2(c) hereof); and

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

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APPENDIX B

FORM OF SERVICE AND ASSESSMENT PLAN

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Tabor Ranch Public Improvement District

PRELIMINARY SERVICE AND ASSESSMENT PLAN

October 29, 2024

Prepared by:



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APPENDICES

Appendix A	Estimated Buildout Values and Unit Counts
Appendix B	Engineer's Report

I. INTRODUCTION

Capitalized terms used in this Service and Assessment Plan shall have the meanings given to them in **Section II** unless otherwise defined in the Service and Assessment Plan or unless the context in which a term is used clearly requires a different meaning. Unless otherwise defined, a reference to a “Section”, “Exhibit”, or an “Appendix” shall be a reference to a Section of this Service and Assessment Plan or an Exhibit or Appendix attached to and made a part of this Service and Assessment Plan for all purposes.

On March 5, 2024, the Commissioners Court passed and approved Resolution No. 24-0193, authorizing the creation of the District in accordance with the PID Act.

The purpose of the District is to finance the Actual Costs of the Authorized Improvements that confer a special benefit on property within the District. The District contains approximately 599.392 acres located within the County, as described legally by metes and bonds on **Exhibit K-1** and as depicted on the maps in **Exhibits A-1 and A-2**.

The PID Act requires a service plan covering a period of at least five years, defining the annual indebtedness and projected cost of the Authorized Improvements, and including a copy of the notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan is contained in **Section V** and the notice form is attached as **Exhibits J-1, J-2, J-3, and J-4**.

The PID Act requires that the Service Plan include an assessment plan that assesses the Actual Costs of the Authorized Improvements against Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements. The Assessment Plan is contained in **Section VI**.

The PID Act requires an Assessment Roll that states the Assessment against each Parcel determined by the method chosen by the County. The Assessment against each Parcel of Assessed Property must be sufficient to pay the share of the Actual Costs of the Authorized Improvements apportioned to such Parcel and cannot exceed the special benefit conferred on the Parcel by such Authorized Improvements and the related Bond Issuance Costs, and District Formation Costs. The Improvement Area #1 Assessment Roll and the Major Improvement Area Assessment Roll are contained in **Exhibits E-1 and F-1, respectively**.

II. DEFINITIONS

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

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

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

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

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

“Annual Installment” means the annual installment payment of an Assessment as calculated by the Administrator and approved by the Commissioners Court, that includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest, if applicable.

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

“Assessed Property” means any Parcel within the District against which an Assessment is levied.

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

“Assessment Order” means any order adopted by the Commissioners Court in accordance with the PID Act that levies an Assessment on Assessed Property within the District, as shown on any Assessment Roll.

“Assessment Plan” means the methodology employed to assess the Actual Costs of the Authorized Improvements against Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements, more specifically described in **Section VI**.

“Assessment Roll” means any assessment roll for the Assessed Property within the District, including the Improvement Area #1 Assessment Roll and Major Improvement Area Assessment Roll included in this Service and Assessment Plan as **Exhibit E-1 and Exhibit F-1, respectively**, 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 levy of an Assessment, the issuance of PID Bonds, or in connection with any Annual Service Plan Update.

“Authorized Improvements” means improvements authorized by Section 372.003 of the PID Act as depicted on **Exhibit G** and described in **Section IV**.

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

“Commissioners Court” means the governing body of the County.

“County” means Denton County, Texas.

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

“District” means the Tabor Ranch Public Improvement District, consisting of approximately 599.392 acres within the County, as described by metes and bounds shown on **Exhibit K-1** and the maps shown on **Exhibits A-1 and A-2**.

“District Formation Costs” means the costs associated with forming the District, including attorney fees and any other cost or expense incurred by the County directly associated with the establishment of the District.

“Engineer’s Report” means a report provided by a licensed professional engineer that identifies the Authorized Improvements, including their costs, location, and benefit, attached hereto as **Appendix B**.

“Estimated Buildout Value” means the estimated value of an Assessed Property after completion of the horizontal and the vertical improvements (e.g. house, office building, etc.), and shall be determined by the Administrator and confirmed by the Commissioners Court by considering such factors as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, builder contracts, discussions with homebuilders, reports from third party consultants, or any other information that may impact value. The Estimated Buildout Value for each Lot Type is shown on **Appendix A**.

“First Year Annual Collection Costs” means the estimated Annual Collection Costs incurred in the year in which a series of PID Bonds is issued and the capitalized interest period. First Year Annual Collection Costs may be paid out of the proceeds of a series of PID Bonds, if applicable. Annual Collection Costs otherwise incurred will be included as a part of the Annual Installment collected from each Parcel of Assessed Property.

“Future Improvement Area” means an Improvement Area which is developed subsequent to Improvement Area #1. As Assessments are levied within each Future Improvement Area, this Service and Assessment Plan will be updated.

“Improvement Area” means specifically and designated areas within the District that are developed in phases including Improvement Area #1.

“Improvement Area #1” means the first Improvement Area to be developed within the District, as shown on **Exhibit A-1** and as described on **Exhibit K-2**, comprised of approximately 193.859 acres and planned to include 850 single family homes.

“Improvement Area #1 Annual Installment” means the annual installment payment of an Improvement Area #1 Assessment as calculated by the Administrator and approved by the County, that includes: (1) principal related to the Improvement Area #1 Senior Lien Bonds and Improvement Area #1 Junior Lien Bonds, respectively; (2) interest related to the Improvement Area #1 Senior Lien Bonds and Improvement Area #1 Junior Lien Bonds, respectively; (3) Annual Collection Costs and (4) Additional Interest.

“Improvement Area #1 Assessed Property” means all Parcels within Improvement Area #1 other than Non-Benefited Property against which an Improvement Area #1 Assessment is levied.

“Improvement Area #1 Assessment Roll” means the assessment roll included in this Service and Assessment Plan as **Exhibit E-1**, 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 relating to the issuance of PID Bonds or in connection with any Annual Service Plan Update.

“Improvement Area #1 Assessments” means the Assessments shown on the Improvement Area #1 Assessment Roll that are levied on Improvement Area #1 Assessed Property to fund Improvement Area #1 Authorized Improvements.

“Improvement Area #1 Authorized Improvements” means, collectively, (i) the Improvement Area #1 Projects, (ii) Bond Issuance Costs relating to the Improvement Area #1 Bonds, (iii) the pro rata portion of the District Formation Costs attributable to Improvement Area #1, and (iv) First Year Annual Collection Costs attributable to Improvement Area #1.

“Improvement Area #1 Bonds” means, collectively, the Improvement Area #1 Senior Lien Bonds and the Improvement Area #1 Junior Lien Bonds and any PID Bonds issued to refund any of such series.

“Improvement Area #1 Junior Lien Bonds” means those certain Denton County, Texas Junior Lien Special Assessment Revenue Bonds, Series 2024B (Tabor Ranch Public Improvement District Improvement Area #1 Project) that are secured by the Improvement Area #1 Assessments on a junior and subordinate basis to the lien and pledge on the Improvement Area #1 Assessments securing the Improvement Area #1 Senior Lien Bonds.

“Improvement Area #1 Improvements” means Authorized Improvements which only benefit Improvement Area #1 Assessed Property as described in **Appendix A**.

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

“Improvement Area #1 Senior Lien Bonds” means those certain Denton County, Texas Senior Lien Special Assessment Revenue Bonds, Series 2024A (Tabor Ranch Public Improvement District Improvement Area #1 Project) that are secured by the Improvement Area #1 Assessments on a first and prior lien basis.

“Indenture” means an Indenture of Trust entered into in connection with the issuance of PID Bonds, as amended or supplemented from time to time, between the County and the Trustee setting forth terms and conditions related to the PID Bonds.

“Lot” means, for any portion of the district for which a subdivision plat has been recorded in the official public records of the County, a tract of land described as a “lot” in such subdivision plat.

“Lot Type” means a classification of final building Lots with similar characteristics (e.g. retail, office, multi-family residential, single family residential), as determined by the Administrator and confirmed by the Commissioners Court. In the case of residential Lots, the Lot Type shall be further defined by the feet of frontage, as provided in **Exhibit H**.

“Lot Type 40” means Assessed Property within the District platted or anticipated to be platted into similarly benefitted Lots to be used or developed for single family detached dwelling units and being

marketed to homebuilders as a 40' lot type that may be developed with and sold for single family detached dwelling units. See **Exhibit J-1** for homebuyer disclosures for Lot Type 40' Lots.

"Lot Type 45" means Assessed Property within the District platted or anticipated to be platted into similarly benefitted Lots to be used or developed for single family detached dwelling units and being marketed to homebuilders as a 45' lot type that may be developed with and sold for single family detached dwelling units. See **Exhibit J-2** for homebuyer disclosures for Lot Type 45' Lots.

"Lot Type 50" means Assessed Property within the District platted or anticipated to be platted into similarly benefitted Lots to be used or developed for single family detached dwelling units and being marketed to homebuilders as a 50' lot type that may be developed with and sold for single family detached dwelling units. See **Exhibit J-3** for homebuyer disclosures for Lot Type 50' Lots.

"Lot Type 60" means Assessed Property within the District platted or anticipated to be platted into similarly benefitted Lots to be used or developed for single family detached dwelling units and being marketed to homebuilders as a 60' lot type that may be developed with and sold for single family detached dwelling units. See **Exhibit J-4** for homebuyer disclosures for Lot Type 60' Lots.

"Major Improvement Area" means the area to be developed within the District not designated as Improvement Area #1, as shown on **Exhibit A-2** and as described on **Exhibit K-3**, comprised of approximately 405.533 acres and planned to include (i) 1,071 single family homes, on Parcels that will be assessed, and (ii) approximately 3.54 acres of commercial development and approximately 12.59 acres of multifamily development which constitute the Non-Assessed Property.

"Major Improvement Area Annual Installment" means the annual installment payment of a Major Improvement Area Assessment as calculated by the Administrator and approved by the County, that includes: (1) principal related to the Major Improvement Area Bonds; (2) interest related to the Major Improvement Area Bonds; (3) Annual Collection Costs and (4) Additional Interest.

"Major Improvement Area Assessed Property" means all Parcels within the Major Improvement Area other than Non-Assessed Property and Non-Benefited Property against which a Major Improvement Area Assessment is levied.

"Major Improvement Area Assessment Roll" means the assessment roll included in this Service and Assessment Plan as **Exhibit F-1**, 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 relating to the issuance of PID Bonds or in connection with any Annual Service Plan Update.

"Major Improvement Area Assessments" means the Assessments shown on the Major Improvement Area Assessment Roll that are levied on Major Improvement Area Assessed Property to fund Major Improvement Area Authorized Improvements.

"Major Improvement Area Authorized Improvements" means, collectively, (i) the Major Improvement Area Improvements, (ii) Bond Issuance Costs relating to the Major Improvement Area

Bonds, (iii) the pro rata portion of the District Formation Costs attributable to the Major Improvement Area, and (iv) First Year Annual Collection Costs attributable to the Major Improvement Area.

“Major Improvement Area Bonds” means those bonds that are secured by the Major Improvement Area Assessments.

“Major Improvement Area Improvements” means the allocable portion of the Major Improvements, which only benefit the Major Improvement Area Assessed Property as described in **Appendix A**.

“Major Improvements” means those Authorized Improvements that confer a special benefit to all of the Assessed Property within the District, as further described in **Section IV** and **Exhibit B** and depicted on **Exhibit G**.

“Maximum Assessment” means for each Lot Type, at the time a new Lot is created by plat an Assessment equal to the amount shown on **Exhibit H**, with respect to such Lot Type The Maximum Assessment for Improvement Area #1 and the Major Improvement Area will be updated in each Annual Service Plan Update and the Maximum Assessment for Future Improvement Areas will be determined in future Annual Service Plan updates.

“Non-Assessed Property” means Parcels within the boundaries of the District that accrue special benefit from a portion of the Authorized Improvements as determined by the County based on information provided by the Owner and their engineer, but which are not assessed. Non-Assessed Property consists of approximately 3.54 acres of commercial development and approximately 12.59 acres of multifamily development located inside the boundary of the District and all of which is located within the Major Improvement Area. The Owner has agreed to pay for the portion of the Actual Costs of the Authorized Improvements that benefit the Non-Assessed Property in lieu of the County levying assessments against such property.

“Non-Benefited Property” means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements, including but not limited to Owners Association Property, Public Property, easements that create an exclusive use for a public utility provider.

“Notice of Assessment Termination” means a document recorded in the official public records of the County evidencing the termination of an Assessment, a form of which is attached as **Exhibit I**.

“Owner” means Tabor 380 Development, LLC, and any successors or assigns thereof that intend to develop the property in the District for the ultimate purpose of transferring title to end users.

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

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

“PID Bonds” means bonds issued by the County, in one or more series, to finance the Authorized Improvements that confer a special benefit on the property within the District or to refund previously issued PID Bonds.

“Plat” or “Subdivision Plat” means a “plat” as defined in and approved in accordance with Denton County Subdivision Rules and Regulations.

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

“Prepayment Costs” means principal, interest, including Additional Interest, and Annual Collection Costs to the date of Prepayment.

“Public Property” means property within the boundaries of the District that is owned by or dedicated to the federal government, the State of Texas, the County, , a school district, a public utility provider or any other public agency, whether in fee simple or through an exclusive use easement.

“Service and Assessment Plan” means this Service and Assessment Plan as it may be modified, amended, supplemented, and updated from time to time.

“Service Plan” means the portion of this Service and Assessment plan which covers a period of least five years and defines the annual indebtedness and projected costs of the Authorized Improvements, more specifically described in **Section IV**.

“Tabor Ranch MUD” means the Tabor Ranch Municipal Utility District of Denton County.

“Trustee” means the trustee (or successor trustee) under an Indenture.

III. THE DISTRICT

The District includes approximately 599.392 acres located within the County, as described legally by metes and bounds on **Exhibit K-1** and as depicted on the maps on **Exhibits A-1 and A-2**.

Improvement Area #1 included approximately 193.859 acres as described legally by metes and bounds on **Exhibit K-2** and as depicted on the map on **Exhibit A-1**. Development of Improvement Area #1 is anticipated to include 41 Lots classified as Lot Type 40', 218 Lots classified as Lot Type 45', 420 Lots classified as Lot Type 50', and 171 Lots classified as Lot Type 60'.

The Major Improvement Area includes approximately 405.533 acres as described legally by metes and bounds on **Exhibit K-3** and as depicted on the map on **Exhibit A-2**. Major Improvement Area Assessed Property within the Major Improvement Area is anticipated to include 218 Lots classified as Lot Type 40', 2 Lots classified as Lot Type 45', 353 Lots classified as Lot Type 50', and 498 Lots classified as Lot Type 60'. Non-Assessed Property within the Major Improvement Area is expected to include 3.54 acres of commercial development and 12.59 acres of multi-family development.

IV. AUTHORIZED IMPROVEMENTS

The County, based on information provided by the Owner and their engineer, including the Engineer's Report, and on review by the County staff, and by third-party consultants retained by the County, determined that the Authorized Improvements confer a special benefit on the Assessed Property and, with respect to certain Major Improvements, to the Non-Assessed Property. Authorized Improvements will be designed and constructed in accordance with County standards and specifications and will be owned and operated by the County unless otherwise indicated. Once the facilities are completed, it is anticipated that the Authorized Improvements will be accepted by the County and transferred to Tabor Ranch MUD. The budget for the Authorized Improvements, as well as the allocation of the Authorized Improvements, is shown on **Exhibit B**.

A. Major Improvements

- *Onsite Roadway Improvements*

Improvements including right of way dedication and construction of thoroughfare and local subdivision streets, including related paving with curb and gutters, pavement marking and signage, storm drainage, sidewalks, and retaining walls which will benefit all Property in the District. All onsite roadway improvements will be designed and constructed in accordance with County and North Texas Council of Governments standards and specifications and will be owned and operated by Tabor Ranch MUD.

- *Offsite Roadway Improvements*

Improvements including right of way dedication and construction of thoroughfare improvements, including related paving, pavement marking and signage, and drainage located outside the boundaries of the District but conferring a benefit on all Property in the District. All offsite roadway improvements will be designed and constructed in accordance with County and North Texas Council of Governments standards and specifications and will be owned and operated by Tabor Ranch MUD.

- *Onsite Water Improvements*

Onsite water improvements consist of collection, treatment, storage, and distribution facilities. These facilities include water wells, raw water transmission lines, water treatment and storage facilities, water lines, mains, valves, fire hydrants, as well as related testing, trench safety and erosion protection, necessary to serve all Property in the District. The water improvements will be designed and constructed in accordance with Texas Commission on Environmental Quality, North Texas Groundwater Conservation District, and North Texas Council of Governments standards and specifications and will be owned and operated by Tabor Ranch MUD.

- *Offsite Water Improvements*

Offsite water improvements consist of construction and installation of water lines, mains, pipes, valves and appurtenances necessary for the water distribution system, as well as related testing, trench safety and erosion protection, necessary to service all Property in the District. The offsite water improvements are constructed exclusively for the benefit of the District and will be designed and constructed in accordance with Texas Commission on Environmental Quality and North Texas Council of Governments standards and specifications and will be owned and operated by Tabor Ranch MUD.

- *Sanitary Sewer*

Sanitary sewer improvements consist of a wastewater treatment plant, lift stations, force mains, and gravity collection system improvements including construction and installation of pipes, service lines, manholes, encasements and appurtenances necessary to provide sanitary sewer service to all Property in the District. The sanitary sewer improvements will be designed and constructed in accordance with Texas Commission on Environmental Quality and North Texas Council of Governments standards and specifications and will be owned and operated by Tabor Ranch MUD.

- *Storm Drainage*

The storm drainage improvements consist of detention areas, reinforced concrete pipes, reinforced concrete boxes, multi-reinforced box culverts, and safety end treatments necessary to serve all Property in the District. The storm drainage improvements will be designed and constructed in accordance with Texas Commission on Environmental Quality, the County, and North Texas Council of Governments standards and specifications and will be owned and operated by Tabor Ranch MUD.

- *Soft and Miscellaneous Costs*

Soft and miscellaneous costs consist of costs related to designing, constructing, and installing the Major Improvements including land planning and design, fees assessed by regulatory agencies, legal fees, engineering, soil and construction testing, entry features, art installations, topographic and boundary surveys, construction staking, construction management, and contingency, costs associated with financing the Major Improvements.

- *District Formation Costs*

Costs associated with forming and operating the District and allocable to the entire Major Improvement Area at this time, including attorney fees and any other cost or expense incurred by the County directly associated with the establishment of the District. As each

Future Improvement Area is developed, each Future Improvement Area will be allocated a portion of the District Formation Costs.

B. Improvement Area #1 Improvements

- *Roadway Improvements*

Improvements including right of way dedication and construction of thoroughfare and local subdivision streets, including related paving with curb and gutters, pavement marking and signage, storm drainage, sidewalks, and retaining walls which will benefit all Property in the District. All roadway improvements will be designed and constructed in accordance with County and North Texas Council of Governments standards and specifications and will be owned and operated by Tabor Ranch MUD.

- *Water Improvements*

The water improvements consist of collection, treatment, storage, and distribution facilities. These facilities include raw water transmission lines, water lines, mains, valves, fire hydrants, as well as related testing, trench safety and erosion protection, necessary to serve the Improvement Area #1 Assessed Property. The water improvements will be designed and constructed in accordance with Texas Commission on Environmental Quality, North Texas Groundwater Conservation District, Denton County, and North Texas Council of Governments standards and specifications and will be owned and operated by Tabor Ranch MUD.

- *Sanitary Sewer*

Sanitary sewer improvements consist of force mains and gravity collection system improvements including construction and installation of pipes, service lines, manholes, encasements and appurtenances necessary to provide sanitary sewer service to the Improvement Area #1 Assessed Property. The sanitary sewer improvements will be designed and constructed in accordance with Texas Commission on Environmental Quality, and North Texas Council of Governments standards and specifications and will be owned and operated by Tabor Ranch MUD.

- *Storm Drainage*

The storm drainage improvements consist of detention areas, reinforced concrete pipes, reinforced concrete boxes, multi-reinforced box culverts, and safety end treatments necessary to serve the Improvement Area #1 Assessed Property. The storm drainage improvements will be designed and constructed in accordance with Texas Commission on Environmental Quality, the County, and North Texas Council of Governments standards and specifications and will be owned and operated by Tabor Ranch MUD.

- *Soft and Miscellaneous Costs*

Soft and miscellaneous costs consist of costs related to designing, constructing, and installing the Improvement Area #1 Improvements including land planning and design, fees assessed by regulatory agencies, legal fees, engineering, soil and construction testing, landscaping, entry features, topographic and boundary surveys, construction staking, construction management, and contingency, costs associated with financing the Improvement Area #1 Improvements.

- *District Formation Costs*

Costs associated with forming and operating the District and allocable to Improvement Area #1 at this time, including attorney fees and any other cost or expense incurred by the County directly associated with the establishment of the District.

C. Bond Issuance Costs

- *Debt Service Reserve Fund*

Equals the amount required under an applicable Indenture in connection with the issuance of PID Bonds.

- *Capitalized Interest*

Equals the capitalized interest payments on PID Bonds as reflected in an applicable Indenture.

- *Underwriter's Discount*

Equals a percentage of the par amount of a particular series of PID Bonds related to the cost of underwriting such PID Bonds.

- *Underwriter's Counsel*

Equals a percentage of the par amount of a particular series of PID Bonds reserved for the underwriter's attorney fees.

- *Cost of Issuance*

Includes costs of issuing a particular series of PID Bonds, including, but not limited to, issuer fees, attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, fees charged by the Texas Attorney General, and any other cost or expense incurred by the County directly associated with the issuance of PID Bonds.

D. Other Costs

- *Initial Administrative Fund Deposit*

Equals the amount necessary to fund the First Year Annual Collection Costs for a particular series of PID Bonds.

V. SERVICE PLAN

The PID Act requires the Service Plan to cover a period of at least five years. The Service Plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the District during the five-year period. The Service Plan is also required to include a copy of the buyer disclosure notice form required by Section 5.014 of the Texas Property Code, as amended. The buyer disclosures are attached in **Exhibit J**. The Service Plan shall be updated in each Annual Service Plan Update. **Exhibit C** summarizes the Service Plan for the District.

Exhibit D summarizes the sources and uses of funds required to finance the Authorized Improvements. The sources and uses of funds shown on **Exhibit D** shall be updated in each Annual Service Plan Update.

VI. ASSESSMENT PLAN

The PID Act allows the County to apportion the costs of the Authorized Improvements to the Assessed Property based on the special benefit received from the Authorized Improvements. The PID Act provides that such costs may be apportioned: (1) equally per front foot or square foot; (2) according to the value of property as determined by the County, with or without regard to improvements constructed on the property; or (3) in any other manner approved by the County that results in imposing equal shares of such costs on property similarly benefitted. 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 County and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

The section of this Service and Assessment Plan describes the special benefit received by each Assessed Property within the District as a result of the Authorized Improvements and provides the basis of justification for the determination that this special benefit exceeds the amount of the Assessments to be levied on the Assessed Property for such Authorized Improvements.

The determination by the County of the assessment methodologies set forth below is the result of the discretionary exercise by the Commissioners Court of its legislative authority and governmental powers and is conclusive and binding on the Owner and all future owners and developers of the Assessed Property.

A. Assessment Methodology

The Commissioners Court, acting in its legislative capacity based on information provided by the Owner and their engineer, including the Engineer Report, and on review by the County staff and by third-party consultants retained by the County, has determined that Improvement Area #1 Authorized Improvements and the Major Improvement Area Authorized Improvements shall be allocated as follows:

- The budgeted costs of the Major Improvements shall be allocated to the Non-Assessed Property and Assessed Property within the District based on acreage. The acreage attributable to Non-Assessed Property is equal to 2.7% of the total acreage in the District (see **Appendix A**). Therefore, Non-Assessed Property is allocated 2.7% of the costs of the Major Improvements, and Assessed Property is allocated 97.3% of the costs of the Major Improvements. This calculation is reflected in **Exhibit B**.
- After deducting the amount allocable to Non-Assessed Property, the budgeted costs of the Major Improvements attributable to Assessed Property shall be allocated to Improvement Area #1 Assessed Property and Major Improvement Area Assessed Property based upon the ratio of Estimated Buildout Value of the Improvement Area #1 Assessed Property and the Major Improvement Area Assessed Property to the Estimated Buildout Value of Assessed Property within the District. The Improvement Area #1 Assessed Property represents 43.1% of the Estimated Buildout Value of Assessed Property (see **Appendix A**). The Major Improvement Area Assessed Property represents 56.9% of the Estimated Buildout Value of

the Assessed Property. Accordingly, the remaining costs of the Major Improvements (after deducting the amount attributable to Non-Assessed Property) are allocated to Improvement Area #1 and the Major Improvement Area in **Exhibit B**.

- The budgeted costs of the Improvement Area #1 Improvements will be allocated entirely to Improvement Area #1 Assessed Property, as shown in **Exhibit B**.
- Estimated Bond Issuance Costs and First Year Annual Collection Costs associated with the Major Improvement Area Bonds will be allocated to the Major Improvement Area Assessed Property.
- Estimated Bond Issuance Costs and First Year Annual Collection Costs associated with the Improvement Area #1 Bonds will be allocated to the Improvement Area #1 Assessed Property.
- The costs of the Improvement Area #1 Authorized Improvements, as shown on **Exhibit B**, shall be allocated to each Assessed Property within Improvement Area #1 based upon the ratio of the Estimated Buildout Value of each Parcel designated as Improvement Area #1 Assessed Property to the Estimated Buildout Value of all Improvement Area #1 Assessed Property.
- The costs of the Major Improvement Area Authorized Improvements, as shown on **Exhibit B**, shall be allocated to each Assessed Property within the Major Improvement Area based upon the ratio of the Estimated Buildout Value of each Parcel designated as Major Improvement Area Assessed Property to the Estimated Buildout Value of all Major Improvement Area Assessed Property.

B. Assessments

The Improvement Area #1 Assessment will be levied on Improvement Area #1 Assessed Property in the amounts shown on the Improvement Area #1 Assessment Roll, as shown in **Exhibit E-1**. The projected Improvement Area #1 Annual Installments are shown in **Exhibit E-2**. Upon division or subdivision of any Improvement Area #1 Assessed Property, the Improvement Area #1 Assessment will be reallocated pursuant to **Section VII** below.

The Major Improvement Area Assessment will be levied on Major Improvement Area Assessed Property in the amounts shown on the Major Improvement Area Assessment Roll, as described in **Exhibit F-1**. The projected Major Improvement Area Annual Installments are shown in **Exhibit F-2**. Upon division or subdivision of any Major Improvement Area Assessed Property, the Major Improvement Area Assessment will be reallocated pursuant to **Section VII** below.

The Assessment for any Future Improvement Areas will be determined when a Future Improvement Area is created.

C. Findings of Special Benefit

The Commissioners Court, acting in its legislative capacity based on information provided by the Owner and their engineer and reviewed by the County staff and by third-party consultants retained by the County, has found and determined:

- Improvement Area #1
 - The Improvement Area #1 Assessed Property receives special benefit from the Improvement Area #1 Authorized Improvements equal to or greater than the Actual Cost of the Improvement Area #1 Authorized Improvements;
 - The budgeted costs of the Improvement Area #1 Improvements equals \$27,597,845, as shown in **Exhibit B**;
 - The budgeted costs of Major Improvements equal \$31,913,754, with \$861,675 attributed to Non-Assessed Property and \$31,052,079 attributable to Assessed Property, as shown in **Exhibit B**;
 - The Improvement Area #1 Assessed Property receives special benefit from the Major Improvements equal to 43.1% of the budgeted costs of the Major Improvements attributed to Assessed Property (see **Appendix A**) or \$13,383,446;
 - The Bond Issuance Costs associated with Improvement Area #1 Bonds are estimated to be \$11,295,082 and the First Year Annual Collection Costs associated with Improvement Area #1 are estimated to be \$76,000, as shown in **Exhibit B**;
 - The budgeted costs of the Improvement Area #1 Authorized Improvements attributable to Improvement Area #1 Assessed Property is equal to \$52,352,373, as shown in **Exhibit B**; and
 - The special benefit received by the Improvement Area #1 Assessed Property from the Improvement Area #1 Authorized Improvements (\$52,352,373) is equal to or greater than the Improvement Area #1 Assessment (\$52,350,000) levied on the Improvement Area #1 Assessed Property for the Improvement Area #1 Authorized Improvements.
- Major Improvement Area
 - The Major Improvement Area Assessed Property receives special benefit from the Major Improvement Area Authorized Improvements equal to or greater than the Actual Cost of the Major Improvement Area Authorized Improvements;
 - The budgeted costs of Major Improvements equal \$31,913,754, with \$861,675 attributed to Non-Assessed Property and \$31,052,079 attributable to Assessed Property, as shown in **Exhibit B**;
 - The Major Improvement Area Assessed Property receives special benefit from the Major Improvements equal to 56.9% of the budgeted costs of the Major Improvements attributed to Assessed Property (see **Appendix A**) or \$17,668,633;
 - The Bond Issuance Costs associated with Major Improvement Area Bonds are estimated to be \$5,875,478 and the First Year Annual Collection Costs associated with the Major Improvement Area are estimated to be \$38,000, as shown in **Exhibit B**; and
 - The special benefit received by the Major Improvement Area Assessed Property from the Major Improvement Area Authorized Improvements (\$23,582,111) is equal to or

greater than the Major Improvement Area Assessment (\$23,580,000) levied on the Major Improvement Area Assessed Property for the Major Improvement Area Authorized Improvements.

D. Annual Collection Costs

The Annual Collection Costs shall be paid on a pro rata basis by the owners of each Assessed Property based on the amount of outstanding Assessment remaining on the Assessed Property. The Annual Collection Costs shall be collected as part of and in the same manner as Annual Installments in the amounts shown on the Assessment Rolls, which may be revised in Annual Service Plan Updates based on Actual Costs incurred.

E. Interest

The interest rate on Assessments securing the PID Bonds may exceed the interest rate on the PID Bonds by the Additional Interest Rate. Interest at the rate of the PID Bonds and the Additional Interest shall be collected as part of each Annual Installment and shall be deposited pursuant to the respective Indenture.

VII. TERMS OF THE ASSESSMENTS

A. Reallocation of Assessments

1. *Upon Division Prior to Recording of Subdivision Plat*

Upon the division of any Assessed Property (without the recording of subdivision plat), the Administrator shall reallocate the Assessment for the Assessed Property prior to the division among the newly divided Assessed Properties according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

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

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

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

The sum of the Assessments for all newly divided Assessed Properties shall equal the Assessment for the Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in an update to this Service and Assessment Plan approved by the Commissioners Court.

2. *Upon Subdivision by a Recorded Subdivision Plat*

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

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

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

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

E = the number of Lots with same Lot Type

Prior to the recording of a subdivision plat, the Owners shall provide the County an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat considering factors such as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, discussions with homebuilders, and any other factors that may impact value. The calculation of the Assessment for a Lot shall be performed by the Administrator and confirmed by the Commissioners Court based on the Estimated Buildout Value, relying on information provided by the Owner, homebuilders, third party consultants, and/or the official public records of the County regarding the Lot.

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

3. Upon Consolidation

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

B. True-up of Assessments if Maximum Assessment Exceeded

Upon submission of a preliminary plat and/or site plan by the Owner to the County, the Owner shall provide the County the Lot Type of each Parcel included in the preliminary plat and/or site plan for each Lot anticipated to be created by the preliminary plat and/or site plan considering factors that may impact value. The Administrator will review the preliminary plat and/or site plan to (1) calculate the Assessment applicable to each Lot and (2) determine if such plat and/or site plan will or will not result in the Assessment per Lot for any Lot Type within the preliminary plat and/or site plan exceeding the Maximum Assessment. If the Administrator determines that the preliminary plat and/or site plan results in an Assessment per Lot for any Lot Type exceeding the Maximum Assessment, prior to the County approving the final plat for any such Lot described in the reviewed preliminary plat and/or site plan, the person or entity filing such site plan will make a Prepayment in an amount sufficient to reduce Assessment to equal the Maximum Assessment. The County's approval of an Annual Service Plan Update, a preliminary plat, or a site plan without payment of such Prepayment amounts does not eliminate the obligation of the person or entity filing such site plan to pay such amounts. Any such true-up Prepayment of Improvement Area #1 Assessments, the

prepayment amount shall be allocated to redeem the Improvement Area #1 Senior Lien Bonds and the Improvement Area #1 Junior Lien Bonds on a pro rata basis, based on the principal amount of then outstanding Improvement Area #1 Senior Lien Bonds and Improvement Area #1 Junior Lien Bonds, as more fully provided in the applicable Indenture.

C. Mandatory Prepayment of Assessments

If Assessed Property is transferred to a person or entity that is exempt from payment of the Assessments under applicable law or any portion of Assessed Property becomes Non-Benefited Property, the owner transferring the Assessed Property or causing the portion to become Non-Benefited Property shall pay to the County or the Administrator on behalf of the County the full amount of the outstanding Assessment, plus Prepayment Costs and Delinquent Collection Costs, if any, for such Assessed Property, prior to the transfer. If a reallocation pursuant to Section VII.A above causes the Assessment for any successor parcel to exceed the Maximum Assessment, the owner of the Parcel being reallocated must partially prepay the Assessment to the extent it exceeds the Maximum Assessment for such Parcel in an amount sufficient to reduce the Assessment to the Maximum Assessment.

Any such mandatory Prepayment of Improvement Area #1 Assessments, the prepayment amount shall be allocated to redeem the Improvement Area #1 Senior Lien Bonds and the Improvement Area #1 Junior Lien Bonds on a pro rata basis, based on the principal amounts then outstanding of Improvement Area #1 Senior Lien Bonds and Improvement Area #1 Junior Lien and as more fully provided in the applicable Indenture.

D. Reduction of Assessments

If, as a result of cost saving or an Authorized Improvement not being constructed, the Actual Costs of completed Authorized Improvements are less than the Assessments levied for the payment thereof, the Trustee shall be instructed by the County to apply amounts on deposit in the applicable account of the Project Fund (as defined in the applicable Indenture) relating to the PID Bonds that are not expected to be used for purposes of the respective Project Fund, to redeem outstanding PID Bonds, unless otherwise directed by the County pursuant to the terms and in accordance with the applicable Indenture. The Assessments shall not, however, be reduced to an amount less than the outstanding related PID Bonds.

The Administrator shall update (and submit to the Commissioners Court for review and approval as part of the next Annual Service Plan Update) the Assessment Rolls and corresponding Annual Installments to reflect the reduced Assessments.

E. Prepayment of Assessments

The owner of the Assessed Property may pay, at any time, all or any part of an Assessment in accordance with the PID Act. Interest costs from the date of prepayment to the date of redemption of the applicable PID Bonds and other applicable Prepayment Costs, if any, may be paid from a reserve established under the applicable Indenture. If an Annual Installment has been billed prior to the

Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If an Assessment is paid in full, with Prepayment Costs: (1) the Administrator shall cause the Assessment to be removed and the Assessment Roll to be revised, according to the following procedures: (a) with respect to the Improvement Area #1 Bonds, the prepayment amount shall be allocated to redeem the Improvement Area #1 Senior Lien Bonds and the Improvement Area #1 Junior Lien Bonds on a pro rata basis, based on the principal amount of then outstanding Improvement Area #1 Senior Lien Bonds and Improvement Area #1 Junior Lien Bonds, as more fully provided in the applicable Indenture, (b) with respect to the Major Improvement Area Bonds and any Future Improvement Area Bonds, the Prepayment shall be allocated in accordance with the applicable Indenture; and (2) the obligation to pay the Assessment and corresponding Annual Installments shall be terminated and (3) the County shall provide the owner with a recordable Notice of Assessment Termination, a form of which is attached as **Exhibit I**. The Administrator shall prepare the revised Assessment Roll and submit to the Commissioners Court for review and approval as part of the next Annual Service Plan Update.

If an Assessment is paid in part, with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced and the Assessment Roll revised, according to the following procedures: (a) with respect to the Improvement Area #1 Bonds, the partial prepayment amount shall be allocated to redeem the Improvement Area #1 Senior Lien Bonds and the Improvement Area #1 Junior Lien Bonds on a pro rata basis, based on the principal amount of then outstanding Improvement Area #1 Senior Lien Bonds and Improvement Area #1 Junior Lien Bonds, as more fully provided in the applicable Indenture, (b) with respect to the Major Improvement Area Bonds and any Future Improvement Area Bonds, the partial prepayment shall be allocated in accordance with the applicable Indenture; and (2) the obligation to pay the Assessment and corresponding Annual Installments shall be reduced to the extent of the prepayment made. The Administrator shall prepare the revised Assessment Roll and submit to the Commissioners Court for review and approval as part of the next Annual Service Plan Update.

F. Prepayment as a Result of Eminent Domain Proceeding or Taking

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

For the Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Assessed Property (the Assessed Property less the Taken Property), (the "Remaining Property") following the reclassification of the Taken Property as Non-Benefited Property, subject to an adjustment of the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. The owner

will remain liable to pay in Annual Installments, or payable as otherwise provided by this Service and Assessment Plan, as updated, or the PID Act, the Assessment that remains due on the Remaining Property, subject to an adjustment in the Annual Installments applicable to the Remaining Property after any required Prepayment as set forth below. Notwithstanding the foregoing, if the Assessment that remains due on the Remaining Property exceeds the applicable Maximum Assessment, the owner will be required to make a Prepayment in an amount necessary to ensure that the Assessment against the Remaining Property does not exceed such Maximum Assessment, in which case the Assessment and Annual Installments applicable to the Remaining Property will be reduced by the amount of the partial Prepayment. If the County receives all or a portion of the eminent domain proceeds (or payment made in an agreed sale in lieu of condemnation), such amount shall be credited against the amount of Prepayment, with any remainder credited against the assessment on the Remaining Property.

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

By way of illustration, if an owner owns 100 acres of Assessed Property subject to \$100 Assessment and 10 acres is taken through a Taking, the 10 acres of Taken Property shall be reclassified as Non-Benefited Property and the remaining 90 acres of Remaining Property shall be subject to the \$100 Assessment, (provided that this \$100 Assessment does not exceed the Maximum Assessment on the Remaining Property). If the Administrator determines that the \$100 Assessment reallocated to the Remaining Property would exceed the Maximum Assessment on the Remaining Property by \$10, then the owner shall be required to pay \$10 as a Prepayment of the Assessment against the Remaining Property and the Assessment on the Remaining Property shall be adjusted to by \$90 and the Annual Installments adjusted accordingly.

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

Notwithstanding the previous paragraphs in this subsection (F), the Assessments shall not, however, be reduced to an amount less than the outstanding PID Bonds.

In any case of any partial prepayment of Assessments described in this Section, the prepayment amount shall be allocated to redeem the Improvement Area #1 Senior Lien Bonds and the Improvement Area #1 Junior Lien Bonds on a pro rata basis, based on the principal amount of then outstanding Improvement Area #1 Senior Lien Bonds and Improvement Area #1 Junior Lien Bonds as more fully provided in the applicable Indenture.

G. Payment of Assessment in Annual Installments

Assessments that are not paid in full shall be due and payable in Annual Installments. **Exhibits E-2 and F-2** shows the projected Annual Installments for Improvement Area #1 and the Major Improvement Area, respectively. Annual Installments are subject to adjustment in each Annual Service Plan Update.

Prior to the recording of a final subdivision plat, if any Parcel shown on an Assessment Roll is assigned multiple tax parcel identification numbers for billing and collection purposes, the Annual Installment shall be allocated pro rata based on the estimated buildout value of the property not including any Non-Benefited Property or Non-Assessed Property, as shown by the Denton Central Appraisal District for each tax parcel identification number.

The Administrator shall prepare and submit to the Commissioners Court for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include updated Assessment Rolls and updated calculations of Annual Installments. Annual Collection Costs shall be allocated pro rata among Parcels for which the Assessments remain unpaid. Annual Installments shall be reduced by any applicable funds held pursuant to an Indenture, such as capitalized interest, interest earnings on account balances, and any other funds available to the Trustee for such purposes. Annual Installments shall be collected by the County in the same manner and at the same time as ad valorem taxes. Annual Installments shall be subject to the penalties, procedures, and foreclosure sale in case of delinquencies as set forth in the PID Act and in the same manner as ad valorem taxes for the County. The Commissioners Court may provide for other means of collecting Annual Installments. Assessments shall have the lien priority specified in the PID Act.

Sales of the Assessed Property for nonpayment of Annual Installments shall be subject to the lien for the remaining unpaid Annual Installments against the Assessed Property, and the Assessed Property may again be sold at a judicial foreclosure sale if the purchaser fails to timely pay the Annual Installments as they become due and payable.

The County reserves the right to refund PID Bonds in accordance with Texas law, including the PID Act. In the event of a refunding, the Administrator shall recalculate the Annual Installments so that the total Annual Installments will be sufficient to pay the refunding bonds, and the refunding bonds shall constitute "PID Bonds."

Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be due when billed and shall be delinquent if not paid prior to February 1 of the following year. The first Annual Installment of the Improvement Area #1 Assessment and the Major Improvement Area Assessment will be delinquent if not paid by February 1, 2026.

VIII. ASSESSMENT ROLLS

The Improvement Area #1 Assessment Roll and the Major Improvement Area Assessment Roll are attached as **Exhibit E-1 and F-1**, respectively. The Administrator shall prepare and submit to the Commissioners Court, for review and approval, proposed revisions to the Assessment Rolls and Annual Installments for each Parcel within the District as part of each Annual Service Plan Update.

IX. ADDITIONAL PROVISIONS

A. Calculation Errors

If the owner of a Parcel claims that an error has been made in any calculation required by this Service and Assessment Plan, including, but not limited to, any calculation made as part of any Annual Service Plan Update, the owner's sole and exclusive remedy shall be to submit a written notice of error to the Administrator by December 1st of the year following Commissioners Court approval of the calculation; otherwise, the owner shall be deemed to have unconditionally approved and accepted the calculation. Upon receipt of a written notice of error from an owner the Administrator shall provide a written response to the Commissioners Court and the owner within 30 days of such referral. The Commissioners Court shall consider the owner's notice of error and the Administrator's response at a public hearing, and within the 30 days after closing such hearing, the Commissioners Court shall make a final determination as to whether an error has been made. If the Commissioners Court determines that an error has been made, the Commissioners Court may take such corrective action as is authorized by the PID Act, this Service and Assessment Plan, the Assessment Order, or the Indenture, or is otherwise authorized by the discretionary power of the Commissioners Court. The determination by the Commissioners Court as to whether an error has been made, and any corrective action taken by the Commissioners Court, shall be final and binding on the owner and the Administrator.

B. Amendments

Amendments to this Service and Assessment Plan must be made by the Commissioners Court in accordance with the PID Act. To the extent permitted by the PID Act, this Service and Assessment Plan may be amended without notice to owners of the Assessed Property: (1) to correct mistakes and clerical errors; (2) to clarify ambiguities; and (3) to provide procedures to collect Assessments, Annual Installments, and other charges imposed by this Service and Assessment Plan.

C. Administration and Interpretation

The Administrator shall: (1) perform the obligations of the Administrator as set forth in this Service and Assessment Plan; (2) administer the District for and on behalf of and at the direction of the Commissioners Court; and (3) interpret the provisions of this Service and Assessment Plan. Interpretations of this Service and Assessment Plan by the Administrator shall be in writing and shall be appealable to the Commissioners Court by owners or developers adversely affected by the interpretation. Appeals shall be decided by the Commissioners Court after holding a public hearing at which all interested parties have an opportunity to be heard. Decisions by the Commissioners Court shall be final and binding on the owners and developers and their successors and assigns.

D. Form of Buyer Disclosure

Per Section 5.014 of the Texas Property Code, as amended, this Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosures for the District. The buyer disclosures are attached hereto in **Exhibits J-1, J-2, J-3 and J-4**. Within seven days of approval

by the Commissioners Court, the County shall file and record in the real property records of the County the executed ordinance approving this Service and Assessment Plan, or any future Annual Service Plan Updates. The executed ordinance, including any attachments, approving this Service and Assessment Plan or any future Annual Service Plan Updates shall be filed and recorded in the real property records of the County in its entirety.

E. Severability

If any provision of this Service and Assessment Plan is determined by a governmental agency or court to be unenforceable, the unenforceable provision shall be deleted and, to the maximum extent possible, shall be rewritten to be enforceable. Every effort shall be made to enforce the remaining provisions.

EXHIBIT A-1

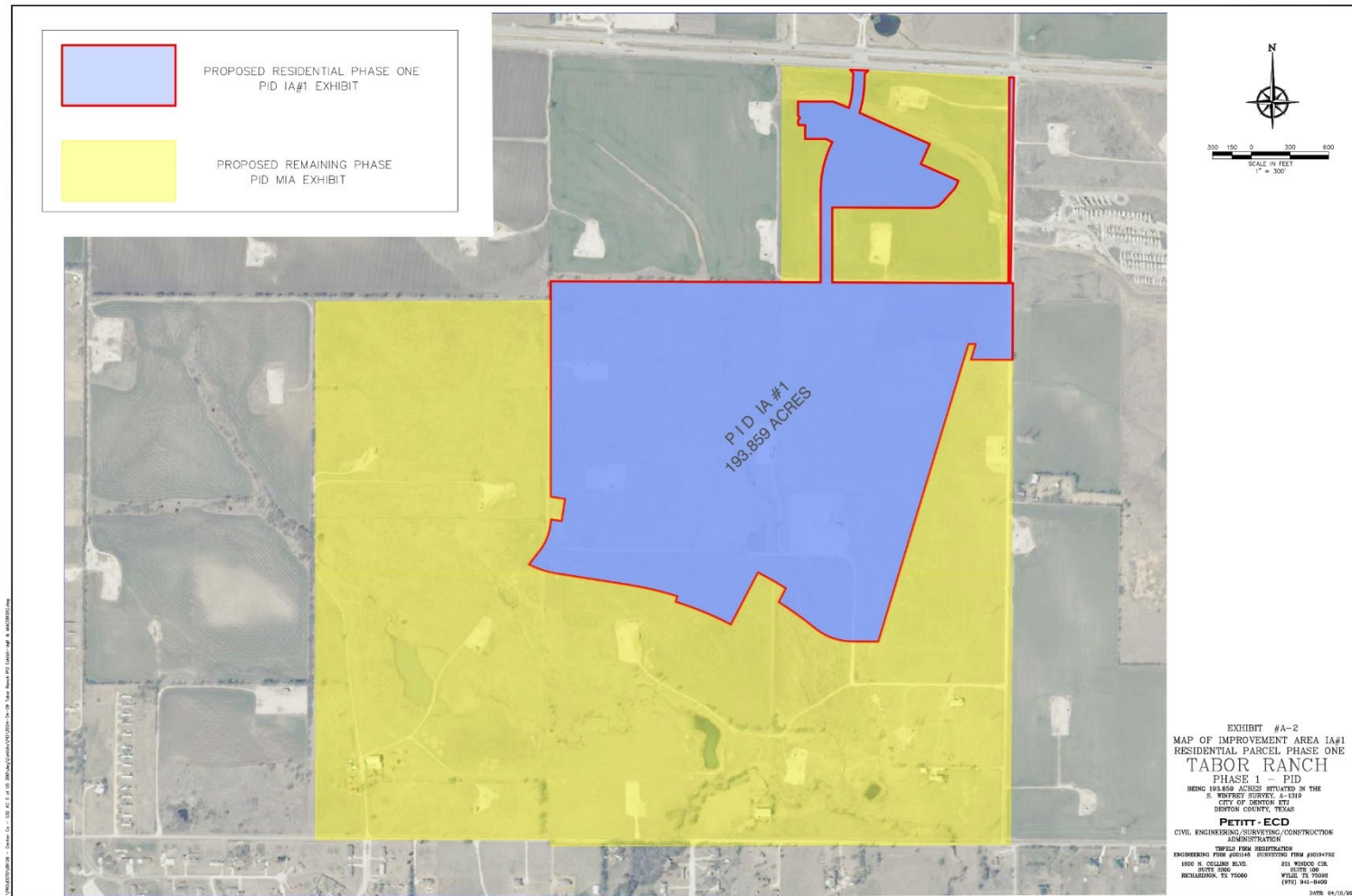


EXHIBIT A-2

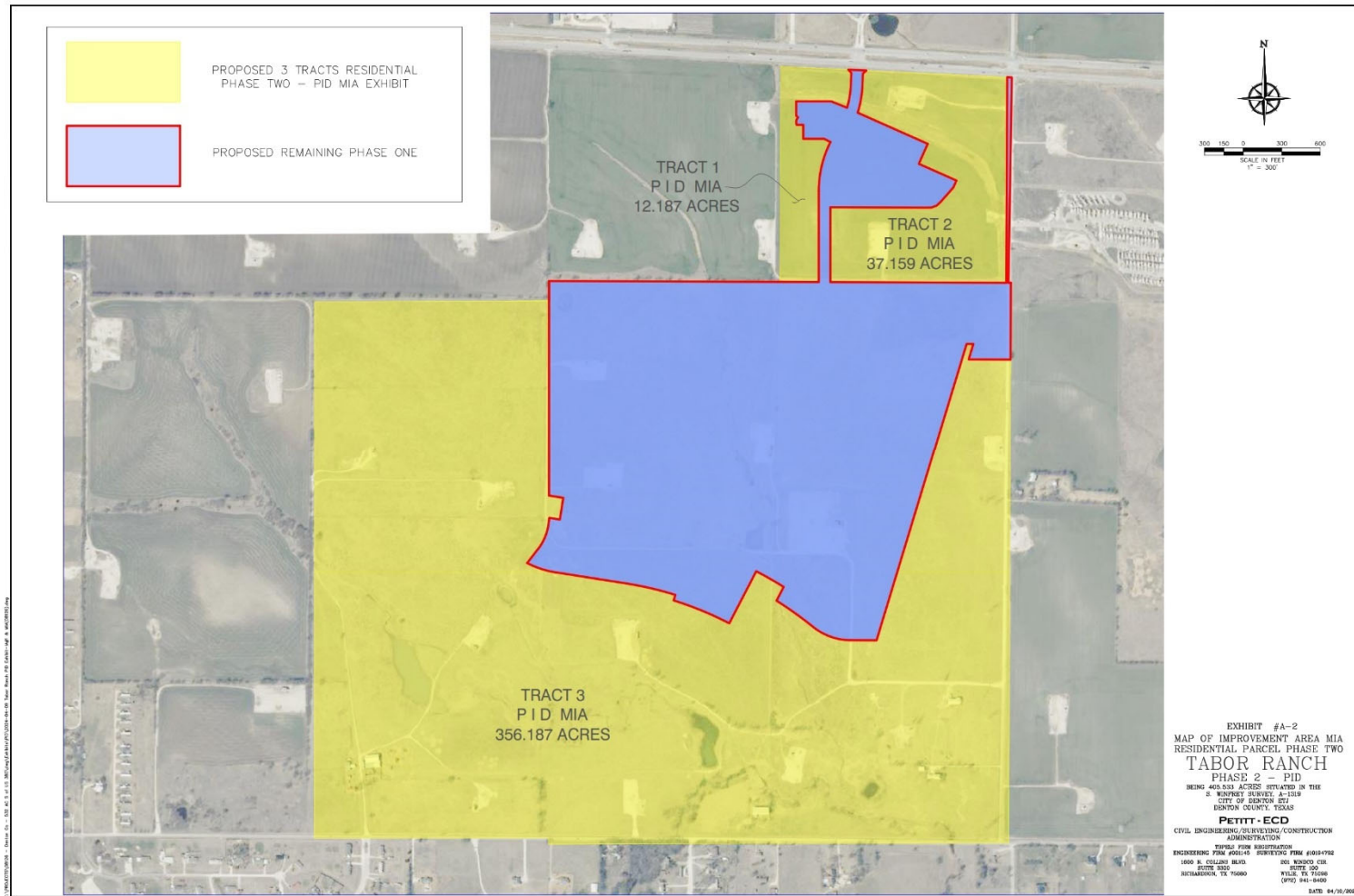


EXHIBIT B

Authorized Improvements

Item	Total Costs ¹	Non-Assessed Property ²	Authorized Improvements ³	IA #1		MIA	
				% Applicable	Amount	% Applicable	Amount
Major Improvements							
<i>Roadway Improvements</i>							
Onsite Roadway Improvements	\$2,998,124	\$80,950	\$2,917,174	43.1%	\$1,257,302	56.9%	\$1,659,872
Offsite Roadway Improvements	1,846,689	49,861	1,796,828	43.1%	774,433	56.9%	1,022,395
<i>Wet Utilities</i>							
Onsite Water Improvements	4,833,750	130,512	4,703,238	43.1%	2,027,096	56.9%	2,676,142
Offsite Water Improvements	7,000,000	189,000	6,811,000	43.1%	2,935,541	56.9%	3,875,459
Sanitary Sewer	3,877,800	104,701	3,773,099	43.1%	1,626,206	56.9%	2,146,893
Storm Drainage	1,686,285	45,530	1,640,755	43.1%	707,165	56.9%	933,590
Soft and Misc. Costs	8,844,906	238,813	8,606,093	43.1%	3,709,226	56.9%	4,896,867
District Formation ⁴	<u>826,200</u>	<u>22,308</u>	<u>803,892</u>	43.1%	<u>346,477</u>	56.9%	<u>457,415</u>
	\$31,913,754	\$861,675	\$31,052,079		\$13,383,446		\$17,668,633
Improvement Area #1 Improvements							
Roadway Improvements	\$9,996,029	\$0	\$9,996,029	100.0%	\$9,996,029	0.0%	\$0
<i>Wet Utilities</i>							
Water Improvements	2,292,150	0	2,292,150	100.0%	2,292,150	0.0%	0
Sanitary Sewer	1,816,500	0	1,816,500	100.0%	1,816,500	0.0%	0
Storm Drainage	4,034,480	0	4,034,480	100.0%	4,034,480	0.0%	0
Soft and Misc. Costs	6,098,686	0	6,098,686	100.0%	6,098,686	0.0%	0
District Formation ⁴	<u>3,360,000</u>	<u>0</u>	<u>3,360,000</u>	100.0%	<u>3,360,000</u>	0.0%	<u>0</u>
	\$27,597,845	\$0	\$27,597,845		\$27,597,845		\$0
Bond Issuance Costs ⁵							
Debt Service Reserve Fund	\$5,796,144				\$3,964,919		\$1,831,225
Capitalized Interest	5,509,316				3,326,263		2,183,053
Underwriter's Discount	2,277,900				1,570,500		707,400
Other Bond Issuance Costs	<u>3,587,200</u>				<u>2,433,400</u>		<u>1,153,800</u>
	\$17,170,560				\$11,295,082		\$5,875,478
Other Costs							
First Year Annual Collection Costs	\$114,000				\$76,000		\$38,000
Total	\$76,796,159	\$861,675	\$58,649,924		\$52,352,373		\$23,582,111

¹ As provided in the Engineer's Report attached hereto as Appendix B. Costs are estimates that will be updated with each Annual Service Plan Update.

² 2.7% of Major Improvement costs allocated to Non-Assessed Property based on acreage (see Appendix A). Authorized Improvements allocable to Assessed Property allocated to Improvement Area #1 Assessed Property and Major Improvement Area Assessed Property based on Buildout Value (see Appendix A). This column represents Authorized Improvements allocable to Non-Assessed Property. The Owner will be responsible for paying the costs allocated to Non-Assessed Property, and such costs are non-reimbursable to the Owner from the collection of Annual Installments or from the proceeds of PID Bonds.

³ For Major Improvements, this quantity represents costs remaining after allocating 2.7% to Non-Assessed Property.

⁴ Future phases will be responsible for additional District Formation Costs as assessments for future improvement areas are levied against such phases.

⁵ Bond Issuance Costs are preliminary estimates and are subject to change upon pricing.

EXHIBIT C

Service Plan

Annual Installments Due	1/31/2025	1/31/2026	1/31/2027	1/31/2028	1/31/2029
<i>Improvement Area #1 Senior Lien Bonds</i>					
Principal	\$0	\$0	\$550,000	\$580,000	\$610,000
Interest	2,123,317	2,022,206	2,022,206	1,994,019	1,964,294
LESS: Capitalized Interest	<u>(2,123,317)</u>	0	0	0	0
	\$0	\$2,022,206	\$2,572,206	\$2,574,019	\$2,574,294
<i>Improvement Area #1 Junior Lien Bonds</i>					
Principal	\$0	\$0	\$240,000	\$255,000	\$270,000
Interest	1,202,946	1,145,663	1,145,663	1,131,263	1,115,963
LESS: Capitalized Interest	<u>(1,202,946)</u>	0	0	0	0
	\$0	\$1,145,663	\$1,385,663	\$1,386,263	\$1,385,963
<i>Annual Collection Costs</i>					
SAP Administration	\$56,000	\$57,120	\$58,262	\$59,428	\$60,616
Trustee Fee	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
	\$76,000	\$77,120	\$78,262	\$79,428	\$80,616
LESS: First Year Annual Collection Costs	(\$76,000)	\$0	\$0	\$0	\$0
Additional Interest	\$0	\$261,750	\$257,800	\$253,625	\$249,225
Total Annual Installment	\$0	\$3,506,739	\$4,293,931	\$4,293,334	\$4,290,097

Annual Installments Due	1/31/2025	1/31/2026	1/31/2027	1/31/2028	1/31/2029
<i>Major Improvement Area Bonds</i>					
Principal	\$0	\$0	\$345,000	\$365,000	\$385,000
Interest	1,559,913	1,485,631	1,485,631	1,466,225	1,445,694
LESS: Capitalized Interest	<u>(1,559,913)</u>	<u>(623,140)</u>	0	0	0
	\$0	\$862,491	\$1,830,631	\$1,831,225	\$1,830,694
<i>Annual Collection Costs</i>					
SAP Administration	\$28,000	\$28,560	\$29,131	\$29,714	\$30,308
Trustee Fee	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
	\$38,000	\$38,560	\$39,131	\$39,714	\$40,308
LESS: First Year Annual Collection Costs	(\$38,000)	\$0	\$0	\$0	\$0
Additional Interest	\$0	\$0	\$116,175	\$114,350	\$112,425
Total Annual Installment	\$0	\$901,051	\$1,985,937	\$1,985,289	\$1,983,427

EXHIBIT D

Sources and Uses

IA#1 Sources & Uses

Sources of Funds	Senior Bonds	Subordinate Bonds	Total
Par Amount	\$34,920,000	\$17,430,000	\$52,350,000
Total Sources	\$34,920,000	\$17,430,000	\$52,350,000

Uses of Funds	Senior Bonds	Subordinate Bonds	Total
Improvement Area #1 Projects	\$27,563,452	\$13,415,466	\$40,978,918
Bond Issuance Costs			
Reserve Fund	\$2,575,231	\$1,389,688	\$3,964,919
Capitalized Interest	2,123,317	1,202,946	3,326,263
Underwriters Discount	1,047,600	522,900	1,570,500
Other Bond Issuance Costs	1,572,400	861,000	2,433,400
First Year Annual Collection Costs	38,000	38,000	76,000
<i>Subtotal</i>	<i>\$7,356,548</i>	<i>\$4,014,534</i>	<i>\$11,371,082</i>
Total Uses	\$34,920,000	\$17,430,000	\$52,350,000

Note: The Developer will be responsible for paying any portion of the costs of the Improvement Area #1 Authorized Improvements, as reflected in Exhibit B, not paid from the proceeds of the Improvement Area #1 Bonds without reimbursement from the County.

MIA Sources & Uses

Sources of Funds	Total
Bond Par Amount	\$23,580,000
Total Sources	\$23,580,000

Uses of Funds	Total
Major Improvement Area Improvements	\$17,666,522
Bond Issuance Costs	
Reserve Fund	\$1,831,225
Capitalized Interest	2,183,053
Underwriters Discount	707,400
Other Bond Issuance Costs	1,153,800
First Year Annual Collection Costs	38,000
<i>Subtotal</i>	<i>\$5,913,478</i>
Total Uses	\$23,580,000

Note: The Developer will be responsible for paying any portion of the costs of the Major Improvement Area Authorized Improvements, as reflected in Exhibit B, not paid from the proceeds of the Major Improvement Area Bonds without reimbursement from the County.

EXHIBIT E-1

Improvement Area #1 Assessment Roll

Property ID	IA #1 Outstanding Assessment
122594	\$1,385,318
159065	\$2,701,475
64338	\$122,609
64340	\$31,189,500
64342	\$16,951,099
Total	\$52,350,000

EXHIBIT E-2

Improvement Area #1 Annual Installments

Installments Due 1/31	Senior Lien Principal	Senior Lien Interest	Senior Lien Capitalized Interest	Senior Lien First Year Annual Collection Costs	Subordinate Lien Principal	Subordinate Lien Interest	Subordinate	Subordinate Lien	Annual Collection Costs			
							Lien Capitalized Interest	First Year Annual Collection Costs	SAP Admin	Trustee	Additional Interest *	Total Installment
2025	\$0	\$2,123,317	(\$2,123,317)	(\$38,000)	\$0	\$1,202,946	(\$1,202,946)	(\$38,000)	\$56,000	\$20,000	\$0	\$0
2026	\$0	\$2,022,206	\$0	\$0	\$0	\$1,145,663	\$0	\$0	\$57,120	\$20,000	\$261,750	\$3,506,739
2027	\$550,000	\$2,022,206	\$0	\$0	\$240,000	\$1,145,663	\$0	\$0	\$58,262	\$20,000	\$257,800	\$4,293,931
2028	\$580,000	\$1,994,019	\$0	\$0	\$255,000	\$1,131,263	\$0	\$0	\$59,428	\$20,000	\$253,625	\$4,293,334
2029	\$610,000	\$1,964,294	\$0	\$0	\$270,000	\$1,115,963	\$0	\$0	\$60,616	\$20,000	\$249,225	\$4,290,097
2030	\$640,000	\$1,933,031	\$0	\$0	\$285,000	\$1,099,763	\$0	\$0	\$61,829	\$20,000	\$244,600	\$4,284,222
2031	\$675,000	\$1,900,231	\$0	\$0	\$305,000	\$1,082,663	\$0	\$0	\$63,065	\$20,000	\$239,700	\$4,285,659
2032	\$705,000	\$1,865,638	\$0	\$0	\$325,000	\$1,064,363	\$0	\$0	\$64,326	\$20,000	\$234,550	\$4,278,876
2033	\$745,000	\$1,829,506	\$0	\$0	\$340,000	\$1,044,863	\$0	\$0	\$65,613	\$20,000	\$229,125	\$4,274,107
2034	\$780,000	\$1,791,325	\$0	\$0	\$365,000	\$1,024,463	\$0	\$0	\$66,925	\$20,000	\$223,400	\$4,271,113
2035	\$820,000	\$1,751,350	\$0	\$0	\$385,000	\$1,002,563	\$0	\$0	\$68,264	\$20,000	\$217,375	\$4,264,551
2036	\$870,000	\$1,704,200	\$0	\$0	\$410,000	\$977,538	\$0	\$0	\$69,629	\$20,000	\$210,975	\$4,262,341
2037	\$920,000	\$1,654,175	\$0	\$0	\$435,000	\$950,888	\$0	\$0	\$71,022	\$20,000	\$204,200	\$4,255,284
2038	\$970,000	\$1,601,275	\$0	\$0	\$465,000	\$922,613	\$0	\$0	\$72,442	\$20,000	\$197,025	\$4,248,354
2039	\$1,025,000	\$1,545,500	\$0	\$0	\$495,000	\$892,388	\$0	\$0	\$73,891	\$20,000	\$189,425	\$4,241,203
2040	\$1,085,000	\$1,486,563	\$0	\$0	\$525,000	\$860,213	\$0	\$0	\$75,369	\$20,000	\$181,375	\$4,233,519
2041	\$1,150,000	\$1,424,175	\$0	\$0	\$560,000	\$826,088	\$0	\$0	\$76,876	\$20,000	\$172,825	\$4,229,963
2042	\$1,215,000	\$1,358,050	\$0	\$0	\$600,000	\$789,688	\$0	\$0	\$78,414	\$20,000	\$163,750	\$4,224,901
2043	\$1,285,000	\$1,288,188	\$0	\$0	\$635,000	\$750,688	\$0	\$0	\$79,982	\$20,000	\$154,150	\$4,213,007
2044	\$1,360,000	\$1,214,300	\$0	\$0	\$680,000	\$709,413	\$0	\$0	\$81,581	\$20,000	\$143,950	\$4,209,244
2045	\$1,435,000	\$1,136,100	\$0	\$0	\$720,000	\$665,213	\$0	\$0	\$83,213	\$20,000	\$133,175	\$4,192,701
2046	\$1,525,000	\$1,050,000	\$0	\$0	\$770,000	\$616,613	\$0	\$0	\$84,877	\$20,000	\$121,700	\$4,188,190
2047	\$1,615,000	\$958,500	\$0	\$0	\$825,000	\$564,638	\$0	\$0	\$86,575	\$20,000	\$109,500	\$4,179,212
2048	\$1,710,000	\$861,600	\$0	\$0	\$880,000	\$508,950	\$0	\$0	\$88,306	\$20,000	\$96,550	\$4,165,406
2049	\$1,815,000	\$759,000	\$0	\$0	\$935,000	\$449,550	\$0	\$0	\$90,072	\$20,000	\$82,800	\$4,151,422
2050	\$1,920,000	\$650,100	\$0	\$0	\$1,000,000	\$386,438	\$0	\$0	\$91,874	\$20,000	\$68,200	\$4,136,611
2051	\$2,040,000	\$534,900	\$0	\$0	\$1,070,000	\$318,938	\$0	\$0	\$93,711	\$20,000	\$52,650	\$4,130,199
2052	\$2,160,000	\$412,500	\$0	\$0	\$1,140,000	\$246,713	\$0	\$0	\$95,586	\$20,000	\$36,150	\$4,110,948
2053	\$2,290,000	\$282,900	\$0	\$0	\$1,215,000	\$169,763	\$0	\$0	\$97,497	\$20,000	\$18,625	\$4,093,785
2054	\$2,425,000	\$145,500	\$0	\$0	\$1,300,000	\$87,750	\$0	\$0	\$99,447	\$20,000	\$0	\$4,077,697
Total	\$34,920,000	\$41,264,648	(\$2,123,317)	(\$38,000)	\$17,430,000	\$23,754,246	(\$1,202,946)	(\$38,000)	\$2,271,812	\$600,000	\$4,748,175	\$121,586,616

* Equal to 0.5% of outstanding principal.

EXHIBIT F-1

Major Improvement Area Assessment Roll

Property ID	MIA Outstanding Assessment
122594	\$3,326,161
155263	\$313,970
159065	\$561,553
64338	\$12,912,076
64340	\$3,549,269
64342	\$2,916,971
Total	\$23,580,000

EXHIBIT F-2

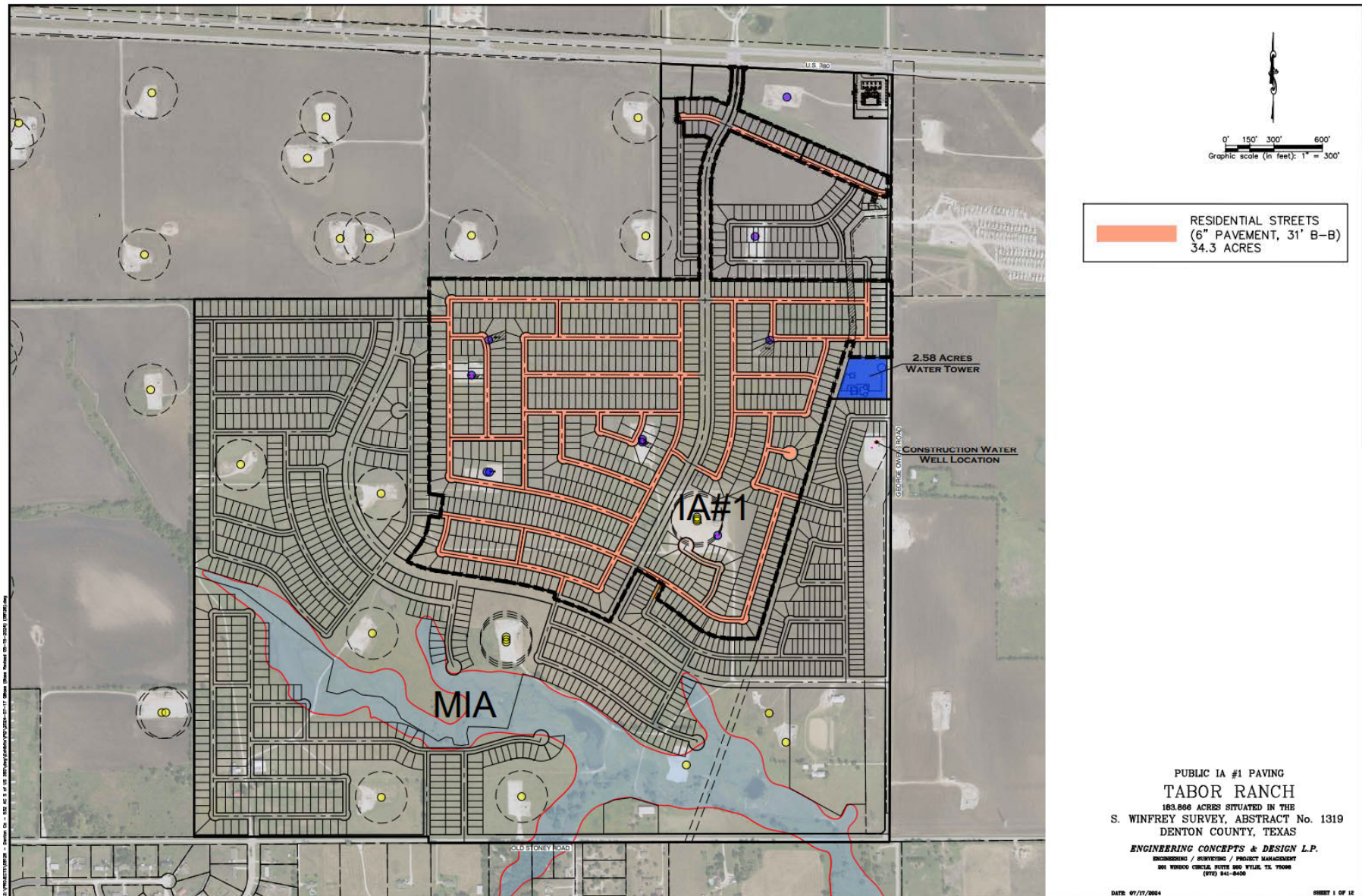
Major Improvement Area Annual Installments

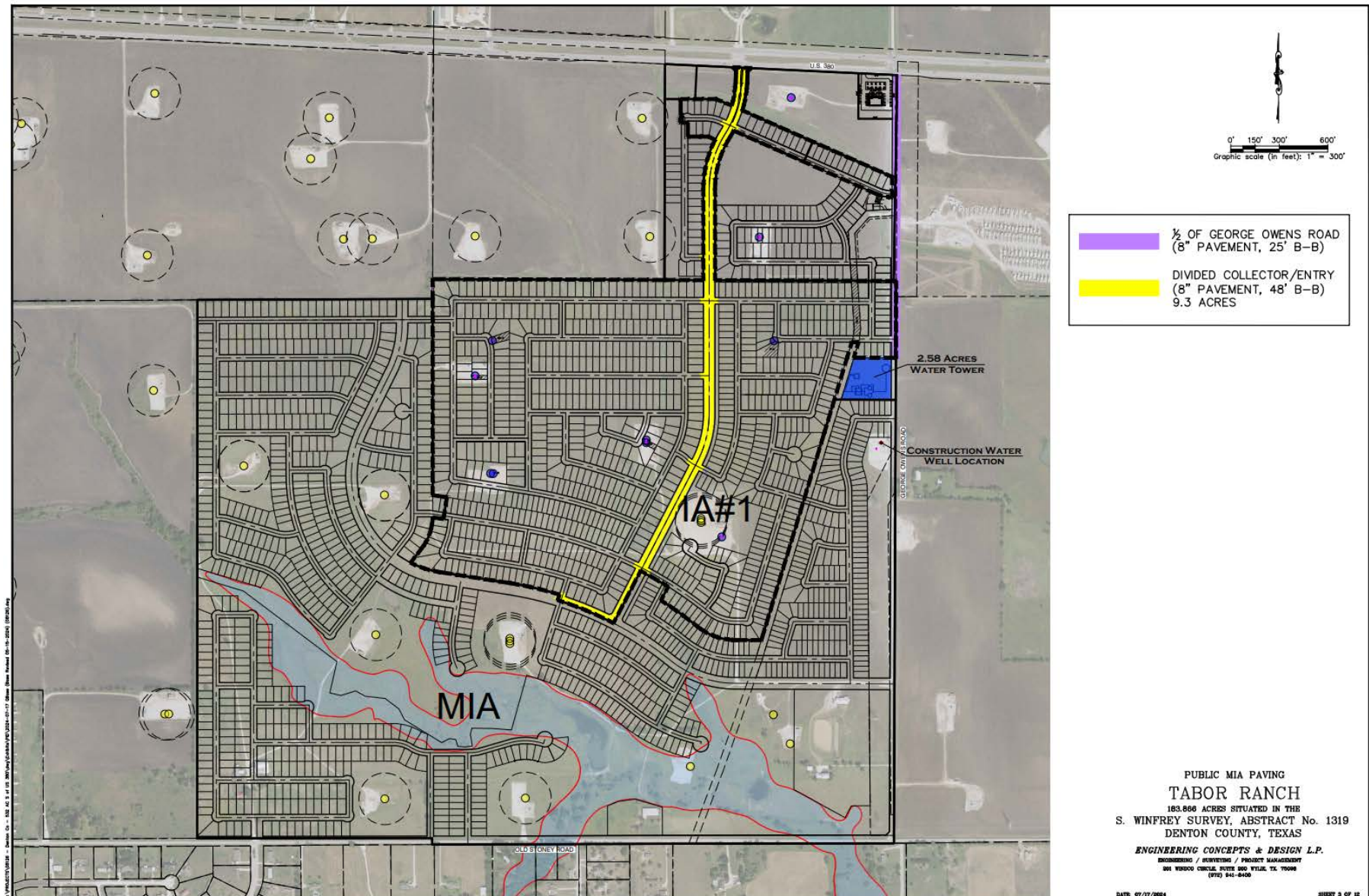
Installments Due 1/31	Annual Collection Costs							Total Installment
	Principal	Interest	Capitalized Interest	First Year Annual Collection Costs	SAP Admin	Trustee	Additional Interest *	
2025	\$0	\$1,559,913	(\$1,559,913)	(\$38,000)	\$28,000	\$10,000	\$0	\$0
2026	\$0	\$1,485,631	(\$623,140)	\$0	\$28,560	\$10,000	\$0	\$901,051
2027	\$345,000	\$1,485,631	\$0	\$0	\$29,131	\$10,000	\$116,175	\$1,985,937
2028	\$365,000	\$1,466,225	\$0	\$0	\$29,714	\$10,000	\$114,350	\$1,985,289
2029	\$385,000	\$1,445,694	\$0	\$0	\$30,308	\$10,000	\$112,425	\$1,983,427
2030	\$405,000	\$1,424,038	\$0	\$0	\$30,914	\$10,000	\$110,400	\$1,980,352
2031	\$425,000	\$1,401,256	\$0	\$0	\$31,533	\$10,000	\$108,275	\$1,976,064
2032	\$450,000	\$1,377,350	\$0	\$0	\$32,163	\$10,000	\$106,025	\$1,975,538
2033	\$475,000	\$1,352,038	\$0	\$0	\$32,806	\$10,000	\$103,650	\$1,973,494
2034	\$505,000	\$1,325,319	\$0	\$0	\$33,463	\$10,000	\$101,125	\$1,974,906
2035	\$530,000	\$1,296,913	\$0	\$0	\$34,132	\$10,000	\$98,475	\$1,969,519
2036	\$565,000	\$1,263,788	\$0	\$0	\$34,814	\$10,000	\$95,650	\$1,969,252
2037	\$600,000	\$1,228,475	\$0	\$0	\$35,511	\$10,000	\$92,650	\$1,966,636
2038	\$640,000	\$1,190,975	\$0	\$0	\$36,221	\$10,000	\$89,450	\$1,966,646
2039	\$675,000	\$1,150,975	\$0	\$0	\$36,945	\$10,000	\$86,075	\$1,958,995
2040	\$720,000	\$1,108,788	\$0	\$0	\$37,684	\$10,000	\$82,475	\$1,958,947
2041	\$765,000	\$1,063,788	\$0	\$0	\$38,438	\$10,000	\$78,650	\$1,955,875
2042	\$810,000	\$1,015,975	\$0	\$0	\$39,207	\$10,000	\$74,600	\$1,949,782
2043	\$865,000	\$965,350	\$0	\$0	\$39,991	\$10,000	\$70,275	\$1,950,616
2044	\$915,000	\$911,288	\$0	\$0	\$40,791	\$10,000	\$65,700	\$1,942,778
2045	\$975,000	\$854,100	\$0	\$0	\$41,607	\$10,000	\$60,825	\$1,941,532
2046	\$1,035,000	\$790,725	\$0	\$0	\$42,439	\$10,000	\$55,650	\$1,933,814
2047	\$1,105,000	\$723,450	\$0	\$0	\$43,287	\$10,000	\$50,125	\$1,931,862
2048	\$1,175,000	\$651,625	\$0	\$0	\$44,153	\$10,000	\$44,250	\$1,925,028
2049	\$1,255,000	\$575,250	\$0	\$0	\$45,036	\$10,000	\$37,975	\$1,923,261
2050	\$1,335,000	\$493,675	\$0	\$0	\$45,937	\$10,000	\$31,300	\$1,915,912
2051	\$1,420,000	\$406,900	\$0	\$0	\$46,856	\$10,000	\$24,200	\$1,907,956
2052	\$1,515,000	\$314,600	\$0	\$0	\$47,793	\$10,000	\$16,625	\$1,904,018
2053	\$1,610,000	\$216,125	\$0	\$0	\$48,749	\$10,000	\$8,575	\$1,893,449
2054	\$1,715,000	\$111,475	\$0	\$0	\$49,724	\$10,000	\$0	\$1,886,199
Total	\$23,580,000	\$30,657,332	(\$2,183,053)	(\$38,000)	\$1,135,906	\$300,000	\$2,035,950	\$55,488,135

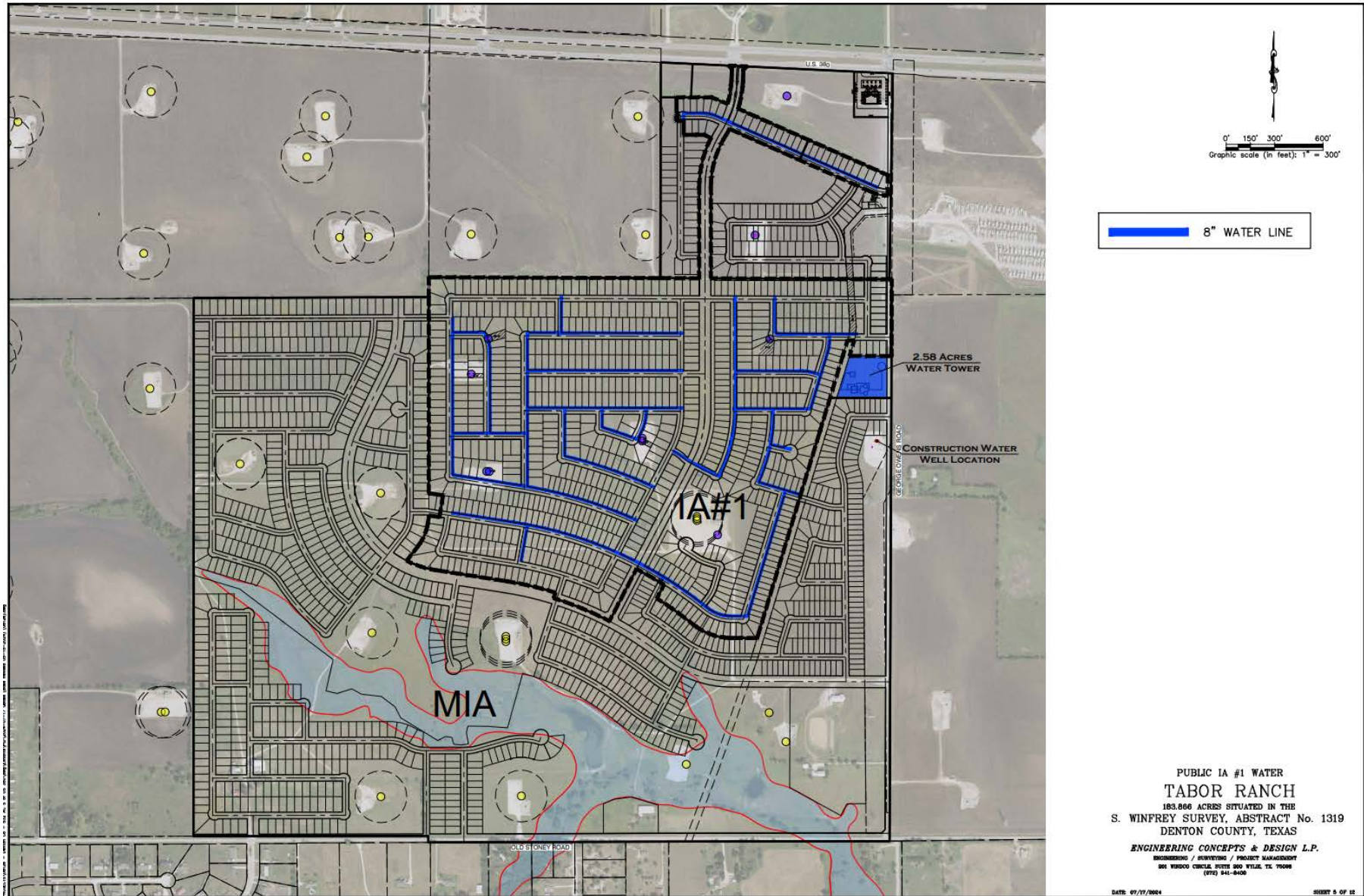
* Equal to 0.5% of outstanding principal.

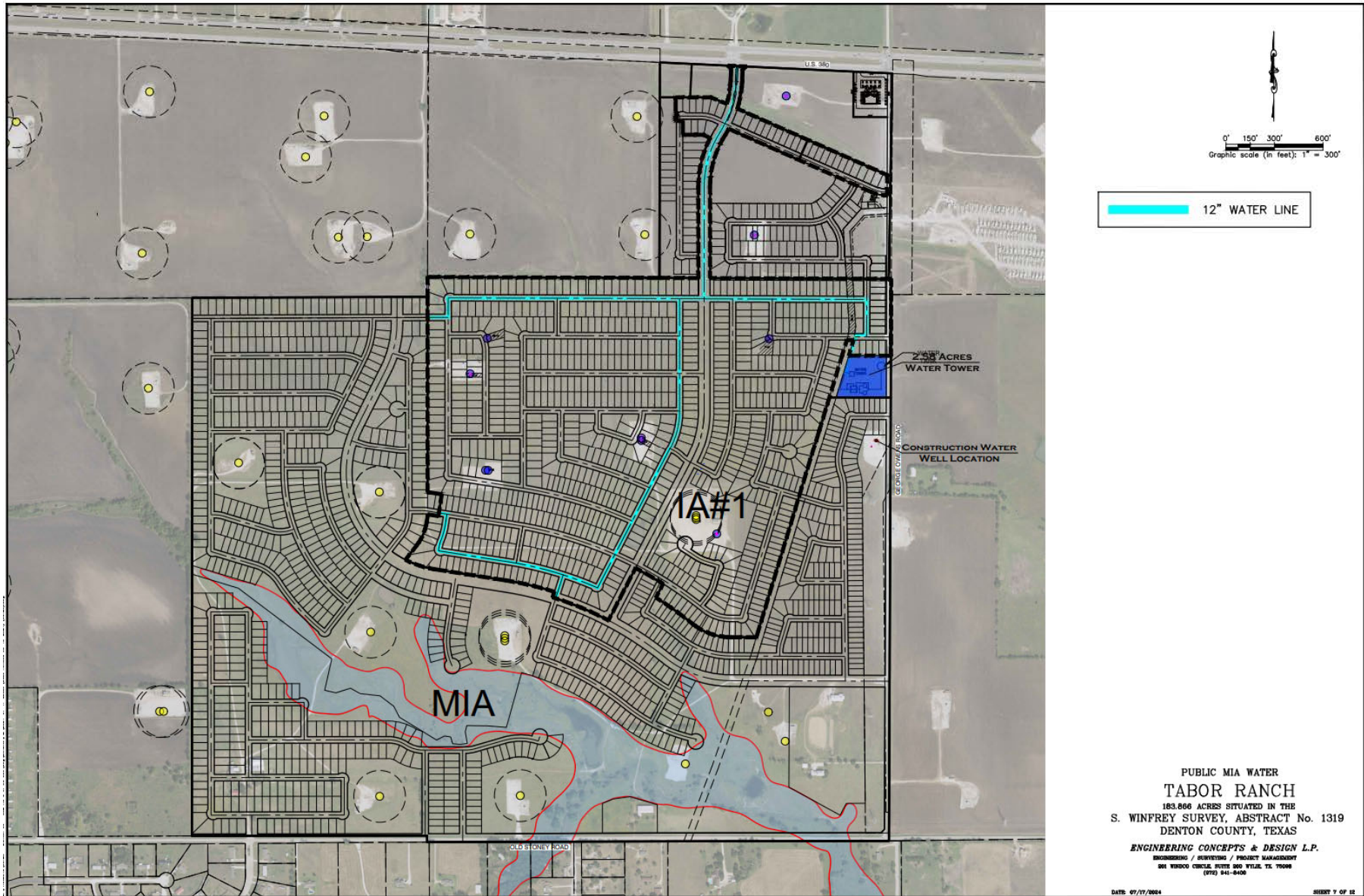
EXHIBIT G

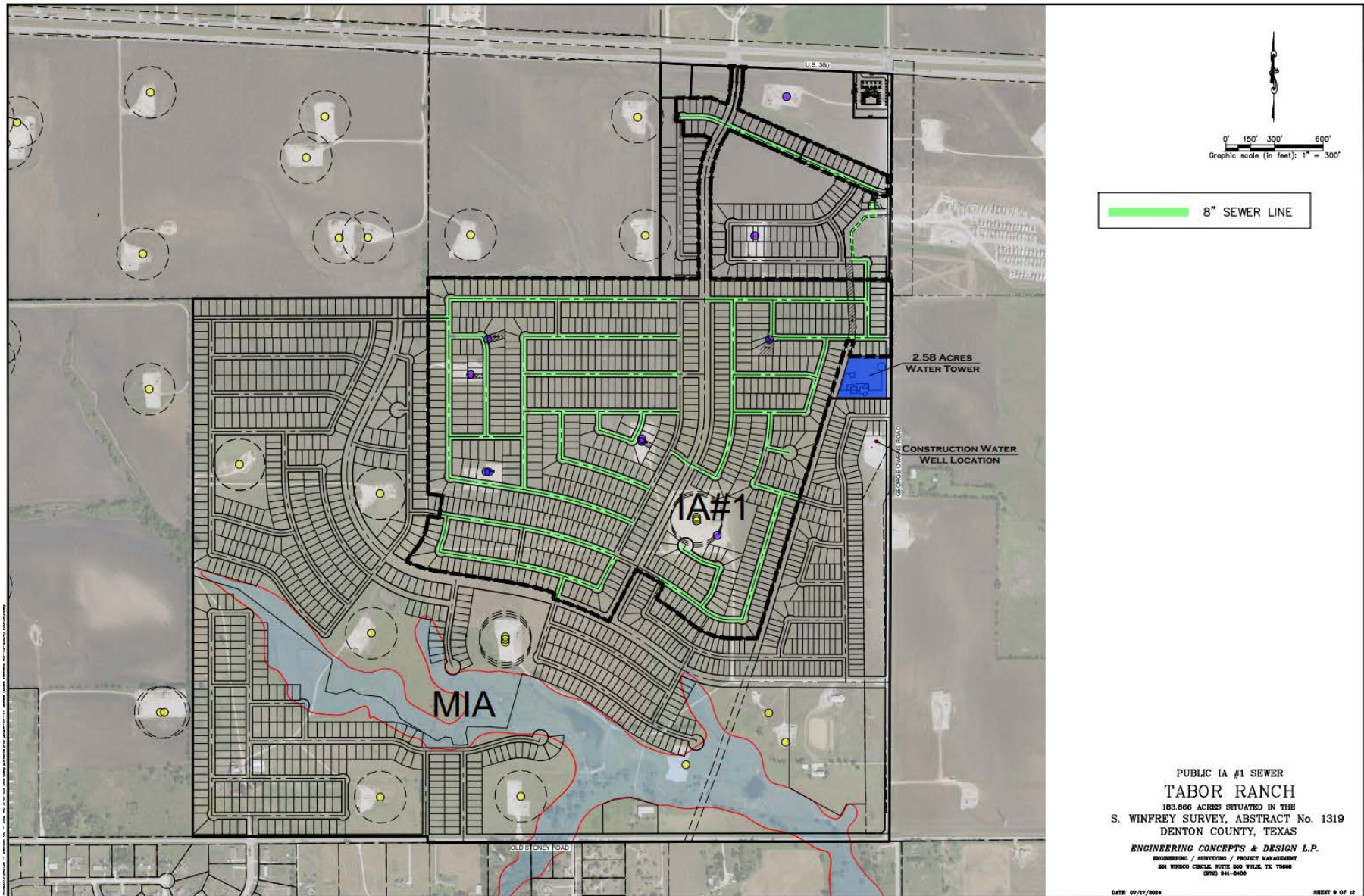
Maps of Improvements











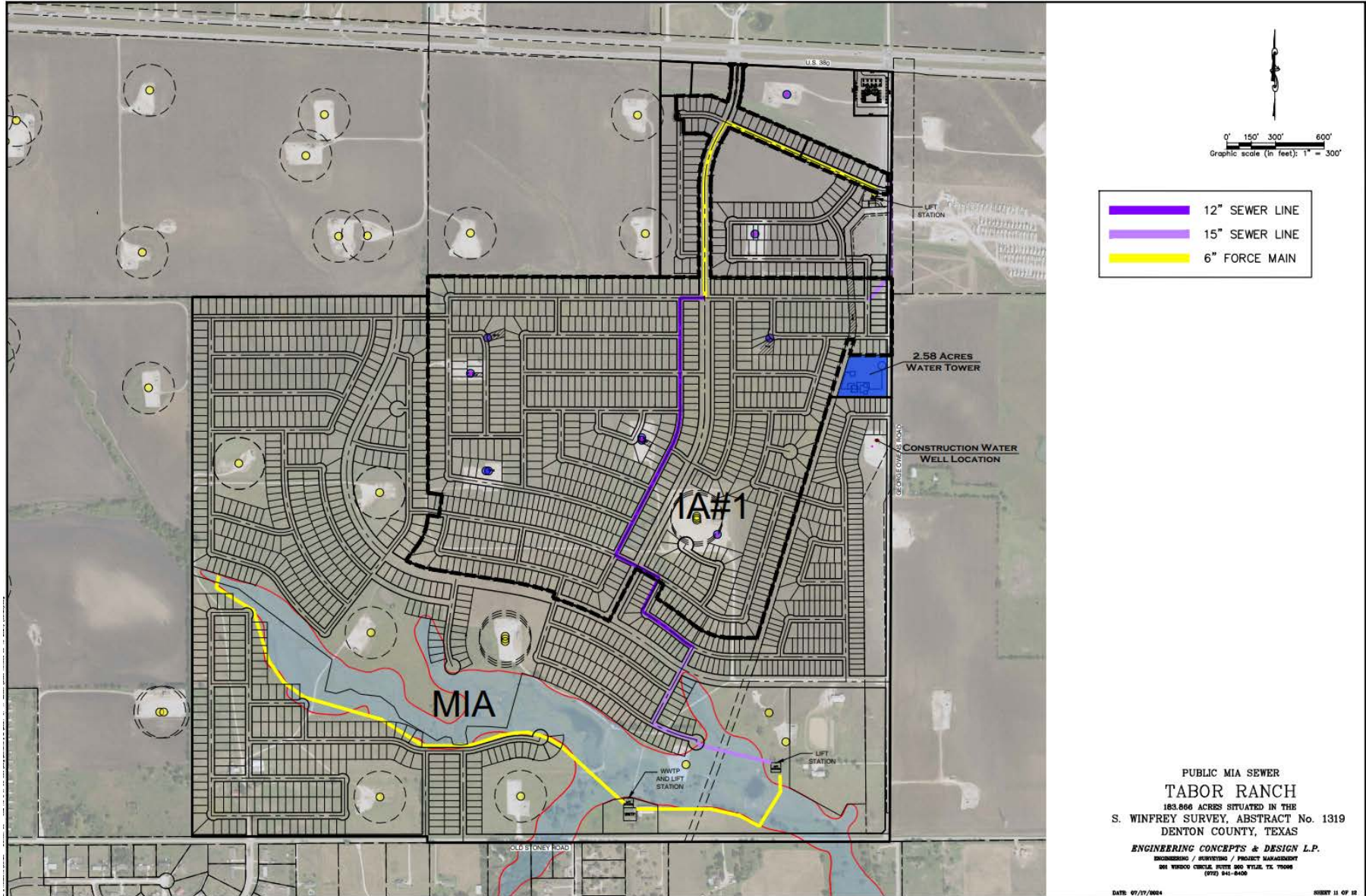


EXHIBIT H

Maximum Assessments

IA#1 Assessment Per Lot & Projected Leverage

Lot Type	Quantity	Projected Lot Value ¹	Projected Home Value ²	Total Buildout	Total Assessments	Assessment per Lot	Finished Lot VTL	Finished Home VTL
40'	41	\$69,000	\$350,000	\$14,350,000	\$2,013,095	\$49,100	1.41	7.13
45'	218	\$76,500	\$393,000	\$85,674,000	\$12,018,806	\$55,132	1.39	7.13
50'	420	\$82,500	\$437,000	\$183,540,000	\$25,747,971	\$61,305	1.35	7.13
60'	171	\$96,600	\$524,000	\$89,604,000	\$12,570,128	\$73,510	1.31	7.13
Total	850			\$373,168,000	\$52,350,000			

¹ Projected Lot Values based on Appraisal Report prepared by Peyco Southwest Realty, Inc., dated August 29, 2024

² Projected Home Values provided by the Owner.

