

**LIMITED OFFERING MEMORANDUM DATED JULY 11, 2023**

**NEW ISSUE**

**NOT RATED**

PROSPECTIVE PURCHASERS ARE ADVISED THAT THE 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 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 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 Bonds will be excludable from gross income for purposes of federal income taxation under existing law, subject to the matters described under “TAX MATTERS” herein. See “TAX MATTERS – Tax Exemption” herein for a discussion of Bond Counsel’s opinion.*

**The Bonds ARE NOT designated as “qualified tax-exempt obligations” for financial institutions.**

**\$7,633,000**

**CITY OF CELINA, TEXAS,**

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

**SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023**

**(CHALK HILL PUBLIC IMPROVEMENT DISTRICT NO. 2**

**PHASES #2-3 DIRECT IMPROVEMENT PROJECT)**



**Dated Date: Date of Delivery**

**Due: September 1, as shown on the inside cover**

**Interest to Accrue from Date of Delivery**

The City of Celina, Texas, Special Assessment Revenue Bonds, Series 2023 (Chalk Hill Public Improvement District No. 2 Phases #2-3 Direct Improvement Project) (the “Bonds”), are being issued by the City of Celina, Texas (the “City”). The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$100,000 of principal amount and any integral multiple of \$1,000 in excess thereof. The Bonds will bear interest at the rates set forth on the inside cover page hereof, and such interest will be calculated on the basis of a 360-day year of twelve 30-day months, and will be payable on each March 1 and September 1, commencing March 1, 2024, until maturity or earlier redemption. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. No physical delivery of the Bonds will be made to the beneficial owners thereof. For so long as the book-entry only system is maintained, the principal of and interest on the Bonds will be paid from the sources described herein by U.S. Bank Trust Company, National Association, Dallas, Texas, as trustee (the “Trustee”), to DTC as the registered owner thereof. See “BOOK-ENTRY ONLY SYSTEM.”

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), an ordinance adopted by the City Council of the City (the “City Council”) on July 11, 2023, and an Indenture of Trust, dated as of August 1, 2023 (the “Indenture”), entered into by and between the City and the Trustee.

Proceeds of the Bonds will be used to provide funds for (i) paying a portion of the costs of the “Phases #2-3 Direct Improvements”, which consist of the local infrastructure benefitting only Phases #2-3 (as defined herein) of the Chalk Hill Public Improvement District No. 2 (the “District”), (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Phases #2-3 Direct Improvements, (iii) funding a reserve fund for the payment of principal of and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying the costs of issuance of the Bonds. See “THE PHASES #2-3 DIRECT IMPROVEMENTS” and “APPENDIX A — Form of Indenture.” Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

The Bonds, when issued and delivered, will constitute valid and binding special obligations of the City payable solely from and secured by the Pledged Revenues, consisting primarily of Assessments (as defined herein) levied against assessable properties in the 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. The Bonds are not payable from funds raised or to be raised from taxation. See “SECURITY FOR THE BONDS.”

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

**The Bonds involve a significant degree of risk, 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 Bonds, should consult with their legal and financial advisors before considering a purchase of the Bonds, and should be willing to bear the risks of loss of their investment in the Bonds. The Bonds are not credit enhanced or rated and no application has been made for a rating on the Bonds.**

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

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

The Bonds are offered for delivery when, as, and if issued by the City and accepted by the Underwriter, subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of Norton Rose Fulbright US LLP, Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See “APPENDIX C — Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the Underwriter by its counsel, Locke Lord LLP, and for the Developer by its counsel, Boghetich Law, PLLC. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about August 9, 2023 (“Date of Delivery”).

**FMSbonds, Inc.**

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

CUSIP Prefix: 15114C <sup>(a)</sup>

\$7,633,000  
CITY OF CELINA, TEXAS,  
(a municipal corporation of the State of Texas located in Collin and Denton Counties)  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023  
(CHALK HILL PUBLIC IMPROVEMENT DISTRICT NO. 2 PHASES #2-3 DIRECT IMPROVEMENT PROJECT)

\$471,000 5.000% Term Bonds, Due September 1, 2030, Priced to Yield 5.000%; CUSIP Suffix GG3 <sup>(a) (c)</sup>

\$2,034,000 5.750% Term Bonds, Due September 1, 2043, Priced to Yield 5.750%; CUSIP Suffix GH1 <sup>(a) (b) (c)</sup>

\$5,128,000 6.000% Term Bonds, Due September 1, 2053, Priced to Yield 6.000%; CUSIP Suffix GJ7 <sup>(a) (b) (c)</sup>

- 
- (a) CUSIP numbers are included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the City, the City's Financial Advisor or the Underwriter takes any responsibility for the accuracy of such numbers.
- (b) The Bonds maturing on or after September 1, 2043 are subject to redemption, in whole or in part, prior to stated maturity, at the option of the City, on any date on or after September 1, 2031, at the redemption price of par plus accrued interest to the date of redemption as set forth herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."
- (c) The Bonds are also subject to mandatory sinking fund redemption and extraordinary optional redemption as described herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."

**CITY OF CELINA, TEXAS  
CITY COUNCIL**

| <u>Name</u>      | <u>Place</u>                  | <u>Term Expires<br/>(May)</u> |
|------------------|-------------------------------|-------------------------------|
| Ryan Tubbs       | Mayor                         | 2026                          |
| Philip Ferguson  | Place 1                       | 2025                          |
| Jay Pierce       | Place 2, Mayor Pro Tem        | 2024                          |
| Andy Hopkins     | Place 3                       | 2024                          |
| Wendie Wigginton | Place 4, Deputy Mayor Pro Tem | 2026                          |
| Mindy Koehne     | Place 5                       | 2026                          |
| Tony Griggs      | Place 6                       | 2025                          |

**INTERIM CITY MANAGER**  
Karla Stovall

**CITY SECRETARY**  
Lauren Vaughns

**FINANCE DIRECTOR**  
Robin Bromiley

**ADMINISTRATOR**  
MuniCap, Inc.

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

**BOND COUNSEL**  
Norton Rose Fulbright US LLP

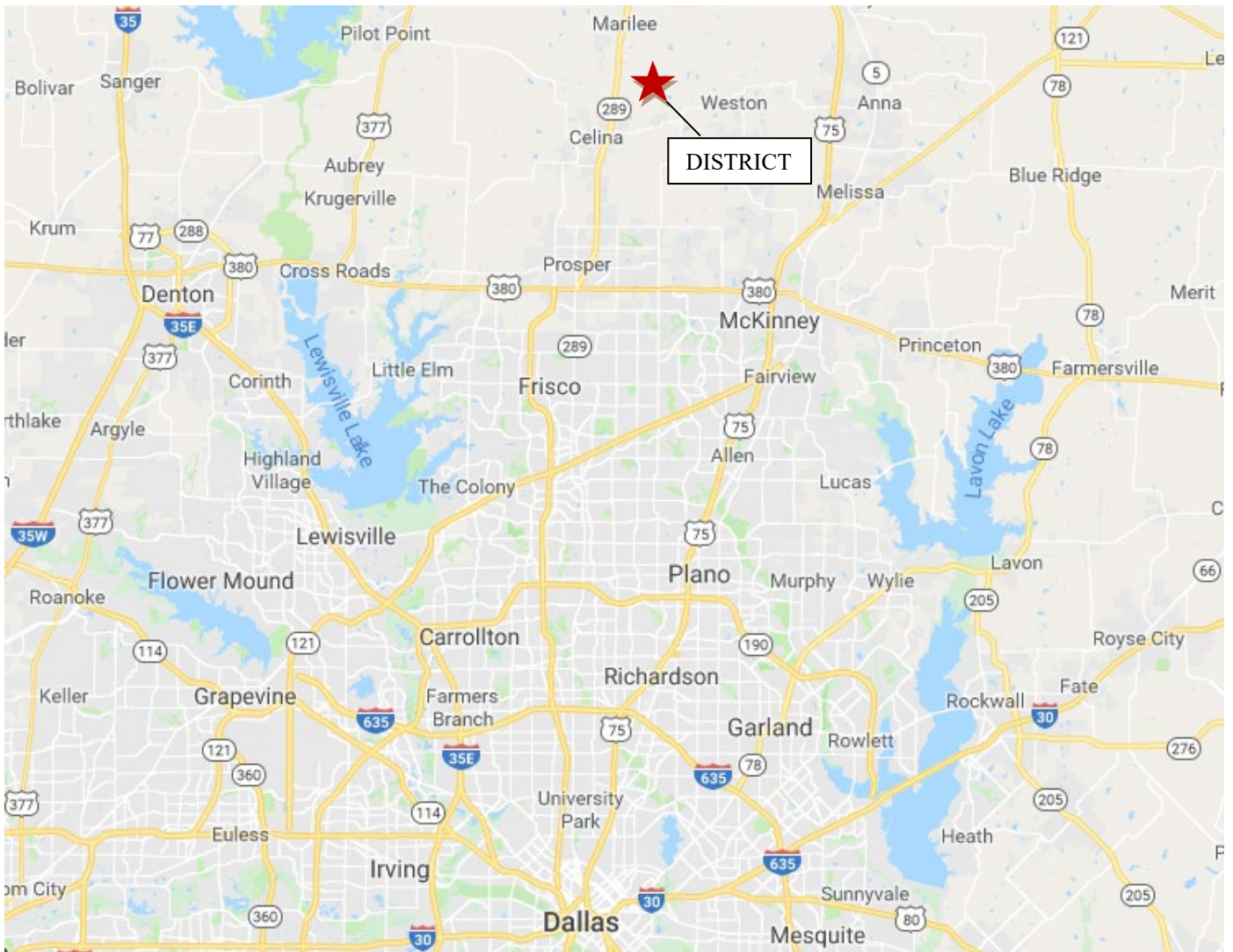
**UNDERWRITER'S COUNSEL**  
Locke Lord LLP

For additional information regarding the City, please contact:

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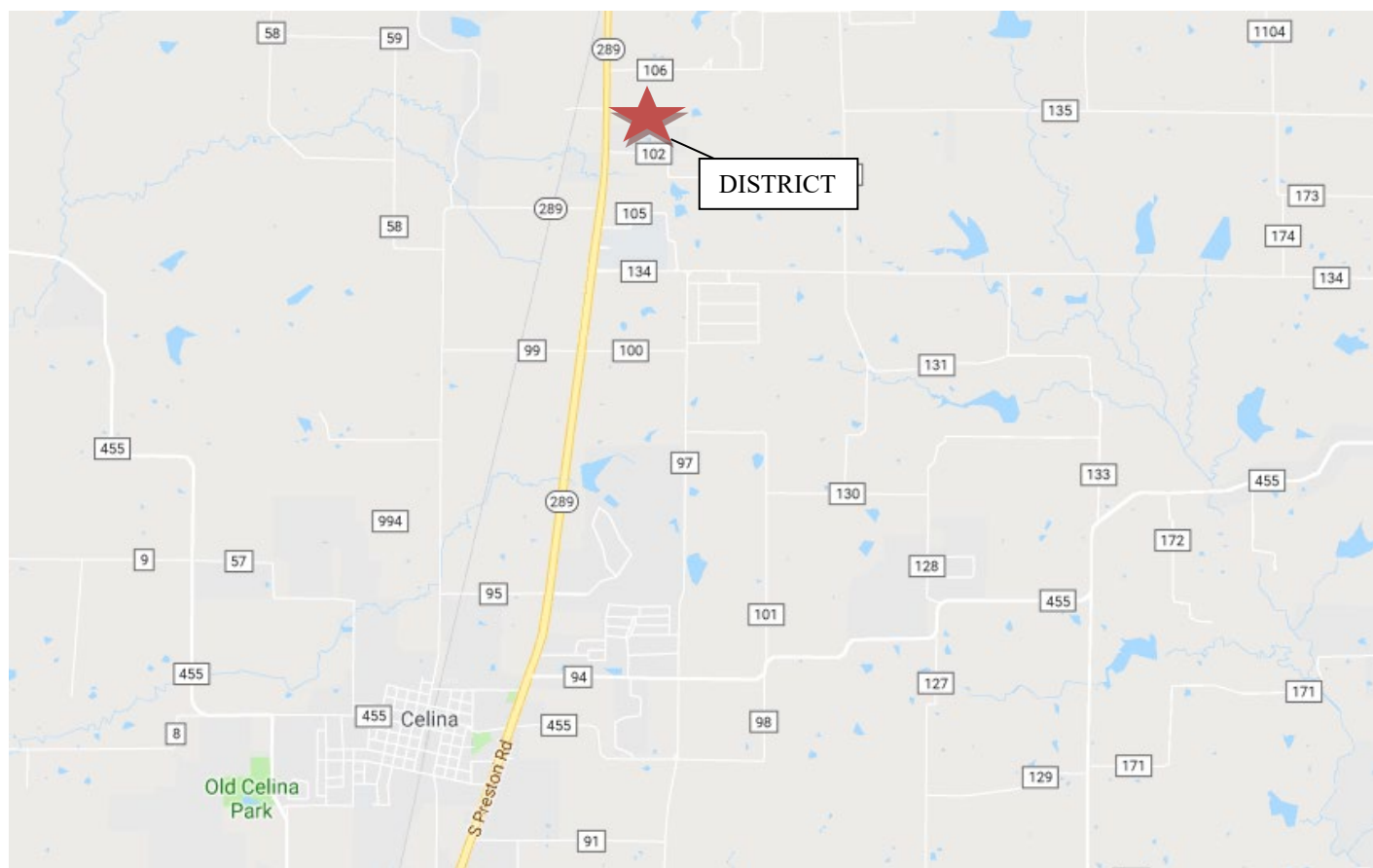
Jason Hughes  
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Dallas, Texas 75201  
(214) 953-8707  
Jason.Hughes@hilltopsecurities.com

## REGIONAL LOCATION MAP OF THE DISTRICT

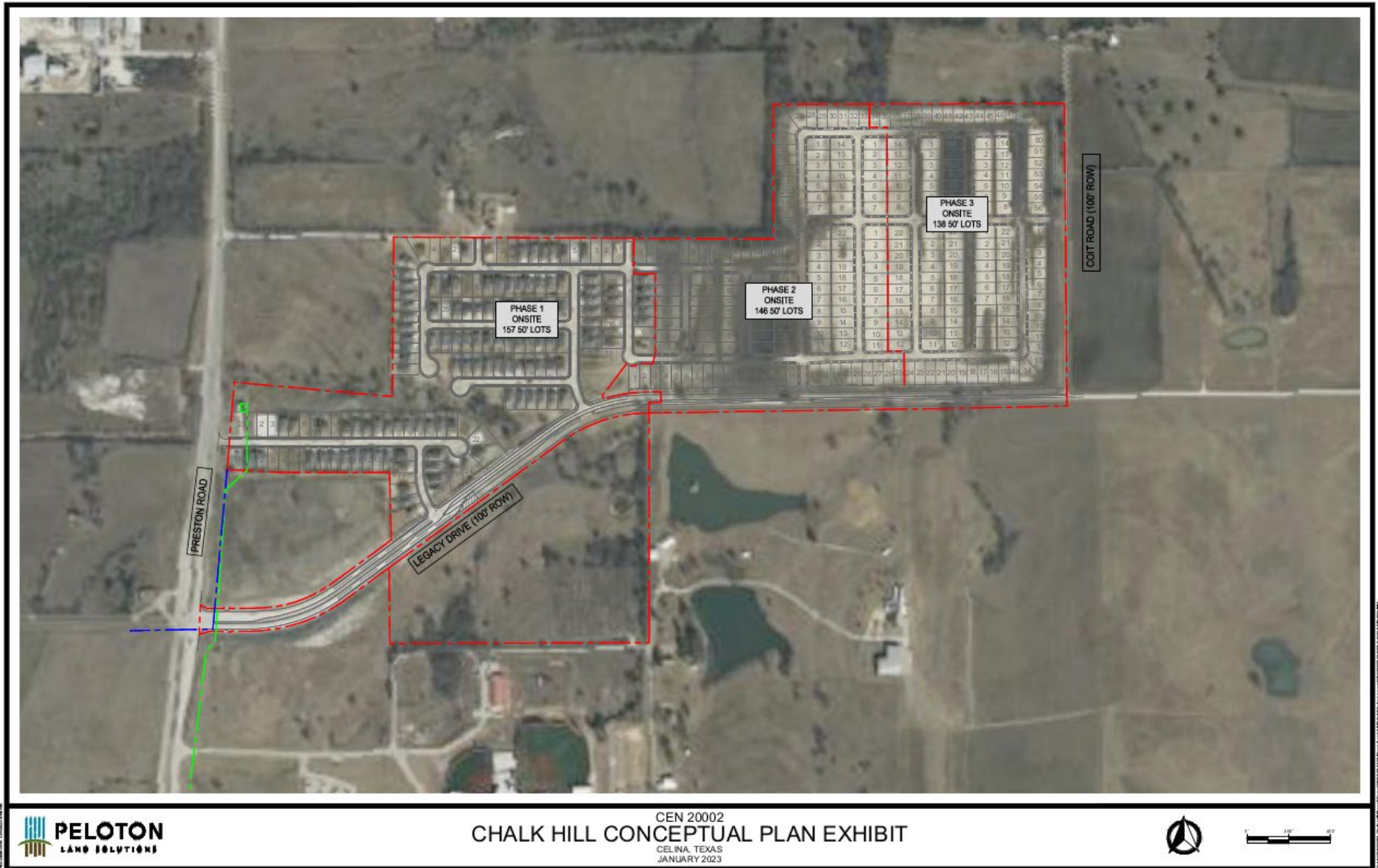




## AREA LOCATION MAP OF THE DISTRICT



# MAP SHOWING BOUNDARIES OF THE DISTRICT AND PHASES



THE INITIAL PURCHASERS ARE ADVISED THAT THE BONDS 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 BONDS, MUST BE ABLE TO BEAR THE ECONOMIC AND FINANCIAL RISK OF SUCH INVESTMENT IN THE BONDS, AND MUST BE ABLE TO AFFORD A COMPLETE LOSS OF SUCH INVESTMENT. CERTAIN RISKS ASSOCIATED WITH THE PURCHASE OF THE BONDS ARE SET FORTH UNDER “BONDHOLDERS’ RISKS” HEREIN. EACH PURCHASER, BY ACCEPTING THE BONDS, AGREES THAT IT WILL BE DEEMED TO HAVE MADE THE ACKNOWLEDGMENTS AND REPRESENTATIONS DESCRIBED UNDER THE HEADING “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS.”

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

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

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

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

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS LIMITED OFFERING MEMORANDUM CONSTITUTE “FORWARD-LOOKING STATEMENTS” WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE SECURITIES ACT OF 1933. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE TERMINOLOGY USED SUCH AS “PLAN,” “EXPECT,” “ESTIMATE,” “PROJECT,” “ANTICIPATE,” “BUDGET” OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER “CONTINUING DISCLOSURE” HEREIN.

THE TRUSTEE HAS NOT PARTICIPATED IN THE PREPARATION OF THIS LIMITED OFFERING MEMORANDUM AND ASSUMES NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS LIMITED OFFERING MEMORANDUM OR THE RELATED

TRANSACTIONS AND DOCUMENTS OR FOR ANY FAILURE BY ANY PARTY TO DISCLOSE EVENTS THAT MAY HAVE OCCURRED AND MAY AFFECT THE SIGNIFICANCE OR ACCURACY OF SUCH INFORMATION.