IA#1 Projected Tax Rate Equivalent

Lot Type	Quantity	Projected Lot Value ¹	Projected Home Value ²	Total Buildout	Average Annual Installment	Average Annual Installment per Lot	TRE (per \$100 Lot Value)	TRE (per \$100 Home Value)
40'	41	\$69,000	\$350,000	\$14,350,000	\$162,168	\$3,955	5.7323	1.130091
45'	218	\$76,500	\$393,000	\$85,674,000	\$968,194	\$4,441	5.8056	1.130091
50'	420	\$82,500	\$437,000	\$183,540,000	\$2,074,169	\$4,938	5.9861	1.130091
60'	171	\$96,600	\$524,000	\$89,604,000	\$1,012,607	\$5,922	6.1301	1.130091
Total	850			\$373,168,000	\$4,217,138			

¹ Projected Lot Values based on Appraisal Report prepared by Peyco Southwest Realty, Inc., dated August 29, 2024

² Projected Home Values provided by the Owner.

Major Improvement Area Assessment Per Lot & Projected Leverage

Lot Type	Quantity	Projected Lot Value ¹	Projected Home Value ²	Total Buildout	Total Assessments	Assessment per Lot	Finished Lot VTL	Finished Home VTL
40'	218	\$69,000	\$350,000	\$76,300,000	\$3,654,596	\$16,764	4.12	20.88
45'	2	\$76,500	\$393,000	\$786,000	\$37,648	\$18,824	4.06	20.88
50'	353	\$82,500	\$437,000	\$154,261,000	\$7,388,750	\$20,931	3.94	20.88
60'	498	\$96,600	\$524,000	\$260,952,000	\$12,499,006	\$25,098	3.85	20.88
Total	1,071			\$492,299,000	\$23,580,000			

¹ Projected Lot Values based on Appraisal Report prepared by Peyco Southwest Realty, Inc., dated August 29, 2024

² Projected Home Values provided by the Owner.

Major Improvement Area Projected Tax Rate Equivalent

Lot Type	Quantity	Projected Lot Value ¹	Projected Home Value ²	Total Buildout	Average Annual Installment	Average Annual Installment per Lot	TRE (per \$100 Lot Value)	TRE (per \$100 Home Value)
40'	218	\$69,000	\$350,000	\$76,300,000	\$302,153	\$1,386	2.0087	0.396007
45'	2	\$76,500	\$393,000	\$786,000	\$3,113	\$1,556	2.0344	0.396007
50'	353	\$82,500	\$437,000	\$154,261,000	\$610,884	\$1,731	2.0976	0.396007
60'	498	\$96,600	\$524,000	\$260,952,000	\$1,033,388	\$2,075	2.1481	0.396007
Total	1,071			\$492,299,000	\$1,949,539			

¹ Projected Lot Values based on Appraisal Report prepared by Peyco Southwest Realty, Inc., dated August 29, 2024

² Projected Home Values provided by the Owner.

EXHIBIT I

Form of Assessment Termination



Willdan Financial Services
5500 Democracy Drive, Suite 100 + 130
Plano, TX 75024

[Date]
Denton County Clerk's Office
Honorable [County Clerk]
1450 E McKinney St.
Denton, TX 76209

Re: Denton County Lien Release documents for filing

Dear Ms./Mr. [County Clerk],

Enclosed is a lien release that Denton County, Texas is requesting to be filed in your office. Lien release for [insert legal description]. Recording Numbers: [Plat]. Please forward copies of the filed documents to my attention

Denton County, Texas
Attn: County Clerk
1450 E McKinney St
Denton, TX 76209

Please contact me if you have any questions or need additional information.

Sincerely,
[Signature]

Willdan Financial Services
(972) 378-6588
<https://willdan.com/>

AFTER RECORDING RETURN TO:

[County Clerk Name]
1450 E McKinney St
Denton, TX 76209

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN

STATE OF TEXAS

§

§

NOW ALL MEN BY THESE PRESENTS:

COUNTY OF DENTON

§

THIS FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN (this "Full Release") is executed and delivered as of the Effective Date by Denton County, Texas, a political subdivision of the State of Texas (the "County")

RECITALS

WHEREAS, the governing body (hereinafter referred to as the "Commissioners Court") of the County is authorized by Chapter 372, Texas Local Government Code, as amended (hereinafter referred to as the "Act"), to create public improvement districts within the County; and

WHEREAS, on March 5, 2024, the Commissioners Court approved Resolution No. 03-05-24, creating the Tabor Ranch Public Improvement District (the "District"); and

WHEREAS, the District consists of approximately 599.392 contiguous acres within the County; and

WHEREAS, on _____, the Commissioners Court approved Order No. _____ (hereinafter referred to as the "Assessment Order") approving a service and assessment plan and assessment roll for the real property located within the District, the Assessment Order being recorded on _____, 2024, as Instrument No. _____, in the Official Public Records of Denton County, Texas; and

WHEREAS, the Assessment Order imposed an assessment in the amount of [amount] (hereinafter referred to as the "Lien Amount") and further imposed a lien to secure the payment of the Lien Amount (the "Lien") against the following property located within the District, to wit:

[legal description], a subdivision in Denton County, Texas, according to the map or plat thereof recorded as Instrument No. _____ in the Map Records of Denton County, Texas (the "Property");

and

WHEREAS, the Lien Amount has been paid in full.

RELEASE

NOW THEREFORE, for and in consideration of the full payment of the Lien Amount, the County hereby releases and discharges, and by these presents does hereby release and discharge, the Lien to the extent that it affects and encumbers the Property.

EXECUTED to be **EFFECTIVE** this the ____ day of _____, 20____.

DENTON COUNTY, TEXAS,

A political subdivision of the State of Texas,

By: _____
[Name], County Judge

ATTEST:

[County Clerk Name], County Clerk

STATE OF TEXAS §
 §
COUNTY OF DENTON §

This instrument was acknowledged before me on the ____ day of _____, 20____, by [Name], County Judge for Denton County, Texas, a political subdivision of the State of Texas, on behalf of said county.

Notary Public, State of Texas

EXHIBIT J-1

Homebuyer Disclosure for 40' Residential Lots

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY
IMPROVEMENT DISTRICT ASSESSMENT
TO DENTON COUNTY, TEXAS

CONCERNING THE FOLLOWING PROPERTY:

PROPERTY ADDRESS

OUTSTANDING PRINCIPAL OF THE AUTHORIZED IMPROVEMENT ASSESSMENT: \$_____

As the purchaser of the real property described above, you are obligated to pay assessments to Denton County, Texas (the "County") for the costs of a portion of a public improvement or services project (the "**Authorized Improvements**"), undertaken for the benefit of the property within "**Tabor Ranch Public Improvement District**" (the "**District**") created under Subchapter A, Chapter 372, Texas Local Government Code, as amended.

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 Denton County.² The exact amount of each annual installment will be approved each year by the Commissioners Court of the Denton County 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 County Clerk of Denton County, Texas.

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 Denton County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

² An estimate of the annual installments is attached; **however, it is only an estimate and is subject to change.**

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.

[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]³

³ To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

STATE OF TEXAS

§

§

COUNTY OF _____

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]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 Denton County.

EXHIBIT J-2

Homebuyer Disclosure for 45' Residential Lots

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY
IMPROVEMENT DISTRICT ASSESSMENT
TO DENTON COUNTY, TEXAS

CONCERNING THE FOLLOWING PROPERTY:

PROPERTY ADDRESS

OUTSTANDING PRINCIPAL OF THE AUTHORIZED IMPROVEMENT ASSESSMENT: \$_____

As the purchaser of the real property described above, you are obligated to pay assessments to Denton County, Texas (the "County") for the costs of a portion of a public improvement or services project (the "**Authorized Improvements**"), undertaken for the benefit of the property within "**Tabor Ranch Public Improvement District**" (the "**District**") created under Subchapter A, Chapter 372, Texas Local Government Code, as amended.

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 Denton County.² The exact amount of each annual installment will be approved each year by the Commissioners Court of the Denton County 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 County Clerk of Denton County, Texas.

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 Denton County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

² An estimate of the annual installments is attached; **however, it is only an estimate and is subject to change.**

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.

[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]³

³ To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

STATE OF TEXAS

§

§

COUNTY OF _____

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]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 Denton County.

EXHIBIT J-3

Homebuyer Disclosure for 50' Residential Lots

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY
IMPROVEMENT DISTRICT ASSESSMENT
TO DENTON COUNTY, TEXAS

CONCERNING THE FOLLOWING PROPERTY:

PROPERTY ADDRESS

OUTSTANDING PRINCIPAL OF THE AUTHORIZED IMPROVEMENT ASSESSMENT: \$_____

As the purchaser of the real property described above, you are obligated to pay assessments to Denton County, Texas (the "County") for the costs of a portion of a public improvement or services project (the "**Authorized Improvements**"), undertaken for the benefit of the property within "**Tabor Ranch Public Improvement District**" (the "**District**") created under Subchapter A, Chapter 372, Texas Local Government Code, as amended.

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 Denton County.² The exact amount of each annual installment will be approved each year by the Commissioners Court of the Denton County 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 County Clerk of Denton County, Texas.

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 Denton County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

² An estimate of the annual installments is attached; **however, it is only an estimate and is subject to change.**

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.

[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]³

³ To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

STATE OF TEXAS

§

§

COUNTY OF _____

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]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 Denton County.

EXHIBIT J-4

Homebuyer Disclosure for 60' Residential Lots

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY
IMPROVEMENT DISTRICT ASSESSMENT
TO DENTON COUNTY, TEXAS

CONCERNING THE FOLLOWING PROPERTY:

PROPERTY ADDRESS

OUTSTANDING PRINCIPAL OF THE AUTHORIZED IMPROVEMENT ASSESSMENT: \$_____

As the purchaser of the real property described above, you are obligated to pay assessments to Denton County, Texas (the "County") for the costs of a portion of a public improvement or services project (the "**Authorized Improvements**"), undertaken for the benefit of the property within "**Tabor Ranch Public Improvement District**" (the "**District**") created under Subchapter A, Chapter 372, Texas Local Government Code, as amended.

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 Denton County.² The exact amount of each annual installment will be approved each year by the Commissioners Court of the Denton County 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 County Clerk of Denton County, Texas.

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 Denton County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

² An estimate of the annual installments is attached; **however, it is only an estimate and is subject to change.**

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.

[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]³

³ To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

STATE OF TEXAS

§

§

COUNTY OF _____

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]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 Denton County.

EXHIBIT K-1

Legal Description for Tabor Ranch PID

BEING, 599.392 ACRES OF LAND LOCATED IN THE S. WINFREY SURVEY, ABSTRACT NUMBER 1319, DENTON COUNTY, TEXAS, BEING ALL OF THE TABOR RANCH, LLC. CALLED 105.888 ACRE TRACT, ALL OF THE TABOR RANCH, LLC. CALLED 21 ACRE TRACT, ALL OF THE TABOR RANCH, LLC. CALLED 52.437 ACRE TRACT, ALL OF THE TABOR RANCH, LLC. CALLED 177-1/2 ACRE TRACT AND ALL OF THE TABOR RANCH, LLC. CALLED 173.93 ACRE TRACT AS DESCRIBED IN DOCUMENT NUMBER 2010-12029 DEED RECORDS DENTON COUNTY, TEXAS (D.R.D.C.T.), AND BEING A PART OF THE CALLED 70.892 ACRE TRACT, DESCRIBED IN A DEED TO BEALL LEGACY PARTNERS, LP, RECORDED IN INSTRUMENT NUMBER 148598, (D.R.D.C.T.) AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS BY METES AND BOUNDS:

BEGINNING AT A 1/2" IRON ROD FOUND IN THE APPROXIMATE INTERSECTION OF THE CENTERLINE OF GEORGE OWENS (NO RECORD FOUND BY SURVEYOR) AND THE SOUTH LINE OF OLD STONEY ROAD (NO RECORD FOUND BY SURVEYOR), IN THE NORTH LINE OF THE BRYAN ANDERSON CALLED 125 ACRE TRACT RECORDED IN VOLUME 358, PAGE 88 (D.R.D.C.T.) AND AT THE SOUTHEAST CORNER OF SAID 52.437 ACRE TRACT);

THENCE SOUTH 89 DEGREES 53 MINUTES 21 SECONDS WEST, AT A DISTANCE OF 1710.80 FEET PASS A 1/2" IRON ROD FOUND IN THE SOUTH LINE OF SAID OLD STONEY ROAD, AT THE NORTHWEST CORNER OF SAID 125 ACRE TRACT AND BEING THE COMMON NORTHEAST CORNER OF THE FRED E. KENNEDY AND MARSHA A. KENNEDY, CALLED 5.322 ACRE TRACT RECORDED IN INSTRUMENT NUMBER 1993-42458 (D.R.D.C.T.) CONTINUING ALONG THE SOUTH LINE OF OLD STONEY ROAD AND THE NORTH LINE OF SAID 5.322 A TOTAL DISTANCE OF 1792.00 FEET TO A 1/2" IRON ROD WITH CAP STAMPED "ONEAL 6570" SET AT THE SOUTHWEST CORNER OF SAID 52.437 ACRE TRACT SAME BEING THE COMMON SOUTHEAST CORNER OF SAID 177-1/2 ACRE TRACT;

THENCE SOUTH 89 DEGREES 48 MINUTES 14 SECONDS WEST CONTINUING ALONG THE SOUTH LINE OF SAID OLD STONEY ROAD, THE NORTH LINE OF SAID 5.322 ACRE TRACT, THE NORTH LINE OF THE MORADI ADDITION, AN ADDITION RECORDED IN CABINET D, PAGE 69 PLAT RECORDS DENTON COUNTY, TEXAS, THE NORTH LINE OF THE ANDREA BENNINGTON CALLED 5.286 ACRE TRACT RECORDED IN VOLUME 5166, PAGE 3845 (D.R.D.C.T.), AND THE NORTH LINE OF THE CAROL THOMAS CALLED 100 ACRE TRACT RECORDED IN DOCUMENT NUMBER 95-0027698 (D.R.D.C.T.), A DISTANCE OF 1780.41 FEET TO A 1/2" IRON ROD WITH CAP STAMPED "ONEAL 6570" SET AT THE SOUTHWEST CORNER OF SAID 177-1/2 ACRE TRACT FROM WHICH AN AXLE FOUND IN THE SOUTH LINE OF SAID OLD STONEY ROAD, AT THE NORTHWEST CORNER OF SAID 100 ACRE TRACT AND THE COMMON NORTHWEST CORNER OF THE PAUL S. NULL AND JULIE K. NULL CALLED 4.005 ACRE TRACT RECORDED IN VOLUME 4186, PAGE 315, (D.R.D.C.T.) BEARS SOUTH 89 DEGREES 48 MINUTES 14 SECONDS WEST, A DISTANCE OF 1018.37 FEET;

THENCE NORTH 00 DEGREES 11 MINUTES 46 SECONDS WEST, ALONG THE WEST LINE OF SAID 177-1/2 ACRE TRACT A DISTANCE OF 50.33 FEET TO A 3/8 IRON ROD FOUND (SLICK) IN THE NORTH LINE OF SAID OLD STONEY ROAD AND AT THE SOUTHEAST CORNER OF SAID 173.93 ACRE TRACT;

THENCE SOUTH 89 DEGREES 55 MINUTES 21 SECONDS WEST ALONG THE SAID NORTH LINE OF OLD STONEY ROAD A DISTANCE OF 1819.38 FEET TO A PIPE FENCE CORNER (WITH FLAGGING) FOUND AT THE SOUTHWEST CORNER OF SAID 173.93 ACRE TRACT, SAME BEING THE COMMON SOUTHEAST CORNER OF THE J. YOUNG LAND & CATTLE, LTD CALLED 153.86 ACRE TRACT RECORDED IN INSTRUMENT NUMBER 2003-203076 (D.R.D.C.T.);

THENCE NORTH 00 DEGREES 02 MINUTES 53 SECONDS EAST, A DISTANCE OF 4165.36 FEET TO A 60D NAIL (FLAGGED) FOUND IN THE SOUTH LINE OF THE DANIEL ROBERSON BYPASS TRUST SCHOOLFIELD CALLED 174.14 AC TRACT RECORDED IN VOLUME 297, PG. 412 AT THE NORTHWEST CORNER OF SAID 173.93 ACRE TRACT SAME BEING THE COMMON NORTHEAST CORNER OF SAID 153.86 ACRE TRACT;

THENCE NORTH 89 DEGREES 45 MINUTES 22 SECONDS EAST, A DISTANCE OF 1818.76 FEET TO A 1/2" IRON ROD WITH CAP STAMPED "ONEAL 6570" SET IN THE WEST LINE OF SAID 177-1/2 ACRE TRACT AT THE NORTHEAST CORNER OF SAID 173.93 ACRE TRACT SAME BEING THE COMMON SOUTHEAST CORNER OF SAID 174.14 ACRE TRACT;

THENCE NORTH 00 DEGREES 12 MINUTES 29 SECONDS EAST, A DISTANCE OF 153.04 FEET TO A 1/2" IRON ROD WITH CAP STAMPED "ONEAL 6570" SET IN THE EAST LINE OF SAID 174.14 ACRE TRACT AT THE NORTHWEST CORNER OF SAID 177-1/2 ACRE TRACT, AND BEING THE COMMON SOUTHWEST CORNER OF THE RK & RK INVESTMENTS, INC. CALLED 79 ACRE TRACT RECORDED IN INSTRUMENT NUMBER 2018-99798 (D.R.D.C.T.);

THENCE SOUTH 89 DEGREES 47 MINUTES 31 SECONDS EAST, A DISTANCE OF 1793.00 FEET TO A 5/8" IRON ROD FOUND AT THE SOUTHEAST CORNER OF SAID 79 ACRE TRACT, SAME BEING THE COMMON NORTHEAST CORNER OF SAID 177-1/2 ACRE TRACT, THE COMMON NORTHWEST CORNER OF SAID 105.888 ACRE TRACT AND THE COMMON SOUTHWEST CORNER OF SAID 70.892 ACRE TRACT;

THENCE NORTH 00 DEGREES 11 MINUTES 14 SECONDS EAST ALONG THE WEST LINE OF SAID 70.892 ACRE TRACT AND THE COMMON EAST LINE OF SAID 79 ACRE TRACT, A DISTANCE OF 1670.02 FEET TO A 1/2" IRON ROD WITH CAP STAMPED "ONEAL 6570" SET AT THE SOUTHWEST CORNER OF A CALLED 4.4425 ACRE TRACT DESCRIBED IN A DEED TO THE STATE OF TEXAS, RECORDED IN INSTRUMENT NUMBER 2008-33229, (D.R.D.C.T.), AND BEING THE SOUTH RIGHT-OF-WAY LINE OF US HIGHWAY 380;

THENCE SOUTH 87 DEGREES 16 MINUTES 24 SECONDS EAST, ALONG THE SOUTH RIGHT-OF-WAY LINE, A DISTANCE OF 1798.32 FEET TO A PK NAIL SET AT THE SOUTHEAST CORNER OF SAID 4.4425 ACRE TRACT AND BEING IN THE EAST LINE OF SAID 70.892 ACRE TRACT, AND BEING WITHIN GEORGE OWENS ROAD.

THENCE SOUTH 00 DEGREES 58 MINUTES 08 SECONDS WEST, ALONG THE EAST LINE OF SAID 70.892 ACRE TRACT, A DISTANCE OF 1592.60 FEET TO 1/2" IRON ROD WITH YELLOW CAP STAMPED "METROPLEX 1849" FOUND AT THE SOUTHEAST CORNER OF SAID 70.892 ACRE TRACT, AND BEING INN THE NORTH LINE OF SAID 105.888 ACRE TRACT;

THENCE SOUTH 89 DEGREES 44 MINUTES 46 SECONDS EAST, ALONG THE NORTH LINE OF SAID 105.888 ACRE TRACT, A DISTANCE OF 19.16 FEET TO A 1/2" IRON ROD WITH CAP STAMPED "ONEAL 6570" SET IN THE APPROXIMATE CENTERLINE OF SAID GEORGE OWENS ROAD, SAME BEING THE WEST LINE OF THE FONDER PROPERTIES, LLC CALLED 104.290 ACRE TRACT RECORDED IN

INSTRUMENT NUMBER 12243 (D.R.D.C.T.) AND BEING AT THE NORTHEAST CORNER OF SAID 105.888 ACRE TRACT;

THENCE SOUTH 00 DEGREES 14 MINUTES 19 SECONDS WEST ALONG THE EAST LINE OF SAID 105.888 ACRE TRACT SAME BEING THE COMMON WEST LINE OF SAID 104.290 ACRE TRACT AND THE COMMON WEST LINE OF THE JOE B. TINDLE AND WIFE ORLAN TINDLE CALLED 272.67 ACRE TRACT RECORDED IN VOLUME 616, PAGE 338, (D.R.D.C.T.), A DISTANCE OF 3075.71 FEET TO A 1/2" IRON ROD FOUND AT THE SOUTHEAST CORNER OF SAID 105.888 ACRE TRACT SAME BEING THE COMMON NORTHEAST CORNER OF THE SAID 52.437 ACRE TRACT;

THENCE SOUTH 00 DEGREES 13 MINUTES 28 SECONDS WEST, CONTINUING ALONG THE EAST LINE OF SAID 52.437 ACRE TRACT AND THE COMMON WEST LINE OF SAID 272.67 ACRE TRACT, A DISTANCE OF 1274.32 FEET TO THE **POINT OF BEGINNING** AND CONTAINING 599.392 ACRES OF LAND, MORE OR LESS

EXHIBIT K-2

Legal Description for Improvement Area #1

**LEGAL DESCRIPTION
TABOR RANCH
PID IA#1 – TRACT 1
193.859 ACRES**

BEING a 193.859-acre tract of land situated in the S. Winfrey Survey, Abstract No. 1319, Denton County, Texas, and being part of a called 19.26-acre tract of land described in deed to Tabor 380 Development, LLC recorded in Instrument Number 2023-113758, Deed Records, Denton County, Texas (DRDCT), and being part of a called 532.512-acre tract of land described in deed to Tabor 380 Development, LLC recorded in Instrument Number 2023-113757, DRDCT, and being part of a called 47.62-acre tract of land described in deed to Tabor 380 Development, LLC recorded in Instrument Number 2023-113759, DRDCT and being more particularly described as follows:

BEGINNING at the northeast corner of said 19.26-acre tract and being in the south line of U.S. Highway 380;

THENCE South 00 degrees 58 minutes 08 seconds West with the east line of said 19.26-acre tract and said 47.62-acre tract, a distance of 1592.60 feet to a point in the north line of said 532.512-acre tract;

THENCE South 89 degrees 44 minutes 46 seconds East with said north line, a distance of 19.17 feet to the northeast corner of said 532.512-acre tract;

THENCE South 00 degrees 14 minutes 19 seconds West with the east line of said 532.512-acre tract, a distance of 595.00 feet;

THENCE departing said east line over and across said 532.512-acre tract the following courses:

North 89 degrees 44 minutes 46 seconds West, a distance of 325.25 feet;

North 16 degrees 53 minutes 56 seconds East, a distance of 125.25 feet;

North 89 degrees 44 minutes 46 seconds West, a distance of 52.19 feet;

South 16 degrees 53 minutes 56 seconds West, a distance of 2,408.56 feet;

North 89 degrees 46 minutes 32 seconds West, a distance of 202.67 feet to the beginning of a tangent curve to the right;

Northwesterly with said curve which has a central angle of 38 degrees 43 minutes 13 seconds, a radius of 465.00 feet, a chord that bears North 70 degrees 24 minutes 56 seconds West with a chord distance of 308.30 feet, and an arc length of 314.25 feet to the beginning of a reverse curve to the left;

Northwesterly, with said curve which has a central angle of 06 degrees 45 minutes 05 seconds, a radius of 2960.00 feet, a chord that bears North 54 degrees 25 minutes 51 seconds West with a chord distance 348.58 feet, and an arc length of 348.78 feet to the end of said curve;

North 27 degrees 26 minutes 44 seconds East, a distance of 120.40 feet to the beginning of a non-tangent curve to the left;

Northwesterly with said curve which has a central angle of 04 degrees 33 minutes 45 seconds, a radius of 3080.00 feet, a chord that bears North 60 degrees 16 minutes 23 seconds West with a chord distance of 245.19 feet, and an arc length of 245.26 feet to the end of said curve;

South 27 degrees 26 minutes 44 seconds West, a distance of 455.00 feet to the beginning of a non-tangent curve to the left;

Northwesterly with said curve which has a central angle of 10 degrees 12 minutes 31 seconds, a radius of 2625.00 feet, a chord that bears North 67 degrees 39 minutes 31 seconds West with a chord distance of 467.09 feet, and an arc length of 467.71 feet to the end of said curve;

North 17 degrees 46 minutes 58 seconds East, a distance of 45.00 feet to the beginning of a non-tangent curve to the left;

Northwesterly with said curve which has a central angle of 08 degrees 18 minutes 36 seconds, a radius of 2670.00 feet, a chord the bears North 76 degrees 54 minutes 32 seconds West with a chord distance of 386.91 feet, and an arc length of 387.25 feet to the end of said curve;

North 81 degrees 03 minutes 50 seconds West, a distance of 557.27 feet to the beginning of a tangent curve to the right;

Northwesterly with said curve which has a central angle of 17 degrees 58 minutes 31 seconds, a radius of 755.00 feet, a chord that bears North 72 degrees 04 minutes 34 seconds West with a chord distance of 235.89 feet, and an arc length of 236.86 feet to the end of said curve;

North 37 degrees 53 minutes 23 seconds East, a distance of 139.35 feet to the beginning of a tangent curve to the left;

Northeasterly with said curve which has a central angle of 28 degrees 57 minutes 13 seconds, a radius of 395.00 feet, a chord that bears North 23 degrees 24 minutes 47 seconds East with a chord distance of 197.49 feet, and an arc length of 199.61 feet to the end of said curve;

North 08 degrees 56 minutes 10 seconds East, a distance of 60.00 feet;

South 81 degrees 03 minutes 50 seconds East, a distance of 81.99 feet;

North 08 degrees 56 minutes 05 seconds East, a distance of 170.00 feet;

North 81 degrees 03 minutes 50 seconds West, a distance of 111.79 feet;

North 00 degrees 00 minutes 00 seconds East, a distance of 1332.68 feet;

North 00 degrees 17 minutes 21 seconds East, a distance of 50.00 feet;

North 00 degrees 14 minutes 38 seconds West, a distance of 135.00 feet to point in the north line of said of said 532.512-acre tract;

THENCE North 00 degrees 12 minutes 29 seconds East with said north line, a distance of 153.04 feet;

THENCE South 89 degrees 47 minutes 31 seconds East with said north line, a distance of 1793.00 feet to the southwest corner of said 47.62-acre tract;

THENCE South 89 degrees 44 minutes 46 seconds East with the south line of said 47.62-acre tract, a distance of 301.71 feet;

THENCE departing said south line over and across said 47.62-acre tract the following courses:

North 00 degrees 00 minutes 00 seconds East, a distance of 703.95 feet to the beginning of a tangent curve to the right;

Northeasterly with said curve which has a central angle of 26 degrees 48 minutes 45 seconds, a radius of 845.00 feet, a chord that bears North 13 degrees 24 minutes 22 seconds East with a chord distance of 391.83 feet, and an arc length of 395.43 feet to the end of said curve;

North 63 degrees 11 minutes 15 seconds West, a distance of 55.22 feet;

North 90 degrees 00 minutes 00 seconds West, a distance of 161.56 feet;

North 00 degrees 00 minutes 00 seconds East, a distance of 107.91 feet;

North 89 degrees 59 minutes 57 seconds West, a distance of 50.00 feet to the beginning of a non-tangent curve to the right;

Northeasterly with said curve which has a central angle of 709 degrees 44 minutes 38 seconds, a radius of 50.00 feet, a chord that bears North 09 degrees 09 minutes 23 seconds East with a chord distance of 57.89 feet, and an arc length of 61.74 feet to the end of said curve;

North 45 degrees 49 minutes 17 seconds West, a distance of 20.00 feet;

North 00 degrees 00 minutes 00 seconds East, a distance of 111.00 feet to a point in the south line of said 19.26-acre tract;

THENCE with the south line of said 19.26-acre tract the following courses:

North 90 degrees 00 minutes 00 seconds East, a distance of 272.35 feet;

South 68 degrees 07 minutes 31 seconds East, a distance of 131.82 feet;

South 65 degrees 13 minutes 05, a distance of 90.90 feet;

South 66 degrees 04 minutes 22 seconds East, a distance of 595.60 feet;

THENCE departing the south line of said 19.26-acre tract over and across said 47.62-acre tract and said 19.26-acre tract the following courses:

South 23 degrees 55 minutes 38 seconds West, a distance of 170.00 feet;

South 66 degrees 04 minutes 22 seconds East, a distance of 318.98 feet;

South 23 degrees 55 minutes 38 seconds West, a distance of 59.14 feet;

South 41 degrees 23 minutes 32 seconds West, a distance of 49.22 feet;

South 41 degrees 31 minutes 47 seconds West, a distance of 100.00 feet;

South 47 degrees 49 minutes 07 seconds West, a distance of 43.70 feet;

South 70 degrees 21 minutes 20 seconds West, a distance of 41.72 feet;

South 88 degrees 52 minutes 12 seconds West, a distance of 47.08 feet;

North 89 degrees 44 minutes 46 seconds West, a distance of 737.54 feet;

South 00 degrees 00 minutes 00 seconds East, a distance of 580.00 feet;

South 89 degrees 44 minutes 46 seconds East, a distance of 1367.28 feet;

North 00 degrees 14 minutes 19 seconds East, a distance of 1594.03 feet to a point in the south line of said U.S. Highway 380;

THENCE South 87 degrees 16 minutes 29 seconds East with the south line of said U.S. Highway 380, a distance of 36.16 feet to the **POINT OF BEGINNING** and containing 193.859-acres of land, more or less.

“This document was prepared under 22 TAC §663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.”

EXHIBIT K-3

Legal Description for Major Improvement Area

LEGAL DESCRIPTION

PID MIA

TRACT 1-12.187 ACRES

TRACT 2-37.159 ACRES

TRACT 3-356.187 ACRES

TRACT 1

12.187 ACRES

BEING a 12.187-acre tract of land situated in the S. Winfrey Survey, Abstract No. 1319, Denton County, Texas, being part of Lot 1, Block 1, Tabor Ranch Commercial, an additional to Denton County, Texas, according to the Final Plat thereof recorded in Document Number 2024-121, Office Public Records, Denton County, Texas, (OPRDCT) and being part of a called 47.62-acre tract of land described in deed to Tabor 380 Development, LLC, recorded in Instrument Number 2023-113759, OPRDCT, and being more particularly described as follows:

BEGINNING the northwest corner of said Lot 1, Block 1 and being in the south right-of-way line of US Highway 380;

THENCE South 87 degrees 16 minutes 29 seconds East with the south right-of-way line of US Highway 380, a distance of 526.48 feet to the northeast corner of said Lot 1, Block 1;

THENCE departing the south right-of-way line of said US Highway 380 over and across said Lot 1, Block 1 tract and said 380 Development tract the following courses:

South 42 degrees 15 minutes 49 seconds East, a distance of 35.35 feet;

South 02 degrees 44 minutes 50 seconds West, a distance of 94.09 feet to the beginning of tangent curve to the right;

Southwesterly with said curve, which has a central angle of 13 degrees 31 minutes 02 seconds a radius of 755.00 feet with a chord that bears South 09 degrees 30 minutes 21 seconds West, with a chord length of 177.71 feet, an arc length of 178.12 feet;

North 68 degrees 07 minutes 31 seconds West, a distance of 131.82 feet;

South 90 degrees 00 minutes 00 seconds West, a distance of 272.35 feet;

South 00 degrees 00 minutes 00 seconds West, a distance of 111.00 feet;

South 45 degrees 49 minutes 17 seconds East, a distance of 20.00 feet to the beginning of tangent curve to the left;

Southwesterly with said curve, which has a central angle of 70 degrees 44 minutes 38 seconds a radius of 50.00 feet with a chord that bears South 09 degrees 09 minutes 23 seconds West, with a chord length of 57.89 feet, an arc length of 61.74 feet;

South 89 degrees 59 minutes 57 seconds East, distance of 50.00 feet;

South 00 degrees 00 minutes 00 seconds West, a distance of 107.91 feet;

South 90 degrees 00 minutes 00 seconds East, a distance of 161.56 feet;

South 63 degrees 11 minutes 15 seconds East, a distance of 55.22 feet to the beginning of a non-tangent curve to the left;

Southwesterly with said curve, which has a central angle of 26 degrees 48 minutes 45 seconds a radius of 845.00 feet with a chord that bears South 13 degrees 24 minutes 22 seconds West, with a chord length of 391.83 feet, an arc length of 395.43 feet;

South 00 degrees 00 minutes 00 seconds West, a distance of 703.95 feet to the south line of said 47.62 acre tract;

North 89 degrees 44 minutes 46 seconds West, a distance of 301.71 feet to the southwest corner of said 47.62-acre tract;

THENCE North 00 degrees 11 minutes 14 seconds East, with the west line of said 47.62-acre tract, a distance of 1,670.07 feet to the **POINT OF BEGINNING** and containing 12.187-acres of land, more or less.

“This document was prepared under 22 TAC §663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.”

TRACT 2 **37.159 ACRES**

BEING a 37.159-acre tract of land situated in the S. Winfrey Survey, Abstract No. 1319, Denton County, Texas, being part of Lot 1, Block 1, Tabor Ranch Commercial, an addition to Denton County, Texas, according to the Final Plat thereof recorded in Document Number 2024-121, Official Public Records, Denton County, Texas, (OPRDCT) and being part of a called 47.62-acre tract of land described in deed to Tabor 380 Development, LLC, recorded in Instrument Number 2023-113759, OPRDCT, and being more particularly described as follows:

BEGINNING at the northeast corner of said Lot 1, Block 1 tract and being in the south right-of-way line of US Highway 380;

THENCE South 00 degrees 14 minutes 19 seconds West with the east line of said Lot 1, Block 2 and over and across said 47.62-acre tract, a distance of 1,594.03 feet to a point in the south line of said 47.62-acre tract;

THENCE North 89 degrees 44 minutes 46 seconds West with the south line of said 47.62-acre tract, a distance of 1,367.28 feet;

THENCE over and across said 47.62-acre tract the following courses:

North 00 degrees 00 minutes 00 seconds East, a distance of 580.00 feet;

South 89 degrees 44 minutes 46 seconds East, a distance of 737.54 feet;

North 88 degrees 52 minutes 12 seconds East, a distance of 47.08 feet;

North 70 degrees 21 minutes 20 seconds East, a distance of 41.72 feet;

North 47 degrees 49 minutes 07 seconds East, a distance of 43.70 feet;

North 41 degrees 31 minutes 47 seconds East, a distance of 100.00 feet;

North 41 degrees 23 minutes 32 seconds East, a distance of 49.22 feet;

North 23 degrees 55 minutes 38 seconds East, a distance of 59.14 feet;

North 66 degrees 04 minutes 22 seconds West, a distance of 318.98 feet;

North 23 degrees 55 minutes 38 seconds East, a distance of 170.00 feet;

North 66 degrees 04 minutes 22 seconds West, a distance of 595.60 feet to the beginning of non-tangent curve to the left;

Northeasterly with said curve to the left, which has a central angle of 14 degrees 25 minutes 49 Seconds, a radius of 845.00 feet with a chord that bears North 09 degrees 57 minutes 45 seconds East, with a chord length of 212.25 feet, an arc length of 212.82 feet;

North 02 degrees 44 minutes 50 seconds East, a distance of 94.13 feet;

North 47 degrees 44 minutes 11 seconds East, a distance of 35.36 feet to a point in the south right-of-way line of said US Highway 80;

THENCE South 87 degrees 16 minutes 29 seconds East, with the south right-of-way of said US Highway 80, a distance of 1,095.67 feet to the **POINT OF BEGINNING** and containing 37.159-acres of land, more or less.

“This document was prepared under 22 TAC §663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interest in real property except those rights and interests implied or established by the creation of reconfiguration of the boundary of the political subdivision for which it was prepared.”

TRACT 3
356.187 ACRES

BEING a 356.187-acre tract of land situated in the S. Winfrey Survey, Abstract No. 1319, Denton County, Texas, and being part of a called 532.512-acre tract of land described in deed to Tabor 380 Development, LLC. Recorded in Document Number 2023-113757, Official Public Records, Denton County, Texas, (OPRDCT) and being more particularly described as follows:

BEGINNING at the northwest corner of said called 532.512-acre tract;

THENCE North 89 degrees 45 minutes 22 seconds East with the north line of said 532.512-acre tract, a distance of 1,818.76 feet;

THENCE over and across said 532.512-acre tract the following courses:

South 00 degrees 14 minutes 28 seconds East, a distance of 135.00 feet;

South 00 degrees 17 minutes 21 seconds West, a distance of 50.00 feet;

South 00 degrees 00 minutes 00 seconds West, a distance of 1,332.68 feet;

South 81 degrees 03 minutes 50 seconds East, a distance of 111.79 feet;

South 08 degrees 56 minutes 05 seconds West, a distance of 170.00 feet;

North 81 degrees 03 minutes 50 seconds West, a distance of 81.99 feet;

South 08 degrees 56 minutes 10 seconds West, a distance of 60.00 feet to the beginning of a tangent curve to the right;

Southwesterly with said curve to the right, which has a central angle of 28 degrees 57 minutes 13 seconds, a radius of 395.00 feet, a chord that bears North 23 degrees 24 minutes 47 seconds East with a chord distance of 197.49 feet, and an arc length of 199.61 feet to the end of said curve;

South 37 degrees 53 minutes 23 seconds West, a distance of 139.35 feet to the beginning of a non-tangent curve to the left;

Southeasterly with said curve to the left, which has a central angle of 17 degrees 58 minutes 31 seconds, a radius of 755.00 feet, a chord that bears North 72 degrees 04 minutes 34 seconds West with a chord distance of 235.89 feet, and an arc length of 236.86 feet to the end of said curve;

South 81 degrees 03 minutes 50 seconds East, a distance of 557.27 feet to the beginning of a tangent curve to the right;

Southeasterly with said curve to the right, which has a central angle of 08 degrees 18 minutes 36 seconds, a radius of 2670.00 feet, a chord that bears North 76 degrees 54 minutes 32 seconds West with a chord distance of 386.91 feet, and an arc length of 387.25 feet to the end of said curve;

South 17 degrees 46 minutes 58 seconds West, a distance of 45.00 feet to the beginning of a non-tangent curve to the right;

Southeasterly with said curve to the right, which has a central angle of 10 degrees 12 minutes 31 seconds, a radius of 2625.00 feet, a chord that bears North 67 degrees 39 minutes 31 seconds West with a chord distance of 467.09 feet, and an arc length of 467.71 feet to the end of said curve;

North 27 degrees 26 minutes 44 seconds East, a distance of 455.00 feet to the beginning of a non-tangent curve to the right;

Southeasterly with said curve to the right, which has a central angle of 04 degrees 33 minutes 45 seconds, a radius of 3080.00 feet, a chord that bears North 60 degrees 16 minutes 23 seconds West with a chord distance of 245.19 feet, and an arc length of 245.26 feet to the end of said curve;

South 27 degrees 26 minutes 44 seconds West, a distance of 120.40 feet to the beginning of a non-tangent curve to the right;

Southeasterly with said curve which has a central angle of 06 degrees 45 minutes 05 seconds, a radius of 2960.00 feet, a chord that bears North 54 degrees 25 minutes 51 seconds West with a chord distance of 348.58 feet, and an arc length of 348.78 feet to the beginning of a reverse curve to the left;

Southeasterly with said curve to the left, which has a central angle of 38 degrees 43 minutes 13 seconds, a radius of 465.00 feet, a chord that bears North 70 degrees 24 minutes 56 seconds West with a chord distance of 308.30 feet, and an arc length of 314.25 feet to the end of said curve;

South 89 degrees 46 minutes 32 seconds East, a distance of 202.67 feet;

North 16 degrees 53 minutes 56 seconds East, a distance of 2,408.56 feet;

South 89 degrees 44 minutes 46 seconds East, a distance of 52.19 feet;

South 16 degrees 53 minutes 56 seconds West, a distance of 125.25 feet;

South 89 degrees 44 minutes 46 seconds East, a distance of 325.25 feet to the east line of said 532.512-acre tract;

THENCE South 00 degrees 14 minutes 09 seconds West with the east line of said 532.512-acre tract, a distance of 2480.72 feet;

THENCE South 00 degrees 13 minutes 30 seconds West continuing with the east line of said 532.512-acre tract a distance of 1274.31 feet to the southeast corner of said 532.512-acre tract;

THENCE South 89 degrees 50 minutes 48 seconds West, with the south line of said 532.512-acre tract, a distance of 3,572.41 feet to the southeast corner of Old Stoney Road;

THENCE North 00 degrees 11 minutes 46 seconds West, over and across said Old Stoney Road, a distance of 50.33 feet;

THENCE South 89 degrees 55 minutes 21 seconds West, with the north right-of-way line of said Old Stoney Road, a distance of 1819.38 feet to the southwest corner of said 532.512-acre tract;

THENCE North 00 degrees 02 minutes 53 seconds East, with the West line of said 532.512-acre tract, a distance of 4,165.36 feet to the **POINT OF BEGINNING** and containing 356.187-acres of land, more or less;

“This document was prepared under 22 TAC §663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interest in real property except those rights and interests implied or established by the creation of reconfiguration of the boundary of the political subdivision for which it was prepared.”

APPENDIX A

Estimated Buildout Values and Counts

The Major Improvements have been allocated to Non-Assessed Property and Assessed Property within the District based on the proportion of acreage. The calculation for this allocation is shown below.

Major Improvements Allocation of Costs

Property Type	Acreage	Allocation Percentage	Total Allocation of Costs
Assessed Property	583.26	97.3%	\$31,052,083
Non-Assessed Property	16.13	2.7%	\$861,671
Total	599.39	100.0%	\$31,913,754

The remaining costs of the Major Improvements are then further allocated to the Improvement Area #1 Assessed Property and the Major Improvement Area Assessed Property based on estimated buildout value.

The tables below show the estimated buildout value for all Assessed Property within the District.

Major Improvements Assessed Property Allocation Formula

Lot Type	Quantity	Projected Lot Value ¹	Projected Home Value ²	Total Buildout Value
40'	259	\$69,000	\$350,000	\$90,650,000
45'	220	\$76,500	\$393,000	\$86,460,000
50'	773	\$82,500	\$437,000	\$337,801,000
60'	669	\$96,600	\$524,000	\$350,556,000
Total	1,921			\$865,467,000

¹ Projected Lot Values based on Appraisal Report prepared by Peyco Southwest Realty, Inc., dated August 29, 2024.

² Projected Home Values provided by the Owner.

Improvement Area #1 Allocation Formula

Lot Type	Quantity	Projected Lot Value ¹	Projected Home Value ²	Total Buildout Value
40'	41	\$69,000	\$350,000	\$14,350,000
45'	218	\$76,500	\$393,000	\$85,674,000
50'	420	\$82,500	\$437,000	\$183,540,000
60'	171	\$96,600	\$524,000	\$89,604,000
Total	850			\$373,168,000

¹ Projected Lot Values based on Appraisal Report prepared by Peyco Southwest Realty, Inc., dated August 29, 2024.

² Projected Home Values provided by the Owner.

The table below shows the percentage allocation of the remaining budgeted costs of the Major Improvements allocable to Assessed Property to Improvement Area #1 Assessed Property and Major Improvement Area Assessed Property, after deduction of the costs allocable to the Non-Assessed Property, based on estimated buildout value.

Allocation of Remaining Authorized Improvement Costs

Remaining Costs Allocable to Assessed Property in IA #1	43.1%
Remaining Costs Allocable to Assessed Property in MIA	56.9%
Total Improvement Costs	100.0%

100% of Improvement Area #1 Improvements have been allocated to Improvement Area #1.

The Authorized Improvement Costs determined in this Appendix are reflected in Exhibit B and Exhibit H in establishing the total Assessment amount and further allocating it to each Lot.

APPENDIX B

Engineer's Report

MMD/PID Cost Summary

Preliminary Opinion of Probable Construction Costs
 Tabor Ranch Phase 1 - Public Improvement District
 Exhibit 'B'
 Thursday, July 18, 2024

Division	Direct Public Phase 1	Master Public	Public Total	Private Total Phase 1	Public + Private Total
Grading	\$671,255	\$119,718	\$790,973	\$1,939,100	\$2,730,073
Erosion Control	\$255,815	\$52,525	\$308,340	\$0	\$308,340
Paving	\$7,868,959	\$3,372,570	\$11,241,529	\$0	\$11,241,529
Wet Utilities	\$8,143,130	\$10,397,835	\$18,540,965	\$4,396,160	\$22,937,125
Water System	\$0	\$7,000,000	\$7,000,000	\$0	\$7,000,000
Retaining Walls	\$0	\$0	\$0	\$850,000	\$850,000
Gas Well Rerouting	\$0	\$0	\$0	\$1,533,856	\$1,533,856
ROW	\$1,200,000	\$1,300,000	\$2,500,000	\$0	\$2,500,000
Sub Total	\$18,139,159	\$22,242,648	\$40,381,806	\$8,719,116	\$49,100,922
Soft Costs	\$3,557,812	\$5,075,230	\$8,633,042	\$1,975,866	\$10,608,908
District Formation	\$3,360,000	\$826,200	\$4,186,200	\$0	\$4,186,200
Contingency	\$2,540,874	\$3,769,677	\$6,310,550	\$950,289	\$7,260,839
Grand Totals	\$27,597,844	\$31,913,754	\$59,511,598	\$11,645,271	\$71,156,869

Phase Total Summary	
Cost Type	Phase 1 Total
Direct Public	\$27,597,844
Master Public	\$31,913,754
Private	\$11,645,271
Total	\$71,156,869

Note: Petitt-ECD cannot guarantee that quantities, proposals, bids, or actual costs will not vary from this opinion of probable costs. Petitt-ECD will NOT be responsible for any cost overruns and/or funding shortages.

Note: Assumes existing utilities are available to the site and sized appropriately (No Offsite Included)

Note: Does not include any access improvements for existing oil well sites



Project: Tabor Ranch - Direct Public Infrastructure - Phase 1
Project #: 08126
Date: 18-Jul-2024

Lots: 850
Acres: 193.859
Density: 4.385

Section	Item Description	Quantity	Unit	Unit Price	Extended Cost
Grading					
	Tree Removal & Disposal	1	LS	\$10,000	\$10,000
	Site Clearing & Grubbing	211.02	AC	\$1,250	\$263,775
	Rough Grading (ROW + 240') @ 1.5' Depth (17%)	94,280	CY	\$3.50	\$329,980
	Grade to Drain	3,000	LF	\$10.00	\$30,000
	Lot Fine Grading (Pads & Swales)		Lot	\$500	
	Moisture Conditioning/Chemical Injection		Lot	\$3,500	
	Demo	3	LS	\$10,000	\$30,000
	Pond Cleanup/Dewater & Demuck	1	LS	\$7,500	\$7,500
\$790	Total Grading Cost per Lot			Total Grading	\$671,255
Erosion Control					
	SWPPP / Permit / NOI / Project Sign	1	LS	\$4,500	\$4,500
	SWPPP Inspection	40	WK	\$75	\$3,000
	Construction Entrance	1	EA	\$2,500	\$2,500
	Seeding of disturbed areas	188.74	AC	\$500	\$94,370
	Erosion Matting	62,900	SF	\$0.80	\$50,320
	Rock Berms	15	EA	\$1,500	\$22,500
	Silt Fence	62,900	LF	\$1.25	\$78,625
\$301	Total Erosion Control Cost per Lot			Total Erosion Control	\$255,815
Paving					
	6" x 3600psi x 31' B-B (Residential Streets)	107,360	SY	\$60	\$6,441,600
	8" x 3600psi x 24' B-B (George Owens)		SY	\$75	
	8" x 3600psi x 50' B-B (Divided Collectors/Entry)		SY	\$75	
	6" Lime treated subgrade	115,410	SY	\$4.50	\$519,345
	Lime (@ 36LBS/SY)	2,077	TON	\$300	\$623,214
	Construction Traffic Control	1	EA	\$5,000	\$5,000
	Barrier Free Ramps	97	EA	\$2,500	\$242,500
	4' Sidewalk (CA's)/8' Trail (1 side of Collector)	4,200	SF	\$6.50	\$27,300
	Connections	1	LS	\$10,000	\$10,000
\$9,258	Total Paving Cost per Lot			Total Paving	\$7,868,959
Water					
	8" PVC	27,380	LF	\$55	\$1,505,900
	12" PVC		LF	\$75	
	Valves (3 per T Intersection, & 4 per X Intersection)	86	EA	\$4,000	\$344,000
	Fittings, connections, testing	18.3	LS	\$7,500	\$137,250
	Services (Includes Irrigation)		Lot	\$1,000	
	Water Tower		LS	\$4,000,000	
	Fire Hydrants	61	LS	\$5,000	\$305,000
\$2,697	Total Water Cost per Lot			Total Water	\$2,292,150



Project: Tabor Ranch - Direct Public Infrastructure - Phase 1
Project #: 08126
Date: 18-Jul-2024

Lots: 850
Acres: 193.859
Density: 4.385

Section	Item Description	Quantity	Unit	Unit Price	Extended Cost
Sanitary Sewer					
	8" SDR 35 PVC	28,860	LF	\$50	\$1,443,000
	12" SDR 35 PVC		LF	\$90	
	15" SDR 35 PVC		LF	\$110	
	6" Force Main		LF	\$55	
	Manholes	67	EA	\$5,500	\$368,500
	Services		Lot	\$1,200	
	Lift Station		LS	\$1,000,000	
	Package Treatment Plant (1 LS/350 Lots)		LS	\$1,040,000	
	Connect to existing Sanitary Sewer	1	LS	\$5,000	\$5,000
\$2,137	Total Sanitary Sewer Cost per Lot			Total Sanitary Sewer	\$1,816,500
Drainage					
	Storm Allowance	50%	LS	\$7,868,959	\$3,934,480
	Detention Pond Structure	2	LS	\$50,000	\$100,000
\$4,746	Total Drainage Cost per Lot			Total Drainage	\$4,034,480
\$19,928	CONSTRUCTION HARD COST TOTAL				\$16,939,159



Project: Tabor Ranch - Direct Public Infrastructure - Phase 1
Project #: 08126
Date: 18-Jul-2024

Lots: 850
Acres: 193.859
Density: 4.385

Section	Item Description	Quantity	Unit	Unit Price	Extended Cost
Miscellaneous					
	Geotechnical Report (Prelim Only)		LS	\$40,000	
	Waters of the US Determination	1	LS	\$10,000	\$10,000
	Environmental Site Assessment	1	LS	\$12,000	\$12,000
	Traffic Impact Analysis		LS	\$20,000	
	Existing Topo of Project Site		LS	\$40,000	
	Engineering/Surveying	8%	LS	\$16,939,159	\$1,355,133
	Flood Study & LOMR		LS	\$50,000	
	TxDOT Permit	1	LS	\$15,000	\$15,000
	Material Testing	4%	LS	\$16,939,159	\$677,566
	City Inspection Fees	3%	LS	\$16,012,089	\$480,363
	Construction Inspection Services		Lot	\$1,000	
	Construction Staking	850	Lot	\$425	\$361,250
	As-Built Plans	1	LS	\$5,000	\$5,000
	Retaining Walls		Lot	\$1,000	
	Landscape/Screening/Planting	1	LS	\$500,000	\$500,000
	Entry Feature (Main Entrance)		LS	\$500,000	
	Entry Feature (Secondary Entrances)	1	LS	\$50,000	\$50,000
	Street Lights	61	EA	\$1,500	\$91,500
	Turning Lanes		LS	\$250,000	
	City Park Impact Fees		Lot		
	City Throughfare Impact Fees		Lot		
	Cluster Box Unit Mailboxes (CBU)		Lot	\$175	
	Easement Acquisition		EA	\$5,000	
	Franchise Utility Install		Lot	\$1,000	
	Contingency	15%	LS	\$16,939,159	\$2,540,874
\$7,175	Total Miscellaneous Cost per Lot			Total Miscellaneous	\$6,098,685
Assumes existing utilities are available to the site and sized appropriately (No Offsite Included) Does not include any access improvements for existing oil well sites Due to the extreme market volatility that we are presently experiencing from a lack of cement production and resin shortages it is likely that market prices will be 10%-30% higher than shown in this estimate if construction occurs in 2024 or 2025. Petitt-ECD will NOT be responsible for any cost overruns and/or funding shortages.					
TOTAL COST OF CONSTRUCTION BY THIS ESTIMATE					\$23,037,844
TOTAL COST PER LOT OF CONSTRUCTION BY THIS ESTIMATE					\$27,103



Project: Tabor Ranch - Master Public Infrastructure - Phase 1
Project #: 08126
Date: 18-Jul-2024

Lots: 850
Acres: 193.859
Density: 4.385

Section	Item Description	Quantity	Unit	Unit Price	Extended Cost
Grading					
	Tree Removal & Disposal		LS	\$10,000	
	Site Clearing & Grubbing	18.13	AC	\$1,250	\$22,663
	Rough Grading (ROW + 240') @ 1.5' Depth (5%)	27,730	CY	\$3.50	\$97,055
	Grade to Drain		LF	\$10.00	
	Lot Fine Grading (Pads & Swales)		Lot	\$500	
	Moisture Conditioning/Chemical Injection		Lot	\$3,500	
	Demo		LS	\$10,000	
	Pond Cleanup/Dewater & Demuck		LS	\$7,500	
\$141	Total Grading Cost per Lot			Total Grading	\$119,718
Erosion Control					
	SWPPP / Permit / NOI / Project Sign		LS	\$4,500	
	SWPPP Inspection	40	WK	\$75	\$3,000
	Construction Entrance		EA	\$2,500	
	Seeding of disturbed areas	10.01	AC	\$500	\$5,005
	Erosion Matting	14,400	SF	\$0.80	\$11,520
	Rock Berms	10	EA	\$1,500	\$15,000
	Silt Fence	14,400	LF	\$1.25	\$18,000
\$62	Total Erosion Control Cost per Lot			Total Erosion Control	\$52,525
Paving					
	6" x 3600psi x 31' B-B (Residential Streets)		SY	\$60	
	8" x 3600psi x 24' B-B (George Owens)	6,150	SY	\$75	\$461,250
	8" x 3600psi x 50' B-B (Divided Collectors/Entry)	29,760	SY	\$75	\$2,232,000
	6" Lime treated subgrade	38,600	SY	\$4.50	\$173,700
	Lime (@ 36LBS/SY)	695	TON	\$300	\$208,440
	Construction Traffic Control	1	EA	\$5,000	\$5,000
	Barrier Free Ramps	29	EA	\$2,500	\$72,500
	4' Sidewalk (CA's)/8' Trail (1 side of Collector)	30,720	SF	\$6.50	\$199,680
	Connections	2	LS	\$10,000	\$20,000
\$3,968	Total Paving Cost per Lot			Total Paving	\$3,372,570
Water					
	12" PVC	6,180	LF	\$75	\$463,500
	Valves (3 per T Intersection, & 4 per X Intersection)	57	EA	\$4,000	\$228,000
	Fittings, connections, testing	8.3	LS	\$7,500	\$62,250
	Water Tower	1	LS	\$4,000,000	\$4,000,000
	Fire Hydrants	16	LS	\$5,000	\$80,000
\$5,687	Total Water Cost per Lot			Total Water	\$4,833,750



Project: Tabor Ranch - Master Public Infrastructure - Phase 1
 Project #: 08126
 Date: 18-Jul-2024

Lots: 850
 # Acres: 193.859
 Density: 4.385

Section	Item Description	Quantity	Unit	Unit Price	Extended Cost
Water System					
	Wells, Pumps, etc.	1	LS	\$7,000,000	\$7,000,000
\$8,235	Total Water System Cost per Lot			Total	\$7,000,000
Sanitary Sewer					
	8" SDR 35 PVC		LF	\$50	
	12" SDR 35 PVC	3,440	LF	\$90	\$309,600
	15" SDR 35 PVC	1,730	LF	\$110	\$190,300
	6" Force Main	5,380	LF	\$55	\$295,900
	Manholes	14	EA	\$5,500	\$77,000
	Services		Lot	\$1,200	
	Lift Station	3	LS	\$1,000,000	\$3,000,000
	Package Treatment Plant (1 LS/350 Lots)		LS	\$1,040,000	
	Connect to existing Sanitary Sewer	1	LS	\$5,000	\$5,000
\$4,562	Total Sanitary Sewer Cost per Lot			Total Sanitary Sewer	\$3,877,800
Drainage					
	Storm Allowance	50%	LS	\$3,372,570	\$1,686,285
	Detention Pond Structure		LS	\$50,000	
\$1,984	Total Drainage Cost per Lot			Total Drainage	\$1,686,285
\$24,638	CONSTRUCTION HARD COST TOTAL				\$20,942,648



Project: Tabor Ranch - Master Public Infrastructure - Phase 1
Project #: 08126
Date: 18-Jul-2024

Lots: 850
Acres: 193.859
Density: 4.385

Section	Item Description	Quantity	Unit	Unit Price	Extended Cost
Miscellaneous					
	Geotechnical Report (Prelim Only)	1	LS	\$40,000	\$20,000
	Waters of the US Determination		LS	\$10,000	
	Environmental Site Assessment		LS	\$12,000	
	Traffic Impact Analysis	1	LS	\$20,000	\$20,000
	Existing Topo of Project Site	1	LS	\$40,000	\$40,000
	Engineering/Surveying	8%	LS	\$20,942,648	\$1,675,412
	Flood Study & LOMR	1	LS	\$50,000	\$50,000
	TxDOT Permit	1	LS	\$15,000	\$15,000
	Material Testing	4%	LS	\$20,942,648	\$837,706
	City Inspection Fees	3%	LS	\$20,770,405	\$623,112
	Construction Inspection Services	850	Lot	\$1,000	\$850,000
	Construction Staking	850	Lot	\$200	\$170,000
	As-Built Plans		LS	\$5,000	
	Retaining Walls		Lot	\$1,000	
	Landscape/Screening/Planting		LS	\$500,000	
	Entry Feature (Main Entrance)	1	LS	\$500,000	\$500,000
	Entry Feature (Secondary Entrances)		LS	\$50,000	
	Street Lights	16	EA	\$1,500	\$24,000
	Turning Lanes	1	LS	\$250,000	\$250,000
	City Park Impact Fees		Lot		
	City Throughfare Impact Fees		Lot		
	Cluster Box Unit Mailboxes (CBU)		Lot	\$175	
	Easement Acquisition		EA	\$5,000	
	Franchise Utility Install		Lot	\$1,000	
	Contingency	18%	LS	\$20,942,648	\$3,769,677
\$10,406	Total Miscellaneous Cost per Lot			Total Miscellaneous	\$8,844,906
Assumes existing utilities are available to the site and sized appropriately (No Offsite Included) Does not include any access improvements for existing oil well sites <i>Due to the extreme market volatility that we are presently experiencing from a lack of cement production and resin shortages it is likely that market prices will be 10%-30% higher than shown in this estimate if construction occurs in 2024 or 2025. Petitt-ECD will NOT be responsible for any cost overruns and/or funding shortages.</i>					
TOTAL COST OF CONSTRUCTION BY THIS ESTIMATE					\$29,787,554
TOTAL COST PER LOT OF CONSTRUCTION BY THIS ESTIMATE					\$35,044



Project: Tabor Ranch - Private Infrastructure - Phase 1
Project #: 08126
Date: 18-Jul-2024

Lots: 850
Acres: 193.859
Density: 4.385

Section	Item Description	Quantity	Unit	Unit Price	Extended Cost
Grading					
	Rough Grading (ROW + 240') @ 1.5' Depth (78%)	432,600	CY	\$3.50	\$1,514,100
	Lot Fine Grading (Pads & Swales)	850	Lot	\$500	\$425,000
\$2,281	Total Grading Cost per Lot			Total Grading	\$1,939,100
Water					
	Services (Includes Irrigation)	850	Lot	\$1,000	\$850,000
\$1,000	Total Water Cost per Lot			Total Water	\$850,000
Sanitary Sewer					
	Services	850	Lot	\$1,200	\$1,020,000
	Package Treatment Plant (1 LS/350 Lots)	2.4	LS	\$1,040,000	\$2,526,160
\$4,172	Total Sanitary Sewer Cost per Lot			Total Sanitary Sewer	\$3,546,160
\$7,453	CONSTRUCTION HARD COST TOTAL				\$6,335,260
Miscellaneous					
	Engineering/Surveying	8%	LS	\$6,335,260	\$506,821
	Material Testing	4%	LS	\$6,335,260	\$253,410
	City Inspection Fees	3%	LS	\$4,396,160	\$131,885
	Construction Staking	850	Lot	\$100	\$85,000
	Retaining Walls	850	Lot	\$1,000	\$850,000
	Cluster Box Unit Mailboxes (CBU)	850	Lot	\$175	\$148,750
	Franchise Utility Install	850	Lot	\$1,000	\$850,000
	Contingency	15%	LS	\$6,335,260	\$950,289
\$4,443	Total Miscellaneous Cost per Lot			Total Miscellaneous	\$3,776,155
Assumes existing utilities are available to the site and sized appropriately (No Offsite Included)					
Does not include any access improvements for existing oil well sites					
Due to the extreme market volatility that we are presently experiencing from a lack of cement production and resin shortages it is likely that market prices will be 10%-30% higher than shown in this estimate if construction occurs in 2024 or 2025. Petitt-ECD will NOT be responsible for any cost overruns and/or funding shortages.					
TOTAL COST OF CONSTRUCTION BY THIS ESTIMATE					\$10,111,415
TOTAL COST PER LOT OF CONSTRUCTION BY THIS ESTIMATE					\$11,896

APPENDIX C

FORMS OF OPINIONS OF BOND COUNSEL

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[CLOSING DATE]

Norton Rose Fulbright US LLP

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United States

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IN REGARD to the authorization and issuance of the “Denton County, Texas, Senior Lien Special Assessment Revenue Bonds, Series 2024A (Tabor Ranch Public Improvement District Improvement Area #1 Project)” (the “Bonds”), dated December 12, 2024, in the principal amount of \$_____, we have examined the legality and validity of the issuance thereof by Denton County, Texas (the “County”) 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 County, 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 County 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 Master Indenture and the First Supplemental 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 December 31 in each of the years specified in the Bonds, all in accordance with the Master Indenture of Trust (the “Master Indenture”), dated as of December 1, 2024, between the County and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”) and the First Supplemental Indenture of Trust (the “First Supplemental Indenture”), dated as of December 1, 2024, between the County and the Trustee, both approved by the Commissioners Court of the County pursuant to an order (the “Order”) adopted by the Commissioners Court of the County on November 19, 2024 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 Master Indenture and the First Supplemental 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 Master Indenture, the First Supplemental Indenture, the Order and an examination of the initial Bond executed and delivered by the County (which we found to be in due form and properly executed); (ii) certifications of officers of the County relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the County 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.

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright North Africa Inc are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are available at nortonrosefulbright.com.

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 County in accordance with their terms payable solely from the Trust Estate, consisting primarily of a first lien on and pledge of the Pledged Revenues, and the Senior Lien Supplemental Security, all as provided in the Master Indenture and First Supplemental Indenture, 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 County with the provisions of the Master Indenture and the First Supplemental Indenture and in reliance upon representations and certifications of the County 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, individual recipients of Social Security or Railroad Retirement Benefits, corporations subject to the alternative minimum tax on adjusted financial statement income, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, 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.

Norton Rose Fulbright US LLP

[CLOSING DATE]

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IN REGARD to the authorization and issuance of the “Denton County, Texas, Junior Lien Special Assessment Revenue Bonds, Series 2024B (Tabor Ranch Public Improvement District Improvement Area #1 Project)” (the “Bonds”), dated December 12, 2024, in the principal amount of \$_____, we have examined the legality and validity of the issuance thereof by Denton County, Texas (the “County”) 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 County, 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 County 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 Master Indenture and the Second Supplemental 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 December 31 in each of the years specified in the Bonds, all in accordance with the Master Indenture of Trust (the “Master Indenture”), dated as of December 1, 2024, between the County and U.S. Bank of Texas, National Association, as trustee (the “Trustee”) and the Second Supplemental Indenture of Trust (the “Second Supplemental Indenture”), dated as of December 1, 2024, between the County and the Trustee, both approved by the Commissioners Court of the County pursuant to an order (the “Order”) adopted by the Commissioners Court of the County on November 19, 2024 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 Master Indenture and the Second Supplemental 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 Master Indenture, the Second Supplemental Indenture, the Order and an examination of the initial Bond executed and delivered by the County (which we found to be in due form and properly executed); (ii) certifications of officers of the County relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the County 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.

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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 County in accordance with their terms payable solely from the Trust Estate, consisting primarily of a lien on a pledge of the Pledged Revenues subordinate to any Senior Lien Bonds, and the Junior Lien Supplemental Security, all as provided in the Master Indenture and the Second Supplemental Indenture, 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 County with the provisions of the Master Indenture and the Second Supplemental Indenture and in reliance upon representations and certifications of the County 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.

Page 3 of Legal Opinion of Norton Rose Fulbright US LLP

Re: Denton County, Texas, Junior Lien Special Assessment Revenue Bonds, Series 2024B
(Tabor Ranch Public Improvement District Improvement Area #1 Project)

Norton Rose Fulbright US LLP

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APPENDIX D-1

FORM OF COUNTY DISCLOSURE AGREEMENT (SENIOR LIEN)

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**DENTON COUNTY, TEXAS,
SENIOR LIEN SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024A
(TABOR RANCH PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF ISSUER

This Continuing Disclosure Agreement of Issuer, dated as of December 1, 2024 (this “Disclosure Agreement”), is executed and delivered by and among Denton County, Texas (the “Issuer”), Willdan Financial Services (the “Administrator”), and Willdan Financial Services, acting solely in its capacity as dissemination agent (the “Dissemination Agent”), with respect to the Issuer’s “Senior Lien Special Assessment Revenue Bonds, Series 2024A (Tabor Ranch Public Improvement District Improvement Area #1 Project)” (the “Bonds”). The Issuer, the Administrator, and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Administrator, and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Master Indenture of Trust and the First Supplemental Indenture of Trust, each dated as of December 1, 2024, relating to the Bonds (collectively, the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, the following capitalized terms shall have the following meanings:

“Administrator” shall have the meaning assigned to such term in the Indenture. The initial Administrator is Willdan Financial Services.

“Annual Collection Costs” shall have the meaning assigned to such term in the Indenture.

“Annual Collections Report” shall mean any Annual Collections Report provided by the Issuer pursuant to, and as described in, Section 5 of this Disclosure Agreement.

“Annual Collections Report Filing Date” shall mean, for each Fiscal Year succeeding the reporting Fiscal Year, the date that is three (3) months after the Final Assessment Payment Date, which Annual Collections Report Filing Date is currently April 30.

“Annual Financial Information” shall mean annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in subsection 4(a) of this Disclosure Agreement.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Annual Issuer Report” shall mean any Annual Issuer Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Annual Issuer Report Filing Date” shall mean, for each Fiscal Year, the date that is six (6) months after the end of the Issuer’s Fiscal Year, which Annual Issuer Report Filing Date is currently March 31.

“Annual Service Plan Update” shall have the meaning assigned to such term in the Indenture.

“Assessments” shall have the meaning assigned to such term in the Indenture.

“Business Day” shall have the meaning assigned to such term in the Indenture.

“Collections Reporting Date” shall mean, for each Tax Year, the date that is one (1) month after the Delinquency Date, which Collections Reporting Date is currently March 1.

“Delinquency Date” shall mean February 1 of the year following the year in which the Assessments were billed or as may be otherwise defined in Section 31.02 of the Texas Tax Code, as amended.

“Developer” shall mean Tabor 380 Development, LLC, a Texas limited liability company.

“Disclosure Agreement of Developer” shall mean the Continuing Disclosure Agreement of Developer relating to the Bonds, dated as of December 1, 2024, executed and delivered by the Developer, the Administrator, and the Dissemination Agent.

“Disclosure Representative” shall mean the County Judge 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 Willdan Financial Services, 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 Tabor Ranch Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System currently available on the internet at <http://emma.msrb.org>.

“Final Assessment Payment Date” shall mean the calendar day preceding the Delinquency Date.

“Financial Obligation” shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean the Issuer’s fiscal year, currently the twelve-month period from October 1 through September 30.

“Improvement Area #1” shall have the meaning assigned to such term in the Indenture.

“Listed Events” shall mean any of the events listed in subsection 6(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive continuing disclosure reports pursuant to the Rule.

“Outstanding” shall have the meaning assigned to such term in the Indenture.

“Owner” shall have the meaning assigned to such term in the Indenture.

“Participating Underwriter” shall mean FMSbonds, Inc., and its successors and assigns.

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

“Prepayment” shall have the meaning assigned to such term in the Indenture.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SAP Update” shall have the meaning assigned to such term in subsection 4(a)(iii) of this Disclosure Agreement.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“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 and the failure to include the audited financial statements as a part of the Annual Issuer Report shall not violate the Issuer’s obligations under this Disclosure Agreement provided the Issuer provides its audited financial statements within twelve (12) months of the most recently ended Fiscal Year or, if the audited financial statements are not available within such twelve-month period, the Issuer provides unaudited financial statements within such twelve-month period, and provides audited financial statements, when and if available. In each case, the Annual Issuer Report may be submitted as

a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the Issuer's Fiscal Year changes, it shall file notice of such change (including the date of the new Fiscal Year) with the MSRB prior to the next Annual Issuer Report Filing Date. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Not later than ten (10) days prior to the Annual Issuer Report Filing Date, the Issuer shall provide the Annual Issuer Report to the Dissemination Agent together with written direction to file such Annual Issuer Report with the MSRB. The Dissemination Agent shall provide such Annual Issuer Report to the MSRB not later than ten (10) days from receipt of such Annual Issuer Report from the Issuer, but in no event later than the Annual Issuer Report Filing Date for such Fiscal Year.

If by the fifth (5th) day before the Annual Issuer Report Filing Date the Dissemination Agent has not received a copy of the Annual Issuer Report, the Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Issuer Report pursuant to this subsection (a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Issuer Report no later than two (2) Business Days prior to the Annual Issuer Report Filing Date, or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Issuer Report by the Annual Issuer Report Filing Date, state the date by which the Annual Issuer Report for such year will be provided, and instruct the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Issuer Report or the notice of failure to file, as applicable, to the MSRB no later than the Annual Issuer Report Filing Date; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than the last Business Day prior to the Annual Issuer Report Filing Date.

- (b) The Issuer shall or shall cause the Dissemination Agent pursuant to written direction to:
 - (i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Issuer Report; and
 - (ii) file the Annual Issuer Report containing or incorporating by reference the information set forth in Section 4 hereof.

(c) If the Issuer has provided the Dissemination Agent with the completed Annual Issuer Report and the Dissemination Agent has filed such Annual Issuer Report with the MSRB, then the Dissemination Agent shall provide written confirmation to the Issuer verifying that the Annual Issuer Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB, which report shall include a filing receipt from the MSRB.

SECTION 4. Content and Timing of Annual Issuer Reports. The Annual Issuer Report for the Bonds shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Issuer Report Filing Date, the following:

(a) Annual Financial Information. The following Annual Financial Information (any or all of which may be unaudited):

(i) Tables setting forth the following information, as of the end of such Fiscal Year:

(A) For the Bonds, the maturity date(s), the interest rate(s), the original aggregate principal amount(s), the principal amount(s) remaining Outstanding, and the total interest amount due on the aggregate principal amount Outstanding;

(B) The amounts in the funds and accounts securing the Bonds and a description of the related investments;

(C) The assets and liabilities of the Trust Estate.

(ii) Financial information and operating data with respect to the Issuer of the general type and in substantially similar form to that shown in the tables provided under Sections 4(a)(ii) of Exhibit B attached hereto. Such information shall be provided as of the end of the reporting Fiscal Year;

(iii) Any updates to the Service and Assessment Plan, including the Annual Service Plan Update (together, a “SAP Update”);

(iv) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer’s audited financial statements during such Fiscal Year.

(b) 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.

(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.

Upon the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB. The Dissemination Agent shall file such notice no later than three (3) Business Days immediately following the day on which it receives written notice of such occurrence from the Issuer. Any such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Dissemination Agent to disseminate such information as provided herein, and the date the Issuer desires for the Dissemination Agent to disseminate the information.

In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures made under this Section 6. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 6 is filed within ten (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative in writing of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the Disclosure Representative to do so. If the Dissemination Agent has been instructed in writing by the Disclosure Representative on behalf of the Issuer to report the occurrence of a Listed Event under this subsection (b), the Dissemination Agent shall file a notice of such occurrence with the MSRB no later than two (2) Business Days following the day on which it receives such written instructions. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Issuer and not that of the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, "actual knowledge" means the actual fact or statement of knowing,

without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer, the Participating Underwriter, the Trustee, any Owner or beneficial owner of any interests in the Bonds, or any other party as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under number 2, 7, 8 (as to bond calls only), 10, 13, 14, or 15 of subparagraph (a) above is not material under applicable federal securities laws, the Issuer shall promptly, but in no case more than five (5) Business Days after the occurrence of the event, notify the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (b).

SECTION 7. Termination of Reporting Obligations. The obligations of the Issuer, the Administrator, and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent and the Administrator of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. So long as any of the Bonds remain Outstanding, the Administrator and the Dissemination Agent may assume that the Issuer is an obligated person with respect to the Bonds until they receive written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Bonds, and the Dissemination Agent and the Administrator may conclusively rely upon such written notice with no duty to make investigation or inquiry into any statements contained or matters referred to in such written notice. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to the Bonds under Section 6(a).

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Issuer discharges the Dissemination Agent without appointing a successor Dissemination Agent, the Issuer shall use best efforts to appoint a successor Dissemination Agent within 30 days of such discharge. The Dissemination Agent may resign at any time with 30 days' written notice to the Issuer. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer, the Administrator, and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested in writing by the Issuer or the Administrator), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5, or 6(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the delivery of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Financial Information, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 6(a), and (ii) the Annual Financial Information for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Issuer Report, Annual Collections Report, or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Issuer Report, Annual Collections Report, or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Issuer Report, Annual Collections Report, or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Owner or beneficial owner of the Bonds may, and the Dissemination Agent (at the written request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction) shall, take such actions as may be necessary and appropriate to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance. A default under this Disclosure Agreement shall not be deemed a default under the Disclosure Agreement of Developer and a default under the Disclosure Agreement of Developer shall not be deemed a default under this Disclosure Agreement.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. To the extent permitted by law, the Issuer agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees and agents, but only from Annual Collection Costs collected from the property owners in Improvement Area #1, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Dissemination Agent for losses, expenses or liabilities arising from information provided to the Dissemination Agent by the Developer or the failure of the Developer to provide information to the Dissemination Agent as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive termination of this Disclosure Agreement, resignation or removal of the Dissemination Agent, and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. If the Issuer does not provide the Dissemination Agent with the Annual Issuer Report in accordance with subsection 3(a) or the Annual Collections Report in accordance with subsection 5(a), the Dissemination Agent shall not be responsible for the failure to submit an Annual Issuer Report or an Annual Collections Report, as applicable, to the MSRB. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder.

The Dissemination Agent may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its duties hereunder, and the Dissemination Agent shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(b) The Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. To the extent permitted by law, the Issuer agrees to hold harmless the Administrator, its officers, directors, employees and agents, but only from Annual Collection Costs collected from the property owners in Improvement Area #1, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Administrator for losses, expenses or liabilities arising from information provided to the Administrator by third parties, or the failure of any third party to provide information to the Administrator as and when required under this Disclosure Agreement, or the failure of the Developer to provide information to the Administrator as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The

Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

The Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its duties hereunder, and the Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(c) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY PARTY TO THIS DISCLOSURE AGREEMENT, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

SECTION 13. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit D which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments. Failure to adhere to such expected timeline shall not constitute a default by the Issuer under this Disclosure Agreement, the Indenture, the Bonds, or any other document related to the Bonds.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, the Administrator, or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council members, officer, agent or employee of the Issuer, the Administrator, or the Dissemination Agent in other than that person's official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision,

covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 16. Sovereign Immunity. The Dissemination Agent and the Administrator agree that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 17. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Administrator, the Dissemination Agent, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 18. Dissemination Agent and Administrator Compensation. The fees and expenses incurred by the Dissemination Agent and the Administrator for their respective services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent and the Administrator, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in 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 Administrator each respectively makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Disclosure Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Dissemination Agent or Administrator, as applicable, within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Disclosure Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Disclosure Agreement, notwithstanding anything in this Disclosure Agreement to the contrary.

a. Not a Sanctioned Company. The Dissemination Agent and Administrator each respectively represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Dissemination Agent, Administrator and each of their respective parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

b. No Boycott of Israel. The Dissemination Agent and Administrator each respectively hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Disclosure Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

c. No Discrimination Against Firearm Entities. The Dissemination Agent and Administrator each respectively hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Disclosure Agreement. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

d. No Boycott of Energy Companies. The Dissemination Agent and Administrator each respectively hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Disclosure Agreement. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

SECTION 20. Disclosure of Interested Parties. Submitted herewith is a completed Form 1295 in connection with the Dissemination Agent’s and 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 Dissemination Agent and the Administrator, and the Issuer agrees to acknowledge such forms with the TEC through its electronic filing application not later than the thirtieth (30th) day after the receipt of such forms. The Dissemination Agent, 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 each Form 1295; that the information contained in each Form 1295 has been provided solely by the Dissemination Agent and the Administrator, respectively; and, neither the Issuer nor its consultants have verified such information.

SECTION 21. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 22. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. The Issuer, the Administrator, and the Dissemination Agent agree that electronic signatures to this Disclosure Agreement may be regarded as original signatures.

Signature pages follow.

DENTON COUNTY, TEXAS

By: _____
County Judge

WILLDAN FINANCIAL SERVICES
(as Dissemination Agent)

By: _____
Authorized Officer

WILLDAN FINANCIAL SERVICES
(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: Denton County, Texas
Name of Bond Issue: Senior Lien Special Assessment Revenue Bonds, Series 2024A
(Tabor Ranch Public Improvement District Improvement Area #1
Project) (the “Bonds”)
CUSIP Nos. [insert CUSIP NOs.]
Date of Delivery: _____, 20__

NOTICE IS HEREBY GIVEN that Denton County, 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 December 1, 2024, by and among the Issuer, Willdan Financial Services, as “Administrator,” and Willdan Financial Services, as “Dissemination Agent.” The Issuer anticipates that [the Annual Issuer Report][the Annual Collections Report][audited/unaudited financial statements] will be filed by _____.

Dated: _____

Willdan Financial Services,
on behalf of Denton County, Texas
(as Dissemination Agent)

By: _____

Title: _____

cc: Denton County, Texas

EXHIBIT B

**DENTON COUNTY, TEXAS,
SENIOR LIEN SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024A
(TABOR RANCH PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)**

ANNUAL FINANCIAL INFORMATION*

Delivery Date: _____, 20__

CUSIP Nos: [insert CUSIP Nos.]

DISSEMINATION AGENT

Name: Willdan Financial Services
Address: [_____] ☐
City: [] ☐
Telephone: () ____-____
Contact Person: Attn: _____

Section 4(a)(i)(A)

BONDS OUTSTANDING

Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Outstanding Interest Amount
				—
				—
Total				

Section 4(a)(i)(B)

INVESTMENTS

Fund/ Account Name	Investment Description	Par Value ⁽¹⁾	Book Value ⁽¹⁾	Market Value ⁽¹⁾

(1) As such information is provided by the Trustee.

*Excluding audited financial statements of the Issuer

Section 4(a)(i)(C)**ASSETS AND LIABILITIES OF TRUST ESTATE**

Cash Position of Trust Estate for statements dated September 30, 20[]		
[List of Funds/Accounts Held Under Indenture]	Amount In the Fund	
Total		A
Bond Principal Amount Outstanding		B
Outstanding Assessment Amount to be collected		C
Net Position of Trust Estate and Outstanding Bonds and Assessments		A-B+C

September 30, 20[] Trust Statements: ☐ Audited ☐ Unaudited

Accounting Type: ☐ Cash ☐ Accrual ☐ Modified Accrual

Section 4(a)(ii)

FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE AND IN SUBSTANTIALLY SIMILAR FORM PROVIDED IN THE FOLLOWING TABLES AS OF THE END OF THE FISCAL YEAR

Debt Service Requirements on the Bonds

<u>Year Ending</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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Top [Five] Assessment Payers in Improvement Area #1 ⁽¹⁾

<u>Property Owner</u>	<u>No. of</u> <u>Parcels/Lots</u>	<u>Percentage of</u> <u>Parcels/Lots</u>	<u>Outstanding</u> <u>Assessments</u>	<u>Percentage of</u> <u>Total</u> <u>Assessments</u>
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⁽¹⁾ Does not include those owing less than one percent (1%) of total Assessments.

Assessed Value of Improvement Area #1 of the District

The [YEAR] certified total assessed value for the Assessed Property Improvement Area #1 of the District is approximately \$[AMOUNT] according to the Denton Central Appraisal District.

Foreclosure History Related to the Assessments for the Past Five Fiscal Years

Fiscal Year Ended (9/30)	Delinquent Assessment Amount not in Foreclosure Proceedings	Parcels in Foreclosure Proceedings	Delinquent Assessment Amount in Foreclosure Proceedings	Foreclosure Sales	Foreclosure Proceeds Received
20__	\$		\$		\$
20__					
20__					
20__					
20__					

[insert any necessary footnotes]

Collection and Delinquency History of Annual Installments for the Past Five Fiscal Years

Fiscal Year Ended (9/30)	Total Annual Installment Billed	Parcels Levied ⁽¹⁾	Delinquent Amount as of 3/1	Delinquent % as of 3/1	Delinquent Amount as of 9/1	Delinquent % as of 9/1	Total Assessments Collected ⁽²⁾
20__	\$		\$	%	\$	%	\$
20__							
20__							
20__							
20__							

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

⁽²⁾ [Does/does not] include interest and penalties.

Parcel Numbers for Delinquencies Equaling or Exceeding 10% of Annual Installments Due

For the past five Fiscal Years, if the total amount of delinquencies as of September 1 equals or exceeds ten percent (10%) of the amount of Annual Installments due, a list of parcel numbers for which the Annual Installments are delinquent.

Fiscal Year Ended (9/30)	Delinquent % as of 9/1	Parcel Numbers
20__	%	
20__		

History of Prepayment of Assessments for the Past Five Fiscal Years

Fiscal Year Ended (9/30)	Number of Prepayments	Amount of Prepayments	Bond Call Date	Amount of Bonds Redeemed
20__		\$		\$
20__				
20__				
20__				
20__				

[insert any necessary footnotes]

ITEMS REQUIRED BY SECTION 4(a)(iii) - (iv)

[Insert a line item for each applicable listing]

EXHIBIT C

**DENTON COUNTY, TEXAS,
SENIOR LIEN SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024A
(TABOR RANCH PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)**

ANNUAL COLLECTIONS REPORT

Delivery Date: _____, 20__

CUSIP Nos: [insert CUSIP Nos.]

DISSEMINATION AGENT

Name: Willdan Financial Services
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⁾

Succeeding Fiscal Year 20__	Total Annual Installments <u>Levied</u> \$	Parcels <u>Levied</u> ⁽²⁾	Delinquent Amount as <u>of 3/1</u> \$	Delinquent % <u>as of 3/1</u> %	Total Annual Installments <u>Collected</u> ⁽³⁾ \$
-----------------------------------	---	---	--	---------------------------------------	---

⁽¹⁾ Period covered includes October 1, 20__ through March 1, 20__.

⁽²⁾ Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons aged 65 or older, and the disabled, who qualify for an exemption under either Section 11.13(c), 11.32, or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments ("Installment Payments"). Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the Installment Payments are each due before February 1, April 1, June 1, and August 1. Each unpaid Installment Payment is delinquent and incurs penalties and interest if not paid by the applicable date.

⁽³⁾ [Does/does not] include interest and penalties.

Prepayment of Assessments ⁽¹⁾

Succeeding Fiscal Year	Number of <u>Prepayments</u>	Amount of <u>Prepayments</u> \$	<u>Bond Call Date</u>	Amount of Bonds <u>Redeemed</u> \$
---------------------------	---------------------------------	---------------------------------------	-----------------------	---

⁽¹⁾ Period covered includes October 1, 20__ through March 1, 20__.

EXHIBIT D

BASIC EXPECTED TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES¹

<u>Date</u>	<u>Delinquency Clock (Days)</u>	<u>Activity</u>
January 31		Assessments are due.
February 1	1	Assessments delinquent if not received.
March 1	29/30	<p>Immediately upon receipt, but in no event later than March 1, 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 June and December.</p>
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 June and December payments, no further action is anticipated for collection of Assessments except that the Issuer or Administrator, working with the County 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 June and December payments, Issuer and/or Administrator to notify Dissemination Agent in writing for inclusion in the next Annual Report.

Preliminary Foreclosure activity commences in accordance with Tax Assessor/Collector's procedures.

If Dissemination Agent has not received Foreclosure Schedule and Plan of Collections, Dissemination Agent to request same from the Issuer.

If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, Dissemination Agent requests that the Issuer commence foreclosure or provide plan for collection.

August 15

197/198

The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination Agent and the Trustee. The goal for the foreclosure actions is a filing by no later than August 15 (day 197/198).

Foreclosure action to be filed with the court as soon as practicable, in accordance with the Tax Assessor/Collector's procedures.

Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status in writing for inclusion in next Annual Report.

A committee of not less than twenty-five percent (25%) of the Owners may request a meeting with the Issuer to discuss the Issuer's actions in pursuing the repayment of any delinquencies. This would also occur after day thirty (30) if it is apparent that a Reserve Fund draw is required. Further, if delinquencies exceed five percent (5%), Owners may also request a meeting with the Issuer at any time to discuss the Issuer's plan and progress on collection and foreclosure activity. If the Issuer is not diligently proceeding with the foreclosure process, the Owners may seek an action for mandamus or specific performance to direct the Issuer to pursue the collections of delinquent Annual Installments of Assessments.

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APPENDIX D-2

FORM OF COUNTY DISCLOSURE AGREEMENT (JUNIOR LIEN)

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**DENTON COUNTY, TEXAS,
JUNIOR LIEN SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024B
(TABOR RANCH PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF ISSUER

This Continuing Disclosure Agreement of Issuer, dated as of December 1, 2024 (this “Disclosure Agreement”), is executed and delivered by and among Denton County, Texas (the “Issuer”), Willdan Financial Services (the “Administrator”), and Willdan Financial Services, acting solely in its capacity as dissemination agent (the “Dissemination Agent”), with respect to the Issuer’s “Junior Lien Special Assessment Revenue Bonds, Series 2024B (Tabor Ranch Public Improvement District Improvement Area #1 Project)” (the “Bonds”). The Issuer, the Administrator, and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Administrator, and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Master Indenture of Trust and the Second Supplemental Indenture of Trust, each dated as of December 1, 2024, relating to the Bonds (collectively, the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, the following capitalized terms shall have the following meanings:

“Administrator” shall have the meaning assigned to such term in the Indenture. The initial Administrator is Willdan Financial Services.

“Annual Collection Costs” shall have the meaning assigned to such term in the Indenture.

“Annual Collections Report” shall mean any Annual Collections Report provided by the Issuer pursuant to, and as described in, Section 5 of this Disclosure Agreement.

“Annual Collections Report Filing Date” shall mean, for each Fiscal Year succeeding the reporting Fiscal Year, the date that is three (3) months after the Final Assessment Payment Date, which Annual Collections Report Filing Date is currently April 30.

“Annual Financial Information” shall mean annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in subsection 4(a) of this Disclosure Agreement.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Annual Issuer Report” shall mean any Annual Issuer Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Annual Issuer Report Filing Date” shall mean, for each Fiscal Year, the date that is six (6) months after the end of the Issuer’s Fiscal Year, which Annual Issuer Report Filing Date is currently March 31.

“Annual Service Plan Update” shall have the meaning assigned to such term in the Indenture.

“Assessments” shall have the meaning assigned to such term in the Indenture.

“Business Day” shall have the meaning assigned to such term in the Indenture.

“Collections Reporting Date” shall mean, for each Tax Year, the date that is one (1) month after the Delinquency Date, which Collections Reporting Date is currently March 1.

“Delinquency Date” shall mean February 1 of the year following the year in which the Assessments were billed or as may be otherwise defined in Section 31.02 of the Texas Tax Code, as amended.

“Developer” shall mean Tabor 380 Development, LLC, a Texas limited liability company.

“Disclosure Agreement of Developer” shall mean the Continuing Disclosure Agreement of Developer relating to the Bonds, dated as of December 1, 2024, executed and delivered by the Developer, the Administrator, and the Dissemination Agent.

“Disclosure Representative” shall mean the County Judge 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 Willdan Financial Services, 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 Tabor Ranch Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System currently available on the internet at <http://emma.msrb.org>.

“Final Assessment Payment Date” shall mean the calendar day preceding the Delinquency Date.

“Financial Obligation” shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean the Issuer’s fiscal year, currently the twelve-month period from October 1 through September 30.

“Improvement Area #1” shall have the meaning assigned to such term in the Indenture.

“Listed Events” shall mean any of the events listed in subsection 6(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive continuing disclosure reports pursuant to the Rule.

“Outstanding” shall have the meaning assigned to such term in the Indenture.

“Owner” shall have the meaning assigned to such term in the Indenture.

“Participating Underwriter” shall mean FMSbonds, Inc., and its successors and assigns.

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

“Prepayment” shall have the meaning assigned to such term in the Indenture.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SAP Update” shall have the meaning assigned to such term in subsection 4(a)(iii) of this Disclosure Agreement.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“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 and the failure to include the audited financial statements as a part of the Annual Issuer Report shall not violate the Issuer’s obligations under this Disclosure Agreement provided the Issuer provides its audited financial statements within twelve (12) months of the most recently ended Fiscal Year or, if the audited financial statements are not available within such twelve-month period, the Issuer provides unaudited financial statements within such twelve-month period, and provides audited financial statements, when and if available. In each case, the Annual Issuer Report may be submitted as

a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the Issuer's Fiscal Year changes, it shall file notice of such change (including the date of the new Fiscal Year) with the MSRB prior to the next Annual Issuer Report Filing Date. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Not later than ten (10) days prior to the Annual Issuer Report Filing Date, the Issuer shall provide the Annual Issuer Report to the Dissemination Agent together with written direction to file such Annual Issuer Report with the MSRB. The Dissemination Agent shall provide such Annual Issuer Report to the MSRB not later than ten (10) days from receipt of such Annual Issuer Report from the Issuer, but in no event later than the Annual Issuer Report Filing Date for such Fiscal Year.

If by the fifth (5th) day before the Annual Issuer Report Filing Date the Dissemination Agent has not received a copy of the Annual Issuer Report, the Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Issuer Report pursuant to this subsection (a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Issuer Report no later than two (2) Business Days prior to the Annual Issuer Report Filing Date, or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Issuer Report by the Annual Issuer Report Filing Date, state the date by which the Annual Issuer Report for such year will be provided, and instruct the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Issuer Report or the notice of failure to file, as applicable, to the MSRB no later than the Annual Issuer Report Filing Date; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than the last Business Day prior to the Annual Issuer Report Filing Date.

- (b) The Issuer shall or shall cause the Dissemination Agent pursuant to written direction to:
 - (i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Issuer Report; and
 - (ii) file the Annual Issuer Report containing or incorporating by reference the information set forth in Section 4 hereof.

(c) If the Issuer has provided the Dissemination Agent with the completed Annual Issuer Report and the Dissemination Agent has filed such Annual Issuer Report with the MSRB, then the Dissemination Agent shall provide written confirmation to the Issuer verifying that the Annual Issuer Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB, which report shall include a filing receipt from the MSRB.

SECTION 4. Content and Timing of Annual Issuer Reports. The Annual Issuer Report for the Bonds shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Issuer Report Filing Date, the following:

(a) Annual Financial Information. The following Annual Financial Information (any or all of which may be unaudited):

(i) Tables setting forth the following information, as of the end of such Fiscal Year:

(A) For the Bonds, the maturity date(s), the interest rate(s), the original aggregate principal amount(s), the principal amount(s) remaining Outstanding, and the total interest amount due on the aggregate principal amount Outstanding;

(B) The amounts in the funds and accounts securing the Bonds and a description of the related investments;

(C) The assets and liabilities of the Trust Estate.

(ii) Financial information and operating data with respect to the Issuer of the general type and in substantially similar form to that shown in the tables provided under Sections 4(a)(ii) of Exhibit B attached hereto. Such information shall be provided as of the end of the reporting Fiscal Year;

(iii) Any updates to the Service and Assessment Plan, including the Annual Service Plan Update (together, a “SAP Update”);

(iv) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer’s audited financial statements during such Fiscal Year.

(b) 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.

(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.

Upon the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB. The Dissemination Agent shall file such notice no later than three (3) Business Days immediately following the day on which it receives written notice of such occurrence from the Issuer. Any such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Dissemination Agent to disseminate such information as provided herein, and the date the Issuer desires for the Dissemination Agent to disseminate the information.

In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures made under this Section 6. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 6 is filed within ten (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative in writing of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the Disclosure Representative to do so. If the Dissemination Agent has been instructed in writing by the Disclosure Representative on behalf of the Issuer to report the occurrence of a Listed Event under this subsection (b), the Dissemination Agent shall file a notice of such occurrence with the MSRB no later than two (2) Business Days following the day on which it receives such written instructions. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Issuer and not that of the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, "actual knowledge" means the actual fact or statement of knowing,

without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer, the Participating Underwriter, the Trustee, any Owner or beneficial owner of any interests in the Bonds, or any other party as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under number 2, 7, 8 (as to bond calls only), 10, 13, 14, or 15 of subparagraph (a) above is not material under applicable federal securities laws, the Issuer shall promptly, but in no case more than five (5) Business Days after the occurrence of the event, notify the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (b).

SECTION 7. Termination of Reporting Obligations. The obligations of the Issuer, the Administrator, and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent and the Administrator of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. So long as any of the Bonds remain Outstanding, the Administrator and the Dissemination Agent may assume that the Issuer is an obligated person with respect to the Bonds until they receive written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Bonds, and the Dissemination Agent and the Administrator may conclusively rely upon such written notice with no duty to make investigation or inquiry into any statements contained or matters referred to in such written notice. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to the Bonds under Section 6(a).

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Issuer discharges the Dissemination Agent without appointing a successor Dissemination Agent, the Issuer shall use best efforts to appoint a successor Dissemination Agent within 30 days of such discharge. The Dissemination Agent may resign at any time with 30 days' written notice to the Issuer. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer, the Administrator, and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested in writing by the Issuer or the Administrator), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5, or 6(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the delivery of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Financial Information, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 6(a), and (ii) the Annual Financial Information for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Issuer Report, Annual Collections Report, or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Issuer Report, Annual Collections Report, or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Issuer Report, Annual Collections Report, or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Owner or beneficial owner of the Bonds may, and the Dissemination Agent (at the written request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction) shall, take such actions as may be necessary and appropriate to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance. A default under this Disclosure Agreement shall not be deemed a default under the Disclosure Agreement of Developer and a default under the Disclosure Agreement of Developer shall not be deemed a default under this Disclosure Agreement.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. To the extent permitted by law, the Issuer agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees and agents, but only from Annual Collection Costs collected from the property owners in Improvement Area #1, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Dissemination Agent for losses, expenses or liabilities arising from information provided to the Dissemination Agent by the Developer or the failure of the Developer to provide information to the Dissemination Agent as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive termination of this Disclosure Agreement, resignation or removal of the Dissemination Agent, and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. If the Issuer does not provide the Dissemination Agent with the Annual Issuer Report in accordance with subsection 3(a) or the Annual Collections Report in accordance with subsection 5(a), the Dissemination Agent shall not be responsible for the failure to submit an Annual Issuer Report or an Annual Collections Report, as applicable, to the MSRB. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder.

The Dissemination Agent may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its duties hereunder, and the Dissemination Agent shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(b) The Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. To the extent permitted by law, the Issuer agrees to hold harmless the Administrator, its officers, directors, employees and agents, but only from Annual Collection Costs collected from the property owners in Improvement Area #1, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Administrator for losses, expenses or liabilities arising from information provided to the Administrator by third parties, or the failure of any third party to provide information to the Administrator as and when required under this Disclosure Agreement, or the failure of the Developer to provide information to the Administrator as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The

Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

The Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its duties hereunder, and the Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(c) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY PARTY TO THIS DISCLOSURE AGREEMENT, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

SECTION 13. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit D which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments. Failure to adhere to such expected timeline shall not constitute a default by the Issuer under this Disclosure Agreement, the Indenture, the Bonds, or any other document related to the Bonds.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, the Administrator, or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council members, officer, agent or employee of the Issuer, the Administrator, or the Dissemination Agent in other than that person's official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision,

covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 16. Sovereign Immunity. The Dissemination Agent and the Administrator agree that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 17. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Administrator, the Dissemination Agent, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 18. Dissemination Agent and Administrator Compensation. The fees and expenses incurred by the Dissemination Agent and the Administrator for their respective services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent and the Administrator, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in 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 Administrator each respectively makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Disclosure Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Dissemination Agent or Administrator, as applicable, within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Disclosure Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Disclosure Agreement, notwithstanding anything in this Disclosure Agreement to the contrary.

a. Not a Sanctioned Company. The Dissemination Agent and Administrator each respectively represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Dissemination Agent, Administrator and each of their respective parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

b. No Boycott of Israel. The Dissemination Agent and Administrator each respectively hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Disclosure Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

c. No Discrimination Against Firearm Entities. The Dissemination Agent and Administrator each respectively hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Disclosure Agreement. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

d. No Boycott of Energy Companies. The Dissemination Agent and Administrator each respectively hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Disclosure Agreement. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

SECTION 20. Disclosure of Interested Parties. Submitted herewith is a completed Form 1295 in connection with the Dissemination Agent’s and 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 Dissemination Agent and the Administrator, and the Issuer agrees to acknowledge such forms with the TEC through its electronic filing application not later than the thirtieth (30th) day after the receipt of such forms. The Dissemination Agent, 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 each Form 1295; that the information contained in each Form 1295 has been provided solely by the Dissemination Agent and the Administrator, respectively; and, neither the Issuer nor its consultants have verified such information.

SECTION 21. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 22. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. The Issuer, the Administrator, and the Dissemination Agent agree that electronic signatures to this Disclosure Agreement may be regarded as original signatures.

Signature pages follow.

DENTON COUNTY, TEXAS

By: _____
County Judge

WILLDAN FINANCIAL SERVICES
(as Dissemination Agent)

By: _____
Authorized Officer

WILLDAN FINANCIAL SERVICES
(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: Denton County, Texas
Name of Bond Issue: Junior Lien Special Assessment Revenue Bonds, Series 2024B
(Tabor Ranch Public Improvement District Improvement Area #1
Project) (the “Bonds”)
CUSIP Nos. [insert CUSIP NOs.]
Date of Delivery: _____, 20__

NOTICE IS HEREBY GIVEN that Denton County, 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 December 1, 2024, by and among the Issuer, Willdan Financial Services, as “Administrator,” and Willdan Financial Services, as “Dissemination Agent.” The Issuer anticipates that [the Annual Issuer Report][the Annual Collections Report][audited/unaudited financial statements] will be filed by _____.

Dated: _____

Willdan Financial Services,
on behalf of Denton County, Texas
(as Dissemination Agent)

By: _____

Title: _____

cc: Denton County, Texas

EXHIBIT B

**DENTON COUNTY, TEXAS,
JUNIOR LIEN SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024B
(TABOR RANCH PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)**

ANNUAL FINANCIAL INFORMATION*

Delivery Date: _____, 20__

CUSIP Nos: [insert CUSIP Nos.]

DISSEMINATION AGENT

Name: Willdan Financial Services
Address: [_____] ☐
City: [] ☐
Telephone: () ____-____
Contact Person: Attn: _____

Section 4(a)(i)(A)

BONDS OUTSTANDING

Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Outstanding Interest Amount
				—
				—
Total				

Section 4(a)(i)(B)

INVESTMENTS

Fund/ Account Name	Investment Description	Par Value ⁽¹⁾	Book Value ⁽¹⁾	Market Value ⁽¹⁾

(1) As such information is provided by the Trustee.

*Excluding audited financial statements of the Issuer

Section 4(a)(i)(C)**ASSETS AND LIABILITIES OF TRUST ESTATE**

Cash Position of Trust Estate for statements dated September 30, 20[]		
[List of Funds/Accounts Held Under Indenture]	Amount In the Fund	
Total		A
Bond Principal Amount Outstanding		B
Outstanding Assessment Amount to be collected		C
Net Position of Trust Estate and Outstanding Bonds and Assessments		A-B+C

September 30, 20[] Trust Statements: ☐ Audited ☐ Unaudited

Accounting Type: ☐ Cash ☐ Accrual ☐ Modified Accrual

Section 4(a)(ii)

FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE AND IN SUBSTANTIALLY SIMILAR FORM PROVIDED IN THE FOLLOWING TABLES AS OF THE END OF THE FISCAL YEAR

Debt Service Requirements on the Bonds

<u>Year Ending</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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Top [Five] Assessment Payers in Improvement Area #1 ⁽¹⁾

<u>Property Owner</u>	<u>No. of</u> <u>Parcels/Lots</u>	<u>Percentage of</u> <u>Parcels/Lots</u>	<u>Outstanding</u> <u>Assessments</u>	<u>Percentage of</u> <u>Total</u> <u>Assessments</u>
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⁽¹⁾ Does not include those owing less than one percent (1%) of total Assessments.

Assessed Value of Improvement Area #1 of the District

The [YEAR] certified total assessed value for the Assessed Property Improvement Area #1 of the District is approximately \$[AMOUNT] according to the Denton Central Appraisal District.

Foreclosure History Related to the Assessments for the Past Five Fiscal Years

Fiscal Year Ended (9/30)	Delinquent Assessment Amount not in Foreclosure Proceedings	Parcels in Foreclosure Proceedings	Delinquent Assessment Amount in Foreclosure Proceedings	Foreclosure Sales	Foreclosure Proceeds Received
20__	\$		\$		\$
20__					
20__					
20__					
20__					

[insert any necessary footnotes]

Collection and Delinquency History of Annual Installments for the Past Five Fiscal Years

Fiscal Year Ended (9/30)	Total Annual Installment Billed	Parcels Levied ⁽¹⁾	Delinquent Amount as of 3/1	Delinquent % as of 3/1	Delinquent Amount as of 9/1	Delinquent % as of 9/1	Total Assessments Collected ⁽²⁾
20__	\$		\$	%	\$	%	\$
20__							
20__							
20__							
20__							

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

⁽²⁾ [Does/does not] include interest and penalties.

Parcel Numbers for Delinquencies Equaling or Exceeding 10% of Annual Installments Due

For the past five Fiscal Years, if the total amount of delinquencies as of September 1 equals or exceeds ten percent (10%) of the amount of Annual Installments due, a list of parcel numbers for which the Annual Installments are delinquent.

Fiscal Year Ended (9/30)	Delinquent % as of 9/1	Parcel Numbers
20__	%	
20__		

History of Prepayment of Assessments for the Past Five Fiscal Years

Fiscal Year Ended (9/30)	Number of Prepayments	Amount of Prepayments	Bond Call Date	Amount of Bonds Redeemed
20__		\$		\$
20__				
20__				
20__				
20__				

[insert any necessary footnotes]

ITEMS REQUIRED BY SECTION 4(a)(iii) - (iv)

[Insert a line item for each applicable listing]

EXHIBIT C

**DENTON COUNTY, TEXAS,
JUNIOR LIEN SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024B
(TABOR RANCH PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)**

ANNUAL COLLECTIONS REPORT

Delivery Date: _____, 20__

CUSIP Nos: [insert CUSIP Nos.]

DISSEMINATION AGENT

Name: Willdan Financial Services
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⁾

Succeeding Fiscal Year 20__	Total Annual Installments <u>Levied</u> \$	Parcels <u>Levied</u> ⁽²⁾	Delinquent Amount as <u>of 3/1</u> \$	Delinquent % <u>as of 3/1</u> %	Total Annual Installments <u>Collected</u> ⁽³⁾ \$
-----------------------------------	---	---	--	---------------------------------------	---

⁽¹⁾ Period covered includes October 1, 20__ through March 1, 20__.

⁽²⁾ Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons aged 65 or older, and the disabled, who qualify for an exemption under either Section 11.13(c), 11.32, or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments ("Installment Payments"). Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the Installment Payments are each due before February 1, April 1, June 1, and August 1. Each unpaid Installment Payment is delinquent and incurs penalties and interest if not paid by the applicable date.

⁽³⁾ [Does/does not] include interest and penalties.

Prepayment of Assessments ⁽¹⁾

Succeeding Fiscal Year	Number of <u>Prepayments</u>	Amount of <u>Prepayments</u> \$	<u>Bond Call Date</u>	Amount of Bonds <u>Redeemed</u> \$
---------------------------	---------------------------------	---------------------------------------	-----------------------	---

⁽¹⁾ Period covered includes October 1, 20__ through March 1, 20__.

EXHIBIT D

BASIC EXPECTED TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES¹

<u>Date</u>	<u>Delinquency Clock (Days)</u>	<u>Activity</u>
January 31		Assessments are due.
February 1	1	Assessments delinquent if not received.
March 1	29/30	<p>Immediately upon receipt, but in no event later than March 1, 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 June and December.</p>
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 June and December payments, no further action is anticipated for collection of Assessments except that the Issuer or Administrator, working with the County 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 June and December payments, Issuer and/or Administrator to notify Dissemination Agent in writing for inclusion in the next Annual Report.

Preliminary Foreclosure activity commences in accordance with Tax Assessor/Collector's procedures.

If Dissemination Agent has not received Foreclosure Schedule and Plan of Collections, Dissemination Agent to request same from the Issuer.

If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, Dissemination Agent requests that the Issuer commence foreclosure or provide plan for collection.

August 15

197/198

The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination Agent and the Trustee. The goal for the foreclosure actions is a filing by no later than August 15 (day 197/198).

Foreclosure action to be filed with the court as soon as practicable, in accordance with the Tax Assessor/Collector's procedures.

Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status in writing for inclusion in next Annual Report.

A committee of not less than twenty-five percent (25%) of the Owners may request a meeting with the Issuer to discuss the Issuer's actions in pursuing the repayment of any delinquencies. This would also occur after day thirty (30) if it is apparent that a Reserve Fund draw is required. Further, if delinquencies exceed five percent (5%), Owners may also request a meeting with the Issuer at any time to discuss the Issuer's plan and progress on collection and foreclosure activity. If the Issuer is not diligently proceeding with the foreclosure process, the Owners may seek an action for mandamus or specific performance to direct the Issuer to pursue the collections of delinquent Annual Installments of Assessments.

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APPENDIX D-3

FORM OF DEVELOPER DISCLOSURE AGREEMENT (SENIOR LIEN)

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**DENTON COUNTY, TEXAS,
SENIOR LIEN SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024A
(TABOR RANCH PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER

This Continuing Disclosure Agreement of Developer dated as of December 1, 2024 (this “Disclosure Agreement”), is executed and delivered by and among Tabor 380 Development, LLC, a Texas limited liability company (the “Developer”), Willdan Financial Services (the “Administrator”), and Willdan Financial Services, acting solely in its capacity as dissemination agent (the “Dissemination Agent”) with respect to the captioned bonds (the “Bonds”). The Developer, the Administrator, and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Developer, the Administrator, and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust, dated as of December 1, 2024 (the “Master Indenture”), as supplemented by the First Supplemental Indenture of Trust, dated as of December 1, 2024 (together with the Master Indenture, the “Indenture”) relating to the Bonds, which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, the following capitalized terms shall have the following meanings:

“Administrator” shall have the meaning assigned to such term in the Indenture. The Issuer has selected Willdan Financial Services, as the initial Administrator.

“Affiliate” shall mean an entity that owns property within Improvement Area #1 of the District and is controlled by, controls, or is under common control with the Developer, or any Homebuilder.

“Amenities” shall mean an amenity center which includes a lagoon style water park, lazy river and serenity beach, open space, and an event park.

“Annual Collection Costs” shall have the meaning assigned to such term in the Indenture.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Assessments” shall have the meaning assigned to such term in the Indenture.

“Business Day” shall have the meaning assigned to such term in the Indenture.

“Certification Letter” shall mean a certification letter provided by the Developer or Homebuilder, if any, pursuant to Section 3, in substantially the form attached as Exhibit D.

“Developer” shall mean Tabor 380 Development, LLC, a Texas limited liability company, its successors and assigns, including any Affiliate of the Developer.

“Developer Listed Events” shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

“Disclosure Agreement of Issuer” shall mean the Continuing Disclosure Agreement of Issuer with respect to the Bonds dated as of even date herewith executed and delivered by the Issuer, the Administrator, and the Dissemination Agent.

“Dissemination Agent” shall mean Willdan Financial Services, 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 Tabor Ranch Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System administered by the MSRB which, as of the date of this Disclosure Agreement, is available on the internet at <http://emma.msrb.org>.

“Homebuilder(s)” shall mean any merchant homebuilder who enters into 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 Denton County, Texas.

“Junior Lien Improvement Area #1 Bonds” means the Denton County, Texas, Junior Lien Special Assessment Revenue Bonds, Series 2024B (Tabor Ranch Public Improvement District Improvement Area #1 Project).

“Junior Lien Improvement Area #1 Indenture” means the Master Indenture as supplemented by the Second Supplemental Indenture of Trust, dated as of December 1, 2024, relating to the Junior Lien Improvement Area #1 Bonds.

“Junior Lien Improvement Area #1 Projects Account” shall have the meaning assigned to such term in the Junior Lien Improvement Area #1 Indenture.

“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.

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

“Quarterly Ending Date” shall mean each March 31, June 30, September 30 and December 31, beginning March 31, 2025.

“Quarterly Filing Date” shall mean for each Quarterly Ending Date, the fifteenth calendar day of the second month following such Quarterly Ending Date being February 15, May 15, August 15, November 15.

“Quarterly Information” shall have the meaning assigned to such term in Section 3 of this Disclosure Agreement.

“Quarterly Report” shall mean any Quarterly Report described in Section 3 of this Disclosure Agreement and substantially similar to that attached as Exhibit A hereto.

“Reporting Party” shall mean, collectively, the Developer and any Significant Homebuilder who has acknowledged and assumed reporting obligations in accordance with Section 6 of this Disclosure Agreement.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Significant Homebuilder” shall mean a Homebuilder that then owns 85 or more of the single family residential lots within Improvement Area #1 of the District.

“Significant Homebuilder Listed Events” shall mean any of the events listed in Section 4(b) of this Disclosure Agreement.

“Trustee” shall have the meaning assigned to such term in the Indenture.

SECTION 3. Quarterly Reports.

(a) The Developer and any Significant Homebuilder that is a Reporting Party, with respect to its acquired real property, shall, at its cost and expense, provide, or cause to be provided, to the Administrator, not more than ten (10) days after each Quarterly Ending Date, beginning with March 31, 2025, 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 a Significant Homebuilder Acknowledgement (as defined herein) 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 direct 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, with a copy to each Reporting Party, 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 a Reporting Party is providing Quarterly Information on behalf of any other Reporting Party.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the applicable Reporting Party desires to make, the written authorization of such Reporting Party for the Dissemination Agent to disseminate such information as provided herein, and the date the Reporting Party desires for the Dissemination Agent to disseminate the information.

In all cases, the applicable Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures. In addition, the applicable Reporting Party shall have the sole responsibility to ensure that any notice required to be filed with the MSRB under this Section 4 is actually filed within ten (10) Business Days after such Reporting Party becomes aware of the Listed Event applicable to such Reporting Party.

(d) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event, notify in writing the Administrator and the applicable Reporting Party of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the applicable Reporting Party to do so. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Reporting Party and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the applicable Reporting Party as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, "actual knowledge" means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Participating Underwriter, the Administrator, the Issuer, any Reporting Party or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(e) If the Dissemination Agent has been notified in writing by a Reporting Party to report the occurrence of a Listed Event in accordance with subsections (c) or (d) of this Section 4, the Dissemination Agent shall file a notice of such occurrence with the MSRB promptly after its receipt of such written instructions from such Reporting Party; provided that all such notices must be filed no later than the date specified in subsection (c) of this Section 4 for such Listed Event.

SECTION 5. Assumption of Reporting Obligations of Developer.

The Developer shall cause each Person who, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Improvement Area #1 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 Projects 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 E (the “Significant Homebuilder Acknowledgment”), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Section 4(a)(ix) above, the Developer shall direct the Dissemination Agent to file a copy of the Significant Homebuilder Acknowledgment with the MSRB, in accordance with Sections 4(c) above. Upon any such transfer to a Significant Homebuilder, and such Significant Homebuilder’s delivery of written acknowledgement of assumption of the Developer’s obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. The Developer shall remain obligated with respect to any real property acquired by a Significant Homebuilder until an acknowledgment of assignment with respect to such real property is delivered to the Dissemination Agent, Administrator, the Issuer and the MSRB, in accordance with this Section 6(b).

(c) Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Significant Homebuilder arising from or in connection with such disclosure obligations under this Disclosure Agreement.

SECTION 7. Termination of Reporting Obligations.

(a) The reporting obligations of a Reporting Party under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, (ii) when the Reporting Party, including their respective affiliates and/or successors and assigns, no longer owns 85 or more single family residential lots within Improvement Area #1, as of each Quarterly Ending Date, or (iii) the Issuer's issuance of the certificate of occupancy for the last single family residential lot or Parcel owned by the Reporting Party, including their respective Affiliates and/or successors and assigns, respectively; provided, however, if the Developer elects to provide any or all Quarterly Information on behalf of a Significant Homebuilder in accordance with Section 6(a) above, the reporting obligations of the Developer under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, (ii) when the Developer and such Significant Homebuilder(s) (on behalf of whom the Developer is reporting), including their respective affiliates and/or successors and assigns, collectively no longer own 85 or more single family residential lots within Improvement Area #1, as of each Quarterly Ending Date, or (iii) the Issuer's issuance of the certificate of occupancy for the last single family residential lot or Parcel owned by the Developer and such Significant Homebuilder(s) (on behalf of whom the Developer is reporting), including their respective affiliates and/or successors and assigns.

(b) Upon receipt of written notice from a Reporting Party or the Dissemination Agent that the reporting obligations of a Reporting Party have terminated in accordance with subsection (a) of this Section 7, the Administrator shall provide written notice to the applicable Reporting Party, the Participating Underwriter, the Issuer, and the Dissemination Agent in substantially the form attached as Exhibit C, thereby terminating such Reporting Party's reporting obligations under this Disclosure Agreement (the "Termination Notice"). If such Termination Notice with respect to a Reporting Party occurs while any of the Bonds remain Outstanding, the Administrator shall immediately provide, or cause to be provided, the Termination Notice to the Dissemination Agent, and the Dissemination Agent shall provide such Termination Notice to the MSRB, 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 and any other Reporting Party 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 Reporting Party of any change in the identity of the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be Willdan Financial Services.

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 a Reporting Party, or the type of business conducted; and

(b) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

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 a Reporting Party from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in addition to that which is required by this Disclosure Agreement. If any Reporting Party chooses to include any information in any Quarterly Report or notice of occurrence of a Developer Listed Event or Significant Homebuilder Listed Event, as applicable, in addition to that which is specifically required by this Disclosure Agreement, such Reporting Party 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 on their behalf by a Reporting Party provided hereunder.

SECTION 12. Default. In the event of a failure of any Reporting Party or the Administrator to comply with any provision of this Disclosure Agreement, (i) the Dissemination Agent or any Owner or beneficial owner of the Bonds may, and (ii) at the request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction, the Dissemination Agent shall take such actions as may be necessary and appropriate to cause the applicable Reporting Party, and/or the Administrator to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of a Reporting Party, or the Administrator to comply with this Disclosure Agreement shall be an action to mandamus or specific performance. A default under this Disclosure Agreement by any Reporting Party shall not be deemed a default under the Disclosure Agreement of Issuer by the Issuer, and a default under the Disclosure Agreement of Issuer by the Issuer shall not be deemed a default under this Disclosure Agreement by any Reporting Party or the Administrator. Additionally, a default by any Reporting Party of its obligations under this Disclosure Agreement shall not be deemed a default by any other Reporting Party of under this Disclosure Agreement.

SECTION 13. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Quarterly Report) prepared by the Developer, Significant Homebuilder, and/or the Administrator pursuant to this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. The Developer agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees, and agents against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Developer under this Section shall survive termination of this Disclosure Agreement, resignation or removal of the Dissemination Agent, and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Dissemination Agent shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Dissemination Agent hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Dissemination Agent and believed to be genuine and to have been signed or presented by the proper party or parties.

(b) Except as otherwise provided herein, the Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. The Developer agrees to

hold harmless the Administrator, its officers, directors, employees, and agents against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's breach, negligence, or willful misconduct. The obligations of the Developer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

(c) The Dissemination Agent or the Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent and Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(d) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, THE DEVELOPER, OR ANY SIGNIFICANT HOMEBUILDER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY OTHER PARTY TO THIS DISCLOSURE AGREEMENT OR A SIGNIFICANT HOMEBUILDER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION, EXCEPT AS DESCRIBED IN SECTION 12 WITH RESPECT TO THE DISSEMINATION AGENT.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation, or agreement of any Reporting Party, the Administrator, or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation, or agreement of any present or future officer, agent, or employee of the Reporting Party, the Administrator, or 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 Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in Improvement Area #1, for the fees and expenses for its services rendered in accordance with this Disclosure Agreement.

SECTION 18. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of Improvement Area #1, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

SECTION 19. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 20. Notice. Any written notice required to be given or made hereunder among or between any of the Parties and/or Participating Underwriter, shall be given or made by e-mail, facsimile, hand delivery, overnight courier, or by United States mail, certified or registered mail, return receipt requested, postage prepaid, at the addresses listed below or at such other addresses as any be specified in writing by any party hereto to the other parties hereto. If the required notice is provided or delivered by e-mail, the sender must request a delivery receipt from the recipient confirming that the e-mail was delivered with such notice. Failure to provide proof of delivery receipt does not constitute a breach or default under this Disclosure Agreement.

If to Developer:

Tabor 380 Development, LLC
Attn: Jonathan Jobe
520 Hawkins Run Road
Midlothian, Texas 76065
Email: jjjobe@alluviumdevelopment.com

With a copy to: Winstead PC
Attn: Ross Martin
500 Winstead Building
2728 N. Harwood Street
Dallas, Texas 75201
E-mail: rmartin@winstead.com

If to the Dissemination Agent or
Trustee: Willdan Financial Services
Attn: Mike Medve
27368 Via Industria, Suite 200
Temecula, California 92590
E-mail: mmedve@willdan.com

If to Administrator: Willdan Financial Services
Attn: Mike Medve
27368 Via Industria, Suite 200
Temecula, California 92590
E-mail: mmedve@willdan.com

If to the Issuer: Denton County, Texas
Attn: Andy Eads
1450 E. McKinney Street
Denton, Texas 76209
Email: andy.eads@dentoncounty.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.

WILLDAN FINANCIAL SERVICES,
as Dissemination Agent

By: _____
Authorized Officer

DEVELOPER:

TABOR 380 DEVELOPMENT, LLC, a Texas
limited liability company

By: Alluvium Development, Inc., a Texas
corporation

By: _____
Jonathan Jobe, President

WILLDAN FINANCIAL SERVICES,
as Administrator

By:_____

Name:_____

Title:_____

EXHIBIT A

**DENTON COUNTY, TEXAS,
SENIOR LIEN SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024A
(TABOR RANCH PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)**

**DEVELOPER QUARTERLY REPORT
[INSERT QUARTERLY ENDING DATE]**

Delivery Date: _____, 20__

CUSIP Numbers: [Insert CUSIP Numbers]

DISSEMINATION AGENT

Name: Willdan Financial Services

Address:

City:

Telephone:

Contact Person: Attn:

I. Expenditures Paid from Accounts under Indenture and Junior Lien Improvement Area #1 Indenture

TOTAL BUDGETED COSTS REQUIRED TO COMPLETE IMPROVEMENT AREA #1 PROJECTS: \$ _____

Of the budgeted costs for Improvement Area #1 Projects shown in the Service and Assessment Plan:

1. Actual costs drawn from the Senior Lien Improvement Area #1 Projects Account:
\$ _____
2. Actual costs drawn from the Junior Lien Improvement Area #1 Projects Account:
\$ _____

II. Status of Improvement Area #1 Projects

Projected/actual completion date of the Improvement Area #1 Projects

1. [Actual/Expected] date of completion of the Improvement Area #1 Projects:
[_____]
2. Explanation of any delay/change in projected completion date since last Quarterly Report was filed: [_____]

III. Unit Mix in Improvement Area #1

Product Type	Number of Units
Single Family _____	
Single Family _____	

IV. Lot Status in Improvement Area #1

Of the 850 lots in Improvement Area #1, what is the status:

1. Planned lots as of the date of issuance of the Bonds: 850
2. Planned lots as of the date of this Quarterly Report: _____
3. Lots developed: _____
4. Lots platted: _____
5. Expected completion date of all lots in Improvement Area #1 (if incomplete):

V. Ownership of Lots/Units in Improvement Area #1

PLANNED LOTS IN IMPROVEMENT AREA #1: 850

Of the 850 lots in Improvement Area #1:

1. Number of lots owned by the Developer: _____
2. Number of lots under contract but not closed to Homebuilder(s): _____
3. Number of lots owned by all Homebuilder(s): _____¹
 - a. Number of lots owned by [insert name of Homebuilder]: _____²
 - b. Number of lots owned by [insert name of Homebuilder]: _____
4. Number of units owned by homeowners: _____

VI. Home Sales Information in Improvement Area #1

PLANNED HOMES IN IMPROVEMENT AREA #1: 850

Of the 850 homes planned for Improvement Area #1:

1. How many total building permits were issued **during the current quarter?** _____
 - a. Number of building permits issued during the current quarter for [insert name of Homebuilder]: _____²
 - b. Number of building permits issued during the current quarter for [insert name of Homebuilder]: _____²
2. How many total homes have closed with homebuyers **during the current quarter?**

 - a. Number of homes closed with homebuyers during the current quarter for [insert name of Homebuilder]: _____²

¹ If Developer is using EMMA filing assistance software, a chart containing the Quarterly Information provided under this item will be generated. If Developer is not using EMMA filing assistance software, Developer shall prepare a chart containing such Quarterly Information.

² Include a line item for each individual Homebuilder.

- b. Number of homes closed with homebuyers during the current quarter for [insert name of Homebuilder]: _____³
3. How many total homes have closed with homebuyers **cumulatively**? _____
 - a. Number of homes closed with homebuyers cumulatively for [insert name of Homebuilder]: _____³
 - b. Number of homes closed with homebuyers cumulatively for [insert name of Homebuilder]: _____³

VII. Amenities

TOTAL [EXPECTED/ACTUAL] COSTS OF AMENITIES: \$[_____]

Of the \$[_____] [expected/actual] costs of the Amenities:

1. Amount spent as of Quarterly Ending Date: \$[_____]
2. [Actual/Expected] completion date of Amenities: [_____]

VIII. Material Changes

Describe any material changes, if applicable:

1. **Permits and Approvals** - Since the issuance of the Bonds, have there been any material changes to permits or development approvals (including any zoning) impacting the development of the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.
2. **Mortgage Loans** - Since the issuance of the Bonds, have there been any material changes to mortgage loans (whether changes to an existing loan or incurrence of a new mortgage loan), if applicable, for the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.
3. **Builder Contracts** - Since the issuance of the Bonds, have there been any material changes to builder contracts (including but not limited to changes to price, substantial completion dates, number of lots, or other terms) with respect to the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.
4. **Ownership** - Since the issuance of the Bonds, other than a sale to a homebuilder pursuant to a Lot Purchase Agreement, has there been any sale, assignment or transfer of ownership of lands subject to the Assessments securing the Bonds by the Developer to any third-party developer/land bank, which was not disclosed in a previously filed Quarterly Report? If so, provide the name of the third-party and indicate whether this third-party developer/land bank has executed a Developer Acknowledgement pursuant to the Disclosure Agreement?
5. **Amendments** – Since the issuance of the Bonds and except as otherwise disclosed in a previously filed Quarterly Report, (i) describe any amendments or waivers to any provision

³ Include a line item for each individual Homebuilder.

of the Disclosure Agreement, including a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Reporting Parties and (ii) include a copy of the amendment, as applicable.

6. **Other** – Provide any other material information that should be disclosed.

EXHIBIT B

**NOTICE TO MSRB OF FAILURE TO
[PROVIDE QUARTERLY INFORMATION][FILE QUARTERLY REPORT]**

[DATE]

Name of Issuer: Denton County, Texas
Name of Bond Issue: Senior Lien Special Assessment Revenue Bonds, Series 2024A
(Tabor Ranch Public Improvement District Improvement Area #1
Project) (the “Bonds”)
CUSIP Numbers: [insert CUSIP Numbers]
Date of Delivery: _____, 20__

NOTICE IS HEREBY GIVEN that _____, a
_____ (the [“Developer⁴”] [“Significant Homebuilder”]) has not provided the
[Quarterly Information][Quarterly Report] [the [Quarterly Information][Quarterly Report] was not
filed in a timely manner due to [_____] 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 Tabor 380 Development, LLC, a
Texas limited liability company (the “Developer”), Willdan Financial Services, as Administrator,
and Willdan Financial Services, as Dissemination Agent. The [Developer][Homebuilder]
anticipates that the [Quarterly Information][Quarterly Report] will be [provided][filed] by
_____.

Dated: _____

Willdan Financial Services,
on behalf of the Developer,
as Dissemination Agent

By: _____

Title: _____

cc: Denton County, Texas

⁴ If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT C

TERMINATION NOTICE

[DATE]

Name of Issuer: Denton County, Texas
Name of Bond Issue: Senior Lien Special Assessment Revenue Bonds, Series 2024A
(Tabor Ranch Public Improvement District Improvement Area #1
Project) (the “Bonds”)
CUSIP Numbers. [insert CUSIP Numbers]
Date of Delivery: _____, 20__

FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034

Willdan Financial Services
Attn: Mike Medve
27368 Via Industria, Suite 200
Temecula, California 92590

Denton County, Texas
Attn: Andy Eads
1450 E. McKinney Street
Denton, Texas 76209

Tabor 380 Development, LLC
520 Hawkins Run Road
Midlothian, Texas 76065

[Significant Homebuilder]

NOTICE IS HEREBY GIVEN that _____, a
_____ (the [“Developer”] [“Significant Homebuilder”]) is no longer
responsible for providing [any Quarterly Information][the Quarterly Report] with respect to the
Bonds, thereby terminating such party’s reporting obligations under the Continuing Disclosure
Agreement of Developer related to such Bonds, by and among Tabor 380 Development, LLC, a
Texas limited liability company (the “Developer”), Willdan Financial Services, as Administrator,
and Willdan Financial Services, as Dissemination Agent.

Dated: _____

Willdan Financial Services
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: Denton County, Texas
Name of Bond Issue: Senior Lien Special Assessment Revenue Bonds, Series 2024A
(Tabor Ranch Public Improvement District Improvement Area #1 Project)
CUSIP Numbers: [insert CUSIP Numbers]
Quarterly Ending Date: _____, 20__

Re: Quarterly Report for Tabor Ranch 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 Tabor 380 Development, LLC, a Texas limited liability company¹ (the “Developer”), Willdan Financial Services, as Administrator, and Willdan Financial Services, 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.

Tabor 380 Development, LLC, a Texas limited liability company

By: Alluvium Development, Inc., a Texas corporation

By: _____
Jonathan Jobe, 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: Tabor Ranch 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 Tabor Ranch Public Improvement District (the “District”).

Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer (the “Disclosure Agreement of Developer”) by and among Tabor 380 Development, LLC, a Texas limited liability company (the “Developer”), Willdan Financial Services (the “Administrator”), and Willdan Financial Services (the “Dissemination Agent”), with respect to the “Denton County, Texas, Senior Lien Special Assessment Revenue Bonds, Series 2024A (Tabor Ranch Public Improvement District Improvement Area #1 Project),” any person that, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Improvement Area #1 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,

Tabor 380 Development, LLC, a Texas limited liability company

By: Alluvium Development, Inc., a Texas corporation

By: _____
Jonathan Jobe, 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: Tabor Ranch Public Improvement District – Improvement Area #1 – Continuing Disclosure Obligation

Dear _____,

As of _____, 20____, you own _____ lots within Improvement Area #1 of the Tabor Ranch 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 Tabor 380 Development, LLC, a Texas limited liability company (the “Developer”), Willdan Financial Services (the “Administrator”), and Willdan Financial Services (the “Dissemination Agent”), with respect to the “Denton County, Texas, Senior Lien Special Assessment Revenue Bonds, Series 2024A (Tabor Ranch Public Improvement District Improvement Area #1 Project),” any entity that owns 85 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,

Tabor 380 Development, LLC, a Texas limited liability company

By: Alluvium Development, Inc., a Texas corporation

By: _____
Jonathan Jobe, President
Title: _____

Acknowledged by:
[INSERT ASSIGNEE NAME]

By: _____
Title: _____

APPENDIX D-4

FORM OF DEVELOPER DISCLOSURE AGREEMENT (JUNIOR LIEN)

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**DENTON COUNTY, TEXAS,
JUNIOR LIEN SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024B
(TABOR RANCH PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER

This Continuing Disclosure Agreement of Developer dated as of December 1, 2024 (this “Disclosure Agreement”), is executed and delivered by and among Tabor 380 Development, LLC, a Texas limited liability company (the “Developer”), Willdan Financial Services (the “Administrator”), and Willdan Financial Services, acting solely in its capacity as dissemination agent (the “Dissemination Agent”) with respect to the captioned bonds (the “Bonds”). The Developer, the Administrator, and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Developer, the Administrator, and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust, dated as of December 1, 2024 (the “Master Indenture”), as supplemented by the Second Supplemental Indenture of Trust, dated as of December 1, 2024 (together with the Master Indenture, the “Indenture”) relating to the Bonds, which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, the following capitalized terms shall have the following meanings:

“Administrator” shall have the meaning assigned to such term in the Indenture. The Issuer has selected Willdan Financial Services, as the initial Administrator.

“Affiliate” shall mean an entity that owns property within Improvement Area #1 of the District and is controlled by, controls, or is under common control with the Developer, or any Homebuilder.

“Amenities” shall mean an amenity center which includes a lagoon style water park, lazy river and serenity beach, open space, and an event park.

“Annual Collection Costs” shall have the meaning assigned to such term in the Indenture.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Assessments” shall have the meaning assigned to such term in the Indenture.

“Business Day” shall have the meaning assigned to such term in the Indenture.

“Certification Letter” shall mean a certification letter provided by the Developer or Homebuilder, if any, pursuant to Section 3, in substantially the form attached as Exhibit D.

“Developer” shall mean Tabor 380 Development, LLC, a Texas limited liability company, its successors and assigns, including any Affiliate of the Developer.

“Developer Listed Events” shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

“Disclosure Agreement of Issuer” shall mean the Continuing Disclosure Agreement of Issuer with respect to the Bonds dated as of even date herewith executed and delivered by the Issuer, the Administrator, and the Dissemination Agent.

“Dissemination Agent” shall mean Willdan Financial Services, 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 Tabor Ranch Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System administered by the MSRB which, as of the date of this Disclosure Agreement, is available on the internet at <http://emma.msrb.org>.

“Homebuilder(s)” shall mean any merchant homebuilder who enters into 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 Denton County, 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.

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

“Quarterly Ending Date” shall mean each March 31, June 30, September 30 and December 31, beginning March 31, 2025.

“Quarterly Filing Date” shall mean for each Quarterly Ending Date, the fifteenth calendar day of the second month following such Quarterly Ending Date being February 15, May 15, August 15, November 15.

“Quarterly Information” shall have the meaning assigned to such term in Section 3 of this Disclosure Agreement.

“Quarterly Report” shall mean any Quarterly Report described in Section 3 of this Disclosure Agreement and substantially similar to that attached as Exhibit A hereto.

“Reporting Party” shall mean, collectively, the Developer and any Significant Homebuilder who has acknowledged and assumed reporting obligations in accordance with Section 6 of this Disclosure Agreement.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Senior Lien Improvement Area #1 Bonds” means the Denton County, Texas, Senior Lien Special Assessment Revenue Bonds, Series 2024A (Tabor Ranch Public Improvement District Improvement Area #1 Project).

“Senior Lien Improvement Area #1 Indenture” means the Master Indenture as supplemented by the First Supplemental Indenture of Trust, dated as of December 1, 2024, relating to the Senior Lien Improvement Area #1 Bonds.

“Senior Lien Improvement Area #1 Projects Account” shall have the meaning assigned to such term in the Senior Lien Improvement Area #1 Indenture.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Significant Homebuilder” shall mean a Homebuilder that then owns 85 or more of the single family residential lots within Improvement Area #1 of the District.

“Significant Homebuilder Listed Events” shall mean any of the events listed in Section 4(b) of this Disclosure Agreement.

“Trustee” shall have the meaning assigned to such term in the Indenture.

SECTION 3. Quarterly Reports.

(a) The Developer and any Significant Homebuilder that is a Reporting Party, with respect to its acquired real property, shall, at its cost and expense, provide, or cause to be provided, to the

Administrator, not more than ten (10) days after each Quarterly Ending Date, beginning with March 31, 2025, 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 a Significant Homebuilder Acknowledgement (as defined herein) 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 direct 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, with a copy to each Reporting Party, 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 a Reporting Party is providing Quarterly Information on behalf of any other Reporting Party.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the applicable Reporting Party desires to make, the written authorization of such Reporting Party for the Dissemination Agent to disseminate such information as provided herein, and the date the Reporting Party desires for the Dissemination Agent to disseminate the information.

In all cases, the applicable Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures. In addition, the applicable Reporting Party shall have the sole responsibility to ensure that any notice required to be filed with the MSRB under this Section 4 is actually filed within ten (10) Business Days after such Reporting Party becomes aware of the Listed Event applicable to such Reporting Party.

(d) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event, notify in writing the Administrator and the applicable Reporting Party of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the applicable Reporting Party to do so. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Reporting Party and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the applicable Reporting Party as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Participating Underwriter, the Administrator, the Issuer, any Reporting Party or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(e) If the Dissemination Agent has been notified in writing by a Reporting Party to report the occurrence of a Listed Event in accordance with subsections (c) or (d) of this Section 4, the Dissemination Agent shall file a notice of such occurrence with the MSRB promptly after its receipt of such written instructions from such Reporting Party; provided that all such notices must be filed no later than the date specified in subsection (c) of this Section 4 for such Listed Event.

SECTION 5. Assumption of Reporting Obligations of Developer.

The Developer shall cause each Person who, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Improvement Area #1 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 Projects 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 E (the “Significant Homebuilder Acknowledgment”), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Section 4(a)(ix) above, the Developer shall direct the Dissemination Agent to file a copy of the Significant Homebuilder Acknowledgment with the MSRB, in accordance with Sections 4(c) above. Upon any such transfer to a Significant Homebuilder, and such Significant Homebuilder’s delivery of written acknowledgement of assumption of the Developer’s obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. The Developer shall remain obligated with respect to any real property acquired by a Significant Homebuilder until an acknowledgment of assignment with respect to such real property is delivered to the Dissemination Agent, Administrator, the Issuer and the MSRB, in accordance with this Section 6(b).

(c) Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Significant Homebuilder arising from or in connection with such disclosure obligations under this Disclosure Agreement.

SECTION 7. Termination of Reporting Obligations.

(a) The reporting obligations of a Reporting Party under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, (ii) when the Reporting Party, including their respective affiliates and/or successors and assigns, no longer owns 85 or more single family residential lots within Improvement Area #1, as of each Quarterly Ending Date, or (iii) the Issuer's issuance of the certificate of occupancy for the last single family residential lot or Parcel owned by the Reporting Party, including their respective Affiliates and/or successors and assigns, respectively; provided, however, if the Developer elects to provide any or all Quarterly Information on behalf of a Significant Homebuilder in accordance with Section 6(a) above, the reporting obligations of the Developer under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, (ii) when the Developer and such Significant Homebuilder(s) (on behalf of whom the Developer is reporting), including their respective affiliates and/or successors and assigns, collectively no longer own 85 or more single family residential lots within Improvement Area #1, as of each Quarterly Ending Date, or (iii) the Issuer's issuance of the certificate of occupancy for the last single family residential lot or Parcel owned by the Developer and such Significant Homebuilder(s) (on behalf of whom the Developer is reporting), including their respective affiliates and/or successors and assigns.

(b) Upon receipt of written notice from a Reporting Party or the Dissemination Agent that the reporting obligations of a Reporting Party have terminated in accordance with subsection (a) of this Section 7, the Administrator shall provide written notice to the applicable Reporting Party, the Participating Underwriter, the Issuer, and the Dissemination Agent in substantially the form attached as Exhibit C, thereby terminating such Reporting Party's reporting obligations under this Disclosure Agreement (the "Termination Notice"). If such Termination Notice with respect to a Reporting Party occurs while any of the Bonds remain Outstanding, the Administrator shall immediately provide, or cause to be provided, the Termination Notice to the Dissemination Agent, and the Dissemination Agent shall provide such Termination Notice to the MSRB, 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 and any other Reporting Party 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 Reporting Party of any change in the identity of the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be Willdan Financial Services.

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 a Reporting Party, or the type of business conducted; and

(b) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

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 a Reporting Party from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in addition to that which is required by this Disclosure Agreement. If any Reporting Party chooses to include any information in any Quarterly Report or notice of occurrence of a Developer Listed Event or Significant Homebuilder Listed Event, as applicable, in addition to that which is specifically required by this Disclosure Agreement, such Reporting Party 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 on their behalf by a Reporting Party provided hereunder.

SECTION 12. Default. In the event of a failure of any Reporting Party or the Administrator to comply with any provision of this Disclosure Agreement, (i) the Dissemination Agent or any Owner

or beneficial owner of the Bonds may, and (ii) at the request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction, the Dissemination Agent shall take such actions as may be necessary and appropriate to cause the applicable Reporting Party, and/or the Administrator to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of a Reporting Party, or the Administrator to comply with this Disclosure Agreement shall be an action to mandamus or specific performance. A default under this Disclosure Agreement by any Reporting Party shall not be deemed a default under the Disclosure Agreement of Issuer by the Issuer, and a default under the Disclosure Agreement of Issuer by the Issuer shall not be deemed a default under this Disclosure Agreement by any Reporting Party or the Administrator. Additionally, a default by any Reporting Party of its obligations under this Disclosure Agreement shall not be deemed a default by any other Reporting Party of under this Disclosure Agreement.

SECTION 13. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Quarterly Report) prepared by the Developer, Significant Homebuilder, and/or the Administrator pursuant to this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. The Developer agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees, and agents against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Developer under this Section shall survive termination of this Disclosure Agreement, resignation or removal of the Dissemination Agent, and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Dissemination Agent shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Dissemination Agent hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Dissemination Agent and believed to be genuine and to have been signed or presented by the proper party or parties.

(b) Except as otherwise provided herein, the Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. The Developer agrees to hold harmless the Administrator, its officers, directors, employees, and agents against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's breach, negligence, or willful misconduct. The obligations of the Developer under this Section shall survive resignation or removal of

the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an “obligated person” under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

(c) The Dissemination Agent or the Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent and Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(d) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, THE DEVELOPER, OR ANY SIGNIFICANT HOMEBUILDER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY OTHER PARTY TO THIS DISCLOSURE AGREEMENT OR A SIGNIFICANT HOMEBUILDER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION, EXCEPT AS DESCRIBED IN SECTION 12 WITH RESPECT TO THE DISSEMINATION AGENT.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation, or agreement of any Reporting Party, the Administrator, or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation, or agreement of any present or future officer, agent, or employee of the Reporting Party, the Administrator, or 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 Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in Improvement Area #1, for the fees and expenses for its services rendered in accordance with this Disclosure Agreement.

SECTION 18. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of Improvement Area #1, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

SECTION 19. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 20. Notice. Any written notice required to be given or made hereunder among or between any of the Parties and/or Participating Underwriter, shall be given or made by e-mail, facsimile, hand delivery, overnight courier, or by United States mail, certified or registered mail, return receipt requested, postage prepaid, at the addresses listed below or at such other addresses as any be specified in writing by any party hereto to the other parties hereto. If the required notice is provided or delivered by e-mail, the sender must request a delivery receipt from the recipient confirming that the e-mail was delivered with such notice. Failure to provide proof of delivery receipt does not constitute a breach or default under this Disclosure Agreement.

If to Developer:

Tabor 380 Development, LLC
Attn: Jonathan Jobe
520 Hawkins Run Road
Midlothian, Texas 76065
Email: jjobe@alluviumdevelopment.com

With a copy to:

Winstead PC
Attn: Ross Martin
500 Winstead Building
2728 N. Harwood Street
Dallas, Texas 75201
E-mail: rmartin@winstead.com

If to the Dissemination Agent or
Trustee:

Willdan Financial Services
Attn: Mike Medve
27368 Via Industria, Suite 200
Temecula, California 92590
E-mail: mmedve@willdan.com

If to Administrator:

Willdan Financial Services
Attn: Mike Medve
27368 Via Industria, Suite 200
Temecula, California 92590
E-mail: mmedve@willdan.com

If to the Issuer:

Denton County, Texas
Attn: Andy Eads
1450 E. McKinney Street
Denton, Texas 76209
Email: andy.eads@dentoncounty.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.

WILLDAN FINANCIAL SERVICES,
as Dissemination Agent

By: _____
Authorized Officer

DEVELOPER:

TABOR 380 DEVELOPMENT, LLC, a Texas
limited liability company

By: Alluvium Development, Inc., a Texas
corporation

By: _____
Jonathan Jobe, President

WILLDAN FINANCIAL SERVICES,
as Administrator

By:_____

Name:_____

Title:_____

EXHIBIT A

**DENTON COUNTY, TEXAS,
JUNIOR LIEN SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024B
(TABOR RANCH PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)**

**DEVELOPER QUARTERLY REPORT
[INSERT QUARTERLY ENDING DATE]**

Delivery Date: _____, 20__

CUSIP Numbers: [Insert CUSIP Numbers]

DISSEMINATION AGENT

Name: Willdan Financial Services

Address:

City:

Telephone:

Contact Person: Attn:

I. Expenditures Paid from Accounts under Indenture and Senior Lien Improvement Area #1 Indenture

TOTAL BUDGETED COSTS REQUIRED TO COMPLETE IMPROVEMENT AREA #1 PROJECTS: \$ _____

Of the budgeted costs for Improvement Area #1 Projects shown in the Service and Assessment Plan:

1. Actual costs drawn from the Senior Lien Improvement Area #1 Projects Account:
\$ _____
2. Actual costs drawn from the Junior Lien Improvement Area #1 Projects Account:
\$ _____

II. Status of Improvement Area #1 Projects

Projected/actual completion date of the Improvement Area #1 Projects

1. [Actual/Expected] date of completion of the Improvement Area #1 Projects:
[_____]
2. Explanation of any delay/change in projected completion date since last Quarterly Report was filed: [_____]

III. Unit Mix in Improvement Area #1

Product Type	Number of Units
Single Family _____	
Single Family _____	

IV. Lot Status in Improvement Area #1

Of the 850 lots in Improvement Area #1, what is the status:

1. Planned lots as of the date of issuance of the Bonds: 850
2. Planned lots as of the date of this Quarterly Report: _____
3. Lots developed: _____
4. Lots platted: _____
5. Expected completion date of all lots in Improvement Area #1 (if incomplete):

V. Ownership of Lots/Units in Improvement Area #1

PLANNED LOTS IN IMPROVEMENT AREA #1: 850

Of the 850 lots in Improvement Area #1:

1. Number of lots owned by the Developer: _____
2. Number of lots under contract but not closed to Homebuilder(s): _____
3. Number of lots owned by all Homebuilder(s): _____¹
 - a. Number of lots owned by [*insert name of Homebuilder*]: _____²
 - b. Number of lots owned by [*insert name of Homebuilder*]: _____
4. Number of units owned by homeowners: _____

VI. Home Sales Information in Improvement Area #1

PLANNED HOMES IN IMPROVEMENT AREA #1: 850

Of the 850 homes planned for Improvement Area #1:

1. How many total building permits were issued **during the current quarter?** _____
 - a. Number of building permits issued during the current quarter for [*insert name of Homebuilder*]: _____²
 - b. Number of building permits issued during the current quarter for [*insert name of Homebuilder*]: _____²
2. How many total homes have closed with homebuyers **during the current quarter?**

 - a. Number of homes closed with homebuyers during the current quarter for [*insert name of Homebuilder*]: _____²

¹ If Developer is using EMMA filing assistance software, a chart containing the Quarterly Information provided under this item will be generated. If Developer is not using EMMA filing assistance software, Developer shall prepare a chart containing such Quarterly Information.

² Include a line item for each individual Homebuilder.

- b. Number of homes closed with homebuyers during the current quarter for [insert name of Homebuilder]: _____³
3. How many total homes have closed with homebuyers **cumulatively**? _____
 - a. Number of homes closed with homebuyers cumulatively for [insert name of Homebuilder]: _____³
 - b. Number of homes closed with homebuyers cumulatively for [insert name of Homebuilder]: _____³

VII. Amenities

TOTAL [EXPECTED/ACTUAL] COSTS OF AMENITIES: \$[_____]

Of the \$[_____] [expected/actual] costs of the Amenities:

1. Amount spent as of Quarterly Ending Date: \$[_____]
2. [Actual/Expected] completion date of Amenities: [_____]

VIII. Material Changes

Describe any material changes, if applicable:

1. **Permits and Approvals** - Since the issuance of the Bonds, have there been any material changes to permits or development approvals (including any zoning) impacting the development of the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.
2. **Mortgage Loans** - Since the issuance of the Bonds, have there been any material changes to mortgage loans (whether changes to an existing loan or incurrence of a new mortgage loan), if applicable, for the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.
3. **Builder Contracts** - Since the issuance of the Bonds, have there been any material changes to builder contracts (including but not limited to changes to price, substantial completion dates, number of lots, or other terms) with respect to the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.
4. **Ownership** - Since the issuance of the Bonds, other than a sale to a homebuilder pursuant to a Lot Purchase Agreement, has there been any sale, assignment or transfer of ownership of lands subject to the Assessments securing the Bonds by the Developer to any third-party developer/land bank, which was not disclosed in a previously filed Quarterly Report? If so, provide the name of the third-party and indicate whether this third-party developer/land bank has executed a Developer Acknowledgement pursuant to the Disclosure Agreement?
5. **Amendments** – Since the issuance of the Bonds and except as otherwise disclosed in a previously filed Quarterly Report, (i) describe any amendments or waivers to any provision

³ Include a line item for each individual Homebuilder.

of the Disclosure Agreement, including a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Reporting Parties and (ii) include a copy of the amendment, as applicable.

6. **Other** – Provide any other material information that should be disclosed.

EXHIBIT B

**NOTICE TO MSRB OF FAILURE TO
[PROVIDE QUARTERLY INFORMATION][FILE QUARTERLY REPORT]**

[DATE]

Name of Issuer: Denton County, Texas
Name of Bond Issue: Junior Lien Special Assessment Revenue Bonds, Series 2024B
(Tabor Ranch Public Improvement District Improvement Area #1
Project) (the “Bonds”)
CUSIP Numbers: [insert CUSIP Numbers]
Date of Delivery: _____, 20__

NOTICE IS HEREBY GIVEN that _____, a
_____ (the [“Developer⁴”] [“Significant Homebuilder”]) has not provided the
[Quarterly Information][Quarterly Report] [the [Quarterly Information][Quarterly Report] was not
filed in a timely manner due to [_____] 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 Tabor 380 Development, LLC, a
Texas limited liability company (the “Developer”), Willdan Financial Services, as Administrator,
and Willdan Financial Services, as Dissemination Agent. The [Developer][Homebuilder]
anticipates that the [Quarterly Information][Quarterly Report] will be [provided][filed] by
_____.

Dated: _____

Willdan Financial Services,
on behalf of the Developer,
as Dissemination Agent

By: _____

Title: _____

cc: Denton County, Texas

⁴ If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT C

TERMINATION NOTICE

[DATE]

Name of Issuer: Denton County, Texas
Name of Bond Issue: Junior Lien Special Assessment Revenue Bonds, Series 2024B
(Tabor Ranch Public Improvement District Improvement Area #1
Project) (the “Bonds”)
CUSIP Numbers. [insert CUSIP Numbers]
Date of Delivery: _____, 20__

FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034

Willdan Financial Services
Attn: Mike Medve
27368 Via Industria, Suite 200
Temecula, California 92590

Denton County, Texas
Attn: Andy Eads
1450 E. McKinney Street
Denton, Texas 76209

Tabor 380 Development, LLC
520 Hawkins Run Road
Midlothian, Texas 76065

[Significant Homebuilder]

NOTICE IS HEREBY GIVEN that _____, a
_____ (the [“Developer”] [“Significant Homebuilder”]) is no longer
responsible for providing [any Quarterly Information][the Quarterly Report] with respect to the
Bonds, thereby terminating such party’s reporting obligations under the Continuing Disclosure
Agreement of Developer related to such Bonds, by and among Tabor 380 Development, LLC, a
Texas limited liability company (the “Developer”), Willdan Financial Services, as Administrator,
and Willdan Financial Services, as Dissemination Agent.

Dated: _____

Willdan Financial Services
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: Denton County, Texas
Name of Bond Issue: Junior Lien Special Assessment Revenue Bonds, Series 2024B
(Tabor Ranch Public Improvement District Improvement Area #1 Project)
CUSIP Numbers: [insert CUSIP Numbers]
Quarterly Ending Date: _____, 20__

Re: Quarterly Report for Tabor Ranch 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 Tabor 380 Development, LLC, a Texas limited liability company¹ (the “Developer”), Willdan Financial Services, as Administrator, and Willdan Financial Services, 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.

Tabor 380 Development, LLC, a Texas limited liability company

By: Alluvium Development, Inc., a Texas corporation

By: _____
Jonathan Jobe, 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: Tabor Ranch 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 Tabor Ranch Public Improvement District (the “District”).

Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer (the “Disclosure Agreement of Developer”) by and among Tabor 380 Development, LLC, a Texas limited liability company (the “Developer”), Willdan Financial Services (the “Administrator”), and Willdan Financial Services (the “Dissemination Agent”), with respect to the “Denton County, Texas, Junior Lien Special Assessment Revenue Bonds, Series 2024B (Tabor Ranch Public Improvement District Improvement Area #1 Project),” any person that, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Improvement Area #1 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,

Tabor 380 Development, LLC, a Texas limited liability company

By: Alluvium Development, Inc., a Texas corporation

By: _____
Jonathan Jobe, 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: Tabor Ranch Public Improvement District – Improvement Area #1 – Continuing Disclosure Obligation

Dear _____,

As of _____, 20____, you own _____ lots within Improvement Area #1 of the Tabor Ranch 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 Tabor 380 Development, LLC, a Texas limited liability company (the “Developer”), Willdan Financial Services (the “Administrator”), and Willdan Financial Services (the “Dissemination Agent”), with respect to the “Denton County, Texas, Junior Lien Special Assessment Revenue Bonds, Series 2024B (Tabor Ranch Public Improvement District Improvement Area #1 Project),” any entity that owns 85 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,

Tabor 380 Development, LLC, a Texas limited liability company

By: Alluvium Development, Inc., a Texas corporation

By: _____
Jonathan Jobe, President
Title: _____

Acknowledged by:
[INSERT ASSIGNEE NAME]

By: _____
Title: _____

APPENDIX E
APPRAISAL

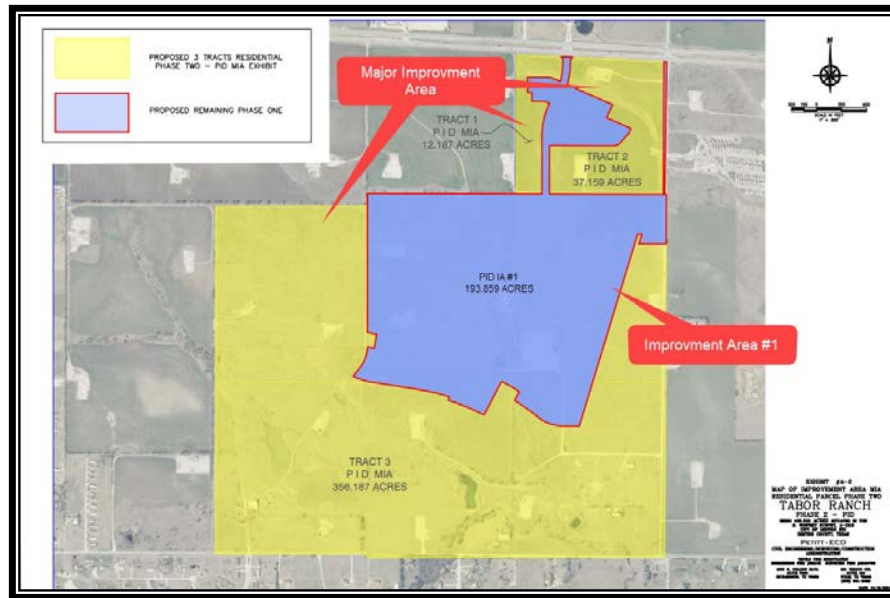
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APPRAISAL REPORT

PROJECT # A24-0401-01

APPRAISAL REPORT

PROJECT # A24-0401-01



**TABOR RANCH PUBLIC IMPROVEMENT DISTRICT
193.859 ACRES CONTAINING 850 PROSPECTIVE RESIDENTIAL LOTS IN IMPROVEMENT
AREA #1, AND 1,071 RESIDENTIAL PAPER LOTS ON APPROXIMATELY 405.533-AC IN THE
MAJOR IMPROVEMENT AREA
UNINCORPORATED AREA OF DENTON COUNTY, TX 76259**

FOR:

FMSBONDS, INC.
5 COWBOYS WAY, SUITE 300-25
76259, FRISCO, TEXAS 75034

**EFFECTIVE DATE OF APPRAISAL:
MAY 1, 2025 (DATE OF SUBSTANTIAL COMPLETION) FOR 850 RESIDENTIAL LOTS,
AND FOR 1,071 RESIDENTIAL PAPER LOTS**

PREPARED BY:
JAMES L. MAIBACH, CPM, STATE CERTIFIED GENERAL REAL ESTATE APPRAISER,
LESLIE TOLLIVER, STATE CERTIFIED RESIDENTIAL REAL ESTATE APPRAISER,
BROOKE CLOCK, LICENSED RESIDENTIAL REAL ESTATE APPRAISER, AND
BRANDON LAWSON, APPRAISER TRAINEE
OF:

PEYCO SOUTHWEST REALTY, INC.
1703 NORTH PEYCO DRIVE
ARLINGTON, TEXAS 76001

October 14, 2024

Mr. R.R “Tripp” Davenport, III

Director

FMSbonds, Inc.

5 Cowboys Way, Suite 300-25

Frisco, Texas 75034

tdavenport@fmsbonds.com

SUBJECT: Prospective Market Value “Upon Completion” Appraisal
 Tabor Ranch Public Improvement District, Improvement Area #1 and Major Improvement Area
 Unincorporated area of Denton County, Texas

Mr. Davenport,

At your request, we have inspected and appraised the above-referenced property. The purpose of the appraisal is to develop an opinion of prospective market value of the fee simple interest of the 850 residential lots located in Improvement Area #1 of the Tabor Ranch Public Improvement District (referred to as Tabor Ranch PID), and the prospective market value of 1,071 residential paper lots on approximately 405.533-acres. Tabor Ranch PID has a total of 599.392-acres consisting of the following:

- Prospective Market Value “Upon Completion” as of **May, 1 2025 for 850 detached residential improved lots on approximately 193.859 acres. The improved lots are as follows:**
 - **41 lots with 40-foot frontages,**
 - **218 lots with 45-foot frontages,**
 - **420 lots with 50-front footages, and**
 - **171 lots with 60-front footages**
- Prospective Market Value “Upon Completion” as of **May, 1 2025 for 1,071 detached residential paper lots of various sizes on approximately 405.533 acres within the Major Improvement Area**

The clients for the assignment are Denton County and FMSbonds, Inc. The intended use is underwriting of a proposed Public Improvement District bond transaction. This appraisal is not for purposes of determining the amount of any assessments to be levied by Denton County, nor is it the basis of a determination of the benefit of any constructed or installed public improvements will have on properties within the Tabor Ranch PID.

At Substantial Completion, which is forecast for May, 1 2025, the subject property is expected to consist of the infrastructure necessary to provide residential streets, drainage, and utilities to the individual lots within the Tabor Ranch PID. Per a conversation with Stephen Belknap, The Director of Development Services for Denton County, development of the subject property will not be governed by a Development Agreement or Zoning Ordinance and will only need to provide the county with a plat of the subject.

Per the developer (Alluvium Development, Inc.), Tabor Ranch PID is comprised of a total of approximately 599.392 contiguous acres of land with a final estimated build-out of 41 detached single-family residential 40-foot frontage (FF) lots, 218 detached single-family residential 45-FF lots, 420 detached single-family residential 50-FF lots, and 171 detached single-family residential 60-FF lots totaling 850 improved residential lots within Improvement Area #1 (IA #1) on approximately 193.859-acres, along with 1,071 entitled paper lots on approximately 405.533-acres located in the Unincorporated area of Denton County, Texas. The subject property of this assignment - Tabor Ranch PID - will be developed in two phases.

Tabor Ranch Public Improvement District

Within Improvement Area #1, each of the 40-FF lot types will have an average of 4,800-square feet (SF), each of the 45-FF lot types will have an average of 5,400-SF, each of the 50-FF lot types will have an average of 6,000-SF, and each of the 60-FF lot types will have an average of 7,200-SF in size. The minimum lot depths for each of the 40-FF, 45-FF, 50-FF, and 60-FF lots of the subject property will be 120' in depth. The four lot types may have different market values with identical characteristics; however, the homebuilders and developer reflect different market values in their purchase contracts as such: \$76,000 for the 40' lots, \$85,000 for the 45' lots, \$95,000 for the 50' lots, and \$114,000 for the 60' lots. We have considered any difference in market value based on lot depth is negligible, and other attributes, such as overall situs of the PID, are more important to the market value consideration of a single lot.

Within the Major Improvement Area, the subject property contains approximately 405.533 acres and is projected to contain approximately 1,071 residential paper lots of various sizes and the development will be in two phases. The breakdown of the subject property improved lots are as follows:

Tabor Ranch PID			
<i>Lot Type</i>	<i>Improvement Area #1</i>	<i>Major Improvement Area Paper Lots</i>	<i>Total</i>
40-FF	41	218	259
45-FF	218	2	220
50-FF	420	353	773
60-FF	171	498	669
Improvement Area #1	850		
Total Major Improvement Area Paper Lots		1071	1071
Total Lots at Tabor Ranch PID			1921

The focus of our appraisal of the Tabor Ranch PID for Improvement Area #1 and the Major Improvement Area Paper Lots are as follows:

Tabor Ranch PID						
Area Type	Size (Acres)	40' Lot Type	45' Lot Type	50' Lot Type	60' Lot Type	Total Lots Appraised
<i>IA #1</i>	<i>193.859</i>	<i>41</i>	<i>218</i>	<i>420</i>	<i>171</i>	<i>850</i>
Major Improvement Area Paper Lots	405.533	218	2	353	498	<i>1071</i>

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following **extraordinary assumptions** that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the Effective Date of the appraisal, we reserve the right to modify our value conclusions. Extraordinary assumptions are used in this assignment because the improved residential lots to be delivered by the dates utilized in this report are currently incomplete as of the report date.

- Our opinions of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications provided by the engineering plans published by Petitt-ECD as of April 10, 2024, for 1,921 improved residential lots in Tabor Ranch PID.
- All information relative to the property located within Tabor Ranch PID including land areas, lot totals, lot sizes, and other pertinent data that was provided by Tabor 380 Development, LLC (Owner), Alluvium Development, Inc. (Developer), Petitt-ECD (Professional Engineers and Surveyor, Denton County, and the Denton Central Appraisal District is assumed to be correct.
- The subject is proposed residential lots construction with an expected completion date of May, 1 2025; therefore, this report contains a prospective opinion of value. Considering this, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable global events that alter market conditions prior to the prospective Effective Date.

The use of these extraordinary assumptions has affected assignment results.

In addition to the Extraordinary Assumptions, the value conclusions are based on the following **hypothetical conditions** that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the Effective Date of the appraisal but is supposed for the purpose of analysis.

- No Hypothetical Conditions are used in this report.

Tabor Ranch Public Improvement District

This appraisal report is intended to conform with the 2024-2025 Uniform Standards of Professional Appraisal Practice (USPAP) and applicable state appraisal regulations. To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. Based upon the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our final value conclusion as of the Expected Completion Date are as follows:

FINAL MARKET VALUE CONCLUSION TABOR RANCH PID			
	<i>Cost</i>	<i>Sales</i>	<i>Income (Subdivision)</i>
<i>Fee Simple Interest, Complete May 1, 2025</i>	N/A	N/A	<i>\$65,540,000 (77,000/Lot Rounded)</i>
<i>Improvement Area #1</i>			
<i>850 Improved Lots</i>			
<i>Fee Simple Interest, Complete May 1, 2025</i>	<i>\$47,400,000 (\$44,258/Lot)</i>	N/A	N/A
<i>Major Improvement Area</i>			
<i>1,071 Residential Paper Lots on ~ 405.533 Acres</i>			

Attached is our Appraisal Report which summarizes the investigation and analyses undertaken in arriving at our value conclusions. Should you have any questions, please contact our office.

Respectfully submitted,

Peyco Southwest Realty



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State Certified General Real Estate Appraiser



Leslie Tolliver
TX-1361274
State Certified Residential Appraiser



Brooke Clock
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Appraiser Trainee
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EXECUTIVE SUMMARY

Property Name	Tabor Ranch PID; Improvement Area #1 and Major Improvement Area
Property Type	Master-Planned Community
Location	South side of US Highway 360, west side of George Owens Road, and north side of Old Stoney Road
City, County, State, Zip	Unincorporated Denton County, TX 76259
Legal Descriptions (Denton CAD)	Multiple Legal Descriptions for Improvement Area #1
	Multiple Legal Descriptions for Major Improvement Area
Owner of Record	Tabor 380 Development, LLC
Census Tract	0202.06
Tax ID's – Denton Central Appraisal District	Multiple Tax ID's for Improvement Area #1
	Multiple Tax ID's for the Major Improvement Area
Total Land Area	599.392-AC - Total Land Area (Per Engineer)
Total Lots	41 40-FF Width Lots in Improvement Area #1
	218 45-FF Width Lots in Improvement Area #1
	420 50-FF Width Lots in Improvement Area #1
	171 60-FF Width Lots in Improvement Area #1
	1071 Entitled Paper Lots of various sizes on ~405.533 Acres in Major Improvement Area
Topography	Gently Sloping
FEMA Flood Zones	Unshaded Zone X (outside the floodplain) and Zone A (within the 100-year floodplain)
FEMA Panel	48121C0335G
FEMA Map Date	4/18/2011
Utilities	
Water	On-Site Water Plant
Sewer	On-Site Treatment Plant
Electric	Oncor
Natural Gas	Atmos
Zoning	None
Future Land Use	Single-Family Residential Subdivision
Highest & Best Use	Single-Family Residential Subdivision
Final Value Conclusion	\$65,540,000 (\$77,000/Lot) Effective Date of May 1, 2025, for 850 Improved Residential Lots in Improvement Area #1 on 193.859 Acres
	\$47,400,000 (\$44,258/Lot) Effective Date of May 1, 2025, for 1,071 Residential Paper Lots on ~405.533 Acres in Major Improvement Area
Exposure Period	6-12 Months
Marketing Period	6-12 Months
Date of Inspection	April 24, 2024
Dates of Valuation	May 1, 2025 for Improvement Area #1
	May 1, 2025 for Major Improvement Area
Report Date	July 16, 2024

CERTIFICATION

We certify that, to the best of our knowledge and belief that:

- (1) The statements of fact contained in this report are true and correct.
- (2) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- (3) We have no present or prospective interest in the property that is the subject of this analysis, and we have no personal interest with respect to the parties involved.
- (4) We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- (5) Our compensation for completing this assignment is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or use of, this report, or upon developing or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal. Our engagement in this assignment is not contingent upon developing or reporting predetermined results.
- (6) The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of FIRREA guidelines and the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- (7) Brandon Lawson has inspected the subject property. James L. Maibach, Leslie Tolliver, and Brooke Clock have not physically viewed the subject property. The values herein were developed and reported by James L. Maibach, Leslie Tolliver, Brooke Clock, and Brandon Lawson.
- (8) This assignment was not based on a requested minimum value, a specific valuation, or the approval of a loan.
- (9) None of the signatories have previously performed services as an appraiser or in any other capacity, other than that specifically stated, regarding the property that is the subject of this report within the three-year period immediately preceding the acceptance of this assignment.
- (10) James L. Maibach, Leslie Tolliver, and Brooke Clock are not members of the Appraisal Institute. Brandon Lawson is a Practicing Affiliate of the Appraisal Institute and has not completed the Standards and Ethics Education Requirement. The use of this report is subject to the requirements of the Appraisal Institute related to review by their duly authorized representatives.



James L. Maibach, C.P.M
TX-1323658
State Certified General Real Estate Appraiser



Leslie Tolliver
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State Certified Residential Appraiser



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SCOPE OF WORK

Scope of Work is defined by the Uniform Standards of Professional Appraisal Practice as “the type and extent of research and analyses in an assignment.” Under the Scope of Work Rule, the appraiser must:

- Identify the problem to be solved;
- Determine and perform the scope of work necessary to develop credible assignment results; and
- Disclose the scope of work in the report.

The problems to be solved are:

- Determine the *Prospective Market Value* with a Substantial Completion Date of May, 1 2025 for the fee simple interest of 850 improved single-family residential lots in Improvement Area #1 of Tabor Ranch PID as such.
 - 41 with 40-FF
 - 218 with 45-FF
 - 420 with 50-FF
 - 171 with 60-FF
- Determine the Prospective Market Value “Upon Completion” for the fee simple interest of 1,071 paper lots* with 405.533-acres within the Major Improvement Area with an expected Substantial Completion Date of May, 1 2025.

**Note: A paper lot consists of a portion of land with the necessary legal (zoning and platting) and engineering entitlements (site plan approvals) in place but lacking the necessary direct improvements (such as earthwork, erosion control, drainage, retaining walls, and landscaping in addition to lacking direct access from a paved street and utilities) to develop a lot with a residence. The paper lots have access to utilities stubbed nearby and have a status between raw ground and a fully developed lot upon which home construction can begin.*

The definition of market value¹ utilized herein is as follows:

Market Value is defined as the most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite for a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.²

¹ The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice, Washington, D.C.: Appraisal Standards Board (2020-2021), DEFINITIONS

Tabor Ranch Public Improvement District

The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of FIRREA guidelines and the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice, in a manner necessary to produce a credible result.

This Appraisal Report has been prepared under Standards Rule 2-2(a) of an appraisal performed under Standards Rule 1 of USPAP. The value set forth herein was determined after consideration and appropriate application and analysis by three approaches to value i.e., the Cost Approach, the Income (Subdivision Development) Approach, and the Sales Comparison Approach.

As part of this appraisal, we completed a thorough investigation and analysis of the data considered pertinent to valuing the subject property.

Property Identification

The property has been identified using the following sources:

- Public records – Denton Central Appraisal District (DCAD)
- Legal descriptions
- Deed Records –Denton County
- Tabor Ranch PID Concept Plan and Site Plan Exhibit by Petitt-ECD, Professional Engineers

Type and Extent of Data Researched

The following information was reviewed in preparing this report:

- Public record data
 - Flood plain maps
 - Topographic maps
 - Demographics – CoStar, ESRI, and US Census Bureau
 - Market Conditions Data – S&P Case Schiller, CoreLogic, NTREIS, JLL, CBRE, Integra, CoStar, etc.
- Information provided by the client
 - Concept Plan and Site Plan from Petitt-ECD, Professional Engineers
 - Estimated development costs provided by Petitt-ECD, the Professional Engineers
 - Executed Contract between the seller, Alluvium Development, Inc., and CastleRock Communities, LLC, the Buyer
 - Executed Contract between the seller, Tabor 380 Development, and First Texas Homes, Inc., the Buyer
 - Executed Contract between the seller, Tabor 380 Development, and Lillian Custom Homes, LLC, the Buyer
 - Executed Contract between the seller, Tabor 380 Development, and Meritage Homes of Texas, LLC, the Buyer
 - Executed Contract between the seller, Tabor 380 Development, and Starlight Homes Texas, LLC, the Buyer
 - Phone interview with Stephen Belknap, The Director of Development Services for Denton County
 - Conversations with developers and homebuilders in DFW market

VALUATION METHODOLOGY

Three approaches to value are typically considered when developing a market value opinion for real property. These are the Cost Approach, the Sales Comparison Approach, and the Income (Subdivision Development) Approach. A summary of each portion of the subject property that requires valuation is shown below:

- 850 Improved Single-Family Residential Lots (40-FF, 45-FF, 50-FF, and 60-FF) in IA #1
- 405.533-Acres with 1,071 Paper Lots for future single-family residential use in the Major Improvement Area

Improved Detached Single-Family Residential Lots in IA #1 (850 Improved Residential Lots)

Cost Approach

The Cost Approach involves research, verification, and comparison of sales of other vacant land with the subject land. The sales are then adjusted for value-related differences. Cost figures are obtained from the developer and engineer and compared to cost figures on competing developments. A developer's profit is based on profit expectations reported by developers as well as actual profit on similar developments.

The Cost Approach provides information that contrasts with information from the Income Capitalization and Sales Comparison Approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction. This approach is most beneficial when appraising a proposed or recently built project and is typically used when finished lots make up a substantial portion of the entire project. The subject property is being developed in two phases and there are no major improvements in place, *the Cost Approach is not the most appropriate and thus was not utilized* for the 850 Improved Residential Lots in Improvement Area #1

Income (Subdivision Development) Approach

In the Income Capitalization Approach, the retail value of the residential lots is estimated. The individual lot values are based on lot sales in competing developments. The absorption rates, expenses, and discount rates are also based on competing developments. Since sales of individual lots to an end-user homeowner is exceedingly rare in tract home subdivisions in this market, the value of an individual retail lot is effectively the same value of a portion of lots to a homebuilder because homebuilders tend to be the exclusive buyers of vacant developed lots from land developers. In addition, discussions with developers and homebuilders as well as review of contracts indicate that lots are typically received by the builders on a takedown schedule with annual price escalations of approximately 6% so the lots are not released in bulk to the home builders. The indicated value by the Income (Subdivision) Approach is based on the sellout of the lots with deductions for holding costs and discounted to a net present value.

The Income (Subdivision Development) Approach applied in subdivision analysis simulates what occurs in a bulk sale where one buyer purchases a subdivision or large group of lots at a discount. Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. This approach provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices. Since one of the problems to be solved in this assignment is to determine the bulk sale value of 850 improved residential lots, as of the date of Substantial Completion (Effective Date), *the Income (Subdivision Development) Approach is appropriate and was developed.*

Sales Comparison Approach

The Sales Comparison Approach involves comparing recent sales of entire subdivisions or a large group of lots that involved a single purchaser. The sales are then adjusted for value-related differences. Determining market values for the subdivision or the group of lots is the objective of the analysis, and that determination requires recent and relevant similar bulk sales for the comparison. Finding highly similar and recent sales of improved subdivisions to a single buyer in most markets can be difficult, perhaps impossible. Comparison requires comparable sales with about the same or similar remaining absorption period, a similar mix of lots or unit types, location, home price points, and other characteristics. As Texas is a non-disclosure state, sales data available is limited to sales confirmed by associated parties. Since data on highly similar bulk sales to a single purchaser is difficult to find and verify, *the Sales Comparison Approach was not fully developed by the appraisers*. Use of the approaches for the valuation of the improved lots in Improvement Area #1 of the Tabor Ranch PID is summarized as follows:

<i>Approach</i>	<i>Applicability to Subject</i>	<i>Use in Assignment</i>
Cost Approach	<i>Not Appropriate in the Improvement Area #1 Portion of the Subject Property Since the Subject Property will be Developed in Two Phases</i>	<i>Not Utilized</i>
Income (Subdivision Development) Approach	<i>Appropriate in Determining Residential Subdivision Value</i>	<i>Utilized</i>
Sales Comparison Approach	<i>Aspects Used in Subdivision Valuation to Determine Retail Market Value of the 40-FF, 45-FF, 50- FF, and the 60-FF Lots</i>	<i>Partially Utilized</i>

Major Improvement Area - 1,071 Paper Lots* on 405.533 Acres

**Note: A paper lot consists of a portion of land with the necessary legal (zoning and platting) and engineering entitlements (site plan approvals) in place but lacking the necessary direct improvements (such as earthwork, erosion control, drainage, retaining walls, and landscaping in addition to lacking direct access from a paved street and utilities) to develop a lot with a residence. The paper lots have access to utilities stubbed nearby and have a status between raw ground and a fully developed lot upon which home construction can begin.*

Cost Approach

The Cost Approach is the most appropriate method of valuing paper residential lots. We concluded the paper lot value by conducting the following steps:

1. Estimate the value of the underlying land (Sales Comparison Approach used here)
2. Gather hard and soft costs associated to develop the raw ground to paper lot status which includes engineering, zoning costs, and any infrastructure to the site
3. Apply appropriate entrepreneurial incentive that a developer would expect to undertake the project
4. Subtract any depreciation from the project
5. Add in the value of the underlying land

Income Approach

Since paper lots are not yet improved to a state where they are available for sale to builders or other end users, the Income Approach is not applicable for the Major Improvement Area and was not developed.

Sales Comparison Approach

Sales of paper lots are relatively infrequent in the market. Our due diligence could not uncover sufficient reliable sales to develop the Sales Comparison Approach for the paper lots, so we did not develop this approach for the residential paper lots in the Major Improvement Area. Aspects of the Sales Comparison Approach were utilized to determine the market value of the vacant land prior to any development.

Use of the approaches for the valuation of the 1,071 paper lots on 405.533 acres in the Major Improvement Area of the Tabor Ranch PID is summarized as follows:

<i>Approach</i>	<i>Applicability to Subject</i>	<i>Use in Assignment</i>
Cost Approach	<i>Appropriate Since the Paper Lots will be Improved from an Undeveloped State</i>	<i>Utilized</i>
Income (Subdivision Development) Approach	<i>Not Appropriate Since the Land is Not Utilized to Generate Income and Land is Not Yet Developed</i>	<i>Not Utilized</i>
Sales Comparison Approach	<i>Aspects Used in Cost Approach to Determine the Value of the Land Prior to Development</i>	<i>Partially Utilized</i>

COMPETENCY OF THE APPRAISER

James L. Maibach, C.P.M. is a State Certified General Real Estate Appraiser according to the Texas Appraiser Licensing and Certification Board and has appraised numerous properties similar to the subject since 1993. The appraiser also manages, through his commercial real estate management company, approximately 2.25 million SF of which 70% is industrial warehouse, 20% is Class B and C office and 10% in retail product in Tarrant, Dallas, and Johnson counties. Mr. Maibach has been personally involved in over 135 residential development projects as a broker, developer, bank director, and zoning consultant in the past 35 years. Leslie Tolliver is a State Certified Residential Real Estate Appraiser who has assisted in the analysis and appraisal of numerous properties similar to the subject. Brooke Clock is a Licensed Residential Appraiser and Brandon Lawson is an Appraiser Trainee and have assisted in numerous properties similar to the subject property. Attention is paid to the qualifications of each individual, which are presented in the Addenda of this report.

Peyco Southwest Realty is a full-service professional real estate appraisal and consulting firm, providing service to a variety of corporate, institutional, governmental, and private clientele. In the past 12 months, our firm has completed numerous valuation assignments involving similar properties. Mr. Maibach currently owns, represents, and manages multiple properties throughout the DFW Metroplex, mostly in Tarrant, Dallas, Johnson, and Ellis Counties. The subject is located in the Unincorporated area of Denton County, Texas.

INTENDED USE AND USERS

The intended use of the appraisal is to estimate the prospective market value upon completion of the underwriting of a proposed Public Improvement District bond transaction. The client and intended users are Denton County and FMSbonds, Inc. The appraisal is not intended for any other use or user. No party or parties other than Denton County and FMSbonds, Inc. may use or rely on the information, opinions, and conclusions contained in this report; provided, however, it is acknowledged that this Appraisal will be used in a preliminary and final limited offering memorandum for the Public Improvement District bonds. The Client may, without Appraiser's prior authorization or notice to Appraiser, provide the Appraisal to other parties for their use in analysis-related activities, however, it does not make the recipient an intended user of this engagement.

DATE OF THE APPRAISAL REPORT

The preparation of this Appraisal Report was completed on **October 14, 2024**. The initial draft of this appraisal report was completed on **May 16, 2024**.

EFFECTIVE DATE OF THE APPRAISAL

The descriptions, analyses, and conclusions of this report for the designated Market Values of the subject property are applicable as of **May, 1 2025**, which is the expected date of Substantial Completion. Brandon Lawson inspected the subject property on **April 24, 2024**. James L. Maibach, Leslie Tolliver, and Brook Clock have not inspected the subject property.