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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## **LIMITED OFFERING MEMORANDUM**

**\$7,633,000**

**CITY OF CELINA, TEXAS,**

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

**SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023**

**(CHALK HILL PUBLIC IMPROVEMENT DISTRICT NO. 2 PHASES #2-3 DIRECT IMPROVEMENT PROJECT)**

### **INTRODUCTION**

The purpose of this Limited Offering Memorandum, including the cover page, inside cover and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Celina, Texas (the “City”), of its \$7,633,000 aggregate principal amount of Special Assessment Revenue Bonds, Series 2023 (Chalk Hill Public Improvement District No. 2 Phases #2-3 Direct Improvement Project) (the “Bonds”).

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

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), the ordinance authorizing the issuance of the Bonds adopted by the City Council of the City (the “City Council”) on July 11, 2023 (the “Bond Ordinance”), and an Indenture of Trust, dated as of August 1, 2023 (the “Indenture”), entered into by and between the City and U.S. Bank Trust Company, National Association, Dallas, Texas, as trustee (the “Trustee”). The Bonds will be secured by a pledge of and a lien upon the Trust Estate (as defined in the Indenture), consisting primarily of revenue from assessments (“Assessments”) levied against assessable property located within Phases #2-3 (as described below) of the Chalk Hill Public Improvement District No. 2 (the “District”) pursuant to an ordinance adopted by the City Council on July 11, 2023 (the “Assessment Ordinance”). The City created the District pursuant to a resolution adopted by the City Council on December 12, 2017 (the “Creation Resolution”).

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

Set forth herein are brief descriptions of the City, the District, the Assessment Ordinance, the Bond Ordinance, the Reimbursement Agreement (as defined herein), the Construction, Funding and Acquisition Agreement (as defined herein), the Service and Assessment Plan (as defined herein), the Chalk Hill Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement between the City and the Original Developer (as defined herein) dated October 13, 2017 (the “Development Agreement”), as assigned to MM Chalk Hill, LLC, a Texas limited liability company (the “Developer”), and MuniCap, Inc. (the “Administrator”), together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the “Underwriter,” FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas 75034, Phone: (214) 302-2246. The Form of Indenture appears in APPENDIX A and the 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 hereunder.

## **PLAN OF FINANCE**

### **The District**

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for certain improvements. The District was created for the purpose of undertaking and financing, in phases, the cost of certain public improvements within the District, including the Phases #2-3 Direct Improvements, authorized by the PID Act and approved by the City Council that confer a special benefit on the portion of the District property being developed in a phase.

### **Development Plan and Status of Development**

The District is composed of approximately 94.827 acres which are being developed in phases as a master-planned residential development. The Developer is developing the District in phases, which began with the concurrent development of the major infrastructure to serve the entire District, as well as local infrastructure to serve the initial phase ("Phase #1") of the District. Development in Phase #1 of the District was completed in 2020. The Developer is currently developing the local infrastructure to serve Phase #2 and Phase #3 of the District. See "THE DEVELOPMENT — Development Plan and Status of Development in Phases #2-3." The boundaries of the District and Phases #1, #2 and #3 are shown in the "MAP SHOWING BOUNDARIES OF THE DISTRICT AND PHASES" on page v.

CADG Celina 156, LLC (the "Original Developer") purchased an assemblage of approximately 156.632 acres (the "Purchased Tract"), which included the 94.827 acres of land comprising the District, on October 14, 2014. The Original Developer's purchase of the Purchased Tract was financed with various loans which have since matured or been refinanced. Portions of the Purchased Tract comprising approximately 38.499 acres not located in the District were subsequently sold to various parties. The Original Developer sold property in the District to the Developer, MM Chalk Hill, LLC, on April 27, 2018 at a purchase price of \$7,000,000. The Developer's acquisition of the land in the District and its development of Phase #1 was financed by a loan (the "Original Acquisition and Development Loan") from Trez Capital (2015) Corporation (the "Lender"). The Original Acquisition and Development Loan was modified and refinanced in 2021 to provide additional funds for the development of Phases #2 and #3 of the District (as so modified and refinanced, the "Acquisition and Development Loan"). The maximum amount available to the Developer under the Acquisition and Development Loan is up to \$15,997,962. As of May 22, 2023, the outstanding balance of the Acquisition and Development Loan is \$7,228,867.93. See "THE DEVELOPER – History and Financing of the District."

In connection with the sale of the property in the District to the Developer, the Original Developer assigned, and the Developer assumed, the Original Developer's rights and obligations under the Development Agreement, lot purchase and sale agreements in the District, and certain agreements relating to the 2018 Phase #1 Bonds and 2018 MI Bonds (each as defined herein). The Developer is the current owner of all property in Phase #2 and Phase #3 of the District.

The property in Phase #1 of the District is currently owned by a combination of homebuilders, individual homeowners, and an affiliate of the Developer formed to hold finished lots in the District. As of May 15, 2023, of the 157 lots in Phase #1, all 157 lots have been closed to homebuilders, and approximately 148 homes had been completed and 144 homes had been sold to end users in Phase #1, and an additional 3 homes were under construction. For information on average sales price of homes in Phase #1, see "THE DEVELOPMENT — Overall Development Plan" and " — Update on Phase #1."

Phases #2 and #3 of the District consist of approximately 59.961 acres and are expected to consist of 284 residential lots upon completion (collectively, "Phases #2-3"). Phases #2 and #3 are the final phases of the development in the District. Development in Phases #2-3 of the District began with the portion of the Major Improvements benefitting Phases #2-3 (the "Phases #2-3 Major Improvements"). The Developer was responsible for the construction of the Phases #2-3 Major Improvements. Construction of such projects was completed in Q4 2020 and such projects have been dedicated to and accepted by the City.

Development of the Phases #2-3 Major Improvements is being followed by the construction of certain improvements consisting of certain road improvements, water distribution system improvements, sanitary sewer collection system improvements, and storm drainage collection system improvements that will benefit only Phases #2-3 of the District (the “Phases #2-3 Direct Improvements”). The Developer is responsible for the construction of the Phases #2-3 Direct Improvements. Construction of the Phases #2-3 Direct Improvements began in Q1 2022 and is expected to be completed in Q4 2023. As of May 15, 2023, the Developer had expended approximately \$4,700,000 on construction of the Phases #2-3 Direct Improvements, which amounts were funded with the Acquisition and Development Loan.

All lots in Phases #2-3 of the District are under contract with merchant builders D.R. Horton and Beazer Homes. See “THE DEVELOPMENT – Merchant Builder Lot Purchase and Sale Agreements.”

The Developer will submit reimbursement requests on a monthly basis for costs actually incurred in developing and constructing the Phases #2-3 Direct Improvements and be reimbursed in accordance with the Indenture, the Reimbursement Agreement (defined below), and the Chalk Hill Public Improvement District No. 2 Phases #2-3 Direct Improvements Construction, Funding, and Acquisition Agreement (the “Construction, Funding, and Acquisition Agreement”). The City intends to enter into a reimbursement agreement with the Developer (the “Reimbursement Agreement”) to finance a portion of the costs of the Phases #2-3 Direct Improvements not paid with proceeds of the Bonds. The Bonds and the City’s payment obligations under the Reimbursement Agreement are secured by the Assessments on property in Phases #2-3 of the District only; however, the payment of debt service on the Bonds is superior in right to payment of obligations under the Reimbursement Agreement. The City, upon satisfying certain financial covenants, may issue additional bonds (the “Additional Bonds”) to finance its obligations under the Reimbursement Agreement. If issued, such Additional Bonds will be secured by a lien on the Trust Estate that will be on parity with the lien securing the Bonds. The Bonds, any Additional Bonds hereafter issued, and any bonds issued to refund the Bonds or Additional Bonds are referred to collectively herein as the “Bonds Similarly Secured.” See “SECURITY FOR THE BONDS – Additional Obligations or Other Liens; Additional Bonds.” See “THE PHASES #2-3 DIRECT IMPROVEMENTS – General,” “THE DEVELOPMENT – Development Plan and Status of Development” and “APPENDIX E – Form of Construction, Funding, and Acquisition Agreement.” **Any future Additional Bonds to be issued by the City are not offered pursuant to this Limited Offering Memorandum and this Limited Offering Memorandum is prepared solely in connection with the issuance of the Bonds.**

The expected cost of the Phases #2-3 Direct Improvements is \$10,908,869. The City will pay a portion of the project costs for the Phases #2-3 Direct Improvements in the amount of \$7,633,000 from proceeds of the Bonds. At delivery of the Bonds, the Developer expects to advance funds in or will have completed improvements in the approximate amount of \$3,275,869 in order to pay for a portion of the costs of the Phases #2-3 Direct Improvements, a portion of which shall be reimbursed to the Developer in accordance with the Reimbursement Agreement. See “SOURCES AND USES OF FUNDS”.

## **The Bonds**

Proceeds of the Bonds will be used primarily to finance (i) a portion of the costs of the Phases #2-3 Direct Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Phases #2-3 Direct Improvements, (iii) funding a reserve fund for the payment of principal of and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying the costs of issuance of the Bonds. To the extent that a portion of the proceeds of the Bonds is allocated for the payment of the costs of issuance of the Bonds and less than all of such amount is used to pay such costs, the excess amount may, at the option of the City, be transferred to the Phases #2-3 Direct Improvements Account of the Project Fund (both defined herein) or to the Principal and Interest Account of the Bond Fund to pay interest on the Bonds. See “THE PHASES #2-3 DIRECT IMPROVEMENTS,” “APPENDIX A – Form of Indenture” and “SOURCES AND USES OF FUNDS.”

Payment of the Bonds is secured by a pledge of and a lien on the Trust Estate, consisting primarily of the Pledged Revenues, consisting primarily of Assessments levied against the assessable parcels or lots within Phases #2-3 of the District, all to the extent and upon the conditions described herein and in the Indenture. See “SECURITY FOR THE BONDS,” “ASSESSMENT PROCEDURES” and “APPENDIX A - Form of Indenture.” **The Bonds shall**



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

### **Prior Bond Financings**

To finance a portion of the costs of the Phase #1 Improvements, the City previously issued its City of Celina, Texas, Special Assessment Revenue Bonds, Series 2018 (Chalk Hill Public Improvement District No. 2 Phase #1 Project) (the “2018 Phase #1 Bonds”). The proceeds of the 2018 Phase #1 Bonds were used to finance a portion of the costs of the Phase #1 Improvements (as defined herein). The 2018 Phase #1 Bonds are secured by a pledge of and a lien upon certain pledged revenues, consisting primarily of the assessments levied in Phase #1 of the District (the “Phase #1 Assessments”). See “MAP SHOWING BOUNDARIES OF THE DISTRICT AND PHASES” on page v. The Phase #1 Assessments are pledged solely to the payment of the 2018 Phase #1 Bonds. **The Phase #1 Assessments are not pledged to and do not secure the Bonds or the 2018 MI Bonds (as defined herein).**

To finance a portion of the Phases #2-3 Major Improvements (as defined herein), the City previously issued its City of Celina, Texas, Special Assessment Revenue Bonds, Series 2018 (Chalk Hill Public Improvement District No. 2 Phases #2-3 Major Improvement Project) (the “2018 MI Bonds”). The 2018 MI Bonds are secured by a separate assessment levied in Phases #2 and #3 of the District (the “Phases #2-3 Major Improvement Assessments”). See “MAP SHOWING BOUNDARIES OF THE DISTRICT AND PHASES” on page v. The Phases #2-3 Major Improvement Assessments are pledged solely to the payment of the 2018 MI Bonds. **The Phases #2-3 Major Improvement Assessments are not pledged to and do not secure the Bonds or the 2018 Phase #1 Bonds.**

## **DESCRIPTION OF THE BONDS**

### **General Description**

The Bonds will mature on the dates and in the amounts set forth in the inside cover page of this Limited Offering Memorandum. Interest on the Bonds will accrue from their date of delivery to the Underwriter and will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds will be payable on each March 1 and September 1, commencing March 1, 2024 (each an “Interest Payment Date”), until maturity or prior redemption. U.S. Bank Trust Company, National Association, Dallas, Texas, is the initial Trustee, Paying Agent and Registrar for the Bonds.

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

### **Redemption Provisions**

*Optional Redemption.* The City reserves the right and option to redeem the Bonds maturing on or after September 1, 2043, before their respective scheduled maturity dates, in whole or in part, on any date on or after September 1, 2031, such redemption date or dates to be fixed by the City, at the redemption price of 100% of the principal amount plus accrued and unpaid interest to the date of redemption.

*Extraordinary Optional Redemption.* Notwithstanding any provision in the Indenture to the contrary, the City reserves the right and option to redeem Bonds Similarly Secured before their respective scheduled maturity dates, in whole or in part, and in an amount and on a date specified in a City Certificate, at 100% of the principal amount of such Bonds Similarly Secured, or portions thereof, to be redeemed plus accrued interest to the date of redemption from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the

Redemption Fund made pursuant to various provisions of the Indenture), and other transfers to the Redemption Fund under the terms of the Indenture, and as a result of unexpended amounts transferred from the Project Fund, as provided in the Indenture. No redemption shall be made which results in a Bond Similarly Secured remaining outstanding in a principal amount less than an Authorized Denomination. See “ASSESSMENT PROCEDURES — Prepayment of Assessments” for the definition and description of Prepayments and “APPENDIX A — Form of Indenture.”

*Mandatory Sinking Fund Redemption.* The Bonds are subject to mandatory sinking fund redemption prior to their stated maturity and will be redeemed by the City in part at the redemption price of par plus accrued and unpaid interest to the redemption date from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to the Indenture, on the dates and in the respective Sinking Fund Installments as set forth in the following schedules:

**\$471,000 Term Bonds Maturing September 1, 2030**

| <b><u>Redemption Date</u></b> | <b><u>Sinking Fund Installment</u></b> |
|-------------------------------|----------------------------------------|
| September 1, 2025             | \$70,000                               |
| September 1, 2026             | \$71,000                               |
| September 1, 2027             | \$78,000                               |
| September 1, 2028             | \$81,000                               |
| September 1, 2029             | \$84,000                               |
| September 1, 2030†            | \$87,000                               |

**\$2,034,000 Term Bonds Maturing September 1, 2043**

| <b><u>Redemption Date</u></b> | <b><u>Sinking Fund Installment</u></b> |
|-------------------------------|----------------------------------------|
| September 1, 2031             | \$86,000                               |
| September 1, 2032             | \$91,000                               |
| September 1, 2033             | \$123,000                              |
| September 1, 2034             | \$133,000                              |
| September 1, 2035             | \$138,000                              |
| September 1, 2036             | \$149,000                              |
| September 1, 2037             | \$156,000                              |
| September 1, 2038             | \$165,000                              |
| September 1, 2039             | \$175,000                              |
| September 1, 2040             | \$186,000                              |
| September 1, 2041             | \$198,000                              |
| September 1, 2042             | \$212,000                              |
| September 1, 2043†            | \$222,000                              |

**\$5,128,000 Term Bonds Maturing September 1, 2053**

| <b><u>Redemption Date</u></b> | <b><u>Sinking Fund Installment</u></b> |
|-------------------------------|----------------------------------------|
| September 1, 2044             | \$239,000                              |
| September 1, 2045             | \$254,000                              |
| September 1, 2046             | \$270,000                              |
| September 1, 2047             | \$284,000                              |
| September 1, 2048             | \$304,000                              |
| September 1, 2049             | \$664,000                              |
| September 1, 2050             | \$707,000                              |
| September 1, 2051             | \$752,000                              |
| September 1, 2052             | \$801,000                              |
| September 1, 2053†            | \$853,000                              |

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† Stated maturity.

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

The principal amount of Bonds of a stated maturity required to be redeemed on any redemption date pursuant to the mandatory sinking fund redemption described above shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least 45 days prior to the mandatory sinking fund redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued 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 outstanding Sinking Fund Installments by the principal amount of any Bonds which, at least 45 days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions of the Indenture and not previously credited to a mandatory sinking fund redemption.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the

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

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

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

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

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

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

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

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

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

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

NONE OF THE CITY, THE TRUSTEE, THE PAYING AGENT, THE CITY'S FINANCIAL ADVISOR OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE BONDS. THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS 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 Bonds being offered pursuant to this Limited Offering Memorandum are being offered and sold only to "accredited investors" as defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933 and "qualified institutional buyers" as defined in Rule 144A promulgated under the Securities Act of 1933. Each initial purchaser of the Bonds (each, an "Investor") will be deemed to have acknowledged, represented and warranted to the City as follows:

- 1) The Investor has authority and is duly authorized to purchase the Bonds and to execute any instruments and documents required to be executed by the Investor in connection with the purchase of the Bonds.
- 2) The Investor is an "accredited investor" under Rule 501 of Regulation D of the Securities Act of 1933 or a "qualified institutional buyer" under Rule 144A of the Securities Act of 1933, and therefore, has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Bonds.

- 3) The Bonds are being acquired by the Investor for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and the Investor intends to hold the Bonds solely for its own account for investment purposes and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds. However, the investor may sell at any time the Investor deems appropriate. The Investor understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.
- 4) The Investor understands that the Bonds are not registered under the Securities Act of 1933 and that such registration is not legally required as of the date hereof; and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, and (c) will not carry a rating from any rating service.
- 5) The Investor acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City, the Phases #2-3 Direct Improvements, the Bonds, the security therefor, and such other information as the Investor has deemed necessary or desirable in connection with its decision to purchase the Bonds (collectively, the "Investor Information"). The Investor has received a copy of this Limited Offering Memorandum relating to the Bonds. The Investor acknowledges that it has assumed responsibility for its review of the Investor Information and it has not relied upon any advice, counsel, representation or information from the City in connection with the Investor's purchase of the Bonds. The Investor agrees that none of the City, its councilmembers, officers, or employees shall have any liability to the Investor whatsoever for, or in connection with the Investor's decision to purchase the Bonds except for 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 City.
- 6) The Investor acknowledges that the obligations of the City under the Indenture are special, limited obligations payable solely from amounts paid by the City pursuant to the terms of the Indenture and the City shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of the City for amounts due under the Indenture. The Investor understands that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the City, the District (which has no taxing power), the State or any political subdivision or taxing district thereof; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the City, the State or any political subdivision thereof; that no right will exist to have taxes levied by the City, the State or any political subdivision thereof for the payment of principal and interest on the Bonds; and that the liability of the City and the State with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Indenture.
- 7) The Investor has made its own inquiry and analysis with respect to the Bonds and the security therefor. The Investor is aware that the development of the District involves certain economic and regulatory variables and risks that could adversely affect the security for the Bonds.
- 8) The Investor acknowledges that the sale of the Bonds to the Investor is made in reliance upon the certifications, representations and warranties described in items 1-7 above.