ASSIGNMENT CONDITIONS

Assignment conditions include assumptions that affect the scope of work, other than those previously discussed in the “Assumptions and Limiting Conditions”. There are no other material and specific hypothetical conditions or extraordinary assumptions other than those referenced in this report.

PROPERTY RIGHTS APPRAISED

The property rights appraised in this assignment are the Fee Simple Estate in the subject property. A commitment for Title Insurance was not submitted to the appraisers and reservations, if any, are unknown. If property rights differ from the above definitions, the value may be affected.

ASSETS APPRAISED

The assets appraised in this appraisal assignment include land, any primary and ancillary site improvements. No furniture, fixtures, equipment (FF&E), personal property, mineral rights or business value were included in the valuation process.

ENVIRONMENTAL CONDITIONS

No environmental report was available to us, and no recent environmental tests were performed. Because we have no evidence to the contrary, we have assumed that the property is free of any material defects, other than those noted, which would adversely affect the value, including, but not limited to, asbestos and toxic waste. Our value conclusions are subject to revision should these assumptions prove incorrect. We caution and advise the user of this report to obtain environmental studies which may be required to ascertain the status of the property regarding asbestos and other hazardous materials.

HISTORY OF SUBJECT PROPERTY

The subject property is currently owned by Tabor 380 Development, LLC. The subject property consists of seven separate parcels, all which were deeded to Tabor 380 Development, LLC on October 20, 2023. According to the developers, there were three separate purchases to acquire the subject property all occurring on October 20, 2023. The first purchase was between Tabor 380 Development, LLC and Tabor Ranch, LLC to acquire 530.755-AC at a sales price of \$15,000,000 (~\$28,262 /AC). The second purchase was between Tabor 380 Development, LLC and Beall Legacy, LP to acquire 19.26-acres at a sales price of \$852,000 (~\$44,237/AC). The third purchase was between Tabor 380 Development, LLC and Beall Legacy, LP to acquire 47.62-acres at a sales price of \$1,313,868 (\$27,591/AC). All purchase prices are within market rates at the time of purchase. The history of the subject property follows as such:

- Per Denton County Appraisal District, parcel #1031019 was deeded to Tabor 380 Development, LLC on October 20, 2023, from Beall Legacy Partners, LP via Deed Instrument #2023-113758. This appears to be an arms-length sale.
- Per Denton County Appraisal District, parcel #122594 was deeded to Tabor 380 Development, LLC on October 20, 2023, from Beall Legacy Partners, LP via Deed Instrument #2023-113759. This appears to be an arms-length sale.
- Per Denton County Appraisal District, parcel #64342 and #159065 were deeded to Tabor 380 Development, LLC on October 20, 2023, from Tabor Ranch LLC via Deed Instrument #2023-113757. This does not appear to be an arms-length sale.
- Per Denton County Appraisal District, parcel #155263 was deeded to Tabor 380 Development, LLC on October 20, 2023, from Tabor Ranch LLC via Deed Instrument #2023-113757. This does not appear to be an arms-length sale. At the time of the appraisers site visit on April 24, 2024, this parcel had a single-family residence built in 1994 and a barn built in 2012 on the property that is expected to be demolished.
- Per Denton County Appraisal District, parcel #64340 was deeded to Tabor 380 Development, LLC on October 20, 2023, from Tabor Ranch LLC via Deed Instrument #2023-113757. This does not appear to

be an arms-length sale. At the time of the appraisers site visit on April 24, 2024, this parcel had four barns on the property built in 1990 that are expected to be demolished.

- Per Denton County Appraisal District, parcel #64338 was deeded to Tabor 380 Development, LLC on October 20, 2023, from Tabor Ranch LLC via Deed Instrument #2023-113757. This does not appear to be an arms-length sale. At the time of the appraisers site visit on April 24, 2024, this parcel had a single-family residence built in 1969, a storage building built in 1980, and two barns built in 2000 on the property that are expected to be demolished.

The subject property has no other transfers in the prior three years.

We are unaware of any other attempts to sell the subject property, as of the report date, except for the contracts for the improved lots between the developer and the homebuilder, and the assignment contract.

LEGAL DESCRIPTIONS

The subject property includes seven tracts of land known as follows:

- A1319A WINFREY, TR 31A, 19.26 ACRES (Denton County Tax ID number 1031019)
- A1319A WINFREY, TR 31, 47.3105 ACRES (Denton County Tax ID number 122594)
- A1319A WINFREY, TR 19, 105.888 ACRES, OLD DCAD TR #10 (Denton County Tax ID number 64342)
- A1319A WINFREY, TR 19B, 21.0 ACRES (Denton County Tax ID number 159065)
- A1319A WINFREY, TR 19A, 52.437 ACRES, OLD DCAD TR #10A (Denton County Tax ID number 155263)
- A1319A WINFREY, TR 20, 177.5 ACRES (Denton County Tax ID number 64340)
- A1319A WINFREY, TR 21, 173.93 ACRES, OLD DCAD TR #2C (Denton County Tax ID number 64338)

PENDING TRANSACTIONS TO BUILDERS

The land within the development is owned and being developed by Tabor 380 Development, LLC (the “Developer”. The subject property has five executed sales contracts. The first sales contract is between the Developer and CastleRock Communities, LLC, (Purchaser) dated April 27, 2023, as amended, to purchase a total of 104 fully developed single-family residential lots. Per the purchase contract, CastleRock Communities, LLC is to purchase 74 of the 50-FF lots at \$79,900, each and 30 of the 60-FF lots at \$89,900 each. In addition to the Basic Price, CastleRock Communities, LLC agrees to pay on each Lot an additional amount calculated as a percentage of the Basic Price, commencing on the scheduled date of the Initial Closing, and continuing until the date of Closing of such Lot pursuant to the terms hereof, at a per annum rate equal to six percent (6%). The purchase prices are within market rates.

The second sales contract is between the Developer and First Texas Homes, Inc. (Purchaser) dated May 15, 2023, as amended, to purchase a total of 115 fully developed single-family residential lots. Per the purchase contract, First Texas Homes, Inc. is to purchase 55 of the 45-FF lots at \$74,250 each and 60 of the 50-FF lots at \$80,000 each. In addition to the Basic Price, First Texas Homes, Inc. agrees to pay on each Lot an additional amount calculated as a percentage of the Basic Price, commencing on the scheduled date of the Initial Closing, and continuing until the date of Closing of such Lot pursuant to the terms hereof, at a per annum rate equal to six percent (6%). The purchase prices are within market rates.

The third sales contract is between the Developer and Lillian Custom Homes, LLC, Inc. (Purchaser) dated March 30, 2023, as amended, to purchase a total of 104 fully developed single-family residential lots. Per the purchase

Tabor Ranch Public Improvement District

contract, Lillian Custom Homes, LLC is to purchase 41 of the 40-FF lots at \$65,900 each, 44 of the 50-FF lots at \$79,900 each, and 19 of the 60-FF lots at \$89,900 each. In addition to the Basic Price, Lillian Custom Homes, LLC, agrees to pay on each Lot an additional amount calculated as a percentage of the Basic Price, commencing on the scheduled date of the Initial Closing, and continuing until the date of Closing of such Lot pursuant to the terms hereof, at a per annum rate equal to six percent (6%). The purchase prices are within market rates.

The fourth sales contract is between the Developer and Meritage Homes of Texas, LLC (Purchaser) dated June 1, 2023, as amended, to purchase a total of 218 fully developed single-family residential lots. Per the purchase contract, Meritage Homes of Texas, LLC is to purchase 98 of the 50-FF lots at \$79,900 each, and 119 of the 60-FF lots at \$89,900 each. In addition to the Basic Price, Meritage Homes of Texas, LLC, agrees to pay on each Lot an additional amount calculated as a percentage of the Basic Price, commencing on the scheduled date of the Initial Closing, and continuing until the date of Closing of such Lot pursuant to the terms hereof, at a per annum rate equal to six percent (6%). The purchase prices are within market rates.

The fifth sales contract is between the Developer and Starlight Homes Texas, LLC (Purchaser) dated June 7, 2023, as amended, to purchase a total of 297 fully developed single-family residential lots. Per the purchase contract, Starlight Homes Texas, LLC is to purchase 163 of the 45-FF lots at \$71,910 each, and 134 of the 50-FF lots at \$79,900 each. In addition to the Basic Price, Starlight Homes Texas, LLC, agrees to pay on each Lot an additional amount calculated as a percentage of the Basic Price, commencing on the scheduled date of the Initial Closing, and continuing until the date of Closing of such Lot pursuant to the terms hereof, at a per annum rate equal to six percent (6%). The purchase prices are within market rates.

The chart below shows the breakdown of the subject's lots. The Substantial Completion Date for Improvement Area #1 is May, 1 2025, and the projected Substantial Completion Date for the Major Improvement Area is May, 1 2025:

Tabor Ranch PID			
<i>Lot Type</i>	<i>Improvement Area #1</i>	<i>Major Improvement Area Paper Lots</i>	<i>Total</i>
40-FF	41	218	259
45-FF	218	2	220
50-FF	420	353	773
60-FF	171	498	669
Improvement Area #1	850		
Total Major Improvement Area Paper Lots		1071	1071
Total Lots at Tabor Ranch PID			1921

**Note the focus of our appraisal report is to value the improved lots in Improvement Area #1 and the 1,071 paper lots on 405.533-acres in the Major Improvement Area of the Tabor Ranch PID.*

According to the Purchase and Sales Agreements we were provided by the Developer, the quarterly takedowns on the following page are projected for the 850 improved residential lots within Improvement Area #1 of the Tabor Ranch PID.

Tabor Ranch Public Improvement District

Projected Quarterly Takedown Summary - Tabor Ranch PID IA #1								
<i>Lot Type</i>	<i>May-2025</i>	<i>Jul-2025</i>	<i>Oct-2025</i>	<i>Jan-2026</i>	<i>Apr-2026</i>	<i>Jul-2026</i>	<i>Oct-2026</i>	TOTAL
40-FF	14	12	12	3	-	-	-	41
45-FF	37	36	36	36	36	36	1	218
50-FF	85	76	76	76	76	31	-	420
60-FF	48	40	40	40	3	-	-	171
Total	184	164	164	155	115	67	1	850

As seen in the previous table, sales are expected to begin in May 2025 for all lots sizes. The sellout date is different for each lot size with the 40-FF lots expected to be sold out during 1Q26, the 45-FF lots are expected to be sold out during 4Q26, the 50-FF lots are expected to be built out during 3Q26, and the 60-FF lots are expected to be sold out in 1Q26.

There is not a projected takedown schedule for the Major Improvement Area as this area has not been devised and development within the Major Improvement Area has not yet commenced.

Real Estate Taxes
Denton Central Appraisal District

Real estate tax assessments are administered by the Denton Central Appraisal District (DCAD) and are estimated by jurisdiction on a county basis for the subject. Real estate taxes in this state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to value. The real estate taxes for an individual property may be determined by dividing the assessed value for a property by \$100, then multiplying the estimate by the composite rate.

Real estate taxes and assessments for the most recent tax year along with projected tax stack provided by the T. Wilson, Professional Financial Consultant, are shown in the following table which include taxes due in 2024 to Denton County, Ponder ISD, and Tabor Ranch PID. The current combined tax rate for those entities is **2.888385 per \$100 assessed** as shown in the table below:

Property Taxes - 2024	
Entity	Rate
Denton County	0.189485
Ponder ISD	1.242300
Tabor Ranch ESD	0.150000
Tabor Ranch PID	1.306600
Total	2.888385

The current (2024) tax burden for the subject property – which is mainly undeveloped land with two single family houses and multiple barns– is \$64,494.34, and is reduced due to agricultural exemptions. A table of the property taxes for the subject is shown below:

TAXES (DENTON CAD - 2024)									
ID	Owner	Size (AC)	Improvement Market Value	Land Market Value	Agricultural Market Value	Ag Exemption	Assessed Value	Agricultural Use Value	Estimated Taxes
1031019	Tabor 380 Development, LLC	19.2600	\$ -	\$ 442,383	\$ -	\$ -	\$ 442,383	\$ -	\$ 12,777.72
122594	Tabor 380 Development, LLC	47.3105	\$ -	\$ 1,086,675	\$ -	\$ -	\$1,086,675	\$ -	\$ 31,387.36
64342	Tabor 380 Development, LLC	105.8880	\$ -	\$ -	\$ 1,437,641	\$ 1,429,911	\$ 7,730	\$ 7,730	\$ 223.27
159065	Tabor 380 Development, LLC	21.0000	\$ -	\$ -	\$ 285,117	\$ 283,584	\$ 1,533	\$ 1,533	\$ 44.28
155263	Tabor 380 Development, LLC	52.4370	\$ 508,752	\$ 27,154	\$ 684,783	\$ 681,101	\$ 539,588	\$ 3,682	\$ 15,585.38
64340	Tabor 380 Development, LLC	177.5000	\$ 10,686	\$ -	\$ 2,409,918	\$ 2,396,960	\$ 23,644	\$ 12,958	\$ 682.93
64338	Tabor 380 Development, LLC	173.9300	\$ 105,132	\$ 13,577	\$ 2,347,871	\$ 2,335,247	\$ 131,333	\$ 12,624	\$ 3,793.40
Total Combined:		597.33	\$624,570.00	\$1,569,789	\$7,165,330	\$ 7,126,803	\$2,232,886	\$38,527	\$64,494.34

The market value that Denton Central Appraisal District has determined **\$9,359,689 (\$624,570.00+\$1,569,789+\$7,165,330) which is \$15,669/AC or \$0.36/SF** – would lead to a tax burden of \$270,343.85 if fully taxed. The subject property is likely appraised for Denton CAD at below true market value for ±599.392 acres of developable land. When the property is redeveloped into a residential use, there may be rollback taxes due to the municipal entities. We have not considered the effect of rollback taxes herein and that is beyond the scope of work of this report.

When Substantial Construction is complete on the improved lots, the appraised value is expected to increase significantly; however, based on our company's experience as licensed property tax consultants working with tax districts and homebuilders, we believe the finished lots will be assessed by the appraisal district at below retail lot value. Finished lots are often assessed by tax districts at approximately 70% of the retail value because the tax district

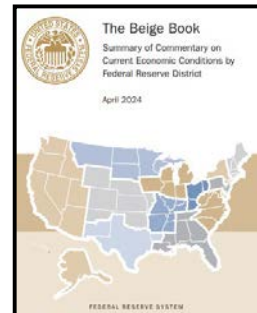
does not have reliable information on updated costs and because developers are eligible for an inventory reduction on their lots.

MARKET OVERVIEW

ECONOMIC INDICATORS: BEIGE BOOK

FEDERAL RESERVE BANK (April 17, 2024)

Due to the subject's location in North Texas, coupled with integrated business economies, it is relevant to consider the national and regional economic indicators presented by the Federal Reserve Bank of Dallas in the Beige Book. Excerpts from the most recent Beige Book are presented below:



Overall Economic Activity

Overall economic activity expanded slightly, on balance, since late February. Ten out of twelve Districts experienced either slight or modest economic growth—up from eight in the previous report, while the other two reported no changes in activity. Consumer spending barely increased overall, but reports were quite mixed across Districts and spending categories. Several reports mentioned weakness in discretionary spending, as consumers' price sensitivity remained elevated. Auto spending was buoyed notably in some Districts by improved inventories and dealer incentives, but sales remained sluggish in other Districts. Tourism activity increased modestly, on average, but reports varied widely. Manufacturing activity declined slightly, as only three Districts reported growth in that sector. Contacts reported slight increases in nonfinancial services activity, on average, and bank lending was roughly flat overall. Residential construction increased a little, on average, and home sales strengthened in most Districts. In contrast, nonresidential construction was flat, and commercial real estate leasing fell slightly. The economic outlook among contacts was cautiously optimistic, on balance.

Labor Markets

Employment rose at a slight pace overall, with nine Districts reporting very slow to modest increases, and the remaining three Districts reporting no changes in employment. Most Districts noted increases in labor supply and in the quality of job applicants. Several Districts reported improved retention of employees, and others pointed to staff reductions at some firms. Despite the improvements in labor supply, many Districts described persistent shortages of qualified applicants for certain positions, including machinists, trades workers, and hospitality workers. Wages grew at a moderate pace in eight Districts, with the remaining four noting only slight to modest wage increases. Multiple Districts said that annual wage growth rates had recently returned to their historical averages. On balance, contacts expected that labor demand and supply would remain relatively stable, with modest further job gains and continued moderation of wage growth back to pre-pandemic levels.

Prices

Price increases were modest, on average, running at about the same pace as in the last report. Disruptions in the Red Sea and the collapse of Baltimore's Key Bridge caused some shipping delays but so far have not led to widespread price increases. Movements in raw materials prices were mixed, but six Districts noted moderate increases in energy prices. Contacts in several Districts reported sharp increases in insurance rates, for both businesses and homeowners. Another frequent comment was that firms' ability to pass cost increases on to consumers had weakened considerably in recent months, resulting in smaller profit margins. Inflation also caused strain on nonprofit entities, resulting in service reductions in some cases. On balance, contacts expected that inflation would hold steady at a slow pace moving forward. At the same time, contacts in a few Districts—mostly manufacturers—perceived upside risks to near-term inflation in both input prices and output prices.

ELEVENTH DISTRICT

FEDERAL RESERVE BANK OF DALLAS – April 17, 2024

Summary of Economic Activity

The Eleventh District economy expanded modestly. While activity in services and housing grew, manufacturing output, retail sales, and loan demand declined slightly. Employment growth slowed as wages, input costs, and selling prices grew at a moderate pace. Demand for nonprofit services remained elevated. Overall, Texas firms noted an uptick in uncertainty, particularly among manufacturing firms. Weakening demand and domestic political uncertainty were top outlook concerns.

Labor Markets

Employment growth slowed over the past six weeks. Labor availability improved and contacts noted higher retention rates. A few contacts continued to cite difficulty hiring, particularly for positions such as truck drivers and engineers. Staffing firms mentioned that despite a slow-down in hiring, there is an increased preference for permanent employees over temporary or contract workers.

Wage growth was moderate over the past six weeks. Staffing firms noted continued declines in wage pressure, while a technology firm stated that wage increases were now in line with historical averages. A manufacturer mentioned not having to increase wages at all due to plentiful job applicants and higher retention. A Dallas Fed survey of about 350 Texas business executives in March showed that wage growth was 4.9% over the past 12 months, on average, and is expected to slow to 3.6% over the next 12 months.

Prices

Prices rose moderately over the past six weeks. Growth in prices for manufactured goods resumed and raw materials price growth ticked up. Meanwhile, price growth in the service sector held steady at a moderate pace. Auto dealers reported that while increased car inventories placed downward pressure on vehicle prices, they increased inventory costs. Airlines noted input prices rose due to elevated labor costs, fuel prices, and maintenance. Retail motor fuel prices were slightly higher as refineries on the Gulf Coast were coming online again after both unplanned and annual maintenance outages. Manufacturers expect selling price growth to pick up over the next 12 months but remain moderate, while service sector executives expect price growth to moderate further.

Manufacturing

Overall manufacturing activity declined slightly over the past six weeks. The decline was overwhelmingly due to weakness in durables good production, particularly metals, machinery, and computer and electronics manufacturing. Nondurable goods production increased moderately, driven by food and chemical manufacturing. Chemical plant utilization ticked up, and contacts noted rising new orders, better pricing and margins, and a return of capacity after unplanned winter outages and early spring maintenance. Weakening demand, domestic political uncertainty, and elevated input costs were the top three outlook concerns for the manufacturing sector.

Retail Sales

Retail sales declined modestly over the past six weeks. Auto dealers noted higher sales volume but declining margins and increasing inventory. Some contacts including a health store retailer and a nondurable goods wholesaler reported consumers pulling-back in purchases because of higher prices. Meanwhile, another nondurable wholesaler commented that consumers are returning, and sales picked up because consumers have baked-in higher prices into their budgets. Retail outlooks remained pessimistic, weighed down by weakening demand and elevated input costs.

Nonfinancial Services

Tabor Ranch Public Improvement District

Service sector activity continued to rise modestly in the reporting period. Revenue growth was led by professional and business services and leisure and hospitality. Airline travel in the District remained strong with continued robust demand for leisure travel and growing demand for business travel. Transportation and warehousing activity declined overall; however, activity at Gulf Coast ports was up, particularly driven by resin exports. Health care reported weakening activity while staffing firms noted an unexpected slowdown in demand, but expect a pick-up in the second quarter, particularly for white-collar jobs. Weakening demand, domestic political uncertainty, and higher labor costs are the top three outlook concerns for the service sector.

Construction and Real Estate

Home sales rose during the reporting period. Some contacts noted that sales so far this year were ahead of plan. Builders' margins strengthened and backlogs increased. Outlooks were positive, though affordability remained a key concern. Commercial real estate market conditions have little changed from the previous reporting period. Apartment leasing was moderate, but there continued to be downward pressure on occupancy and rents, and concessions were becoming more widespread. In the office market, leasing activity stayed sluggish, and vacancies were high. Industrial demand was solid, though vacancies continued to rise due to an elevated level of supply. Outlooks were mixed, with some commercial market segments expected to remain challenging either due to weak demand or the sizeable amount of new construction slated for delivery in the near term.

Financial Services

Loan volumes declined after having largely stabilized over the past three months. Credit standards continued to tighten, and loan pricing continued to rise. While the pace of credit tightening picked up for commercial and industrial loans and commercial mortgages, it slowed for residential mortgages and consumer loans. Overall loan nonperformance rose slightly, with commercial real estate experiencing a significant increase in past-due loans. Bankers' outlooks remained mixed: they expect an increase in loan demand six months from now but a deterioration in loan performance and overall business activity.

Community Perspectives

Nonprofits reported sustained high demand for services as more individuals discover the resources they offer. While demand for food pantry services was stable at an elevated level, there was an increased demand for assistance with health insurance and basic clothing. Cost-of-living was an ongoing concern, and more people were looking for second jobs to make ends meet. The tax season provided low-income families with a temporary income boost with many planning to spend tax refunds on used cars, household appliances, and cell phones.

Texas A&M University
Texas Real Estate Research Center
Outlook for the Texas Economy (Excerpts)
Joshua Roberson (April 30, 2024)



Summary

The Texas economy remains resilient despite high interest rates. Employment skyrocketed and there is still a high participation rate. Home sales increased while the ten- and 30-year rates remained elevated. Texas consumer confidence fell as economic growth was stagnant. Trade levels fell erasing over half of January's gain. Data show that economic activity has remained steady to start the year, indicating that this rate pause may continue well into the back half of this year.

Economic Uncertainty as CPI Continues to Rise

The Consumer Price Index (CPI) rose 0.4% from last month and is up 3.2% from February 2023. According to the U.S. Bureau of Labor Statistics, the index for shelter and gasoline accounted for over 60% of this month's increase. Despite the gasoline index increasing in February, the year-over-year (YOY) change dropped to -3.9%.

The Fed paused interest rate hikes in its January meeting, leaving the Fed Funds target range between 5.25% and 5.5%. Inflation remains above the long-term goal of 2%, but the higher-than-forecasted readings to begin the year are making it less likely this rate cut will occur in June. Economic data, such as inflation and retail sales, that were released were not what was expected, as retail sales were low and inflation remained high. For interest rates to start to decrease, economic activity must remain strong while inflation starts to cool, according to Fed Chairman Jerome Powell.

Texas Payroll Rebounds

Texas total nonfarm employment added 49,800 workers. All four major metros posted monthly increases with Austin reporting the largest increase of 11,400. Dallas (7,800 workers) and Houston (6,900 workers) also had strong increases while San Antonio reported insignificant increases. For the second straight month the professional and business services and education and health services sectors were the main contributors to the monthly increases, attracting 11,900 and 9,300 workers, respectively.

Texas worker sentiment remains resilient with a high participation rate of 64.1%. The unemployment rate has been steady at 3.9% for nine months, and continued unemployment claims averaged around 153,716 applications weekly.

Inventory Growth Outpaces Sales Growth

According to the latest data, Texas had a 3.6% increase in total home sales month over month (MOM), resulting in 29,999 homes sold (see table). Most of the major cities experienced a slight upswing. The most significant increase was in San Antonio (11.8%), with an increase of over 339 additional sales compared to January. Dallas showed an increase of almost 700 homes, an 8.7% increase. While Houston experienced remarkable home sales last month, February was uneventful as growth flattened.

Home Sales Volume			
	January	February	MOM Change
San Antonio-New Braunfels	2,881	3,220	↑ 11.8%
Dallas-Fort Worth-Arlington	7,982	8,679	↑ 8.7%
Texas	28,946	29,999	↑ 3.6%
Austin-Round Rock	2,753	2,853	↑ 3.6%
Houston-The Woodlands-Sugar Land	7,929	7,951	↑ 0.3%
Note: Data is seasonally adjusted.			
Source: Texas Real Estate Research Center at Texas A&M University			

Merchants' Current Business Outlook Improves

According to the Dallas Fed's Service Sector Outlook Survey, perception of broader business conditions, which encompass the overall economic environment for businesses, improved but remained woeful with the general business activity index increasing but remaining in negative territory at -3.9. Respondents remained optimistic about future business conditions, with the future general business activity index climbing to 12 while the future revenue index remained in positive territory. In the same survey, revenues also improved moving from negative to positive territory. A positive index indicates more respondents reported positive MOM growth than negative. Despite the upward movement, the revenue index is still below the long-term trend, indicating more room to grow.

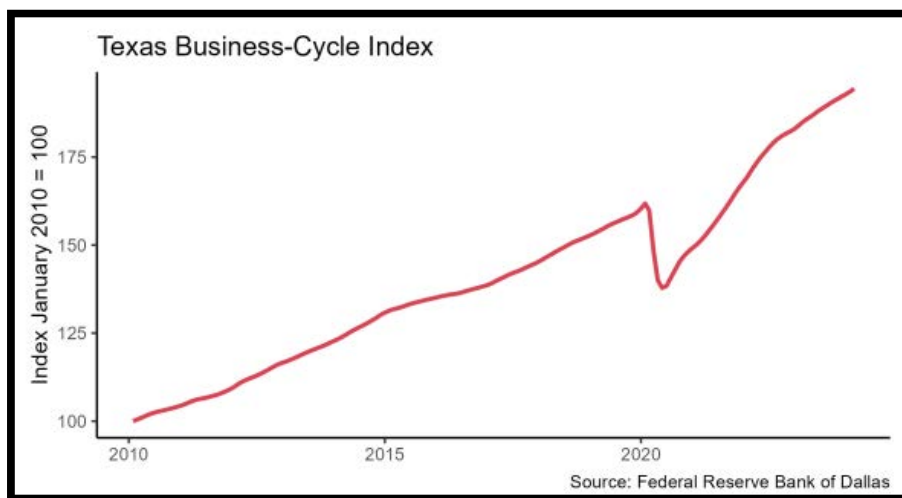
Retail payroll decreased by 2,500 workers in February. Sales continued to fall as the Dallas Fed's Retail Outlook Survey reported the sales index moved from -28.6 to -5.3, signifying sales fell at a slower rate than in February. The labor market within the retail sector improved as the employment index climbed into positive territory at 2.4. The perception of the broader business environment continued to worsen with the general business activity index remaining in negative territory at -18. Expectations for future retail growth wavered with the employment index remaining positive while the future general business activity index increased but stayed in negative territory.

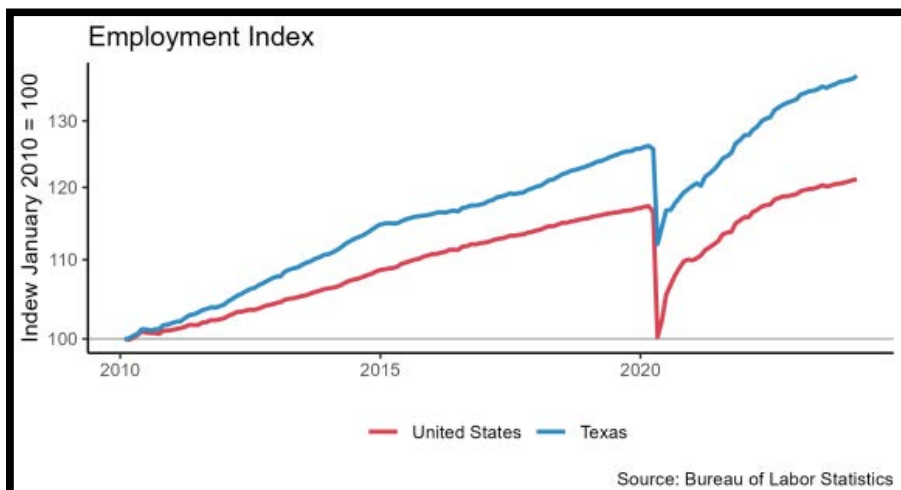
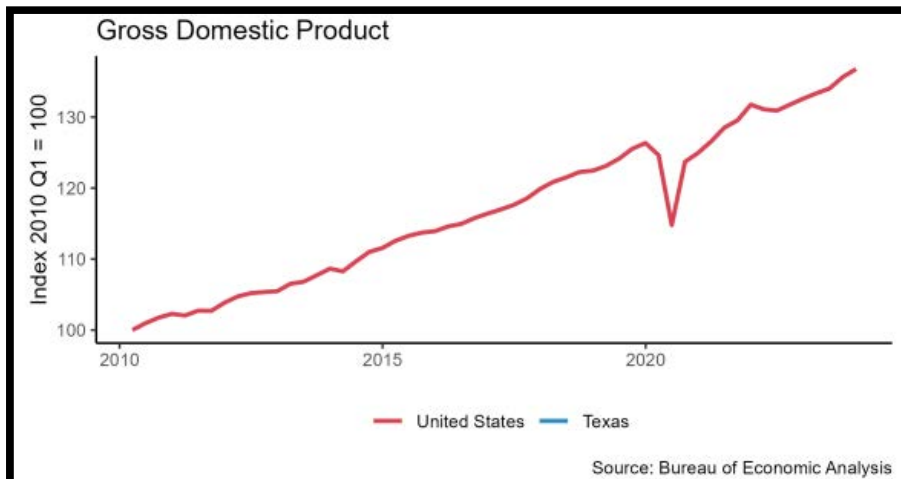
Global Trade Fall

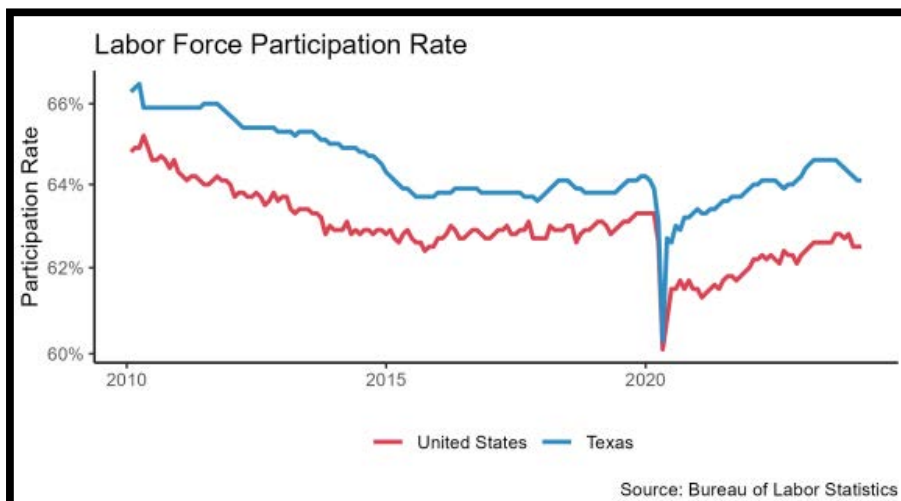
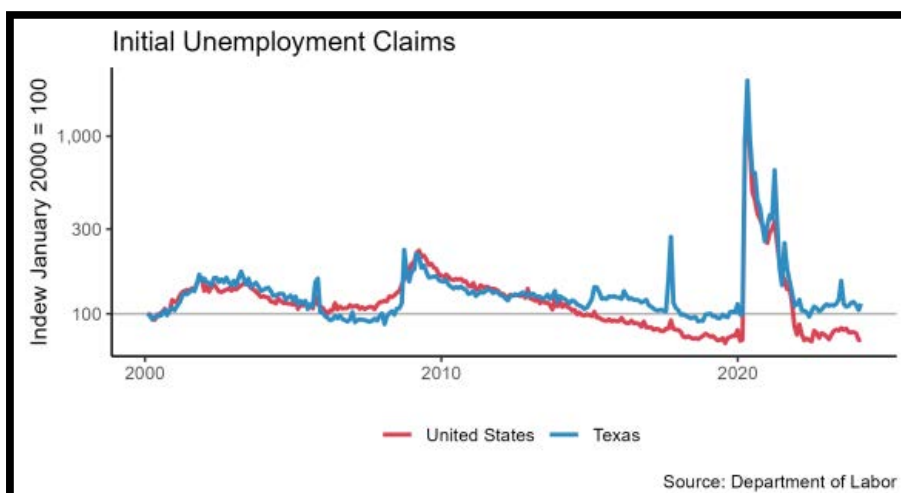
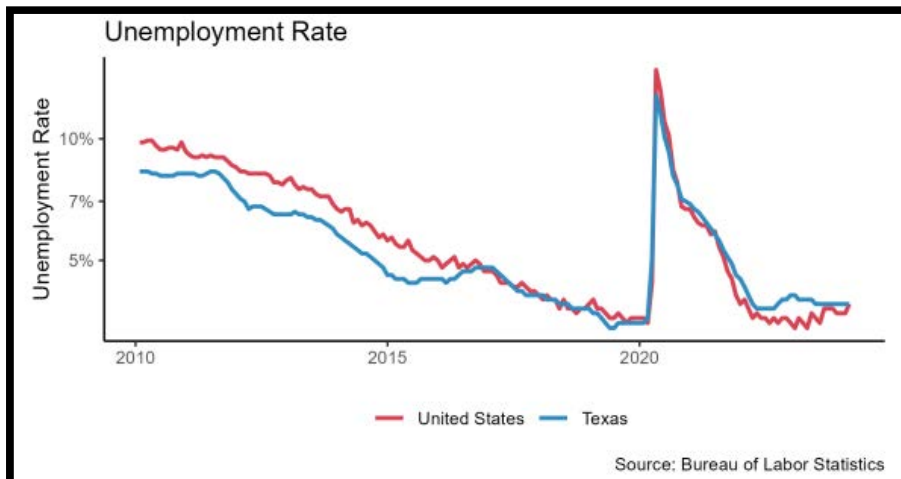
Texas' all-commodity exports fell 3% MOM but were at about the same level as January 2023. Demand inversely changed MOM for the top three manufacturing exports: computer/electronics (up 3.9%), petroleum/coal (down 7.6%), and chemicals (down 6.8%). Industries besides petroleum and chemicals that influenced the monthly loss were wood products (down 26.8%) and furniture/fixtures (down 15.7%). The transportation equipment industry rose 22.7% MOM and accounted for the largest percent of Texas' exports outside the top three manufacturing exports. Demand for Texas' crude oil exports started fluctuating, with this being the fourth straight month of switching between strong increases and decreases. Last month showed double-digit percent increases, and this month demand fell by 8.6%. Europe and Asia accounted for over 80% of the total market share of Texas crude oil. Germany and Brazil both reported decreases of over 50% while Italy increased their imports by over 500%.

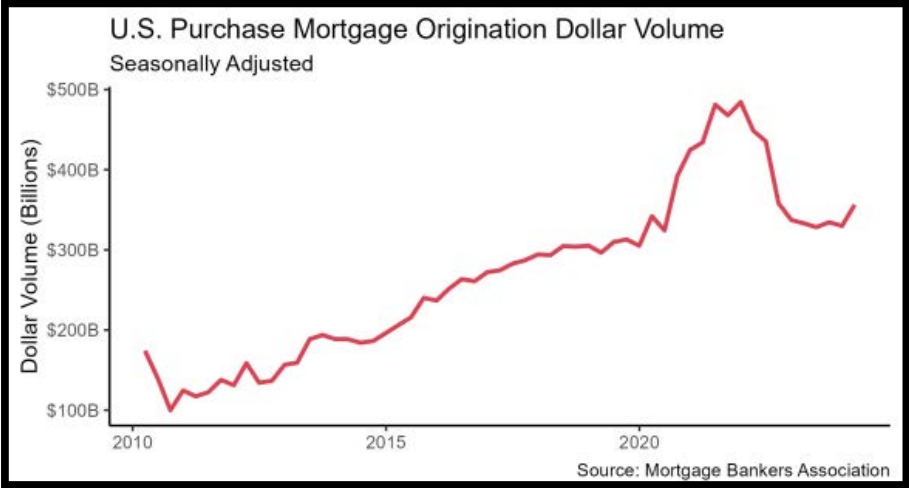
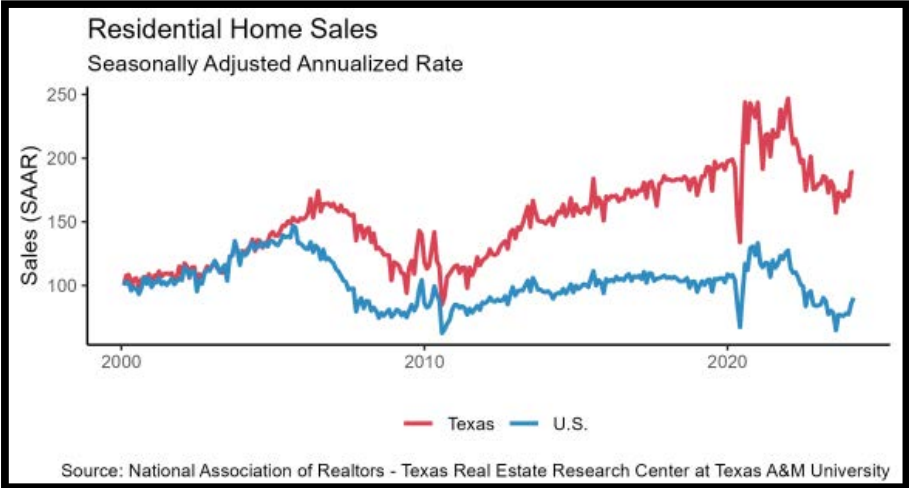
Select Economic Indicators

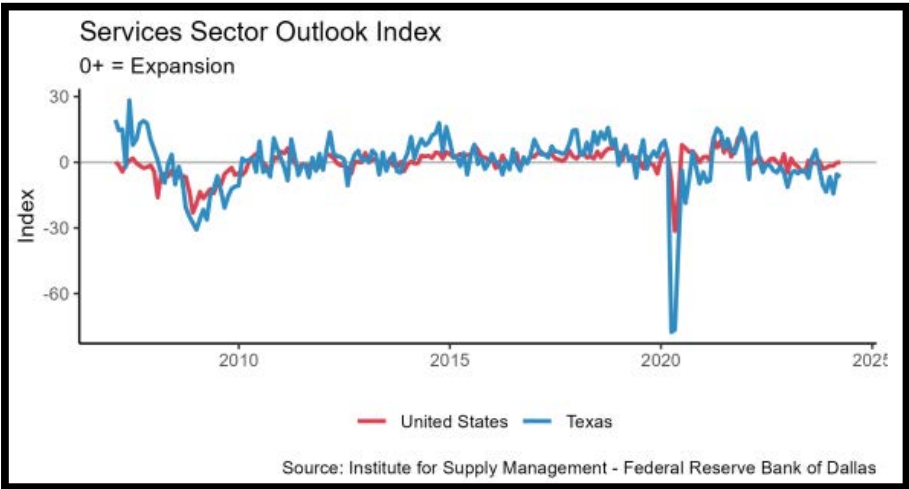
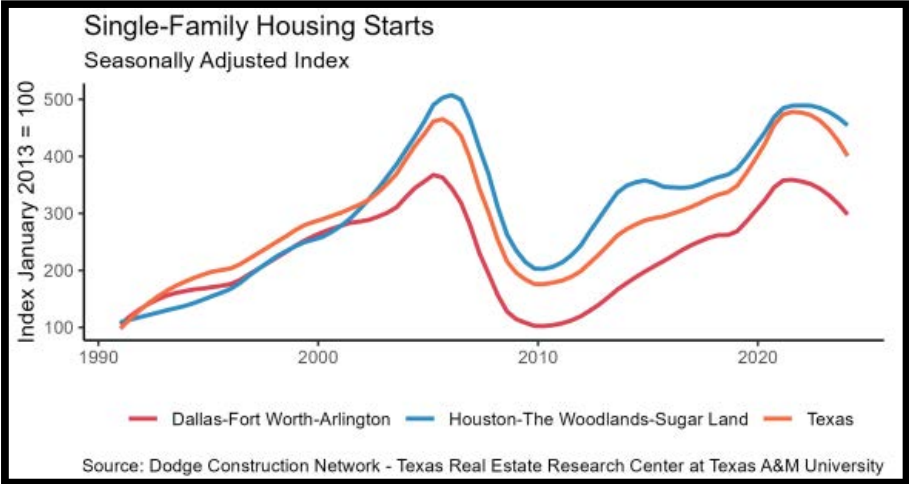
- The Texas Leading Economic Index remained at 128.1 (1987=100), signaling steady economic growth in the upcoming months.
- Nominal average hourly earnings marginally declined by 0.8% MOM to \$32.60. Earnings across all four major metros were down with Houston (-\$0.83) and Dallas (-\$0.57) decreasing by over half a dollar for the month.
- Texas consumer confidence fell by 5.2% in February, whereas it had been on the rise since September.
- The ten-year U.S. Treasury bond rose 15 basis points to 4.21%.
- The Federal Home Loan Mortgage Corporation's 30-year fixed-rate rose 24 basis points to 6.64%.
- The West Texas Intermediate (WTI) crude oil spot price slightly rose by 0.6% YOY from \$76.83 to \$77.25, coming down from the inflated 2022 values. The Henry Hub natural gas spot price plummeted 27.7% YOY from \$2.38 to \$1.72 per million British thermal units (BTU).



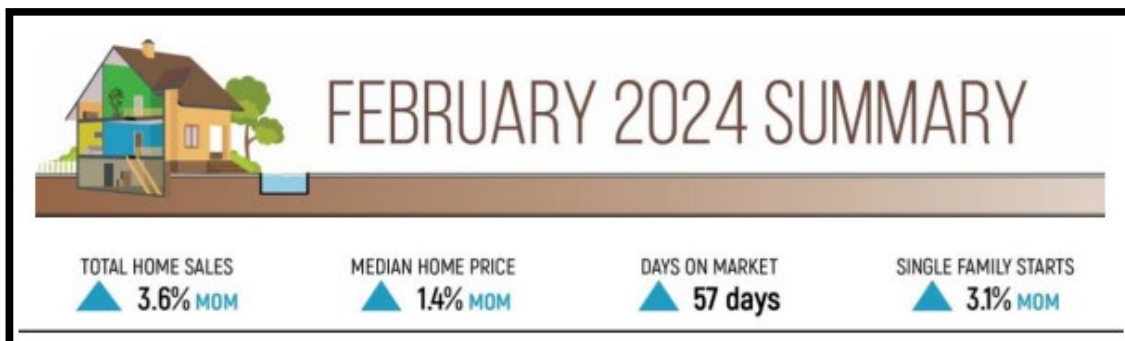








TEXAS HOUSING INSIGHT (EXCERPTS)
Texas A&M University – Texas Real Estate Research Center
Joshua Roberson (May 13, 2024)



Summary

Housing sales grew modestly despite mortgage rates remaining elevated. The average home price grew alongside sales, with the cost rising over \$9,000 since December 2023. Single-family starts and permits both increased as well.

Inventory Growth Outpaces Sales Growth

According to the latest data, Texas had a 3.6% increase in total home sales month over month (MOM), resulting in 29,999 homes sold (Table 1). Most of the major cities experienced a slight upswing. The most significant increase was in San Antonio (11.8%) with an increase of over 339 additional sales compared to January. Dallas showed an increase of almost 700 homes, an 8.7% increase. While Houston experienced remarkable home sales last month, February was uneventful as growth flattened.

Table 1. Home Sales Volume			
	January	February	MoM Change
San Antonio-New Braunfels	2,881	3,220	11.8%
Dallas-Fort Worth-Arlington	7,982	8,679	8.7%
Texas	28,946	29,999	3.6%
Austin-Round Rock	2,753	2,853	3.6%
Houston-The Woodlands-Sugar Land	7,929	7,951	0.3%

Source: Data Relevance Project and Texas Real Estate Research Center at Texas A&M University
Note: Data are seasonally adjusted

The state's new listings stand at 45,696 in February, continuing the upward trend. Three of the four major metros posted monthly increases with Dallas and Austin experiencing a remarkable surge of 25.7% and 23%, respectively. Houston had an increase of 17%. This is the highest number of new listings in Houston in a decade. San Antonio, which was down 1.8%, was the only one among the Big Four to experience a drop. The state's average days on the market (DOM) increased from 56 to 57 days. Dallas increased to 52 days and Houston reduced to 48 days after staying consistent at 50 days for two consecutive months. Both Austin (74 days) and San Antonio (68 days) recorded increases, falling by one and two days, respectively. Along with a higher DOM, statewide inventory increased from 3.6 to 3.9 months.

All of the Big Four metros had more active listings than in January. After experiencing its largest drop, Austin rose by 11.6%. Dallas (23,000) and Houston (25,655) had increases of 2.5% and 4%, respectively.

Mortgage Rates Remain Below Peak Values

Treasury and mortgage rates remain below their elevated 2023 levels as the ten-year U.S. Treasury Bond yield rose to 4.25%. The Federal Home Loan Mortgage Corporation's 30-year fixed-rate fell by 14 basis points to 6.78%.

Single-Family Construction Gets an Early Start

In Texas, the number of single-family construction permits increased by 2.9% month over month, reaching 13,355 issuances. Houston exhibited a substantial surge of 31.6%, whereas Dallas and San Antonio had more modest increases of 7.7% and 4.7%, respectively. Interestingly, Austin was the only major city to experience a decrease, with a decline of 7.9%.

Construction starts rose alongside permits, according to data from Dodge Construction Network. Single-family starts rose by 31% MOM to 15,630 units. In January, Austin reported 1,469 single-family housing starts, which slightly decreased to 1,434 in February. The other major cities in Texas experienced varying trends: Dallas rose 41.59% to 3,595 starts, Houston saw a 56% increase to 5,368, and San Antonio had a modest 3.3% rise to 844 starts. Austin, down 2.4%, was the only one among the Big Four to see a fall in single-family starts.

The state's total value of single-family starts climbed from \$3.97 billion in February 2023 to \$5.79 billion in February 2024. Houston accounted for 35% of the state's total starts value. Starts value activity is up from last year as Austin and San Antonio also posted moderate increases.

Home Prices Stable in February

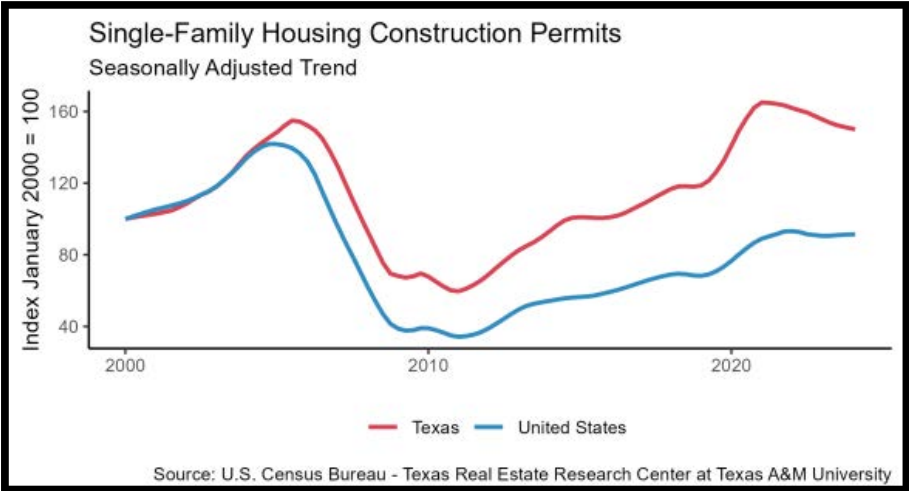
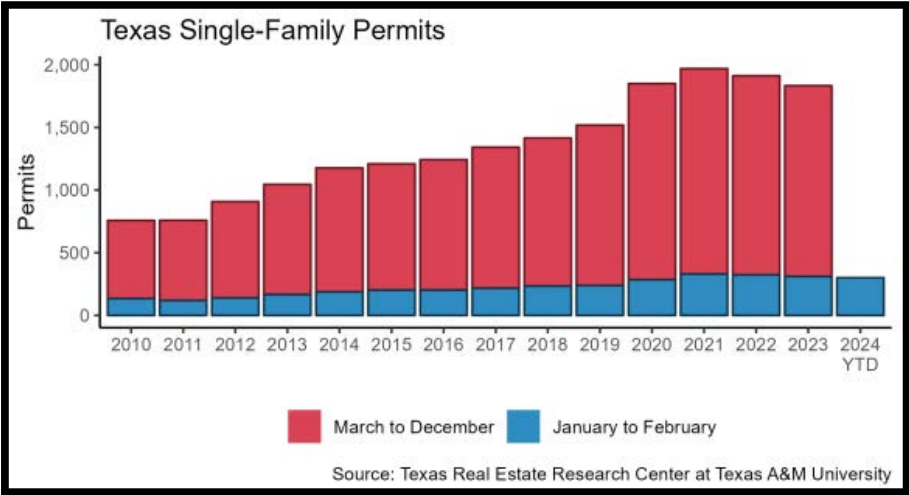
The state's median home price essentially stayed the same as last month at around \$341,000 (Table 2). Across major metropolitan areas, home prices experienced marginal upward shifts, all remaining below the 1% mark. Notably, Austin witnessed a slight decline of 0.4%, the lowest among the four major cities. In contrast, Houston recorded the most substantial increase, with home prices rising by 0.8%.

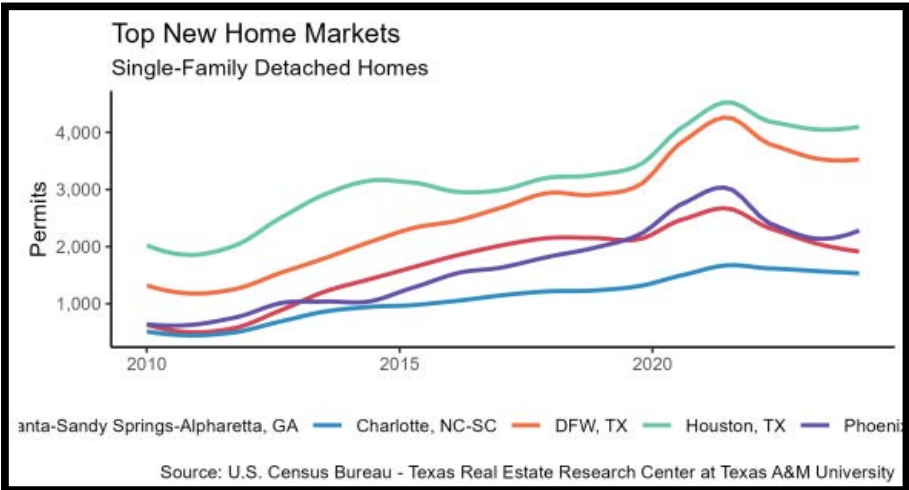
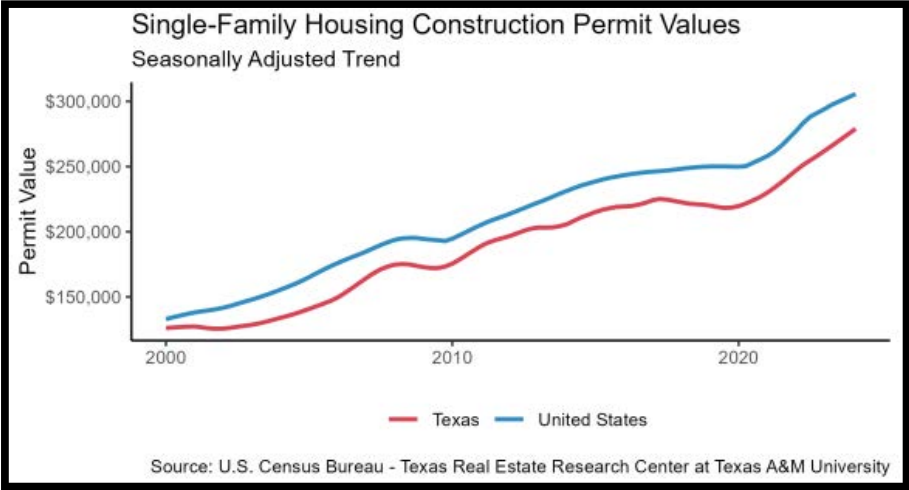
The majority of sales fall into the \$200,000-\$300,000 and \$300,000-\$400,000 price range cohorts, accounting for 28.2% and 22.6% of total home sales, respectively.

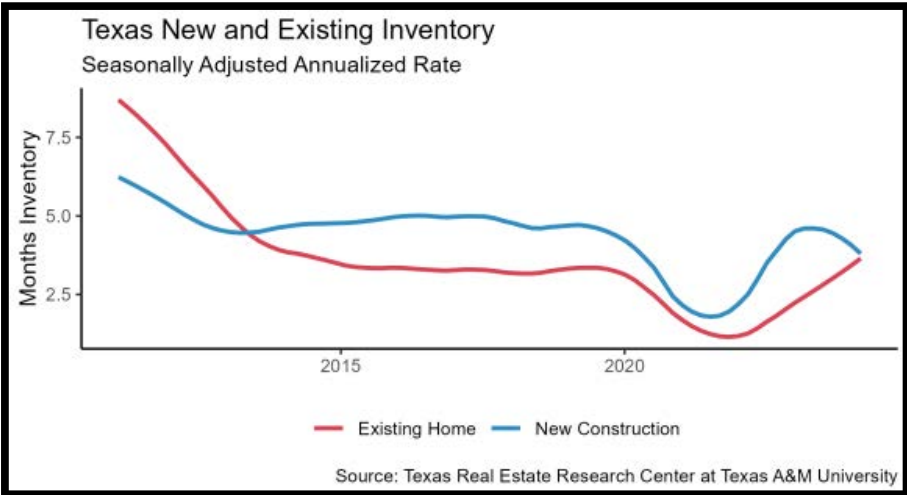
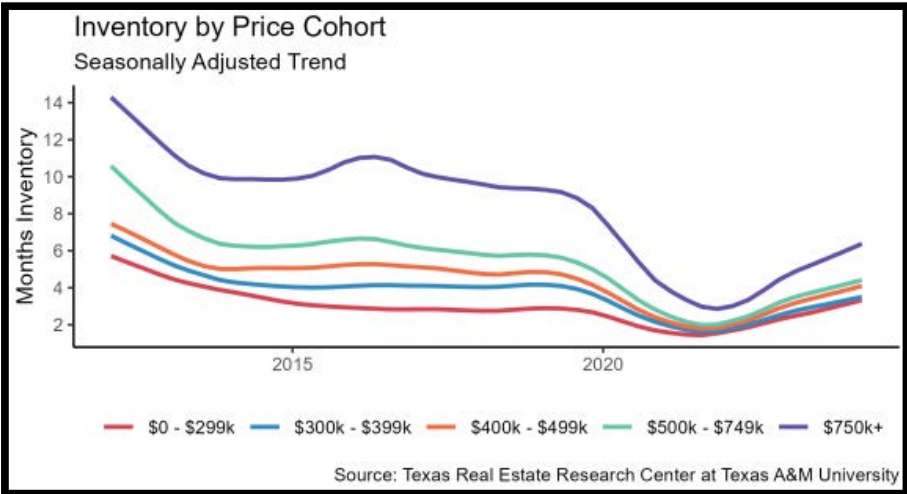
The Texas Repeat Sales Home Price Index (Jan 2004=100) grew 1.4% MOM and 3.4% year over year (YOY). Austin's annual appreciation remains well below the states' average, falling to 1.6% YOY.

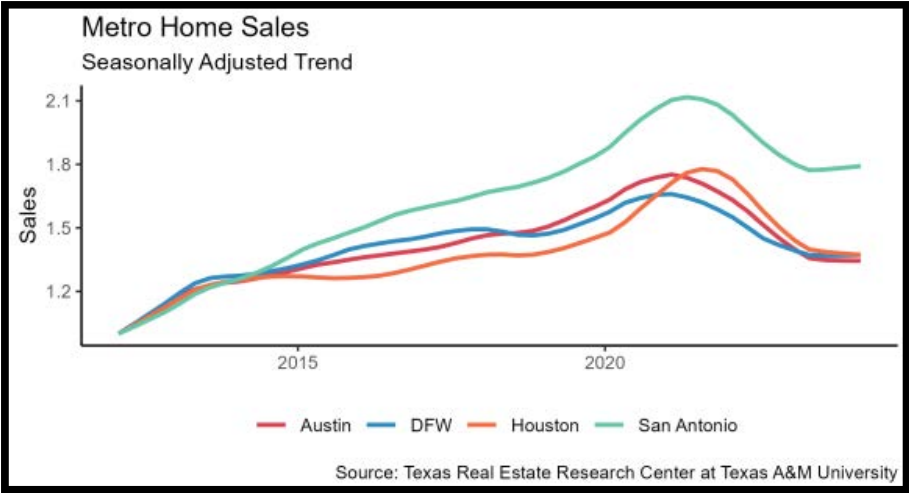
Table 2. Median Housing Prices			
	January	February	MoM Change
Houston-The Woodlands-Sugar Land	\$336,172	\$338,888	0.8%
Dallas-Fort Worth-Arlington	\$397,116	\$399,735	0.7%
San Antonio-New Braunfels	\$299,983	\$301,673	0.6%
Texas	\$340,958	\$341,526	0.2%
Austin-Round Rock	\$445,620	\$443,703	-0.4%

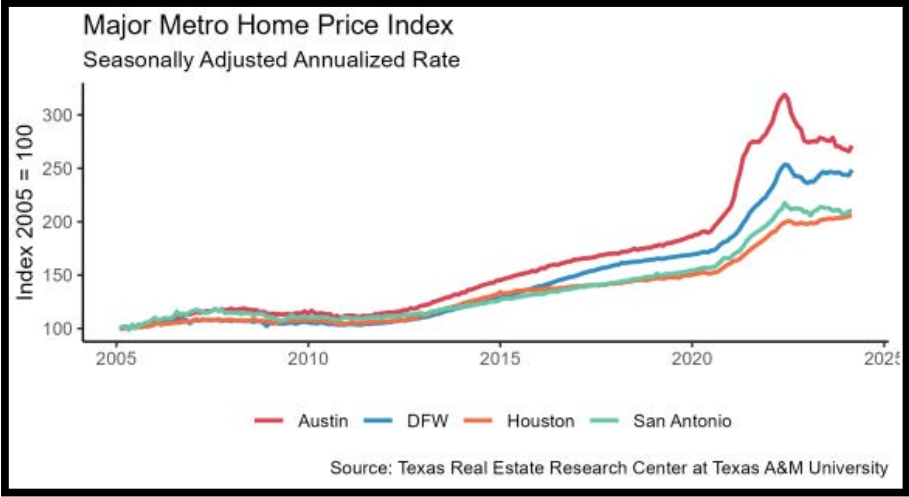
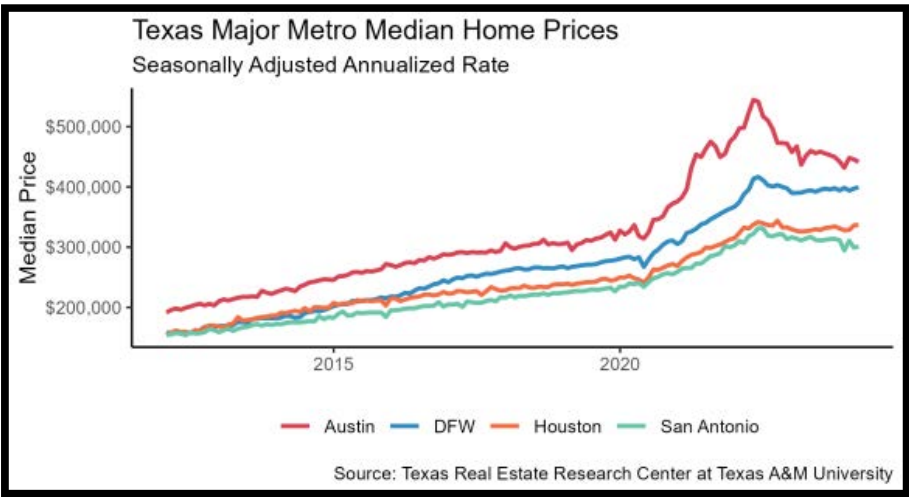
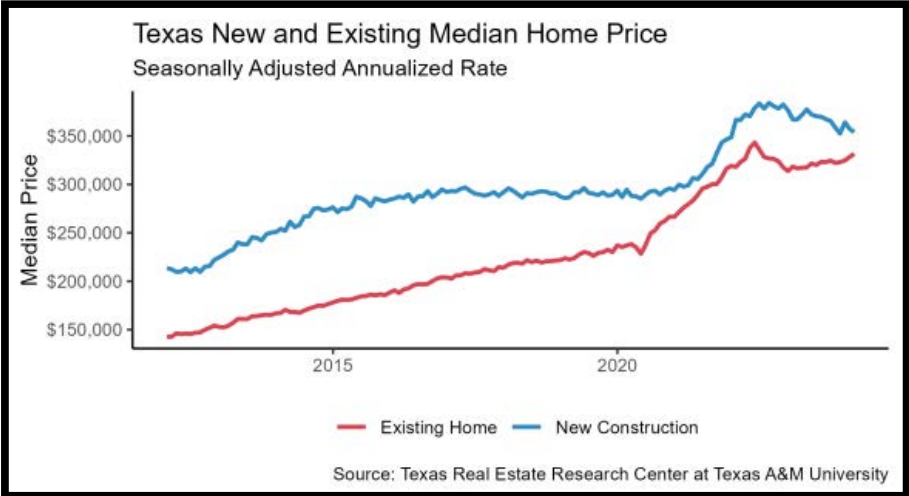
Source: Data Relevance Project and Texas Real Estate Research Center at Texas A&M University
Note: Data are seasonally adjusted

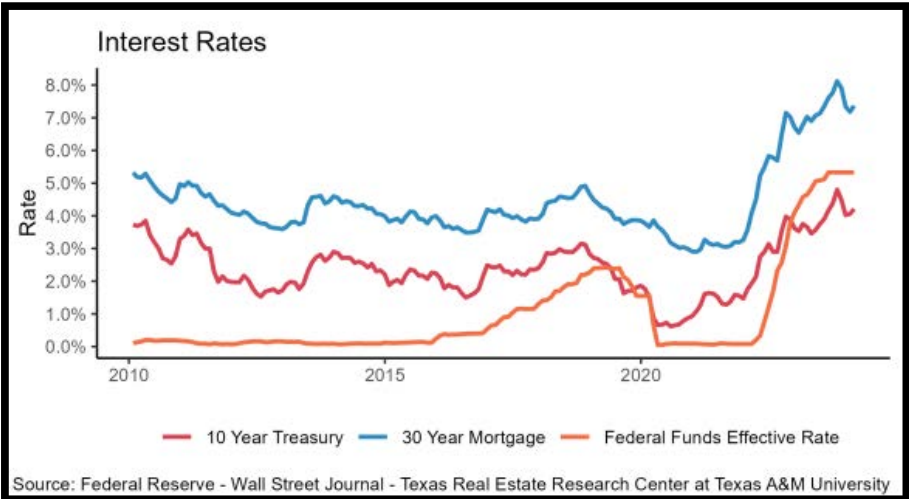
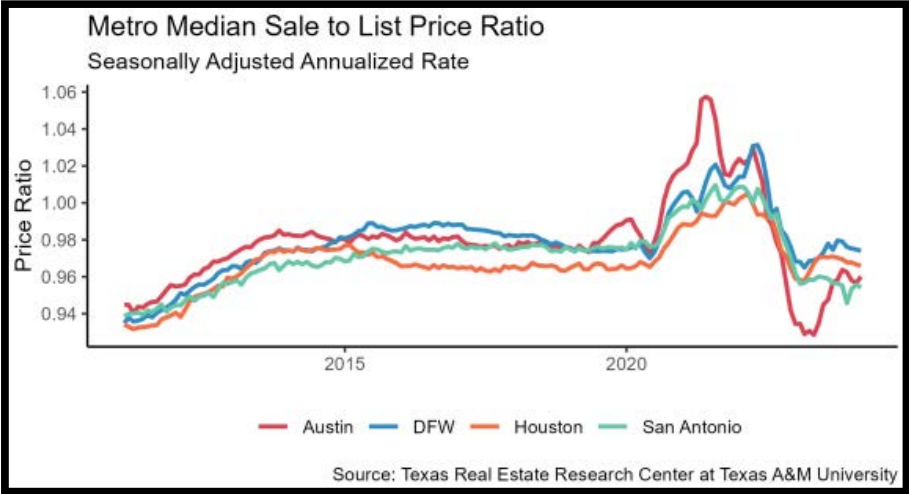










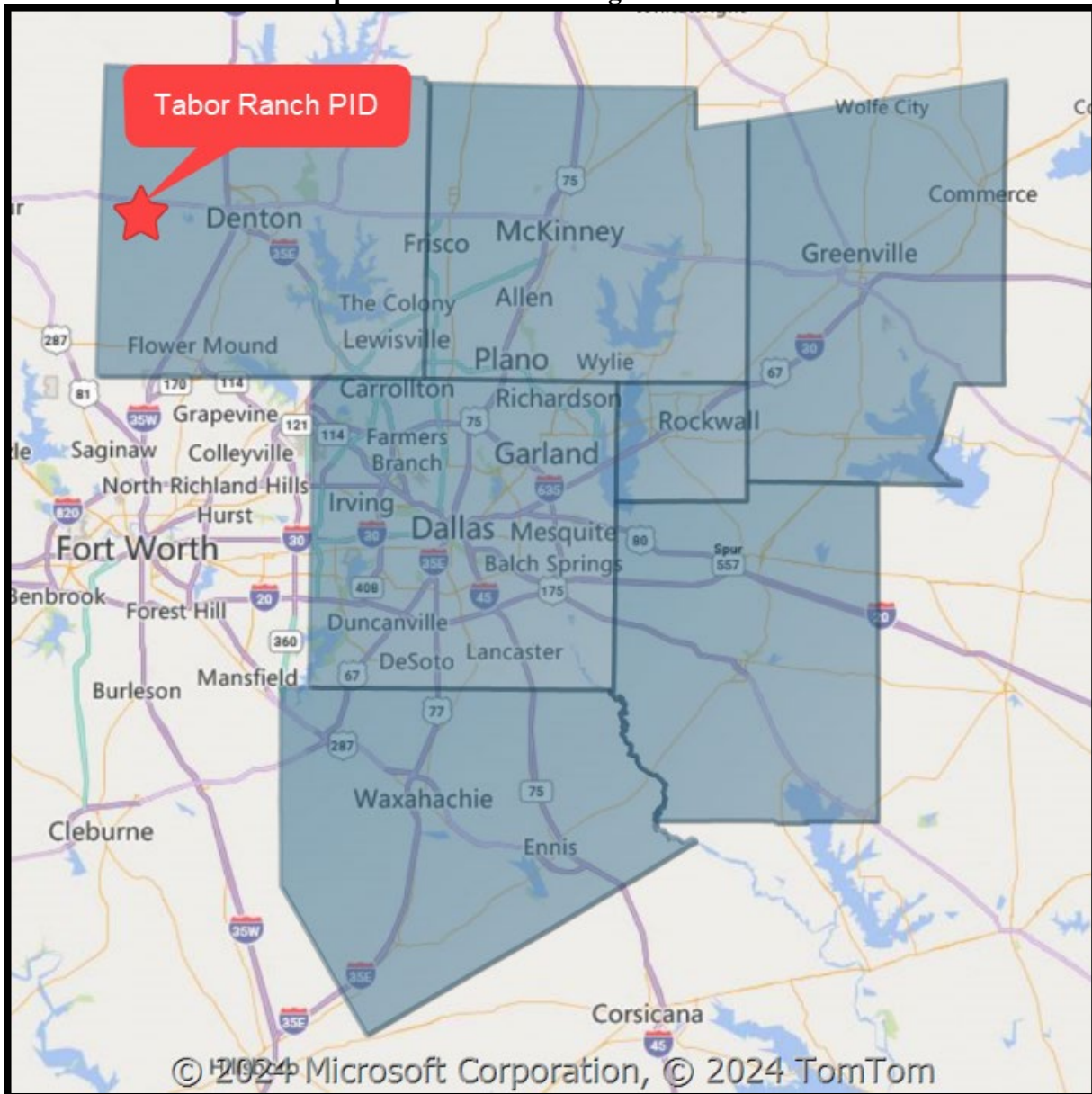


DALLAS – PLANO - IRVING METRO DIVISION QUARTERLY HOUSING REPORT (EXCERPTS)
Texas A&M University – Texas Real Estate Research Center
(First Quarter, 2024)

Executive Summary

- *Metro area sales volume increased 0.3% to 13,451 transactions. Median price increased 1.9% year-over-year to \$415,000.*
- *2024 Q1 months inventory for all residential properties rose 46% year-over-year to 2.9 months.*
- *Metro area residential property listings increased 39.8% year-over-year to 14,464 active listing*

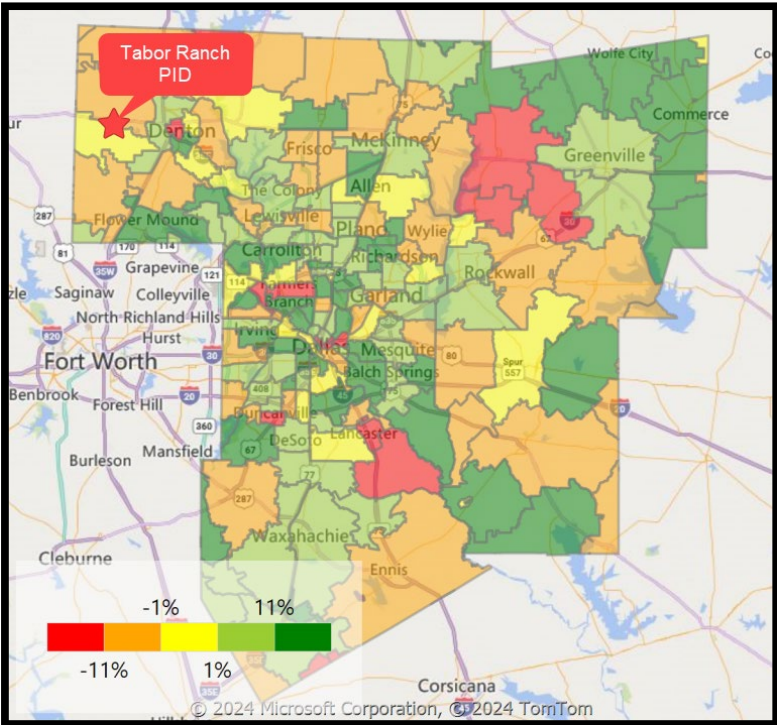
Map of Dallas-Plano-Irving Metro Division



Tabor Ranch Public Improvement District

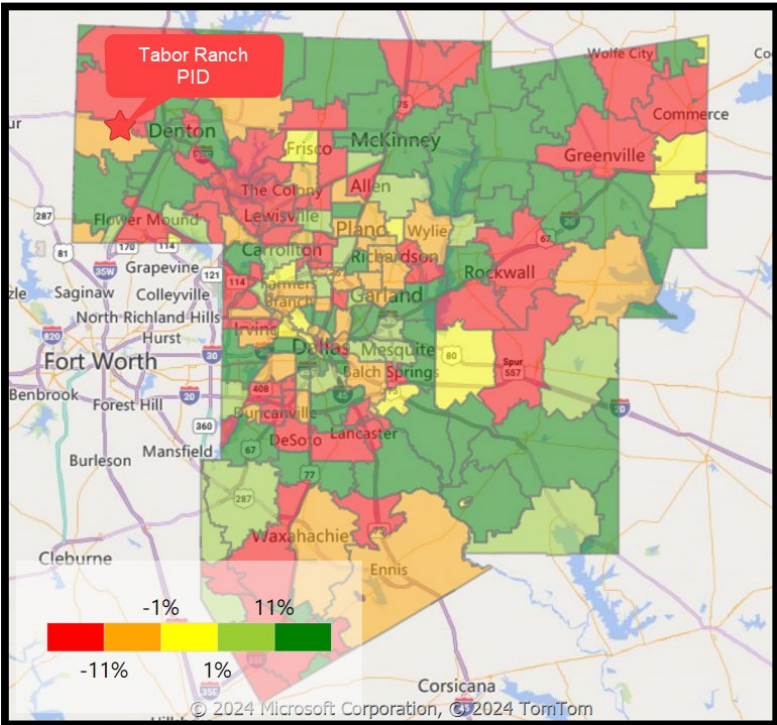
Median Price Change (YoY)

According to TREC, median sale price change year-over-year (YoY) near Tabor Ranch PID decreased 1% < 11%.



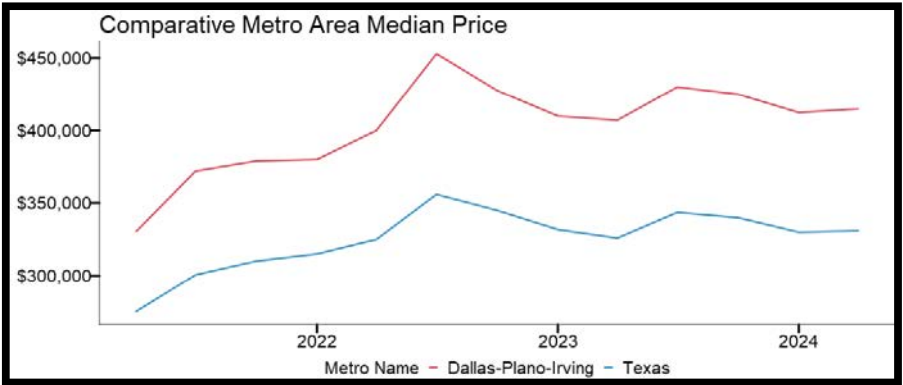
Sales Volume Change (YoY)

According to TREC, sales volume change year-over-year (YoY) in the subject's area near Tabor Ranch PID decreased >11%.

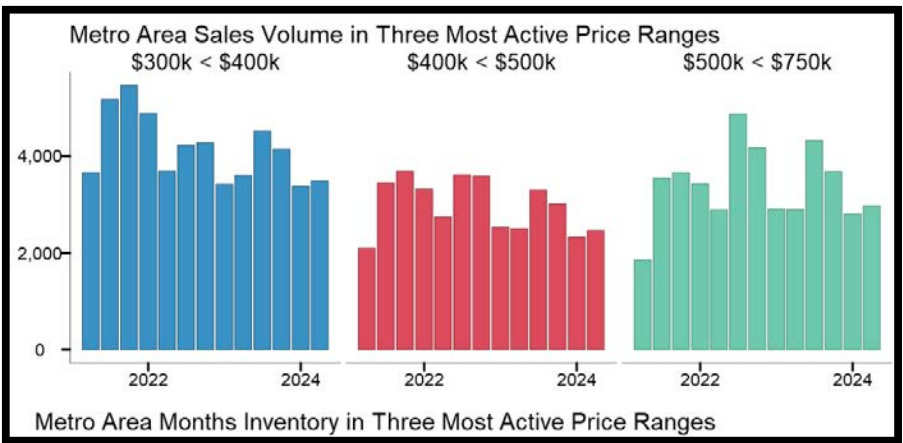


Tabor Ranch Public Improvement District

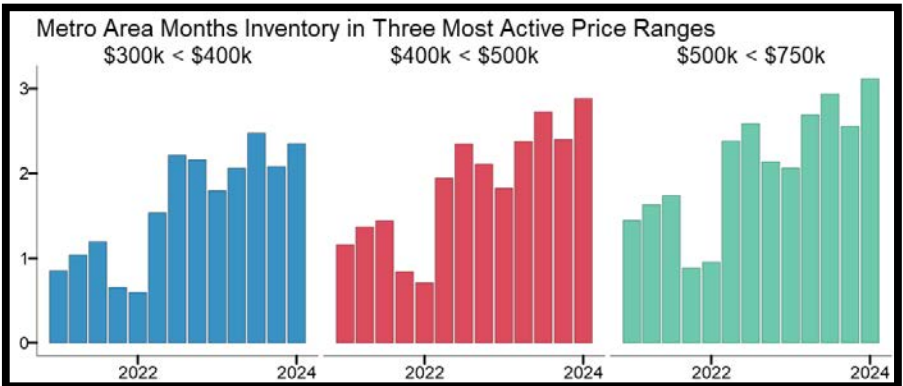
Median price in the Dallas-Plano-Irving metro increased by approximately 1.9% year-over-year, from \$408,000 to \$415,000. Metro area price exceeded the statewide median price of \$330,950 by \$84,050 as shown in the following chart:



2024 Q1 total sales volume increased by approximately 0.3% year-over-year, from 13,405 to 13,451. Sales of homes between \$300k and \$400k dipped from 3,606 to 3,491, while homes between \$500k and \$750k rose from 2,900 to 2,975, and homes between \$400k and \$500k dipped from 2,508 to 2,467 as shown in the following graph:

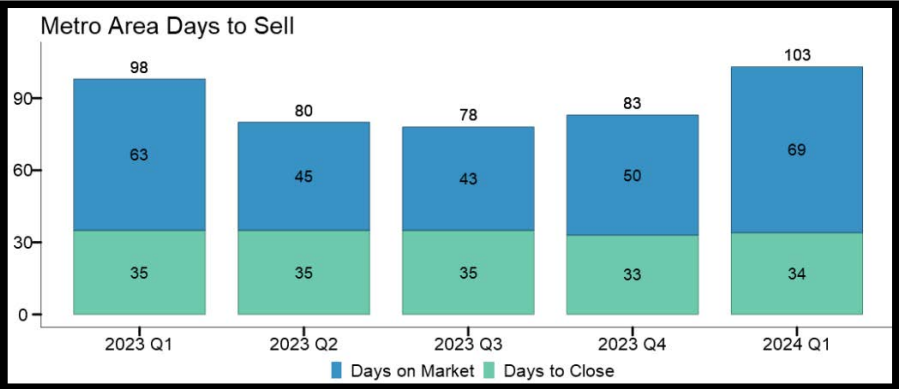


Metro area months inventory increased year-over-year from 1.98 to 2.89 months. Homes between \$300k and \$400k rose year-over-year, from 1.8 to 2.35 months, while homes between \$500k and \$750k rose year-over-year, from 2.06 to 3.12 months and homes between \$400k and \$500k rose year-over-year, from 1.82 to 2.88 months as shown in the following graph:

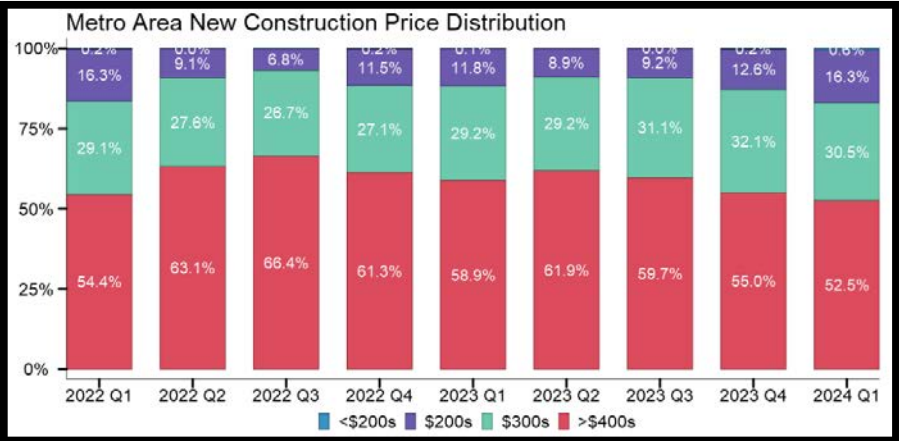


Tabor Ranch Public Improvement District

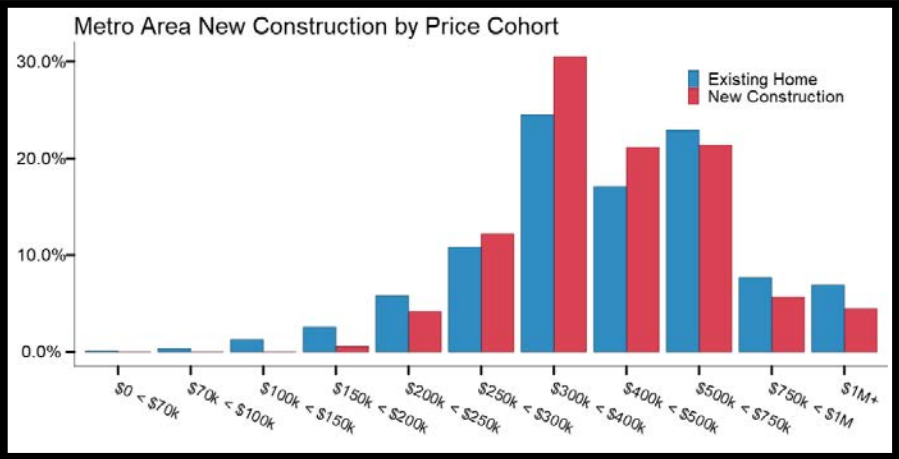
Average days to sell throughout the metro area fell from 94 to 87 days, a decrease of 7.5% year-over-year. Average days to sell for homes between \$300k and \$400k decreased by approximately 10.6% year-over-year, from 94 to 84 days as shown in the following graph:



Homes in the \$400s and above fell to 52.6% of single-family new construction sales through the MLS. The second most active price range was homes in the \$300s, which grew from 29.2% to 30.5% year-over-year as shown in the following graph:



In the latest quarter, the average price was \$492,315 for new homes sold through the MLS, a decrease over last year's figure of \$521,940. Average price for existing homes was \$528,418, an increase over last year's figure of \$491,649 as shown in the following graph:



Tabor Ranch Public Improvement District

The following chart shows the housing metrics for Denton County:

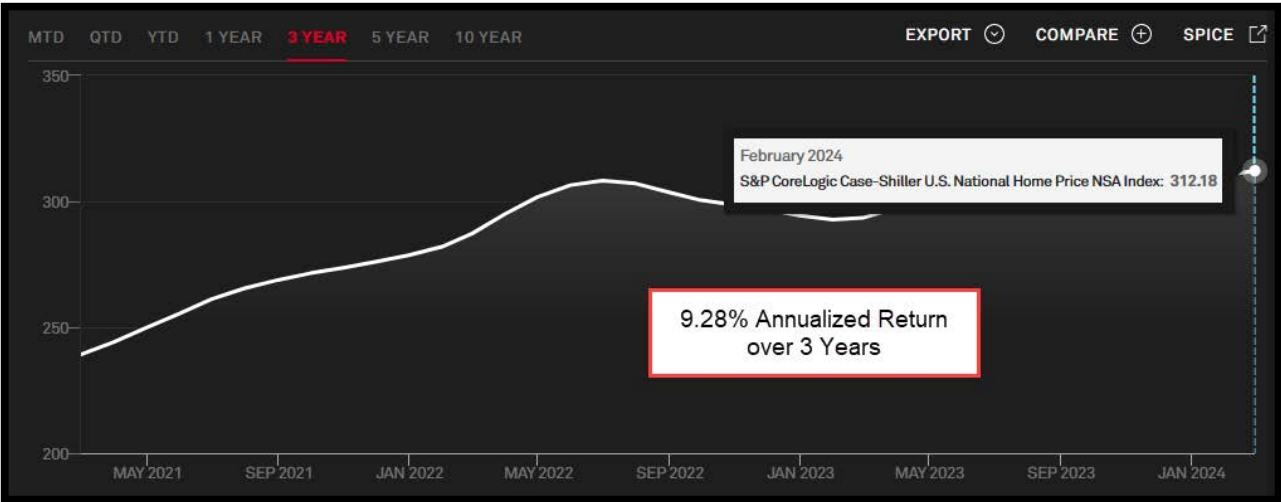
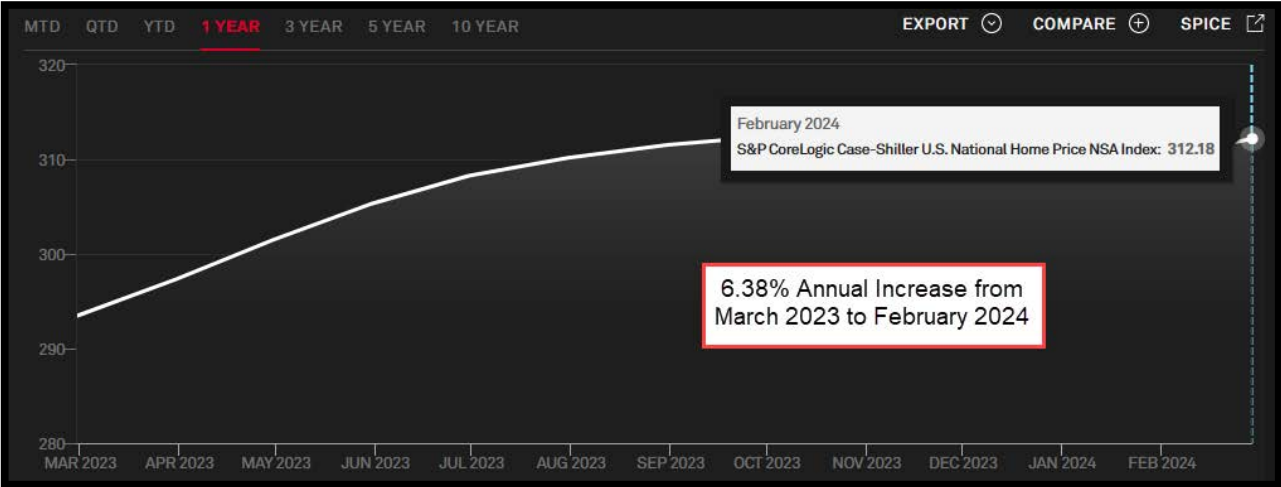
Denton County											
Price Cohort	Closed Sales	YoY%	% Sales	Median Price	YoY%	Median Price PSF	YoY%	Active Listings	Months Inventory	Median Square Feet	Median Year Built
\$0 < \$70k	0	-100%	0%	-	-	-	-	0	0.0	-	-
\$70k < \$100k	1	0%	0%	***	***	***	***	0	0.0	***	***
\$100k < \$150k	4	0%	0%	***	***	***	***	1	1.0	***	***
\$150k < \$200k	10	-9%	0%	\$185,000	6%	\$178.63	20%	6	1.5	1,055	1978
\$200k < \$250k	40	-7%	1%	\$235,000	2%	\$204.13	12%	19	1.4	1,130	1983
\$250k < \$300k	171	4%	6%	\$280,000	-2%	\$198.75	3%	82	1.5	1,400	2004
\$300k < \$400k	887	-17%	30%	\$352,900	0%	\$191.82	-2%	564	1.7	1,838	2013
\$400k < \$500k	654	-13%	22%	\$440,365	0%	\$200.65	2%	639	2.4	2,215	2016
\$500k < \$750k	789	1%	26%	\$585,000	-2%	\$205.21	2%	826	2.6	2,921	2017
\$750k < \$1M	228	1%	8%	\$842,400	1%	\$240.05	5%	339	3.6	3,537	2015
\$1M+	194	36%	7%	\$1,250,000	-4%	\$294.99	-1%	373	5.3	4,289	2013

*** Not displayed when fewer than five sales

S&P CORELOGIC CASE-SHILLER INDEX

February 2024

Data reported from the Standard & Poor Dow Jones Indices (1-year and 3-year graphs shown below) from end of February 2024 showed that home prices nationally were up 6.38% YoY while the Dallas Metropolitan area increased 3.5%. Prices have increased in mostly the western and northern states; however, the southern region has increased at a slower rate compared to the national average.



	February 2024	February/ January	January 24/December 23	1-Year
Metropolitan Area	Level	Change (%)	Change (%)	Change (%)
Dallas	291.54	0.6%	-0.2%	3.5%
Composite-10	336.00	1.0%	0.0%	8.0%
Composite-20	319.95	0.9%	-0.1%	7.3%
U.S. National	312.18	0.6%	-0.1%	6.4%

Sources: S&P Dow Jones Indices and CoreLogic

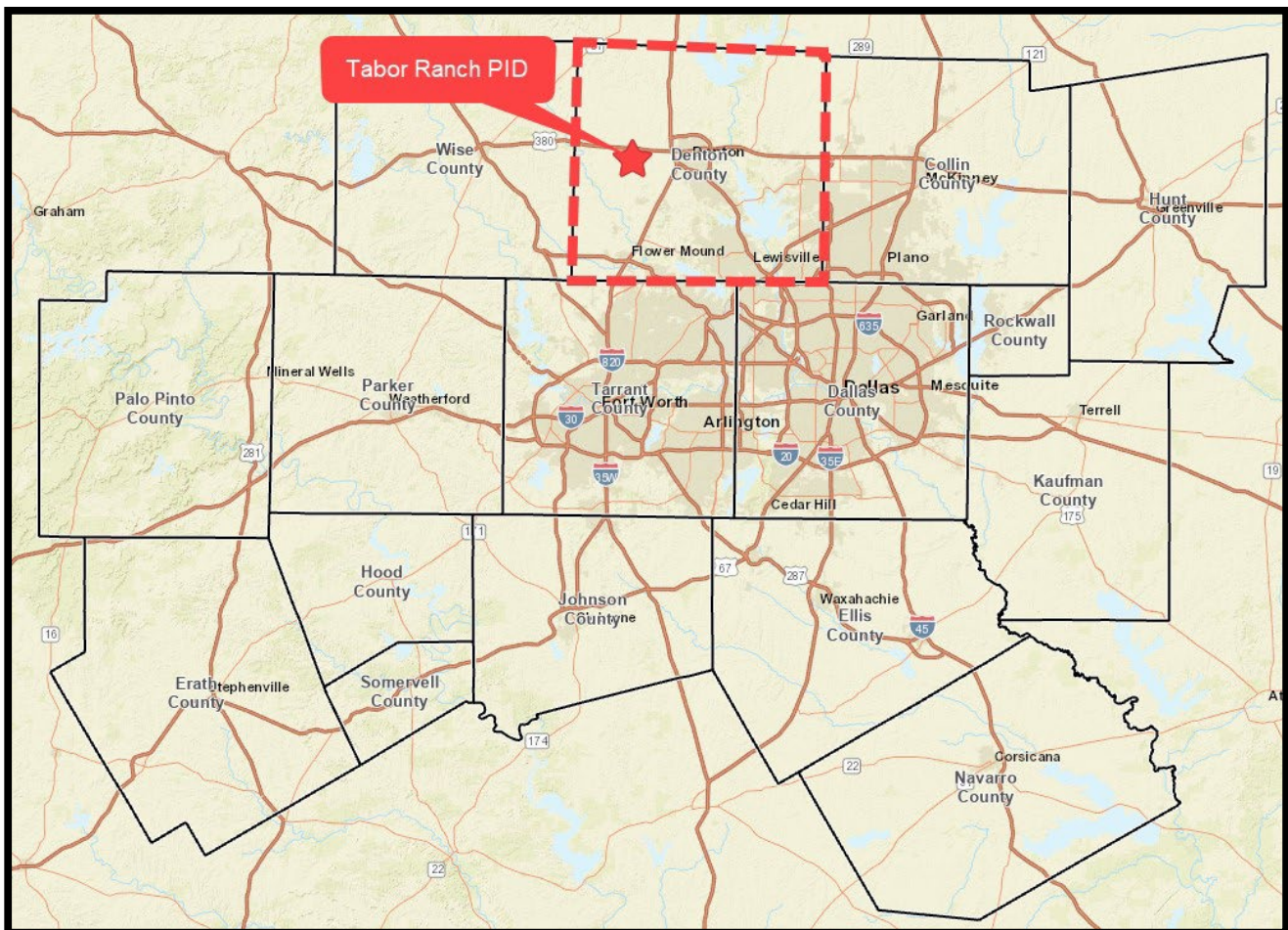
Data through February 2024

REGIONAL ANALYSIS

The subject is located in Denton County within the Dallas-Plano-Irving Metropolitan Statistical Area (MSA), often combined from the Dallas-Fort Worth-Arlington MSA and the Fort Worth-Arlington-Grapevine MSA, and more commonly referred to as the Metroplex (DFW), which encompasses parts of 16 counties and contains 23 cities with populations over 50,000 in North Central Texas. As reported by the North Central Texas Council of Governments (NCTCOG), the estimated population as of January 1, 2023, was 8,284,892 which makes it the most populous region in Texas and the fifth largest in the US. In the most recent count (2023), the population of DFW grew by 161,433 led by Fort Worth which added more than 18,900 people. Since 2020, the region has added approximately 453,000 new residents. Contributing about one-third of Texas' GDP, the economy is the most diverse in the state. DFW is home to many business and professional services from major financial institutions to international law firms. It is also home to one of the top ranked container ports in the US and an extensive infrastructure network that serves multiple hotbeds for e-commerce fulfillment.

The region is anchored by two major passenger airports: Dallas-Fort Worth International Airport (DFW), which is the second busiest airport in the world in terms of aircraft movements and the largest hub for American Airlines, and Dallas Love Field Airport (DAL), which is a city-owned airport and the largest hub for Southwest Airlines – the largest carrier in the nation in terms of passengers carried.

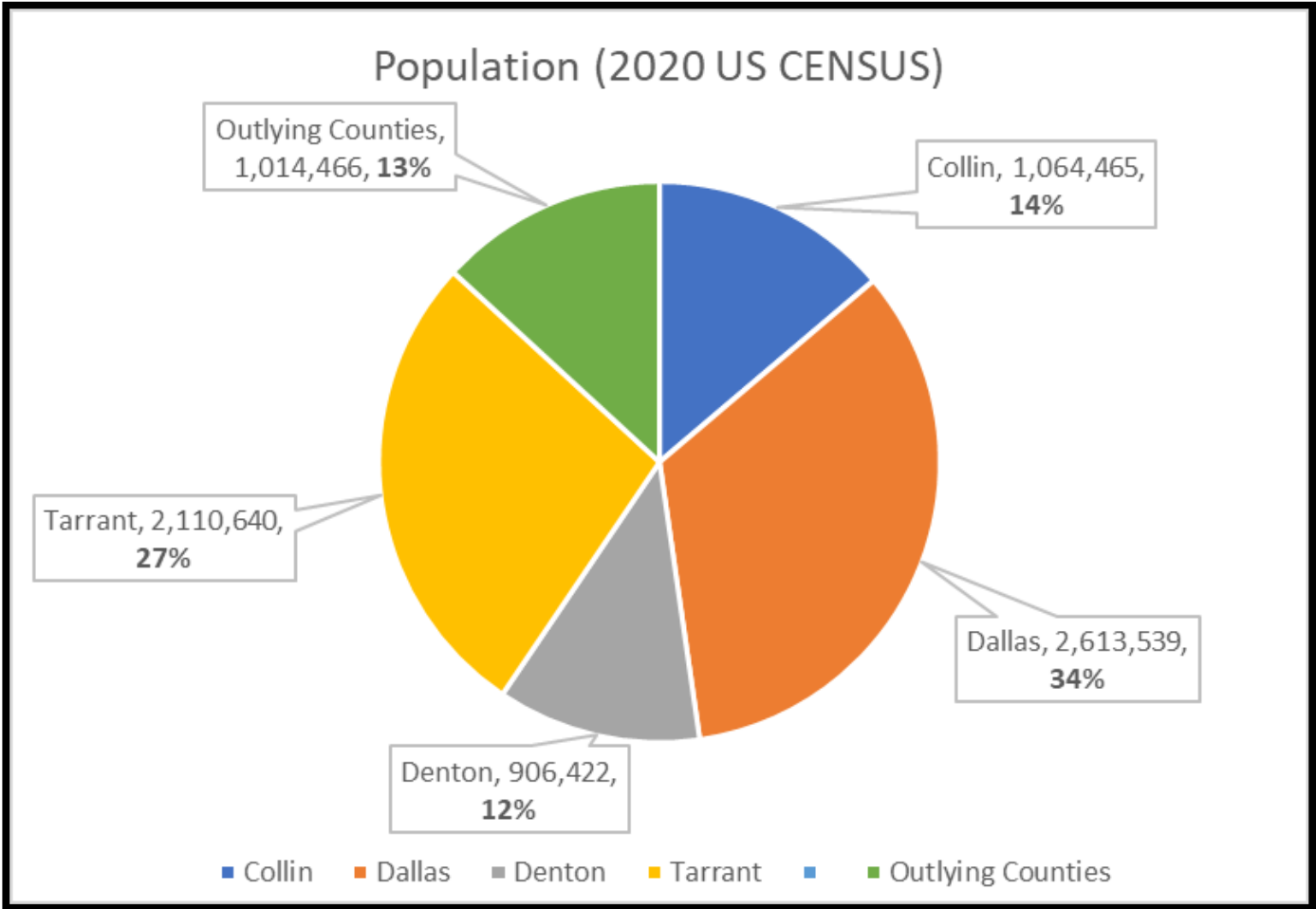
MAP OF DALLAS-FORT WORTH METROPLEX
Red Lines Showing Denton County Boundary



When compared to the national economy, the DFW Metroplex is expected to experience expansion arising from growth in a variety of sectors including construction, transportation, manufacturing, finance, healthcare, business services, science and technology, education, and real estate. The expansion is fueled by the region’s strategic location in the center of the country and located at the nexus of major roadways such as Interstates 35, 30, 20, and 45. It is predicted by most analysts that economic activity in the area will exceed the state and national growth averages across most indicators. The region is set for long-term development due in part to its transportation infrastructure, low cost-of-living, business friendly regulatory environment, mild weather, young population, and large work force.

A chart of the four counties in the Metroplex with the highest populations is shown below. Dallas County is the most populated county in the region with 2,613,539 residents, followed closely by Tarrant County with 2,110,640, Collin County with 1,064,465, and Denton County with 906,422. Other outlying counties such as Ellis, Johnson, Parker, Kaufman, Rockwall, Palo Pinto etc. add up to another 1,014,476 residents. The subject property is in the west central quadrant of Denton County.

PIE CHART OF POPULATION PERCENTAGES IN DFW METROPLEX



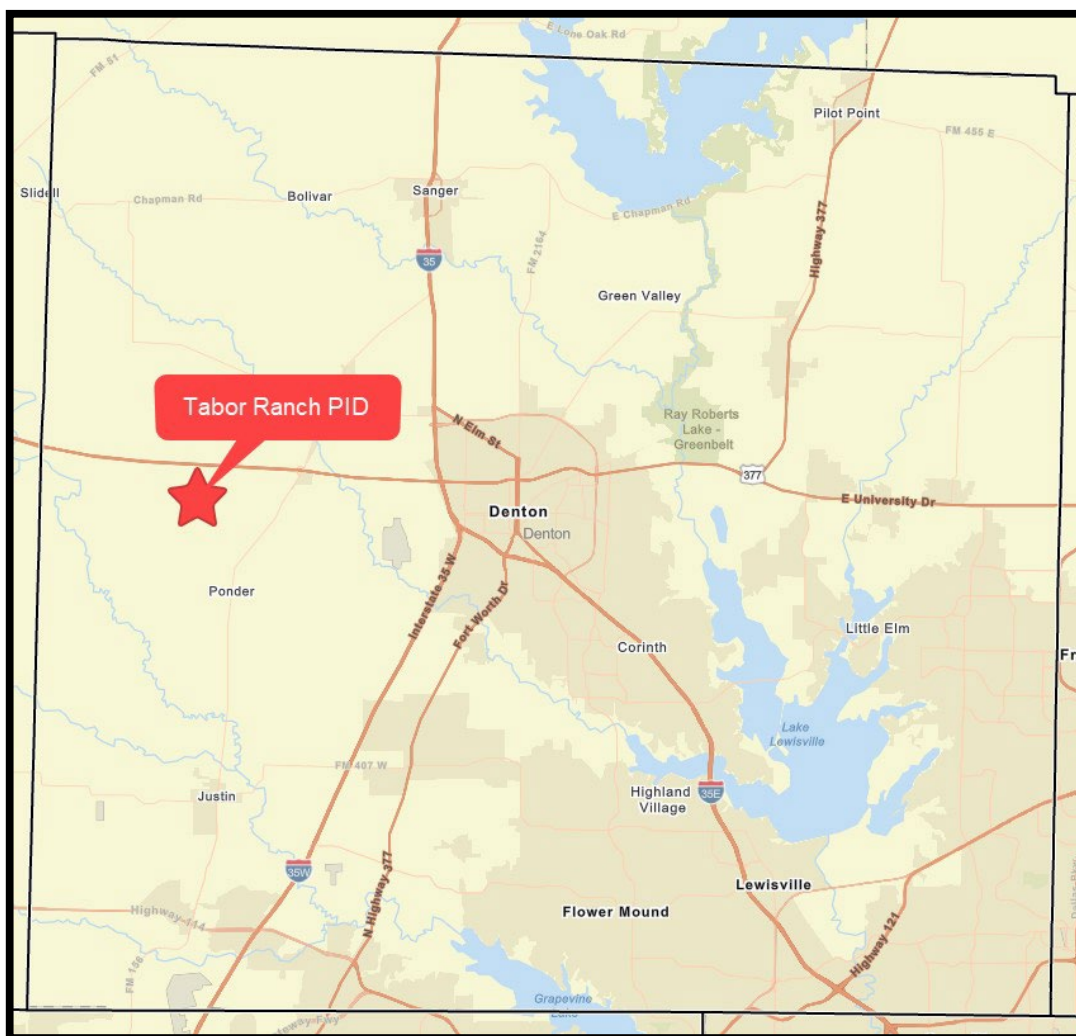
DENTON COUNTY OVERVIEW

The subject property is located in the west central quadrant of Denton County which is a rapidly growing county in the north-central portion of the Dallas-Fort Worth Metroplex. The county seat is Denton, which is centrally located in the county and is home to the University of North Texas, which is a public university boasting over 40,000 students. The county contains three large lakes (Ray Roberts Lake, Lewisville Lake, and Grapevine Lake) that provide recreation, water source, and flood control for the community. The county also includes parts of Alliance Texas, which is a global logistics hub and home to over 500 companies and over 50 million square feet of industrial, commercial, retail, and residential space.

Initially serving as a bedroom community for Dallas and Fort Worth, as of 2020, the population for Denton County was 906,422 with population growth consistent for decades. Census data indicate Denton County population growth from 1970-1980 was 89.24%, 1980-1990 was 91.11%, 1990-2000 was 58.3%, 2000-2010 was 53%, and 2010-2020 was 36.8%.

MAP OF DENTON COUNTY

Subject Located in west central Denton County

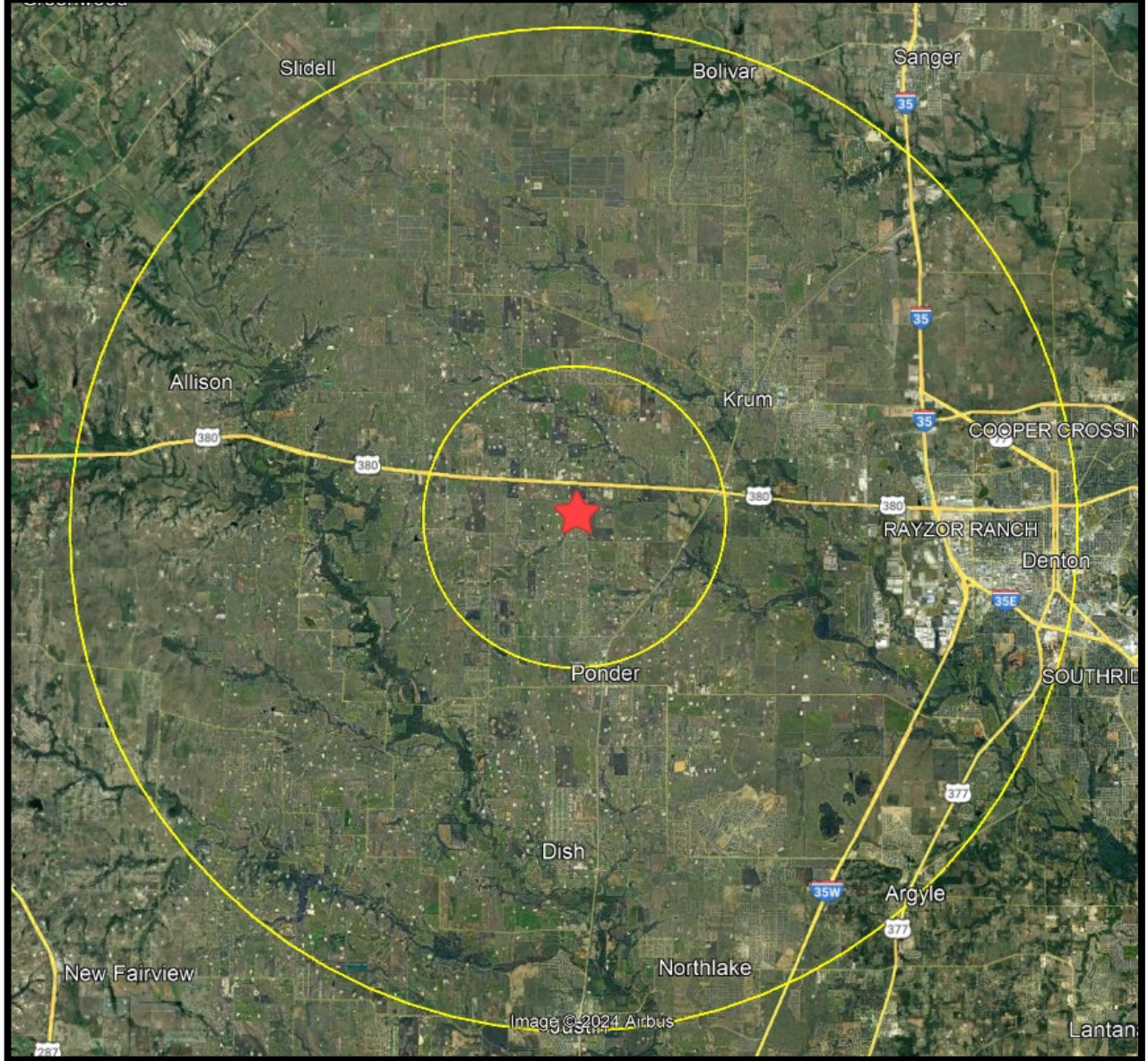


NEIGHBORHOOD ANALYSIS

A neighborhood may be defined as a section of a community or an entire community. It refers to relatively unified areas with definite boundaries which exhibit a fairly high degree of homogeneous uses – basically a group of complimentary land uses that exhibit a greater degree of commonality than the larger area. The boundaries of a neighborhood define the geographical area which exerts influence on the value of the subject property. The Tabor Ranch PID is located within the unincorporated area of Denton County, Texas and is within the Ponder ISD.

NEIGHBORHOOD MAP

Geographic radii of 3 and 10 miles indicating the approximate neighborhood boundaries around the Subject

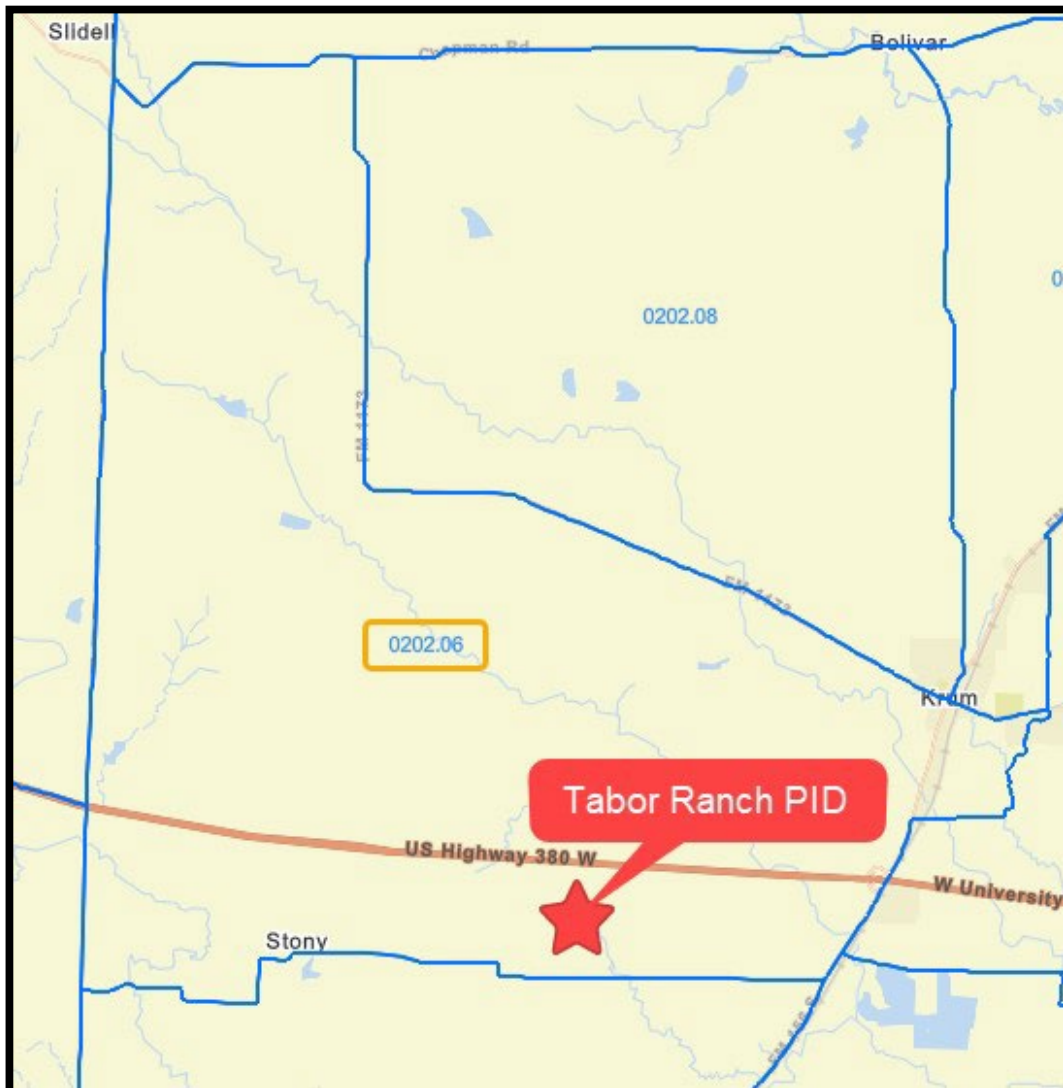


	3 Miles	10 Miles
North	Plainview Road	Bolivar, Texas
East	Nail Road	Denton, Texas
South	Ponder, Texas	Justin, Texas
West	Farm-to-Market 2622	Alison, Texas

NEIGHBORHOOD DEMOGRAPHICS

The subject is located in census tract 0202.06 with the census report shown on the following page. The census tract report for 0202.06 indicates 3,311 people reside in the tract and income levels are in the middle tier with estimated median family incomes of \$100,626. Within census tract 0202.06, approximately 88% of housing units are owner-occupied with 11% being renter-occupied and 0% being vacant. These housing and demographic statistics indicate middle class residents who tend to live in 20–40-year-old single-family homes.

Census Tract 0202.06 Map



Tract 0202.06 Census Report



2023 FFIEC Geocode Census Report

Address: Selected Tract
MSA: 19124 - DALLAS-PLANO-IRVING, TX
State: 48 -
County: 121 - DENTON COUNTY
Tract Code: 0202.06

Summary Census Demographic Information

Tract Income Level	Middle
Underserved or Distressed Tract	No
2023 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$105,600
2023 Estimated Tract Median Family Income	\$100,626
2020 Tract Median Family Income	\$84,157
Tract Median Family Income %	95.29
Tract Population	3311
Owner-Occupied Units	777
1- to 4- Family Units	881

Census Income Information

Tract Income Level	Middle
2020 MSA/MD/statewide non-MSA/MD Median Family Income	\$88,315
2023 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$105,600
% below Poverty Line	14.00
Tract Median Family Income %	95.29
2020 Tract Median Family Income	\$84,157
2023 Estimated Tract Median Family Income	\$100,626
2020 Tract Median Household Income	\$80,542

Census Population Information

Tract Population	3311
Number of Families	701
Number of Households	877

Census Housing Information

Total Housing Units	881
1- to 4- Family Units	881
Median House Age (Years)	21
Owner-Occupied Units	777
Renter Occupied Units	100
Owner Occupied 1- to 4- Family Units	777
Inside Principal City?	NO
Vacant Units	4

DEMOGRAPHIC SUMMARY

Analytics from CoStar of the area is provided below. Within a 10-mile radius of the subject there are over 102,000 people, which represents an 2.7% annual increase in population since 2010 and highlights marginal growth that has occurred in this portion of the DFW Metroplex. The population growth is expected to continue at this pace in coming years and grow another 1.6% in the next five years. Median household incomes in the 10-mile radius is over \$64,000.

Population			
	2 mile	5 mile	10 mile
2010 Population	924	7,662	75,666
2023 Population	730	7,859	102,336
2028 Population Projection	740	8,256	110,538
Annual Growth 2010-2023	-1.6%	0.2%	2.7%
Annual Growth 2023-2028	0.3%	1.0%	1.6%
Median Age	39.9	39.5	34.8
Bachelor's Degree or Higher	22%	37%	36%
U.S. Armed Forces	1	6	85

Income			
	2 mile	5 mile	10 mile
Avg Household Income	\$107,035	\$97,756	\$81,071
Median Household Income	\$97,303	\$86,504	\$64,139
< \$25,000	25	307	8,093
\$25,000 - 50,000	26	372	7,808
\$50,000 - 75,000	33	537	6,984
\$75,000 - 100,000	51	452	5,795
\$100,000 - 125,000	44	515	4,085
\$125,000 - 150,000	36	293	2,043
\$150,000 - 200,000	27	209	2,327
\$200,000+	17	163	2,253

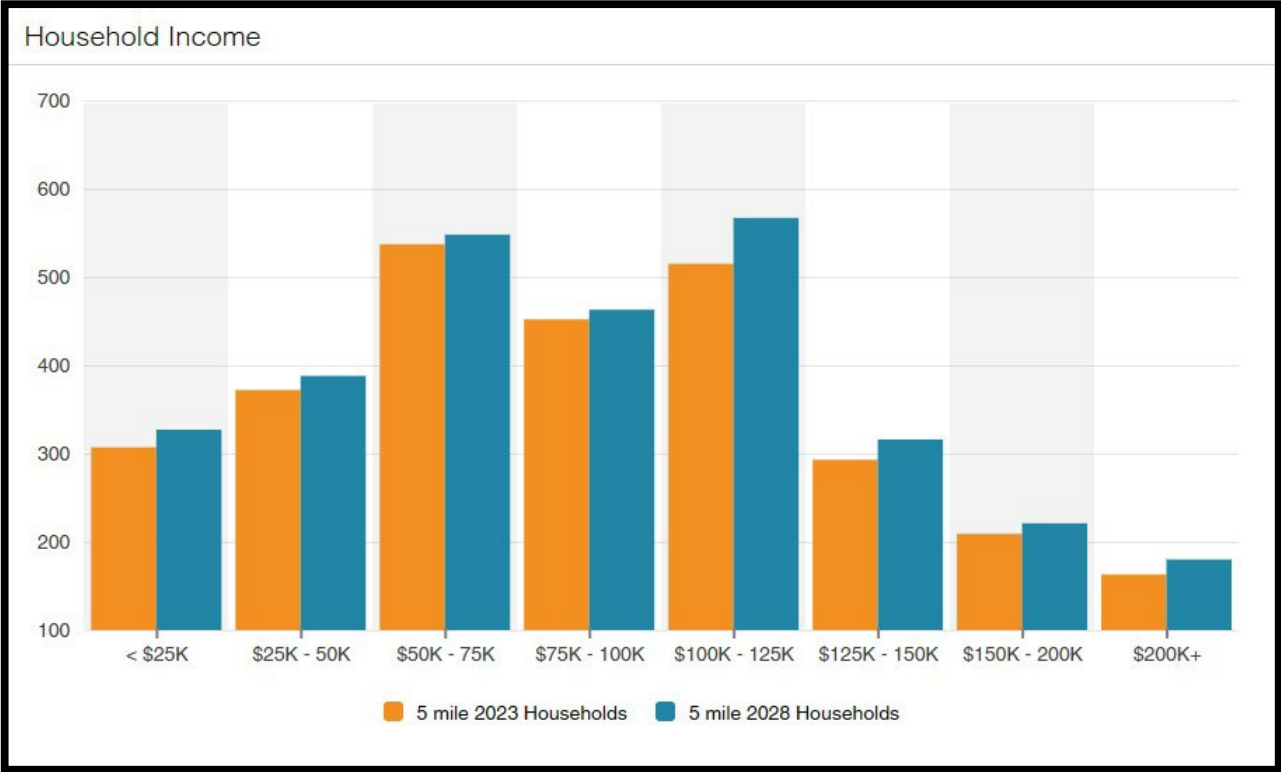
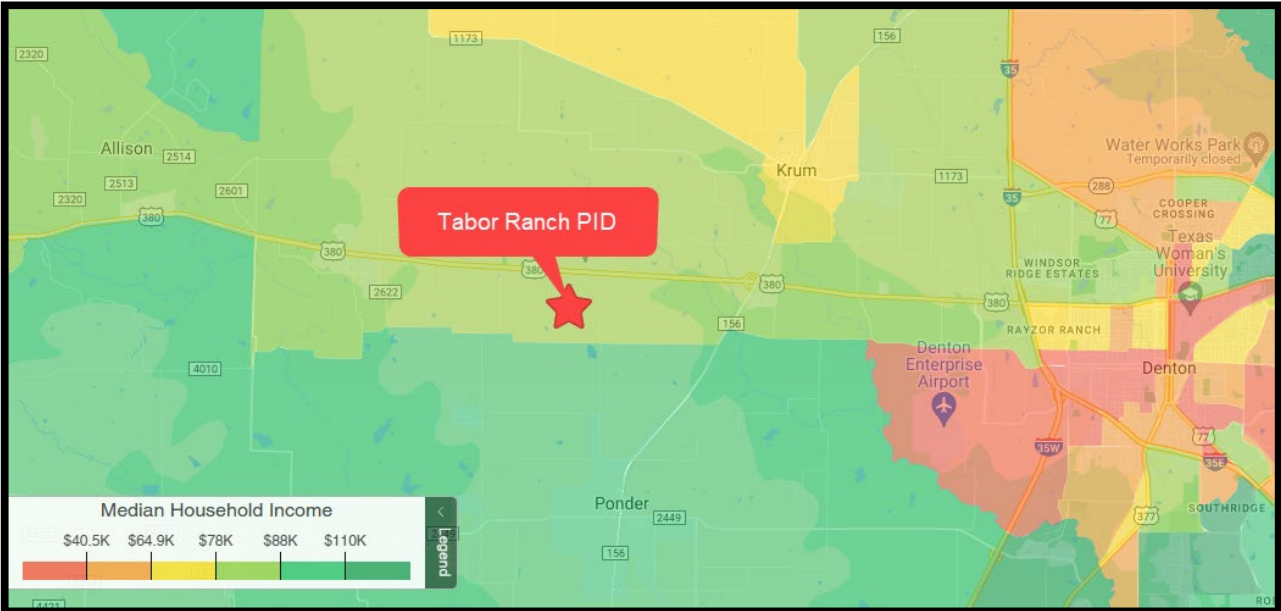
EMPLOYMENT DATA

A table of the 2, 5, and 10-mile radius employment figures are shown below. The numbers highlight the area's diverse economy with more employees in the area surrounding the subject in service-producing industries and goods-producing industries.

Daytime Employment						
Radius	2 mile		5 mile		10 mile	
	Employees	Businesses	Employees	Businesses	Employees	Businesses
Service-Producing Industries	45	13	2,111	259	33,167	4,041
Trade Transportation & Utilit...	17	4	305	60	4,607	618
Information	0	0	27	6	720	62
Financial Activities	3	1	111	30	2,674	548
Professional & Business Se...	7	3	168	33	2,719	525
Education & Health Services	5	1	857	45	12,156	1,220
Leisure & Hospitality	11	3	361	32	5,647	440
Other Services	2	1	173	44	3,117	503
Public Administration	0	0	109	9	1,527	125
Goods-Producing Industries	14	6	878	55	7,171	431
Natural Resources & Mining	0	0	2	1	80	27
Construction	14	6	668	39	2,748	289
Manufacturing	0	0	208	15	4,343	115
Total	59	19	2,989	314	40,338	4,472

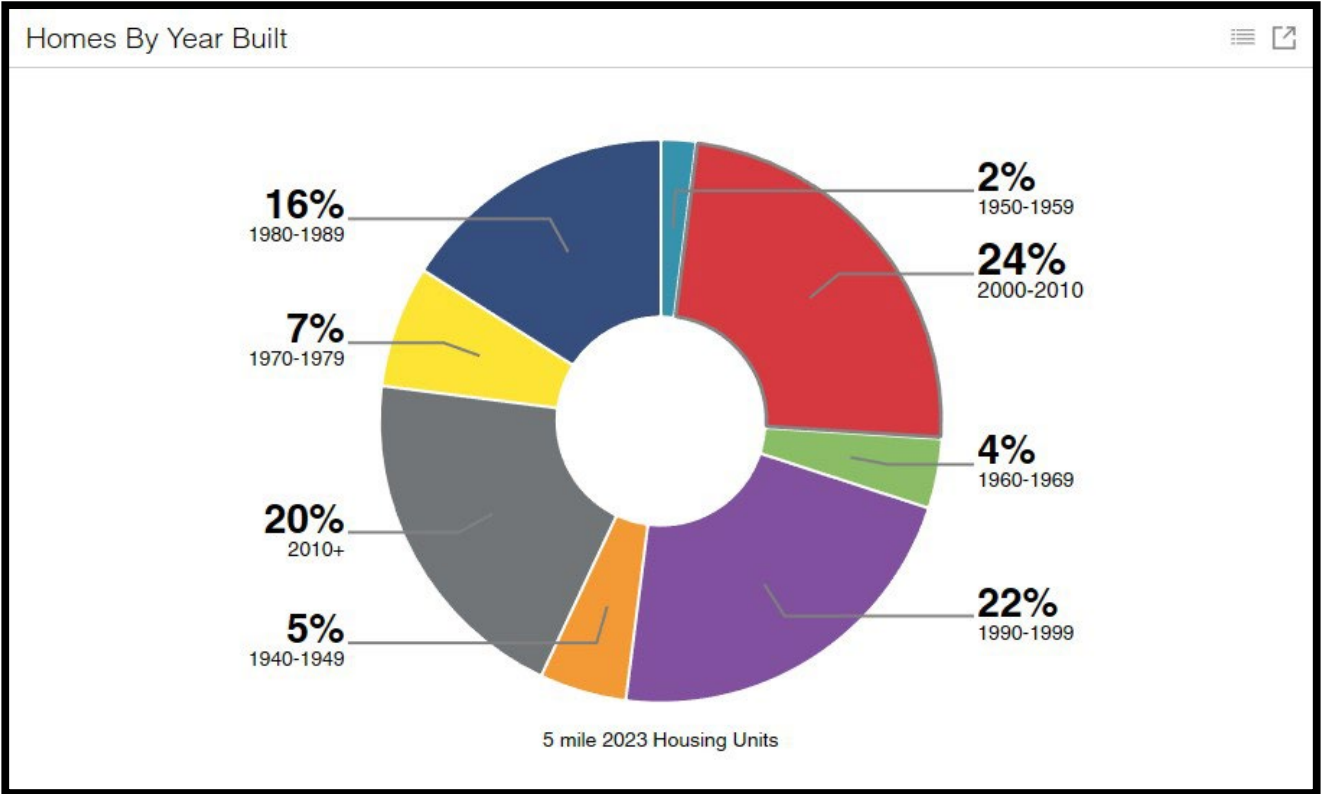
CoStar Analytics – Map of Median Household Income

As indicated by the map below, median incomes in the vicinity of the subject property are around \$78k-\$88k. median incomes in the DFW tend to be higher in suburban areas outside the population centers in Dallas, Fort Worth, and Denton. This is especially true in areas north of Fort Worth where affluent communities have concentrated for the past few decades.



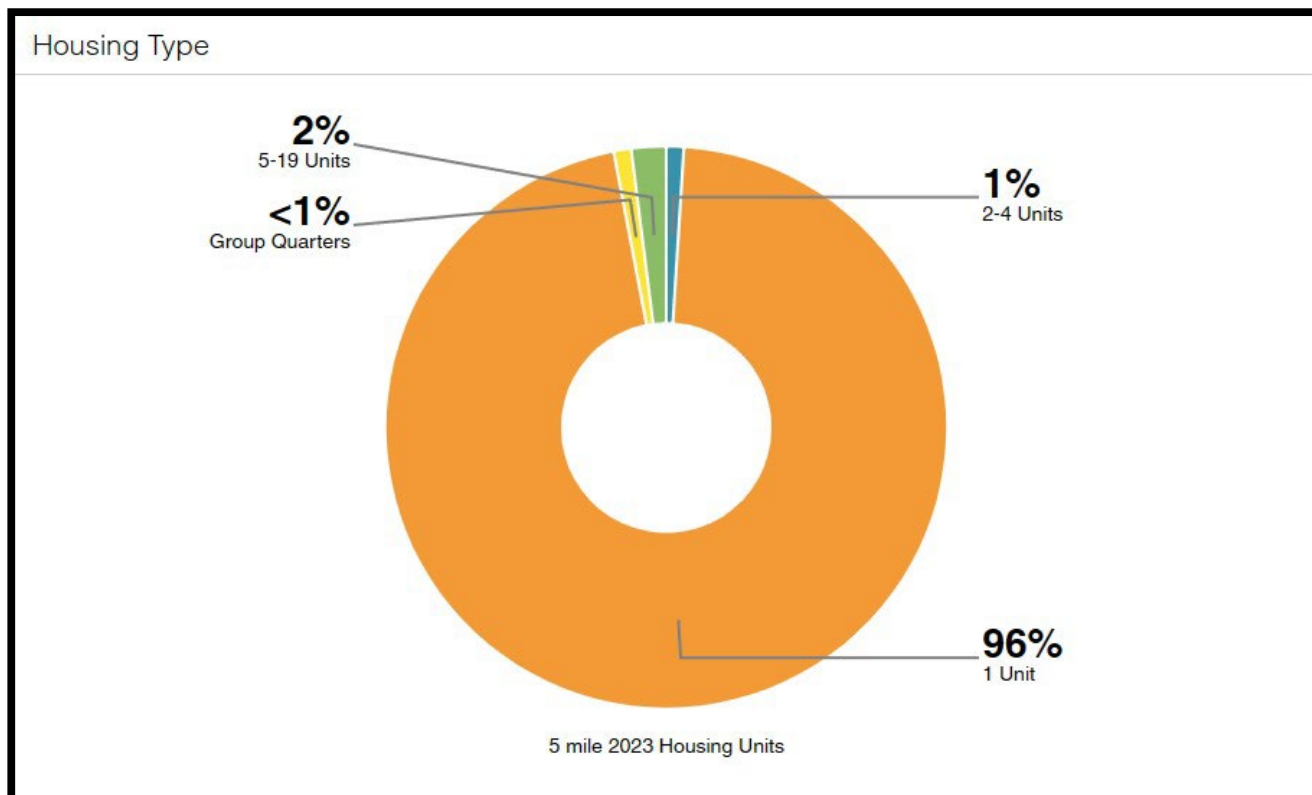
CoStar Analytics – Housing Statistics

Most housing in the area (56%) are homes that were built before 2000. This is subject to change with the projected growth stage of the surrounding area, which has experienced numerous residential subdivision developments in recent years.



CoStar Analytics – Housing Statistics

In addition, the vast majority (96%) of housing in the 5-mile radius consists of single unit housing stock. The subject property is being developed with detached single-family housing that is consistent with the surrounding area.



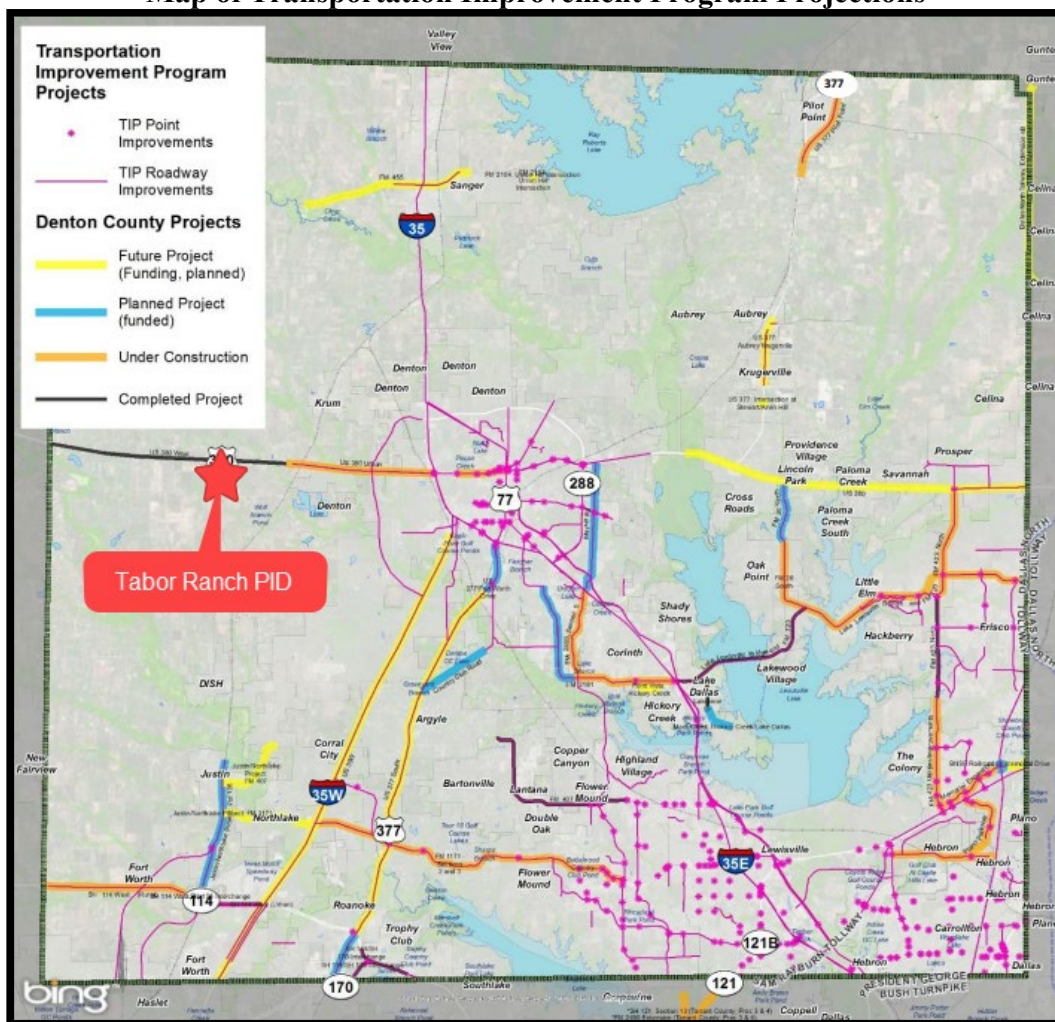
DENTON COUNTY THOROUGHFARE PLAN

Denton County, located in Texas, has seen significant roadway improvements over the years to accommodate its growing population and increasing traffic demands. Some notable projects include:

- Expansion of Interstate 35E (I-35E): Several projects have widened I-35E to alleviate congestion, including the construction of additional lanes and improved interchanges.
- FM 2499 Expansion: This project widened FM 2499 to improve connectivity between Denton and Dallas counties, reducing congestion and improving safety.
- Dallas North Tollway Extension: The extension of the Dallas North Tollway into Denton County has enhanced connectivity and eased traffic congestion in the region.
- Loop 288 Improvements: Loop 288, a major thoroughfare in Denton, has undergone improvements to enhance traffic flow and safety.
- US 380 Bypass: Plans for a US 380 bypass around the cities of Denton and McKinney are in progress to improve traffic flow and reduce congestion in the area.

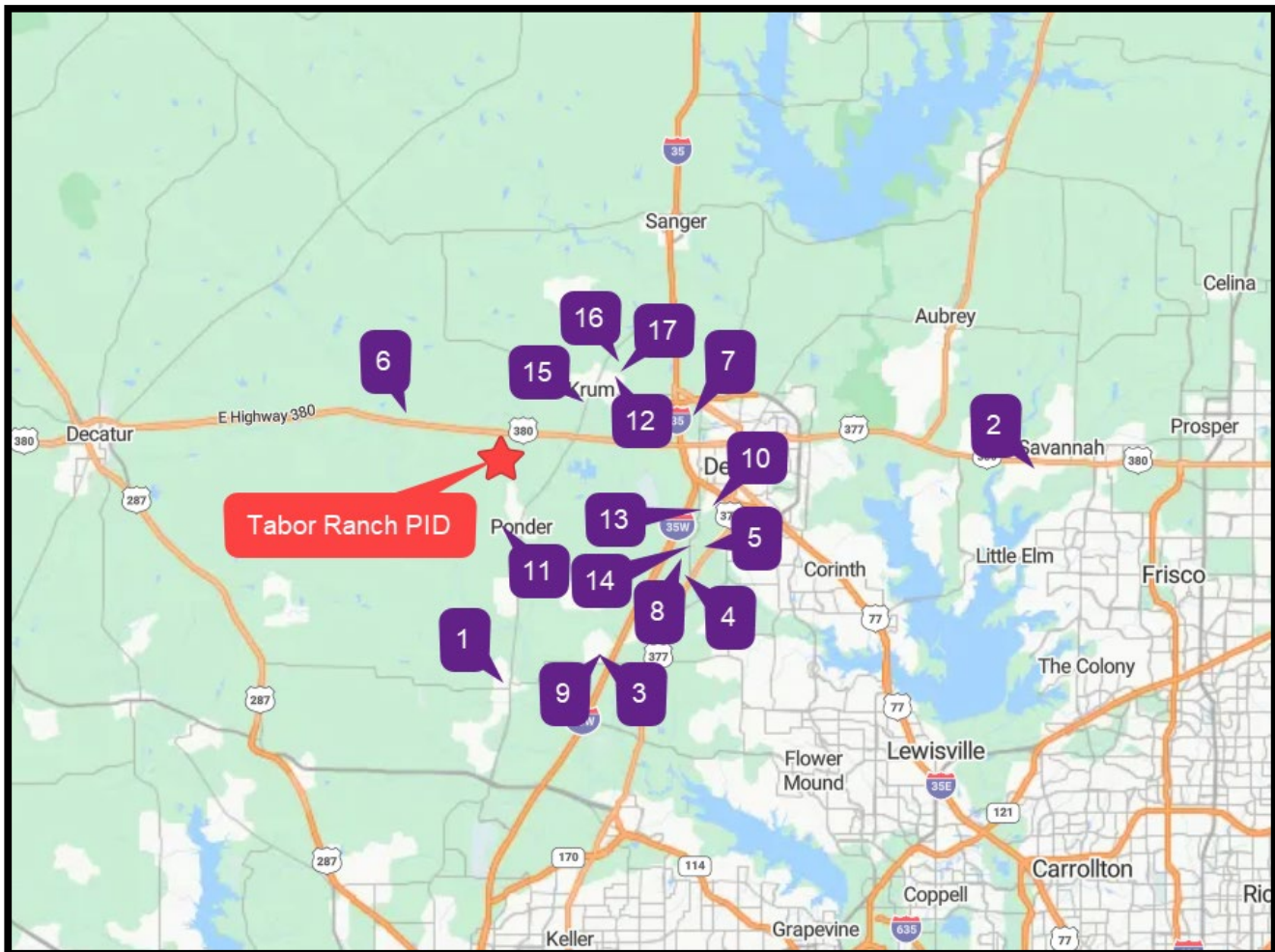
These improvements are part of Denton County's ongoing efforts to enhance its transportation infrastructure to support its growing population and economy.

Map of Transportation Improvement Program Projections



Map of Notable Nearby Developing Residential Subdivisions

A map of notable built-out, developing, and planning single-family residential subdivision is shown below which highlights the similar and conforming uses around the subject property.



MAP KEY			
1	The Cottages of Old Town Justin	10	Eagle Creek
2	Linden Hills	11	Clairmont Estates
3	Harvest Meadows	12	Aspen Park
4	Sagebrook Addition	13	Courts of Bonnie Brae
5	Vintage Village	14	Glenwood Meadows
6	Big Sky Estates	15	Brisa Meadows Addition
7	King Ridge Estates	16	Erickson Farms
8	Cambridge Brook	17	Hopkins Meadow Addition
9	Harvest Townside		

ABSORPTION ANALYSIS

RESIDENTIAL ANALYSIS

The subject property is Tabor Ranch PID which consists of approximately 599.392 acres in Denton County being developed into detached single-family lots for residential use. The property is being developed by Alluvium Development, Inc. and is owned by Tabor 380 Development, LLC.

When analyzing the financially feasible and maximally productive use of the site, uses that are both physically possible and legally permissible must be considered. An important factor affecting the development of the subject is the surrounding land usage. For the subject property, the primary potential use is single-family residential development as that conforms to recent land development in the surrounding area around Denton County. The neighborhood is best described as the area north of Old Stoney Road, east of Ripy Road, west of George Owens Road, and south of U.S. Highway 380. The neighborhood is predominantly recently developed or developing single-family residential subdivisions to the west and to the south, vacant land and an RV Park to the east, and commercial uses to the north. Approximately 7.3 miles east of the subject property, Interstate Highway 35 runs north/south, and several community commercial uses are located on this arterial traffic carrier.

Since the recession in 2008, the residential real estate market in this area of North Texas has continuously improved and Denton County has had consistent population growth. Low interest rates persisted nationally in 2020 and 2021 and the markets rose significantly, but 2022 and 2023 were the years of the higher interest rates as the Fed seeks to combat inflation. Still, with large numbers of in-migration from outside DFW from higher cost-of-living states and an abundance of steady jobs, demand for residential real estate in growing communities like Denton County is expected to remain strong. Those end-user homebuyers in Tabor Ranch PID are expected to be in the middle- to upper-income earners as the average home price for finished single-family homes in the community is expected to be \$349,600 for the 40-FF lots, \$395,300 for the 40-FF lots, \$437,00 for the 50-FF lots, and \$524,000 for the 60-FF lots.

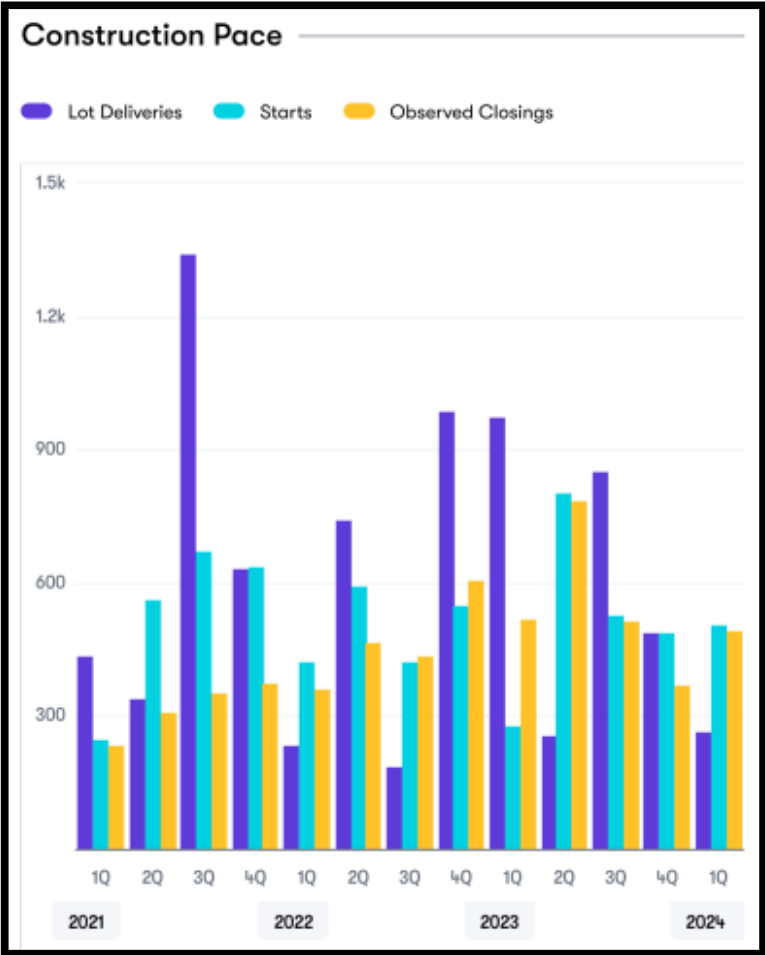
Demand for vacant developed lots (VDLs) for home builders is currently very high; however, material and labor shortages were well-publicized in 2021 and are expected to continue with some easing in late-2022 and in 2023 according to the Texas Real Estate Research Center. Developable residential land in DFW with good access to Fort Worth and Dallas is in high demand with developments moving ever further away from the Fort Worth and Dallas CBD and highly developed areas north of Fort Worth and Dallas where vacant land is scarce after decades of growth. The subject property –Tabor Ranch PID– is removed from the large Central Business Districts in the Metroplex but relatively near areas of Denton County where many young families have migrated when searching for safe neighborhoods, good schools, relatively affordable new homes, and desirable residential amenities.

Based on the preceding, the proposed absorption of single-family home lots in the subject's neighborhood will be analyzed using historical absorption data provided by Zonda as well as information obtained from area market participants and developers. It is important to note that our absorption data is based on historical trends and current available data. Since the first residential lots are not scheduled to be complete until April 2025, we will analyze the historical trends and attempt to forecast the absorption rates based off data, analytics, and our conversations with developers in the market.

We determined a 10-mile radius around the subject property is suitable for our absorption analysis as the competitive supply of lots is within this area. Further, we examined residential communities with lot widths between 40'-70'.

Tabor Ranch Public Improvement District

The following chart reflect starts, deliveries, and closings in the market area from 1Q2021. Sales were steadily increasing from 1Q2021-2Q2023, then rapidly decreased in 3Q2023, then remained somewhat steady till 1Q2024. The rate of annual starts has stayed between 300 and 900 in the past year as homebuilders anticipated increased demand due to rising interest rates. The area has also stayed consistent in the rate of closings as reflected in the numbers reported by Zonda.

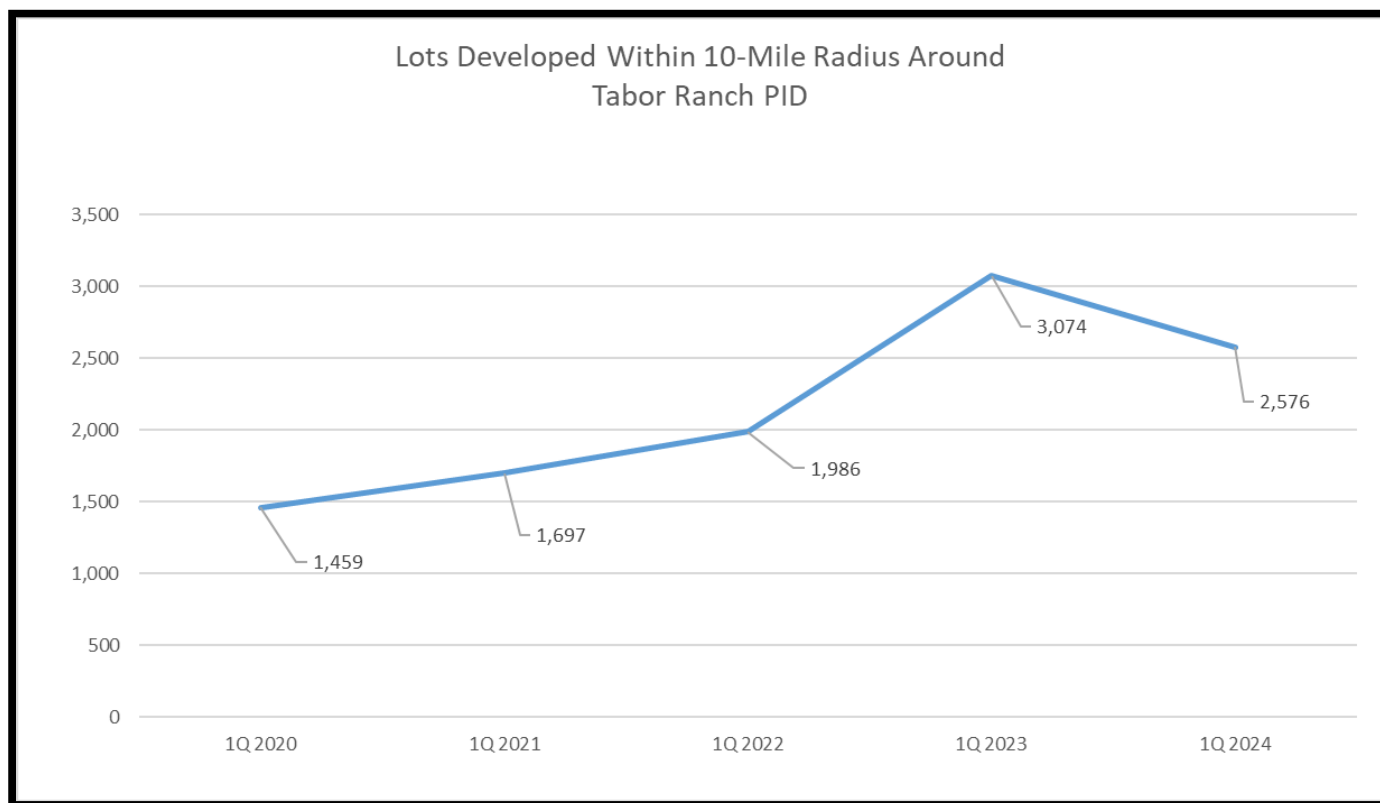


DEFINED SUBMARKET AREA

As shown in the previous chart, the absorption of lots (determined from home construction starts) within the selected area was stable yet slightly increased from 1Q2021 to 4Q2022, then slightly dipped in 1Q2023 before increasing in the 2Q2023 before decreasing from 3Q2023-4Q2023 followed by an increase in 1Q2024. According to Zonda, the selected area absorbed the following number of 40’-70’ lots year-over-year from 1Q2020 to 1Q2024:

- 1Q2020 – 1,459 lots absorbed
- 1Q2021 – 1,697 lots absorbed
- 1Q2022 – 1,986 lots absorbed
- 1Q2023 – 3,074 lots absorbed
- 1Q2024 – 2,576 lots absorbed

From 2020-2024, the *annual average* of lots absorbed was 2,158. Utilizing the more recent 24-month absorption of lots (1Q2022 to 1Q2024), the annual average of lots absorbed increased to 2,545 lots in the area.

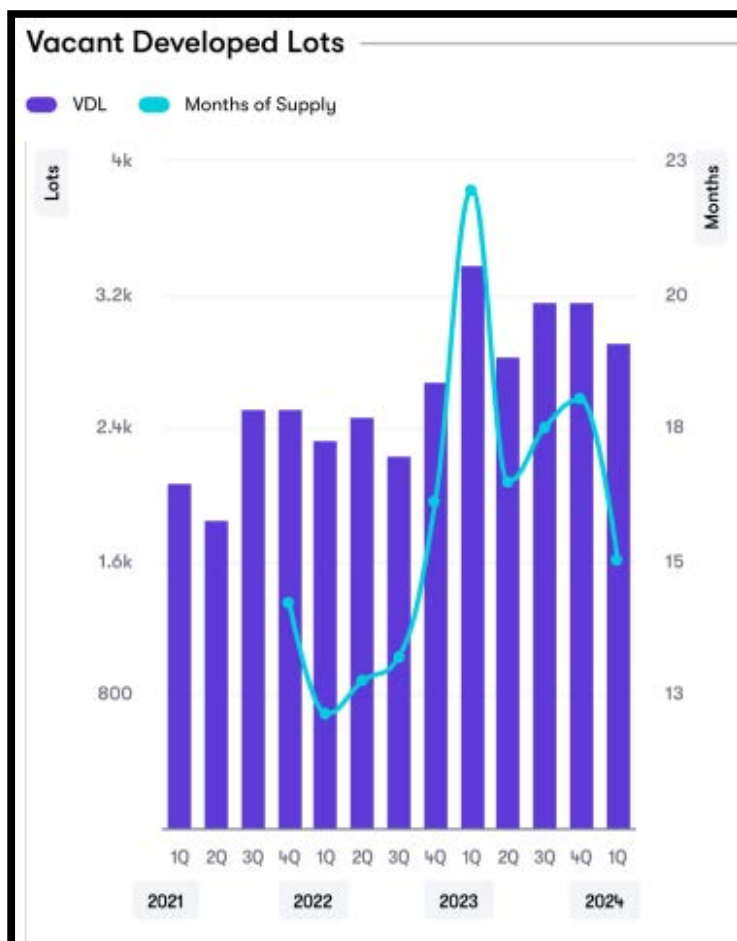


COMPETITIVE SUPPLY (LOT INVENTORY)

According to Zonda, the existing supply of available housing is presently far below balanced levels in our selected submarket as the number of VDLs in the area has trended higher since 2Q2021 from a low of 1,700 to **a present VDL count of 2,800 with a ~15-month supply**. It should be noted that this is a large radius – 10 miles – for such a developed single-family residential area but we determined prospective buyers would search subdivisions throughout Denton County with a preference to be near the I-35 and 380 Corridor which serves as a major thoroughfare and has numerous newer master-planned communities and desirable commercial options.

Tabor Ranch Public Improvement District

Thus, the total lot supply is considered to be considerably **below** the ideal supply levels for a significantly developing market. Also, taking into consideration that new developments require a typical 12-to-18-month construction period, *with increasing demand and declining lot supply, it appears that additional lot product in the submarket is feasible and needed at the current time.* This corresponds to discussions we had with DFW homebuilders who state there is a scarcity of vacant developed lots currently on the market which is pushing prices higher.



Note: A threat to the pace of lot development is multiple interest rate increases the Federal Reserve enacted as a reaction to rising inflation. These interest rate increases were conducted to combat inflation and cool the hot markets; however, the effect for residential housing may be to price first-time buyers out of the single-family residential market. Supply chain issues stemming back to the COVID-19 Pandemic have also increased development costs which may limit starts on the vacant developed lots thus leading to lower VDL and future home supply, thus increasing home prices. In general, we believe the diverse local economy, strong in-migration, and relative stability of the North Texas real estate market will serve to smooth out more global economic trends.

Having considered the supply of lots in the market, it is now prudent to examine the absorption history of specific competing subdivisions in the subject's market area with similar lot features and amenities relative to the subject to determine the projected absorption of the subject's proposed lots.

ABSORPTION ANALYSIS – 40', 45', 50' AND 60' LOTS

The similarities considered to be most important are lot size, home price range, and amenity features. The tables that follow detail the active subdivisions that are considered to compete with the subject's lots. All data is per Zonda as of 1Q2024.

40' and 45' Lots

We included data for lots that were each 40'-55' lots within a 10-mile radius. Since data on 40'-55' lots is relatively plentiful, we selected ten comparable absorption schedules at nearby communities we concluded are similar to the subject and considered some of these communities are smaller and some larger than Tabor Ranch PID.

Subdivision	Size (Foot Front)	Available Lots	Starts	Months	Available Supply (Months)	Starts /Month
The Cottages of Old Town						
Justin	40'	8	4	12	24.0	0.3
Linden Hills	40'	0	4	12	0.0	0.3
Harvest Meadows	50'	2	22	12	1.1	1.8
Sagebrook Addition	50'	106	56	12	22.7	4.7
Vintage Village	50'	104	14	12	89.1	1.2
Big Sky Estates	50'	158	106	12	17.9	8.8
King Ridge Estates	50'	2	76	12	0.3	6.3
Cambridge Brook	50'	0	106	12	0.0	8.8
Harvest Townside	40'	12	4	12	36.0	0.3
Eagle Creek	52'-55'	55	144	12	4.6	12.0
AVERAGE		44.7	53.6	12.0	19.6	4.5

Our analysis indicates Starts/Month is between 0.3 and 12.0 with an average of 4.5 starts/month and a median of 3.3 starts/month. We similarly weighed and considered **the subject property's 40' and 45' lots would likely absorb 5 lots/month, or approximately 15 lots per quarter.**

50' Lots

Again, for the 50' lots, we included data for lots within a 10-mile radius and included 50'-55' lots in our analysis. Data on 50' lots is still relatively plentiful, so we selected seven comparable absorption schedules at nearby communities which are shown on the following page:

Subdivision	Size (Foot Front)	Available Lots	Starts	Months	Available Supply (Months)	Starts /Month
Harvest Meadows	50'	2	22	12	1.1	1.8
Sagebrook Addition	50'	106	56	12	22.7	4.7
Vintage Village	50'	104	14	12	89.1	1.2
Big Sky Estates	50'	158	106	12	17.9	8.8
King Ridge Estates	50'	2	76	12	0.3	6.3
Cambridge Brook	50'	0	106	12	0.0	8.8
Eagle Creek	52'-55'	55	144	12	4.6	12.0
AVERAGE		61.0	74.9	12.0	19.4	6.2

Our analysis indicates Starts/Month is between 1.2 and 12.0 with an average of 6.2 starts/month with a median of 6.3 starts/month. We similarly weighted and considered **the subject property's 50' lots would likely absorb 6 lots/month, or approximately 18 lots per quarter.**

60' Lots

Again, for the 60' lots, we included data for lots within a 10-mile radius and included 60'-70' lots in our analysis. Data on 60' lots is still relatively plentiful, so we selected seven comparable absorption schedules at nearby communities which are shown below:

Subdivision	Size (Foot Front)	Available Lots	Starts	Months	Available Supply (Months)	Starts /Month
Clairmont Estates	60'	0	40	12	0.0	3.3
Aspen Park	60'	5	75	12	0.8	6.3
Courts of Bonnie Brae	60'	41	46	12	10.7	3.8
Glenwood Meadows	60'	29	32	12	10.9	2.7
Brisa Meadows Addition	65'	3	5	12	7.2	0.4
Erickson Farms	70'	3	5	12	7.2	0.4
Hopkins Meadows Addition	70'	0	14	12	0.0	1.2
AVERAGE		11.6	31.0	12.0	5.3	2.6

Our analysis indicates Starts/Month is between 0.4 and 6.3 with an average of 2.6 starts/month with a median of 2.7 starts/month. We similarly weighted and considered **the subject property's 60' lots would likely absorb 3 lots/month, or approximately 9 lots per quarter.**

Absorption Summary Projection: 40', 45', 50' and 60' Lots

Based on the preceding, we estimate that lots in the subject property's development will sell 15 lots/quarter for 40' and 45' lots, 18 lots/quarter for 50' lots, and 9 lots/quarter for 60' lots with absorption beginning May, 1 2025. An Absorption Summary Projection for all lot types is shown in the table below for the 850 lots in Tabor Ranch PID Improvement Area #1.

Tabor Ranch Public Improvement District

Projected Quarterly Absorption Summary - Tabor Ranch PID IA #1								
Lot Type	May-2025	Jul-2025	Oct-2025	Jan-2026	Apr-2026	Jul-2026	Oct-2026	Jan-2027
40-FF	10	15	15	1	-	-	-	-
45-FF	10	15	15	15	15	15	15	15
50-FF	12	18	18	18	18	18	18	18
60-FF	6	9	9	9	9	9	9	9
Total	38	57	57	43	42	42	42	42



Projected Quarterly Absorption Summary - Tabor Ranch PID IA #1								
Lot Type	Apr-2027	Jul-2027	Oct-2027	Jan-2028	Apr-2028	Jul-2028	Oct-2028	Jan-2029
40-FF	-	-	-	-	-	-	-	-
45-FF	15	15	15	15	15	15	13	-
50-FF	18	18	18	18	18	18	18	18
60-FF	9	9	9	9	9	9	9	9
Total	42	42	42	42	42	42	40	27



Projected Quarterly Absorption Summary - Tabor Ranch PID IA #1									
Lot Type	Apr-2029	Jul-2029	Oct-2029	Jan-2030	Apr-2030	Jul-2030	Oct-2030	Jan-2031	TOTAL
40-FF	-	-	-	-	-	-	-	-	41
45-FF	-	-	-	-	-	-	-	-	218
50-FF	18	18	18	18	18	18	18	12	420
60-FF	9	9	9	3	-	-	-	-	171
Total	27	27	27	21	18	18	18	12	850

The total absorption period for the 40' lots is expected to be 8.2 months (41 lots ÷ 5 lots/month), and lots are expected to sell out in January 2026. The total absorption period for the 45' lots is expected to be 43.6 months (218 lots ÷ 5 lots/month), and lots are expected to sell out in December 2028. The total absorption period for the 50' lots is expected to be 70.5 months (420 lots ÷ 6 lots/month), and lots are expected to sell out in February 2031. The total absorption period for the 60' lots is expected to be 56 months (171 lots ÷ 3 lots/month), and lots are expected to sell out in January 2030.

SUBJECT PROPERTY ANALYSIS

The entire development of Tabor Ranch PID represents a total of approximately 599.392 acres (26,109,516-SF) is currently being developed into two distinct areas as follows:

- Improvement Area #1 within Tabor Ranch PID will consist of 41 40-FF lots, 218 45-FF, 420 50-FF lots, and 171 60-FF with a total of 850 improved residential lots on approximately 193.859 acres.
- The Major Improvement Area Paper Lots will include 218 40-FF lots, 2 45-FF lots, and 353 50-FF lots, and 498 60-FF lots with a total of 1,071 improved residential lots on approximately 405.533 acres.

The following chart shows the two distinct area of Tabor Ranch PID.

Tabor Ranch PID						
Area Type	Size (Acres)	40' Lot Type	45' Lot Type	50' Lot Type	60' Lot Type	Total Lots Appraised
<i>IA #1</i>	<i>193.859</i>	<i>41</i>	<i>218</i>	<i>420</i>	<i>171</i>	<i>850</i>
Major Improvement Area Paper Lots	405.533	218	2	353	498	1071

Tabor Ranch PID is owned by Tabor 380 Development, LLC which is an affiliate of Alluvium Development, Inc. Tabor Ranch PID is located in the center portion of Denton County approximately 10 miles west of Denton in the DFW Metroplex. The area surrounding the subject property is a mix of commercial and residential uses and has been developed with large master-planned communities that are generally suitable for middle- to upper-income households.

Access to the subject property is considered average as it is located along US Highway 380, and approximately 7.3 miles west of Interstate Highway 35. Generally, the main retail and commercial options near the subject site are found along US Highway 380 or Interstate 35 which has been rapidly developing with a number of master-planned communities in the past decade.

Though the appraisers have not been notified of such an entity, it is common for the developer to create a mandatory homeowner's association (HOA) over residential portions of the subject property in order to maintain the open spaces, common areas, detention areas, and other related improvements or appurtenances that are not dedicated or maintained by Denton County.

Based on research and discussion with the development team, the price point of homes in the subject's community will be \$349,600 for the 40-FF lots, \$395,300 for the 45-FF lots, \$437,00 for the 50-FF lots, and \$524,000 for the 60-FF lots, which should be a desirable price point for young families and first- and second-time homebuyers looking for a quiet community outside a major city such as Denton but with the amenities of a planned residential community.

We were provided with the following table of budgeted costs for the 1,921 Lots in Tabor Ranch PID:

Tabor Ranch Public Improvement District

ADI | ALLUVIUM
DEVELOPMENT, INC.

PETITT-ECD
CIVIL, ENGINEERING | ALLUVIUM
CONSULTING AND CONSTRUCTION

MMD/PID Cost Summary
Preliminary Opinion of Probable Construction Costs
Tabor Ranch - Public Improvement District
Exhibit 'B'
Wednesday, May 15, 2024

Division	Direct Public		Master Public		Public Total	Private		Private Total	Public + Private Total
	Phase 1	Phase 2	Phase 1	Phase 2		Phase 1	Phase 2		
Grading	\$671,255	\$1,432,900	\$119,718	\$238,138	\$2,462,010	\$1,939,100	\$1,959,700	\$3,898,800	\$6,360,810
Erosion Control	\$255,815	\$347,310	\$52,525	\$71,905	\$727,555	\$0	\$0	\$0	\$727,555
Paving	\$7,868,959	\$10,799,628	\$3,372,570	\$4,637,937	\$26,679,094	\$0	\$0	\$0	\$26,679,094
Wet Utilities	\$8,143,130	\$10,840,764	\$10,153,946	\$10,849,469	\$39,987,308	\$4,640,050	\$2,351,800	\$6,991,850	\$46,979,157
Water System	\$0	\$0	\$7,000,000	\$0	\$7,000,000	\$0	\$0	\$0	\$7,000,000
Retaining Walls	\$0	\$0	\$0	\$0	\$0	\$850,000	\$1,069,000	\$1,919,000	\$1,919,000
Gas Well Rerouting	\$0	\$0	\$0	\$0	\$0	\$1,533,856	\$0	\$1,533,856	\$1,533,856
ROW	\$3,600,000	\$2,500,000	\$1,000,000	\$0	\$7,100,000	\$0	\$0	\$0	\$7,100,000
Sub Total	\$20,539,159	\$25,920,602	\$21,698,753	\$15,797,448	\$83,955,967	\$8,963,005	\$5,380,500	\$14,343,505	\$98,299,472
Soft Costs	\$3,557,812	\$6,104,509	\$5,038,646	\$2,701,116	\$17,402,083	\$2,012,449	\$13,950,909	\$15,963,358	\$33,365,441
District Formation	\$2,454,600	\$0	\$826,200	\$0	\$3,280,800	\$0	\$0	\$0	\$3,280,800
Contingency	\$2,540,874	\$3,513,090	\$3,104,814	\$2,369,617	\$11,528,395	\$986,872	\$646,725	\$1,633,597	\$13,161,992
Grand Totals	\$29,092,444	\$35,538,201	\$30,668,418	\$20,868,181	\$116,167,245	\$11,962,327	\$19,978,134	\$31,940,461	\$148,107,706

Phase Total Summary			
Cost Type	Phase 1	Phase 2	Total
Direct Public	\$29,092,444	\$35,538,201	\$64,630,645
Master Public	\$30,668,418	\$20,868,181	\$51,536,599
Private	\$11,962,327	\$19,978,134	\$31,940,461
Total	\$71,723,189	\$76,384,516	\$148,107,706

Note: Petitt-ECD cannot guarantee that quantities, proposals, bids, or actual costs will not vary from this opinion of probable costs. Petitt-ECD will NOT be responsible for any cost overruns and/or funding shortages.

Note: Assumes existing utilities are available to the site and sized appropriately (No Offsite Included)

Note: Does not include any access improvements for existing oil well sites

Z:\PROJECTS\08126 - DENTON CO - 532 AD & 6 OF US 390\Estimate\PID
2024-05-13 Tabor Ranch PID Q-C Phase 2 (08126).xlsx

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on 5/15/2024

The above-mentioned Budgeted Costs are provided by Petitt-ECD, the Professional Engineers. The figures shown in the previous table may be revised in Annual Service Plan Updates and may be reallocated between line items upon approval by the County so long as the total Authorized Improvements amount and the benefit allocation does not change.

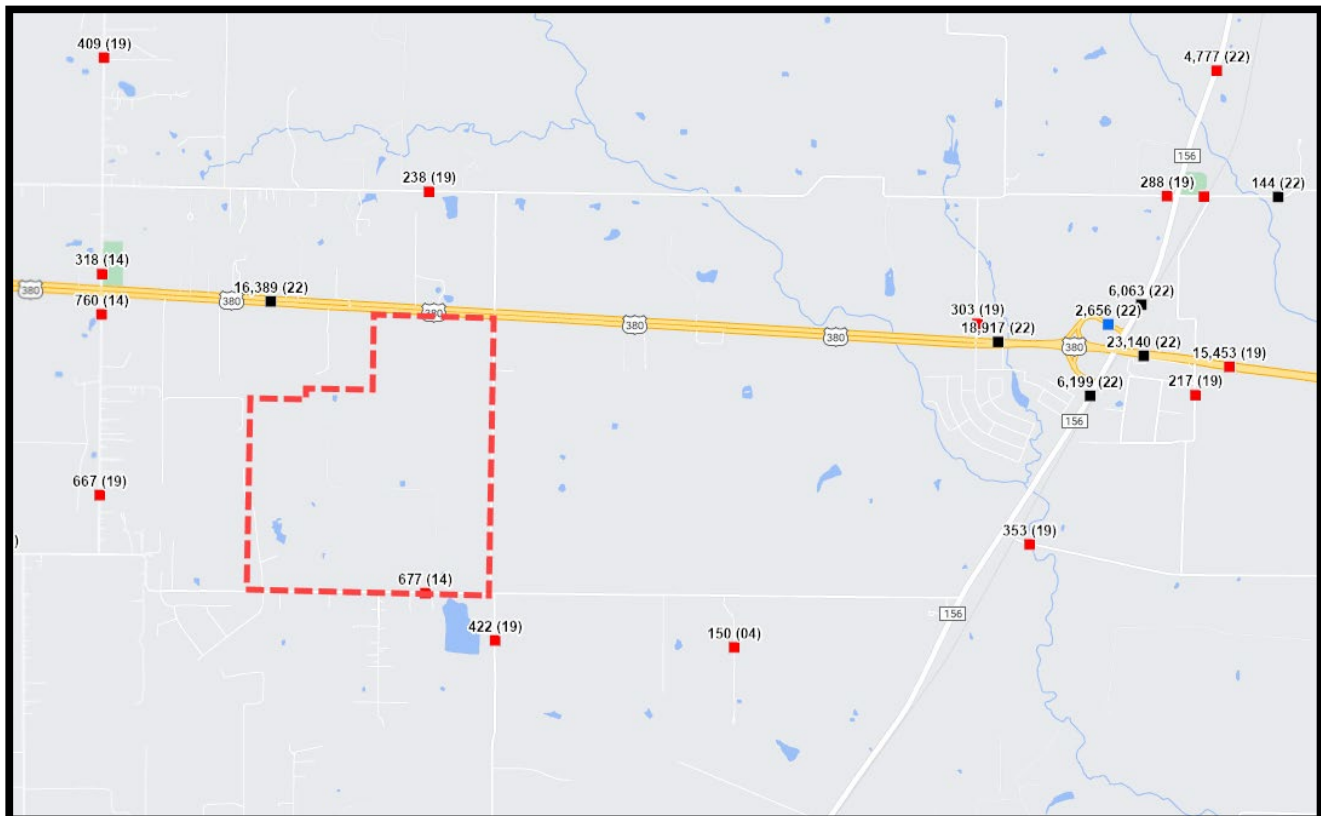
The preceding general descriptions of the subject's characteristics are based on review of available maps and data sources, as well as our physical on-site observations. Please refer to copies of the maps, photographs, and renderings for a visual perspective of the subject's physical characteristics.

ACCESSIBILITY, FRONTAGE, AND STREETS

The subject property is primarily accessed by U.S. Highway 380, which is a primary throughfare located on the north property line of the subject.

A map below from TXDOT shows traffic counts from 2022 near the subject property. US Highway 380, which is the east/west major throughfare reports over 16,000 average daily vehicles while Old Stoney Road, which runs along the south border of the subject property reports just over 650 daily vehicles.

TXDOT Traffic Web Viewer

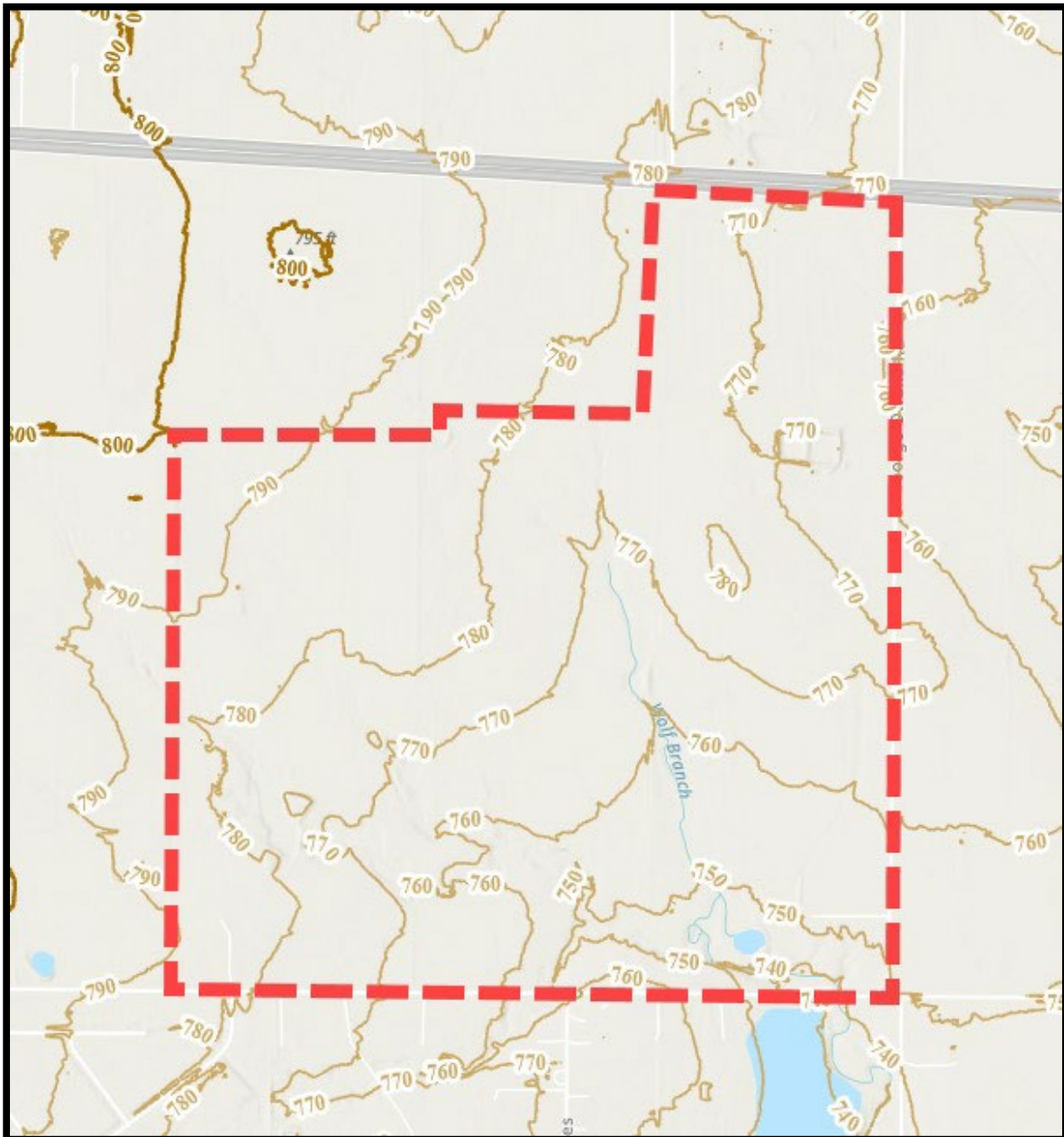


TOPOGRAPHY

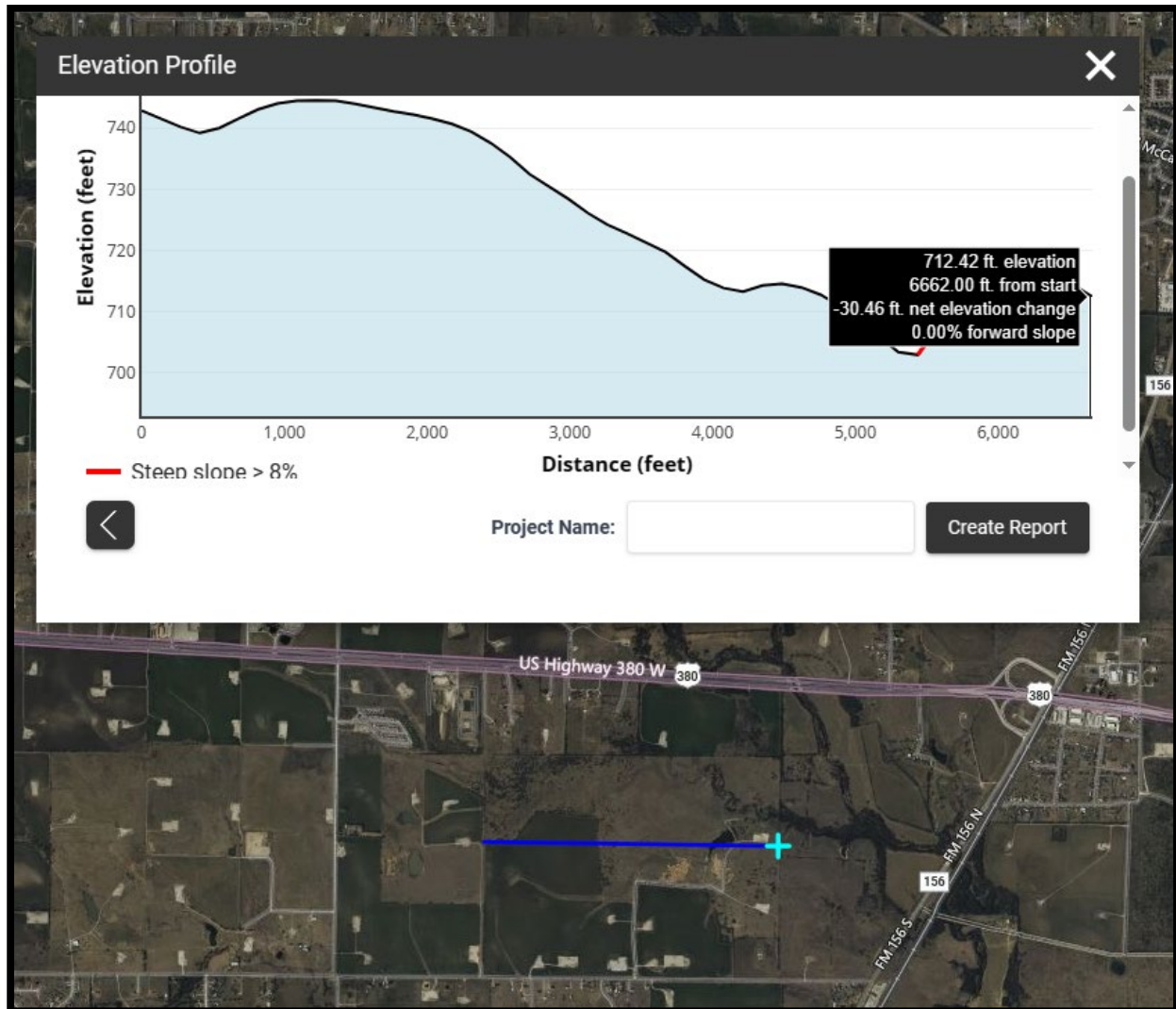
The topography of the subject property is described as gently sloping and earthwork had begun prior the date of inspection. As of the inspection date, April 24, 2024, these topographic maps showing the contours are slightly out-of-date as the site is in the process of being improved for single-family lots with streets, storm sewer, and utilities in place. Topographic information is provided by the North Central Texas Council of Governments and Texas A&M Forest Service.

TOPOGRAPHIC MAP

Contours At 10'; Bold at 100'

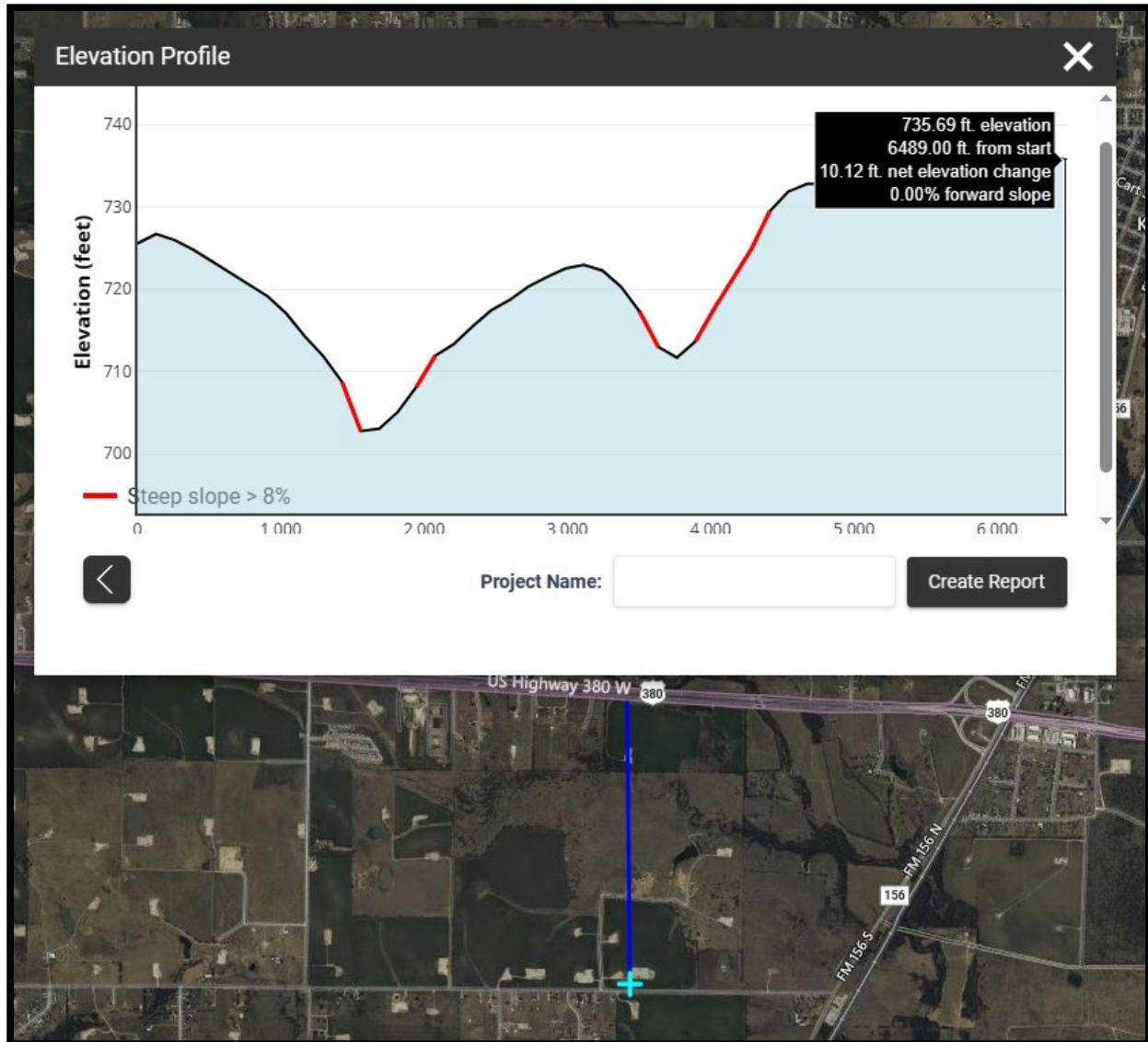


TEXAS A&M UNIVERSITY FOREST SERVICE – MAP MY PROPERTY



General Slope of the Property Moving from East to West

- *Note that measurements are in feet*
- *Elevation profile is represented along illustrated axis*
- *Property slopes west to east with approximately 30.46 feet of variation over approximately 6,662 feet of run)*



General Slope of the Property Moving from North to South

- *Note that measurements are in feet*
- *Elevation profile is represented along illustrated axis*
- *Property slopes north to south with approximately 10.12 feet of variation over approximately 6489 feet of run (~5.8% slope)*

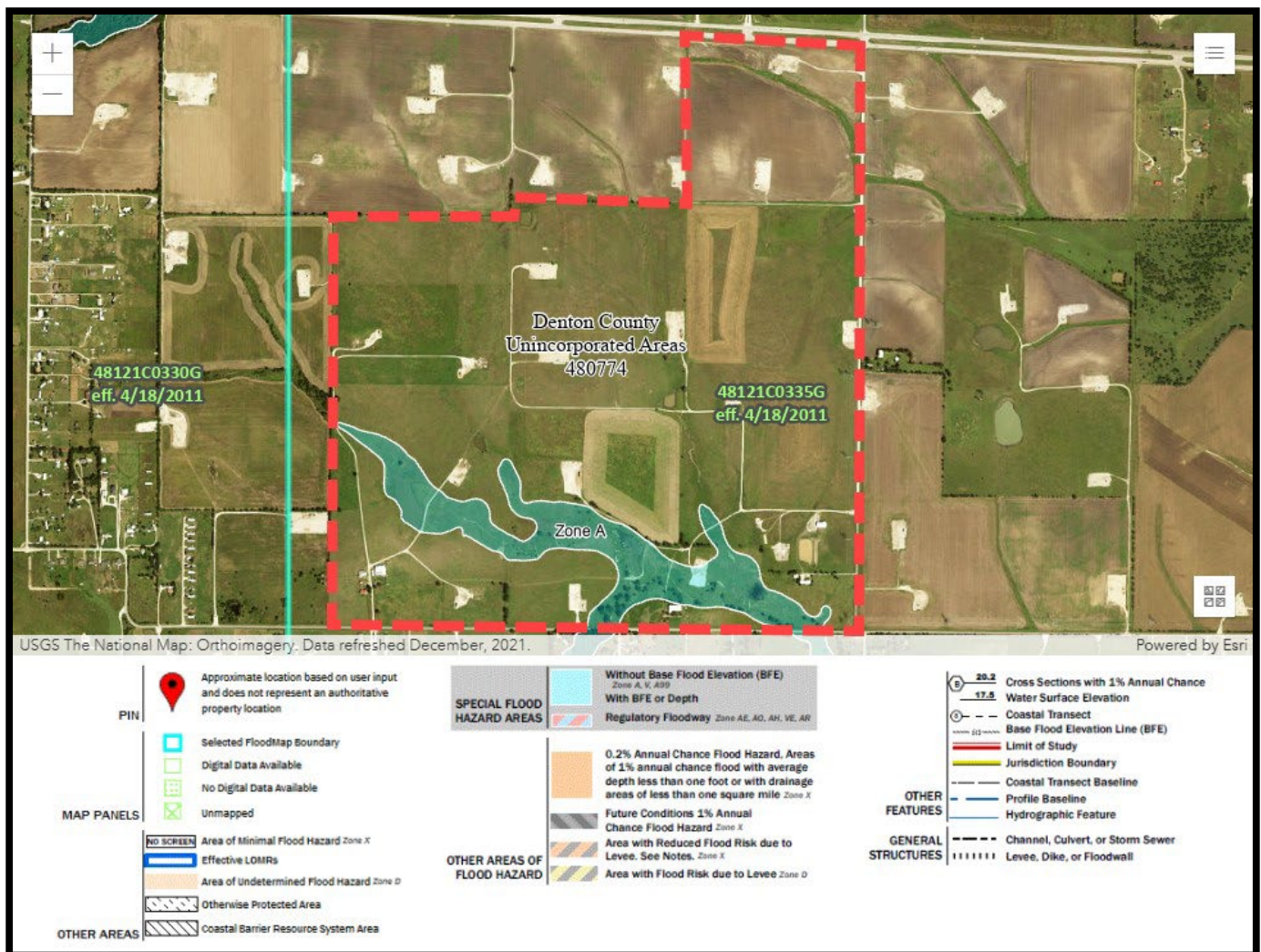
SOIL AND SUB-SOIL CONDITIONS

No soil engineer's report was available to the appraisers and no recent soil tests are known to have been performed. We have assumed a stable soil condition that would ensure the structural integrity of any improvement to be constructed. As of the report date the developer has excavation and earthwork underway. Our value conclusions are subject to revision should assumptions that land is stable prove incorrect. We caution and advise the user of this report to obtain engineering studies which may be required to ascertain any structural integrity.