## **SECURITY FOR THE BONDS**

### **General**

THE BONDS ARE SPECIAL OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION,

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

NOTWITHSTANDING THE FOREGOING, THE CITY HAS CREATED "REINVESTMENT ZONE NUMBER TEN, CITY OF CELINA, TEXAS" (THE "TIRZ") WITHIN THE DISTRICT COTERMINOUS WITH THE BOUNDARIES OF THE DISTRICT AND INTENDS TO USE ANNUAL TAX INCREMENT REVENUES COLLECTED, WHICH TAX INCREMENT WILL CONSIST OF AN AMOUNT EQUAL TO 34.2% OF ALL REAL PROPERTY TAXES LEVIED, ASSESSED AND COLLECTED WITHIN THE TIRZ ON ALL REAL PROPERTY IN THE TIRZ TAXABLE BY THE CITY THEREIN, TO PAY THAT PORTION OF THE COSTS OF THE AUTHORIZED IMPROVEMENTS BENEFITTING THE DISTRICT ON A PARCEL-BY-PARCEL BASIS. SUCH TAX INCREMENT REVENUE, TO THE EXTENT AVAILABLE, IS EXPECTED TO BE USED BY THE CITY TO OFFSET ASSESSMENTS USED TO PAY PRINCIPAL OF AND INTEREST ON THE BONDS, THE 2018 PHASE #1 BONDS, THE 2018 MI BONDS, OR ANY ADDITIONAL BONDS (COLLECTIVELY, THE "ISSUED PID BONDS"). ANY AMOUNT OF SUCH TAX INCREMENT REVENUE USED TO PAY PRINCIPAL OF AND INTEREST ON THE ISSUED PID BONDS WILL RESULT IN A REDUCTION IN ANNUAL INSTALLMENTS OF ASSESSMENTS RELATED TO SUCH ISSUED PID BONDS BY A CORRESPONDING AMOUNT. SUCH TAX INCREMENT REVENUE IS NOT PLEDGED TO THE BONDS UNDER THE INDENTURE, NOR WILL SUCH TAX INCREMENT BE PLEDGED PURSUANT TO ANY INDENTURE RELATING TO THE BONDS, THE 2018 PHASE #1 BONDS, THE 2018 MI BONDS, OR ANY OTHER ADDITIONAL BONDS. SEE "TIRZ REVENUES MAY REDUCE ASSESSMENTS" BELOW.

The principal of, premium, if any, and interest on the Bonds are secured by a pledge of and a lien upon the pledged revenues (the "Pledged Revenues"), consisting primarily of Assessments levied against the assessable parcels or lots within Phases #2-3 of the District and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. In accordance with the PID Act, the City has caused the preparation of an updated Service and Assessment Plan (as updated and as further amended and supplemented, the "Service and Assessment Plan"), which describes the special benefit received by the property within the District, including Phases #2-3 of the District, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of Assessments and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds. The Service and Assessment Plan is reviewed and updated annually for the purpose of determining the annual budget for improvements and the Annual Installments (as defined below) of Assessments due in a given year. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See "APPENDIX B — Form of Service and Assessment Plan."

### **Pledged Revenues**

The City is authorized by the PID Act, the Assessment Ordinance and other provisions of law to finance the Phases #2-3 Direct Improvements by levying Assessments upon properties in Phases #2-3 of the District benefitted thereby. For a description of the assessment methodology and the amounts of Assessments levied in Phases #2-3 of the District, see "ASSESSMENT PROCEDURES" and "APPENDIX B — Form of Service and Assessment Plan."

Pursuant to the Indenture, Pledged Revenues are the sum of (i) the Assessment Revenue, less the Administrative Expenses and (ii) any additional revenues that the City may pledge to the payment of Bonds Similarly Secured. "Assessment Revenue" means monies collected by or on behalf of the City from any one or more of the following: (i) an Assessment levied against an Assessed Parcel, or an Annual Installment payment thereof, including any interest on such Assessment or Annual Installment thereof during any period of delinquency, (ii) a Prepayment, and (iii) Foreclosure Proceeds. "Annual Installments" 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 Assessment Roll (defined herein) attached to the Service and Assessment Plan and related to the Bonds and the Phases #2-3 Direct Improvements; which annual payment includes Administrative Expenses and the 0.50% additional interest rate (the



“Additional Interest”) collected on each annual payment of the Assessments related to the Bonds for the Prepayment and Delinquency Reserve as described in the Indenture and as defined and calculated in the Service and Assessment Plan or in any Annual Service Plan Update. “Assessed Parcel” means each respective parcel of land located within Phases #2 – 3 of the District against which an Assessment is levied by the Assessment Ordinance in accordance with the Service and Assessment Plan. The City has covenanted in the Indenture that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof to be enforced continuously. See “SECURITY FOR THE BONDS — Pledged Revenue Fund,” “APPENDIX A — Form of Indenture” and “APPENDIX B — Form of Service and Assessment Plan.”

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

### **TIRZ Revenues May Reduce Assessments**

The Assessments levied by the City according to the Assessment Ordinance and described in the Service and Assessment Plan are set at a level sufficient to fund a portion of the costs of the Phases #2-3 Direct Improvements.

Pursuant to Chapter 311 of the Texas Tax Code (the “TIRZ Act”), on November 14, 2017, the City held a public hearing on the creation of the TIRZ and the preliminary project and financing plan. Pursuant to Ordinance No. 2017-71 (the “TIRZ Creation Ordinance”), the City created the TIRZ and was presented with the Reinvestment Zone Number Ten, City of Celina Preliminary Project and Financing Plan.

The City Council approved a final Project and Finance Plan for the TIRZ (the “TIRZ Project and Finance Plan”) on January 9, 2018 with the adoption of an ordinance which authorizes the use of TIRZ Revenues (defined below) for project costs under the TIRZ Act, relating to the Authorized Improvements in the District, including the Phases #2-3 Direct Improvements, as provided for in the TIRZ Project and Finance Plan (including amendments or supplements thereto).

Pursuant to the TIRZ Act, the tax increment base of the City is the total taxable value of all real property taxable by the City located in the TIRZ as of January 1 in the year in which the TIRZ was designated as a reinvestment zone (the “Tax Increment Base”). Pursuant to the TIRZ Act, the TIRZ Creation Ordinance and the Development Agreement, the City will set the amount of the “Tax Increment” for a year as Tax Increment revenues in the amount equal to 34.2% of the ad valorem tax increment collected on all real property in the TIRZ taxable by the City. Consistent with Section 311.012(b) of the TIRZ Act, the Captured Appraised Value of real property taxable by the City for a year is the total appraised value of all real property taxable by the City and located in the TIRZ for that year less the Tax Increment Base (the “Captured Appraised Value”). Currently, there are no other taxing units participating in the TIRZ.

The City expects to use annual Tax Increment revenues collected, on a parcel-by-parcel basis, to offset the costs of the Authorized Improvements benefitting the District, including the Phases #2-3 Direct Improvements. The City will agree to transfer from the tax increment fund a portion of tax increment revenue collected each year (34.2%), to the applicable account established for each series of Issued PID Bonds for the payment of debt service on the Issued PID Bonds. Such tax increment revenue, if and when collected and transferred by the City, will result in a reduction in Annual Installments of Assessments by a corresponding amount. The City intends to dedicate and deposit tax increment revenues collected for a period of (i) thirty-one years or (ii) until the amount of increment placed in the tax increment fund totals \$10,770,317. On an annual basis any remaining tax increment fund balance after paying all

items included in the TIRZ Project and Finance Plan is expected to be released to the City's General Fund for use as permitted by applicable law.

**THE TIRZ REVENUES, IF AVAILABLE, WILL NOT BE PLEDGED TO THE PAYMENT OF THE BONDS, AND THERE IS NO GUARANTEE THAT THERE WILL EVER BE SUFFICIENT TIRZ REVENUES TO GENERATE A TIRZ CREDIT.** THE TIRZ CREDIT WILL NOT BE APPLIED IN ANY MANNER THAT WOULD AFFECT THE COLLECTION AND CONTINUOUS ENFORCEMENT OF ASSESSMENTS COLLECTED FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS AND ANNUAL COLLECTION COSTS AND THE FUNDING OF THE PREPAYMENT AND DELINQUENCY RESERVE REQUIREMENT, IN THE MANNER AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAWS. SUCH TIRZ CREDIT IS NOT EXPECTED TO BE AVAILABLE TO REDUCE THE ANNUAL INSTALLMENT FOR ANY ASSESSED PARCELS UNTIL THE SECOND YEAR THAT A HOME ON SUCH PARCEL IS ASSESSED. TIRZ REVENUES GENERATED FROM THE CAPTURED APPRAISED VALUE FOR EACH PARCEL IN THE DISTRICT DURING THE DEVELOPMENT OF SUCH PARCELS WILL NOT BE SUFFICIENT TO ACHIEVE THE NET TAX RATE EQUIVALENT "TARGETED NET AVERAGE ANNUAL INSTALLMENTS" (AS DEFINED UNDER "OVERLAPPING TAXES AND DEBT"). THE TIRZ CREDIT IS NOT EXPECTED TO BE SUFFICIENT TO PROVIDE FOR THE TARGETED NET AVERAGE ANNUAL INSTALLMENT UNTIL THE SECOND YEAR THAT A HOME ON SUCH PARCEL IS ASSESSED. SEE "OVERLAPPING TAXES AND DEBT."

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

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

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

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

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

### **Unconditional Levy of Assessments**

The City has imposed Assessments on the property within Phases #2-3 of the District to pay the principal of and interest on the Bonds scheduled for payment from Pledged Revenues as described in the Indenture and in the Service and Assessment Plan and coming due during each Fiscal Year. The Assessments shall be effective on the date of, and strictly in accordance with the terms of, the Assessment Ordinance. Each Assessment may be paid immediately in full or in periodic Annual Installments over a period of time equal to the term of the Bonds and the

obligation created under the Reimbursement Agreement, which installments shall include interest on the Assessments. Pursuant to the Assessment Ordinance, interest on the Assessments will be calculated at the rate of interest on the Bonds plus 0.50%, calculated on the basis of a 360-day year of twelve 30-day months. Such rate may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be calculated on September 1 and shall be billed on or about October 1 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments will be due when billed on or about October 1, 2023, and will be delinquent if not paid prior to February 1, 2024.

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

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

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

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

### **Perfected Security Interest**

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

### **Pledged Revenue Fund**

The City has created under the Indenture a Pledged Revenue Fund to be held by the Trustee. On or before February 15 of each year while the Bonds Similarly Secured are Outstanding and beginning February 15, 2024, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. From amounts deposited into the Pledged Revenue Fund, the City shall deposit or cause to be deposited Pledged Revenues as follows: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds Similarly Secured next coming due in such calendar year, (ii) second, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, in accordance with the Indenture, (iii) third, to the Prepayment and Delinquency Reserve Account of the Reserve Fund in an amount equal to the Additional Interest collected, if any, in accordance with the Indenture, (iv) fourth, to the

Developer Reimbursement Pledged Revenue Account of the Pledged Revenue Fund to pay the Developer for costs of Phases #2-3 Direct Improvements that have been paid by the Developer (including any accrued interest) pursuant to the terms of the Reimbursement Agreement, (v) fifth, to pay Actual Costs of the Phases #2-3 Direct Improvements, and (vi) sixth, to pay other costs permitted by the PID Act. Moneys transferred to the Developer Reimbursement Pledged Revenue Account shall not be a part of the Trust Estate and are not security for the Bonds Similarly Secured.

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

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

Subject to the provisions of the Reimbursement Agreement, from time to time as needed to pay the obligations relating to Actual Costs of the Phases #2-3 Direct Improvements that are paid by the Developer, the Trustee shall, pursuant to a completed Reimbursement Payment Request, withdraw from the Developer Reimbursement Pledged Revenue Account and transfer to the Reimbursement Fund such amount needed to pay the Developer for funds it paid to fund Actual Costs of the Phases #2-3 Direct Improvements, including any accrued interest. When all amounts due to the Developer to pay it for the funds it used to pay for Actual Costs of the Phases #2-3 Direct Improvements have been paid to the Developer, whether through Assessments received and applied in accordance with the Indenture and the Service and Assessment Plan or an Annual Service Plan Update, or through the proceeds of Additional Bonds, no further deposits shall be made to the Developer Reimbursement Pledged Revenue Account and the Developer Reimbursement Pledged Revenue Account shall be closed.

Notwithstanding the deposits described in (i) first through (vi) sixth above, the Trustee shall transfer Prepayments to the Redemption Fund as soon as practical after deposit of such amounts into the Pledged Revenue Fund.

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

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

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

## **Bond Fund**

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

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

Moneys in the Capitalized Interest Account shall be used for the payment of interest on the Bonds on the following date(s) and in the following amount(s):

| <u><b>Date</b></u> | <u><b>Amount (\$)</b></u> |
|--------------------|---------------------------|
| March 1, 2024      | \$251,481.58              |
| September 1, 2024  | \$224,092.50              |

Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to the Phases #2-3 Direct Improvements Account of the Project Fund, as directed by the City pursuant to a City Certificate, or if the Project Fund has been closed as provided in the Indenture, such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds Similarly Secured and the Capitalized Interest Account shall be closed.

## **Project Fund**

Money on deposit in the Project Fund shall be used for the following purposes as specified in the Indenture: paying a portion of the Costs of the Phases #2-3 Direct Improvements and paying the costs of issuance of the Bonds.

Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds Similarly Secured pursuant to one or more City Certificates. Disbursements from the other Accounts of the Project Fund to pay Actual Costs of the Phases #2-3 Direct Improvements shall be made by the Trustee upon receipt by the Trustee of either a properly executed and completed Certification for Payment or written direction from the City or its designee approving the disbursement to the Developer or the Developer's designee. The disbursement of funds from the Phases #2-3 Direct Improvements 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 Phases #2-3 Direct Improvements made pursuant to a Certification of Payment shall be made first, from the Phases #2-3 Direct Improvements Account, and second, from the Developer Improvement Account.

If the City Representative determines in his or her sole discretion that amounts then on deposit in the Phases #2-3 Direct Improvements Account of the Project Fund are not expected to be expended for purposes of the Account due to the abandonment, or constructive abandonment, of the Phases #2-3 Direct Improvements such that, in the opinion of the City Representative, it is unlikely that the amounts in the Phases #2-3 Direct Improvement Account of the Project Fund will ever be expended for the purposes of the Account, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Phases #2-3 Direct Improvements Account of the Project Fund that are not expected to be used for purposes of the Account. If such City Certificate is so filed, the amounts on deposit in Phases #2-3 Direct Improvements Account of the Project Fund shall be transferred to the Redemption Fund to redeem Bonds Similarly Secured on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture.

Upon the filing of a City Certificate stating that all Phases #2-3 Direct Improvements have been completed and that all Actual Costs of the Phases #2-3 Direct Improvements have been paid, or that any such Actual Costs are not required to be paid from the Phases #2-3 Direct Improvements Account of the Project Fund pursuant to a Certification for Payment, the Trustee (i) shall transfer the amount, if any, remaining within the Phases #2-3 Direct

Improvements Account of the Project Fund (excluding the amount, if any, remaining within the Developer Improvement Account) to the Bond Fund, (ii) shall close the Phases #2-3 Direct Improvements Account of the Project Fund, (iii) shall transfer any remaining amounts in the Developer Improvement Account of the Project Fund to the Developer, and (iv) if the Costs of Issuance Account has been closed, as provided in the Indenture, the Project Fund shall be closed.

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

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

Pursuant to the Indenture, a Reserve Account will be created within the Reserve Fund for the benefit of the Bonds and held by the Trustee and will be funded with proceeds of the Bonds in the amount of the Reserve Account Requirement. Pursuant to the Indenture, the "Reserve Account Requirement" means the least of: (i) Maximum Annual Debt Service on the Bonds as of the Closing Date of the Bonds, (ii) 125% of average Annual Debt Service on the Bonds as of the Closing Date of the Bonds, or (iii) 10% of the lesser of the principal amount of the Outstanding Bonds or the original issue price of the Bonds. As of the Closing Date for the Bonds, the Reserve Account Requirement is \$738,821.83, which is an amount equal to the 125% of average Annual Debt Service on the Bonds as of the Closing Date. The Reserve Account Requirement shall be adjusted in accordance with the Indenture and as described under "SECURITY FOR THE BONDS – Additional Obligations or Other Liens; Additional Bonds," in the event an additional series of Bonds Similarly Secured is hereafter issued.

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

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

Whenever, on any Interest Payment Date, or on any other date at the written request of a City Representative, the amount in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the City Representative of the amount of the excess. Such excess shall be transferred to the Principal and Interest Account to be used for the payment of debt service on the Bonds Similarly Secured on the next Interest Payment Date in accordance with the Indenture, unless within thirty days of such notice to the City Representative, the Trustee receives a City Certificate instructing the Trustee to apply such excess: (i) to pay amounts due under the Indenture related to Rebutable Arbitrage, (ii) to a specified Account of the Project Fund if such application and the expenditure of funds is expected to occur within three years of the date of the Indenture, or (iii) for such other use specified in such

City Certificate if the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that such alternate use will not adversely affect the exemption from federal income tax of the interest on any Bond Similarly Secured.

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

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

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

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

Pursuant to the Indenture, a Prepayment and Delinquency Reserve Account will be created within the Reserve Fund and held by the Trustee for the benefit of the Bonds. The Trustee, if needed, will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Prepayment and Delinquency Reserve Account on March 1 and September 1 of each year, commencing March 1, 2024, an amount equal to the Additional Interest collected, if any, until the Prepayment and Delinquency Reserve Requirement has been accumulated in the Prepayment and Delinquency Reserve Account. If the amount on deposit in the Prepayment and Delinquency Reserve Account shall at any time be less than the Prepayment and Delinquency Reserve Requirement, the Trustee shall notify the City, in writing, of the amount of such shortfall, and the City shall resume collecting the Additional Interest and shall file a City Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Bond Pledged Revenue Account of the Pledged Revenue Fund into the Prepayment and Delinquency Reserve Account until the Prepayment and Delinquency Reserve Requirement has been accumulated in the Prepayment and Delinquency Reserve Account; provided, however, that the City shall not be required to replenish the Prepayment and Delinquency Reserve Account in the event funds are transferred from the Prepayment and Delinquency Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds Similarly Secured from the proceeds of a Prepayment pursuant to the Indenture. In the event the amount on deposit in the Prepayment and Delinquency Reserve Account is less than the Prepayment and Delinquency Reserve Requirement then the deposits described in the immediately preceding sentence shall continue until the Prepayment and Delinquency Reserve Account has been fully replenished. If, after such deposits, there is surplus Additional Interest remaining, the Trustee shall transfer such surplus Additional Interest to the Redemption Fund, and shall notify the City of such transfer in writing. In calculating the amounts to be transferred, the Trustee may conclusively rely on the Annual Installments as shown on the Phases #2-3 Direct Improvement Assessment Roll in the Service and Assessment Plan or an Annual Service Plan Update, unless and until it receives a City Certificate directing that a different amount be used.

The Prepayment and Delinquency Reserve Requirement is an amount equal to 5.5% of the principal amount of the Outstanding Bonds Similarly Secured. The City has allocated the Additional Interest of the Annual Installments, authorized by the PID Act, to the Prepayment and Delinquency Reserve Account for such purpose. See “APPENDIX A — Form of Indenture” and “APPENDIX B — Form of Service and Assessment Plan.”