FEMA FLOOD ZONE

Tabor Ranch PID is within Unshaded Zone X (outside the floodplain) and Zone A (within the 100-year floodplain) according to Map 48121C0335G, effective April 18, 2011. Per the provided Concept Plan, the improvements will be developed within Unshaded Zone X. Development within Unshaded Zone X does not appear to be detrimental to the development of the subject property. The areas within Zone A are undevelopable, however, those areas may provide areas of waterflow streams and ponds that may be aesthetically appealing in developed communities.

FLOODPLAIN MAP



UTILITIES

Electricity to the property will be maintained by Oncor/Co-Serv and natural gas will be maintained by Atmos/Si Energy. Water and sewer will be provided on-site. Telephone, fiber-optic, and internet are available through AT&T, Spectrum, T-Mobile, Optimum, and Nextlink.

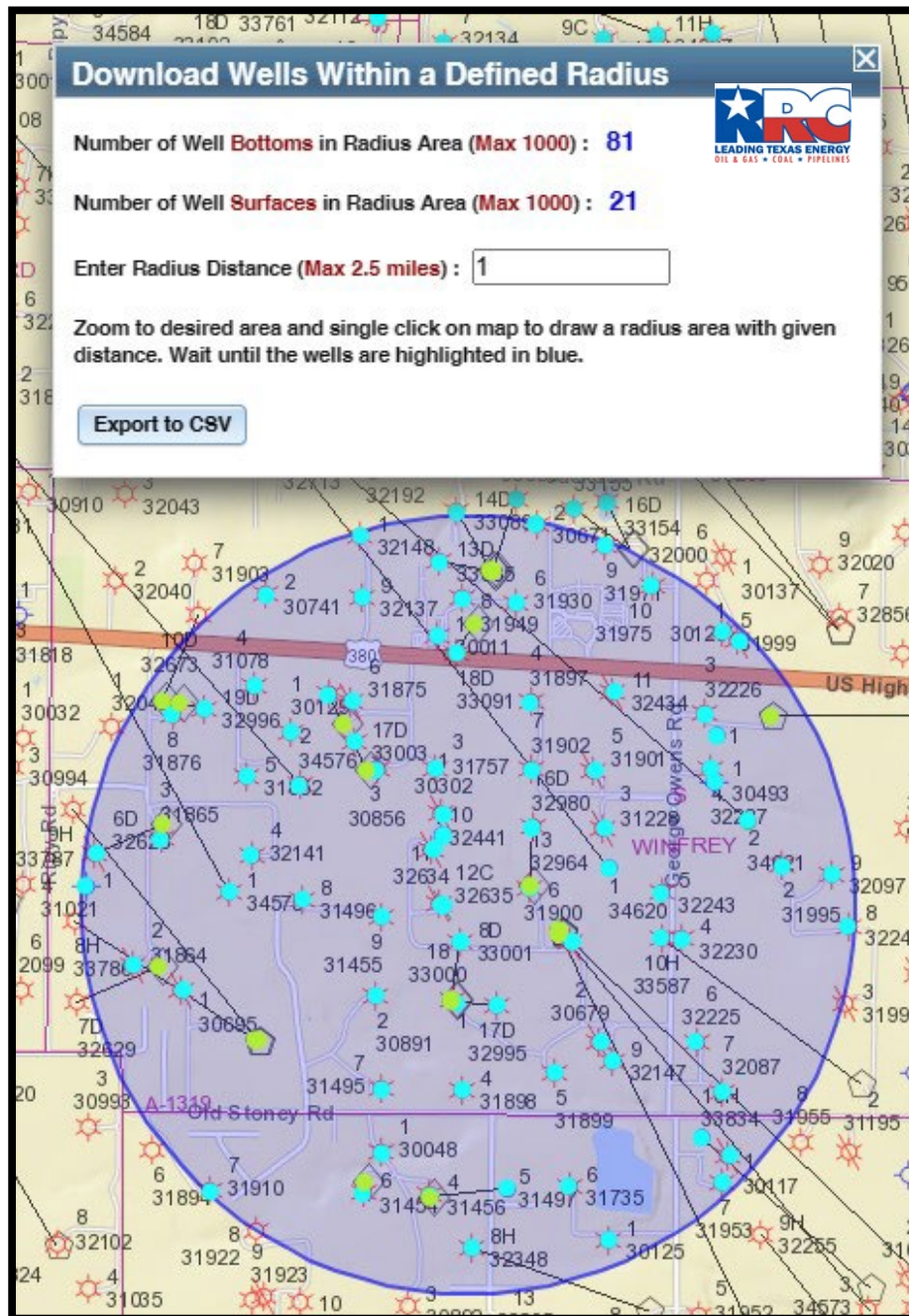
EASEMENTS/ENCROACHMENTS

Based on our physical site visit, and review of available maps of the surrounding area, it is reasonable to suspect that there are typical setbacks and easements that exist on the property which will be approved by Denton County. Per the appraisers site visit, there is a highline power easement that transverses through the Major Improvement Area within the Tabor Ranch PID in the southeast quadrant of the subject. Development within this easement is restricted to open space and parking lot development. The subject also has various gas well sites which according to Stephen Belknap, the Director of Development Services for Denton County, if active or plugged, require a 100-foot setback from residential development or 300-foot setback for any other commercial use. The appraisers assume the property is free from any other detrimental easements or encroachments and specifically reserves the right to alter the conclusion of this analysis should a survey be provided that indicates detrimental easements or encroachments.

ZONING AND RESTRICTIONS

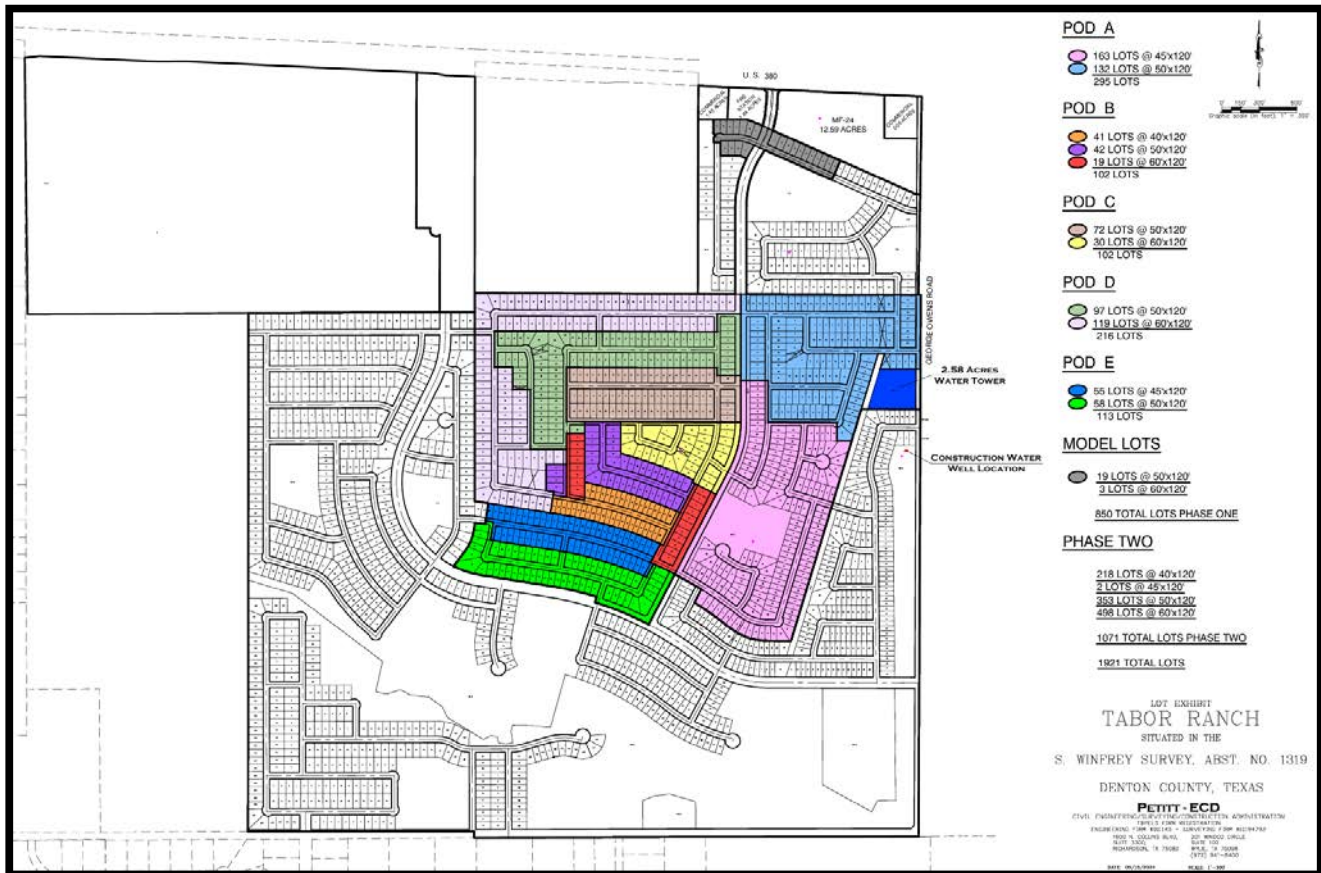
Per a conversation with Stephen Belknap, the Director of Development Services for Denton County, Tabor Ranch PID is located in Denton County outside of the city limits of any city and has no zoning restrictions or codes to comply with. The developers will provide a plat map to the county outlining the development.

OIL AND GAS WELLS
Texas Railroad Commission

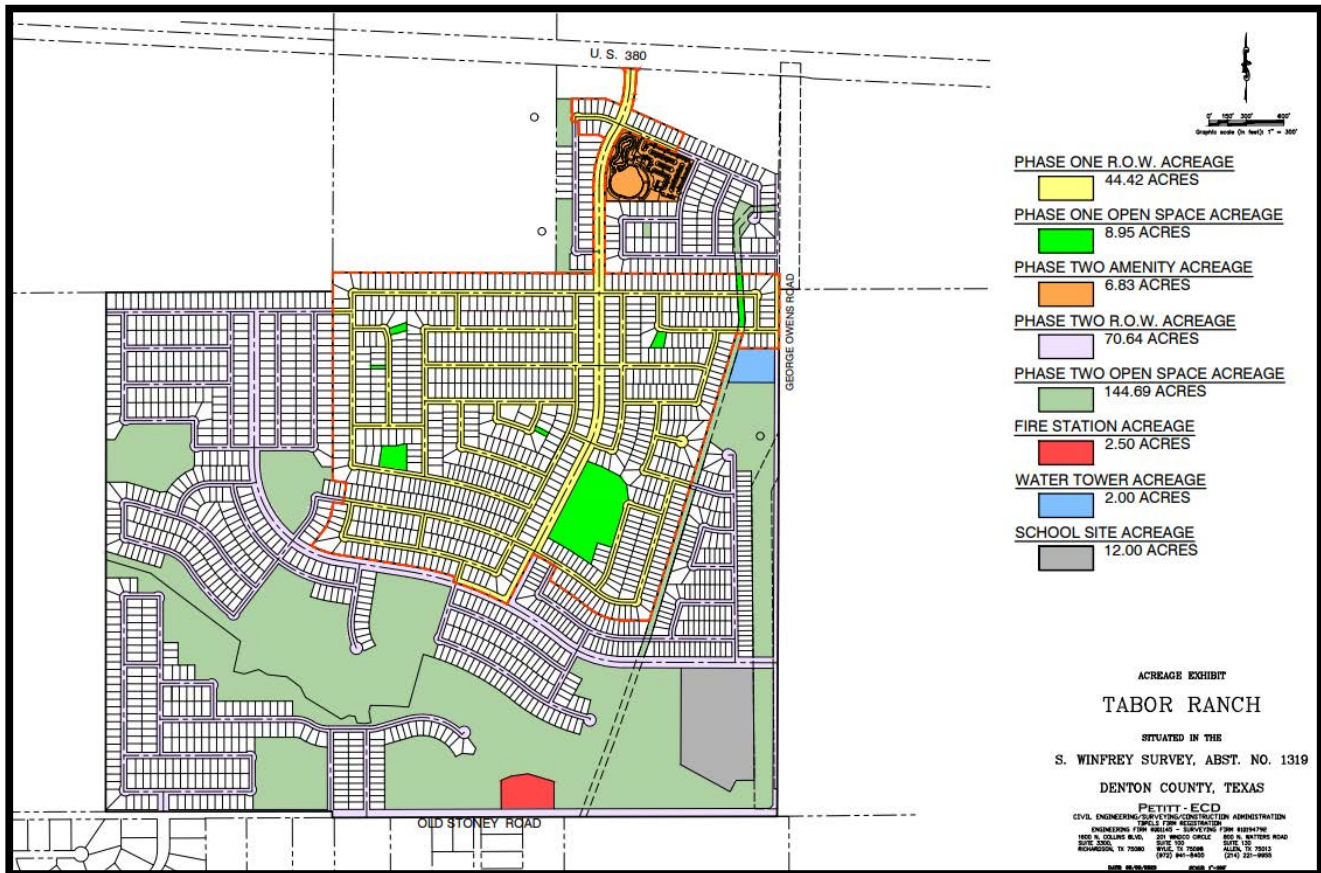


There are 81 well bottom sites and 21 well surface sites within 1 mile from the subject property according to the above referenced map from the Texas Railroad Commission. The subject site does not appear to be encumbered by any detrimental restrictions due to the proximity to surface or subsurface well locations because this area of Central Texas is minimally active in mineral extraction.

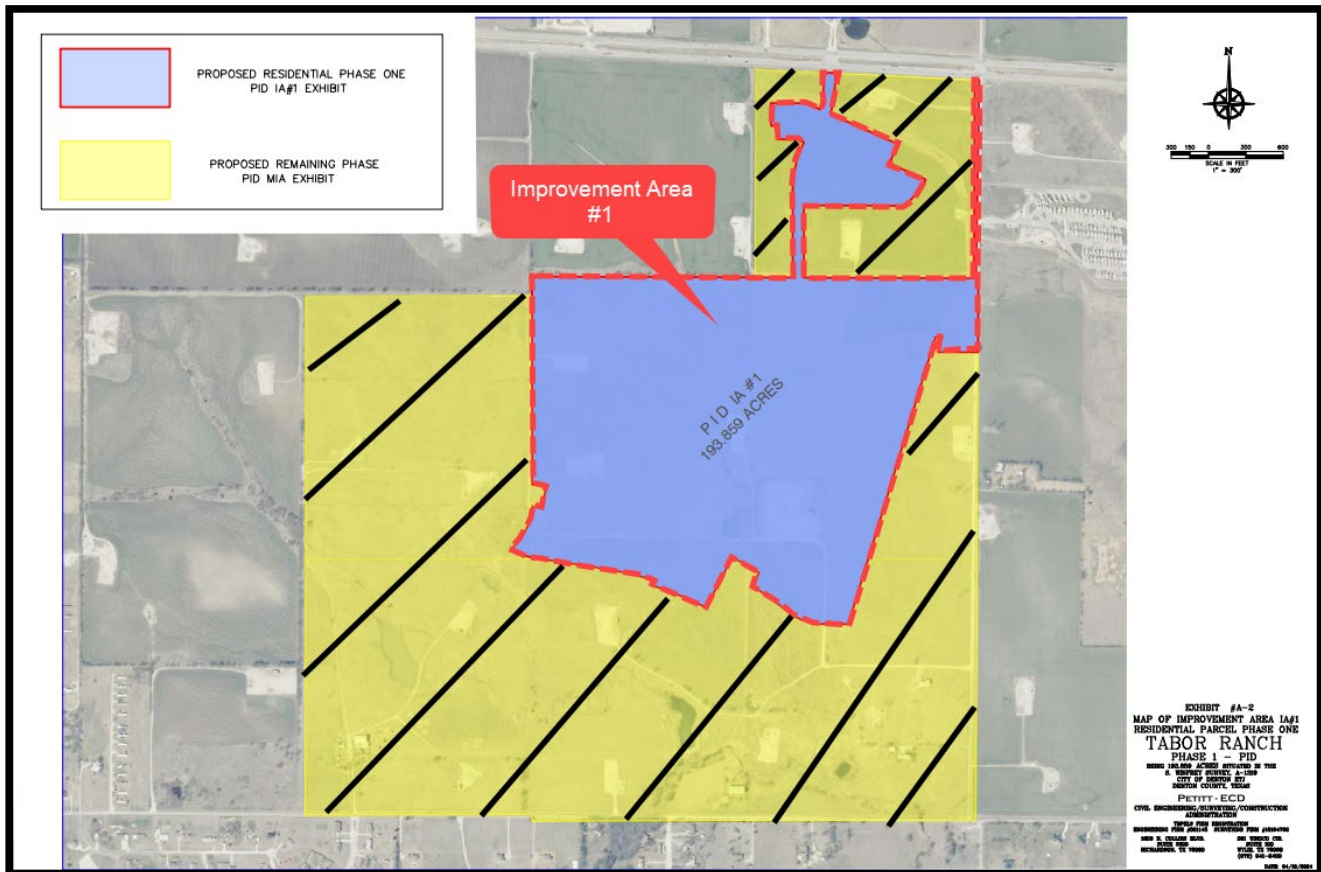
TABOR RANCH LOT EXHIBIT, BY PETITT – ECD (PROFESSIONAL ENGINEERS)



TABOR RANCH ACERAGE EXHIBIT, BY PETITT – ECD (PROFESSIONAL ENGINEERS)



TABOR RANCH MAP OF IMPROVEMENT AREA IA #1, BY PETITT – ECD (PROFESSIONAL ENGINEERS)



TABOR RANCH MAP OF MAJOR IMPROVEMENT AREA, BY PETITT – ECD (PROFESSIONAL ENGINEERS)



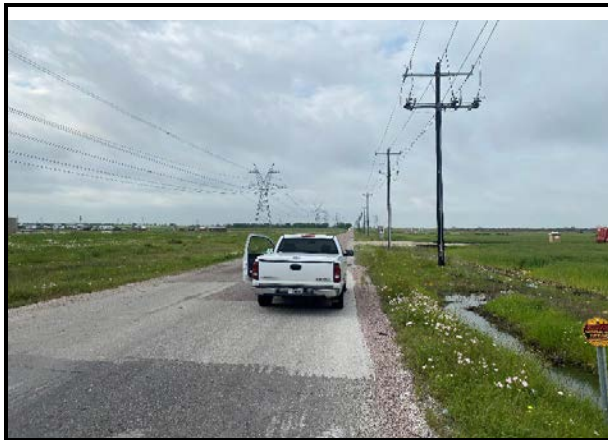
PROPERTY PHOTOGRAPHS



US Highway 380 facing east



US Highway 380 facing west



George Owens Road facing south



Old Stoney Road facing east



Old Stoney Road facing west



Northeast corner of property facing west

SUBJECT PHOTOGRAPHS



Northeast corner of property facing south



Northeast corner of property facing southwest



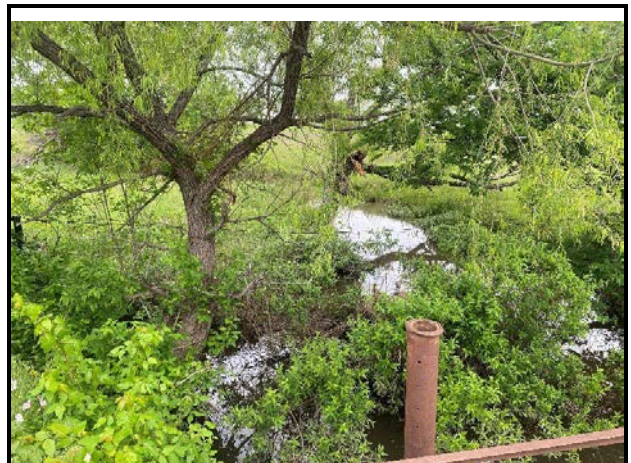
Gas well on northeast section of subject



Gas line at northeast corner of subject



Powerlines running through southeast corner of subject



Wolf Branch Creek entering on southern border of subject

SUBJECT PHOTOGRAPHS



Floodplain on southern border of subject



Southwest corner of subject facing east



Southwest corner of subject facing northeast



Home at southwest corner of subject



Homes south of subject



Pond in the southern portion of subject

SUBJECT AND AREA PHOTOGRAPHS



Gas wells in the center of subject property



Gas wells in the center of subject property



Center of subject facing east



Floodplain running through center of subject



Second pond in center of subject property



Northwest corner of subject property facing east

SUBJECT AND AREA PHOTOGRAPHS



Large gas well in center of subject property



Center of subject facing northeast

HIGHEST AND BEST USE

The highest and best use may be defined as the most profitable or likely profitable legal use for which a property may be utilized. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and needed, or likely to be in demand in the reasonably near future. Also, that reasonable and probable use that will support the highest present value, as defined, as of the Effective Date of the appraisal.

Alternatively, that use, from among reasonably probable and legal alternative uses, is found to be:

- | | |
|------------------------|-------------------------|
| a. Physically Possible | c. Financially Feasible |
| b. Legally Permissible | d. Maximally Productive |

The definition, immediately above, applies specifically to the highest and best use of land. It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

There are two distinct types of highest and best use, that being the highest and best use as if the site were vacant, and the highest and best use as improved. Both use determinations require consideration of the physical, legal, financial feasibility and maximal productivity for the site and improvements.

HIGHEST AND BEST USE ANALYSIS

Highest and Best Use “As-Vacant”

Physically Possible

Considering the subject’s physical characteristics including jurisdiction, location, size, shape, and availability of utilities, the site is capable of numerous uses which are physically possible without being constrained by the property itself.

Legally Permissible

The subject property is within Denton County with no zoning or developers’ agreement creating no legal restrictions regarding the subject property. No private deed restrictions were uncovered during a normal investigation, which would further limit the potential uses of the subject site. However, due to the numerous gas wells present on the subject property, setbacks are in place that would impact development. Per a conversation with Stephen Belknap, the Director of Development Services for Denton County, if active or plugged, gas wells require a 100-foot setback from residential development or 300-foot setback for any other commercial use. The substantially larger setback would hinder commercial development at the subject property.

No other legal restrictions or covenants were found to be imposed on the subject property at the time of the appraisal which would further restrict development.

Due to the number of wells present and the larger setback required for commercial uses, only detached single-family residential use is given further consideration in determining the highest and best use of the site as vacant.

Financially Feasible

In order to be economically feasible, the improvements should conform to the surrounding land uses. To meet the test of being financially feasible, the project must provide a net return over a reasonable period of time. The area surrounding the subject property is rural, however, development of the surrounding area has accelerated

considerably over the past decade as development north of Dallas and Fort Worth and along major highways has shown almost endless demand. Developers and home builders have moved further away from the center of the Metroplex to quasi-rural areas of Denton County like those surrounding the subject property are being developed with middle-to-middle-upper class housing stock. Based on review of homes on the market, we would expect home prices between \$300,000-\$550,000 would be in demand in Tabor Ranch PID.

Based on our analysis of the market, it is reasonable to expect a rise in demand for vacant developed lots (VDLs) in 2024 as homebuilders sell more homes when mortgage rates begin to fall precipitously as they have in early 2024; Along with this, due to the lack of supply for VDLs and the long-term prospects of the subject's area, we expect ample demand for single-family lots in the next 2-5 years. When looking at the longer time horizon, it appears that a newly developed single-family residential use on the site would have a value commensurate with its cost. Therefore, single-family residential use is considered to be financially feasible.

Maximally Productive

There does not appear to be any reasonably probable use of the subject property that would generate a higher residual land value than single-family residential use. Accordingly, it is our opinion that single-family residential use, developed to the normal market density allowed by the planned development is the maximally productive use of the property.

The resilient business climate in North Texas and the continual development of neighborhoods in Denton County has created increased demand for homes in the area. Coupled with increasing movement into DFW, and northward in the Metroplex in particular, it is our opinion that the highest and best use of the property "As-Vacant" would be for the development of single-family residential community. Thus, the highest and best use of the property "As-Vacant" is for development of detached, single-family residential uses.

Highest and Best Use "As-Improved"

Development of the subject property, as proposed utilizing our extraordinary assumptions, is the only use that meets the four tests of highest and best use. Therefore, we conclude that the highest and best use of the property "As-Improved" is similar to our conclusion "As-Vacant" which is for detached, single-family residences.

We believe that the **most probable buyer** would be a developer of large single-family communities or a large homebuilder who is active in the DFW Metroplex market.

VALUATION – IMPROVEMENT AREA #1

Three approaches to value are typically considered when developing a market value opinion for real property. These are the Cost Approach, the Sales Comparison Approach, and the Income (Subdivision Development) Approach. Use of the approaches in this assignment is summarized as follows:

<i>Approach</i>	<i>Applicability to Subject</i>	<i>Use in Assignment</i>
Cost Approach	<i>Not Appropriate in the Improvement Area #1 Portion of the Subject Property Since the Subject Property will be Developed in Two Phases</i>	<i>Not Utilized</i>
Income (Subdivision Development) Approach	<i>Appropriate in Determining Residential Subdivision Value</i>	<i>Utilized</i>
Sales Comparison Approach	<i>Aspects Used in Subdivision Valuation to Determine Retail Market Value of the 40-FF, 45-FF, 50-FF, and the 60-FF Lots</i>	<i>Partially Utilized</i>

Residential Subdivision (850 Improved Lots)

Cost Approach

The Cost Approach provides information that contrasts with information from the Income and Sales Comparison Approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction. This approach is most beneficial when appraising a proposed or recently built project and is typically used when units make up a substantial portion of the entire project. Since the subject property is being developed in two phases and there are no major improvements in place, *the Cost Approach is not the most appropriate and thus was not utilized for Improvement Area #1.*

Income (Subdivision Development) Approach

The Income (Subdivision Development) Approach applied in subdivision analysis simulates what occurs in a bulk sale where one buyer purchases a subdivision or large group of lots at a discount. Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. This approach provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices. Since one of the problems to be solved in this assignment is to determine the bulk sale value of 850 lots, as of the Effective Date of May, 1 2025, which is based on the Substantial Completion Date, *the Income (Subdivision Development) Approach is appropriate and was fully developed.*

Sales Comparison Approach

The Sales Comparison Approach involves comparing recent sales of entire subdivisions or a large group of lots that involved a single purchaser. The sales are then adjusted for value-related differences. Determining market values for the subdivision or the group of lots is the objective of the analysis, and that determination requires recent and relevant similar bulk sales for the comparison. Finding highly similar and recent sales of improved subdivisions to a single buyer in most markets can be difficult, perhaps impossible. Comparison requires comparable sales with about the same or similar remaining absorption period, a similar mix of lots or unit types, location, home price points, and other characteristics. As Texas is a non-disclosure state, sales data available is limited to sales confirmed by associated parties. Since data on highly similar bulk sales to a single purchaser is difficult to find and verify, *the Sales Comparison Approach was not fully developed by the appraisers.* Aspects of the Sales Comparison Approach were utilized to determine the retail value of the improved lots for analysis within the Income (Subdivision Development) Approach.

INCOME (SUBDIVISION DEVELOPMENT) APPROACH – IMPROVED RESIDENTIAL LOTS IMPROVEMENT AREA #1



NOTE: Improvement Area #1 comprises 850 improved residential lots completed as vacant developed lots (VDLs) with a Prospective Effective Date of May, 1 2025. The Major Improvement Area Paper Lots and are not included in the Income Subdivision Development Approach.

Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. The income methodology applied in subdivision analysis has been adapted to simulate what occurs in a bulk sale where one buyer purchases a group of lots at a discount. It provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices.

In order to complete the analysis, the appraisers:

- Determined the value of the lots through aspects of the Sales Comparison Approach based on the concept plan provided by the developers
- Calculated the absorption period (earlier in the report) for the finished lots after construction is complete
- Analyzed the effect of appreciation, taxes, and sales costs over the absorption period
- Estimated the appropriate discount rate necessary to undertake the risks associate with the project
- Utilized discount cash flow (DCF) analysis to determine the present value of future cash flows realized by selling the lots at market prices over time

We utilized the following unit of comparison which is the measure most commonly found in the market:

Sales Price Per Front Foot – Obtained by dividing sale price by the front footage of the lot

Following is our analysis of the 40-FF, 45-FF, 50-FF, and 60-FF lots for Tabor Ranch PID Improvement Area #1.

A map of the Tlaxcala region in Mexico. The map shows the Tlaxcala River flowing through the region. The city of Tlaxcala is marked with a red dot. The map also shows the Tlaxcala State and the Tlaxcala Municipality.



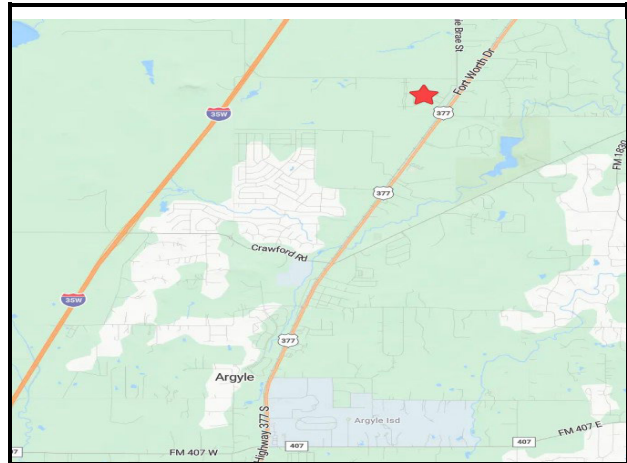
CHIEF OF POLICE: JAMES J. CONNELLEY

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SALE COMPARABLE 1 – 40' LOTS



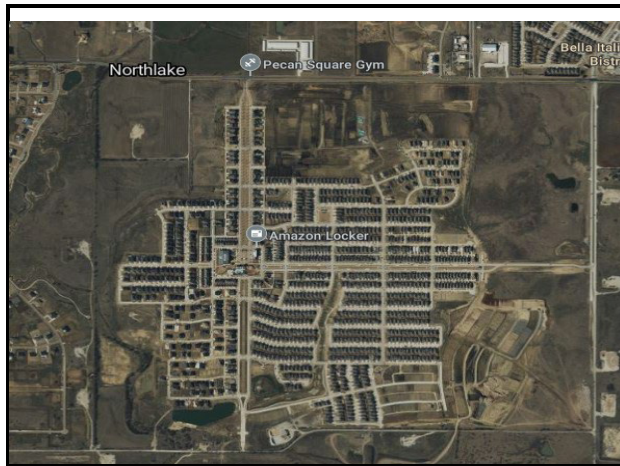
Comparable 1 Aerial



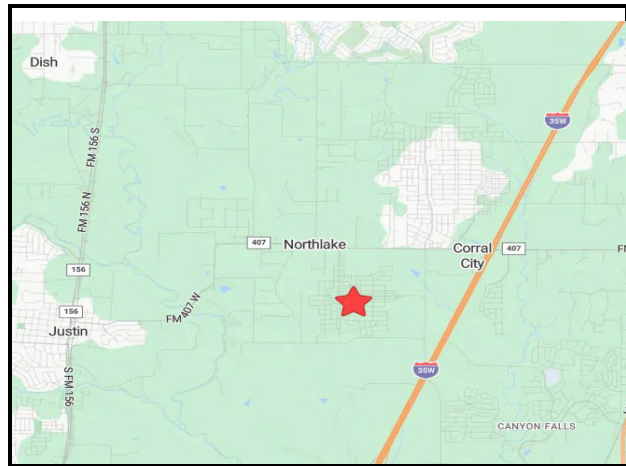
Comparable 1 Map

40-FF Sale Comparable 1				
Property Information				
Subdivision Name	Sagebrook Addition			
Property Class	Residential Lot			
Address	South side of Bluestem Boulevard, West of U.S. Highway 377, Denton			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.11	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	November - 2023			
Seller	Sagebrook Denton, LP			
Buyer	Castlerock Communities, LLC			
Sale Price	\$94,432			
Price per SF Land	\$15.74			
Price per Front Foot	\$1,889			

SALE COMPARABLE 2 – 40' LOTS



Comparable 2 Aerial



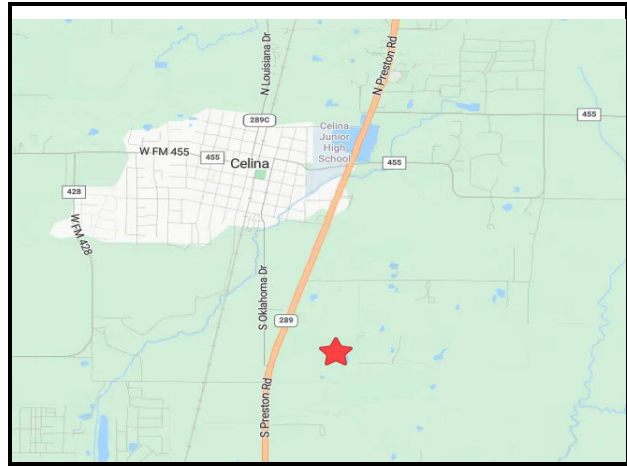
Comparable 2 Map

40-FF Sale Comparable 2				
Property Information				
Subdivision Name	Pecan Square			
Property Class	Residential Lot			
Address	East side of Avalon Boulevard, South of Farm-to-Market 407 West, Argyle			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	April - 2023			
Seller	Pecan Square 3A LLC			
Buyer	DR Horton Texas LTD PS			
Sale Price	\$97,500			
Price per SF Land	\$16.25			
Price per Front Foot	\$1,950			

SALE COMPARABLE 3 – 40' LOTS



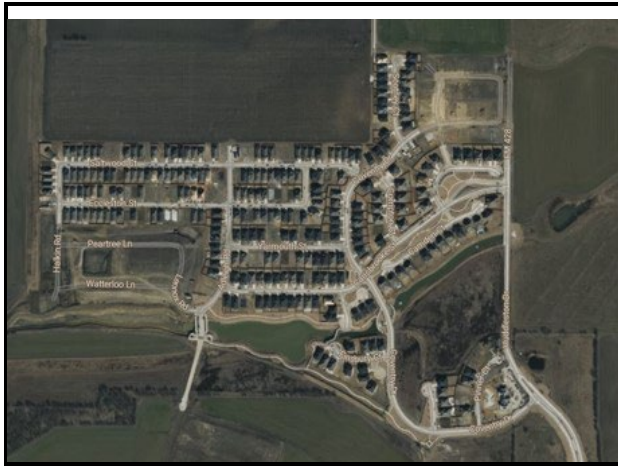
Comparable 3 Aerial



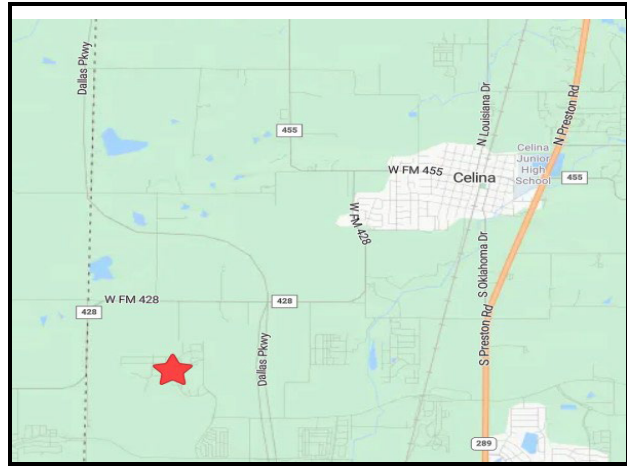
Comparable 3 Map

40-FF Sale Comparable 3				
Property Information				
Subdivision Name	Hillside Village			
Property Class	Residential Lot			
Address	Northwest quadrant of Glendenning Pkwy and County Road-89, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	4,000	SF	0.09	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	October - 2023			
Seller	Wynne/Jackson, Inc.			
Buyer	HMH Lifestyles, L.P.			
Sale Price	\$77,800			
Price per SF Land	\$19.45			
Price per Front Foot	\$1,945			

SALE COMPARABLE 4 – 40' LOTS



Comparable 4 Aerial



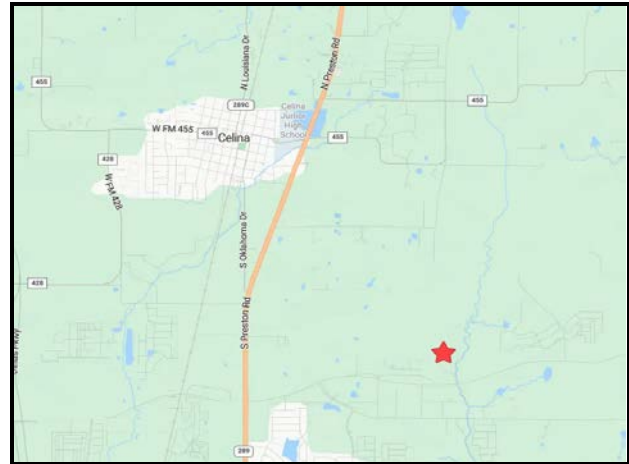
Comparable 4 Map

40-FF Sale Comparable 4				
Property Information				
Subdivision Name	Cambridge Crossing			
Property Class	Residential Lot			
Address	Northeast quadrant of Legacy Drive and Punk Carter Parkway, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	4,800	SF	0.11	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	September - 2022			
Seller	Tollway/Outer Loop LP			
Buyer	Highland Homes - Dallas, LLC			
Sale Price	\$65,000			
Price per SF Land	\$13.54			
Price per Front Foot	\$1,625			

SALE COMPARABLE 5 – 40' LOTS



Comparable 5 Aerial



Comparable 5 Map

40-FF Sale Comparable 5				
Property Information				
Subdivision Name	Cross Creek Meadows			
Property Class	Residential Lot			
Address	Southwest quadrant of East Outer Loop and Country Road 87, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	4,800	SF	0.11	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	September - 2021			
Seller	Taylor Morrison of Texas Inc.			
Buyer	TSHH, LLC			
Sale Price	\$65,470			
Price per SF Land	\$13.64			
Price per Front Foot	\$1,637			

SALES ADJUSTMENT COMPARISON GRID –40’ LOTS

Address:	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
	Tabor Ranch PID IA #1	Sagebrook Addition	Pecan Square	Hillside Village	Cambridge Crossing	Cross Creek Meadows
	Unincorporated	Denton	Northlake	Celina	Celina	Celina
Transactional Adjustments						
Sales Price/FF		\$1,889	\$1,950	\$1,945	\$1,625	\$1,637
Rights Conveyed		0%	0%	0%	0%	0%
Sales Price/FF		\$1,889	\$1,950	\$1,945	\$1,625	\$1,637
Financing Terms		0%	0%	0%	0%	0%
Sales Price/FF		\$1,889	\$1,950	\$1,945	\$1,625	\$1,637
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/FF		\$1,889	\$1,950	\$1,945	\$1,625	\$1,637
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/FF		\$1,889	\$1,950	\$1,945	\$1,625	\$1,637
Time/Market Conditions		+6%	+8%	+9%	+11%	+15%
ADJUSTED Price/FF:		\$2,002	\$2,106	\$2,120	\$1,804	\$1,882
Physical Adjustments						
Location/Access	Unincorporated Denton County, South of U.S. Highway 380	-3%	-3%	-8%	-8%	-8%
Amenities	Lagoon, Sand Volleyball, Trails, Playground, Pond	+3%	-2%	+4%	-5%	+4%
Size	40-FF	+4%	+4%	0%	0%	0%
Topography/View	Gently Sloping Improved Lots	0%	0%	0%	0%	0%
Zoning	None	-10%	-10%	-10%	-10%	-10%
Total Net Physical Adj. After Transactional Adj.		-6%	-11%	-14%	-23%	-14%
ADJUSTED Price/FF:		\$1,882	\$1,874	\$1,823	\$1,389	\$1,619
SUMMARY OF COMPARABLE VALUES						
Value Range/FF		\$1,389	to	\$1,882		
Average Value/FF	\$1,717					
Median Value/FF	\$1,823					
Size	40-FF					
Unit Value Indication	\$1725/FF					
Overall Value Indication	\$69,000					
Rounded	\$69,000					

ANALYSIS OF ADJUSTMENTS –40’ LOTS

Our research of comparable lot sales leads us to the determination that there are ample recent transactions within the last few years involving similar properties within the subject’s general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property had unadjusted contracted base prices ranging from \$1,625 to \$1,950 per front foot with Sales 3, 4, and 5 being 40-FF lot types, and Sales 1 and 2 being 50-FF lot types.

Data on each of the sales, including sales price, was confirmed with sources considered reliable. Based on analysis of this data and other pertinent information obtained in our research, the following pages are a discussion of the factors which were found to exhibit significant influence on property values in this market.

Factors to be Considered and Summary of Adjustments

Transactional Adjustments

Property Rights, Financing Terms, and Conditions of Sale

Each of the comparable sales were sold as fee simple interests, sales were transferred in cash equivalency, and under typical sale conditions; thus, no adjustments are made for these three factors.

Expenditures After Purchase

Typically, in a master-planned residential community like the subject, municipalities will require impact fees paid for water, sewer, and roadway. These fees will be the responsibility of the homebuilder rather than the developer. Since purchasers of other lots would typically be expected to pay water, sewer, and roadway impact/connection fees, these are not considered atypical and are not included in our analysis.

Time/Market Conditions

The residential real estate market increased significantly in 2020 through 2023 but now appears to be cooling following another interest rate decrease by the Federal Home Loan Mortgage Corporation’s 30-year fixed-rate which fell by 14 basis points to 6.78% as of April 2024. Price increases from 2020 to 2023 occurred in improved residential homes as well as in vacant developed lots as there was strong demand for lots and new homes. Homebuilders absorbed lots well above the historical norm during this period. Development costs also rose significantly beginning in 2021 as supply chains were disrupted due to the COVID-19 Pandemic, the cost of labor rose, and inflation hit its highest level in decades. We also considered that according to data from Zonda there is a significant shortage of 40-FF vacant developed lots in this market which has driven prices higher even as demand for finished homes has recently diminished.

Considering the residential market data and price increases for recent platted and developed residential lot sales throughout the Metroplex and specifically along the 380 Corridor which were necessitated based off supply and demand as well as development costs, we believe a market conditions adjustment of +4% year-over year (YoY) increase throughout 2021, 2022, 2023, and for the first quarter of 2024 is warranted and supported for residential developed lots for sale in platted subdivisions, due to the time it takes to get entitlements approved and engineer and costs paid. Platted developed lots on the ground have a faster market sale value increase than would raw land sold for this use. Based on the preceding, each of the comparable lot sales have been adjusted positively between +6% and +15% for Market Conditions depending on the sale date.

Physical Adjustments

Location/Access

The subject property is located in the unincorporated area of Denton County near the modestly expanding quasi-suburban sprawl of residential neighborhoods north of Dallas. Development in the subject's area has been substantial and consistent throughout the decades. The subject is located approximately ten miles west of central Denton and along US Highway 380. The area around the subject is primarily residential development, commercial development, and undeveloped rural land. Also in the area are municipal uses, agricultural uses, and some commercial uses along US Highway 380.

South of the subject property, about 7 miles, is Ponder High School which is the only high school in Ponder ISD. Ponder ISD is a desirable district with a "B" rating from the Texas Education Agency (TEA). Many future residents looking for a quasi-rural residential neighborhood would likely prefer a smaller and desirable school district than larger school districts more prevalent near DFW. The subject is located on US Highway 380, which is a major four-lane, east/west directional, asphalt paved major thoroughfare that extends through north DFW and through west Texas into New Mexico. Accessibility is considered above average for this area. We have made the following adjustments for Location/Access:

- Sale 1: Superior; Located in Denton, with superior access to commercial uses and is located in Denton ISD which has a "B" rating and considered to be a similar ISD; Adjusted -3%
- Sale 2: Superior; Located in Northlake, with superior access to commercial uses and is located in Northwest ISD which has a "B" rating and considered to be a similar ISD; Adjusted -3%
- Sale 3: Superior; Located in Celina, which feeds into the Celina ISD which has an "A" rating and considered to be a superior ISD. Sale 3 is also more accessible to commercial development near US Highway 289; Adjusted -8%
- Sale 4: Superior; Located in Celina, which feeds into the Celina ISD which has an "A" rating and considered to be a superior ISD, Sale 4 is also more accessible to commercial development near US Highway 289; Adjusted -8%
- Sale 5: Superior; Located in Celina, which feeds into the Celina ISD which has an "A" rating and considered to be a superior ISD, Sale 5 is also more accessible to commercial development near US Highway 289; Adjusted -8%

Amenities

The subject property's amenities will consist of a lagoon style water park, a sand volleyball court a playground, walking trails, ponds, and green space. According to the site visit, earthwork on the site is underway. The subject's amenities are standard for a master planned community the size of Tabor Ranch PID development being built-out with 1,921 homes. We have made the following adjustments for Amenities:

- Sale 1: Inferior; Sagebrook Addition Subdivision, which is a smaller community with fewer amenities such as a swimming pool, parks, green spaces, and a walking trail; Adjusted +3%
- Sale 2: Superior; Pecan Square, which is a smaller community with more amenities such as an amenity center, two pools, fitness center, parks, sport courts, green spaces, event space, and an elementary school; Adjusted -2%
- Sale 3: Inferior; Hillside Village, which is a smaller community with fewer amenities such as a resort style pool, a cabana, community trails, a playground, and parks; Adjusted +4%
- Sale 4: Superior; Cambridge Crossing, is a smaller community with more amenities such as a private amenity center, fitness center, pickleball courts, half-court basketball, jogging trails, fishing pond, playground, lap pool, resort style pool/cabana, event lawn, 7 lakes, and a future second amenity center; Adjusted -5%

Tabor Ranch Public Improvement District

- Sale 5: Inferior; Cross Creek Meadows, which is a smaller community with fewer amenities such as a swimming pool, playground, dog park, green spaces, and trails; Adjusted +4%

Size

Due to economies of scale, smaller lots are expected to sell for a higher price per unit (foot frontage). Sales 3, 4, and 5 are also 40' lots that can accommodate the same building pad, so no adjustment is made for size to those comparable sales. Sales 1 and 2 are 50' lots and were adjusted at +4% each.

Utilities

The subject property's improved lots will each have access to electric, water, sewer, natural gas, and high-speed Internet. Sales 1-5 will also have access to the same utilities as the subject. Therefore, no adjustment is made for Utilities to those comparable sales.

Topography/View

The subject and the comparable sales will each be located on graded and improved land tracts that have been optimized for layout, drainage, and utility access so no adjustment is needed for Topography. Additionally, each of the comparable sales are located on recently developed former agricultural land that is generally lacking remarkable views due to the basically level topography; thus, there is no adjustment needed for View.

Zoning

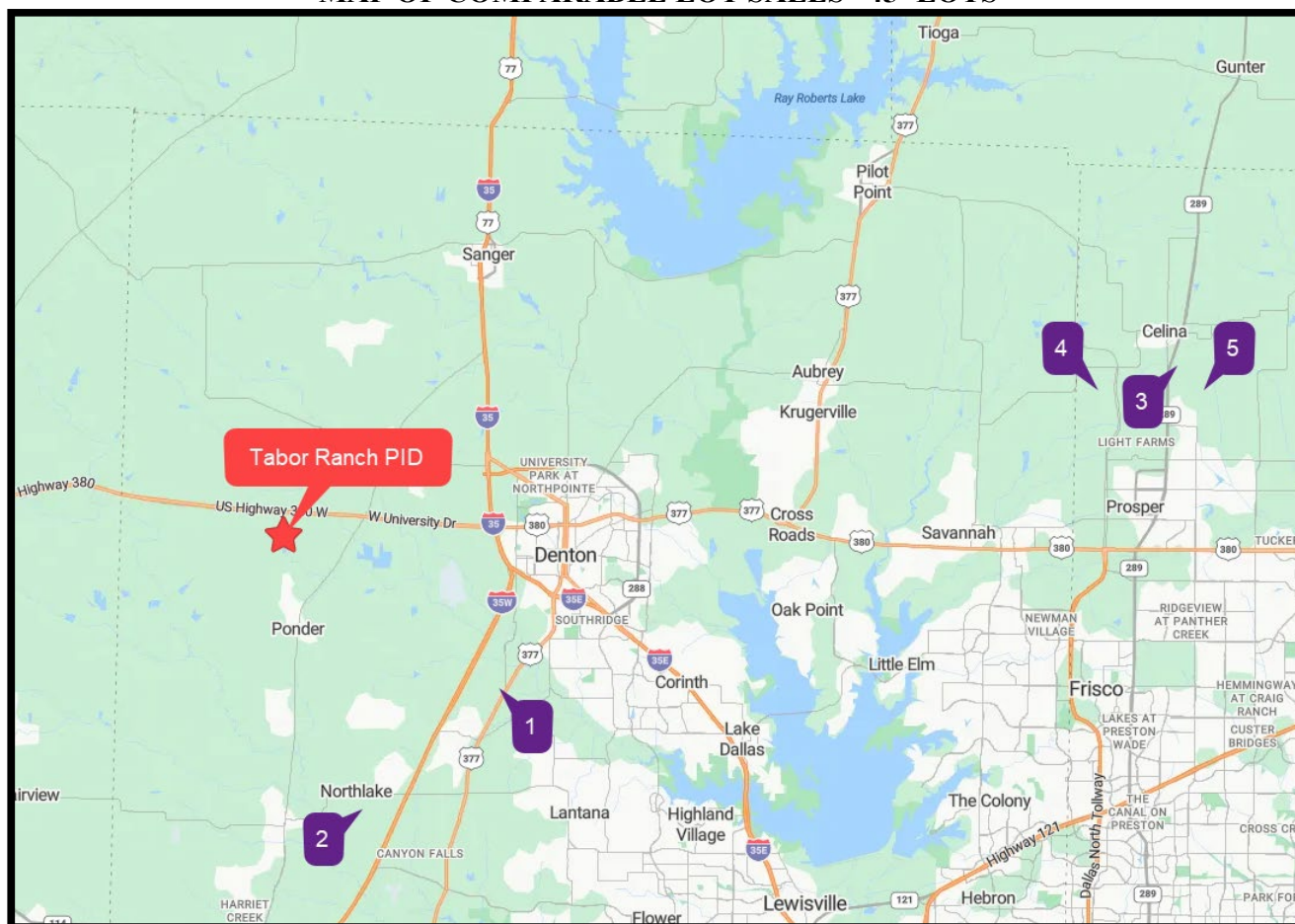
The subject property is projected to be in an unzoned area of Denton County while each of the comparable sales are in planned developments with residential subdivision zoning for similar sized residential lots within city limits; thus, due to the need to acquire entitlement rights, an adjustment of -10% is made for each comparable regarding Zoning.

Conclusion for 40' Lots – The 40' Lot Sales have an adjusted range of \$1,389/FF to \$1,882/FF with an average of \$1,717/FF and a median of \$1,823/FF. We considered each of the five sales as being reflective of the market and considered increasing development land costs due to increases in material (especially concrete) and labor which has increased the cost to develop a property similar to the subject. We conclude that the retail market value of the **improved 40' lots is \$1725/FF, or \$69,000/Lot.**

Lot Type	Total Lots	Projected Completion Date	Concluded Retail Value Per Lot
40' Detached Lots	41	May, 1 2025	\$69,000

Next, we will analyze the retail market value of the 45' improved residential lots within Improvement Area #1 of Tabor Ranch PID.

MAP OF COMPARABLE LOT SALES –45' LOTS



Subject: Tabor Ranch PID, Unincorporated Area of Denton County, TX 76259

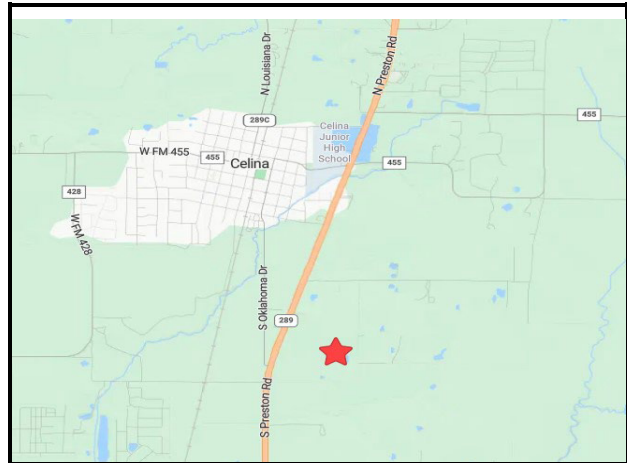
We selected the best and most recent comparable lot sales for our analysis of the 45-FF lots. As 45-FF sales were somewhat limited, we expanded our search to include 40-FF and 50-FF lots. Our five comparable sales are shown below:

SUMMARY OF LOT SALES - 45' LOTS								
Sale	Subdivision	City	ISD	Contract Date	Sale Date	Base Lot Price	Front Feet (FF)	\$/FF
1	Hillside Village	Celina	Celina	Feb-2023	In-Contract	\$77,800	40	\$ 1,945
2	Sagebrook Addition	Denton	Denton	Nov-2023	Nov-2023	\$94,432	50	\$ 1,889
3	Pecan Square	Northlake	Northwest	Apr-2023	Apr-2023	\$97,500	50	\$ 1,950
4	Bluestem Rolling V Ranch	Northlake	Argyle	Aug-2022	Aug-2022	\$70,000	50	\$ 1,400
5	Cambridge Crossing	Celina	Celina	Sep-2022	Sep-2022	\$65,000	40	\$ 1,625
Subject	Tabor Ranch PID IA #1	Unincorporated	Ponder	-	-	-	45	-

SALE COMPARABLE 1 – 45' LOTS



Comparable 1 Aerial



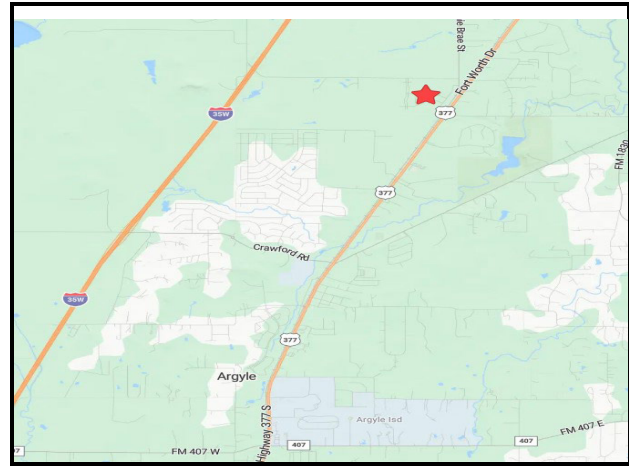
Comparable 1 Map

45-FF Sale Comparable 1				
Property Information				
Subdivision Name	Hillside Village			
Property Class	Residential Lot			
Address	Northwest quadrant of Glendenning Pkwy and County Road-89, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	4,000	SF	0.11	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	October - 2023			
Seller	Wynne/Jackson, Inc.			
Buyer	HMH Lifestyles, L.P.			
Sale Price	\$77,800			
Price per SF Land	\$19.45			
Price per Front Foot	\$1,945			

SALE COMPARABLE 2 – 45' LOTS



Comparable 2 Aerial



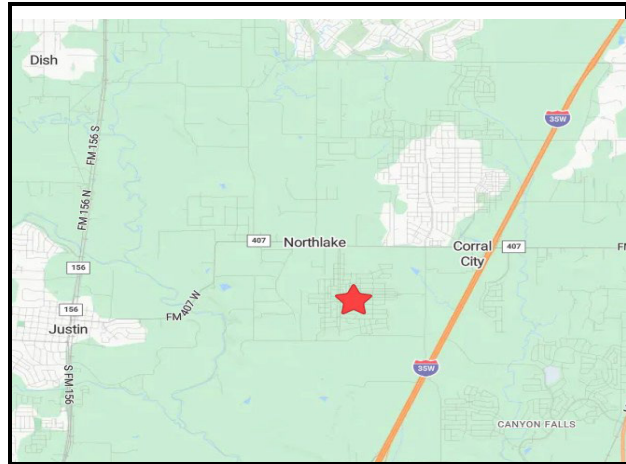
Comparable 2 Map

45-FF Sale Comparable 2				
Property Information				
Subdivision Name	Sagebrook Addition			
Property Class	Residential Lot			
Address	South side of Bluestem Boulevard, West of U.S. Highway 377, Denton			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	November - 2023			
Seller	Sagebrook Denton, LP			
Buyer	Castlerock Communities, LLC			
Sale Price	\$94,432			
Price per SF Land	\$15.74			
Price per Front Foot	\$1,889			

SALE COMPARABLE 3 – 45' LOTS



Comparable 3 Aerial



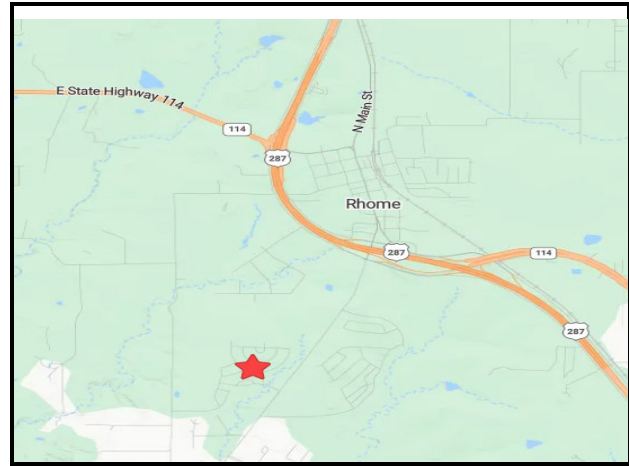
Comparable 3 Map

45-FF Sale Comparable 3				
Property Information				
Subdivision Name	Pecan Square			
Property Class	Residential Lot			
Address	East side of Avalon Boulevard, South of Farm-to-Market 407 West, Argyle			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	April - 2023			
Seller	Pecan Square 3A LLC			
Buyer	DR Horton Texas LTD PS			
Sale Price	\$97,500			
Price per SF Land	\$16.25			
Price per Front Foot	\$1,950			

SALE COMPARABLE 4 – 45' LOTS



Comparable 4 Aerial



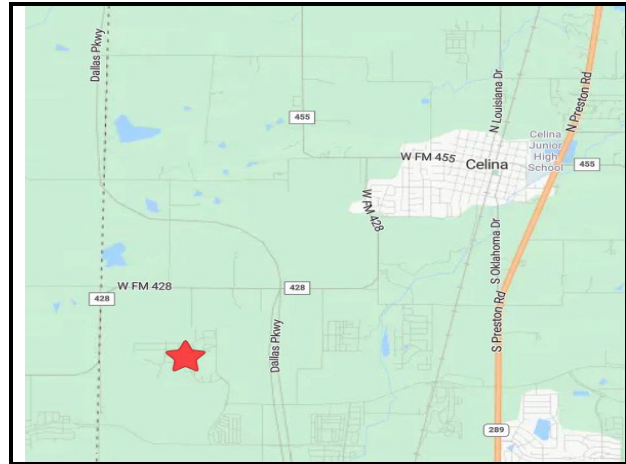
Comparable 4 Map

45-FF Sale Comparable 4				
Property Information				
Subdivision Name	Bluestem Rolling V Ranch			
Property Class	Residential Lot			
Address	Northeast quadrant of Legacy Drive and Punk Carter Parkway, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	4,800	SF	0.11	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	September - 2022			
Seller	Tollway/Outer Loop LP			
Buyer	Highland Homes - Dallas, LLC			
Sale Price	\$70,000			
Price per SF Land	\$14.58			
Price per Front Foot	\$1,400			

SALE COMPARABLE 5 – 45' LOTS



Comparable 5 Aerial



Comparable 5 Map

45-FF Sale Comparable 5				
Property Information				
Subdivision Name	Cambridge Crossing			
Property Class	Residential Lot			
Address	Northeast quadrant of Legacy Drive and Punk Carter Parkway, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	4,800	SF	0.11	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	September - 2022			
Seller	Tollway/Outer Loop LP			
Buyer	Highland Homes - Dallas, LLC			
Sale Price	\$65,000			
Price per SF Land	\$13.54			
Price per Front Foot	\$1,625			

SALES ADJUSTMENT COMPARISON GRID –45’ LOTS

Address:	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
	Tabor Ranch PID IA #1	Hillside Village	Sagebrook Addition	Pecan Square	Bluestem Rolling V Ranch	Cambridge Crossing
	Unincorporated	Celina	Denton	Northlake	Northlake	Celina
Transactional Adjustments						
Sales Price/FF		\$1,945	\$1,889	\$1,950	\$1,400	\$1,625
Rights Conveyed		0%	0%	0%	0%	0%
Sales Price/FF		\$1,945	\$1,889	\$1,950	\$1,400	\$1,625
Financing Terms		0%	0%	0%	0%	0%
Sales Price/FF		\$1,945	\$1,889	\$1,950	\$1,400	\$1,625
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/FF		\$1,945	\$1,889	\$1,950	\$1,400	\$1,625
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/FF		\$1,945	\$1,889	\$1,950	\$1,400	\$1,625
Time/Market Conditions		+9%	+6%	+8%	+11%	+11%
ADJUSTED Price/FF:		\$2,120	\$2,002	\$2,106	\$1,554	\$1,804
Physical Adjustments						
Location/Access	Unincorporated Denton County, South of U.S. Highway 380	-3%	-3%	-3%	-5%	-8%
Amenities	Lagoon, Sand Volleyball, Trails, Playground, Pond	+3%	+3%	-3%	-3%	-5%
Size	45-FF	-2%	+2%	+2%	+2%	-2%
Topography/View	Gently Sloping Improved Lots	0%	0%	0%	0%	0%
Zoning	None	-10%	-10%	-10%	-10%	-10%
Total Net Physical Adj. After Transactional Adj.		-12%	-8%	-14%	-16%	-25%
ADJUSTED Price/FF:		\$1,866	\$1,842	\$1,811	\$1,305	\$1,353
SUMMARY OF COMPARABLE VALUES						
Value Range/FF		\$1,305	to	\$1,866		
Average Value/FF	\$1,635					
Median Value/FF	\$1,811					
Size	45-FF					
Unit Value Indication	\$1700/FF					
Overall Value Indication	\$76,500					
Rounded	\$76,500					

ANALYSIS OF ADJUSTMENTS –45’ LOTS

Our research of comparable lot sales leads us to the determination that there are ample recent transactions within the last few years involving similar properties within the subject’s general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property had unadjusted contracted base prices ranging from \$1,400 to \$1,950 per front foot with Sales 1 and 5 being 40-FF lot types, and Sales 2, 3, and 4 being 50-FF lot types.

Data on each of the sales, including sales price, was confirmed with sources considered reliable. Based on analysis of this data and other pertinent information obtained in our research, the following pages are a discussion of the factors which were found to exhibit significant influence on property values in this market.

Factors to be Considered and Summary of Adjustments

Transactional Adjustments

Property Rights, Financing Terms, and Conditions of Sale

Each of the comparable sales were sold as fee simple interests, sales were transferred in cash equivalency, and under typical sale conditions; thus, no adjustments are made for these three factors.

Expenditures After Purchase

Typically, in a master-planned residential community like the subject, municipalities will require impact fees paid for water, sewer, and roadway. These fees will be the responsibility of the homebuilder rather than the developer. Since purchasers of other lots would typically be expected to pay water, sewer, and roadway impact/connection fees, these are not considered atypical and are not included in our analysis.

Time/Market Conditions

The residential real estate market increased significantly in 2020 through 2023 but now appears to be cooling following another interest rate decrease by the Federal Home Loan Mortgage Corporation’s 30-year fixed-rate which fell by 14 basis points to 6.78% as of April 2024. Price increases from 2020 to 2023 occurred in improved residential homes as well as in vacant developed lots as there was strong demand for lots and new homes. Homebuilders absorbed lots well above the historical norm during this period. Development costs also rose significantly beginning in 2021 as supply chains were disrupted due to the COVID-19 Pandemic, the cost of labor rose, and inflation hit its highest level in decades. We also considered that according to data from Zonda there is a significant shortage of 45-FF vacant developed lots in this market which has driven prices higher even as demand for finished homes has recently diminished.

Considering the residential market data and price increases for recent platted and developed residential lot sales throughout the Metroplex and specifically along the 380 Corridor which were necessitated based off supply and demand as well as development costs, we believe a market conditions adjustment of +4% year-over year (YoY) increase throughout 2021, 2022, 2023, and for the first quarter of 2024 is warranted and supported for residential developed lots for sale in platted subdivisions, due to the time it takes to get entitlements approved and engineer and costs paid. Platted developed lots on the ground have a faster market sale value increase than would raw land sold for this use. Based on the preceding, each of the comparable lot sales have been adjusted positively between +6% and +11% for Market Conditions depending on the sale date.

Physical Adjustments

Location/Access

The subject property is located in the unincorporated area of Denton County near the modestly expanding quasi-suburban sprawl of residential neighborhoods north of Dallas. Development in the subject's area has been substantial and consistent throughout the decades. The subject is located approximately ten miles west of central Denton and along US Highway 380. The area around the subject is primarily residential development, commercial development, and undeveloped rural land. Also in the area are municipal uses, agricultural uses, and some commercial uses along US Highway 380.

South of the subject property, about 7 miles, is Ponder High School which is the only high school in Ponder ISD. Ponder ISD is a desirable district with a "B" rating from the Texas Education Agency (TEA). Many future residents looking for a quasi-rural residential neighborhood would likely prefer a smaller and desirable school district than larger school districts more prevalent near DFW. The subject is located on US Highway 380, which is a major four-lane, east/west directional, asphalt paved major throughfare that extends through north DFW and through west Texas into New Mexico. Accessibility is considered above average for this area. We have made the following adjustments for Location/Access:

- Sale 1: Superior; Located in Celina, which feeds into the Celina ISD which has an "A" rating and considered to be a superior ISD, Sale 1 is also more accessible to commercial development near US Highway 289; Adjusted -3%
- Sale 2: Superior; Located in Denton, with superior access to commercial uses and is located in Denton ISD which has a "B" rating and considered to be a similar ISD; Adjusted -3%
- Sale 3: Superior; Located in Northlake, with superior access to commercial uses and is located in Northwest ISD which has a "B" rating and considered to be a similar ISD; Adjusted -3%
- Sale 4: Superior; Located in Northlake, with superior access to commercial uses and is located in Argyle ISD which has a "A" rating and considered to be a similar ISD; Adjusted -5%
- Sale 5: Superior; Located in Celina, which feeds into the Celina ISD which has an "A" rating and considered to be a superior ISD, Sale 5 is also more accessible to commercial development near US Highway 289; Adjusted -8%

Amenities

The subject property's amenities will consist of a lagoon style water park, a sand volleyball court, a playground, walking trails, ponds, and green space. According to the site visit, earthwork on the site is underway. The subject's amenities are standard for a master planned community the size of Tabor Ranch PID development being built-out with 1,921 homes. We have made the following adjustments for Amenities:

- Sale 1: Inferior; Hillside Village which is a smaller community with fewer amenities such as a resort style pool, a cabana, community trails, a playground, and parks; Adjusted +3%
- Sale 2: Inferior; Sagebrook Addition, Subdivision, which is a smaller community with fewer amenities such as a swimming pool, parks, green spaces, and a walking trail; Adjusted +3%
- Sale 3: Superior; Pecan Square, which is a smaller community with more amenities such as an amenity center, two pools, fitness center, parks, sport courts, green spaces, event space, and an elementary school; Adjusted -3%
- Sale 4: Superior; Bluestem Rolling V Ranch, is a larger community with more amenities such as plaza and event lawn, resort style pool, playground, stocked ponds, dog park, and walking trails; Adjusted -3%
- Sale 5: Superior; Cambridge Crossing, is a smaller community with more amenities such as a private amenity center, fitness center, pickleball courts, half-court basketball, jogging trails, fishing pond, playground, lap pool, resort style pool/cabana, event lawn, 7 lakes, and a future second amenity center; Adjusted -5%

Tabor Ranch Public Improvement District

Size

Due to economies of scale, smaller lots are expected to sell for a higher price per unit (foot frontage). Sales 2, 3, and 4 are 50' lots that and were adjusted +2% each. Sales 1 and 5 are 40' lots and were adjusted at -2% each.

Utilities

The subject property's improved lots will each have access to electric, water, sewer, natural gas, and high-speed Internet. Sales 1-5 will also have access to the same utilities as the subject. Therefore, no adjustment is made for Utilities to those comparable sales.

Topography/View

The subject and the comparable sales will each be located on graded and improved land tracts that have been optimized for layout, drainage, and utility access so no adjustment is needed for Topography. Additionally, each of the comparable sales are located on recently developed former agricultural land that is generally lacking remarkable views due to the basically level topography; thus, there is no adjustment needed for View.

Zoning

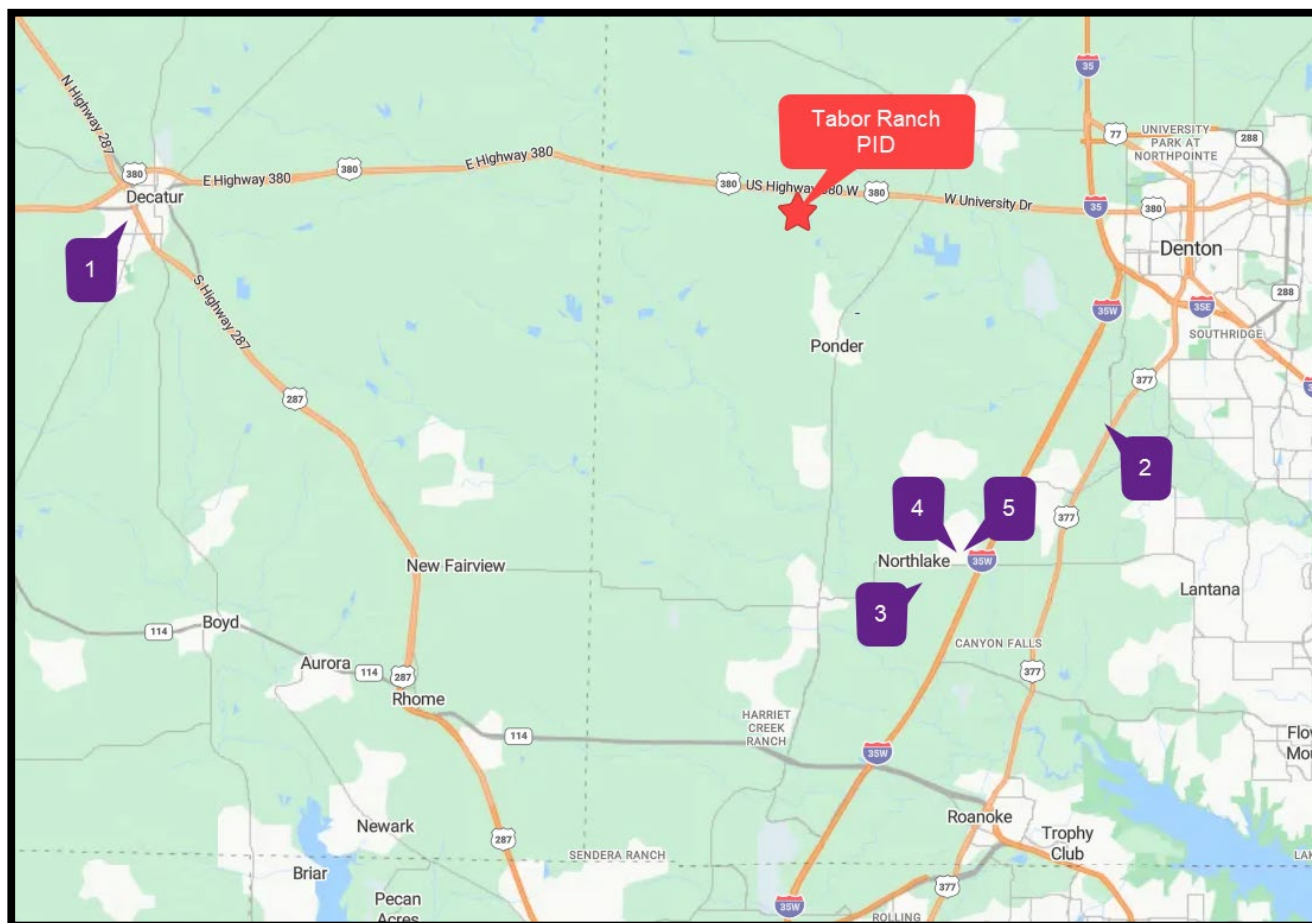
The subject property is projected to be in an unzoned area of Denton County while each of the comparable sales are in planned developments with residential subdivision zoning for similar sized residential lots within city limits; thus, due to the need to acquire entitlement rights, an adjustment of -10% is made for each comparable regarding Zoning.

Conclusion for 45' Lots – The 45' Lot Sales have an adjusted range of \$1,305/FF to \$1,866/FF with an average of \$1,635/FF and a median of \$1,811/FF. We considered each of the five sales as being reflective of the market and considered increasing development land costs due to increases in material (especially concrete) and labor which has increased the cost to develop a property similar to the subject. We conclude that the retail market value of the **improved 45' lots is \$1700/FF, or \$76,500/Lot.**

Lot Type	Total Lots	Projected Completion Date	Concluded Retail Value Per Lot
45' Detached Lots	218	May, 1 2025	\$76,500

Next, we will analyze the retail market value of the 50' improved residential lots within Improvement Area #1 of Tabor Ranch PID.

MAP OF COMPARABLE LOT SALES –50' LOTS

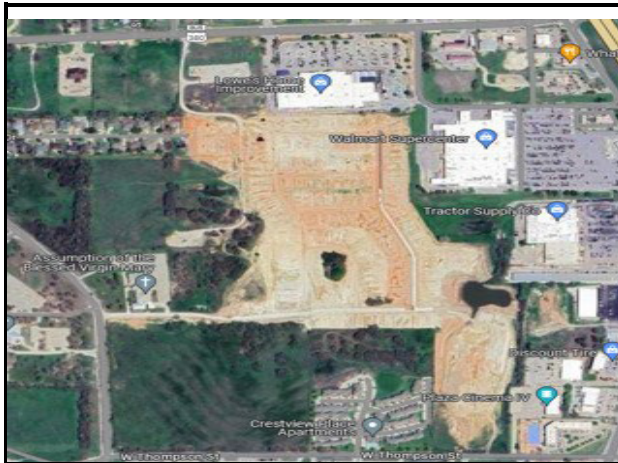


Subject: Tabor Ranch PID, Unincorporated Area of Denton County, TX 76259

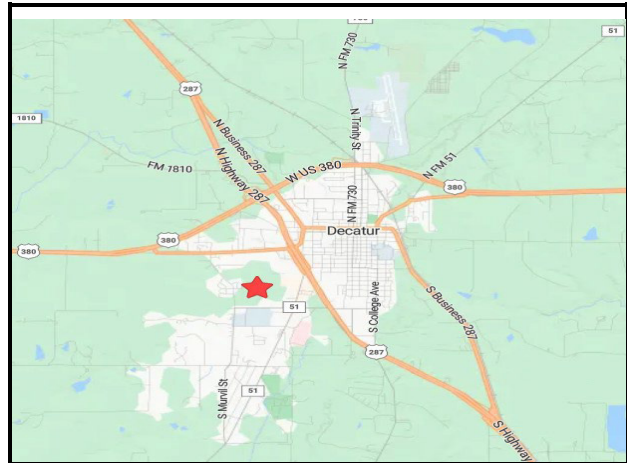
We selected the best and most recent comparable lot sales for our analysis of the 50-FF lots. Our five comparable sales are shown below:

SUMMARY OF LOT SALES - 50' LOTS							
Sale	Subdivision	City	ISD	Contract Date	Sale Date	Base Lot Price	Front Feet (FF)
1	Vista Park	Decatur	Decatur	Apr-2024	In-Contract	\$63,500	50
2	Sagebrook Addition	Denton	Denton	Nov-2023	Nov-2023	\$94,432	50
3	Pecan Square	Northlake	Northwest	Apr-2023	Apr-2023	\$97,500	50
4	Bluestem Rolling V Ranch	Northlake	Argyle	Aug-2022	Aug-2022	\$70,000	50
5	Harvest Meadows	Northlake	Argyle	Apr-2022	Apr-2022	\$90,000	50
Subject	Tabor Ranch PID IA #1	Unincorporated	Ponder	-	-	-	50

SALE COMPARABLE 1 – 50' LOTS



Comparable 1 Aerial



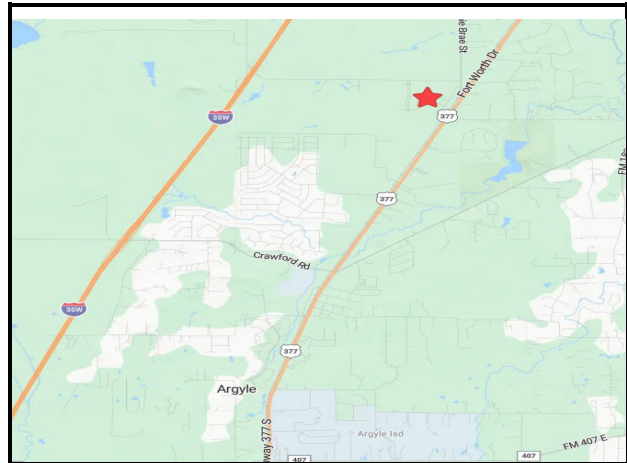
Comparable 1 Map

50-FF Sale Comparable 1				
Property Information				
Subdivision Name	Vista Park			
Property Class	Residential Lot			
Address	North side of West Thompson Road, East of South Deer Park Road, South of West Business 380, and West of U.S. Highway 287, Decatur			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Under Contract			
Sale/Contract Date	April - 2024			
Seller	Decatur VP, LLC			
Buyer	D.R. Horton Inc.			
Sale Price	\$63,500			
Price per SF Land	\$10.58			
Price per Front Foot	\$1,270			

SALE COMPARABLE 2 – 50' LOTS



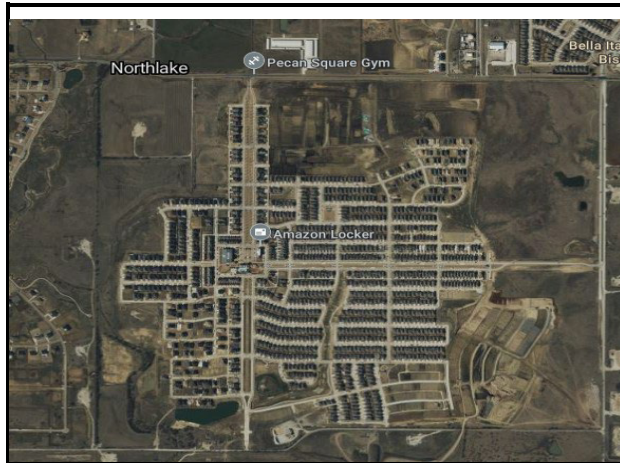
Comparable 2 Aerial



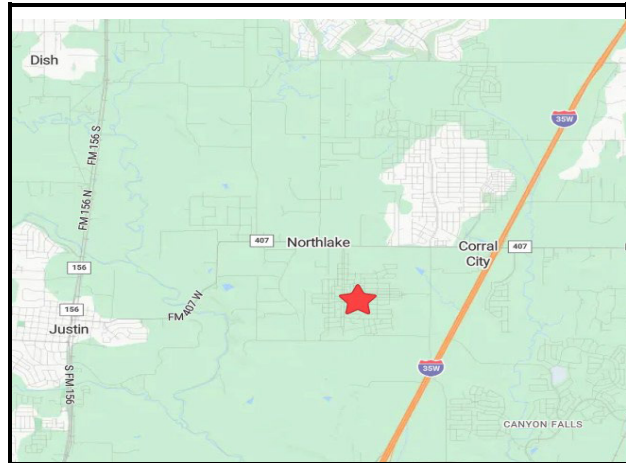
Comparable 2 Map

50-FF Sale Comparable 2				
Property Information				
Subdivision Name	Sagebrook Addition			
Property Class	Residential Lot			
Address	South side of Bluestem Boulevard, West of U.S. Highway 377, Denton			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	November - 2023			
Seller	Sagebrook Denton, LP			
Buyer	Castlerock Communities, LLC			
Sale Price	\$94,432			
Price per SF Land	\$15.74			
Price per Front Foot	\$1,889			

SALE COMPARABLE 3 – 50' LOTS



Comparable 3 Aerial



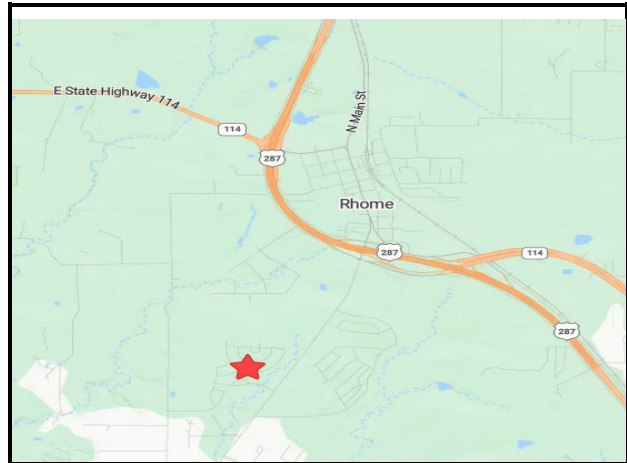
Comparable 3 Map

50-FF Sale Comparable 3				
Property Information				
Subdivision Name	Pecan Square			
Property Class	Residential Lot			
Address	West of Interstate Highway 35, South of FM 407, Northlake			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	April - 2023			
Seller	Pecan Square 3A LLC			
Buyer	DR Horton Texas LTD PS			
Sale Price	\$97,500			
Price per SF Land	\$16.25			
Price per Front Foot	\$1,950			

SALE COMPARABLE 4 – 50' LOTS



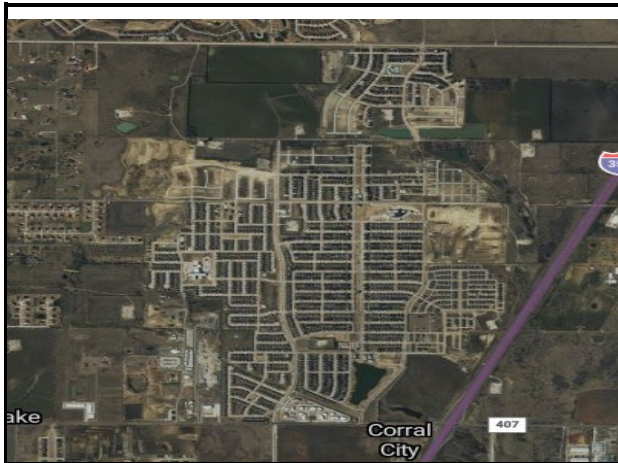
Comparable 4 Aerial



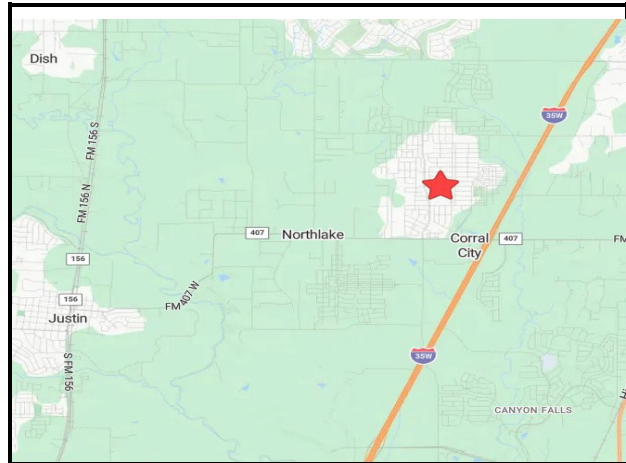
Comparable 4 Map

50-FF Sale Comparable 4				
Property Information				
Subdivision Name	Bluestem Rolling V Ranch			
Property Class	Residential Lot			
Address	West side of Farm-to-Market 3433, Rhome			
County	Wise			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	August - 2022			
Seller	PMB Rhome Developer West, LLC			
Buyer	DR Horton Texas, LTD			
Sale Price	\$70,000			
Price per SF Land	\$11.67			
Price per Front Foot	\$1,400			

SALE COMPARABLE 5 – 50' LOTS



Comparable 5 Aerial



Comparable 5 Map

50-FF Sale Comparable 5				
Property Information				
Subdivision Name	Harvest Meadows			
Property Class	Residential Lot			
Address	Northwest quadrant of Farm-to-Market 407 and Interstate Highway 35, Northlake			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	April - 2022			
Seller	Harvest Phase 12, LLC			
Buyer	MHI Partnership, LTD			
Sale Price	\$90,000			
Price per SF Land	\$15.00			
Price per Front Foot	\$1,800			

SALES ADJUSTMENT COMPARISON GRID –50’ LOTS

<i>Subdivision</i>	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
	Tabor Ranch PID IA #1	Vista Park	Sagebrook Addition	Pecan Square	Bluestem Rolling V Ranch	Harvest Meadows
	Unincorporated	Decatur	Denton	Northlake	Northlake	Northlake
<i>Transactional Adjustments</i>						
Sales Price/FF		\$1,270	\$1,889	\$1,950	\$1,400	\$1,800
Rights Conveyed		0%	0%	0%	0%	0%
Sales Price/FF		\$1,270	\$1,889	\$1,950	\$1,400	\$1,800
Financing Terms		0%	0%	0%	0%	0%
Sales Price/FF		\$1,270	\$1,889	\$1,950	\$1,400	\$1,800
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/FF		\$1,270	\$1,889	\$1,950	\$1,400	\$1,800
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/FF		\$1,270	\$1,889	\$1,950	\$1,400	\$1,800
Time/Market Conditions		+4%	+6%	+8%	+11%	+12%
ADJUSTED Price/FF:		\$1,321	\$2,002	\$2,106	\$1,554	\$2,016
<i>Physical Adjustments</i>						
Location/Access	Unincorporated Denton County, South of U.S. Highway 380	+3%	-3%	-3%	-5%	-4%
Amenities	Lagoon, Sand Volleyball, Trails, Playground, Pond	+3%	+3%	-3%	-3%	-4%
Size	50-FF	0%	0%	0%	0%	0%
Utilities	All	0%	0%	0%	0%	0%
Topography/View	Gently Sloping Improved Lots	0%	0%	0%	0%	0%
Zoning	None	-10%	-10%	-10%	-10%	-10%
<i>Total Net Physical Adj. After Transactional Adj.</i>		-4%	-10%	-16%	-18%	-18%
ADJUSTED Price/FF:		\$1,268	\$1,802	\$1,769	\$1,274	\$1,653
SUMMARY OF COMPARABLE VALUES						
Value Range/FF		\$1,268	to	\$1,802		
Average Value/FF		\$1,553				
Median Value/FF		\$1,653				
Size		50-FF				
Unit Value Indication		\$1650/FF				
Overall Value Indication		\$82,500				
<i>Rounded</i>		\$82,500				

ANALYSIS OF ADJUSTMENTS –50' LOTS

Our research of comparable lot sales leads us to the determination that there are ample recent transactions within the last few years involving similar properties within the subject's general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property had unadjusted contracted base prices ranging from \$1,270 to \$1,950 per front foot with all Sales being 50-FF lot types.

Data on each of the sales, including sales price, was confirmed with sources considered reliable. Based on analysis of this data and other pertinent information obtained in our research, the following pages are a discussion of the factors which were found to exhibit significant influence on property values in this market.

Factors to be Considered and Summary of Adjustments

Transactional Adjustments

Property Rights, Financing Terms, and Conditions of Sale

Each of the comparable sales were sold as fee simple interests, sales were transferred in cash equivalency, and under typical sale conditions; thus, no adjustments are made for these three factors.

Expenditures After Purchase

Typically, in a master-planned residential community like the subject, municipalities will require impact fees paid for water, sewer, and roadway. These fees will be the responsibility of the homebuilder rather than the developer. Since purchasers of other lots would typically be expected to pay water, sewer, and roadway impact/connection fees, these are not considered atypical and are not included in our analysis.