Moneys deposited in the Prepayment and Delinquency Reserve Account will be used and withdrawn by the Trustee for the purpose of making transfers to the Redemption Fund, pursuant to, and at the times specified in, the Indenture to pay a portion of the accrued interest on Bonds being redeemed pursuant to an extraordinary optional redemption for Prepayments. The amount to be transferred shall be an amount, for each Prepayment, equal to the amount of any shortfall, after transfers from the Reserve Account of the Reserve Fund as described above and application of investment earnings on the Prepayment toward payment of accrued interest, in funds necessary to pay the principal amount plus accrued interest on such Bonds to be redeemed as a result of the Prepayment.

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

### **Reimbursement Fund**

Money on deposit in the Reimbursement Fund shall be disbursed to the Developer to reimburse the Actual Costs of Phases #2-3 Direct Improvements paid for by the Developer from the Developer Improvement Account of the Project Fund. Disbursements shall be made pursuant to the Indenture and the Reimbursement Agreement, based upon approval of a Reimbursement Payment Request by the City Representative. When all amounts due to the Developer to pay it for the funds it has contributed to pay Actual Costs of the Phases #2-3 Direct Improvements have been paid to the Developer through Assessments received and applied in accordance with the Indenture and the Service and Assessment Plan or an Annual Service Plan Update, no further deposits shall be made to the Reimbursement Fund and the Reimbursement Fund shall be closed. In the event that the Reimbursement Fund is closed pursuant to the terms of the Indenture, any remaining balance in the Reimbursement Fund and in any Account therein shall be transferred to the Pledged Revenue Fund and applied in accordance with the priorities set forth under “— Pledged Revenue Fund” above.

### **Administrative Fund**

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

Moneys in the District Administration Account of the Administrative Fund shall be held by the Trustee separate and apart from the other Funds and Accounts created and administered under the Indenture and used as directed by a City 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 Bonds.

### **Defeasance**

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



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

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

#### **Events of Default**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Investment or Deposit of Funds**

Money in any Fund established pursuant to the Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) days in advance of the making of such investment 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 Fund will be available at the proper time or times, subject to certain limitations described in the Indenture with respect to the Prepayment and Delinquency Reserve Account.

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

### **Against Encumbrances**

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

So long as Bonds Similarly Secured are Outstanding hereunder, and except as set forth under “— Additional Obligations or Other Liens; Additional Bonds” below, the City shall not issue any bonds, notes or other evidences of indebtedness other than the Bonds Similarly Secured and Refunding Bonds, if any secured by any pledge of or other

lien or charge on the Pledged Revenues or other property pledged under the Indenture, except for other indebtedness incurred as described under “— Additional Obligations or Other Liens; Additional Bonds” below.

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

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

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

The City reserves the right to issue Additional Bonds, but shall be under no obligation to issue Additional Bonds, to finance the Actual Costs of the Phases #2-3 Direct Improvements or to pay amounts due to the Developer pursuant to the Reimbursement Agreement, but only in accordance with the conditions set forth below:

- (i) The Trustee shall receive a certificate from the City Representative certifying that (A) the City is not in default in the performance and observance of any of the terms, provisions and conditions applicable to the City contained in the Indenture and (B) the Developer is not delinquent with respect to fees or any other funds or commitments to be paid to the City in accordance with the Development Agreement or the Reimbursement Agreement;
- (ii) The Trustee and the City shall receive a certificate from the Developer, through an authorized representative, certifying that the Developer is not in default beyond any applicable notice and cure period in the performance and observance of any of the terms, provisions and conditions applicable to the Developer contained in the Reimbursement Agreement, the Development Agreement or any continuing disclosure agreement entered into by the Developer relating to any Bonds Similarly Secured or Additional Obligations, unless any defaults under the foregoing agreements (except for defaults under any continuing disclosure agreements entered into by the Developer which defaults shall be cured) are disclosed in a certificate from the Developer to the City and the City elects to proceed with the issuance of the Additional Bonds regardless of the existence of such default or defaults;
- (iii) The Trustee and the City shall receive a certificate from the Administrator certifying that the Developer is not delinquent with respect to the payment of Assessments or any ad valorem taxes (other than any ad valorem taxes being contested in good faith);
- (iv) The City and the Trustee shall receive (A) a certificate from the Developer through an authorized representative, certifying that no less than fifteen (15) certificates of occupancy, or its City equivalent of a certificate of occupancy, have been issued for single-family lots located within Phases #2-3 of the District or (B) the ratio of the appraised value of all the property in Phases #2-3 of the District for which Additional Bonds are issued, based on an Independent Appraisal, to the sum of (x) the principal amount of the Additional Bonds being issued and (y) the outstanding principal amount of the Bonds, must be at least 3.0:1. In establishing such appraised value, “Independent Appraisal” means (A) the appraised value of all property in Phases #2-3 of the District by publicly available data from the county appraisal district or (B) an “As-Complete” appraisal delivered by an independent appraiser licensed in the State of Texas, which appraisal shall assume completion of the Phases #2-3 Direct Improvements to be funded with the Bonds and Additional Bonds;
- (v) The principal (including sinking fund installments) of the Additional Bonds must be scheduled to mature on September 1 of the years in which principal is scheduled to mature;

- (vi) The interest on the Additional Bonds must be scheduled to be paid on March 1 and September 1 of the years in which interest is scheduled to be paid;
- (vii) The Reserve Account Requirement shall be increased by an amount equal to twenty-five percent (25%) of the Maximum Annual Debt Service on the proposed Additional Bonds to be issued as of the Closing Date of such series of Additional Bonds; provided, however, that the Reserve Account Requirement will not be increased by more than 10% of the principal amount of the Additional Bonds (or if the Additional Bonds are issued with more than 2% net original issue discount or premium, 10% of the proceeds of the Additional Bonds); provided further, however, the Reserve Account Requirement shall not exceed the least of (i) Maximum Annual Debt Service on the Bonds Similarly Secured, (ii) 125% of average Annual Debt Service on the Bonds Similarly Secured, or (iii) 10% of the lesser of the principal amount of the Outstanding Bonds Similarly Secured or the combined original issue price of the Bonds Similarly Secured;
- (viii) The issuance of such Additional Bonds shall not cause the amount of the Annual Installments to be collected in any year after the issuance of such Additional Bonds to exceed the amount of the Annual Installments collected in such year as of the issuance of such Additional Bonds; and
- (ix) The maximum principal amount of Additional Bonds that may be issued, subject to the approval of the City, in total, is the lesser of (i) the then outstanding balance of the Reimbursement Agreement and (ii) the then outstanding Assessments, less the Assessments required to pay the principal of the Bonds.

Notwithstanding the provisions of above, Refunding Bonds issued to refund all or a portion of the Bonds Similarly Secured shall not be required to meet the requirements set forth in (iv), or (vii) above.

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## SOURCES AND USES OF FUNDS

The table that follows summarizes the sources and uses of proceeds of the Bonds and the initial developer advancement of funds:

|                                                                             |                       |
|-----------------------------------------------------------------------------|-----------------------|
| Sources of Funds:                                                           |                       |
| Principal Amount                                                            | \$7,633,000.00        |
| Developer Advancement of Funds <sup>(1)</sup>                               | <u>1,950,771.95</u>   |
| Total Sources                                                               | <u>\$9,583,771.95</u> |
| Uses of Funds:                                                              |                       |
| Deposit to Phases #2-3 Direct Improvements Account of the Project Fund      | \$5,678,225.59        |
| Deposit to Developer Improvement Account of the Project Fund <sup>(1)</sup> | 1,950,771.95          |
| Deposit to Capitalized Interest Account of Bond Fund                        | 475,574.08            |
| Deposit to the District Administration Account of the Administrative Fund   | 60,000.00             |
| Deposit to Reserve Account of the Reserve Fund                              | 738,821.83            |
| Deposit to Costs of Issuance Account of the Project Fund                    | 451,388.50            |
| Underwriter's Discount <sup>(2)</sup>                                       | <u>228,990.00</u>     |
| Total Uses                                                                  | <u>\$9,583,771.95</u> |

<sup>(1)</sup> Represents approximate amount of Developer's advancement of funds at delivery of the Bonds to pay for a portion of the costs of the Phases #2-3 Direct Improvements. A portion of such amount is to be paid to the Developer in the future pursuant to the Reimbursement Agreement.

<sup>(2)</sup> Includes Underwriter's Counsel's fee of \$76,330.

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## DEBT SERVICE REQUIREMENTS

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

| <b><u>Year Ending<br/>(September 1)</u></b> | <b><u>Principal</u></b>      | <b><u>Interest</u></b>        | <b><u>Total</u></b>           |
|---------------------------------------------|------------------------------|-------------------------------|-------------------------------|
| 2024                                        | --                           | \$475,574.08                  | \$475,574.08                  |
| 2025                                        | \$ 70,000.00                 | 448,185.00                    | 518,185.00                    |
| 2026                                        | 71,000.00                    | 444,685.00                    | 515,685.00                    |
| 2027                                        | 78,000.00                    | 441,135.00                    | 519,135.00                    |
| 2028                                        | 81,000.00                    | 437,235.00                    | 518,235.00                    |
| 2029                                        | 84,000.00                    | 433,185.00                    | 517,185.00                    |
| 2030                                        | 87,000.00                    | 428,985.00                    | 515,985.00                    |
| 2031                                        | 86,000.00                    | 424,635.00                    | 510,635.00                    |
| 2032                                        | 91,000.00                    | 419,690.00                    | 510,690.00                    |
| 2033                                        | 123,000.00                   | 414,457.50                    | 537,457.50                    |
| 2034                                        | 133,000.00                   | 407,385.00                    | 540,385.00                    |
| 2035                                        | 138,000.00                   | 399,737.50                    | 537,737.50                    |
| 2036                                        | 149,000.00                   | 391,802.50                    | 540,802.50                    |
| 2037                                        | 156,000.00                   | 383,235.00                    | 539,235.00                    |
| 2038                                        | 165,000.00                   | 374,265.00                    | 539,265.00                    |
| 2039                                        | 175,000.00                   | 364,777.50                    | 539,777.50                    |
| 2040                                        | 186,000.00                   | 354,715.00                    | 540,715.00                    |
| 2041                                        | 198,000.00                   | 344,020.00                    | 542,020.00                    |
| 2042                                        | 212,000.00                   | 332,635.00                    | 544,635.00                    |
| 2043                                        | 222,000.00                   | 320,445.00                    | 542,445.00                    |
| 2044                                        | 239,000.00                   | 307,680.00                    | 546,680.00                    |
| 2045                                        | 254,000.00                   | 293,340.00                    | 547,340.00                    |
| 2046                                        | 270,000.00                   | 278,100.00                    | 548,100.00                    |
| 2047                                        | 284,000.00                   | 261,900.00                    | 545,900.00                    |
| 2048                                        | 304,000.00                   | 244,860.00                    | 548,860.00                    |
| 2049                                        | 664,000.00                   | 226,620.00                    | 890,620.00                    |
| 2050                                        | 707,000.00                   | 186,780.00                    | 893,780.00                    |
| 2051                                        | 752,000.00                   | 144,360.00                    | 896,360.00                    |
| 2052                                        | 801,000.00                   | 99,240.00                     | 900,240.00                    |
| 2053                                        | <u>853,000.00</u>            | <u>51,180.00</u>              | <u>904,180.00</u>             |
| <b>Total</b>                                | <b><u>\$7,633,000.00</u></b> | <b><u>\$10,134,844.08</u></b> | <b><u>\$17,767,844.08</u></b> |

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## OVERLAPPING TAXES AND DEBT

The land within Phases #2-3 of the District has been, and is expected to continue to be, subject to taxes and assessments imposed by taxing entities other than the City. Such taxes are payable in addition to the Assessments.

In addition to the Assessments described above, the Developer anticipates that each lot owner in Phases #2-3 of the District will pay a maintenance and operation fee and/or a property owner's association fee to a homeowner's association (the "HOA"), which HOA has been formed by the Developer. HOA dues are approximately \$900 per year. In addition to the City, Collin County, Texas, the Collin County Community College District, and the Celina Independent School District may each levy ad valorem taxes upon land in Phases #2-3 of the District for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes or special assessments levied by such other taxing authorities. The following table reflects the overlapping ad valorem tax rates currently levied on property located in Phases #2-3 of the District. The District is located within the boundaries of the City and the Celina Independent School District, and within Collin County, Texas.

| <u>Taxing Entity</u>                                                                                                                                                                   | <u>Tax Year 2022<br/>Ad Valorem Tax Rate<sup>(1)</sup></u> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|
| The City                                                                                                                                                                               | \$0.634759                                                 |
| Collin County, Texas                                                                                                                                                                   | 0.152443                                                   |
| Collin County Community College District                                                                                                                                               | 0.081220                                                   |
| Celina Independent School District                                                                                                                                                     | <u>1.423500</u>                                            |
| Total Existing Tax Rate                                                                                                                                                                | <u>\$2.291922</u>                                          |
| <b>Estimated Average Annual Installment of Assessments in Phases #2-3 as tax rate equivalent<sup>(2)</sup></b>                                                                         | <b><u>\$0.642405</u></b>                                   |
| Estimated Average Annual Installment of Phases #2-3 Major Improvement Assessment as tax rate equivalent <sup>(2)</sup>                                                                 | <u>\$0.298993</u>                                          |
| Less Projected TIRZ Credit to Assessments and Phases #2-3 Major Improvement Assessment per lot as tax rate equivalent <sup>(2)</sup>                                                   | <u>(\$0.217088)</u>                                        |
| Targeted Net Average Annual Installments of Assessments and Phases #2-3 Major Improvement Assessment as tax rate equivalent <sup>(2)</sup> ("Targeted Net Average Annual Installment") | <u>\$0.724310</u>                                          |
| <b>Net Estimated Total Tax Rate and Average Annual Installments of Assessments and Phases #2-3 Major Improvement Assessments as tax rate equivalent<sup>(2)</sup></b>                  | <b><u>\$3.016232</u></b>                                   |

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

<sup>(2)</sup> Source: Municap, Inc. Derived from information presented in the Service and Assessment Plan. Includes Assessments levied for payment of the Bonds and the Reimbursement Agreement.

Source: Collin Central Appraisal District, Municipal Advisory Council of Texas and the City.

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As noted above, Phases #2-3 of the District includes territory located in other governmental entities that may issue or incur debt secured by the levy and collection of ad valorem taxes or assessments. Set forth below is an overlapping debt table showing the outstanding indebtedness payable from ad valorem taxes with respect to property within Phases #2-3 of the District and City debt secured by the Assessments:

| <u>Taxing or Assessing Entity</u>                               | <u>Gross<br/>Outstanding Debt<br/>as of 6/1/2023</u> | <u>Estimated<br/>Percentage<br/>Applicable<sup>(1)</sup></u> | <u>Direct and<br/>Estimated<br/>Overlapping<br/>Debt<sup>(1)</sup></u> |
|-----------------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------------------------|
| The City (Assessments - The Bonds)                              | \$ 7,633,000                                         | 100.000%                                                     | \$7,633,000                                                            |
| The City (Assessments – Reimbursement Agreement) <sup>(2)</sup> | 1,612,000                                            | 100.000%                                                     | 1,612,000                                                              |
| The City (Phases #2-3 MI Assessments)                           | 3,585,000                                            | 100.000%                                                     | 3,585,000                                                              |
| The City (Ad Valorem Taxes)                                     | 364,005,000                                          | 0.512%                                                       | 1,863,872                                                              |
| Collin County, Texas <sup>(3)</sup>                             | 478,430,000                                          | 0.012%                                                       | 55,805                                                                 |
| Collin County Community College District                        | 498,565,000                                          | 0.013%                                                       | 66,765                                                                 |
| Celina Independent School District                              | <u>298,885,000</u>                                   | 0.813%                                                       | <u>2,430,979</u>                                                       |
|                                                                 | <u>\$1,645,082,000</u>                               |                                                              | <u>\$17,247,421</u>                                                    |

<sup>(1)</sup> Based on the Appraisal for Phases #2-3 of the District and on the Tax Year 2022 Net Taxable Assessed Valuations for the taxing entities.

<sup>(2)</sup> Represents the amount financed by the Developer for the Phases #2-3 Direct Improvements and eligible for reimbursement pursuant to the Reimbursement Agreement.

<sup>(3)</sup> Excludes estimated \$245,445,000 Limited Tax Permanent Improvement Bonds, Series 2023 expected to be delivered July 27, 2023.

Source: Municipal Advisory Council of Texas and the Administrator

## 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 City determines to defray a portion of the costs of the Phases #2-3 Direct Improvements through Assessments, it must adopt a resolution generally describing the Phases #2-3 Direct Improvements and the land within Phases #2-3 of the District to be subject to Assessments to pay the cost therefor. The City caused an assessment roll to be prepared (the “Assessment Roll”), which Assessment Roll showed the land within Phases #2-3 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 City Secretary and made available for public inspection. Statutory notice was given to the owners of the property to be assessed and a public hearing has been conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Phases #2-3 Direct Improvements and funding a portion of the same with Assessments. The City levied the Assessments and adopted the Assessment Ordinance immediately prior to adoption of the Bond Ordinance and, after such adoption, the Assessments became legal, valid and binding liens upon the property against which the Assessments were made.

Under the PID Act, the Actual Costs of Phases #2-3 Direct Improvements may be assessed by the City against the assessable property in Phases #2-3 of the District so long as the special benefit conferred upon the Assessed Property by the Phases #2-3 Direct Improvements equals or exceeds the Assessments. The costs of the Phases #2-3 Direct Improvements may be assessed using any methodology that results in the imposition of equal shares of cost on Assessed Property similarly benefited. The allocation of benefits and assessments to the benefitted land within Phases #2-3 of the District 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 Assessed Property as a result of the Phases #2-3 Direct Improvements, provides the basis and justification for the determination that such special benefit exceeds the Assessments levied, and establishes the methodology by which the City allocates

the special benefit of the Phases #2-3 Direct Improvements to parcels in a manner that results in equal shares of costs being apportioned to parcels similarly benefited. As described in the Service and Assessment Plan, a portion of the costs of the Phases #2-3 Direct Improvements are being funded with proceeds of the Bonds, which are payable from and secured by the Trust Estate, consisting primarily of the Pledged Revenues, including the Assessment Revenues. As set forth in the Service and Assessment Plan, the City Council has determined that the Actual Costs (as defined in the Service and Assessment Plan) associated with the Phases #2-3 Direct Improvements have been allocated to the Assessed Property by spreading the entire Assessment across all Parcels within Phases #2-3 based on the estimated number of units to be developed on each Parcel within Phases #2-3 as described in the Service and Assessment Plan. See “APPENDIX B — Form of Service and Assessment Plan.”

The following table provides additional analysis with respect to the 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 tables 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 F — Appraisal of Property Within Phase #2-3 of the District.”