Time/Market Conditions

The residential real estate market increased significantly in 2020 through 2023 but now appears to be cooling following another interest rate decrease by the Federal Home Loan Mortgage Corporation's 30-year fixed-rate which fell by 14 basis points to 6.78% as of April 2024. Price increases from 2020 to 2023 occurred in improved residential homes as well as in vacant developed lots as there was strong demand for lots and new homes. Homebuilders absorbed lots well above the historical norm during this period. Development costs also rose significantly beginning in 2021 as supply chains were disrupted due to the COVID-19 Pandemic, the cost of labor rose, and inflation hit its highest level in decades. We also considered that according to data from Zonda there is a significant shortage of 50-FF vacant developed lots in this market which has driven prices higher even as demand for finished homes has recently diminished.

Considering the residential market data and price increases for recent plated and developed residential lot sales throughout the Metroplex and specifically along the 380 Corridor which were necessitated based off supply and demand as well as development costs, we believe a market conditions adjustment of +4% year-over year (YoY) increase throughout 2021, 2022, 2023, and for the first quarter of 2024 is warranted and supported for residential developed lots for sale in platted subdivisions, due to the time it takes to get entitlements approved and engineer and costs paid. Platted developed lots on the ground have a faster market sale value increase than would raw land sold for this use. Based on the preceding, each of the comparable lot sales have been adjusted positively between +4% and +12% for Market Conditions depending on the sale date.

Physical Adjustments

Location/Access

The subject property is located in the unincorporated area of Denton County near the modestly expanding quasi-suburban sprawl of residential neighborhoods north of Dallas. Development in the subject's area has been substantial and consistent throughout the decades. The subject is located approximately ten miles west of central Denton and along US Highway 380. The area around the subject is primarily residential development, commercial development, and undeveloped rural land. Also in the area are municipal uses, agricultural uses, and some commercial uses along US Highway 380.

South of the subject property, about 7 miles, is Ponder High School which is the only high school in Ponder ISD. Ponder ISD is a desirable district with a "B" rating from the Texas Education Agency (TEA). Many future residents looking for a quasi-rural residential neighborhood would likely prefer a smaller and desirable school district than larger school districts more prevalent near DFW. The subject is located on US Highway 380, which is a major four-lane, east/west directional, asphalt paved major throughfare that extends through north DFW and through west Texas into New Mexico. Accessibility is considered above average for this area. We have made the following adjustments for Location/Access:

- Sale 1: Inferior; Located in Decatur, which has similar access to commercial uses, however, it is further removed from the DFW metroplex and is located in Decatur ISD which has a "B" rating and considered to be a similar ISD; Adjusted +3%
- Sale 2: Superior; Located in Denton with superior access to commercial uses and is located in Denton ISD which has a "B" rating and considered to be a similar ISD; Adjusted -3%
- Sale 3: Superior; Located in Northlake with superior access to commercial uses and is located in Northwest ISD which has a "B" rating and considered to be a similar ISD; Adjusted -3%
- Sale 4: Superior; Located in Northlake with superior access to commercial uses and is located in Argyle ISD which has a "A" rating and considered to be a similar ISD; Adjusted -5%
- Sale 5: Superior; Located in Northlake with superior access to commercial uses and is located in Argyle ISD which has a "A" rating and considered to be a similar ISD; Adjusted -4%

Amenities

The subject property's amenities will consist of a lagoon style water park, a sand volleyball court, a playground, walking trails, ponds, and green space. According to the site visit, earthwork on the site is underway. The subject's amenities are standard for a master planned community the size of Tabor Ranch PID development being built-out with 1,921 homes. We have made the following adjustments for Amenities:

- Sale 1: Inferior; Vista Park, which is a smaller community with fewer amenities consisting of commercial space, parks, walking paths, 3 ponds, open spaces; Adjusted +3%
- Sale 2: Inferior; Sagebrook Addition, Subdivision, which is a smaller community with fewer amenities such as a swimming pool, parks, green spaces, and a walking trail; Adjusted +3%
- Sale 3: Superior; Pecan Square, which is a smaller community with more amenities such as an amenity center, two pools, fitness center, parks, sport courts, green spaces, event space, and an elementary school; Adjusted -3%
- Sale 4: Superior; Bluestem Rolling V Ranch, is a larger community with more amenities such as plaza and event lawn, resort style pool, playground, stocked ponds, dog park, and walking trails; Adjusted -3%
- Sale 5: Superior; Harvest Meadows, which is a smaller community with more amenities such as an amenity center, resort style pool, a lake with a dock, event lawn, fitness center, farm with a farmhouse, greenhouse, parks, and walking trails; Adjusted -4%

Tabor Ranch Public Improvement District

Size

Due to economies of scale, smaller lots are expected to sell for a higher price per unit (foot frontage). Sales 1-5 are also 50' lots that can accommodate the same building pad, so no adjustment is made for size to those comparable sales.

Utilities

The subject property's improved lots will each have access to electric, water, sewer, natural gas, and high-speed Internet. Sales 1-5 will also have access to the same utilities as the subject. Therefore, no adjustment is made for Utilities to those comparable sales.

Topography/View

The subject and the comparable sales will each be located on graded and improved land tracts that have been optimized for layout, drainage, and utility access so no adjustment is needed for Topography. Additionally, each of the comparable sales are located on recently developed former agricultural land that is generally lacking remarkable views due to the basically level topography; thus, there is no adjustment needed for View.

Zoning

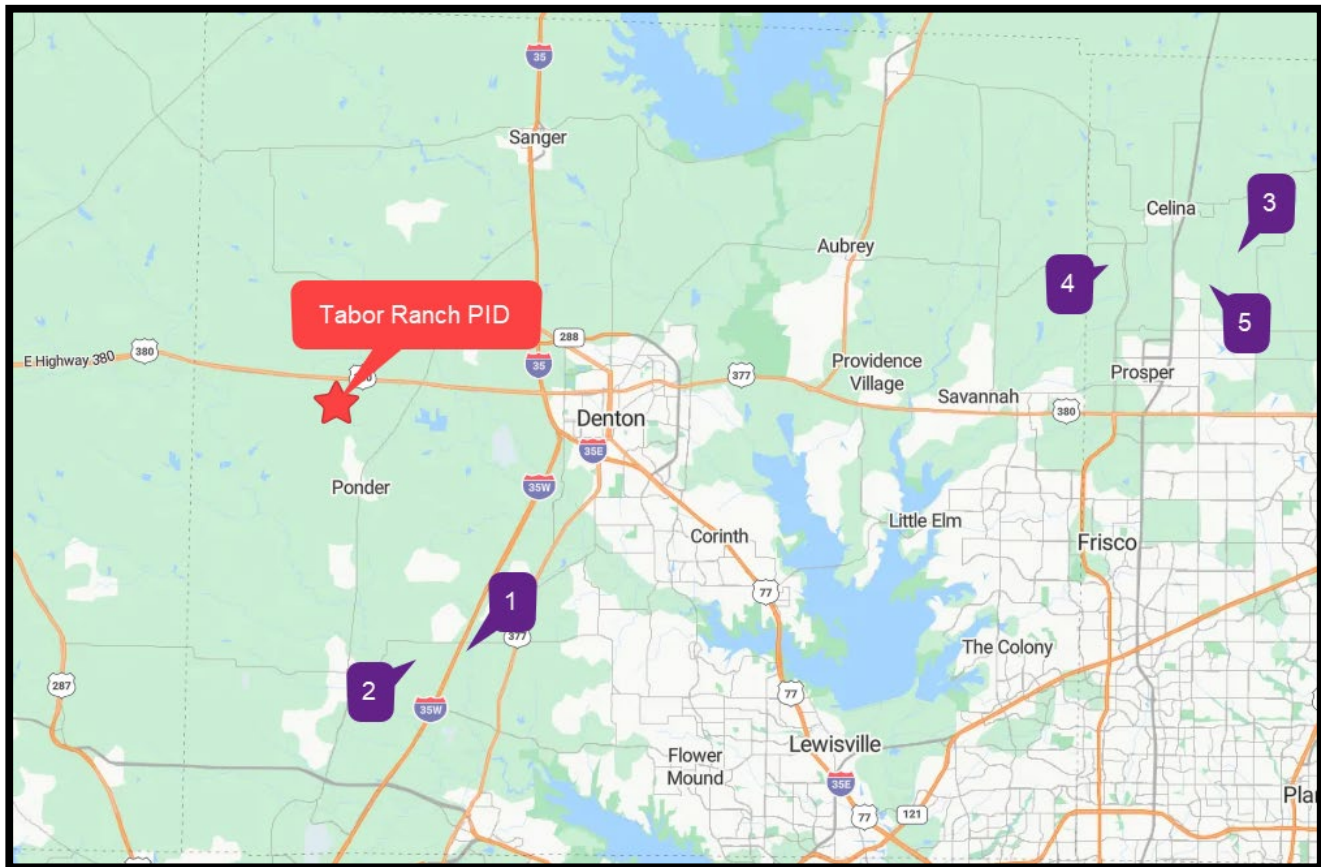
The subject property is projected to be in an unzoned area of Denton County while each of the comparable sales are in planned developments with residential subdivision zoning for similar sized residential lots within city limits; thus, due to the need to acquire entitlement rights, an adjustment of -10% is made for each comparable regarding Zoning.

Conclusion for 50' Lots – The 50' Lot Sales have an adjusted range of \$1,268/FF to \$1,802/FF with an average of \$1,553/FF and a median of \$1,653/FF. We considered each of the five sales as being reflective of the market and considered increasing development land costs due to increases in material (especially concrete) and labor which has increased the cost to develop a property similar to the subject. We conclude that the retail market value of the **improved 50' lots is \$1650/FF, or \$82,500/Lot.**

Lot Type	Total Lots	Projected Completion Date	Concluded Retail Value Per Lot
50' Detached Lots	420	May, 1 2025	\$82,500

Next, we will analyze the retail market value of the 60' improved residential lots within Improvement Area #1 of Tabor Ranch PID.

MAP OF COMPARABLE LOT SALES –60’ LOTS

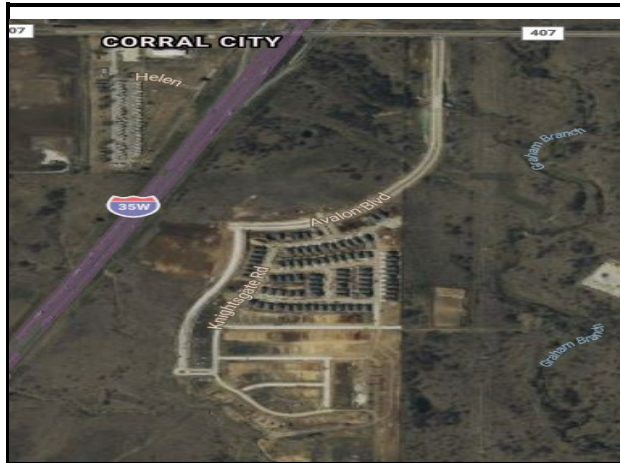


Subject: Tabor Ranch PID, Unincorporated Area of Denton County, TX 76259

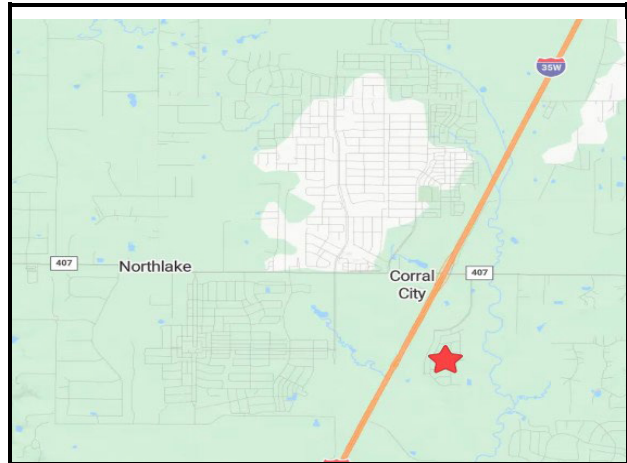
We selected the best and most recent comparable lot sales for our analysis of the 60-FF lots. Our five comparable sales are shown below:

SUMMARY OF LOT SALES - 60' LOTS								
Sale	Subdivision	City	ISD	Contract Date	Sale Date	Base Lot Price	Front Feet (FF)	\$/FF
1	Avalon at Argyle	Argyle	Northwest	Dec-2024	In-Contract	\$132,000	60	\$ 2,200
2	Pecan Square	Northlake	Northwest	Jul-2023	Jul-2023	\$135,000	60	\$ 2,250
3	Parks at Wilson Creek	Celina	Celina	Dec-2022	In-Contract	\$102,000	60	\$ 1,700
4	Cambridge Crossing	Celina	Celina	Sept-2022	Sept-2022	\$97,500	60	\$ 1,625
5	Celina Hills	Celina	Celina	Jun-2022	In-Contract	\$102,000	60	\$ 1,700
Subject	Tabor Ranch PID IA #1	Unincorporated	Ponder	-	-	-	60	-

SALE COMPARABLE 1 – 60' LOTS



Comparable 1 Aerial



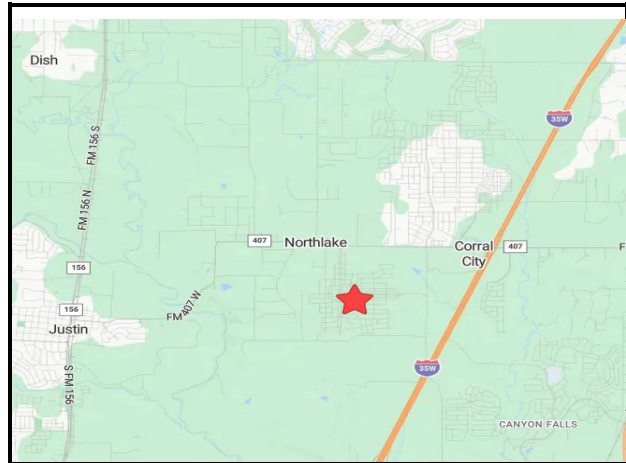
Comparable 1 Map

60-FF Sale Comparable 1				
Property Information				
Subdivision Name	Avalon at Argyle			
Property Class	Residential Lot			
Address	East Side of Avalon Boulevard, South of Farm-to-Market 407 West, Argyle			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	7,200	SF	0.11	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	December - 2024			
Seller	CADG Avalon at Argyle LLC			
Buyer	D.R. Horton Homes			
Sale Price	\$132,000			
Price per SF Land	\$18.33			
Price per Front Foot	\$2,200			

SALE COMPARABLE 2 – 60' LOTS



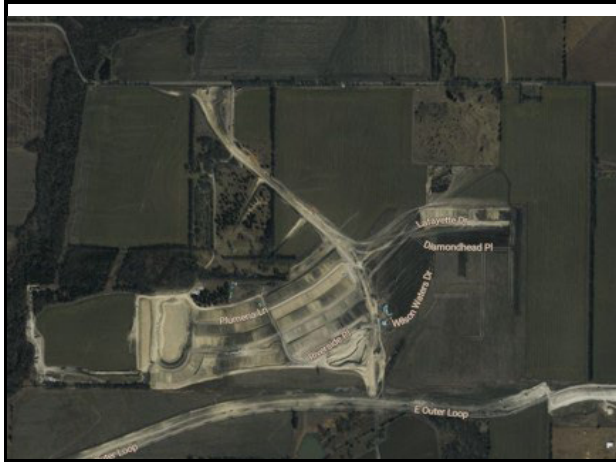
Comparable 2 Aerial



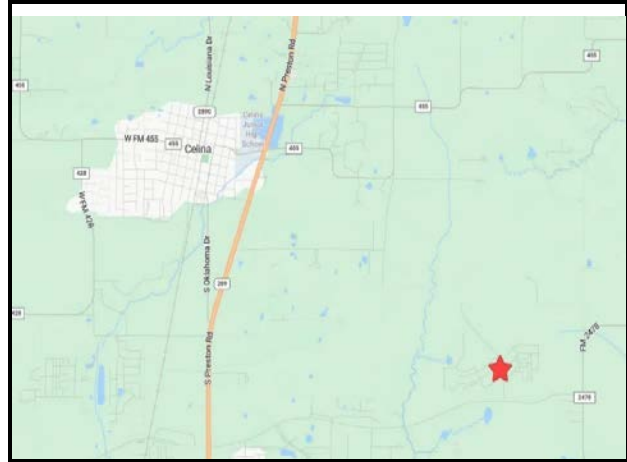
Comparable 2 Map

60-FF Sale Comparable 2				
Property Information				
Subdivision Name	Pecan Square			
Property Class	Residential Lot			
Address	East side of Avalon Boulevard, South of Farm-to-Market 407 West, Argyle			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	7,200	SF	0.17	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	July - 2023			
Seller	CND-Pecan Square II, LLC			
Buyer	Weekly Homes LLC			
Sale Price	\$135,000			
Price per SF Land	\$18.75			
Price per Front Foot	\$2,250			

SALE COMPARABLE 3 – 60' LOTS



Comparable 3 Aerial



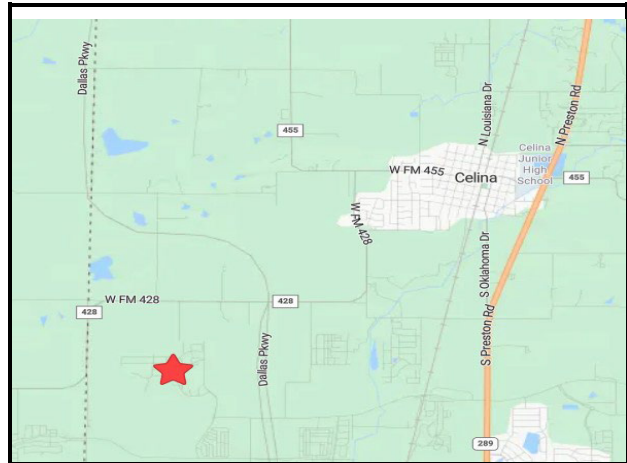
Comparable 3 Map

60-FF Sale Comparable 3				
Property Information				
Subdivision Name	Parks at Wilson Creek			
Property Class	Residential Lot			
Address	East/West sides of Roseland Parkway, north of Future Collin County Outer Loop, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	7,800	SF	0.18	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	December - 2022			
Seller	The Parks at Wilson Creek, LP			
Buyer	Tradition Homes, LLC			
Sale Price	\$102,000			
Price per SF Land	\$13.08			
Price per Front Foot	\$1,700			

SALE COMPARABLE 4 – 60' LOTS



Comparable 4 Aerial



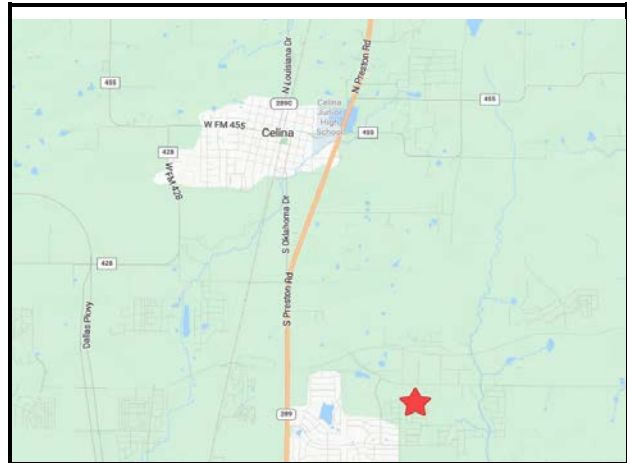
Comparable 4 Map

60-FF Sale Comparable 4				
Property Information				
Subdivision Name	Cambridge Crossing			
Property Class	Residential Lot			
Address	Northeast quadrant of Legacy Drive and Punk Carter Parkway			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	7,800	SF	0.18	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	September - 2022			
Seller	Tollway/Outer Loop LP			
Buyer	Highland Homes - Dallas, LLC			
Sale Price	\$97,500			
Price per SF Land	\$12.50			
Price per Front Foot	\$1,625			

SALE COMPARABLE 5 – 60' LOTS



Comparable 5 Aerial



Comparable 5 Map

60-FF Sale Comparable 5				
Property Information				
Subdivision Name	Celina Hills			
Property Class	Residential Lot			
Address	West of Windsong Parkway, Prosper			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	7,200	SF	0.17	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	October - 2021			
Seller	VP Windsong Operations, LLC			
Buyer	Highland Homes - Dallas, LLC			
Sale Price	\$102,000			
Price per SF Land	\$14.17			
Price per Front Foot	\$1,700			

SALES ADJUSTMENT COMPARISON GRID –60’ LOTS

<i>Address:</i>	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
	Tabor Ranch PID IA #1	Avalon at Argyle	Pecan Square	Parks at Wilson Creek	Cambridge Crossing	Celina Hills
	Unincorporated	Argyle	Northlake	Celina	Celina	Celina
<i>Transactional Adjustments</i>						
Sales Price/FF		\$2,200	\$2,250	\$1,700	\$1,625	\$1,700
Rights Conveyed		0%	0%	0%	0%	0%
Sales Price/FF		\$2,200	\$2,250	\$1,700	\$1,625	\$1,700
Financing Terms		0%	0%	0%	0%	0%
Sales Price/FF		\$2,200	\$2,250	\$1,700	\$1,625	\$1,700
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/FF		\$2,200	\$2,250	\$1,700	\$1,625	\$1,700
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/FF		\$2,200	\$2,250	\$1,700	\$1,625	\$1,700
Time/Market Conditions		+2%	+7%	+10%	+11%	+12%
ADJUSTED Price/FF:		\$2,244	\$2,408	\$1,870	\$1,804	\$1,904
<i>Physical Adjustments</i>						
Location/Access	Unincorporated Denton County, South of U.S. Highway 380	-5%	-3%	-8%	-8%	-8%
Amenities	Lagoon, Sand Volleyball, Trails, Playground, Pond	+8%	-3%	-5%	-5%	+3%
Size	60-FF	0%	0%	0%	0%	0%
Topography/View	Gently Sloping Improved Lots	0%	0%	0%	0%	0%
Zoning	None	-10%	-10%	-10%	-10%	-10%
Total Net Physical Adj. After Transactional Adj.		-7%	-16%	-23%	-23%	-15%
ADJUSTED Price/FF:		\$2,087	\$2,022	\$1,440	\$1,389	\$1,618
SUMMARY OF COMPARABLE VALUES						
Value Range/FF		\$1,389	to	\$2,087		
Average Value/FF		\$1,711				
Median Value/FF		\$1,618				
Size		60-FF				
Unit Value Indication		\$1610/FF				
Overall Value Indication		\$96,600				
Rounded		\$96,600				

ANALYSIS OF ADJUSTMENTS –60' LOTS

Our research of comparable lot sales leads us to the determination that there are ample recent transactions within the last few years involving similar properties within the subject's general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property had unadjusted contracted base prices ranging from \$1,625 to \$2,250 per front foot with all Sales being 60-FF lot types.

Data on each of the sales, including sales price, was confirmed with sources considered reliable. Based on analysis of this data and other pertinent information obtained in our research, the following pages are a discussion of the factors which were found to exhibit significant influence on property values in this market.

Factors to be Considered and Summary of Adjustments

Transactional Adjustments

Property Rights, Financing Terms, and Conditions of Sale

Each of the comparable sales were sold as fee simple interests, sales were transferred in cash equivalency, and under typical sale conditions; thus, no adjustments are made for these three factors.

Expenditures After Purchase

Typically, in a master-planned residential community like the subject, municipalities will require impact fees paid for water, sewer, and roadway. These fees will be the responsibility of the homebuilder rather than the developer. Since purchasers of other lots would typically be expected to pay water, sewer, and roadway impact/connection fees, these are not considered atypical and are not included in our analysis.

Time/Market Conditions

The residential real estate market increased significantly in 2020 through 2023 but now appears to be cooling following another interest rate decrease by the Federal Home Loan Mortgage Corporation's 30-year fixed-rate which fell by 14 basis points to 6.78% as of April 2024. Price increases from 2020 to 2023 occurred in improved residential homes as well as in vacant developed lots as there was strong demand for lots and new homes. Homebuilders absorbed lots well above the historical norm during this period. Development costs also rose significantly beginning in 2021 as supply chains were disrupted due to the COVID-19 Pandemic, the cost of labor rose, and inflation hit its highest level in decades. We also considered that according to data from Zonda there is a significant shortage of 60-FF vacant developed lots in this market which has driven prices higher even as demand for finished homes has recently diminished.

Considering the residential market data and price increases for recent plated and developed residential lot sales throughout the Metroplex and specifically along the 380 Corridor which were necessitated based off supply and demand as well as development costs, we believe a market conditions adjustment of +4% year-over year (YoY) increase throughout 2021, 2022, 2023, and for the first quarter of 2024 is warranted and supported for residential developed lots for sale in platted subdivisions, due to the time it takes to get entitlements approved and engineer and costs paid. Platted developed lots on the ground have a faster market sale value increase than would raw land sold for this use. Based on the preceding, each of the comparable lot sales have been adjusted positively between +2% and +12% for Market Conditions depending on the sale date.

Physical Adjustments

Location/Access

The subject property is located in the unincorporated area of Denton County near the modestly expanding quasi-suburban sprawl of residential neighborhoods north of Dallas. Development in the subject's area has been substantial and consistent throughout the decades. The subject is located approximately ten miles west of central Denton and along US Highway 380. The area around the subject is primarily residential development, commercial development, and undeveloped rural land. Also in the area are municipal uses, agricultural uses, and some commercial uses along US Highway 380.

South of the subject property, about 7 miles, is Ponder High School which is the only high school in Ponder ISD. Ponder ISD is a desirable district with a "B" rating from the Texas Education Agency (TEA). Many future residents looking for a quasi-rural residential neighborhood would likely prefer a smaller and desirable school district than larger school districts more prevalent near DFW. The subject is located on US Highway 380, which is a major four-lane, east/west directional, asphalt paved major throughfare that extends through north DFW and through west Texas into New Mexico. Accessibility is considered above average for this area. We have made the following adjustments for Location/Access:

- Sale 1: Superior; Located in Argyle, with superior access to commercial uses and is located in Northwest ISD which has an "B" rating and considered to be a superior ISD; Adjusted -5%
- Sale 2: Superior; Located in Northlake with superior access to commercial uses and is located in Northwest ISD which has a "B" rating and considered to be a similar ISD; Adjusted -3%
- Sale 3: Superior; Located in Celina which feeds into the Celina ISD which has an "A" rating and considered to be a superior ISD, Sale 3 is also more accessible to commercial development near US Highway 289; Adjusted -8%
- Sale 4: Superior; Located in Celina which feeds into the Celina ISD which has an "A" rating and considered to be a superior ISD, Sale 4 is also more accessible to commercial development near US Highway 289; Adjusted -8%
- Sale 5: Superior; Located in Celina which feeds into the Celina ISD which has an "A" rating and considered to be a superior ISD, Sale 5 is also more accessible to commercial development near US Highway 289; Adjusted -8%

Amenities

The subject property's amenities will consist of a lagoon style water park, a sand volleyball court, a playground, walking trails, ponds, and green space. According to the site visit, earthwork on the site is underway. The subject's amenities are standard for a master planned community the size of Tabor Ranch PID development being built-out with 1,921 homes. We have made the following adjustments for Amenities:

- Sale 1: Inferior; Avalon at Argyle, which is a smaller community with fewer amenities consisting of a pool, playground, and park; Adjusted +8%
- Sale 2: Superior; Pecan Square, which is a smaller community with more amenities such as an amenity center, two pools, fitness center, parks, sport courts, green spaces, event space, and an elementary school; Adjusted -3%
- Sale 3: Superior; Parks at Wilson Creek, which is a smaller community with more amenities such as a city park, a resort style pool, kiddie pool, sand volleyball court, basketball court, pickleball court, 12 lakes, pocket parks, and walking trails; Adjusted -5%
- Sale 4: Superior; Cambridge Crossing, is a smaller community with more amenities such as a private amenity center, fitness center, pickleball courts, half-court basketball, jogging trails, fishing pond, playground, lap pool, resort style pool/cabana, event lawn, 7 lakes, and a future second amenity center;

Tabor Ranch Public Improvement District

Adjusted -5%

- Sale 5: Inferior; Celina Hills, which is a smaller community with fewer amenities such as a community center, pool, pond, and walking trails; Adjusted +3%

Size

Due to economies of scale, smaller lots are expected to sell for a higher price per unit (foot frontage). Sales 1-5 are also 60' lots that can accommodate the same building pad, so no adjustment is made for size to those comparable sales.

Utilities

The subject property's improved lots will each have access to electric, water, sewer, natural gas, and high-speed Internet. Sales 1-5 will also have access to the same utilities as the subject. Therefore, no adjustment is made for Utilities to those comparable sales.

Topography/View

The subject and the comparable sales will each be located on graded and improved land tracts that have been optimized for layout, drainage, and utility access so no adjustment is needed for Topography. Additionally, each of the comparable sales are located on recently developed former agricultural land that is generally lacking remarkable views due to the basically level topography; thus, there is no adjustment needed for View.

Zoning

The subject property is projected to be in an unzoned area of Denton County while each of the comparable sales are in planned developments with residential subdivision zoning for similar sized residential lots within city limits; thus, due to the need to acquire entitlement rights, an adjustment of -10% is made for each comparable regarding Zoning.

Conclusion for 60' Lots – The 60' Lot Sales have an adjusted range of \$1,389/FF to \$2,087/FF with an average of \$1,711/FF and a median of \$1,618/FF. We considered each of the five sales as being reflective of the market and considered increasing development land costs due to increases in material (especially concrete) and labor which has increased the cost to develop a property similar to the subject. We conclude that the retail market value of the **improved 60' lots is \$1610/FF or \$96,600/Lot, Rounded to \$96,600.**

Lot Type	Total Lots	Projected Completion Date	Concluded Retail Value Per Lot
60' Detached Lots	171	May, 1 2025	\$96,600

Cumulative Retail Lot Value

We believe a current lot market value of \$1725/FF for 40' improved lots, \$1700/FF for 45' improved lots, \$1650/FF for 50' lots, and \$1610/FF for 60' improved lots for Tabor Ranch PID IA #1 with a Substantial Completion Date of May, 1 2025 is accurate and well-supported. Not only do our compiled recent comparable lot sales indicate that price, but numerous conversations with market participants – land developers and homebuilders – regarding current prices of lots within the subject's market indicate that our concluded values per front foot is supported by the current retail price for 40-FF, 45-FF, 50-FF, and 60-FF lots similar to the subject property. Market participants noted that prices for lots rose significantly in late 2020 and throughout 2022 which followed a spike in the residential housing market in DFW that contributed to a scarcity of vacant developed lots for homebuilders.

As of the current report date, the market value the 40-FF, 45-FF, 50-FF, and 60-FF lot prices for Improvement Area #1 of the Tabor Ranch PID are shown below:

TABOR RANCH PID IA #1, DENTON COUNTY, TX 76259				
Lot Type	Concluded Retail Value	Projected Completion Date	Number of Lots	Total Value
40' Detached Lot	\$69,000	May, 1 2025	41	\$2,829,000
45' Detached Lot	\$76,500	May, 1 2025	218	\$16,677,000
50' Detached Lot	\$82,500	May, 1 2025	420	\$34,650,000
60' Detached Lot	\$96,600	May, 1 2025	171	\$16,518,600
			850	\$70,674,600

Next, we will develop an opinion of value for the 850 residential lots in Improvement Area #1 using the Discount Cash Flow analysis.

DISCOUNT CASH FLOW ANALYSIS

Having completed the retail lot value conclusions using aspects of the Sales Comparison Approach, we will develop an opinion of the market value of the property to a single purchaser, as of the construction completion date. This value will include a provision for compensating the developer, i.e., profit for risk and expenditure of time. This value contemplates that the developer of the subject property would sell the subject to another developer who would in turn sell the developed lots on a retail basis. This value represents the concept of market value to a single purchaser as of the completed construction date, wherein a portion of the overall real property rights or physical asset would typically be sold to its ultimate users over some future period. Valuations involving such properties must fully reflect all appropriate deductions and discounts as well as the anticipated cash flows to be derived from the disposition of the asset over time. Appropriate deductions and discounts are those which reflect all expenses associated with the disposition of the property as well as the cost of capital and entrepreneurial profit. **This latter item of entrepreneurial profit is accounted for herein as part of the discount rate.**

The various assumptions necessary to complete our Discounted Cash Flow (DCF) analysis for the developed subject subdivision are discussed in detail in the following paragraphs.

Takedown Schedule

As discussed in detail in the “Pending Transactions to Builders” section of the report, our quarterly takedown projections are summarized as follows for the subject property based on the provided takedown purchase contracts:

TAKEDOWN SCHEDULE FOR TABOR RANCH PID IMPROVEMENT AREA #1

Projected Quarterly Takedown Summary - Tabor Ranch PID IA #1								
Lot Type	May-2025	Jul-2025	Oct-2025	Jan-2026	Apr-2026	Jul-2026	Oct-2026	TOTAL
40-FF	14	12	12	3	-	-	-	41
45-FF	37	36	36	36	36	36	1	218
50-FF	85	76	76	76	76	31	-	420
60-FF	48	40	40	40	3	-	-	171
Total	184	164	164	155	115	67	1	850

Note: Typically, quarters start in January, April, July, and October so we have used those baselines in our analysis. Since the expected Effective Date is May 1, 2025, our analysis starts in the 2nd quarter of 2025.

Value Increases During Sellout Period

Historically, in the sales contracts of volume lot sales in the marketplace, the lot prices are typically adjusted upward at rates ranging from the Wall Street Journal prime rate (8.50% as of May 2024), plus 1% (annually) up to 9.5%. Contracts between land developers and homebuilders typically have a 6% escalation which is consistent with recent improved lot appreciations over many years. Thus, for valuation purposes moving forward, we have estimated an annual appreciation on the subject's lots at 6% per year which is also consistent with residential real estate appreciation over the past decade. This is also considered reasonable given the lack of available lot and housing supply in the area and the historical realization of interest carry/appreciation by developers within DFW and surrounding market areas.

EXPENSES

Taxes are paid by the developer annually. The estimation of taxes paid per period is based upon the principle that taxes are prorated at closing and are paid in arrears. Therefore, we have deducted taxes based upon the estimated retail market value of the unsold lots. The taxes are prorated in each calendar year based upon the projected sales in each period. The current tax rate for the bulk of the property is **0.02738385 per \$100 assessed –2.888385%** for the purpose of our analysis – with taxes due to Denton County, Ponder ISD, and Tabor Ranch PID.

Based upon our experience as property tax consultants and information gathered from builders/developers, we do not believe the vacant lots will be assessed for their full market value once Substantial Completion is achieved. We believe the builders will have their lots assessed at approximately 70% of the market value, i.e., if a lot has a retail value of \$100,000 then the assessed value will be \$70,000. We believe this 30% discount is justified as taxing districts do not typically have access to cost data and assessments typically lag the market. In addition, many taxing districts allow for a 20% builder's inventory reduction.

Cost of Sales has been estimated at 1.5% of gross sales proceeds for various closing costs, surveys, commissions, and title policies.

Marketing expenses are not included as there is a shortage of vacant developed lots on the market and we would expect these lots to be absorbed by volume builders. This is confirmed by the contracts the developer has where the lots are presold to homebuilders.

Discount Rate

The discount rate utilized herein is essentially an anticipated Internal Rate of Return (IRR) for the subject property, as estimated from investment performance realized by market participants. The discount rate used for the subject should be less than the typical land development project because the value we are determining is for a fully entitled project in a city-approved Planned Development which will have less risk exposure than that of a raw land development. Therefore, it is appropriate to utilize a discount rate adjusted for this risk. The appraisers have included a recent discount rate survey published by Realty Rates that considers the market conditions, risk, entrepreneurial profit, and liquidity inherent in a project such as the subject that developers of similar properties would consider.

RealtyRates.com DEVELOPER SURVEY - 1st Quarter 2024 ^a						
Texas - Subdivisions & PUDs						
	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
Site-Built Residential	15.46%	33.57%	22.75%	14.84%	32.23%	21.84%
-100 Units	15.46%	28.94%	21.76%	14.84%	27.78%	20.89%
100-500 Units	15.85%	31.84%	22.89%	15.21%	30.56%	21.97%
500+ Units	16.23%	33.28%	23.27%	15.58%	31.95%	22.34%
Mixed Use	16.62%	33.57%	23.09%	15.95%	32.23%	22.16%
Manufactured Housing	15.95%	36.68%	24.42%	15.32%	35.21%	23.44%
-100 Units	15.95%	31.89%	23.45%	15.32%	30.62%	22.51%
100-500 Units	16.35%	35.08%	24.69%	15.70%	33.68%	23.70%
500+ Units	16.75%	36.68%	25.11%	16.08%	35.21%	24.11%
Business Parks	15.91%	34.08%	23.22%	15.28%	32.72%	22.29%
-100 Acres	15.91%	29.64%	22.32%	15.28%	28.45%	21.43%
100-500 Acres	16.31%	32.60%	23.48%	15.66%	31.30%	22.54%
500+ Acres	16.71%	34.08%	23.87%	16.04%	32.72%	22.92%
Industrial Parks	16.00%	29.61%	21.25%	15.36%	28.43%	20.40%
-100 Acres	16.00%	25.75%	20.46%	15.36%	24.72%	19.64%
100-500 Acres	16.40%	28.33%	21.47%	15.75%	27.19%	20.61%
500+ Acres	16.80%	29.61%	21.82%	16.13%	28.43%	20.94%

^a4th Quarter 2023 Data

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As shown, the minimum actual rates in Texas range from 15.46% for less than 100 units; 15.85% for 100 to 500 units; and 16.23% for 500+ units with minimum pro-forma rates ranging from 14.84% to 15.58%.

The 7th Edition of the Dictionary of Real Estate Appraisal defines this term as “a discount rate that is adjusted to offset one or more risk factors, i.e., when a future downswing in the business cycle is likely, the risk associated with a project may increase near the end of its term, necessitating a special adjustment to the discount rate. Such discount rates include all of the elements of risk associated with an income stream for a specified period adjusted to offset additional term risk”. Thus, it is our opinion that a potential purchaser would expect to receive a much lower return on his investment for a completed project similar to the subject, which has numerous purchasers of the end product relative to that of a vacant tract of land awaiting eventual development (higher risk of escalating costs to site development and of the eventual timing of completion).

Based upon the preceding, an IRR that is similar to the minimum pro-forma rates provided by the Realty Rates “Developer Survey” for Texas of 15.58% for 500+ units; and 16.23% for likewise minimum actual rates is considered reasonable for the subject. Hence, taking into consideration the supply and demand levels within the subject’s submarket area, we have selected a discount rate of **15%** for the subject which takes into consideration the degree of risk, developer profit, and the liquidity inherent in a project such as the subject (assisted by involvement of the PID), as well as the current market conditions. To be consistent with the timing of the cash flows, the annual income stream is discounted quarterly with an annual DCF also included. With each of the required elements now identified, we will analyze the subject in DCF analyses as shown on the following pages.

TABOR RANCH PID– DISCOUNT CASH FLOW (DCF) ANALYSIS

The following assumptions are made in our analysis which are supported by other research and analysis found earlier in this report:

- Construction Complete May, 1 2025
- Retail lot values: \$69,000 for 40-FF lots
- Retail lot values: \$76,500 for 45-FF lots
- Retail lot values: \$82,500 for 50-FF lots
- Retail lot values: \$96,600 for 60-FF lots
- 6% Appreciation/Year (1.5%/Quarter)
- 40-FF Lots sell at 14/Quarter for 2Q2025, then 12/quarter
- 45-FF Lots sell at 37/Quarter for 2Q2025, then 36/quarter
- 50-FF Lots sell at 85/Quarter for 2Q2025, then 76/quarter
- 60-FF Lots sell at 48/Quarter for 2Q2025, then 40/quarter
- Discount Rate 15% (3.75%/Quarter)
- Tax Expense on Inventory is 2.888385%/Year, 0.72209625%/Quarter, but is discounted 30%
- Sales and Marketing Expense (1.5% of Revenue)

As Substantial Completion on the lots is expected to be complete by May, 1 2025, we believe lot prices will continue to appreciate closer to their historical average which is closer to 6% per year. Thus, we have concluded that current retail lot values will be similar when the lots are finished, and takedowns begin. Therefore, as of the expected Substantial Completion Date (May, 1 2025) **the retail lot value for 40' lots is \$69,000 with a total cumulative value of \$2,829,000, the retail lot value for 45' lots is \$76,500 with a total cumulative value of \$16,677,000, the retail lot value for 50' lots is \$82,500 with a total cumulative value of \$34,650,000, and the retail lot value for 60' lots is \$96,600 with a total cumulative value of \$16,518,600, with a combined total of \$70,674,600** as shown in the following table:

TABOR RANCH PID IA #1, DENTON COUNTY, TX 76259				
Lot Type	Concluded Retail Value	Projected Completion Date	Number of Lots	Total Value
40' Detached Lot	\$69,000	May, 1 2025	41	\$2,829,000
45' Detached Lot	\$76,500	May, 1 2025	218	\$16,677,000
50' Detached Lot	\$82,500	May, 1 2025	420	\$34,650,000
60' Detached Lot	\$96,600	May, 1 2025	171	\$16,518,600
			850	\$70,674,600

Discount cash flow analysis was completed on a quarterly and annual basis as a check for reasonableness. The annual DCF is a more rudimentary calculation, and we consider the quarterly analysis to be more accurate. When applying the DCF on a quarterly basis, the discount rate is divided by 4 and a discount rate of 3.75% is applied to each period. Typically, quarters start in January, April, July, and October so we have used those baselines in our analysis. Since the expected Substantial Completion Date is May, 1 2025, we will analyze on a quarterly basis starting May 2025.

DISCOUNT CASH FLOW DATA – TABOR RANCH IA #1 LOTS (QUARTERLY)

	May 2025			Jul. 2025			Oct. 2025		
Lot Type	Starting Units	Lot Price	Sales	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
40-FF Lot	41	\$ 69,000	14	27	\$ 70,035	12	15	\$ 71,086	12
45-FF Lot	218	\$ 76,500	37	181	\$ 77,648	36	145	\$ 78,812	36
50-FF Lot	420	\$ 82,500	85	335	\$ 83,738	76	259	\$ 84,994	76
60-FF Lot	171	\$ 96,600	48	123	\$ 98,049	40	83	\$ 99,520	40
Revenue		\$ 15,445,800			\$ 13,921,740			\$ 14,130,566	
<i>Tax Expense</i>		<i>\$ (238,158)</i>			<i>\$ (222,888)</i>			<i>\$ (174,927)</i>	
<i>Sales Expense</i>		<i>\$ (231,687)</i>			<i>\$ (208,826)</i>			<i>\$ (211,958)</i>	
Net Income		\$ 14,975,955			\$ 13,490,026			\$ 13,743,681	
Factor		0.988421			0.960056			0.927090	
Income Net Present Value (NPV)		\$ 14,802,544			\$ 12,951,177			\$ 12,741,632	



	Jan. 2026			Apr. 2026			Jul. 2026		
Lot Type	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
40-FF Lot	3	\$ 72,152	3	-	-	-	-	-	-
45-FF Lot	109	\$ 79,994	36	73	\$ 81,194	36	37	\$ 82,412	36
50-FF Lot	183	\$ 86,268	76	107	\$ 87,562	76	31	\$ 88,876	31
60-FF Lot	43	\$ 101,013	40	3	\$ 102,528	3	-	-	-
Revenue		\$ 13,693,158			\$ 9,885,328			\$ 5,721,994	
<i>Tax Expense</i>		<i>\$ (146,922)</i>			<i>\$ (78,873)</i>			<i>\$ (29,339)</i>	
<i>Sales Expense</i>		<i>\$ (205,397)</i>			<i>\$ (148,280)</i>			<i>\$ (85,830)</i>	
Net Income		\$ 13,340,839			\$ 9,658,175			\$ 5,606,825	
Factor		0.895257			0.864516			0.834831	
Income Net Present Value (NPV)		\$ 11,943,475			\$ 8,349,648			\$ 4,680,752	



	Oct. 2026		
Lot Type	Units Available	Lot Price	Sales
40-FF Lot	-	-	-
45-FF Lot	1	\$ 83,648	1
50-FF Lot	-	-	-
60-FF Lot	-	-	-
Revenue		\$ 83,648	
<i>Tax Expense</i>		<i>\$ (141)</i>	
<i>Sales Expense</i>		<i>\$ (1,255)</i>	
Net Income		\$ 82,253	
Factor		0.815610	
Income Net Present Value (NPV)		\$ 67,086	





<i>Total Net Revenue Over ~7 Quarters</i>	<i>\$70,897,753</i>
<u>Net Present Value (As-Is) at 15% Discount Rate</u>	<i>\$65,536,314</i>
<u>Rounded</u>	\$65,540,000

DISCOUNT CASH FLOW DATA –TABOR RANCH PID IA #1 LOTS (ANNUAL)

	2025			2026		
Lot Type	Starting Units	Lot Price	Sales	Units Available	Lot Price	Sales
40-FF Lot	41	\$ 70,035	38	3	\$ 72,136	3
45-FF Lot	218	\$ 77,648	109	109	\$ 81,802	109
50-FF Lot	420	\$ 83,738	237	183	\$ 87,589	183
60-FF Lot	171	\$ 98,049	128	43	\$ 101,569	43
Revenue		\$ 43,520,967			\$ 29,529,117	
<i>Tax Expense</i>		<i>\$ (966,922)</i>			<i>\$ (497,534)</i>	
<i>Sales Expense</i>		<i>\$ (652,815)</i>			<i>\$ (442,937)</i>	
Net Income		\$ 41,901,231			\$ 28,588,647	
Factor		0.954481			0.859496	
Income Net Present Value (NPV)		\$ 39,993,938			\$ 24,571,836	



Total Net Revenue Over ~2 Years	\$70,489,878
Net Present Value (As-Is) at 15% Discount Rate	\$64,565,774
Rounded	\$64,570,000

Note: Annual discount and appreciation calculations are averaged to the middle of the period

DCF Conclusion (Improved 40', 45', 50', and 60' Lots)

Using the Discount Cash Flow analysis on both a quarterly and annual basis suggests the market value for the improved lots in Improvement Area #1 of the Tabor Ranch PID in a bulk sale transaction would be between \$64,565,774 and \$65,536,314, which is approximately \$970,540 (-1.50%) different. Both annual and quarterly DCF analyses have relevance and are a check of reasonableness on each other, but we consider the quarterly analysis to be the more accurate and precise calculation. Thus, we have determined that the **market value for Tabor Ranch PID IA #1 "Upon Completion" with an Effective Date of May, 1 2025, for 850 lots is \$65,540,000 (\$77,106/Lot).**

INCOME (SUBDIVISION DEVELOPMENT) APPROACH CONCLUSIONS

Using the Discount Cash Flow Analysis to determine the net present value as of the expected substantial completion date (May, 1 2025), we have determined the following value for Tabor Ranch PID Improvement Area #1 as shown in the table below:

INCOME APPROACH VALUE INDICATION	
<i>Fee Simple Interest, Complete May 1, 2025</i>	
Tabor Ranch PID	\$65,540,000 (\$77,000/Lot
<i>850 Improved Lots in Improvement Area #1</i>	<i>Rounded)</i>

Next, we will consider the market value of the 405.533 acres of land in the Major Improvement Area of Tabor Ranch PID which will consist of 1,071 residential lots (Paper Lots) of various sizes.

VALUATION – PAPER LOTS IN MAJOR IMPROVEMENT AREA

Major Improvement Area (1,071 Paper Lots on 405.533-AC)

**Note: A paper lot consists of a portion of land with the necessary legal (zoning and platting) and engineering entitlements (site plan approvals) in place but lacking the necessary direct improvements (such as earthwork, erosion control, drainage, retaining walls, and landscaping in addition to lacking direct access from a paved street and utilities) to develop a lot with a residence. The paper lots have access to utilities stubbed nearby and have a status between raw ground and a fully developed lot upon which home construction can begin.*

Cost Approach

The Cost Approach is the most appropriate method of valuing paper residential lots. We concluded the paper lot value by conducting the following steps:

- Estimate the value of the underlying land (*Sales Comparison Approach used here*)
- Gather hard and soft costs associated to develop the raw ground to paper lot status which includes engineering, zoning costs, and any infrastructure to the site
- Apply appropriate entrepreneurial incentive that a developer would expect to undertake the project
- Subtract depreciation from the project
- Add in the value of the underlying land

Income Approach

Since paper lots are not yet improved to a state where they are available for sale to builders or other end users, the Income Approach is not applicable for the Major Improvement Area and was not developed.

Sales Comparison Approach

Sales of paper lots are relatively infrequent in the market. Our due diligence could not uncover sufficient reliable sales to develop the Sales Comparison Approach for the paper lots, so we did not develop this approach for the residential paper lots in the Major Improvement Area. Aspects of the Sales Comparison Approach were utilized to determine the market value of the vacant land prior to any development.

Use of the approaches for the valuation of the paper lots on 405.533 acres in the Major Improvement Area is summarized as follows:

<i>Approach</i>	<i>Applicability to Subject</i>	<i>Use in Assignment</i>
Cost Approach	<i>Appropriate Since the Paper Lots will be Improved from an Undeveloped State</i>	<i>Utilized</i>
Income (Subdivision Development) Approach	<i>Not Appropriate Since the Land is Not Utilized to Generate Income and Land is Not Yet Developed</i>	<i>Not Utilized</i>
Sales Comparison Approach	<i>Aspects Used in Cost Approach to Determine the Value of the Land Prior to Development</i>	<i>Partially Utilized</i>

COST APPROACH: PAPER LOTS IN MAJOR IMPROVEMENT AREA

The Cost Approach is based on the principle of substitution, which states that a prudent buyer would not pay more for a property than the cost to acquire a similar site and construct the equivalent improvements without undue delay. This approach is most beneficial when appraising a proposed or recently developed project. The methodology provides information that contrasts with information from the income capitalization and sales comparison approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction.

The Cost Approach include three basic elements:

1. Land Value – Raw Land Sales
2. Reproduction Cost – Engineering, Platting, Zoning, Major Improvements/Development Costs
3. Accrued Depreciation

Tabor Ranch PID has a total of 599.392-AC in size. Thus far in our analysis, the 850 improved single-family residential lots in Improvement Area #1 (on 193.859-AC) has been separately valued. This leaves approximately 405.533-AC for the 1,071 paper lots in the Major Improvement Area.

NOTE: A paper lot consists of a portion of land with the necessary legal (zoning and platting) and engineering entitlements (site plan approvals) in place but lacking the necessary direct improvements (such as earthwork, erosion control, drainage, retaining walls, and landscaping in addition to lacking direct access from a paved street and utilities) to develop a lot with a residence. The paper lots have access to utilities stubbed nearby and have a status between raw ground and a fully developed lot upon which home construction can begin.

The first step in the Cost Approach is to develop a value opinion of the underlying land involved. The land valuation is really a separate appraisal of the land of the subject property, under the assumption that no improvement has been performed. Therefore, we have elected to treat the site valuation as a separate component of the appraisal process. After we reach an opinion of value for the subject site, that value will be transferred to the calculation of the Cost Approach in the following section of this report.

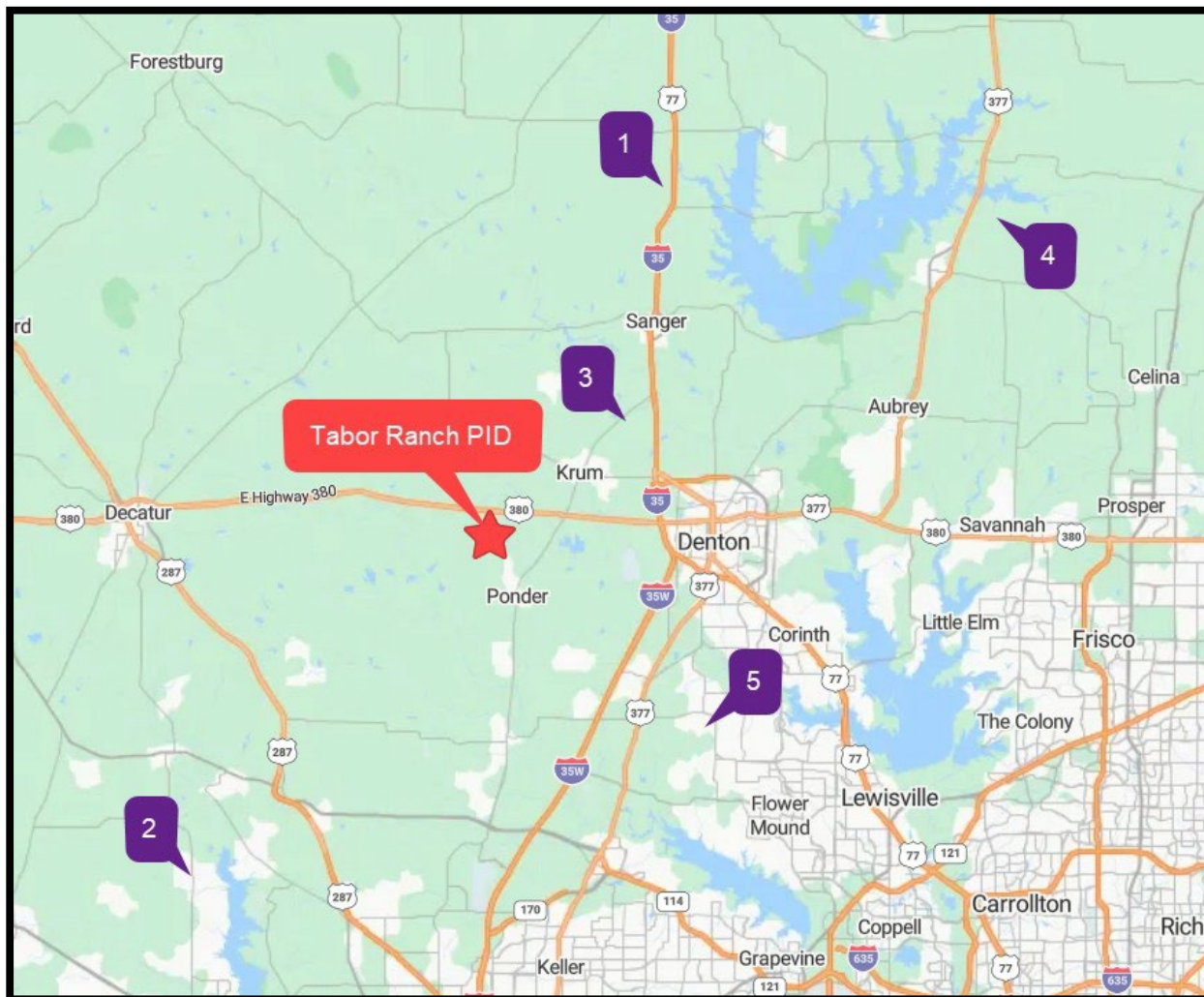
We have utilized the Sales Comparison Approach to determine the market value of the land. Based on research, buyers in the market typically rely heavily on the following unit of comparison for land valuation of over 100 acres:

Sales Price Per Acre - This number is obtained by dividing the sale price by the overall acreage of the land

An exhibit of the Major Improvement Area is shown on the following page followed by a map of the subject property with similar, nearby, recent comparable sales is shown below, in addition to a summary of the land sales. Following the map and table there is an adjustment grid as well as an analysis explaining how we adjusted the comparable sales to arrive at a value indication for the subject site's land. Comparable sale data sheets follow the comparable sale map.



COMPARABLE LAND SALES MAP; PAPER LOT LAND (MAJOR IMPROVEMENT AREA)



Subject: Tabor Ranch PID, Unincorporated Area of Denton County, TX 76259

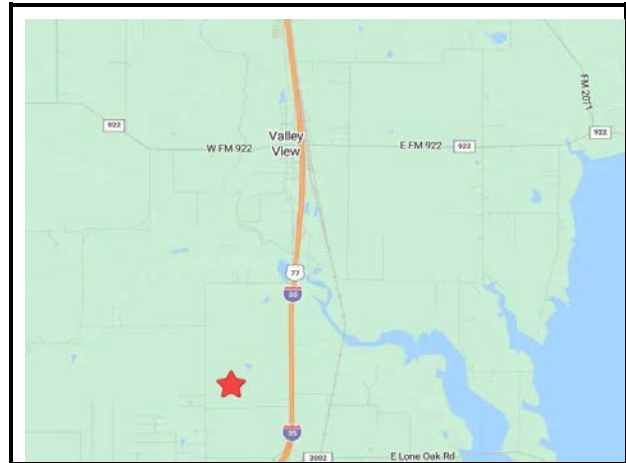
The land sales incorporated in this analysis occurred since 6/18/2021. A sufficient number of recent sales of comparable tracts were available within the subject's market area. Data on each of the sales, including sales price, was confirmed with sources considered to be reliable. Our five comparable sales are shown below:

SUMMARY OF VACANT LAND SALES - TABOR RANCH PID MIA							
Sale	Location	City	Sale Date	Zoning	Sale Price	Size (AC)	\$/AC
1	205.00-AC at 2039 CR 248	Valley View	12/21/2022	None	\$5,565,750	205.00	\$27,150
2	84.10-AC on FM 730 N	Azle	8/4/2023	None	\$2,500,000	84.10	\$29,727
3	165.00-AC on Milam Rd	Sanger	3/15/2022	None	\$4,537,500	165.00	\$27,500
4	567.52-AC on Emberson Chapel Rd	Pilot Point	1/14/2022	None	\$14,188,000	567.52	\$25,000
5	85.00-AC on FM 407	Bartonville	6/18/2021	RE-2	\$4,483,333	85.00	\$52,745
Subject	Tabor Ranch PID	Unincorporated	N/A	None	N/A	405.533	N/A

LAND SALE COMPARABLE 1



Comparable 1 Aerial



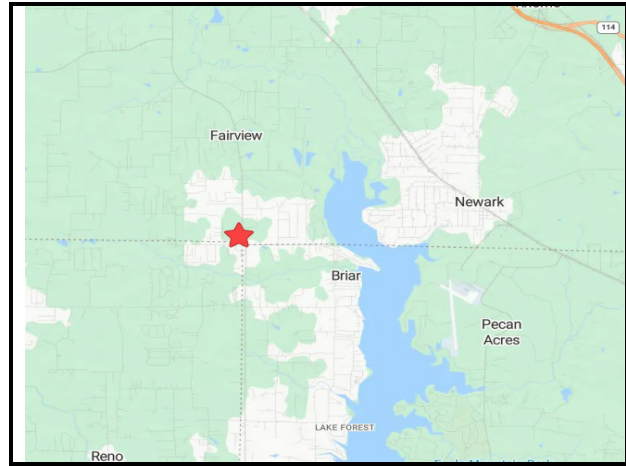
Comparable 1 Map

Land Sale Comparable 1				
Property Information				
Property Name	205.00-AC at 2039 CR 248			
Property Class	Land			
County	Cooke			
Property Type	Undeveloped Acreage			
Site Information				
Site Size	8,929,800	SF	205.00	Acres
Zoning Code	None			
Shape	Mostly rectangular			
Topography	Gently Sloping; Floodplain X			
Available Utilities	Co-Op Electric, Rural Water District			
Transaction Information				
Sale Status	Closed			
Sale Date	12/21/2022			
Seller	Ray Tommy Krueger & Randall Raymond Jr.			
Buyer	Greater Texas Land Resources LP Etal			
Sale Price	\$5,565,750			
Price per SF Land	\$0.62			
Price per Acre	\$27,150			
Comment	No Easements			

LAND SALE COMPARABLE 2



Comparable 2 Aerial



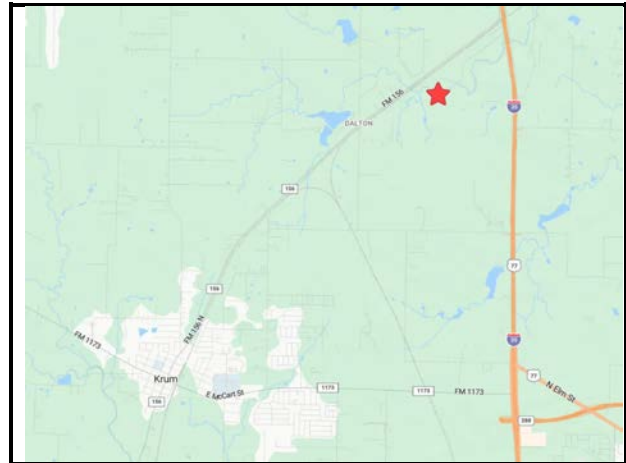
Comparable 2 Map

Land Sale Comparable 2				
Property Information				
Property Name	84.10-AC on FM 730 N			
Property Class	Land			
County	Denton			
Property Type	Undeveloped Acreage			
Site Information				
Site Size	3,663,396	SF	84.10	Acres
Zoning Code	None			
Shape	Irregular			
Topography	Gently Sloping; Floodplain X			
Available Utilities	Electric, No Gas, No Sewer, No Water			
Transaction Information				
Sale Status	Closed			
Sale Date	8/4/2023			
Seller	TA DFW Residential LLC			
Buyer	Jakes Camp LLC			
Sale Price	\$2,500,000			
Price per SF Land	\$0.68			
Price per Acre	\$29,727			
Comment	Gas Well Easement			

LAND SALE COMPARABLE 3



Comparable 3 Aerial



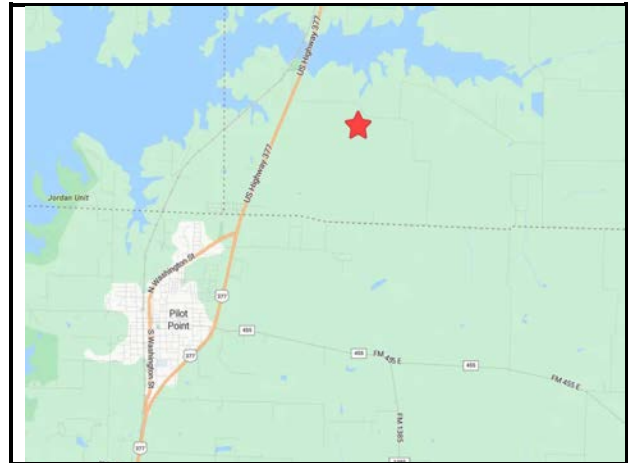
Comparable 3 Map

Land Sale Comparable 3				
Property Information				
Property Name	165.00-AC on Milam Rd			
Property Class	Land			
County	Collin			
Property Type	Undeveloped Acreage			
Site Information				
Site Size	7,187,400	SF	165.00	Acres
Zoning Code	None			
Shape	Irregular			
Topography	Sloping; Floodplain X & A			
Available Utilities	Electric, No other utilities			
Transaction Information				
Sale Status	Closed			
Sale Date	3/15/2022			
Seller	I-35 AT Milan Rd LP			
Buyer	Crow-Billingsley Plano Parkway PTD			
Sale Price	\$4,537,500			
Price per SF Land	\$0.63			
Price per Acre	\$27,500			
Comment	Utility Easement			

LAND SALE COMPARABLE 4



Comparable 4 Aerial



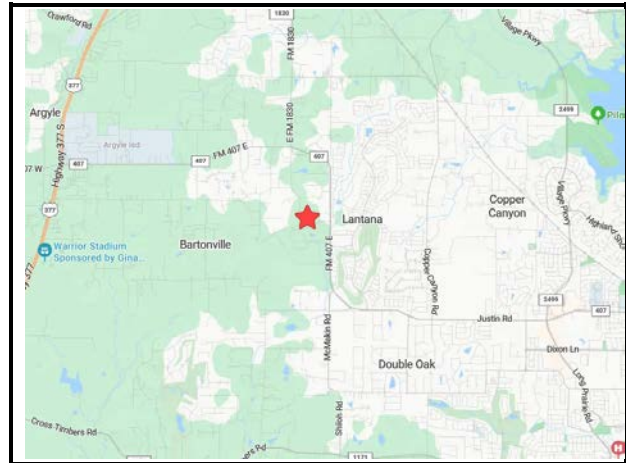
Comparable 4 Map

Land Sale Comparable 4				
Property Information				
Property Name	567.52-AC on Emberson Chapel Rd			
Property Class	Land			
County	Grayson			
Property Type	Undeveloped Acreage			
Site Information				
Site Size	24,721,171	SF	567.52	Acres
Zoning Code	None			
Shape	Irregular			
Topography	Gently Sloping; Floodplain X			
Available Utilities	Co-Op Electric; Co-Op Water; No Sewer			
Transaction Information				
Sale Status	Closed			
Sale Date	1/14/2022			
Seller	Burks Mary Joyce Exempt Trust			
Buyer	Lawman, LLC			
Sale Price	\$14,188,000			
Price per SF Land	\$0.57			
Price per Acre	\$25,000			
Comment	No Easements			

LAND SALE COMPARABLE 5



Comparable 5 Aerial



Comparable 5 Map

Land Sale Comparable 5				
Property Information				
Property Name	85.00-AC on FM 407			
Property Class	Land			
County	Denton			
Property Type	Undeveloped Acreage			
Site Information				
Site Size	3,702,600	SF	85.00	Acres
Zoning Code	Residential Estate - 2			
Shape	Irregular			
Topography	Gently Sloping; Floodplain X			
Available Utilities	Electric, Gas, No Sewer, Water			
Transaction Information				
Sale Status	Closed			
Sale Date	3/31/2022			
Seller	Yeti, LLC			
Buyer	Bartonville South 1031, LLC			
Sale Price	\$4,483,333			
Price per SF Land	\$1.21			
Price per Acre	\$52,745			
Comment	Right-of-Way Easement			

Tabor Ranch Public Improvement District

	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
	<u>Tabor Ranch PID</u>	205.00-AC at 2039 CR 248	84.10-AC on FM 730 N	165.00-AC on Milam Rd	567.52-AC on Emberson Chapel Rd	85.00-AC on FM 407
	<u>Unincorporated</u>	Valley View	Azle	Sanger	Pilot Point	Bartonville
<i>Transactional Adjustments</i>						
Sales Price/AC		\$27,150	\$29,727	\$27,500	\$25,000	\$52,745
Property Rights		0%	0%	0%	0%	0%
Sales Price/AC		\$27,150	\$29,727	\$27,500	\$25,000	\$52,745
Financing Terms		0%	0%	0%	0%	0%
Sales Price/AC		\$27,150	\$29,727	\$27,500	\$25,000	\$52,745
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/AC		\$27,150	\$29,727	\$27,500	\$25,000	\$52,745
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/AC		\$27,150	\$29,727	\$27,500	\$25,000	\$52,745
Market Conditions		+9%	+6%	+12%	+13%	+15%
ADJUSTED Price/AC:		\$29,594	\$31,510	\$30,800	\$28,250	\$60,657
<i>Physical Adjustments</i>						
Location	Unincorporated Denton County, South of U.S. Highway 380	+3%	-3%	0%	+3%	-8%
Size	405.533-AC	-3%	-7%	-4%	0%	-7%
Topography/Floodplain	Gently Sloping; Zone X & Flood Zone A	-2%	-2%	0%	-2%	0%
Utilities	All in Vicinity	+2%	+4%	+4%	0%	+2%
Easements/Encumbrances	Powerline & Gas Line Easement	-10%	-5%	-5%	-10%	-5%
Land Use/Zoning	None	0%	0%	0%	0%	-10%
Total Net Physical Adj. After Financial Adj.		-10%	-13%	-5%	-9%	-28%
ADJUSTED Price/AC:		\$26,634	\$27,414	\$29,260	\$25,708	\$43,673
SUMMARY OF COMPARABLE VALUES						
Value Range/AC		\$25,708	to	\$43,673		
Mean			\$30,538/AC			
Median			\$27,414/AC			
Unit Value Indication	\$30,000/AC					
Value Indication	\$12,165,990					
Conclusion (Rounded)	12,165,990 (\$30,000/AC, \$0.69/SF)					

ANALYSIS OF THE SALES – PAPER LOT LAND IN MAJOR IMPROVEMENT AREA

Tabor Ranch Public Improvement District

Our research of sales comparables leads us to the determination that there are ample comparable sales within the last three years involving similar land sales within the subject's general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property's land that are utilized had unadjusted sales prices ranging from \$25,000 to \$52,745 per acre, and sizes ranging from approximately 84.10-AC to 567.52-AC.

Data on each of the sales, including sales price, was confirmed with sources considered reliable. Based on analysis of this data and other pertinent information obtained in our research, the following pages are a discussion of the factors which were found to exhibit significant influence on property values in this market.

Factors to be Considered and Summary of Adjustments

Financial Adjustments

Property Rights Conveyed

This adjustment considers the difference in sales price of properties sold in fee simple estate or in leased fee estate and the effect of any existing leases on the sales price of the property. All the sales involved fee simple interests being transferred. Thus, no adjustments were applicable for this factor.

Cash Equivalency

All sales were cash or equivalent, thus an adjustment for this item was not necessary.

Conditions of Sale

This adjustment reflects the motivations of the buyer and seller, i.e., assemblage, distress sale, reduced prices from family purchase, or purchase by adjacent landowners. All the sales were considered arms-length transactions, with no conditions perceived which would indicate a sale without profit motive, and no adjustments for Conditions of Sale were considered necessary.

Changing Market Conditions

This adjustment accounts for changing market conditions over a period. These adjustments are necessary to correct for changes in value over time due to market factors such as supply and demand, and economic factors such as inflation. We have applied an adjustment of +4% year-over-year (YoY), which is a 0.33% month-over-month (MoM) positive adjustment for Market Conditions to Sales 1-5, which resulted in adjustments ranging from +6% to +15%.

Physical Adjustments

Location

The type and density of surrounding development was examined for each sale. In addition, locations with proximity to business and retail centers were also considered. Properties located in close proximity to densely developed areas tend to sell for higher prices than properties which are in less developed locations. Tabor Ranch PID is located 10 miles west of Denton and 7 miles north of Ponder. This location is in the center west area of Denton County and approximately 40 miles north of Dallas in the DFW Metroplex. The area surrounding the subject property is primarily rural and has begun to be developed with large master-planned communities that are generally suitable for middle- to upper-income households. The neighborhood immediately surrounding the subject is mostly, residential development, and rural undeveloped land, but also has commercial uses nearby which is considered favorable for the development of a residential subdivision; however, the subject is somewhat removed from the Dallas-Fort Worth CBD. We have made the following adjustments for Location:

Tabor Ranch Public Improvement District

- Sale 1: Inferior; located in Valley View and north of the DFW metroplex and has inferior access to commercial developments; Adjusted +3%
- Sale 2: Superior; located in Azle and has superior access to commercial developments; Adjusted -3%
- Sale 3: Similar; located in Sanger in close proximity to the subject, with similar access to commercial developments; Adjusted 0%
- Sale 4: Inferior; located outside the city limits of Pilot Point and further from retail and commercial uses; Adjusted +3%
- Sale 5: Superior; Located in Bartonville, which has superior access to the rest of DFW and superior access to commercial developments; Adjusted -8%

Size

Typically, the larger the tract the lower the unit price. The converse also tends to be true. Land sales analyzed on an area-wide basis tend to indicate a $\pm 2\%$ to $\pm 10\%$ price premium for each halving/doubling of size, for tracts within the size range of those compared herein. A +3% doubling factor would appear reasonable for the size range of the sales utilized in this analysis. We have made the following adjustments for Size:

- Sale 1: Smaller; 205.00 acres; Adjusted -3%
- Sale 2: Smaller; 84.10 acres; Adjusted -7%
- Sale 3: Smaller; 165.00 acres; Adjusted -4%
- Sale 4: Similar; 567.52 acres; Adjusted 0%
- Sale 5: Smaller; 85.00 acres; Adjusted -7%

Topography/Floodplain

Topography conditions included are land contours, grades, drainage adequacies, and general physical usability. Land that is heavily wooded would likely be more costly to develop than a site that was cleared and ready for development. Tabor Ranch PID has gently sloping topography and is within Unshaded Zone X (outside the floodplain) and Zone A (within the 100-year floodplain) according to Map 48121C0335G, effective April 18, 2011. The subject property has ample space in Unshaded Zone X that would not be detrimental to the development of the subject property. We have made the following adjustments for Topography/Floodplain:

- Sale 1: Superior; has gently sloping topography and entirely within Unshaded Zone X; Adjusted -2%
- Sale 2: Superior; has gently sloping topography and entirely within Unshaded Zone X; Adjusted -2%
- Sale 3: Similar; has gently sloping topography and partially in Floodplain Zone A; Adjusted 0%
- Sale 4: Superior; has gently sloping topography and entirely within Unshaded Zone X; Adjusted -2%
- Sale 5: Similar; has rolling topography and entirely within Unshaded Zone X; Adjusted 0%

Utilities

The availability of utilities is a major factor in the development of any property. If a site has no utility service or cannot acquire access, it is virtually impossible to develop. All utilities are available for the subject. We have made the following adjustments for Utilities:

- Sale 1: Inferior; has access to electricity and water, however, does not has access to gas or sewer; Adjusted +2%
- Sale 2: Inferior; has access to electricity, however, does not have access to other utilities; Adjusted +4%
- Sale 3: Inferior; has access to electricity, however, does not have access to other utilities; Adjusted +4%
- Sale 4: Similar; has access to electricity and city services are within the vicinity; Adjusted 0%
- Sale 5: Inferior; has access to electricity, gas, and water, however, does not have access to sewer; Adjusted +2%

Easements/Encumbrances

Tabor Ranch Public Improvement District

Properties with easements and encumbrances, such as overhead powerlines or gas pipelines, restrict parcels from development. The subject has overhead powerline and gas well easements. The subject site is encumbered by a 100-foot setback due to the proximity to surface or subsurface well locations as this area of Denton County has numerous active well site locations. The subject is large enough for development. We have made the following adjustments for Easements/Encumbrances:

- Sale 1: Superior; no easements or encroachments; Adjusted -10%
- Sale 2: Superior; has a gas well easement, however does not contain any other easements; Adjusted -5%
- Sale 3: Superior; has an utility easement, however does not contain any other easements; Adjusted -5%
- Sale 4: Superior; no easements or encroachments; Adjusted -10%
- Sale 5: Superior; has a right-of-way easement, however, does not contain any other easements; Adjusted -5%

Land Use/Zoning

According to our diligence, the subject property is currently not zoned, nor is the subject property covered by a development agreement. Sales 1, 2, 3, and 4 are all vacant land sales without zoning restrictions, and do not have entitlement rights. Therefore, Sales 1, 2, 3 and 4 were considered similar and received no adjustment. Sale 5 was vacant land that is zoned and platted for Residential Estate-2; Sale 5 did have entitlement rights at the time of the sale. Therefore, Sale 5 was considered superior and was adjusted -10% for the presence of entitlement rights.

LAND VALUE CONCLUSION FOR 405.533-AC IN THE MAJOR IMPROVEMENT AREA

After adjustment, the land sales indicate a range of values for the subject site from \$25,708 to \$43,673 per acre, with an average of \$30,538/AC and a median of \$27,414/AC. Similar emphasis was given to all sales. Thus, the value of the subject is correlated in the middle portion of the ranges. **The subject site is valued at \$30,000/AC, totaling \$12,165,990 total value** for the land as shown in the following chart:

LAND VALUE SUMMARY TABOR RANCH PID MIA, DENTON COUNTY, TX		
Land Area (Acres)	Land Value/Acre	Land Value
405.53	\$30,000	\$12,165,990
Rounded:		\$12,165,990 (\$30,000/AC, \$0.69/SF)

Next, we will continue the Cost Approach to analyze the Development Costs associated within the Major Improvement Area.

COST APPROACH – PAPER LOTS IN MAJOR IMPROVEMENT AREA (CONTINUED)


Replacement cost is the current cost of replacing the improvement with one having equal utility or able to perform the same economic function:


1. It could be the cost of acquiring an equally desirable substitute, or
2. The cost to replace, with a property having an equivalent utility, which may or may not be a replica, or
3. The replacing or remodeling of parts of a structure to maintain it in its highest and best use and operating condition.


This term generally is used to indicate: The present cost of replacing the improvements with improvements of equivalent utility, considering modern materials and construction methods.

NOTE: The appraisers have been provided with detailed construction development costs provided by Petitt-ECD (Professional Engineer) who have worked with the developer on development costs necessary for the Water System, Wastewater System, Storm Drain System, Earthwork, Erosion Control, and Roadway & Street Paving. We have confirmed the utilized cost through discussions with the client and concluded they are reasonable and credible for developing Tabor Ranch PID Major Improvement Area based on our experience reviewing costs from other PIDs. Further, we have utilized an extraordinary assumption that the development costs are accurate as of the effective date of the report. Use of this extraordinary assumption has affected assignment results.

Detailed costs for each area were provided by Petitt-ECD for Tabor Ranch PID. The portion concerning the Major Improvement Area totals **\$30,668,418** as shown on the chart on the following page:







MMD/PID Cost Summary
Preliminary Opinion of Probable Construction Costs
Tabor Ranch - Public Improvement District
Exhibit 'B'
Wednesday, May 15, 2024

Division	Direct Public		Master Public		Public Total	Private		Private Total	Public + Private Total
	Phase 1	Phase 2	Phase 1	Phase 2		Phase 1	Phase 2		
Grading	\$671,255	\$1,432,900	\$119,718	\$238,138	\$2,462,010	\$1,939,100	\$1,959,700	\$3,898,800	\$6,360,810
Erosion Control	\$255,815	\$347,310	\$52,525	\$71,905	\$727,555	\$0	\$0	\$0	\$727,555
Paving	\$7,868,959	\$10,799,628	\$3,372,570	\$4,637,937	\$26,679,094	\$0	\$0	\$0	\$26,679,094
Wet Utilities	\$8,143,130	\$10,840,764	\$10,153,946	\$10,849,469	\$39,987,308	\$4,640,050	\$2,351,800	\$6,991,850	\$46,979,157
Water System	\$0	\$0	\$7,000,000	\$0	\$7,000,000	\$0	\$0	\$0	\$7,000,000
Retaining Walls	\$0	\$0	\$0	\$0	\$0	\$850,000	\$1,069,000	\$1,919,000	\$1,919,000
Gas Well Rerouting	\$0	\$0	\$0	\$0	\$0	\$1,533,856	\$0	\$1,533,856	\$1,533,856
ROW	\$3,600,000	\$2,500,000	\$1,000,000	\$0	\$7,100,000	\$0	\$0	\$0	\$7,100,000
Sub Total	\$20,539,159	\$25,920,602	\$21,698,753	\$15,797,448	\$83,955,967	\$8,963,005	\$5,380,500	\$14,343,505	\$98,299,472
Soft Costs	\$3,557,812	\$6,104,509	\$5,038,646	\$2,701,116	\$17,402,083	\$2,012,449	\$13,950,909	\$15,963,358	\$33,365,441
District Formation	\$2,454,600	\$0	\$826,200	\$0	\$3,280,800	\$0	\$0	\$0	\$3,280,800
Contingency	\$2,540,874	\$3,513,090	\$3,104,814	\$2,369,617	\$11,528,395	\$986,872	\$646,725	\$1,633,597	\$13,161,992
Grand Totals	\$29,092,444	\$35,538,201	\$30,668,418	\$20,868,181	\$116,167,245	\$11,962,327	\$19,978,134	\$31,940,461	\$148,107,706

Phase Total Summary			
Cost Type	Phase 1	Phase 2	Total
Direct Public	\$29,092,444	\$35,538,201	\$64,630,645
Master Public	\$30,668,418	\$20,868,181	\$51,536,599
Private	\$11,962,327	\$19,978,134	\$31,940,461
Total	\$71,723,189	\$76,384,516	\$148,107,706

Note: Pettitt-ECD cannot guarantee that quantities, proposals, bids, or actual costs will not vary from this opinion of probable costs. Pettitt-ECD will NOT be responsible for any cost overruns and/or funding shortages.

Note: Assumes existing utilities are available to the site and sized appropriately (No Offsite Included)

Note: Does not include any access improvements for existing oil well sites

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2024-05-13 Tabor Ranch PID Q-CE Phases (08126).xlsx

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Depreciation is defined as loss in capital value from any cause. It is employed in this report in estimating the difference in the present-day value of the improvements and the cost of new replacement. The three major types of accrued depreciation are:

Physical Deterioration

Physical deterioration is loss in value from actual physical causes and measured either as curable or incurable. The curable items are measured by the actual cost to replace or repair the component parts. The incurable portion is estimated by virtue of an observed condition or ascertaining the used portion by the best estimate of the appraiser. Curable physical deterioration, also referred to as deferred maintenance, is caused by normal wear and tear that should be corrected immediately or, is necessary to keep rents at market levels. The cost of curing the condition and bringing the property to a satisfactory and functioning condition is generally the measure of deferred maintenance.

Note: As the subject property is a newly proposed development, there is no physical deterioration to consider.

Functional Obsolescence

Functional obsolescence is loss in value from conditions existing within the property which make the property inadequate or less desirable to the typical prudent purchaser. It, too, may be curable or incurable. Incurable obsolescence is normally measured by the loss in income which may accrue to the property by reason thereof.

Note: The proposed development is considered to be of desirable size and functional design for demand from typical users in this market. There is no indication of functional obsolescence for this property.

External Obsolescence

According to the Dictionary of Real Estate Appraisal, Fifth Edition, external obsolescence is “*an element of depreciation; a diminution of value caused by negative externalities and generally incurable on the part of the owner, landlord, or tenant.*”

External obsolescence is considered to be the loss in value of a property resulting from the influence of negative forces not inherent with the property. It can be caused by the exertion of detrimental external forces upon the neighborhood or property itself. Other examples are noise from nearby expressways or airports, excessive taxes, special assessments or certain other governmental actions, or the infiltration of inharmonious groups or land uses.

This form of obsolescence is rarely, if ever, curable. The measure of this form of obsolescence is the capitalized value of the rental loss due to the condition. Care must be exercised to charge against the improvements only the pro-rata amount of the indicated loss represented by the improvements to total property value ratio. In other words, if the land value already reflects the condition, the rent loss attributable only to the improvements should be capitalized.

Note: As the proposed subdivision is in an area in the growth cycle with demand for residential development spurred by high demand, there is no depreciation for external obsolescence.

As indicated earlier, the proposed improvements represent the current Highest and Best Use of the site "as proposed." As such, the following is a discussion of cost and depreciation components used in arriving at a value for the subject via the Cost Approach.

Development Cost Estimate

Base costs for the major building improvements are estimated from the owner's cost estimate and compared to the Marshal Valuation Service (MVS) Cost Guide.

Base Building Cost

The client provided the appraisers with the contractor's construction cost estimate. The estimated building costs is **\$30,668,418** which includes total cost with contingencies and fees.

Entrepreneurial Incentive

According to The Dictionary of Real Estate Appraisal, Fifth Edition, entrepreneurial incentive is defined as “the amount an entrepreneur expects to receive for his or her contribution to a project. Entrepreneurial incentive may be distinguished from entrepreneurial profit in that it is the expectation of future profit as opposed to the profit actually earned on a development or improvement.” Typically, the range of 10-20% of cost is used for this category with higher percentages are typical when a development involves more risk. In general, subdivision developers are categorized as higher risk than other real estate endeavors due to the high degree coordination that

takes place over several years. Within the span of those years numerous market changes are likely to occur. We are using **15%** for the purpose of this analysis as residential development tends to be riskier and thus a higher profit is expected from participants totaling **\$4,600,263**.

Depreciation: defined as loss in capital value from any cause. It is employed in this report in estimating the difference in the present-day value of the improvements and the cost of new replacement. The three major types of accrued depreciation are as follows:

Physical Deterioration

This is a loss in value from actual physical causes and measured either as curable or incurable. The curable items are measured by the actual cost to replace or repair the component parts. The incurable portion is estimated by virtue of an observed condition or ascertaining the used portion by the best estimate of the appraiser. Curable physical deterioration, also referred to as deferred maintenance, is caused by normal wear and tear that should be corrected immediately or is necessary to keep rents at market levels. The cost of curing the condition and bringing the property to a satisfactory and functioning condition is generally the measure of deferred maintenance.

Short-Life Physical Deterioration

The depreciation estimate for short-life items can be divided into two categories; "Curable" and "Incurable." *Curable physical deterioration*, also referred to as deferred maintenance, is caused by normal wear and tear that should be corrected immediately or is necessary to keep rents at market levels. The cost of curing the condition and bringing the property to a satisfactory and functioning condition is generally the measure of deferred maintenance. The subject property has no deferred maintenance. Therefore, no charge will be considered in our analyses. *Incurable Short-Life deterioration* is also attributable to normal wear and tear but is generally unfeasible or uneconomical to repair. Typically, this charge is estimated on an age/life method and is based on observed condition. The subject buildings are proposed and are considered to be in new condition with no physical deterioration.

Physical Deterioration: Incurable Long-Life

Prior to calculating incurable long-life depreciation, the replacement cost new of short-life items is subtracted. The subject buildings are proposed and are considered to be in new condition with no physical deterioration.

External Obsolescence

According to the Dictionary of Real Estate Appraisal, Fifth Edition, external obsolescence is "*an element of depreciation; a diminution of value caused by negative externalities and generally incurable on the part of the owner, landlord, or tenant.*"

External obsolescence is considered to be the loss in value of a property resulting from the influence of negative forces not inherent with the property. It can be caused by the exertion of detrimental external forces upon the neighborhood or property itself. Other examples are noise from nearby expressways or airports, excessive taxes, special assessments or certain other governmental actions, or the infiltration of inharmonious groups or land uses.

This form of obsolescence is rarely, if ever, curable. The measure of this form of obsolescence is the capitalized value of the rental loss due to the condition. Care must be exercised to charge against the improvements only the pro-rata amount of the indicated loss represented by the improvements to total property value ratio. In other words, if the land value already reflects the condition, the rent loss attributable only to the improvements should be capitalized. There is not considered to be any measurable external obsolescence present.

Cost Approach Assumptions

The following assumptions will affect our Cost Approach value conclusions:

1. Developer construction cost estimates provided by Petitt-ECD are accurate and reflect all associated costs (as of the effective date) to construct the development – *Utilizing Extraordinary Assumption*
2. Entrepreneurial profit is considered to be **15%** which is the market rate profit a developer would expect to undertake the risk associated with a subdivision development such as the subject property. Typically, developer budget 30-40% for profit; however, after unexpected contingencies profits are often 15-25%.
3. The value of the underlying land as of the report date is **\$12,165,990**. We are not factoring in any increases prior to the Effective Date of May 1, 2025, for the Major Improvement Area.

Based on the forgoing analysis, the following chart recaps and illustrates the calculations used in forming an opinion of value via the Cost Approach. **Thus, the value conclusion utilizing the Cost Approach for Tabor Ranch PID MIA is \$47,400,000(\$44,258/Lot).**

Cost Approach - Tabor Ranch PID MIA (1,071 Improved Lots)	
<i>Total Build Cost</i>	
Development Costs	\$ 30,668,418
<i>Plus: Entrepreneurial Incentive (15%)</i>	\$ 4,600,263
Less Depreciation	
Physical Curable/Incurable	\$ -
Functional Obsolescence	\$ -
External Obsolescence	\$ -
Total Accrued Depreciation	\$ -
<i>Plus: Land (405.533 Acres)</i>	\$ 12,165,990
Indicated Total Value	\$ 47,434,671
<i>Total Value Rounded</i>	\$ 47,400,000

RECONCILIATION AND FINAL VALUE CONCLUSION

The Appraisal of Real Estate, Fourteenth Edition, copyright 2013, pages 641-642, published by the Appraisal Institute states,

“Resolving the differences among various value indications is called reconciliation.... The final value opinion is not the average of the different value indications derived. No mechanical formula is used to select one indication over the others...Final reconciliation relies on proper application of appraisal techniques and the appraiser’s judgment.”

Three approaches to value are recognized in the appraisal profession (Sales Comparison Approach, Cost Approach, and Income Approach). All three approaches were analyzed and developed as part of the scope of work of this assignment. A summary of each approach follows:

Cost Approach

The Cost Approach provides information that contrasts with information from the Income and Sales Comparison Approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction. This approach is most beneficial when appraising a proposed or recently built project and is typically used when units make up a substantial portion of the entire project.

Since the improved single-family residential lots in Tabor Ranch PID will be constructed two phases over several years, the Cost Approach is not appropriate and thus was not utilized to value the improved lots in Improvement Area #1. This approach is most beneficial when appraising a proposed or recently built project and is typically used when developed units make up a substantial portion of the entire project.

We utilized the Cost Approach to value the 1,071 paper lots on ~405.533 acres in the Major Improvement Area. The Cost Approach utilizes aspects of the Sales Comparison Approach to determine the underlying value of the land. Cost figures provided by Pettitt-ECD, Professional Engineers, were included, and we considered entrepreneurial incentive before adding in the value of the underlying land to determine the value of the property when major public infrastructure is included.

The first step in the cost approach is determining the land value for the subject property. In order to do the cost approach, the land value is determined using the Sales Comparison Approach of similar vacant land in the subject’s market area. The Sales Comparison Approach for the subject’s land was concluded at **\$12,165,990**. The development costs were calculated at **\$30,668,418**. **Thus, the value conclusion utilizing the Cost Approach for the Major Improvement Area of the Tabor Ranch PID is rounded to \$47,400,000 (\$44,258/Lot).**

Income (Subdivision Development) Approach

For the improved residential lots, the Income (Subdivision Development) Approach applied in subdivision analysis simulates what occurs in a bulk sale where one buyer purchases the bulk of the lots at a discount. Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. This approach provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices.

Since our assignment is to determine the bulk sale value of 850 improved residential lots in Tabor Ranch PID Improvement Area #1, as of the substantial completion date, the Income Approach is appropriate and was

developed. Through Discounted Cash Flow Analysis, we determined the market value of the 850 improved lots “Upon Completion” in Tabor Ranch PID Improvement Area #1 as of May, 1 2025, is \$65,540,000 (\$77,106/Lot). The Income (Subdivision Development) Approach was not utilized for the paper lots in the MIA as this portion of the development is not yet developed and the land is not utilized to generate income.

Sales Comparison Approach

For the improved lots within Improvement Area #1, and the paper lots within the MIA, the Sales Comparison Approach was not fully developed because finding highly similar and recent sales of improved groups of lots or subdivisions is not available in the market. Aspects of the Sales Comparison Approach were utilized in concluding the retail lot market values for use in the Income Approach for the improved lots within the Tabor Ranch PID.