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**LIEN TO VALUE ANALYSIS, ASSESSMENT ALLOCATION, EQUIVALENT TAX RATE AND LEVERAGE PER UNIT IN PHASES #2-3 OF THE DISTRICT RELATING TO THE ASSESSMENTS**

| Lot Type | Planned No. of Units | Estimated Finished Lot Value per Unit <sup>(1)</sup> | Projected Average Home Value per Unit <sup>(1)</sup> | Phases #2-3 Direct Improvements Assessment per Unit <sup>(2)</sup> | Average Annual Installment of Phases #2-3 Direct Improvements Assessment per Unit | Tax Rate Equivalent of Average Annual Installment of Phases #2-3 Direct Improvements Assessment per Unit (per \$100 Lot Value) | Tax Rate Equivalent of Average Annual Installment of Phases #2-3 Direct Improvements Assessment per Unit (per \$100 Home Value) <sup>(2)</sup> | Ratio of Estimated Lot Value to Phases #2-3 Direct Improvements Assessment | Ratio of Estimated Home Value to Phases #2-3 Direct Improvements Assessment |
|----------|----------------------|------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------------------|-----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| 50'      | 284                  | \$70,000                                             | \$400,000                                            | \$32,552.82                                                        | \$2,569.62                                                                        | \$3.67                                                                                                                         | \$0.64                                                                                                                                         | 2.15                                                                       | 12.29                                                                       |
| Total    | 284                  |                                                      |                                                      |                                                                    |                                                                                   |                                                                                                                                |                                                                                                                                                |                                                                            |                                                                             |

<sup>(1)</sup> As provided by the Developer and shown in the Service and Assessment Plan.

<sup>(2)</sup> Assessments reflect only Assessments related to the Phases #2-3 Direct Improvements, including amounts applicable to the Phases #2-3 Reimbursement Agreement, and do not include any applicable Phases #2-3 Major Improvements Assessments. See "OVERLAPPING TAXES AND DEBT."

Source: Municap, Inc. and information presented in the Service and Assessment Plan

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

**LIEN TO VALUE ANALYSIS, ASSESSMENT ALLOCATION, EQUIVALENT TAX RATE AND LEVERAGE PER UNIT IN PHASES #2-3 OF THE DISTRICT RELATING TO THE ASSESSMENTS AND THE PHASES #2-3 MAJOR IMPROVEMENT ASSESSMENTS (THE "TOTAL ASSESSMENT")**

| Lot Type | Planned No. of Units | Estimated Finished Lot Value per Unit <sup>(1)</sup> | Projected Average Home Value per Unit <sup>(1)</sup> | Phases #2-3 Direct Improvements Assessment per Unit <sup>(2)</sup> | Phases #2-3 Major Improvements Assessment per Unit | Total Assessment per Unit | Average Annual Installment of Total Assessment per Unit | Tax Rate Equivalent of Average Annual Installment of Total Assessment per Unit (per \$100 Lot Value) | Tax Rate Equivalent of Average Annual Installment of Total Assessment per Unit (per \$100 Home Value) | Ratio of Estimated Lot Value to Total Assessment | Ratio of Estimated Home Value to Total Assessment |
|----------|----------------------|------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------------------|----------------------------------------------------|---------------------------|---------------------------------------------------------|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|--------------------------------------------------|---------------------------------------------------|
| 50'      | 284                  | \$70,000                                             | \$400,000                                            | \$32,552.82                                                        | \$12,992.96                                        | \$45,545.77               | \$3,765.59                                              | \$5.38                                                                                               | \$0.94                                                                                                | 1.54                                             | 8.78                                              |
| Total    | 284                  |                                                      |                                                      |                                                                    |                                                    |                           |                                                         |                                                                                                      |                                                                                                       |                                                  |                                                   |

<sup>(1)</sup> As provided by the Developer and shown in the Service and Assessment Plan.

<sup>(2)</sup> Assessments reflect only Assessments related to the Phases #2-3 Direct Improvements, including amounts applicable to the Phases #2-3 Reimbursement Agreement, and do not include any applicable Phases #2-3 Major Improvements Assessments. See "OVERLAPPING TAXES AND DEBT."

Source: Municap, Inc. and information presented in the Service and Assessment Plan

The City has determined that the foregoing method of allocation will result in the imposition of equal shares of the Assessments on parcels similarly situated within Phases #2-3 of the District. The Assessments and interest thereon are expected to be paid in Annual Installments as described above. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Developer and all future owners and developers within Phases #2-3 of the District. 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 City. The Assessments may be enforced by the City in the same manner that an ad valorem tax lien against real property is enforced. Delinquent installments of the Assessments incur interest, penalties and attorney’s fees in the same manner as delinquent ad valorem taxes. Under the PID Act, the Assessment Lien is a first and prior lien against the property assessed, superior to all other liens and claims except liens or claims for State, county, school district or municipality ad valorem taxes. See “BONDHOLDERS’ RISKS — Assessment Limitations” herein.

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

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

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

The City will determine or cause to be determined, no later than February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Property.

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

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

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

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

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

#### **Assessment Amounts**

Assessment Amounts. The maximum amounts of the Assessments have been 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 Bonds, the Reimbursement Agreement and the Phases #2-3 Direct Improvements for each Assessed Parcel, which amount includes (i) the Additional Interest (for the portion of the Assessment securing the Bonds), (ii) the annual payment allocable to the Reimbursement Agreement, and (iii) the annual payment allocable to Administrative Expenses. The Annual Installments for the Assessments may not exceed the amounts shown on the Assessment Roll. The Assessments have been 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 Bonds (which amount will include Additional Interest of the interest costs), the amounts due under the Reimbursement Agreement, and actual Administrative Expenses (as provided for in the definition of such term), taking into consideration any other available funds for these costs, such as interest income on account balances.

Method of Apportionment of Assessments. For purposes of the Service and Assessment Plan, the City Council has determined that the Assessments shall be allocated to the Assessed Property by spreading the entire Assessment across the Assessed Parcels based on the estimated units of each Assessed Parcel to the estimated total units of all Assessed Parcels anticipated to be developed within Phases #2-3. As the existing parcels are subsequently divided, the Assessments will be apportioned proportionately among each Parcel based on the estimated number of units to be constructed on each newly created Assessed Parcel, as determined by the Administrator and confirmed by the City Council. See "APPENDIX B — Form of Service and Assessment Plan." See "ASSESSMENT PROCEDURES — Assessment Methodology."

If a Parcel subject to Assessments is transferred to a party that is exempt from the payment of the Assessment under applicable law, or if an owner causes a Parcel subject to Assessments to become Non-Benefited Property, the owner of such Parcel shall pay to the City the full amount of the principal portion of the Assessment on such Parcel, plus all Prepayment Costs, prior to any such transfer or act.

Maximum Assessment Per Unit. If at any time the Assessment per Unit on a Parcel exceeds the Maximum Assessment per Unit calculated in the Service and Assessment Plan as a result of any changes in land use, subdivision, consolidation or reallocation of the Assessment authorized by the Service and Assessment Plan and initiated by the

owner of the Parcel, then such owner shall pay to the City prior to the recordation of the document subdividing the Parcel the amount calculated by the Administrator by which the Assessment per Unit for the Parcel exceeds the Maximum Assessment per Unit calculated in the Service and Assessment Plan. The Service and Assessment Plan establishes that the Maximum Assessment per Unit with respect to the Bonds and the Reimbursement Agreement for lots in the District is \$32,552.82. See “ASSESSMENT PROCEDURES — Assessment Methodology.” The Bonds are secured by a first lien on and pledge of Pledged Revenues, including the Assessments. See “SECURITY FOR THE BONDS” and “APPENDIX B — Form of Service and Assessment Plan.”

### **Prepayment of Assessments**

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

### **Priority of Lien**

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

### **Foreclosure Proceedings**

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

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

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

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

## **ASSESSMENT AND COLLECTION DATA FOR THE DISTRICT**

### **Collection and Delinquency History in Phase #1 of the District**

THE FOLLOWING SECTION SETS FORTH, FOR INFORMATION PURPOSES ONLY, INFORMATION REGARDING COLLECTION HISTORY FOR PHASE #1 OF THE DISTRICT RELATING TO THE PHASE #1 ASSESSMENTS LEVIED WITHIN PHASE #1. THE PHASE #1 ASSESSMENTS ARE NOT PLEDGED TO AND WILL NOT BE AVAILABLE FOR PAYMENT OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT COLLECTION OF THE ASSESSMENTS WILL REFLECT THE HISTORICAL COLLECTION OF ASSESSMENTS LEVIED IN PHASE #1 OF THE DISTRICT.

#### **COLLECTION AND DELINQUENCY HISTORY OF PHASE #1 ASSESSMENTS**

| <b><u>Fiscal Year Ending 9/30</u></b> | <b><u>Tax Year Billed</u></b> | <b><u>Annual Installments Levied</u></b> | <b><u>Delinquent Amount as of 3/1 (following year)</u></b> | <b><u>Delinquent Percentage as of 3/1 (following year)</u></b> | <b><u>Delinquent Amount as of 9/1 (following year)</u></b> | <b><u>Delinquent Percentage as of 9/1 (following year)</u></b> | <b><u>Annual Installments Collected<sup>(1)</sup></u></b> |
|---------------------------------------|-------------------------------|------------------------------------------|------------------------------------------------------------|----------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------------------|
| 2019                                  | 2018                          | \$52,225                                 | \$0                                                        | 0.0%                                                           | \$0                                                        | 0.0%                                                           | \$52,225                                                  |
| 2020                                  | 2019                          | \$372,038                                | \$0                                                        | 0.0%                                                           | \$0                                                        | 0.0%                                                           | \$372,038                                                 |
| 2021                                  | 2020                          | \$351,360                                | \$0                                                        | 0.0%                                                           | \$0                                                        | 0.0%                                                           | \$351,360                                                 |
| 2022                                  | 2021                          | \$382,075                                | \$4,335                                                    | 1.1%                                                           | \$0                                                        | 0.0%                                                           | \$382,075                                                 |
| 2023                                  | 2022                          | \$365,486                                | \$2,362                                                    | 0.7%                                                           | N/A                                                        | N/A                                                            | \$361,370 <sup>(3)</sup>                                  |

<sup>(1)</sup> Information as of June 15, 2023.

<sup>(2)</sup> Does not include interest and penalties.

<sup>(2)</sup> According to the Collin County Tax Assessor-Collector’s (the “Tax Office”) records, one Phase #1 parcel is paying in quarterly installments and has \$1,753 outstanding. This amount is not considered collected nor delinquent.

### **Foreclosure History**

As of June 1, 2023, there has never been a foreclosure sale of any of the assessed property within Phase #1 of the District for non-payment of Phase #1 Assessments.

### **Prepayment History of Phase #1 Assessments**

As of June 1, 2023, there has been one prepayment of the Phase #1 Assessments in Phase #1 of the District.

### **Collection and Delinquency History of Phases #2-3 Major Improvement Assessments Collected in Phases #2-3**

THE FOLLOWING SECTION SETS FORTH, FOR INFORMATION PURPOSES ONLY, INFORMATION REGARDING COLLECTION HISTORY FOR THE PORTION OF THE PHASES #2-3 MAJOR IMPROVEMENT ASSESSMENTS LEVIED IN PHASES #2-3 TO SECURE THE 2018 PHASES #2-3 MI BONDS. THE PHASES #2-3 MAJOR IMPROVEMENT ASSESSMENTS IN PHASES #2-3 ARE NOT PLEDGED TO AND WILL NOT BE AVAILABLE FOR PAYMENT OF THE BONDS. NO ASSURANCE

**CAN BE GIVEN THAT COLLECTION OF THE ASSESSMENTS WILL REFLECT THE HISTORICAL COLLECTION OF THE PHASES #2-3 MAJOR IMPROVEMENT ASSESSMENTS IN PHASES #2-3.**

According to the Tax Office as of January 27, 2023, Annual Installment delinquencies of the Phases #2-3 Major Improvement Assessments were as follows: (i) delinquent for greater than six months: \$0; (ii) delinquent for greater than one year: \$0; (iii) delinquent for greater than two years: \$0.

The following table shows the collection and delinquency history of the Phases #2-3 Major Improvement Assessments in Phases #2-3 of the District:

**COLLECTION AND DELINQUENCY HISTORY OF PHASES #2-3 MAJOR IMPROVEMENT ASSESSMENTS IN PHASES #2-3 OF THE DISTRICT**

| <b>Fiscal Year<br/>Ending 9/30</b> | <b>Tax Year<br/>Billed</b> | <b>Annual<br/>Installments<br/>Billed</b> | <b>Delinquent<br/>Amount<br/>as of 3/1<br/>(following<br/>year)</b> | <b>Delinquent<br/>Percentage<br/>as of 3/1<br/>(following<br/>year)</b> | <b>Delinquent<br/>Amount<br/>as of 9/1<br/>(following<br/>year)</b> | <b>Delinquent<br/>Percentage<br/>as of 9/1<br/>(following<br/>year)</b> | <b>Annual<br/>Installments<br/>Collected<sup>(1)</sup></b> |
|------------------------------------|----------------------------|-------------------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------------------|------------------------------------------------------------|
| 2019                               | 2018                       | \$43,950                                  | \$0                                                                 | 0.0%                                                                    | \$0                                                                 | 0.0%                                                                    | \$43,950                                                   |
| 2020                               | 2019                       | \$35,550                                  | \$0                                                                 | 0.0%                                                                    | \$0                                                                 | 0.0%                                                                    | \$35,550                                                   |
| 2021                               | 2020                       | \$317,619                                 | \$0                                                                 | 0.0%                                                                    | \$0                                                                 | 0.0%                                                                    | \$317,619                                                  |
| 2022                               | 2021                       | \$342,605                                 | \$0                                                                 | 0.0%                                                                    | \$0                                                                 | 0.0%                                                                    | \$342,605                                                  |
| 2023                               | 2022                       | \$343,600                                 | \$0                                                                 | 0.0%                                                                    | \$0                                                                 | 0.0%                                                                    | \$343,600                                                  |

<sup>(1)</sup> Information as of February 20, 2023.

<sup>(2)</sup> Does not include interest and penalties.

**Foreclosure History**

As of June 1, 2023, there has never been a foreclosure sale of any of the assessed property within Phases #2-3 of the District for non-payment of Phases #2-3 Major Improvement Assessments in Phases #2-3.

**Prepayment History of Phases #2-3 Major Improvement Assessments**

As of June 1, 2023, there have been no prepayments of the Phases #2-3 Major Improvement Assessments in Phases #2-3 of the District.

**TIRZ Credit to Phase #1 Assessments and Phases #2-3 Major Improvement Assessments**

The City created the TIRZ and intends to use TIRZ Revenues generated from each Parcel to offset a portion of the Assessments, the Phase #1 Assessments, the Phases #2-3 Major Improvement Assessments, and the Assessments due as part of the annual installments thereof on a parcel-by-parcel basis. The Assessments are expected to be credited as described under “SECURITY FOR THE BONDS – TIRZ Revenues May Reduce Assessments.” TIRZ Revenues are generated only if the appraised value of real property in the TIRZ in any year is greater than the base value. Any delay or failure of Developer to develop the District may result in a reduced amount of the TIRZ Revenue being available to credit the Assessments, the Phase #1 Assessments and Phases #2-3 Major Improvement Assessments. **Such TIRZ Credit is not expected fully materialize until the second year a home is built on a parcel.**

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The information in the table below reflects the collection and application of the TIRZ to the Phase #1 Assessments only.

| <b>TIRZ CREDIT TO PHASE #1 ASSESSMENTS IN THE DISTRICT</b> |                                                                                                        |                                        |                                                                                              |
|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------------------------------------------------------------|
| <b>Tax Year</b>                                            | <b>Total Tax Increment Collected and Applied as TIRZ Credit in Phase #1 the District<sup>(1)</sup></b> | <b>Total TIRZ Credit Per Unit (\$)</b> | <b>Tax Equivalent Rate of TIRZ Credit Per Unit (per \$100/Assessed Value) <sup>(2)</sup></b> |
| 2018                                                       | \$0                                                                                                    | \$0.00                                 | \$0.000000                                                                                   |
| 2019                                                       | \$0                                                                                                    | \$0.00                                 | \$0.000000                                                                                   |
| 2020                                                       | \$2,982                                                                                                | \$18.99                                | \$0.004749                                                                                   |
| 2021                                                       | \$2,982                                                                                                | \$18.99                                | \$0.004749                                                                                   |
| 2022                                                       | \$18,156                                                                                               | \$115.65                               | \$0.028912                                                                                   |

<sup>(1)</sup> As reported by the PID Administrator. See “SECURITY FOR THE BONDS – TIRZ Revenues May Reduce Assessments” and “ASSESSMENT PROCEDURES.”

<sup>(2)</sup> Calculated using an estimated value of \$400,000 per unit based on information provided by the Developer for the updated Service and Assessment Plan for Phases #2-3 Direct Improvements. Total TIRZ Credit per Unit for Tax Years 2018-2022 is based upon total Unit count of 157 as provided in the original Service and Assessment Plan.

The information in the table below reflects the collection and application of the TIRZ to the Phases #2-3 Major Improvements Assessments only.

| <b>TIRZ CREDIT TO PHASES #2-3 MAJOR IMPROVEMENTS ASSESSMENTS IN THE DISTRICT</b> |                                                                                                           |                                        |                                                                                              |
|----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------------------------------------------------------------|
| <b>Tax Year</b>                                                                  | <b>Total Tax Increment Collected and Applied as TIRZ Credit in Phases #2-3 the District<sup>(1)</sup></b> | <b>Total TIRZ Credit Per Unit (\$)</b> | <b>Tax Equivalent Rate of TIRZ Credit Per Unit (per \$100/Assessed Value) <sup>(2)</sup></b> |
| 2018                                                                             | \$0                                                                                                       | \$0.00                                 | \$0.000000                                                                                   |
| 2019                                                                             | \$0                                                                                                       | \$0.00                                 | \$0.000000                                                                                   |
| 2020                                                                             | \$1,045                                                                                                   | \$3.68                                 | \$0.000920                                                                                   |
| 2021                                                                             | \$1,045                                                                                                   | \$3.68                                 | \$0.000920                                                                                   |
| 2022                                                                             | \$1,831                                                                                                   | \$6.45                                 | \$0.001612                                                                                   |

<sup>(1)</sup> As reported by the PID Administrator. See “SECURITY FOR THE BONDS – TIRZ Revenues May Reduce Assessments” and “ASSESSMENT PROCEDURES.”

<sup>(2)</sup> Based on an estimated value of \$400,000 per unit as provided by the Developer for the updated Service and Assessment Plan for Phases #2-3 Direct Improvements. Total TIRZ Credit per Unit for Tax Years 2018-2022 is based upon total Unit count of 284 as provided in the original Service and Assessment Plan.

**NO ASSURANCE CAN BE GIVEN THAT TIRZ REVENUES AVAILABLE TO CREDIT THE ASSESSMENTS WILL REFLECT THE HISTORICAL TIRZ CREDITS GENERATED IN PHASE #1 TO CREDIT THE PHASE #1 ASSESSMENTS AND GENERATED TO CREDIT THE PHASES #2-3 MAJOR IMPROVEMENT ASSESSMENTS.**

## **THE CITY**

### **Background**

The District is located in the city limits of the City. The City is located in north central Collin and Denton Counties, 40 miles north of Dallas and 15 miles northwest of the City of McKinney. Access to the City is provided by State Highway 289, Dallas Pkwy, Farm Road 455 and Farm Road 428. The City’s location as part of the growing Dallas-Fort Worth Metroplex has resulted in rapid growth over the last several years. Through a series of recent

annexations, the City has increased in area. The City currently covers approximately 40 square miles. The 2020 Census population for the City was 16,739, and the estimated population as of January 1, 2023 is 34,776.