Final Value Conclusion Summary

As a result of our investigations, studies and analysis of the sale, cost, income, and expense data, interpreted within the context of all the factors in the marketplace which effect value, our reconciliation of the indicated values between the utilized approaches to value are listed in the table below. Each property type warranted only a single approach to be developed so our final values for each property type: improved residential lots, and paper lots for residential land. Our final value conclusion for each of the property types is shown below:

FINAL MARKET VALUE CONCLUSION TABOR RANCH PID			
	<i>Cost</i>	<i>Sales</i>	<i>Income (Subdivision)</i>
<i>Fee Simple Interest, Complete May 1, 2025</i>			
<i>Improvement Area #1</i>	N/A	N/A	<i>\$65,540,000</i>
<i>850 Improved Lots</i>			<i>(77,000/Lot Rounded)</i>
<i>Fee Simple Interest, Complete May 1, 2025</i>			
<i>Major Improvement Area</i>	<i>\$47,400,000</i>	N/A	N/A
<i>1,071 Residential Paper Lots on ~ 405.533 Acres</i>	<i>(\$44,258/Lot)</i>		

Exposure Time

Assuming adequate exposure and normal marketing efforts, the estimated exposure time (i.e. the length of time the subject property would have been exposed for sale in the market had it sold at the market value concluded to in this analysis as of the date of this valuation) would have been at least 6-12 months; the estimated marketing time (i.e. the amount of time it would probably take to sell the subject property if exposed in the market beginning on the date of this valuation) is estimated to be between 6-12 months.

Marketing Time

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the Effective Date of value. Market conditions are presently strong, and we expect no significant changes in the near term. It is our opinion that a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period at 6-12 months.

ADDENDA

ENGAGEMENT LETTER



Real Estate Brokerage * Development * Appraisals * Property Tax Consulting
1703 N. Peyco Dr. Arlington, Texas 76001
Metro 817-467-6803 * Fax 817-465-7464 * www.peycosouthwest.com

April 17, 2024

Mr. R.R. "Tripp" Davenport, III
Director
FMSbonds, Inc.
5 Cowboys Way, Ste. 300-25
Frisco, Texas 75034
tdavenport@fmsbonds.com

SUBJECT: Proposal/Authorization for Valuation and Consulting Services of a residential master planned development known as the "Tabor Ranch Public Improvement District" located in an unincorporated area of Denton County, Texas

Dear Mr. Davenport:

Upon your acceptance of this contract engagement, Peyco Southwest Realty, Inc. ("Peyco"), will prepare an appraisal of the Subject Property:

Purpose of the Assignment The purpose of the appraisal is to provide an opinion of the "As-Complete" and "As-If Improved" market value of the fee simple interest in the Subject Property outlined herein. We will assume that the City of Aubrey will approve or has approved the proposed development and that all development entitlements are in place for the "Project" to proceed. Further, our valuation will also be based upon, and assume that:

- a)** Only limited specific offsite general infrastructure indicated is fully funded with cash or cash-equivalent (lines of credit, completion agreements, etc.) with special assessments levied on property within the Cottonwood Public Improvement District ("PID"), and
- b)** Improvement relating to the "Project" will be completed based on engineering plans provided to the appraisers

It is our understanding that the Appraisal Report will be included in the Preliminary and Final Official Statements for the sale of one or more series of Public Improvement District (PID) bonds for the Project, and we will provide our written consent to the inclusion of the Appraisal Report in the Preliminary and Final Official Statements. The appraisal will be prepared in conformance with and subject to, the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the *Uniform Standards of Professional Appraisal Practice* (USPAP) developed by the Appraisal Standards Board of the Appraisal Foundation. The Ethics Rule of USPAP requires us to disclose to you any prior services we have performed regarding the Subject Property within a three-year period immediately preceding the acceptance of this assignment, either as an appraiser or in any other capacity. We represent that we have not performed any services that require disclosure under this rule.

In accordance with our correspondence, the scope of this assignment will require Peyco to consider all relevant and applicable approaches to value as determined during the course of our research, Subject Property analysis, and preparation of the report. **The report will include an opinion of the fee simple market value of the following:**

- **Improvement Area #1 (IA#1) with approximately 848 improved residential lots to be sold in bulk in Improvement Area #1 of the Tabor Ranch PID. We will report the estimated retail value of the lots during the sellout period consisting of:**
 - 41 lots of 40-FF sizes,
 - 218 lots of 45-FF sizes
 - 421 lots of 50-FF sizes, and
 - 168 lots of 60-FF sizes
- **Major Improvement Area (MIA) Entitled Paper Lots – estimated at 1,019 lots of various sizes on ~405.533-AC to be sold in bulk in the major improvement area.**

Federal banking regulations require banks and other lending institutions to engage appraisers where FIRREA compliant appraisals must be used in connection with mortgage loans or other transactions involving federally regulated lending institutions. Given that requirement, this appraisal may not be accepted by a federally regulated financial institution.

The appraisal will be communicated in an Appraisal Report-Standard Format Report. All work will be performed under the direct supervision of the undersigned, together with other staff members. The appraisal and this letter agreement will be subject to our standard assumptions and limiting conditions, a copy of which is attached as Attachment 1.

The total fee for this assignment will be \$17,000 which will be paid for by the Developer, but payment may be reimbursed to the developer as a qualified creation and issuance cost of the "Public Improvement District". Please note that the full fee must be received in our office before the commencement of this appraisal. The delivery date will be within 30 days from your signed acceptance of this letter agreement, receipt of the fee and receipt of requested documents from the developer, but subject to extension based upon late delivery of the requested data and scheduled access for inspection. **We will require the full fee of \$17,000 prior to the commencement of this appraisal assignment.** If the assignment is cancelled by either party prior to completion, you agree to pay us for all our expenses and our time to date based upon the percentage of work completed.


Two hard copies of the appraisal report will be provided upon request. Digital copies, in PDF format, will be delivered upon completion via email or other file transfer as client requests. Additionally, we confirm our permission to use the final appraisal report in the offer and sale of public securities secured by the special assessments levied on property within the PID for the "Project"; and we confirm that we will execute, subject to our approval of the same, a certificate related to the use of the appraisal for such purpose. The 30-day delivery date is contingent upon the absence of events outside our control, timely access for inspection of the Subject Property, as well as our receipt of all requested information necessary to complete the assignment. Should, upon review of the draft Appraisal Report, the client requests material changes, or additions **beyond the agreed to Scope of Work that materially affect the appraisal report and/or resulting values;** the Client agrees to additional scope of work changes at our current hourly rates (\$300/hour).

Please be advised that we are not experts in the areas of building inspection (including mold), environmental hazards, ADA compliance, or wetlands. Therefore, unless we have been provided with appropriate third-party expert reports, the appraisals will assume that there are no environmental, wetlands, or ADA compliance problems. The agreed upon fees for our services assume the absence of such issues inasmuch as additional research and analysis may be required. If an expert is required, you are responsible for their selection, payment, and actions.

In the event that we receive a subpoena or are called to testify in any litigation, arbitration or administrative hearing of any nature whatsoever or as a result of this engagement or the related report, to which we are not a party, you agree to pay our current hourly rates (\$300/hour) for such preparation and presentation of testimony. You agree that: (i) the data collected by us in this assignment will remain our property; and (ii) with respect to any data provided by you, Peyco and its partner companies may utilize, sell, and include such data (either in the aggregate or individually), in the Peyco database and for use in derivative products. You agree that all data already in the public domain may be utilized on an unrestricted basis. Finally, you agree that we may use commercially available, as well as proprietary software programs, to perform your assignment (web based and others).

If you are in agreement with the terms set forth in this letter and wish us to proceed with the contract engagement, please sign below and return one copy to us. Thank you for this opportunity to be of service and we look forward to working with you.

Sincerely,



James L. Maibach, C.P.M.
TX-1323658
State Certified General Real Estate Appraiser

AGREED TO AND ACCEPTED THIS ____ DAY OF _____, 2024.

BY:

FMS Bonds, Inc.



Authorized Signature

Name (printed)

ATTACHMENT 1: STANDARD ASSUMPTIONS & LIMITING CONDITIONS

The appraisal report and any work product related to the engagement will be limited by the following standard assumptions:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements, and restrictions. The Subject Property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the Subject Property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the Subject Property more or less valuable. Furthermore, there is no asbestos or environmental contamination at the Subject Property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The Subject Property is in compliance with all applicable building, environmental, zoning, and other federal, state, and local laws, regulations, and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

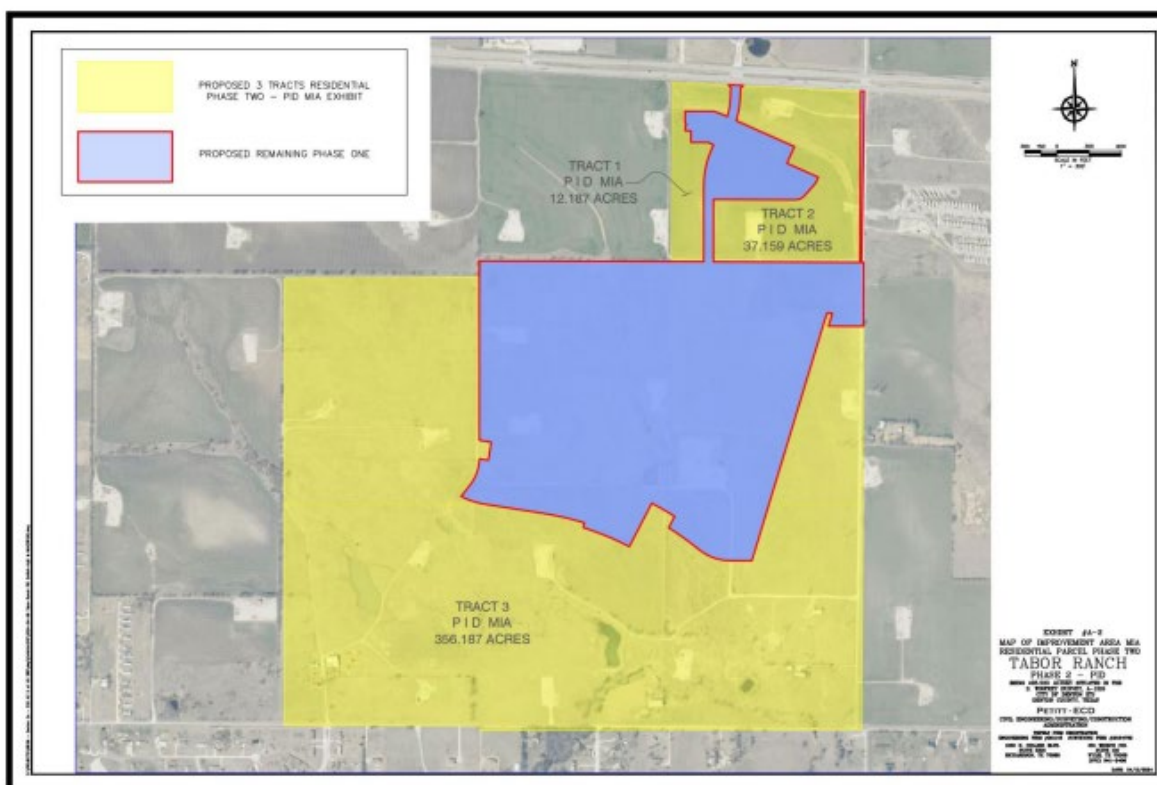
The appraisal report and any work product related to the engagement will be subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the Subject Property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state, or local laws, regulations, or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena, or attend any court, governmental or other hearing with reference to the Subject Property without compensation relative to such additional employment.
6. We have made no survey of the Subject Property and assume no responsibility in connection with such matters. Any sketch or survey of the Subject Property included in the appraisal report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the Subject Property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas, or mineral rights, if any, and we have assumed that the Subject Property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural, and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations, and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the Subject Property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates, and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.

13. If the Subject Property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the Subject Property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the Subject Property or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the value stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the Subject Property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues and render no opinion regarding compliance of the Subject Property with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the Subject Property or in the improvements, and our valuation is predicated upon the assumption that the Subject Property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances, and mold. No representations or warranties are made regarding the environmental condition of the Subject Property. Peyco and/or any of its officers, owners, managers, directors, agents, subcontractors, or employees (the "Peyco Parties") shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the Subject Property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the Subject Property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the Subject Property, and the value conclusion is predicated on the assumption that wetlands are nonexistent or minimal.
22. We are not a building or environmental inspector. Peyco does not guarantee that the Subject Property is free of defects or environmental problems. Mold may be present in the Subject Property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assumes the satisfactory completion of construction, repairs, or alterations in a workmanlike manner.
24. Peyco is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
25. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. Peyco is not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we

assume competent and effective management and marketing for the duration of the projected holding period of the Subject Property.

26. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar to the future.
27. As will be determined during the course of the assignment, additional extraordinary or hypothetical conditions may be required in order to complete the assignment. The appraisal shall also be subject to those assumptions.



**LEGAL DESCRIPTION
TABOR RANCH PID IA #1**

Page 1 of 4

**EXHIBIT "A"
LEGAL DESCRIPTION
TABOR RANCH
PID IA#1 – TRACT 1
193.859 ACRES**

BEING a 193.859-acre tract of land situated in the S. Winfrey Survey, Abstract No. 1319, Denton County, Texas, and being part of a called 19.26-acre tract of land described in deed to Tabor 380 Development, LLC recorded in Instrument Number 2023-113758, Deed Records, Denton County, Texas (DRDCT), and being part of a called 532.512-acre tract of land described in deed to Tabor 380 Development, LLC recorded in Instrument Number 2023-113757, DRDCT, and being part of a called 47.62-acre tract of land described in deed to Tabor 380 Development, LLC recorded in Instrument Number 2023-113759, DRDCT and being more particularly described as follows:

BEGINNING at the northeast corner of said 19.26-acre tract and being in the south line of U.S. Highway 380;

THENCE South 00 degrees 58 minutes 08 seconds West with the east line of said 19.26-acre tract and said 47.62-acre tract, a distance of 1592.60 feet to a point in the north line of said 532.512-acre tract;

THENCE South 89 degrees 44 minutes 46 seconds East with said north line, a distance of 19.17 feet to the northeast corner of said 532.512-acre tract;

THENCE South 00 degrees 14 minutes 19 seconds West with the east line of said 532.512-acre tract, a distance of 595.00 feet;

THENCE departing said east line over and across said 532.512-acre tract the following courses:

North 89 degrees 44 minutes 46 seconds West, a distance of 325.25 feet;

North 16 degrees 53 minutes 56 seconds East, a distance of 125.25 feet;

North 89 degrees 44 minutes 46 seconds West, a distance of 52.19 feet;

South 16 degrees 53 minutes 56 seconds West, a distance of 2,408.56 feet;

North 89 degrees 46 minutes 32 seconds West, a distance of 202.67 feet to the beginning of a tangent curve to the right;

Northwesterly with said curve which has a central angle of 38 degrees 43 minutes 13 seconds, a radius of 465.00 feet, a chord that bears North 70 degrees 24 minutes 56 seconds West with a chord distance of 308.30 feet, and an arc length of 314.25 feet to the beginning of a reverse curve to the left;

Northwesterly, with said curve which has a central angle of 06 degrees 45 minutes 05 seconds, a radius of 2960.00 feet, a chord that bears North 54 degrees 25 minutes 51 seconds West with a chord distance of 348.58 feet, and an arc length of 348.78 feet to the end of said curve;

North 27 degrees 26 minutes 44 seconds East, a distance of 120.40 feet to the beginning of a non-tangent curve to the left;

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Northwesterly with said curve which has a central angle of 04 degrees 33 minutes 45 seconds, a radius of 3080.00 feet, a chord that bears North 60 degrees 16 minutes 23 seconds West with a chord distance of 245.19 feet, and an arc length of 245.26 feet to the end of said curve;

South 27 degrees 26 minutes 44 seconds West, a distance of 455.00 feet to the beginning of a non-tangent curve to the left;

Northwesterly with said curve which has a central angle of 10 degrees 12 minutes 31 seconds, a radius of 2625.00 feet, a chord that bears North 67 degrees 39 minutes 31 seconds West with a chord distance of 467.09 feet, and an arc length of 467.71 feet to the end of said curve;

North 17 degrees 46 minutes 58 seconds East, a distance of 45.00 feet to the beginning of a non-tangent curve to the left;

Northwesterly with said curve which has a central angle of 08 degrees 18 minutes 36 seconds, a radius of 2670.00 feet, a chord that bears North 76 degrees 54 minutes 32 seconds West with a chord distance of 386.91 feet, and an arc length of 387.25 feet to the end of said curve;

North 81 degrees 03 minutes 50 seconds West, a distance of 557.27 feet to the beginning of a tangent curve to the right;

Northwesterly with said curve which has a central angle of 17 degrees 58 minutes 31 seconds, a radius of 755.00 feet, a chord that bears North 72 degrees 04 minutes 34 seconds West with a chord distance of 235.89 feet, and an arc length of 236.86 feet to the end of said curve;

North 37 degrees 53 minutes 23 seconds East, a distance of 139.35 feet to the beginning of a tangent curve to the left;

Northeasterly with said curve which has a central angle of 28 degrees 57 minutes 13 seconds, a radius of 395.00 feet, a chord that bears North 23 degrees 24 minutes 47 seconds East with a chord distance of 197.49 feet, and an arc length of 199.61 feet to the end of said curve;

North 08 degrees 56 minutes 10 seconds East, a distance of 60.00 feet;

South 81 degrees 03 minutes 50 seconds East, a distance of 81.99 feet;

North 08 degrees 56 minutes 05 seconds East, a distance of 170.00 feet;

North 81 degrees 03 minutes 50 seconds West, a distance of 111.79 feet;

North 00 degrees 00 minutes 00 seconds East, a distance of 1332.68 feet;

North 00 degrees 17 minutes 21 seconds East, a distance of 50.00 feet;

North 00 degrees 14 minutes 38 seconds West, a distance of 135.00 feet to a point in the north line of said 532.512-acre tract;

THENCE North 00 degrees 12 minutes 29 seconds East with said north line, a distance of 153.04 feet;

THENCE South 89 degrees 47 minutes 31 seconds East with said north line, a distance of 1793.00 feet to the southwest corner of said 47.62-acre tract;

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THENCE South 89 degrees 44 minutes 46 seconds East with the south line of said 47.62-acre tract, a distance of 301.71 feet;

THENCE departing said south line over and across said 47.62-acre tract the following courses:

North 00 degrees 00 minutes 00 seconds East, a distance of 703.95 feet to the beginning of a tangent curve to the right;

Northeasterly with said curve which has a central angle of 26 degrees 48 minutes 45 seconds, a radius of 845.00 feet, a chord that bears North 13 degrees 24 minutes 22 seconds East with a chord distance of 391.83 feet, and an arc length of 395.43 feet to the end of said curve;

North 63 degrees 11 minutes 15 seconds West, a distance of 55.22 feet;

North 90 degrees 00 minutes 00 seconds West, a distance of 161.56 feet;

North 00 degrees 00 minutes 00 seconds East, a distance of 107.91 feet;

North 89 degrees 59 minutes 57 seconds West, a distance of 50.00 feet to the beginning of a non-tangent curve to the right;

Northeasterly with said curve which has a central angle of 70 degrees 44 minutes 38 seconds, a radius of 50.00 feet, a chord that bears North 09 degrees 09 minutes 23 seconds East with a chord distance of 57.89 feet, and an arc length of 61.74 feet to the end of said curve;

North 45 degrees 49 minutes 17 seconds West, a distance of 20.00 feet;

North 00 degrees 00 minutes 00 seconds East, a distance of 111.00 feet to a point in the south line of said 19.26-acre tract;

THENCE with the south line of said 19.26-acre tract the following courses:

North 90 degrees 00 minutes 00 seconds East, a distance of 272.35 feet;

South 68 degrees 07 minutes 31 seconds East, a distance of 131.82 feet;

South 65 degrees 13 minutes 05 seconds East, a distance of 90.90 feet;

South 66 degrees 04 minutes 22 seconds East, a distance of 595.60 feet;

THENCE departing the south line of said 19.26-acre tract over and across said 47.62-acre tract and said 19.26-acre tract the following courses:

South 23 degrees 55 minutes 38 seconds West, a distance of 170.00 feet;

South 66 degrees 04 minutes 22 seconds East, a distance of 318.98 feet;

South 23 degrees 55 minutes 38 seconds West, a distance of 59.14 feet;

South 41 degrees 23 minutes 32 seconds West, a distance of 49.22 feet;

South 41 degrees 31 minutes 47 seconds West, a distance of 100.00 feet;

South 47 degrees 49 minutes 07 seconds West, a distance of 43.70 feet;

South 70 degrees 21 minutes 20 seconds West, a distance of 41.72 feet;

South 88 degrees 52 minutes 12 seconds West, a distance of 47.08 feet;

North 89 degrees 44 minutes 46 seconds West, a distance of 737.54 feet

South 00 degrees 00 minutes 00 seconds East, a distance of 580.00 feet;

South 89 degrees 44 minutes 46 seconds East, a distance of 1367.28 feet;

North 00 degrees 14 minutes 19 seconds East, a distance of 1594.03 feet to a point in the south line of said U.S. Highway 380;

THENCE South 87 degrees 16 minutes 29 seconds East with the south line of said U.S. Highway 380, a distance of 36.16 feet to the **POINT OF BEGINNING** and containing 193.859-acres of land, more or less.

"This document was prepared under 22 TAC §663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared."

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**LEGAL DESCRIPTION
TABOR RANCH PID MIA**

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EXHIBIT "A"
LEGAL DESCRIPTION
PID MIA
TRACT 1-12.187 ACRES
TRACT 2-37.159 ACRES
TRACT 3-356.187 ACRES

TRACT 1
12.187 ACRES

BEING a 12.187-acre tract of land situated in the S. Winfrey Survey, Abstract No. 1319, Denton County, Texas, being part of Lot 1, Block 1, Tabor Ranch Commercial, an addition to Denton County, Texas, according to the Final Plat thereof recorded in Document Number 2024-121, Official Public Records, Denton County, Texas, (OPRDCT) and being part of a called 47.62-acre tract of land described in deed to Tabor 380 Development, LLC, recorded in Instrument Number 2023-113759, OPRDCT, and being more particularly described as follows:

BEGINNING the northwest corner of said Lot 1, Block 1 and being in the south right-of-way line of US Highway 380;

THENCE South 87 degrees 16 minutes 29 seconds East with the south right-of-way line of said US Highway 380, a distance of 526.48 feet to the northeast corner of said Lot 1, Block 1;

THENCE departing the south right-of-way line of said US Highway 380 over and across said Lot 1, Block 1 tract and said 380 Development tract the following courses:

South 42 degrees 15 minutes 49 seconds East, a distance of 35.35 feet;

South 02 degrees 44 minutes 50 seconds West, a distance of 94.09 feet to the beginning of tangent curve to the right;

Southwesterly with said curve, which has a central angle of 13 degrees 31 minutes 02 seconds a radius of 755.00 feet with a chord that bears South 09 degrees 30 minutes 21 seconds West, with a chord length of 177.71 feet, an arc length of 178.12 feet;

North 68 degrees 07 minutes 31 seconds West, a distance of 131.82 feet;

South 90 degrees 00 minutes 00 seconds West, a distance of 272.35 feet;

South 00 degrees 00 minutes 00 seconds West, a distance of 111.00 feet;

South 45 degrees 49 minutes 17 seconds East, a distance of 20.00 feet to the beginning of tangent curve to the left;

Southwesterly with said curve, which has a central angle of 70 degrees 44 minutes 38 seconds a radius of 50.00 feet with a chord that bears South 09 degrees 09 minutes 23 seconds West, with a chord length of 57.89 feet, an arc length of 61.74 feet;

South 89 degrees 59 minutes 57 seconds East, distance of 50.00 feet;

South 00 degrees 00 minutes 00 seconds West, a distance of 107.91 feet;

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South 90 degrees 00 minutes 00 seconds East, a distance of 161.56 feet;

South 63 degrees 11 minutes 15 seconds East, a distance of 55.22 feet to the beginning of a non-tangent curve to the left;

Southwesterly with said curve, which has a central angle of 26 degrees 48 minutes 45 seconds a radius of 845.00 feet with a chord that bears South 13 degrees 24 minutes 22 seconds West, with a chord length of 391.83 feet, an arc length of 395.43 feet;

South 00 degrees 00 minutes 00 seconds West, a distance of 703.95 feet to the south line of said 47.62-acre tract;

North 89 degrees 44 minutes 46 seconds West, a distance of 301.71 feet to the southwest corner of said 47.62-acre tract;

THENCE North 00 degrees 11 minutes 14 seconds East, with the west line of said 47.62-acre tract, a distance of 1,670.07 feet to the **POINT OF BEGINNING** and containing 12.187-acres of land, more or less.

"This document was prepared under 22 TAC §663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared."

TRACT 2
37.159 ACRES

BEING a 37.159-acre tract of land situated in the S. Winfrey Survey, Abstract No. 1319, Denton County, Texas, being part of Lot 1, Block 1, Tabor Ranch Commercial, an addition to Denton County, Texas, according to the Final Plat thereof recorded in Document Number 2024-121, Official Public Records, Denton County, Texas, (OPRDCT) and being part of a called 47.62-acre tract of land described in deed to Tabor 380 Development, LLC, recorded in Instrument Number 2023-113759, OPRDCT, and being more particularly described as follows:

BEGINNING at the northeast corner of said Lot 1, Block 1 tract and being in the south right-of-way line of US Highway 380;

THENCE South 00 degrees 14 minutes 19 seconds West with the east line of said Lot 1, Block 2 and over and across said 47.62-acre tract, a distance of 1,594.03 feet to a point in the south line of said 47.62-acre tract;

THENCE North 89 degrees 44 minutes 46 seconds West with the south line of said 47.62-acre tract, a distance of 1,367.28 feet;

THENCE over and across said 47.62-acre tract the following courses:

North 00 degrees 00 minutes 00 seconds East, a distance of 580.00 feet;

South 89 degrees 44 minutes 46 seconds East, a distance of 737.54 feet;

North 88 degrees 52 minutes 12 seconds East, a distance of 47.08 feet;

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North 70 degrees 21 minutes 20 seconds East, a distance of 41.72 feet;

North 47 degrees 49 minutes 07 seconds East, a distance of 43.70 feet;

North 41 degrees 31 minutes 47 seconds East, a distance of 100.00 feet;

North 41 degrees 23 minutes 32 seconds East, a distance of 49.22 feet;

North 23 degrees 55 minutes 38 seconds East, a distance of 59.14 feet;

North 66 degrees 04 minutes 22 seconds West, a distance of 318.98 feet;

North 23 degrees 55 minutes 38 seconds East, a distance of 170.00 feet;

North 66 degrees 04 minutes 22 seconds West, a distance of 595.60 feet to the beginning of non-tangent curve to the left;

Northeasterly with said curve to the left, which has a central angle of 14 degrees 25 minutes 49 Seconds, a radius of 845.00 feet with a chord that bears North 09 degrees 57 minutes 45 seconds East, with a chord length of 212.25 feet, an arc length of 212.82 feet;

North 02 degrees 44 minutes 50 seconds East, a distance of 94.13 feet;

North 47 degrees 44 minutes 11 seconds East, a distance of 35.36 feet to a point in the south right-of-way line of said US Highway 80;

THENCE South 87 degrees 16 minutes 29 seconds East, with the south right-of-way of said US Highway 80, a distance of 1,095.67 feet to the **POINT OF BEGINNING** and containing 37.159-acres of land, more or less.

"This document was prepared under 22 TAC §663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared."

TRACT 3
356.187 ACRES

BEING a 356.187-acre tract of land situated in the S. Winfrey Survey, Abstract No. 1319, Denton County, Texas, and being part of a called 532.512-acre tract of land described in deed to Tabor 380 Development, LLC. recorded in Document Number 2023-113757, Official Public Records, Denton County, Texas, (OPRDCT) and being more particularly described as follows:

BEGINNING at the northwest corner of said called 532.512-acre tract;

THENCE North 89 degrees 45 minutes 22 seconds East with the north line of said 532.512-acre tract, a distance of 1,818.76 feet;

THENCE over and across said 532.512-acre tract the following courses:

South 00 degrees 14 minutes 38 seconds East, a distance of 135.00 feet;

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South 00 degrees 17 minutes 21 seconds West, a distance of 50.00 feet;

South 00 degrees 00 minutes 00 seconds West, a distance of 1,332.68 feet;

South 81 degrees 03 minutes 50 seconds East, a distance of 111.79 feet;

South 08 degrees 56 minutes 05 seconds West, a distance of 170.00 feet;

North 81 degrees 03 minutes 50 seconds West, a distance of 81.99 feet;

South 08 degrees 56 minutes 10 seconds West, a distance of 60.00 feet to the beginning of a tangent curve to the right;

Southwesterly with said curve to the right, which has a central angle of 28 degrees 57 minutes 13 seconds, a radius of 395.00 feet, a chord that bears North 23 degrees 24 minutes 47 seconds East with a chord distance of 197.49 feet, and an arc length of 199.61 feet to the end of said curve;

South 37 degrees 53 minutes 23 seconds West, a distance of 139.35 feet to the beginning of a non-tangent curve to the left;

Southeasterly with said curve to the left, which has a central angle of 17 degrees 58 minutes 31 seconds, a radius of 755.00 feet, a chord that bears North 72 degrees 04 minutes 34 seconds West with a chord distance of 235.89 feet, and an arc length of 236.86 feet to the end of said curve;

South 81 degrees 03 minutes 50 seconds East, a distance of 557.27 feet to the beginning of a tangent curve to the right;

Southeasterly with said curve to the right, which has a central angle of 08 degrees 18 minutes 36 seconds, a radius of 2670.00 feet, a chord that bears North 76 degrees 54 minutes 32 seconds West with a chord distance of 386.91 feet, and an arc length of 387.25 feet to the end of said curve;

South 17 degrees 46 minutes 58 seconds West, a distance of 45.00 feet to the beginning of a non-tangent curve to the right;

Southeasterly with said curve to the right, which has a central angle of 10 degrees 12 minutes 31 seconds, a radius of 2625.00 feet, a chord that bears North 67 degrees 39 minutes 31 seconds West with a chord distance of 467.09 feet, and an arc length of 467.71 feet to the end of said curve;

North 27 degrees 26 minutes 44 seconds East, a distance of 455.00 feet to the beginning of a non-tangent curve to the right;

Southeasterly with said curve to the right, which has a central angle of 04 degrees 33 minutes 45 seconds, a radius of 3080.00 feet, a chord that bears North 60 degrees 16 minutes 23 seconds West with a chord distance of 245.19 feet, and an arc length of 245.26 feet to the end of said curve;

South 27 degrees 26 minutes 44 seconds West, a distance of 120.40 feet to the beginning of a non-tangent curve to the right;

Southeasterly with said curve which has a central angle of 06 degrees 45 minutes 05 seconds, a radius of 2960.00 feet, a chord that bears North 54 degrees 25 minutes 51 seconds West with a chord distance of 348.58 feet, and an arc length of 348.78 feet to the beginning of a reverse curve to the left;

Southeasterly with said curve to the left, which has a central angle of 38 degrees 43 minutes 13 seconds, a radius of 465.00 feet, a chord that bears North 70 degrees 24 minutes 56 seconds West with a chord distance of 308.30 feet, and an arc length of 314.25 feet to the end of said curve;

South 89 degrees 46 minutes 32 seconds East, a distance of 202.67 feet;

North 16 degrees 53 minutes 56 seconds East, a distance of 2,408.56 feet;

South 89 degrees 44 minutes 46 seconds East, a distance of 52.19 feet;

South 16 degrees 53 minutes 56 seconds West, a distance of 125.25 feet;

South 89 degrees 44 minutes 46 seconds East, a distance of 325.25 feet to the east line of said 532.512-acre tract;

THENCE South 00 degrees 14 minutes 09 seconds West with the east line of said 532.512-acre tract, a distance of 2480.72 feet;

THENCE South 00 degrees 13 minutes 30 seconds West continuing with the east line of said 532.512-acre tract, a distance of 1274.31 feet to the southeast corner of said 532.512-acre tract;

THENCE South 89 degrees 50 minutes 48 seconds West, with the south line of said 532.512-acre tract, a distance of 3,572.41 feet the southeast corner of Old Stoney Road;

THENCE North 00 degrees 11 minutes 46 seconds West, over and across said Old Stoney Road, a distance of 50.33 feet;

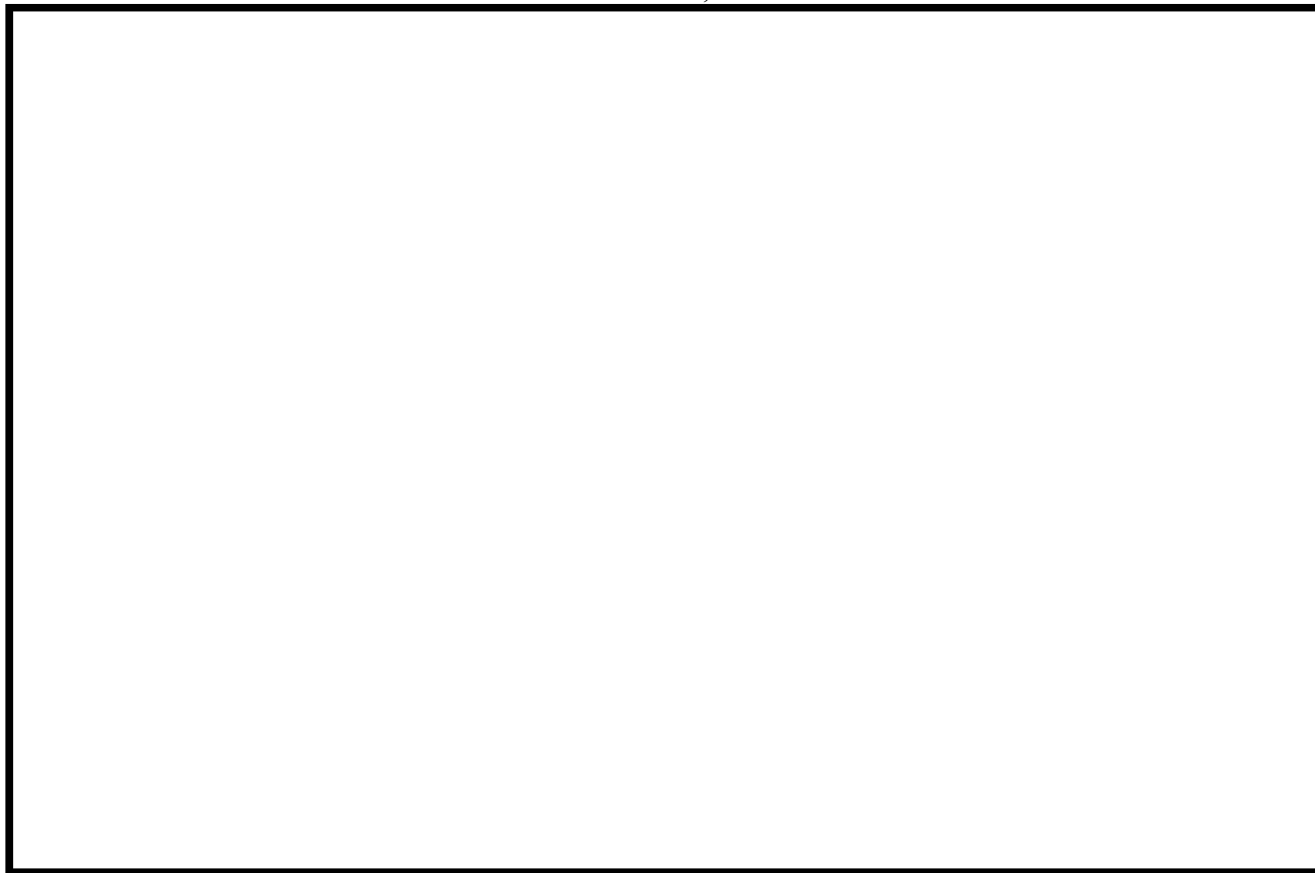
THENCE South 89 degrees 55 minutes 21 seconds West, with the north right-of-way line of said Old Stoney Road, a distance of 1819.38 feet to the southwest corner of said 532.512-acre tract;

THENCE North 00 degrees 02 minutes 53 seconds East, with the West line of said 532.512-acre tract, a distance of 4,165.36 feet to the **POINT OF BEGINNING** and containing 356.187-acres of land, more or less.

"This document was prepared under 22 TAC §663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared."

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**ACERAGE EXHIBIT – PETITT - ECD
AUGUST 3, 2023**



ASSUMPTIONS AND LIMITING CONDITIONS

This report is subject to the following assumptions and limiting conditions:

- 1) The value assumes of responsible ownership and competent management. The subject property is assumed to be free and clear of all liens, except as may be otherwise described herein. No responsibility is assumed by the appraiser for matters legal in character, nor is any opinion on the title rendered, which is assumed to be good and marketable.
- 2) The information contained herein has been gathered from sources deemed to be reliable, but the appraiser assumes no responsibility for its accuracy. Correctness of estimates, opinions, dimensions, sketches, and other exhibits that have been furnished and have been used in this report are not guaranteed.
- 3) The value rendered herein is based on preliminary analyses of the subject and market area. The market value is expressed in terms of the current purchasing power of the dollar.
- 4) Any leases, agreements or other written or verbal representations and/or communications and information received by the appraiser have been reasonably relied upon in good faith but have not been analyzed for their legal implications. We urge and caution the user of this report to obtain legal counsel of his/her own choice to review the legal and factual matters, and to verify and analyze the underlying facts and merits of any investment decision in a reasonably prudent manner.
- 5) Appraisers assume no responsibility for any hidden agreements known as "side reports", which may or may not exist relative to this property, which have not been made known to us, unless specifically acknowledged within this report.
- 6) This report is to be used in whole, and not in part. Any separate valuation for land and improvements shall not be used in conjunction with any other valuation and is invalid if so used. Possession of this report or any copy thereof does not carry with it the right of publication nor may the same be used for any purpose by anyone but the client without the previous written consent of the appraiser, and in any event, only in its entirety.
- 7) The appraiser, by reason of this report, is not required to give testimony in court with reference to the property unless notice and proper arrangements have been previously made, therefore.
- 8) Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media without prior written consent and approval of the author.
- 9) No subsoil data or analysis based on engineering core borings or other tests were furnished to us. We have assumed that there are no subsoil defects present that would impair development of the land to its maximum permitted use or would render it more or less valuable. No responsibility is assumed for engineering, which might be required to discover such factors.
- 10) Any construction and physical condition of the improvements described herein are based on the building construction plans and specifications and construction budgets if provided. No liability is assumed by the appraiser for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the condition or adequacy of mechanical equipment, plumbing or electrical components. No responsibility is assumed for engineering, which might be required to discover such factors. We urge the user of this report to retain an expert in this field as this is any considered "to-be-built" improvements.

- 11) Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present in or on the property, or other environmental conditions were not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser site visit. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test such substances or conditions. If the presence of such substances as asbestos, urea formaldehyde, foam insulation or other hazardous substance or environmental conditions may affect the value of the property, the value is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto as to cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to detect or discover them. We urge the user of this report to retain an expert in the field of environmental impacts on real estate if so desired.
- 12) We have made no survey of the property and assume no responsibility in connected with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
- 13) We accept no responsibility for issues requiring expertise in other fields. Such factors include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic items such as soils and seismic stability; civil, mechanical, electrical, structural, and other engineering and environmental matters. Such issues may also include determinations of compliance with zoning and other federal, state, and local laws, regulations, and codes.
- 14) The projections of income, expenses, terminal values, or future sales prices are not predictions of the future; rather, they are the best estimate of current market thinking of what future trends will be. No warranty or representation is made that these projections will materialize. The real estate market is constantly changing. It is not the task of the appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future, and upon what assumptions of the future investment decisions are based.
- 15) The client or user of this report agrees to notify the appraiser of any error, omission or inaccurate data contained in the report within 15 days of receipt and return the report and all copies thereof to the appraiser for correction prior to any use.
- 16) The acceptance of this report, and its subsequent use by the client or any other party in any manner whatsoever for any purpose, is acknowledgment by the user that the report has been read and understood, and specifically agrees that the data and analyses, to their knowledge, are correct and acceptable.
- 17) We have assumed no extreme fluctuations in the economic cycles will occur over the dates analyzed herein.
- 18) The appraisal report and value conclusions assume the satisfactory development proceeds in a workmanlike manner.

- 19) The conclusions in this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, existing trends, interviews with parties knowledgeable and experienced in the market, data obtained from public records, and research conducted by third parties. Such data is not always completely reliable. The appraisers are not responsible for these and other future occurrences that could not have reasonably been foreseen on the Effective Date of this assignment. In addition, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we hold the opinion that our finding is reasonable based on current market conditions, we do not represent that these estimates will be achieved, as they are forecasts and subject to risk and uncertainty. Additionally, we assume competent and effective management and market for the duration of the projected holding period of this property.
- 20) Prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to risk and uncertainty. Many events could occur that may substantially alter the outcome of our estimates such as changes in the economy, interest rates, capitalization rates, the behavior of consumers, investors, and lenders, and changes in title or conveyances of easements and deed restrictions. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar to the future.
- 21) This assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan. However, it is based on a hypothetical assumption that access to the south tract is achievable in accordance with all applicable regulations, and any building is to be constructed according to the approved plans and specifications provided by a licensed general contractor.
- 22) The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more requirements of the act. If so, this fact could have a negative impact upon the value of the property. However, since we have no direct evidence relating to the issue of compliance, we did not consider possible noncompliance with requirements of ADA in forming an opinion of the value of the property.
- 23) In addition to the preceding assumptions and limiting conditions, this appraisal is subject to the following extraordinary assumptions and/or hypothetical conditions:

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following **extraordinary assumptions** that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the Effective Date of the appraisal, we reserve the right to modify our value conclusions. Extraordinary assumptions are used in this assignment because the improved residential lots to be delivered by the dates utilized in this report are currently incomplete as of the report date.

- Our opinions of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications provided by the engineering plans published by Petitt-ECD as of April 10, 2024, for 1,921 improved residential lots in Tabor Ranch PID.
- All information relative to the property located within Tabor Ranch PID including land areas, lot totals, lot sizes, and other pertinent data that was provided by Tabor 380 Development, LLC (Owner), Alluvium Development, Inc. (Developer), Petitt-ECD (Professional Engineers and Surveyor, Denton County, and the Denton Central Appraisal District is assumed to be correct.
- The subject is proposed residential lots construction with an expected completion date of May, 1 2025; therefore, this report contains a prospective opinion of value. Considering this, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable global events that alter market conditions prior to the prospective Effective Date.

The use of these extraordinary assumptions has affected assignment results.

In addition to the Extraordinary Assumptions, the value conclusions are based on the following **hypothetical conditions** that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the Effective Date of the appraisal but is supposed for the purpose of analysis.

No Hypothetical Conditions are used in this report.

ENVIRONMENTAL ASSUMPTIONS

This report is subject to the following environmental assumptions:

- 1) There is a safe, lead-free, adequate supply of drinking water.
- 2) The subject property is free of soil contamination.
- 3) There is no uncontained friable asbestos or other hazardous asbestos material on the property. The appraiser is not qualified to detect such substances.
- 4) There are no uncontained PCB's on or near the property.
- 5) The radon level is at or below EPA recommended levels.
- 6) Any functioning underground storage tanks (UST's) are not leaking and are properly registered; any abandoned UST's are free from contamination and were properly drained, filled and sealed.
- 7) There are no hazardous waste sites on or near the subject property that negatively affect the value and/or safety of the property.
- 8) There is no significant urea formaldehyde (UFFI) insulation or other urea formaldehyde material on the property.
- 9) There is no flaking or peeling of lead-based paint on the property.
- 10) The property is free of air pollution.
- 11) There are no wetlands/flood plains on the subject property (unless otherwise stated in the report).
- 12) There are no other miscellaneous hazardous substances and/or detrimental environmental conditions on or in the area of the site (excess noise, radiation, light pollution, magnetic radiation, acid mine drainage, agricultural pollution, waste heat, miscellaneous chemical, infectious medical wastes, pesticides, herbicides, and the like).

DEFINITIONS

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.

Leased Fee Interest

The ownership interest held by the lessor includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

Market Value

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The value conclusions expressed within this report are in terms of cash (\$US).

Extraordinary assumptions are assignment-specific assumptions as of the Effective Date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

Hypothetical condition a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the Effective Date of the assignment results but is used for the purpose of analysis.

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a valued opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Prospective Market Value “As Completed” and “As Stabilized”

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an Effective Date that is subsequent to the date of the Appraisal Report. Prospective value opinions are intended to reflect the current expectations and perceptions of market participants, based on available data. Two prospective value opinions may be required to reflect the time frame during which development, construction, and occupancy will occur. The prospective market value—as completed - reflects the property’s market value as of the time that development is expected to be completed. The prospective market value - as stabilized - reflects the property’s market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties. (See USPAP Statement 4* and Advisory Opinion 17.) (Interagency Appraisal and Evaluation Guidelines)

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a valuable opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value opinion.”

Neighborhood

- (1) A group of complementary land users; a congruous grouping of inhabitants, buildings, or business enterprises.
- (2) A developed residential super pad within a master-planned community usually has a distinguishing name and entrance.

Depreciation

1. In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the Effective Date of the appraisal and the market value of the improvement on the same date.
2. In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset’s life; calculated using a variety of standard techniques.

The three major types of accrued depreciation are:

Physical Deterioration

Physical deterioration is loss in value from actual physical causes and measured either as curable or incurable. The curable items are measured by the actual cost to replace or repair the component parts. The incurable portion is estimated by virtue of an observed condition or ascertaining the used portion by the best estimate of the appraiser. Curable physical deterioration, also referred to as deferred maintenance, is caused by normal wear and tear that should be corrected immediately or is necessary to keep rents at market levels. The cost of curing the condition and bringing the property to a satisfactory and functioning condition is generally the measure of deferred maintenance.

Tabor Ranch Public Improvement District

Functional Obsolescence

Functional obsolescence is loss in value from conditions existing within the property which make the property inadequate or less desirable to the typical prudent purchaser. It, too, may be curable or incurable. Incurable obsolescence is normally measured by the loss in income which may accrue to the property by reason thereof.

External Obsolescence

According to the Dictionary of Real Estate Appraisal, Sixth Edition, external obsolescence is “*A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent.*”

Paper Lot

Consists of a portion of land with the necessary legal (zoning and platting) and engineering entitlements (site plan approvals) in place but lacking the necessary direct improvements (such as earthwork, erosion control, drainage, retaining walls, and landscaping in addition to lacking direct access from a paved street and utilities) to develop a lot with a residence. The paper lots have access to utilities stubbed nearby and have a status between raw ground and a fully developed lot upon which home construction can begin.

Definition Sources:

- Office of the Comptroller of the Currency (12 CFR Part 34)
- Appraisal Institute, *The Dictionary of Real Estate Appraisal*, Sixth Edition, copyright 2015.
- The Appraisal Foundation: USPAP (Uniform Standards of Professional Appraisal Practice) 2018-2019 edition

Tabor Ranch Public Improvement District

JAMES L. MAIBACH, CPM - STATE CERTIFIED GENERAL REAL ESTATE APPRAISER

EDUCATION:

Graduate North Quincy High School, Quincy, Massachusetts, 1976
Bachelor of Science in Business Administration (with Honors)
Northeastern University, Boston Massachusetts, 1981
Major: Accounting Minor: Marketing

TECHNICAL TRAINING:

Institute of Real Estate Management Courses:
#303 - Leasing and Management of Shopping Center and Retail Space
#400 - Managing Real Estate as an Investment
#500 - Problem-Solving & Decision-Making for the Property Manager
#800 - Ethics in Real Estate Management
University of Texas at Arlington: Real Estate Courses:
RE 001 Real Estate Finance; RE 004 Real Estate Mathematics;
RE 101 Principles of Real Estate; RE 301 Texas Real Estate Law: Contracts;
RE 501 Texas Real Estate Law; RE 701 Property Management
East Texas Baptist University:
Uniform Standards of Professional Appraisers and Code of Ethics. The Appraisal Foundation:
USPAP Update
Texas Association of Property Tax Professionals, Inc.:
Principles of Property Tax Consulting; A Survey of Texas Property Tax Law
Other: USPAP-97 Instructor's Workshop, USPAP Instructor 1997
TREC Licensed Instructor – Commercial Investment Course, CEI 1998
Continuing Education Institute:
Deceptive Trade Practices Act; Let's Talk-Not Fight; Property Taxes: Rights, Remedies and Responsibilities; USPAP Update
Institute for Real Estate Professionals, Inc.
Preparing & Presenting an Ethical Ad Valorem Property Tax Valuation; Texas Property Tax Law 2007
Texas Association of Realtors:
Tarrant County Appraisal Review Board Member (1991-1992)

PROFESSIONAL AFFILIATIONS:

Texas Appraiser Licensing and Certification Board - State Certified General Real Estate Appraiser No. TX-1323658-G since 1992
Institute of Real Estate Management (IREM)- Certified Property Manager, CPM Designation No. 14942 since 1993
Texas Real Estate Broker's License, No. 375882 since 1989
Texas Dept. of Licensing & Regulations - Licensed Property Tax Consultant, License #1360 since inception
Texas Property Tax Arbitrator #32020394139 since 2006
Tarrant Appraisal Review Board Member 1991-1992 Appointment
City of Arlington - Planning and Zoning – Commissioner 1997-2003 (Appointed by Mayor and City Council)
American Planning Association – Member 1997 to 2003
Greater Arlington Chamber of Commerce - Board of Directors 1995 to 2001 – Reappointed 2003 to 2006 – Reappointed 2008 to 2014
– Chairman of the Board 2022, now servicing as Chairman of the Chamber Foundation Board
City of Arlington Parks & Recreation – Board of Directors, Appointed 2003 to 2007
Levitt Pavilion – Board of Directors since 2014

EXPERIENCE:

Active field appraiser, property manager, developer, broker, and tax consultant of all types of real property since June, 1986.
Appeared in Texas State Court as an expert witness on real estate values on numerous occasions (1990s, 2000s, 2020s). A property manager and developer for nineteen years at Peyco Properties, Inc. and twenty-one years through Peyco Southwest Realty, Inc. (formerly Southwest Real Estate Services, Inc.), involved in real estate development, leasing, management, rent analysis and consulting services through the DFW metroplex and Colorado. President and founder of Peyco Southwest Realty, Inc. (Southwest Real Estate Services, Inc.), a full-service brokerage company, real estate appraisal, and ad valorem property tax representation firm.



Certified General Real Estate Appraiser

Appraiser: James Lawrence Maibach

License #: TX 1323658 G

License Expires: 09/30/2024

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.


Chelsea Buchholtz
Commissioner

LESLIE TOLLIVER – STATE CERTIFIED RESIDENTIAL REAL ESTATE APPRAISER

EDUCATION:

MBA – Masters in Business Administration – *University of Phoenix* (3.95 GPA)

Bachelor of Science in Business Administration - *University of Phoenix*

Graduate *Owings Mills High School*, Owings Mills, Maryland, 1988

TECHNICAL TRAINING:

Appraisal Institute – 300 hours of qualifying education for the Certified General Appraiser license

University of Texas in Arlington – 180 hours of qualifying education for the Texas Real Estate License

Southern Methodist University – qualifying education for the Texas Comptroller Arbitrator registry

PROFESSIONAL AFFILIATIONS:

Texas Appraiser Licensing and Certification Board – State Certified Residential Appraiser No. TX-1361274

Texas Real Estate Commission – Real Estate Broker License, No. 0468343

EXPERIENCE:

- 7 Years' experience as a fee appraiser for residential and commercial properties for *Peyco Southwest Realty*, *Aloft Appraisals*, and *G.S. Zachary Company*
 - Residential appraisals – area of expertise is in north Texas region; FHA certified
 - Commercial appraisals - throughout the states of Texas and Oklahoma
- 24 Years' experience as a residential and commercial real estate broker for multiple firms
 - *Savage Realty Investments* – Founding President
 - Negotiated contracts for clients in over \$50 million dollars of real estate transactions
 - Managed and trained over 25 Real Estate Agents
 - *Fathom Realty* – Broker Team Leader
 - Trained and mentored Real Estate Agents and assisted them with contracts and client transactions
- 24 Years' experience as a Property Tax Consultant
 - Valued properties, prepared cases, and appeared before Appraisal Review Boards to dispute the tax valuations of residential, commercial, and business personal property throughout the nation. Major clientele base included national accounts such as: Sonic restaurants, Church's Chicken restaurants, and Chuck-E-Cheese restaurants
- 9 Years' experience as a Real Estate Arbitrator on the *Texas Comptroller* registry
 - Act as an Arbitrator for real estate cases involving property tax disputes on residential, commercial, and business personal property taxes throughout Texas
 - Made binding valuation determinations for the disputed properties
- 16 Years' experience as a Real Estate Instructor at the *University of Texas in Arlington*
 - Adjunct instructor, teaching real estate classes to students pursuing a Real Estate Agent license in Texas
- 6 Years' experience as a Real Estate Arbitrator Instructor at the *University of Texas in Arlington*
 - Adjunct instructor, teaching continuing education classes to existing Arbitrators on the Texas Comptroller's registry
 - Trained and mentored many Arbitrators
- 3 Year's expectancy as a Real Estate Acquisition and Valuation Analyst for multiple firms
 - *KeyGlee* – Provided valuation of residential real estate for wholesaling to real estate investors
 - *Hyperion Homes* – Provided valuation of residential real estate for rent-to-own clients



Certified Residential Real Estate Appraiser

Appraiser: Leslie Elizabeth Tolliver

License #: TX 1361274 R

License Expires: 06/30/2024

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Certified Residential Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.

**Chelsea Buchholtz
Commissioner**

BROOKE CLOCK – LICENSED RESIDENTIAL APPRAISER

TECHNICAL TRAINING:

McKissock Learning Appraisal Courses:

- Advanced Residential Applications and Case Studies
- Residential Report Writing and Case Studies
- Statistics, Modeling and Finance
- Appraisal Subject Matter Electives
- Residential Appraiser Site Valuation and Cost Approach
- Residential Market Analysis and Highest and Best Use
- Residential Sales Comparison and Income Approaches
- Basic Appraisal Procedures
- 2020-2021 National USPAP Course
- Short Sales and Foreclosures
- Fair Housing
- Characteristics of Real Estate Title Insurance

APPRAISAL EXPERIENCE:

April 2024 – Present

Licensed Residential Appraiser with Peyco Southwest Realty, Arlington, TX

- Written Reports on Commercial Industrial, Commercial Office, Vacant Land.
- Property Tax Consultant.
- Business Personal Property.
- April 2023-April 2024

Licensed Residential Appraiser with RSDS Appraisal Diversity, Irving, TX

- Residential Real Estate Appraisals – area of expertise in the North Texas Region.

March 2022-February 2023

Real Estate Appraiser Trainee with Aloft Appraisal

- Residential Real Estate Appraisals – area of expertise in the North Texas Region.

April 2021-February 2022

Real Estate Appraiser Trainee with ASI, Inc.

- Residential Real Estate Appraisals – area of expertise in the North Texas Region.

January 2009 – August 2021

Licensed Real Estate Agent with Elite Real Estate

- Real Estate Agent with a focus on lead generation, appointment setting, and follow-up. Concentrating on client's needs and providing solutions to assist in closing transactions. Proficient at negotiating deals, listing properties, and finding buyers.
- Develop Broker Price Opinions for lenders in real estate transactions.



Licensed Residential Real Estate Appraiser

Appraiser: Brooke Marie Clock

License #: TX 1350743 L

License Expires: 03/31/2025

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Licensed Residential Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.


Chelsea Buchholtz
Commissioner

BRANDON L. LAWSON – APPRAISER TRAINEE

EDUCATION:

Bachelor of Arts - Communication, 2021 - University of Arkansas (3.97 GPA)

Master of Arts - Communication, 2023 - University of Arkansas (4.0 GPA)

Graduate *Arlington Martin High School*, Arlington, Texas, 2017

TECHNICAL TRAINING:

- Basic Appraisal Principles (QE) – 30 Hours
- Basic Appraisal Procedures (QE) – 30 Hours
- 2020-2021 15 Hour National USPAP Course (QE) – 15 Hours
- Supervisor-Trainee Course for Texas – 4 Hours
- Principals of Real Estate I & II (QE) – 60 Hours
- Law of Agency (QE) – 30 hours
- Law of Contracts (QE) – 30 hours
- Principals of Real Estate I and II (QE) – 60 hours
- Promulgated Contracts Forms (QE) – 30 hours
- Real Estate Finance (QE) – 30 hours
- Practicing Affiliate, Appraisal Institute – since 2023

PROFESIONAL AFFILIATIONS:

Texas Appraiser Licensing and Certification Board – Appraisal Trainee No. TX-1343865

APPRAISER EXPERIENCE

July 2023-Present

Appraiser Trainee with *Peyco Southwest Realty Inc.*, Arlington, TX

- Commercial Appraisals – throughout that state of Texas



Appraiser Trainee

Trainee: **Brandon L Lawson**

Authorization #: **TX 1343865 Trainee**

Expires: **11/30/2025**

Review the list of the above Trainee's Supervisors on the License Holder Search at www.talcb.texas.gov.

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title: Appraiser Trainee

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.


Chelsea Buchholtz
Commissioner

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APPENDIX F

FORM OF CONSTRUCTION, FUNDING, AND ACQUISITION AGREEMENT

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TABOR RANCH PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1
PROJECTS CONSTRUCTION, FUNDING, AND ACQUISITION AGREEMENT

This **TABOR RANCH PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECTS CONSTRUCTION, FUNDING, AND ACQUISITION AGREEMENT** (this “Agreement”), dated as of November 19, 2024 is by and between **DENTON COUNTY, TEXAS** (the “County”), and **TABOR 380 DEVELOPMENT, LLC**, a Texas limited liability company, (the “Developer”). The Developer and the County are sometimes individually referred to as a “Party” and collectively as the “Parties.”

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 Indentures (as hereinafter defined).

“**Act**” means the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended.

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

“**Administrator**” means, initially, Willdan Financial Services, or any other individual or entity designated by the County 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, including, but not limited to the Improvement Area #1 Projects, as described and listed in Section III of the Service and Assessment Plan or an Annual Service Plan Update.

“Bond Order” means the order adopted by the Commissioners Court on November 19, 2024 authorizing the issuance of the Bonds pursuant to the Master Indenture and each applicable Supplemental Indenture.

“Bonds” means collectively the County’s bonds designated “Denton County, Texas, Senior Lien Special Assessment Revenue Bonds, Series 2024A (Tabor Ranch Public Improvement District Improvement Area #1 Project)”, and “Denton County, Texas, Junior Lien Special Assessment Revenue Bonds, Series 2024B (Tabor Ranch Public Improvement District Improvement Area #1 Project)”.

“Budgeted Costs” means the anticipated, agreed upon costs of the Improvement Area #1 Projects as shown in 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 County Representative, executed by the Developer or its representative and approved by the County Representative, provided each month to the County 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 from an account of the Project Fund for Actual Costs of Improvement Area #1 Projects under the Indentures.

“County Administrator” means the County Administrator of the County, or its designee.

“County Representative” means that official or agent of the County authorized by the Commissioners Court to undertake the action referenced herein. As of the date hereof, the County Administrator, County Inspector, and/or its designees are the authorized County Representatives.

“Closing Disbursement Request” means the certificate, substantially in the form of **Exhibit A** hereto or otherwise mutually agreed to by the Developer, Administrator and County Representative, executed by an engineer, construction manager or other person or entity acceptable to the County, as evidenced by the signature of a County 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.

“Cost” means the Budgeted Costs or the cost of an Improvement Area #1 Project as reflected in a Construction Contract, if greater than the Budgeted Costs.

“Cost Overrun” means, with respect to each Improvement Area #1 Project, the Actual Cost of such Improvement Area #1 Project in excess of the Budgeted Cost.

“Costs of Issuance Account” means either the Senior Lien Costs of Issuance Account or the Junior Lien Cost of Issuance Account of the Project Fund created under the applicable Supplemental Indenture.

“District” shall mean Tabor Ranch Public Improvement District.

“Final Completion” means completion of an Improvement Area #1 Project in compliance with existing County standards for dedication under the County’s subdivision regulations NTCG standards and specifications, NTGCD standards and specifications, TCEQ standards and specifications, the Pre-Development Agreement, the Financing Agreement and any other governmental entity, as applicable.

“Financing Agreement” shall mean the Tabor Ranch Public Improvement District Financing Agreement by and among Tabor 380 Development, LLC, the County, and Tabor Ranch MUD, dated as of October 29, 2024.

“First Supplemental Indenture” means the First Supplemental Indenture of Trust between the County and U.S. Bank Trust Company, National Association, dated as of December 1, 2024, securing the Senior Lien Bonds.

“Force Majeure” means any act that (i) materially and adversely affects the affected Party’s ability to perform the relevant obligations under this Agreement or delays such affected Party’s ability to do so, (ii) is beyond the reasonable control of the affected Party, (iii) is not due to the affected Party’s fault or negligence and (iv) could not be avoided, by the Party who suffers it, by the exercise of commercially reasonable efforts. “Force Majeure” shall include: (a) natural phenomena, such as storms, floods, lightning and earthquakes; (b) wars, civil disturbances, revolts, insurrections, terrorism, sabotage and threats of sabotage or terrorism; (c) transportation disasters, whether by ocean, rail, land or air; (d) strikes or other labor disputes that are not due to the breach of any labor agreement by the affected Party; (e) fires; (f) epidemic or pandemic; and (g) actions or omissions of a governmental authority (including the actions of the County in its capacity as a governmental authority) that were not voluntarily induced or promoted by the affected Party, or brought about by the breach of its obligations under this Agreement or any applicable law or failure to comply with the Pre-Development Agreement; provided, however, that under no circumstances shall Force Majeure include any of the following events: (h) economic hardship; (i) changes in market condition; (j) any strike or labor dispute involving the employees of the Developer or any Developer affiliate, other than industry or nationwide strikes or labor disputes; (k) weather conditions which could reasonably be anticipated by experienced contractors operating the

relevant location; (l) the occurrence of any manpower, material or equipment shortages; or (m) any delay, default or failure (financial or otherwise) of the general contractor or any subcontractor, vendor or supplier of the Developer, or any construction contracts for the Improvement Area #1 Projects.

“Improvement Area #1” means the first phase to be developed in the District, as further depicted and identified in Exhibits A-1 and K-2 in the Service and Assessment Plan.

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

“Improvement Area #1 Projects” means the Improvement Area #1 Improvements and the pro rata portion of the Major Improvements allocable to the Assessed Property within Improvement Area #1.

“Indentures” means collectively the Master Indenture of Trust, the First Supplemental Indenture, and the Second Supplemental Indenture.

“Inspector” means an individual employed by or an agent of the County and/or the Tabor Ranch MUD whose job is, in part or in whole, to inspect infrastructure to be owned by the Tabor Ranch MUD for compliance with all rules and regulations applicable to the development and the infrastructure inspected.

“Interlocal Agreement” means that Interlocal Cooperation Agreement by and between the County and Tabor Ranch MUD, dated as of October 29, 2024.

“Junior Lien Bonds” means the Denton County, Texas, Junior Lien Special Assessment Revenue Bonds, Series 2024B (Tabor Ranch Public Improvement District Area #1 Project).

“Junior Lien Improvement Area #1 Projects Account” means the account of such name in the Project Fund created under Section 6.1 of the Master Indenture.

“Master Indenture” means that certain Master Indenture of Trust between the County and U.S. Bank Trust Company, National Association as trustee, dated as of December 1, 2024 relating to the Bonds.

“Major Improvements” means the Authorized Improvements that confer a special benefit to all of the assessed property within the District, as further described in Section IV.A and Exhibit B and depicted on Exhibit G of the Service and Assessment Plan.

“NTCG” means the North Texas Council of Governments.

“NTGCD” means the North Texas Groundwater Conservation District.

“Plans” means the plans, specifications, schedules and related Construction Contracts for the Improvement Area #1 Projects, respectively, approved pursuant to the applicable standards,

regulations, procedures, policies and directives of the County, TCEQ, NTCG, NTGCD the Pre-Development Agreement, and any other applicable governmental entity.

“Pre-Development Agreement” means that certain Pre-Development Agreement executed by and between the County and the Developer, dated as of _____, 2024, and as may be amended.

“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, excluding those deposited in other funds in accordance with the Master Indenture, shall be deposited, and the fund by such name created under the Indenture.

“Second Supplemental Indenture” means the Second Supplemental Indenture of Trust between the County and U.S. Bank Trust Company, National Association, dated as of December 1, 2024, securing the Junior Lien Bonds.

“Senior Lien Bonds” means the Denton County, Texas, Senior Lien Special Assessment Revenue Bonds, Series 2024A (Tabor Ranch Public Improvement District Area #1 Project).

“Senior Lien Improvement Area #1 Projects Account” means the account of such name in the Project Fund created under Section 6.1 of the Master Indenture.

“Service and Assessment Plan” means the Tabor Ranch Public Improvement District Service and Assessment Plan adopted on November 19, 2024 by the Commissioners Court, prepared pursuant to the Act, as amended and updated from time to time.

“Tabor Ranch MUD” means the Tabor Ranch Municipal Utility District of Denton County.

“TCEQ” means the Texas Commission on Environmental Quality.

ARTICLE II RECITALS

Section 2.01. The District and the Improvement Area #1 Projects.

(a) The County 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 County has authorized the issuance of the Bonds in accordance with the provisions of the Act, the Bond Order and the Indentures, a portion of the proceeds of which 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 Pre-Development Agreement, the Financing Agreement, this Agreement, and the Service and Assessment Plan.

(c) All Improvement Area #1 Projects are eligible to be financed with proceeds of the Bonds to the extent specified in the Indentures and the Service and Assessment Plan.

(d) 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 Indentures.

(e) The Developer will undertake, oversee, or ensure the construction and development of the Improvement Area #1 Projects for acquisition and acceptance by the Tabor Ranch MUD, in accordance with the terms and conditions contained in the Pre-Development Agreement, the Financing Agreement, the Interlocal 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 County 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 County, in connection with this Agreement, is proceeding with the issuance and delivery of the Bonds.

(b) Subject to the Cost Overrun provisions set forth in the Pre-Development Agreement and Section 4.03 of this Agreement, proceeds of the Bonds will be used to finance all or a portion of the Actual Costs of the Improvement Area #1 Projects as provided for in the Service and Assessment Plan, as may be updated or amended. The payment of costs from the proceeds of the Bonds for such Improvement Area #1 Projects shall be made from the (i) Senior Lien Improvement Area #1 Projects Account, and (ii) Junior Lien Improvement Area #1 Projects Account of the Project Fund established under the Master Indenture and shall be used as described in the Master Indenture, the First Supplement Indenture, and the Second Supplemental Indenture, as applicable.

(a) The County's obligation with respect to the payment of the Improvement Area #1 Projects shall be limited to the lesser of the Actual Costs of the Improvement Area #1 Projects and the Budgeted Costs and shall be payable solely from amounts on deposit for the payment of such costs as provided herein and in the Indentures. The Developer agrees and acknowledges that it is responsible for all Cost Overruns, Actual Costs and all expenses related to the Improvement Area #1 Projects, qualified, however, by the distribution of Cost Underrun (as defined in Section 4.03 hereof) monies, as detailed in Section 4.03.

(b) The County 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 Indentures, including any loss of all or a portion of the principal invested or any penalty for liquidation of an investment.

(c) The Developer acknowledges that any lack of availability of amounts in the funds or accounts established in the Indentures 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 Pre-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.

(d) The Developer acknowledges that some funds may not be immediately available for reimbursement for Actual Costs of the Improvement Area #1 Projects submitted and approved with an approved Certification for Payment. Both Parties acknowledge that the availability of funds in the Project Fund does not relieve the Developer from its responsibility to construct or ensure the construction of the Improvement Area #1 Projects in accordance with the Pre-Development Agreement, the Service and Assessment Plan, and this Agreement.

Section 3.02. Disbursements and Transfers at Bond Closing. The County and the Developer agree that from the proceeds of the Bonds and upon the presentation of evidence satisfactory to the Administrator, the County will cause the Trustee to pay at closing of the Bonds from the Costs of Issuance Account of the Project Fund and/or the Senior Lien Improvement Area #1 Projects Account or the Junior Lien Improvement Area #1 Projects Account of the Project Fund, an amount not to exceed the amount set forth in the Indentures to the persons entitled to the payment for costs of issuance and payment of costs incurred in the establishment, administration, and operation of the District as of the delivery of the Bonds, as described in the Service and Assessment Plan, as may be updated and amended.

Section 3.03 Accounts. All disbursements from either of the Senior Lien Improvement Area #1 Projects Account of the Project Fund or the Junior Lien Improvement Area #1 Projects Account of the Project Fund shall be made by the County in accordance with provisions of the Service and Assessment Plan, this Agreement, and the Indentures.

ARTICLE IV

DEDICATION OF LAND AND CONSTRUCTION OF 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, the Financing Agreement, and the Pre-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 Tabor Ranch MUD from the Developer as provided in this Agreement, the Financing Agreement, the Interlocal Agreement, and the Pre-Development 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 Tabor Ranch MUD in accordance with the terms hereof, even if there are insufficient funds in the Project Fund to pay the Actual Costs thereof.

Section 4.02. Independent Contractor. In performing this Agreement, the Developer is an independent contractor and not the agent or employee of the County with respect to the Improvement Area #1 Projects.

Section 4.03. Remaining Funds After Completion of an Improvement Area #1 Project. Upon the Final Completion of an Improvement Area #1 Project (or its completed segment or phase thereof) and payment of all outstanding invoices for such Improvement Area #1 Project (or its completed segment or phase thereof), if the Actual Cost of such Improvement Area #1 Project is less than the Budgeted Cost (a “Cost Underrun”), any remaining Budgeted Cost allocated to such Improvement Area #1 Project may be made available to pay Cost Overruns on any other Improvement Area #1 Project (or its completed segment or phase thereof) with the approval of the County Representative and provided that all Improvement Area #1 Projects as set forth in the Service and Assessment Plan are undertaken at least in part. The elimination of a category of Improvement Area #1 Projects in the Service and Assessment Plan will require an amendment to the Service and Assessment Plan. Prior to completion of all of the Improvement Area #1 Projects within an improvement category, as listed in the Service and Assessment Plan, ten percent (10%) of funds allocated to an improvement category may be used as Cost Underruns and applied to another improvement category, as approved by the County. Upon completion of the Improvement Area #1 Projects, if there are funds remaining allocated to any improvement categories, those funds can then be used to reimburse the Developer for qualifying costs of the Improvement Area #1 Projects that have not been previously paid, as approved by the County and in accordance with the provisions of the Indentures. Such adjustments of improvement category costs due to Cost Underruns and Cost Overruns shall be reallocated on an annual basis when the County approves its Annual Service Plan Update.

Section 4.04. 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 Actual 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 4.03. 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 County for approval by the County's engineer prior to execution of the Change Order. In the event that the County's engineer does not provide a response to such revision within ten (10) business days after a written request for approval, the request shall have been deemed approved, unless an extension has been mutually agreed upon in writing.

ARTICLE V ACQUISITION, CONSTRUCTION, AND PAYMENT

Section 5.01. Closing Disbursement Request. In order to receive the disbursement from the Costs of Issuance Account of the Project Fund, the Senior Lien Improvement Area #1 Projects Account of the Project Fund, or the Junior Lien Improvement Area #1 Projects 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 County, to be delivered to the County 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 Indentures. Upon approval by the County, the County shall submit a Closing Disbursement Request to the Trustee for disbursement to be made from the Costs of Issuance Account of the Project Fund, the Senior Lien Improvement Area #1 Projects Account of the Project Fund or the Junior Lien Improvement Area #1 Projects 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 to the Developer for work on an Improvement Area #1 Project until a monthly Certification for Payment is received from the Developer for work with respect to an Improvement Area #1 Project (or its completed segment or phase thereof). Upon receipt of a Certification for Payment substantially in the form of **Exhibit B** hereto (and all accompanying documentation executed by the County) from the Developer, the 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 and the Pre-Development Agreement, and to verify and approve the Actual Cost of such work specified in such Certification for Payment (collectively, the "Developer Compliance Requirements"), and shall promptly forward the request to the County Representative. The approval of the Certification for Payment by the Inspector shall constitute a representation by the Inspector to the County and the Trustee that the Developer Compliance Requirements have been satisfied with respect to the Improvement Area #1 Projects identified therein; provided, however, that the approval of the

Certification for Payment shall not have the effect of estopping or preventing the County from asserting claims under this Agreement, the Indentures, the Service and Assessment Plan, or any other agreement between the parties or that there is a defect in an Improvement Area #1 Project (or its completed segment). The Inspector 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 Inspector in conducting each such review and to provide the Inspector with such additional information and documentation as is reasonably necessary for the Inspector to conclude each such review.

(b) Within ten (10) business days of receipt of any Certification for Payment, the Inspector shall either (i) approve and execute the Certification for Payment and forward the same to the County Representative 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 Inspector disapproves the Certification for Payment, give written notification to the Developer of the Inspector'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 Inspector shall specify the extent to which the Certification for Payment is approved and shall deliver such partially approved Certification for Payment to the County Representative for approval in accordance with Section 5.03 hereof and delivery to the Trustee for payment to the Developer in accordance with Section 5.02(d) hereof, and any such partial work shall be processed for payment under Section 5.03 notwithstanding such partial denial.

(c) If the Inspector fails to act with respect to a Certification for Payment within the time period therein provided, the Developer shall submit the Certification for Payment directly to the County Representative for approval. In such event, within five (5) business days of receipt of any Certification for Payment, the County Representative shall approve or deny the Certification for Payment and provide notice to the Administrator and the Developer. Upon approval of a Certification for Payment, the approval shall be forwarded to the Trustee for payment, and delivery to the Developer in accordance with Section 5.03 hereof. The approval of the Certification for Payment by the County Representative shall constitute a representation by the County Representative to the Trustee of the Developer's compliance therein. Pursuant to the terms of Section 5.03 and the Indentures, the Trustee shall make a payment to the Developer, or pursuant to the Developer's directions, of an approved Certification for Payment.

(d) If the County requires additional documentation, timely disapproves or questions the correctness or authenticity of the Certification for Payment, the County shall deliver a detailed notice to the Developer within ten (10) business days of receipt thereof, then payment with respect to disputed portion(s) of the Certification for Payment shall not be made until the Developer and the County have jointly settled such dispute or additional information has been provided to the County's reasonable satisfaction. The denial may be appealed to the Commissioners Court by the

Developer in writing within thirty (30) days of being denied by the County Representative. Denial of the Certification for Payment by the Commissioners Court 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 portion of the Certification for Payment in dispute shall not be forwarded to the Trustee for payment until the dispute is resolved by the County and the Developer.

(e) 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 an Improvement Area #1 Project.

(a) Upon receipt of a reviewed and approved Certification for Payment, the Trustee shall make payment from the Senior Lien Improvement Area #1 Projects Account of the Project Fund and the Junior Lien Improvement Area #1 Projects Account of the Project Fund on a pro rata basis and designated in the Certification for Payment pursuant to the terms of the Certification for Payment and the Indentures 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 person or entity specified by the Developer in an approved Certification for Payment, including: (1) a general contractor or supplier of materials or services or jointly to the Developer (or any permitted assignee of the Developer) and the general contractor or supplier of materials or services, as indicated in an approved Certification for Payment; (2) to the Developer or any assignee of the Developer if an unconditional lien release related to the items referenced in the Certification for Payment is attached to such Certification for Payment; and (3) to the Developer, or to the third party contractor directly, at Developer's request as specified in the Certification for Payment, in the event the Developer provides a general contractor's or suppliers of materials unconditional lien release for a portion of the work covered by a Developer or any assignee of the Developer to the extent of such lien release. Neither the Trustee, nor the County, Commissioners Court, County Administrator, or County Representative shall have any liability for relying on the accuracy of the payee information in any Certification for Payment as presented by the Developer or its assignees.

(d) Withholding Payments. Nothing in this Agreement shall be deemed to prohibit the Developer or the County from contesting in good faith the validity or amount of any mechanic's or materialman's lien and/or judgment nor limit the remedies available to the Developer or the

County 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 County or County may decline to approve 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 PROJECTS

Section 6.01. Improvement Area #1 Projects to be Owned by the Tabor Ranch MUD—Title Evidence. The Developer shall furnish to the County and/or the Tabor Ranch MUD a preliminary title report for land with respect to an Improvement Area #1 Project to be acquired and accepted by the Tabor Ranch MUD from the Developer and not previously dedicated or otherwise conveyed to the Tabor Ranch MUD, for review and approval at least thirty (30) calendar days prior to the transfer of title of an Improvement Area #1 Project to the Tabor Ranch MUD. The County or Tabor Ranch MUD, as applicable, shall approve the preliminary title report unless it reveals a matter which, in the reasonable judgment of the County and/or Tabor Ranch MUD, could materially affect the Tabor Ranch MUD'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 County does not approve the preliminary title report, the Tabor Ranch MUD 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 County and/or Tabor Ranch MUD.

Section 6.02. Improvement Area #1 Project Constructed on County Land or Developer Land. If an Improvement Area #1 Project is on land owned by the County, the County hereby grants to the Developer, where applicable, a temporary easement to enter upon such land for purposes related to construction (and maintenance pending acquisition and acceptance) of the Improvement Area #1 Project. The provisions for inspection and acceptance of such Improvement Area #1 Project otherwise provided herein shall apply. If the Improvement Area #1 Project is on land owned by the Developer, the Developer hereby grants to the County and Tabor Ranch MUD 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 County and/or Tabor Ranch MUD title to property and/or easements related to the Improvement Area #1 Project as required by the Pre-Development Agreement or Interlocal Agreement or as should in the County's or Tabor Ranch MUD'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 and in the Pre-Development Agreement 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 County 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 to carry on its business in the State of Texas as now being conducted as hereby contemplated.

(b) Developer Authority; Representations. 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. The Developer has the financial resources, or the ability to obtain sufficient financial resources, to meet its obligations under this Agreement. The person executing this Agreement on behalf of the Developer has been duly authorized to do so. This Agreement is binding upon the Developer in accordance with its terms. The execution of this Agreement and the performance by the Developer of its obligations under this Agreement do not constitute a breach or event of default by the Developer under any other agreement, instrument, or order to which the Developer is a party or by which the Developer is bound.

(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 of the Developer in the District or the Improvement Area #1 Projects in violation of any law, procedure, 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 for the acquisition, construction or installation of any improvements that are not part of 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 County 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 County, NTCG, NTGCD, TCEQ 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 Pre-Development Agreement. Developer shall provide as-built plans for all Improvement Area #1 Projects to the County.

(h) Additional Information. The Developer agrees to cooperate with all reasonable written requests for nonproprietary information by the initial purchaser of the Bonds, the Inspector and the County Representative related to the status of construction of 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 County 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 executed by the Developer, the Administrator and Willdan Financial Services, as dissemination agent, in connection with the Bonds.

(j) Tax Certificate. The County 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 Indentures 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.

The Developer covenants to provide, or cause to be provided, such facts and estimates as the County 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 proceeds of the Bonds

(including, but not limited to, the use of the Improvement Area #1 Projects) that would cause any of the covenants or agreements of the County 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) County Authority; Representations. The County represents and warrants to the Developer that (1) the County has the authority to enter into and perform its obligations under this Agreement; (2) the person executing this Agreement on behalf of the County has been duly authorized to do so; (3) this Agreement is binding upon the County in accordance with its terms; and (4) the execution of this Agreement and the performance by the County of its obligations under this Agreement do not constitute a breach or event of default by the County under any other agreement, instrument, or order to which the County is a party or by which the County is bound.

Section 7.02. Indemnification and Hold Harmless.

(a) THE DEVELOPER SHALL INDEMNIFY AND HOLD HARMLESS THE INSPECTOR, THE COUNTY, EMPLOYEES, OFFICIALS, OFFICERS, REPRESENTATIVES AND AGENTS OF THE COUNTY, AND EACH OF THEM (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 CONSTRUCTED BY 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 CONSTRUCTED BY DEVELOPER, OR (IV) ANY CLAIMS OF PERSONS EMPLOYED BY THE DEVELOPER OR ITS AGENTS TO CONSTRUCT SUCH 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, GRANTEEES 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. 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 NEGLIGENCE OF ANY INDEMNIFIED PARTY, DEVELOPER IS EXPRESSLY REQUIRED

TO DEFEND COUNTY AGAINST ALL SUCH CLAIMS, AND COUNTY IS REQUIRED TO REASONABLY COOPERATE AND ASSIST DEVELOPER IN PROVIDING SUCH DEFENSE.

(b) IN ITS REASONABLE DISCRETION, COUNTY 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 COUNTY 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 COUNTY-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.

(c) THIS SECTION 7.02 SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

(d) 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 County; Changes to Indentures. The County 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 and any monies to be transferred thereto for any purpose other than the purposes permitted by the Indentures. Prior to the acceptance of all the Improvement Area #1 Projects, the County agrees not to modify or supplement the Indentures 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 Indentures for disbursement for the Costs of the Improvement Area #1 Projects is reduced, delayed or deferred, (b) the obligations or liabilities of the Developer are or may be substantially increased or otherwise adversely affected in any manner, or (c) the rights of the Developer are 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 within Improvement Area #1 of the District 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 County and the Developer, in which event the County may either execute contracts for or perform any remaining work related to the Improvement Area #1 Projects not accepted by the Tabor Ranch MUD, 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 Indentures 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 for any remaining work, except as otherwise may be provided in such written consent.

Section 8.02. County's Election for Cause.

(a) The County, 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 County shall give written notice of its knowledge of such event to the Developer, and the Developer agrees to promptly meet and confer with the Inspector and other appropriate County 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 County. If the County elects to terminate this Agreement, the County shall first notify the Developer (and any mortgagee or trust deed beneficiary specified in writing by the Developer to the County to receive such notice) of the grounds for such termination and allow the Developer a minimum of forty-five (45) days to eliminate or to mitigate to the satisfaction of the County the grounds for such termination. Such period may be extended, at the sole discretion of the County, if the Developer, to the reasonable satisfaction of the County, 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 County, the Developer has not eliminated or completely mitigated such grounds to the satisfaction of the County, the County may then terminate this Agreement. In the event of the termination of this Agreement, the Developer is entitled to payment for work approved by the County and accepted by the Tabor Ranch MUD related to an Improvement Area #1 Project only as provided for under the terms of the Indentures 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 County to the Developer, and such event has not been cured or otherwise eliminated by the Developer, the County 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 approved by the County and accepted by the Tabor Ranch MUD, in accordance with the Interlocal Agreement 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, the Indentures, and of the Pre-Development Agreement.

(c) If this Agreement is terminated by the County for cause, the County may either execute contracts for or perform any remaining work related to the Improvement Area #1 Projects not approved by the County and accepted by the Tabor Ranch MUD 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 County and the Developer or as provided for in the Indentures. The County 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 County or the Developer upon the redemption or defeasance of all outstanding Bonds issued under the Indentures.

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 Pre-Development Agreement.

Section 8.05. 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 fifteen (15) 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.

ARTICLE IX MISCELLANEOUS

Section 9.01. Limited Liability of County. The Developer agrees that any and all obligations of the County arising out of or related to this Agreement are special obligations of the County, and the County's obligations to make any payments hereunder are restricted entirely to the moneys, if any, in the Project Fund and from no other source. Neither the County, the Inspector, County Representative nor any other County 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 Inspector, County Representative or a finance officer of the County 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 County:	Attn: Hon. Andy Eads County Judge 1 Courthouse Drive Denton, TX 76208
With a copy to:	Attn: Robert Dransfield Norton Rose Fulbright US LLP 220 Ross Avenue, Suite 3600 Dallas, TX 75234
To the Developer:	Attn: Jonathan Jobe Tabor 380 Development, LLC 520 Hawkins Run Midlothian, TX 76065

With a copy to: Attn: Ross Martin
 Winstead PC
 2728 N. Harwood St., Suite 500
 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 County shall advise the Developer of the name and address of any Inspector 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 County 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 County. 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 County Administrator, except pursuant to a collateral assignment to any person or entity providing 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 County 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 County. In connection with any consent of the County, the County 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 County 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 County may assign by a separate writing certain rights as described in this Agreement and in the Indentures, 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 County's or the Developer's rights or duties to perform their respective obligations under other agreements, use regulations, procedures or subdivision requirements relating to the development of the lands in the District, including the applicable Construction Contracts and the Pre-Development Agreement. To the extent there is a conflict between this Agreement and the Indentures, the Indentures shall control. To the extent there is a conflict between this Agreement and the Pre-Development Agreement, this Agreement 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 County 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 County or the Developer shall be for the sole and exclusive benefit of the County and the Developer.

Section 9.10. Amendment. Except as otherwise provided in Section 9.05, upon agreement by the parties, this Agreement may be amended, from time to time in a manner consistent with the Act, the Indentures, and the Bond Order 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 upon redemption or defeasance of the Bonds issued under the Indentures. If the Developer defaults under this Agreement or the Pre-Development Agreement, this Agreement and the Pre-Development Agreement shall not terminate with respect to the costs of the Improvement Area #1 Projects that have been approved by the County pursuant to a Certification for Payment prior to the date of default.

Section 9.14 No Waiver of Powers or Immunity. The County 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. 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 Securities and

Exchange Commission Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this 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.

[Execution pages follow.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of _____, 2024.

DENTON COUNTY

By: _____

Name: Jody Gonzales

Title: County Administrator

DEVELOPER:

TABOR 380 DEVELOPMENT, LLC,
a Texas limited liability company

By: Alluvium Development, Inc.,
a Texas corporation
its Manager

By: _____
Name: Jonathan Jobe
Title: President

Exhibit A

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for Tabor 380 Development, LLC, a Texas limited liability company (the “Developer”) and requests payment from:

[the Costs of Issuance of the Project Fund] [the Senior Lien Improvement Area #1 Projects Account of the Project Fund] [the Junior Lien Improvement Area #1 Projects Account of the Project Fund] (as defined in the Tabor Ranch 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 Tabor Ranch Public Improvement District (the “District”), as follows:

Closing Costs Description	Cost	PID Allocated Cost
TOTAL		

Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Tabor Ranch Public Improvement District Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement between the Developer and Denton County, Texas, dated as of November 19, 2024 (the “CFA Agreement”).

In connection to the above referenced payments, the Developer represents and warrants to the County 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 County.
3. The amount listed for the below itemized costs is a true and accurate representation of the Actual Costs incurred by Developer with the establishment of the District at the time of the delivery of the Bonds, and such costs are in compliance with and within the costs as set forth in the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the CFA Agreement, the Indentures, and the Service and Assessment Plan.

5. All conditions set forth in the Indentures for the payment hereby requested have been satisfied.

6. The Developer agrees to cooperate with the County in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the County 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. Payment Instructions

I hereby declare that the above representations and warranties are true and correct.

DEVELOPER:

TABOR 380 DEVELOPMENT, LLC,
a Texas limited liability company

By: Alluvium Development, Inc.,
a Texas corporation
its Manager

By: _____
Name: Jonathan Jobe
Title: President

APPROVAL OF REQUEST

The County is in receipt of the attached Closing Disbursement Request, acknowledges the Closing Disbursement Request, and finds the Closing Disbursement Request to be in order. After reviewing the Closing Disbursement Request, the County approves the Closing Disbursement Request and authorizes and directs payment of such amounts by Trustee from the [Costs of Issuance Account of the Project Fund] [the Senior Lien Improvement Area #1 Projects Account of the Project Fund] [the Junior Lien Improvement Area #1 Projects Account of the Project Fund], as applicable, upon delivery of the Bonds. The County's approval of the Closing Disbursement Request shall not have the effect of estopping or preventing the County from asserting claims under the CFA Agreement, the Indentures, the Service and Assessment Plan, any other agreement between the parties or that there is a defect in an Improvement Area #1 Project (as defined in the Indentures).

DENTON COUNTY, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

Exhibit B

CERTIFICATION FOR PAYMENT FORM – IMPROVEMENT AREA #1 PROJECT

Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Tabor Ranch Public Improvement District Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement between the Developer and Denton County, Texas, dated as of November 19, 2024 (the “CFA Agreement”).

The undersigned is an agent for Tabor 380 Development, LLC, a Texas limited liability company (the “Developer”) and requests payment to the Developer (or to the person designated by the Developer) from the [Senior Lien Improvement Area #1 Projects Account of the Project Fund] and/or [Junior Lien Improvement Area #1 Projects Account of the Project Fund] held by 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 creation, acquisition, or construction of certain Improvement Area #1 Projects providing a special benefit to property within the Tabor Ranch Public Improvement District.

In connection with the above referenced payment, the Developer represents and warrants to the County 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 itemized payment requested for the below referenced Improvement Area #1 Projects has not been the subject of any prior payment request submitted for the same work to the County or, if previously requested, no disbursement was made with respect thereto.
3. The itemized amounts listed for the Improvement Area #1 Projects below is a true and accurate representation of the Actual Costs of the Improvement Area #1 Projects associated with the creation, acquisition, or construction of said Improvement Area #1 Projects and such costs (i) are in compliance with the CFA Agreement, and (ii) are consistent with and within the cost identified for such Improvement Area #1 Projects as set forth in the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the CFA Agreement, the Indentures, and the Service and Assessment Plan.
5. All conditions set forth in the Indentures and the CFA Agreement for the payment hereby requested have been satisfied.
6. The work with respect to Improvement Area #1 Projects referenced below (or its completed segment) has been completed, and the County has inspected such Improvement Area #1 Projects (or its completed segment).
7. The Developer agrees to cooperate with the County in conducting its review of the requested payment and agrees to provide additional information and documentation as is reasonably necessary for the County to complete said review.

Payments requested are as follows:

Payee / Description of Improvement Area #1 Projects	Total Cost of Improvement Area #1 Projects	Budgeted Cost of Improvement Area #1 Projects	Amount requested to be paid from the Project Fund	Total amount disbursed from the Project Fund upon payment of sums under this Certification for Payment

Attached hereto are receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments. Also attached hereto are **“bills paid” affidavits and supporting documentation** in the standard form for County construction projects.

Pursuant to the CFA Agreement, after receiving this payment request, the County has inspected the Improvement Area #1 Projects (or completed segment) and confirmed that said work has been completed in accordance with approved plans and all applicable governmental laws, rules, and regulations.

Payments requested hereunder shall be made as directed below:

- a. X amount to Person or Account Y for Z goods or services.
- b. Payment instructions

I hereby declare that the above representations and warranties are true and correct.

DEVELOPER:

TABOR 380 DEVELOPMENT, LLC,
a Texas limited liability company

By: Alluvium Development, Inc.,
a Texas corporation
its Manager

By: _____
Name: Jonathan Jobe
Title: President

APPROVAL OF REQUEST

The County is in receipt of the attached Certification for Payment, acknowledges the Certification for Payment, and finds the Certification for Payment to be in order. After reviewing the Certification for Payment, the County approves the Certification for Payment and authorizes and directs payment by Trustee from the Project Fund to the Developer or other person designated by the Developer as listed and directed on such Certification for Payment. The County's approval of the Certification for Payment shall not have the effect of estopping or preventing the County from asserting claims under the CFA Agreement, the Indentures, the Service and Assessment Plan, or any other agreement between the parties or that there is a defect in the Improvement Area #1 Projects.

DENTON COUNTY, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