## City Government

The City is a political subdivision and is a home rule municipality of the State of Texas, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City adopted a Home Rule Charter on May 12, 2007. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Council members who are elected for staggered three-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer. The current members of the City Council and their respective expiration of terms of office and the principal administrators of the City are set forth on page ii hereof.

## Water and Wastewater

The City will provide both water and wastewater service to the District. The City's water distribution system and wastewater collection and discharge system has sufficient capacity to provide water and wastewater service to the District.

The City purchases its water wholesale from the Upper Trinity Regional Water District. The City maintains its own water distribution system and wastewater collection and discharge system and has the capacity to treat approximately 2.335 million gallons per day ("MGD") through a combination of resources. Doe Branch Regional Treatment Plant provides 1.3385 MGD. The Downtown Treatment Plant has a current treatment capacity of 0.95 MGD and is under design to be expanded to 3.0 MGD. Razor Plant is under design to provide 0.5 MDG capacity. Legacy Hills Reclamation plant started construction in late summer 2022 and will be complete in Spring 2024 to provide an additional 0.95 MGD.

## Major Employers

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

| <u>Employer</u>                  | <u>Product or Service</u> | <u>Employees</u> |
|----------------------------------|---------------------------|------------------|
| Celina ISD                       | Education                 | 532              |
| City of Celina                   | Government                | 243              |
| Gold Star Team – Keller Williams | Real Estate               | 175              |
| Settlers Ridge Care Center       | Nursing Facility          | 100              |
| Brookshire                       | Retail Grocery            | 63               |
| Chemtrade Logistics              | Chemical Products         | 30               |
| Ready-Mix, Inc. Concrete         | Concrete Supplier         | 25               |
| CAD/CAM Services                 | Engineering               | 25               |
| Texas Seasons Nursery            | Home and Garden           | 21               |
| Protective Products Inc.         | Protective Products       | 17               |

Source: 2021 City of Celina Comprehensive Annual Financial Report; City of Celina

## Historical Employment in Collin County

|                      | Average Annual <sup>(1)</sup> |         |         |         |         |
|----------------------|-------------------------------|---------|---------|---------|---------|
|                      | 2023                          | 2022    | 2021    | 2020    | 2019    |
| Civilian Labor Force | 642,011                       | 638,789 | 599,164 | 575,879 | 565,064 |
| Total Employed       | 618,877                       | 620,670 | 573,302 | 539,871 | 547,629 |
| Total Unemployed     | 23,134                        | 18,119  | 25,862  | 36,008  | 17,435  |
| Unemployment Rate    | 3.6%                          | 2.8%    | 4.3%    | 6.3%    | 3.1%    |

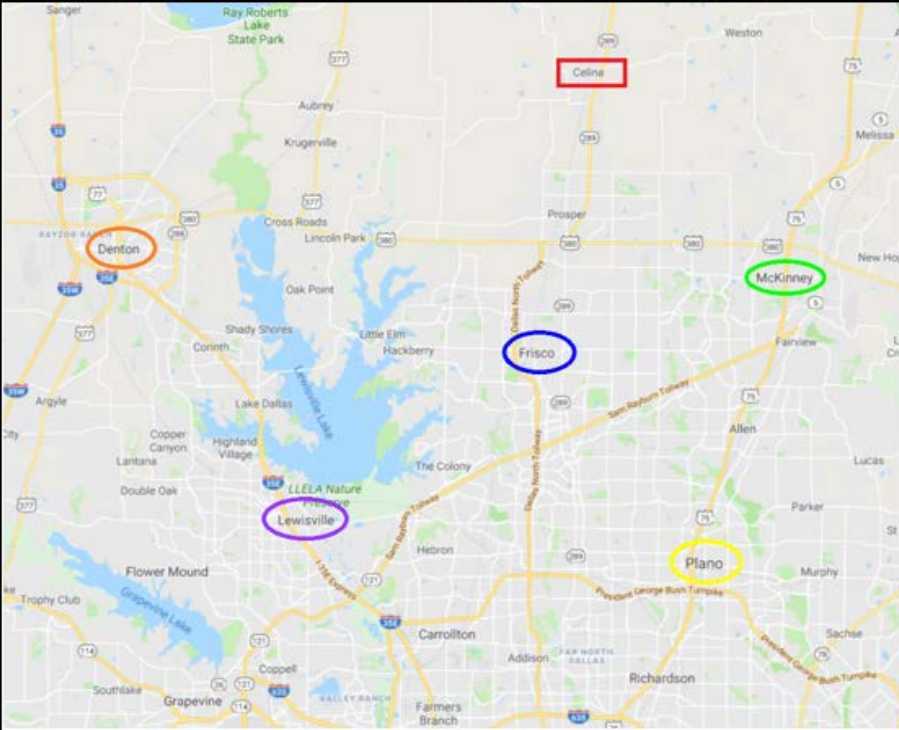
<sup>(1)</sup> Source: Texas Workforce Commission.

<sup>(2)</sup> Data through May 2023.

## Surrounding Economic Activity

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

| City of Denton                        |           | City of Frisco                       |           | City of Lewisville                   |           |
|---------------------------------------|-----------|--------------------------------------|-----------|--------------------------------------|-----------|
| Approximately 21 miles from the City  |           | Approximately 12 miles from the City |           | Approximately 23 miles from the City |           |
| Employer                              | Employees | Employer                             | Employees | Employer                             | Employees |
| University of North Texas             | 8,891     | Frisco ISD                           | 7,442     | Lewisville ISD                       | 3,076     |
| Denton ISD                            | 4,431     | City of Frisco                       | 1,628     | Wal-Mart                             | 1,136     |
| Peterbilt Motors-Headquarters & Plant | 2,000     | T-Mobile USA                         | 1,000     | Bed Bath & Beyond                    | 825       |
| Denton County                         | 1,822     | Mario Sinacola & Sons Excavating     | 800       | City of Lewisville                   | 776       |
| Denton State Supported Living Center  | 1,146     | Conifer                              | 615       | TIAA-CREF                            | 650       |
| City of Denton                        | 1,104     | Baylor Medical Center                | 460       | Mary Kay                             | 626       |
| Texas Presbyterian Hospital           | 1,100     | Fiserv                               | 460       | HOYA Vision Care                     | 566       |
| Sally Beauty Holdings, Inc.           | 1,000     | IKEA Frisco                          | 423       | Medical City Lewisville              | 532       |
| Medical City Denton                   | 799       | UT Southwestern/Texas Health Hosp.   | 415       | SYSCO                                | 476       |
| Safran Electrical & Power             | 571       | Baylor Scott White/Centennial Hosp.  | 400       | Othofix                              | 451       |

| City of McKinney                     |           |
|--------------------------------------|-----------|
| Approximately 12 miles from the City |           |
| Employer                             | Employees |
| Raytheon Space & Airborne Systems    | 3,096     |
| McKinney ISD                         | 2,800     |
| Torchmark/United American            | 1,640     |
| City of McKinney                     | 1,369     |
| Encore Wire Corp.                    | 1,350     |
| Collin College                       | 852       |
| Baylor Medical Center                | 700       |
| Medical Center of McKinney           | 670       |
| Timber Blinds                        | 350       |
| Watson and Chalin                    | 350       |

| City of Plano                        |           |
|--------------------------------------|-----------|
| Approximately 22 miles from the City |           |
| Employer                             | Employees |
| Capital One Finance                  | 5,023     |
| JP Morgan Chase                      | 4,988     |
| Toyota Motor North America, Inc.     | 3,815     |
| Liberty Mutual Insurance Co.         | 2,652     |
| Ericsson                             | 2,545     |
| AT&T Foundry                         | 2,500     |
| PepsiCo                              | 1,881     |
| NTT Data, Inc.                       | 1,794     |
| Frito-Lay                            | 1,712     |
| FedEx Office                         | 1,186     |

## THE DISTRICT

### General

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for certain improvements. The District was created by the Creation Resolution for the purpose of undertaking and financing, in phases, the cost of certain public improvements within the District, including the Phases #2-3 Direct Improvements, authorized by the PID Act and approved by the City Council that confer a special benefit on the portion of the District property being developed in a phase. The District is not a separate political subdivision of the State and

is governed by the City Council. The District is located within the City limits of the City. A map of the property within the District is included on page v hereof.

### **Powers and Authority**

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

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake, or reimburse a developer for the costs of, the financing, acquisition, construction or improvement of the Phases #2-3 Direct Improvements. See "THE PHASES #2-3 DIRECT IMPROVEMENTS." Pursuant to the authority granted by the PID Act and the Creation Resolution, the City has determined to undertake the construction, acquisition or purchase of certain road, water, wastewater, sanitary sewer, and drainage public improvements within Phases #2-3 of the District and outside of the District comprising the Phases #2-3 Direct Improvements and to finance a portion of the costs thereof through the issuance of the Bonds and the Reimbursement Agreement. The City has further determined to provide for the payment of debt service on the Bonds through Pledged Revenues. See "ASSESSMENT PROCEDURES" herein and "APPENDIX B — Form of Service and Assessment Plan."

## **THE PHASES #2-3 DIRECT IMPROVEMENTS**

### **General**

The Phases #2-3 Direct Improvements consist of the costs of the local infrastructure benefitting only Phases #2-3 of the District. A portion of the costs of construction of the Phases #2-3 Direct Improvements will be funded with proceeds of the Bonds. The balance of the costs of the Phases #2-3 Direct Improvements will be paid by the Developer under the terms of the Reimbursement Agreement between the Developer and the City pursuant to the PID Act and paid with Assessment Revenues. See "SOURCES AND USES OF FUNDS." The Phases #2-3 Direct Improvements will be dedicated to the City. The Developer is responsible for the completion of the construction, acquisition or purchase of the Authorized Improvements, and the Developer or its designee will act as construction manager. The City will pay project costs for the Phases #2-3 Direct Improvements from proceeds of the Bonds and amounts due to the Developer under the terms of the Reimbursement Agreement. The Developer will submit payment requests on a monthly basis for costs actually incurred in developing and constructing the Phases #2-3 Direct Improvements and be paid in accordance with the Indenture, the Reimbursement Agreement and the Construction, Funding, and Acquisition Agreement. See "THE DEVELOPMENT – Development Plan and Status of Development."

The Phases #2-3 Direct Improvements, a portion of which are being financed with proceeds of the Bonds, include road, water distribution system, sanitary sewer collection system and storm drainage collection system improvements benefitting Phases #2-3 of the District.

### **Road Improvements:**

#### **Onsite**

The onsite roadway portion of the Phases #2-3 Direct Improvements include construction of perimeter road and thoroughfare improvements, including related paving, drainage, curbs, gutters, sidewalks, retaining walls, signage, and traffic control devices. All onsite roadway projects will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

#### **Offsite**

The offsite roadway portion of the Phases #2-3 Direct Improvements include construction of perimeter road and thoroughfare improvements, including related paving, drainage, curbs, gutters, sidewalks, retaining

walls, signage, and traffic control devices. All offsite roadway projects will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

### **Water Distribution System Improvements:**

#### **Onsite**

The onsite water distribution system portion of the Phases #2-3 Direct 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 the Assessed Property. The onsite water distribution system improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

#### **Offsite**

The offsite water distribution system portion of the Phases #2-3 Direct 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 the Assessed Property. The offsite water distribution system improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

### **Sanitary Sewer Collection System Improvements:**

The sanitary sewer collection system portion of the Phases #2-3 Direct Improvements consist of 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 City standards and specifications and will be owned and operated by the City.

### **Storm Drainage Collection System Improvements:**

#### **Onsite**

The onsite storm drainage collection system portion of the Phases #2-3 Direct Improvements consist of reinforced concrete pipes, reinforced concrete boxes, and multi-reinforced box culverts. The onsite storm drainage collection system improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

#### **Offsite**

The offsite storm drainage collection system portion of the Phases #2-3 Direct Improvements consist of reinforced concrete pipes, reinforced concrete boxes, and multi-reinforced box culverts. The offsite storm drainage collection system improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

### **Other Soft and Miscellaneous Costs**

#### **Onsite**

The onsite soft and miscellaneous costs portion of the Phases #2-3 Direct Improvements consist of costs related to designing, constructing, and installing the Phases #2-3 Direct Improvements including land planning and design, city fees, legal fees, engineering, soil testing, survey, construction staking, construction management, contingency, and soft other costs associated with financing the Phases #2-3 Direct Improvements.

### Offsite

The offsite soft and miscellaneous costs portion of the Phases #2-3 Direct Improvements consist of costs related to designing, constructing, and installing the Phases #2-3 Direct Improvements including land planning and design, city fees, legal fees, engineering, soil testing, survey, construction staking, construction management, contingency, and soft other costs associated with financing the Phases #2-3 Direct Improvements.

The cost of the Phases #2-3 Direct Improvements is expected to be approximately \$10,908,869. A portion of such costs in the amount of \$7,633,000 is expected to be paid with proceeds of the Bonds. The balance of such costs is expected to be paid by the Developer. At delivery of the Bonds, the Developer expects to advance funds or will have completed improvements in the approximate amount of \$3,275,869 in order to pay the balance of the Phases #2-3 Direct Improvements, a portion of which amount shall be paid to the Developer in the future pursuant to the Reimbursement Agreement. See “SOURCES AND USES OF FUNDS”.

The following table reflects the total expected costs of the Phases #2-3 Direct Improvements.

| <b><u>Phases #2-3 Direct Improvements</u></b>   | <b><u>Costs</u></b> |
|-------------------------------------------------|---------------------|
| Road improvements                               | \$3,218,230         |
| Water distribution system improvements          | \$1,514,730         |
| Sanitary sewer improvements                     | \$939,214           |
| Storm drainage improvements                     | \$955,769           |
| Other soft and miscellaneous costs              | \$2,326,152         |
| <i>Subtotal Phases #2-3 Direct Improvements</i> | <i>\$8,954,095</i>  |
| <br>Bond Issuance Costs                         | <br>\$1,954,774     |
| <b>Total</b>                                    | <b>\$10,908,869</b> |

### **Ownership and Maintenance of Improvements**

The Phases #2-3 Direct Improvements will be dedicated to and accepted by the City and constitute a portion of the City’s infrastructure improvements. The City will provide for the ongoing operation, maintenance and repair of the Phases #2-3 Direct Improvements constructed and conveyed, as outlined in the Service and Assessment Plan.

### **THE DEVELOPMENT**

The following information has been provided by the Developer. Certain of the following information is beyond the direct knowledge of the City, the City’s Financial Advisor and the Underwriter, and none of the City, the City’s Financial Advisor or the Underwriter have any way of guaranteeing the accuracy of such information. The Developer has reviewed this Limited Offering Memorandum and warrants and represents that neither (i) the information under the caption “THE DEVELOPMENT” nor (ii) the information relating to the Developer’s plan for developing the land within the District (the “Development”) under the subcaption “BONDHOLDERS’ RISKS — Dependence Upon Developer” contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they are made, not misleading. At the time of delivery of the Bonds to the Underwriter, the Developer will deliver a certificate to this effect to the City and the Underwriter.

### **Overview**

The Development is an approximately 94.827-acre master planned project located within the city limits of the City, near the intersection of Legacy Drive and Preston Road. The Development is approximately 17 miles north of the City of Frisco, Texas, the closest major employment center in the area, and approximately 42 miles northeast of both DFW International Airport and Dallas Love Field. The City, located in the north-central region of the Dallas-Fort Worth-Arlington, Texas Metropolitan Statistical Area (the “DFW MSA”), is poised for significant growth as the overall DFW MSA continues its growth trajectory.

## Overall Development Plan

The Development will include a variety of parks, trails, an amenity center and open space areas for its residents and others to enjoy. This combination will provide its residents a community environment in which to live. Furthermore, the Development is located within the Celina Independent School District. The Developer develops infrastructure and community improvements (amenities, parks, trails, etc.) and sells residential lots to high-quality production homebuilders under lot takedown contracts.

Phase #1 of the District consists of approximately 38.866 acres and consists of 157 single family residential lots. Development in Phase #1 of the District consisted of the construction of certain improvements consisting of certain road improvements, water distribution system improvements, sanitary sewer collection system improvements, and storm drainage collection system improvements that benefitted only Phase #1 of the District (the “Phase #1 Local Improvements”). The Phase #1 Local Improvements were constructed with a portion of the “Major Improvements” allocable to Phase #1 and which consisted of certain road improvements, water distribution system improvements, sanitary sewer collection system improvements, and storm drainage collection system improvements that benefitted the entire District (collectively, the “Phase #1 Improvements”).

The Developer developed the District in phases, which began with the concurrent development of the major infrastructure to serve the entire District, as well as local infrastructure to serve Phase #1 of the District.

The Developer commenced development in Phase #1 of the District in 2018. The Developer was responsible for the construction of the Phase #1 Local Improvements and the Major Improvements. All of the Phase #1 Local Improvements and Major Improvements have been completed and dedicated to the City.

The Developer is currently developing the local infrastructure to serve Phases #2 and #3 of the Development. The Developer expects to complete such infrastructure by Q4 2023.

The land in Phase #1 of the Development is owned by a combination of individual homeowners, merchant builders, and affiliates of the Developer created to hold finished lots in the District. The land within Phase #2 and Phase #3 of the Development is owned by the Developer, which is an affiliate of Centurion American Custom Homes Inc. d/b/a Centurion American Development Group Inc. (“Centurion”), as described below in “THE DEVELOPER — Description of the Developer.” See “THE DEVELOPER — History and Financing of the District”.

## Update on Phase #1

As of May 15, 2023, of the 157 lots in Phase #1, all 157 lots have been closed to homebuilders, and approximately 148 homes had been completed and 144 homes had been sold to end users in Phase #1, and an additional 3 homes were under construction.

The following table summarizes the status of home sales, construction and lot delivery in Phase 1 of the District as of May 15, 2023.

| Status of Homes in Phase #1 |      |                |                   |                             |                          |                         |                           |                    |
|-----------------------------|------|----------------|-------------------|-----------------------------|--------------------------|-------------------------|---------------------------|--------------------|
| Lot Type                    | Qty. | Completed Lots | Average Lot Price | Lots Closed to Homebuilders | Homes Under Construction | Completed Homes         | Homes Closed to End Users | Average Home Price |
| 50’<br>(Horton)             | 79   | 79             | \$60,000          | 79                          | 2                        | 74 (including 2 models) | 72                        | \$375,000          |
| 50’<br>(Beazer)             | 78   | 78             | \$60,000          | 78                          | 1                        | 74 (including 2 models) | 72                        | \$425,000          |

### **Development Plan and Status of Development in Phases #2-3**

Development in Phases #2-3 of the District began with the Phases #2-3 Major Improvements. The Developer was responsible for the construction of the Phases #2-3 Major Improvements. Construction of such projects was completed in Q4 2020 and such projects have been dedicated to and accepted by the City.

Development of the Phases #2-3 Major Improvements is being followed by the construction of the Phases #2-3 Direct Improvements. The Developer is responsible for the construction of the Phases #2-3 Direct Improvements. Construction of the Phases #2-3 Direct Improvements began in Q1 2022 and is expected to be completed in Q4 2023. As of May 15, 2023, the Developer had expended approximately \$4,700,000 on construction of the Phases #2-3 Direct Improvements, which amounts were funded with the Acquisition and Development Loan.

Proceeds of the Bonds will pay for a portion of the costs of the Phases #2-3 Direct Improvements. The Developer will finance the balance of the Phases #2-3 Direct Improvements not paid with proceeds of the Bonds, a portion of which will be reimbursed through the Reimbursement Agreement. See “SOURCES AND USES OF FUNDS.”

See APPENDIX H for photographs of development in the District.

### **Concept Plan**

Concept Plan: Below is the current concept plan of the Development as approved by the City. The concept plan is conceptual and subject to change consistent with the City’s zoning and subdivision regulations.

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## Merchant Builder Lot Purchase and Sale Agreements

The Developer entered into a Contract of Sale with D.R. Horton (the “Horton PSA”) for 221 lots in the District, which Horton PSA included 142 lots in Phases #2-3. To date, the Developer has received \$1,500,000 in earnest money pursuant to the Horton PSA. The Developer has executed an earnest money deed of trust securing such deposit, which deed of trust grants D.R. Horton a second lien on all property in the District. D.R. Horton has acknowledged the existence of the District and consented to the levy of the Assessments in the Horton PSA. In addition, under the Horton PSA, the Developer and D.R. Horton have agreed that the total annual installment per unit, taking into account the Assessments and any TIRZ credit, shall not exceed \$4,100 per lot. See “ASSESSMENT PROCEDURES – Assessment Methodology.” In addition, the Horton PSA requires substantial completion of the Amenity Center and certain common area improvements by September 30, 2023. If substantial completion of such amenities is not met by such date, D.R. Horton’s obligation to purchase lots and the “Additional Consideration” provided by the 6% annual escalator under the Horton PSA will abate until substantial completion is achieved. D.R. Horton may also exercise all other remedies under the Horton PSA, including termination, if the Developer does not achieve substantial completion of such amenities by September 30, 2023. The Developer currently expects substantial completion of such amenities to be achieved in 1Q 2024. See “— Amenities.” Developer expects to pursue an amendment to the Horton PSA to extend the substantial completion date of such amenities. No assurance can be given that such amendment will be executed or the terms thereof.

The Developer entered into a Contract of Sale (the “Beazer PSA” and, together with the Horton PSA, the “Lot Purchase and Sale Agreements”) with Beazer Homes of Texas, L.P. (“Beazer”) for 220 lots in Phase #1, Phase #2 and Phase #3 of the District. To date, the Developer has received \$2,000,000 in earnest money pursuant to the Beazer PSA, of which \$1,012,851 is applicable to the lots in Phases #2-3. The Developer has executed an earnest money deed of trust securing such deposit, which deed of trust grants Beazer a second lien on all property in the District. In addition, Beazer has set the date for substantial completion of the lots in Phases #2-3 as November 30, 2023, with an automatic 60 day extension if substantial completion is not met by such date (such 60 day extended date, the “Outside Completion Date”), or the “Additional Consideration” provided by the 6% annual escalator under the Beazer PSA will abate until substantial completion is achieved. The Developer expects substantial completion to be achieved in 4Q 2023. Beazer has acknowledged the existence of the District and consented to the levy of the Assessments in the Beazer PSA. In addition, under the Beazer PSA, the Developer and Beazer have agreed that the maximum assessment to be levied on lots within the District is \$49,000.

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

### LOT PURCHASE AND SALE AGREEMENT

| <b><u>Homebuilder</u></b> | <b><u>Total<br/>Lots in<br/>Phases<br/>#2-3</u></b> | <b><u>Base Lot Price*</u></b>                                                          | <b><u>Takedown Schedule</u></b>                                                                                                                                                                                           |
|---------------------------|-----------------------------------------------------|----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| D.R. Horton               | 142 x<br>50’ lots                                   | \$66,000 for first seventy three (73)<br>and \$68,500 for remaining sixty<br>nine (69) | 10 lots at initial closing; 10 lots each 90 days<br>thereafter, provided that D.R. Horton shall not be<br>required to purchase Phase #3 lots until all Phase<br>#2 lots have been sold                                    |
| Beazer                    | 142 x<br>50’ lots                                   | \$66,000 for first seventy three (73)<br>and \$68,500 for remaining sixty<br>nine (69) | 10 lots at initial closing; 10 lots each 90 days<br>thereafter, provided that Beazer shall not be<br>required to purchase Phase #3 lots before it is<br>required to have acquired, and has acquired, all<br>Phase #2 lots |

\* Excludes 6% annual escalator

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## Expected Build-Out of the District

The Developer expects to complete the infrastructure serving the Development by 4Q 2023. The following tables provide the Developer's actual and expected build-out schedule of the District and absorption schedule of lots for the District.

| <u>Phase</u> | <u>Single-Family Lots</u> | <u>Actual/Expected</u> | <u>Actual/Expected</u> | <u>Expected Final Lot</u> |
|--------------|---------------------------|------------------------|------------------------|---------------------------|
|              |                           | <u>Infrastructure</u>  | <u>Infrastructure</u>  |                           |
|              |                           | <u>Start Date</u>      | <u>Completion Date</u> | <u>Sale Date</u>          |
| 1            | 157                       | 3Q 2018                | 4Q 2020                | 1Q 2022                   |
| 2            | 146                       | 1Q 2022                | 4Q 2023                | 3Q 2025                   |
| 3            | 138                       | 1Q 2022                | 4Q 2023                | 2Q 2027                   |

## ACTUAL/EXPECTED ABSORPTION OF LOTS IN THE DISTRICT

### Phase #1

| <u>Actual/Expected</u> |                   |
|------------------------|-------------------|
| <u>Final</u>           |                   |
| <u>Sale Date</u>       | <u>Total Lots</u> |
| 2020                   | 73                |
| 2021                   | 77                |
| 2022                   | <u>7</u>          |
| Total                  | 157               |

### Phase #2

| <u>Expected Final</u> |                   |
|-----------------------|-------------------|
| <u>Sale Date</u>      | <u>Total Lots</u> |
| 4Q 2023               | 20                |
| 1Q 2024               | 20                |
| 2Q 2024               | 20                |
| 3Q 2024               | 20                |
| 4Q 2024               | 20                |
| 1Q 2025               | 20                |
| 2Q 2025               | 20                |
| 3Q 2025               | <u>6</u>          |
| Total                 | 146               |

### Phase #3

| <u>Expected Final</u> |                   |
|-----------------------|-------------------|
| <u>Sale Date</u>      | <u>Total Lots</u> |
| 3Q 2025               | 14                |
| 4Q 2025               | 20                |
| 1Q 2026               | 20                |
| 2Q 2026               | 20                |
| 3Q 2026               | 20                |
| 4Q 2026               | 20                |
| 1Q 2027               | 20                |
| 2Q 2027               | <u>4</u>          |
| Total                 | 138               |

The Developer's current expectations regarding estimated home prices in the District are as follows:

#### **ESTIMATED HOME PRICES**

| <u>Phase</u> | <u>Lot Size (Width in Ft.)</u> | <u>Quantity</u> | <u>Base Lot Price</u> | <u>Average Base Home Price*</u> |
|--------------|--------------------------------|-----------------|-----------------------|---------------------------------|
| 1            | 50                             | 157             | \$60,000              | \$400,000                       |
| 2            | 50                             | 146             | \$66,000              | \$400,000                       |
| 3            | 50                             | 138             | \$68,500              | \$400,000                       |

\* Developer estimates

#### **Zoning/Permitting**

The District is currently zoned under PDD #43 pursuant to Ordinance 2010-26 adopted by the City Council. PDD #43 allows certain residential uses and establishes guidelines pertaining to purpose, height, area, and setbacks. Because the District lies within the city limits of the City, the City's zoning and subdivision regulations control the aspects of development not specifically set forth in PDD #43.

#### **Amenities**

The Developer will construct certain amenities within the development to serve the District, including hike and bike trails, open space improvements and an amenity center. The amenity center will consist of an in-ground swimming pool and a playground. The expected cost of the Amenity Center is \$750,000, which costs are expected to be funded with the Acquisition and Development Loan. The Developer will begin construction of the Amenity Center in Q2 2023, and expects construction of the Amenity Center to be completed by the end of Q1 2024. As of May 30, 2022, the Developer had expended \$15,000 on costs related to construction of the Amenity Center, which amounts were funded with the Acquisition and Development Loan. The Development Agreement requires the Developer to complete the amenity center concurrent with Phase #2 of the Development.

#### **Education**

Children in the Development will attend schools in the Celina Independent School District ("CISD") which encompasses 96 square miles serving the residents of the City in Collin and Denton Counties, and the communities of Alla and Weston. CISD enrolls over 2,962 students in one high school, one junior high school, and two elementary schools and one early childhood/primary school. According to the Texas Education Agency, CISD received a "District Accountability Rating" of A from the TEA during its most recently evaluated school year (2021-2022). Students in the District will attend (i) Lykins Elementary School (approximately 2.5 miles from the District), which received a "District Accountability Rating" of A from the TEA for 2021-2022, (ii) Moore Middle School (approximately 2.0 miles from the District), which received a "District Accountability Rating" of A from the TEA for 2021-2022, and (iii) Celina High School (approximately 0.8 miles from the District), which received a "District Accountability Rating" of A from the TEA for 2021-2022. GreatSchools.org currently rates Moore Middle School "above average" and Lykins Elementary School and Celina High School "average."

#### **Existing Mineral Rights, Easements and Other Third Party Property Rights; Existing Mechanics Lien on Property**

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.”

In addition to the above described Third Party Property Rights, there is an existing mechanics lien on the property for a claim of \$33,210.49 in the name of EquipmentShare filed on June 15, 2022. The Developer indicates that it paid the general contractor for the work related to the mechanics lien; however, the general contractor went into bankruptcy without paying EquipmentShare for the related work. Pursuant to the Texas Property Code, suit must be brought to foreclose the lien not later than the first anniversary of the last day a claimant may file the lien affidavit under Section 53.052 of the Texas Property Code. According to the Texas Property Code, the last date on which a foreclosure suit can be instituted for the existing mechanics lien is July 15, 2023 (the “Statutory Deadline”). Accordingly, the Developer has deposited approximately \$49,815.74 (the “Escrowed Funds”) in an escrow with Sendera Title (“Sendera”) pursuant to an escrow agreement (the “Escrow Agreement”) to provide for payment of the mechanics lien in the event a foreclosure suit is filed by the Statutory Deadline. Under the terms of the Escrow Agreement, in the event EquipmentShare brings suit to foreclose on the mechanics lien prior to July 16, 2023, Sendera shall be permitted to release the Escrowed Funds, or such necessary portions thereof, for the payment and satisfaction of such lawsuit. If a foreclosure suit is not brought by the Statutory Deadline, Sendera will disburse the Escrowed Funds to the Developer upon the earliest of the following: (i) the Developer’s obtainment of an original release of the mechanics lien in recordable form; (ii) the Developer’s obtainment of an acceptable bond to indemnify against the mechanics lien, supported by recorded notice of the same and in compliance with the Texas Property Code, or (iii) upon the Developer’s obtainment and production of a litigation search effective at least one (1) day following the date in which EquipmentShare is required to bring suit to foreclose the mechanics lien pursuant to Chapter 53.158 of Texas Property Code, such date being July 16, 2023, which search shall evidence EquipmentShare has not filed suit to foreclose the mechanics lien prior to July 16, 2023.

## **Environmental**

A Phase One Environmental Site Assessment (a “Phase One ESA”) of an assemblage, which included the land within the District, was completed on October 14, 2014. Based on the information presented in the Phase One ESA, 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.

According to the website for the United States Fish and Wildlife Service, the whooping crane is an endangered species in Collin 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. 48085C0110J and No. 48085C0020J effective June 2, 2009, no land in the District is located in special flood hazard areas subject to inundation by a 100-year or 500-year flood.

## **Utilities**

The City will provide both water and wastewater service to the District. The City purchases its water wholesale from the Upper Trinity Regional Water District (“UTRWD”), and the City maintains its own water distribution system and wastewater collection and treatment system. The City’s water distribution and wastewater systems currently have sufficient capacity to provide water and wastewater service to the District.

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

## **THE DEVELOPER**

The following information has been provided by the Developer. Certain of the following information is beyond the direct knowledge of the City, the City’s Financial Advisor and the Underwriter, and none of the City, the City’s Financial Advisor or the Underwriter have any way of guaranteeing the accuracy of such information. The Developer has reviewed this Limited Offering Memorandum and warrants and represents that neither (i) the information herein under the caption “THE DEVELOPER” nor (ii) the information relating to the Developer under the subcaption “BONDHOLDERS’ RISKS” contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they are made, not misleading.

### **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 Bonds, issued by a municipality for a public improvement district. A developer is generally under no obligation to a public improvement district, such as the District, to develop the property which it owns in a development. Furthermore, there is no restriction on the developer’s right to sell any or all of the land which the developer owns within a development. In addition, a developer is ordinarily the major tax and assessment payer within a district during its development.

### **Description of the Developer**

The Developer is an affiliate of Centurion and was created by Centurion for the purpose of managing and ultimately conveying property in the District to third parties, as described under the caption “THE DEVELOPMENT.” The Developer is a nominally capitalized limited liability company, the primary asset of which is unsold property within the District. The Developer will have no source of funds with which to pay Assessments or taxes levied by the City or any other taxing entity other than funds resulting from the sale of property within the District or funds advanced to the Developer by an affiliated party. The Developer’s ability to make full and timely payments of Assessments or taxes will directly affect the City’s ability to meet its obligation to make payments on the Bonds.

Since 1990, Centurion has developed over 100,000 single-family lots in dozens of communities surrounding North Texas. It has worked closely with investors, land-owners, financial institutions, and vendors to acquire over 50,000 acres of land inventory for a diverse mix of developments in size and scope. Centurion’s communities include amenities such as parks, golf courses, water park themes, and hiking and biking trails. Over the past thirty years, Centurion has demonstrated the ability to successfully deliver master-planned communities that have been recognized in the real estate industry.

Mr. Mehrdad Moayedi has ultimate control of Centurion and its affiliates. Centurion maintains a staff of approximately 25 employees. Centurion creates single-asset limited liability companies to own development sites and contracts with developers and other professionals in the delivery of its communities.

In addition, Centurion works closely with local municipalities, commercial developers, and public school systems as part of its overall master plan. Centurion works with North Texas’ top builders to deliver the latest concepts ranging from upscale, luxury homes in secluded neighborhoods to affordable housing communities for first-time home buyers. Centurion purchases and develops land in prime locations with the right mix of natural land settings, strong job growth, good school systems and access to local community shopping. A snapshot of some of the communities Centurion has developed is presented below.

| <b><u>Name</u></b>                | <b><u>County</u></b> | <b><u>Property Type</u></b> | <b><u>Starting Home Price</u></b> | <b><u>Status of Development</u></b>                                           |
|-----------------------------------|----------------------|-----------------------------|-----------------------------------|-------------------------------------------------------------------------------|
| *Entrada at Westlake              | Tarrant              | Mixed-use                   | \$1,100,000                       | Vertical ongoing                                                              |
| River Walk at Central Park        | Denton               | Mixed-use                   | \$375,000                         | Vertical Ongoing                                                              |
| The Villas at Twin Creeks         | Collin               | Single-family               | \$230,000                         | Completed                                                                     |
| Kensington Gardens                | Dallas               | Single-family               | \$500,000                         | Phase 1: Started 6/2012<br>Phase 2: Delivered 12/2018                         |
| Water's Edge at Hogan's Glen      | Denton               | Single-family               | \$480,000                         | Completed/Ashton Finishing Construction                                       |
| Montalcino Estates                | Denton               | Single-family               | \$700,000                         | Under Development                                                             |
| Estancia Estates                  | Denton               | Single-family               | \$400,000                         | Completed /Built Out                                                          |
| Highlands Glen                    | Denton               | Single-family               | \$300,000                         | Completed/Ashton Finishing Up                                                 |
| The Highlands at Trophy Club      | Denton               | Single-family               | \$250,000                         | Completed/Ashton Finishing Up                                                 |
| Water's Edge                      | Denton               | Single/Multifamily          | \$300,000                         | Started 9/2018 * Delivered Q4 2019                                            |
| Williamsburg                      | Rockwall             | Single-family               | \$150,000                         | Fee Developer                                                                 |
| Crestview at Prosper Creek        | Collin               | Single-family               | \$250,000                         | Complete - Megatel Finishing Construction                                     |
| Palomar Estates                   | Tarrant              | Single-family               | \$750,000                         | Complete                                                                      |
| Estancia                          | Tarrant              | Single-family               | \$450,000                         | Complete                                                                      |
| Verandah                          | Rockwall             | Single-family               | \$200,000                         | Development Ongoing                                                           |
| Terracina                         | Denton               | Single-family               | \$400,000                         | Development Complete / Toll Brothers Bldg Phase 3                             |
| The Resort on Eagle Mountain Lake | Tarrant              | Single                      | \$250,000                         | Development Ongoing - Builder Doing Takedowns                                 |
| Travis Ranch                      | Kaufman              | Single-family               | \$200,000                         | Development Ongoing - Builder Doing Takedowns                                 |
| Carter Ranch                      | Collin               | Single-family               | \$150,000                         | Phase 1: Completed * Phase 2CII: Bldg Completed                               |
| Frisco Hills                      | Denton               | Single-family               | \$200,000                         | Development Complete / HB Finishing Up                                        |
| Rolling Meadows                   | Tarrant              | Single-family               | \$100,000                         | Phase1: Completed * Phase 2A2 & 3 HB Completed                                |
| Waterfront at Enchanted Bay       | Tarrant              | Single-family               | \$150,000                         | Phase 1: Started 5/2005 * Phase 1: Delivered 2/2007 Phase 2: Being Engineered |
| Thornbury                         | Travis               | Single-family               | \$150,000                         | Development Complete / HB Complete                                            |
| Rough Hollow                      | Travis               | Single-family               | \$550,000                         | Development Complete / HB Complete                                            |
| Lexington Parke                   | Travis               | Single-family               | \$150,000                         | Development Complete / HB Complete                                            |
| Villages of Woodland Springs      | Tarrant              | Single-family               | \$150,000                         | Started Q4 2000 * Delivered Q4 2017                                           |
| Spring Creek                      | Tarrant              | Single-family               | \$150,000                         | Development Complete / HB Complete                                            |
| Silver Ridge                      | Tarrant              | Single-family               | \$150,000                         | Development Complete / HB Complete                                            |
| Sendra Ranch                      | Tarrant              | Single-family               | \$150,000                         | Centurion Owns Future Land / Banking Land                                     |
| Rosemary Ridge                    | Tarrant              | Single-family               | \$100,000                         | Development Complete / HB Complete                                            |
| Llano Springs                     | Tarrant              | Single-family               | \$150,000                         | Development Complete / HB Complete                                            |
| Hills of Lake Country             | Tarrant              | Single-family               | \$150,000                         | Development Complete / HB Complete                                            |
| Garden Springs                    | Tarrant              | Single-family               | \$125,000                         | Development Complete / HB Complete                                            |
| Dominion Estates                  | Tarrant              | Single-family               | \$125,000                         | Development Complete / HB Complete                                            |
| Deer Creek North                  | Tarrant              | Single-family               | \$125,000                         | Development Complete / HB Complete                                            |

|                                  |               |                    |           |                                                                        |
|----------------------------------|---------------|--------------------|-----------|------------------------------------------------------------------------|
| Creskide of Crowley              | Tarrant       | Single-family      | \$150,000 | Sold Land / Ashton Building / Also Banking                             |
| Bonds Ranch                      | Tarrant       | Single-family      | \$150,000 | Purchased all Finished Lots / All Lots sold in Q4 2017                 |
| Crown Valley                     | Parker        | Single-family      | \$150,000 | Development Complete / Sold Phase / Pod Sale                           |
| Windmill Farms                   | Kaufman       | Single-family      | \$150,000 | HB Complete                                                            |
| Knox Ranch                       | Hood          | Mixed-use          | \$450,000 | HB Complete                                                            |
| Windsor Hills                    | Ellis         | Single-family      | \$250,000 | Undeveloped; in the Zoning Process                                     |
| Saddlebrook                      | Ellis         | Mixed-use          | \$175,000 | Next Phase Going Through Engineering                                   |
| The Villas of Indian Creek       | Denton        | Single-family      | \$150,000 | Development Complete / HB Complete                                     |
| *Valencia on the Lake            | Denton        | Single-family      | \$175,000 | Next Phase Going Through Engineering                                   |
| Shale Creek                      | Wise          | Single-family      | \$100,000 | Last Phase Going Through Engineering                                   |
| Shahan Prairie                   | Denton        | Single-family      | \$150,000 | Sold Land                                                              |
| Frisco Ranch                     | Denton        | Single-family      | \$150,000 | Development Complete / HB Complete                                     |
| Brookfield                       | Denton        | Single-family      | \$180,000 | Sold Land                                                              |
| Sweetwater Crossing              | Collin        | Single-family      | \$150,000 | Development Complete / HB Complete                                     |
| Prestwyck                        | Collin        | Mixed-use          | \$190,000 | Development Complete / HB Complete                                     |
| Oak Hollow                       | Collin        | Single-family      | \$100,000 | Development Complete / HB Complete                                     |
| Northpointe Crossing             | Collin        | Single-family      | \$100,000 | Development Complete / HB Complete                                     |
| McKinney Greens                  | Collin        | Single-family      | \$150,000 | Development Complete / HB Complete                                     |
| The Dominion                     | Dallas        | Single-family      | \$250,000 | Development Complete / HB Ongoing                                      |
| Residences at the Stoneleigh     | Dallas        | Condo              | \$750,000 | Unit Sales Ongoing                                                     |
| Mountain Creek                   | Dallas        | Multifamily        | \$225,000 | Development Complete / HB Complete                                     |
| Chateaus of Coppell              | Dallas        | Single-family      | \$350,000 | Development Ongoing - HB Building                                      |
| The Bridges at Preston Crossings | Parker        | Single-family      | \$250,000 | Development Complete / HB Complete                                     |
| *Winn Ridge                      | Denton        | Single-family      | \$250,000 | Development Complete / HB Complete                                     |
| *Sutton Fields                   | Denton        | Single-family      | \$350,000 | Development Complete / HB Complete                                     |
| *Hillstone Pointe                | Denton        | Single-family      | \$250,000 | Phase 1: Delivered 12/2017, Remainder Raw Land Sold to Horton & Lennar |
| *Northlake Estates               | Denton        | Single-family      | \$300,000 | Development Ongoing - HB Building                                      |
| *Creeks of Legacy                | Denton/Collin | Single-family      | \$350,000 | Development Ongoing - HB Building                                      |
| University Place                 | Dallas        | Single-family      | \$450,000 | Development Ongoing - HB Building                                      |
| *Lakewood Hills                  | Denton        | Single-family      | \$450,000 | Development Ongoing - HB Building                                      |
| Steeplechase                     | Denton        | Single-family      | \$500,000 | Development Ongoing - HB Building                                      |
| *Mercer Crossing                 | Dallas        | Mixed-use          | \$350,000 | Development Ongoing - HB Building                                      |
| *Ownsby Farms                    | Collin        | Single-family      | \$300,000 | Development Ongoing - HB Building                                      |
| *Anna Hurricane Creek            | Collin        | Single-family      | \$300,000 | PID Bonds issued; Phase 1: Started 9/2018, Currently Being Developed   |
| *Chalk Hill                      | Collin        | Single-family      | \$300,000 | Phase 1: Started 9/2018, Currently Being Developed                     |
| Windsor Hills                    | Dallas        | Single-family      | TBD       | Pre-development process.                                               |
| Walden Pond                      | Kaufman       | Single/Multifamily | TBD       | Pre-development process.                                               |



|                              |             |                           |               |                                        |
|------------------------------|-------------|---------------------------|---------------|----------------------------------------|
| Mobberly                     | Denton      | Single-family             | TBD           | Pre-development process.               |
| *Whitewing Trails            | Collin      | Single-family/Multifamily | \$281,000     | PID Bonds issued; Development ongoing. |
| Denton - Kings Ridge         | Denton      | Single/Multifamily        | \$250,000     | Zoning approved.                       |
| *Hickory Farms               | Dallas      | Single-family             | TBD           | PID bonds issued.                      |
| Dove Creek                   | Collin      | Single-family             | \$275,000     | Under Development                      |
| Preston Hills                | Collin      | Single-family             | \$400,000     | Under Development                      |
| Founders Park                | Tarrant     | Single/Multifamily        | 300,000       | Development Complete -HB Building      |
| Barcelona                    | Collin      | Single-family             | \$350,000     | Phase 3; Under Development             |
| Bloomridge                   | Collin      | Single-family             | \$300,000     | Phase 2; Under Development             |
| Erwin Farms                  | Collin      | Single-family             | \$350,000     | Phase 3; Under Development             |
| Enchanted Creek              | Collin      | Single-family             | \$300,000     | Engineering Phase 2                    |
| Alpha Ranch                  | Wise/Denton | Single-family             | \$225,000     | Pre-development process.               |
| Bear Creek                   | Dallas      | Single-family             | \$250,000     | Phase 3; Under Development             |
| Wade Settlement              | Collin      | Single-family             | \$350,000     | Phase 2; Development                   |
| Falls of Prosper             | Collin      | Single-family             | \$400,000     | Phase 2; Development                   |
| *Iron Horse                  | Dallas      | Mixed-use                 | \$250,000     | PID bonds issued; Development Ongoing  |
| *Polo Ridge                  | Kaufman     | Single-family             | \$350,000     | PID bonds issued; Development Ongoing  |
| *City Point                  | Tarrant     | Mixed-use                 | \$290,000     | PID bonds issued; Development Ongoing  |
| *Edgewood Creek              | Denton      | Single-family             | \$300,000     | PID bonds issued; Development Ongoing  |
| *Cartwright Ranch            | Kaufman     | Single-family             | \$220,000     | PID bonds issued; Development Ongoing  |
| *Spiritas Ranch              | Denton      | Single-family             | \$250,000     | PID bonds issued; Development Ongoing  |
| *Thunder Rock                | Burnet      | Mixed-use                 | \$250,000     | PID Bonds issued; Development Ongoing  |
| *Anna Hurricane North        | Collin      | Single-family             | \$300,000     | PID Bonds issued; Development Ongoing  |
| * Collin Creek Redevelopment | Collin      | Mixed-use                 | \$600,000     | PID Bonds issued; Development Ongoing  |
| *Sutton Fields East          | Collin      | Single-family             | \$315-375,000 | PID Bonds issued; Development Ongoing  |
| * Mobberly Farms             | Denton      | Single-family             | \$294-335,000 | PID Bonds issued; Development Ongoing  |
| * Creekview Meadows          | Denton      | Single-family             | \$350-400,000 | PID Bonds issued; Development Ongoing  |
| * Harper Estates             | Collin      | Single-family             | \$1,000,000   | PID Bonds issued; Development Ongoing  |

\* — developments utilizing public improvement districts

## Executive Biography

Mehrdad Moayedí is the President and Chief Executive Officer of Centurion. Mr. Moayedí has more than thirty years of direct experience in the development industry. With a background in construction and real estate, Mr. Moayedí employs a comprehensive approach to each Centurion development. Mr. Moayedí has extensive knowledge of the interconnection of all parts of residential real estate development, which provides Centurion with a unique advantage over other residential developers.

Before forming Centurion in 1990, Mr. Moayedí completed several construction and fee development projects in Northeast Tarrant County, Texas subdivisions as well as various construction and remodeling projects. Centurion has become broadly diversified, with residential developments ranging from upscale high-rise residential towers to affordable housing communities for first-time home buyers.

## **General Development Financing by Centurion**

Centurion and its various affiliated special purpose entities, including the Developer, utilize a variety of funding sources for the purchase of land and subsequent development or redevelopment thereof. Typically, the applicable Centurion affiliate will obtain an acquisition loan from a lender to fund the acquisition of land. To fund horizontal development of such land, Centurion affiliates use a combination of developer equity, builder earnest money, builder payments under lot contracts, development loans from lending institutions, incentives from local governments (including tax increment grants), public/private partnerships, funds from tax-exempt bonds issued by local governments and backed by special assessments on the developable land and other sources of capital.

Centurion has also recently completed a financing (the “Financing”) under which acquisition loans relating to certain projects (the “Financing Projects”) owned by various Centurion affiliates were refinanced with the proceeds of securities issued by an unaffiliated newly-formed limited liability company created for the purpose of (i) acquiring the property relating to such Financing Projects, (ii) providing funds for limited infrastructure development by the Centurion affiliates related to such Financing Projects and (iii) issuing the bonds secured by inter alia, the property relating to such Financing Projects and certain proceeds derived from lot contracts relating to such Financing Projects. The Financing was completed for the purpose of refinancing loans related to the Financing Projects at a lower rate and achieving debt service savings, terminating certain covenants and freeing up certain collateral related to the refinanced loans, and providing additional funds for development of a portion of the Financing Projects, which funds are expected to be provided at a lower interest rate than development loans typically available relating to the Financing Projects from traditional lenders. Property relating to the Financing Projects is cross-collateralized under the Financing.

## **History and Financing of the District**

The Original Developer, CADG Celina 156, LLC, purchased the Purchased Tract, which was an assemblage of approximately 156.632 acres that included the 94.827 acres of land comprising the District, on October 14, 2014. The Original Developer’s purchase of the Purchased Tract was financed with various loans which have since matured or been refinanced. Portions of the Purchased Tract comprising approximately 38.499 acres were subsequently sold to various parties.

The Original Developer sold property in the District to the Developer, MM Chalk Hill, LLC, on April 27, 2018 at a purchase price of \$7,000,000. The Developer’s purchase of the land in the District and its development of Phase #1 was financed by the Original Acquisition and Development Loan from the Lender, Trez Capital (2015) Corporation. In 2021, the Original Acquisition and Development Loan was modified and refinanced into the Acquisition and Development Loan to provide additional funds for the development of Phases #2 and #3 of the District. The maximum amount available to the Developer under the Acquisition and Development Loan is up to \$15,997,962. As of May 22, 2023, the outstanding balance of the Acquisition and Development Loan is \$7,228,867.93.

The Acquisition and Development Loan bears interest at the higher of (i) 10% or (ii) the Wall Street Journal Prime Rate plus 5.25%. Payments of accrued interest are due monthly. In addition, principal payments are to be made on the Acquisition and Development Loan as follows: (i) a principal payment of \$1,604,587 due on March 31, 2023, (ii) a principal payment of \$1,632,290 due on June 30, 2023, (iii) a principal payment of \$1,659,993 due on September 30, 2023, and (iv) a principal payment of \$1,687,697 due on December 31, 2023. Any principal payments made due to payment of release prices for lots under contract will be credited to the next upcoming principal payment. The Acquisition and Development Loan is secured, inter alia, by the Developer’s land within the District. The Developer has also collaterally assigned its rights to reimbursements and the Development Agreement as security for the Acquisition and Development Loan. The Acquisition and Development Loan currently matures on January 19, 2024. The Acquisition and Development Loan is personally guaranteed by Mehrdad Moayedi.

The PID Act provides that the Assessment Lien is a first and prior lien against an Assessed Property within Phases #2-3 of 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 Bonds, the Lender shall consent to and acknowledge the creation of the District, the levy of the Assessments and the subordination of the lien 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 securing the Acquisition and Development Loan.

## **THE ADMINISTRATOR**

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

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

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

## **APPRAISAL OF PROPERTY WITHIN PHASES #2-3 OF THE DISTRICT**

### **The Appraisal**

*General.* Peyco Southwest Realty, Inc. (the “Appraiser”), prepared an appraisal report for the City dated June 26, 2023, based upon a physical inspection of the District conducted on October 23, 2022 (the “Appraisal”). The effective date of the Appraisal is December 1, 2023. The Appraisal was prepared at the request of the City. The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to Phases #2-3 of the District. The Appraisal is attached hereto as APPENDIX F 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 F — Appraisal of Property Within Phases #2-3 of the District.”

*Value Estimates.* The Appraiser estimated the aggregate market value of the fee simple interest in various tracts of land comprising Phases #2-3 of the District under the assumption that the Phases #2-3 Direct Improvements are completed. See “THE PHASES #2-3 DIRECT IMPROVEMENTS.” The Phases #2-3 Direct Improvements have been completed. See “THE DEVELOPMENT – Status of Development.” The Appraisal provides the fee simple estate values for the 284 lots in Phases #2-3 of the District. See “APPENDIX F — Appraisal of Property Within Phases #2-3 of the District.”

The value estimate for the assessable property within Phases #2-3 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 December 1, 2023 is \$22,900,000.

## **BONDHOLDERS’ RISKS**

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

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

The ability of the City to pay debt service on the Bonds as due is subject to various factors that are beyond the City's control. These factors include, among others, (a) the ability or willingness of property owners within Phases #2-3 of the District to pay Assessments levied by the City, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against property within Phases #2-3 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 Phases #2-3 of the District, it being understood that poor economic conditions within the City, State and region may slow the assumed pace of sales of such lots.

The rate of development of the property in Phases #2-3 of the District is directly related to the vitality of the residential housing industry. In the event that the sale of the lands within Phases #2-3 of the District should proceed more slowly than expected and the Developer 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 Bonds, and such value can only be realized through the foreclosure or expeditious liquidation of the lands within Phases #2-3 of the District. There is no assurance that the value of such lands will be sufficient for that purpose and the expeditious liquidation of real property through foreclosure or similar means is generally considered to yield sales proceeds in a lesser sum than might otherwise be received through the orderly marketing of such real property.

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

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

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

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

#### **Assessment Limitations**

Annual Installments of Assessments are billed to property owners in Phases #2-3 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 Bonds maturing in each year, the annual payment of the payment obligations under the Reimbursement Agreement, and the Administrative Expenses for such year. See “ASSESSMENT PROCEDURES” herein. The unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Annual Installments of Assessment payments in the future.

In order to pay debt service on the Bonds, it is necessary that Annual Installments are paid in a timely manner. Due to the lack of predictability in the collection of Annual Installments in Phases #2-3 of the District, the City has established a Reserve Account in the Reserve Fund, to be funded from the proceeds of the Bonds, to cover delinquencies. The Annual Installments are secured by the Assessment Lien. However, there can be no assurance that foreclosure proceedings will occur in a timely manner so as to avoid depletion of the Reserve Account and delay in payments of debt service on the Bonds. See “BONDHOLDERS’ RISKS — Bondholders’ Remedies and Bankruptcy” herein.

Upon an ad valorem tax lien foreclosure event of a property within Phases #2-3 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 Ordinance. However, an Assessment Lien may not be foreclosed upon if any homestead rights of a property owner were properly claimed prior to the adoption of the Assessment Ordinance (“Pre-existing Homestead Rights”) for as long as such rights are maintained on the property. It is unclear under Texas law whether or not Pre-existing Homestead Rights would prevent the Assessment Lien from attaching to such homestead property or instead cause the Assessment Lien to attach, but remain subject to, the Pre-existing Homestead Rights.

Under Texas law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Ordinance, no such homestead rights were claimed. Furthermore, the Developer is not eligible to claim homestead rights and the Developer has represented that it owned all property within Phases #2-3 of the District as of the date of the Assessment Ordinance. Consequently, there are and can be no homestead rights on the Assessed Property superior to the Assessment Lien and, therefore, the Assessment Liens may be foreclosed upon by the City.

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

**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 PERSONAL**

OBLIGATIONS OF AND CHARGES AGAINST THE OWNERS OF PROPERTY LOCATED WITHIN PHASES #2-3 OF THE DISTRICT.

**The Assessments levied for and pledged to the payment of the Bonds and the Phases #2-3 Major Improvement Assessments which were levied for and pledged to the payment of the 2018 MI Bonds have liens of equal dignity of the parcels assessed therefor. In the event of partial payments of the Annual Installments of the Assessments and the Phases #2-3 Major Improvement Assessments, the Collin County Tax Assessor/Collector advises that such partial payments will be applied to the payment of the Annual Installments of the Assessments and the Phases #2-3 Major Improvement Assessments on a pro rata basis unless otherwise directed by the payer of such Annual Installments of the Assessments and the Phases #2-3 Major Improvement Assessments.**

**Exceedance of Maximum Assessment Could Trigger Assessment Prepayment and Optional Redemption**

The Service and Assessment Plan establishes a “Maximum Assessment” per Unit in Phases #2-3 of the District related to the Phases #2-3 Direct Improvements, which Maximum Assessment is currently calculated at \$32,552.82 per unit in Phases #2-3 of the District. See “APPENDIX B — Form of Service and Assessment Plan.”

Prior to the City approving a final subdivision plat, the Administrator will certify that such plat will not result in the Assessment per lot for any lot type 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 Per Unit.”

No plat has been filed for lots in Phases #2-3. In the event that the combined tax rate for entities taxing Phases #2-3 rises or the estimated build out value of lots in Phases #2-3 falls prior to the filing of a plat for Phases #2-3, 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 Bonds by the City. See “DESCRIPTION OF THE BONDS – Redemption Provisions.”

**Competition**

The housing industry in the Dallas-Fort Worth area is very competitive, and none of the Developer, the City, the City’s Financial Advisor or the Underwriter can give any assurance that the building programs which are planned will 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 is below.

| <u>Project Name</u>  | <u># of Units</u> | <u>Proximity to District (Miles)</u> | <u>Developer/Builders</u>                               | <u>Expected Home Sale Prices</u> | <u># of Units Remaining</u> |
|----------------------|-------------------|--------------------------------------|---------------------------------------------------------|----------------------------------|-----------------------------|
| Wilson Creek Meadows | 657               | 7 miles                              | Green Brick/<br>Taylor Morrison and<br>Trophy Signature | \$490K-\$740K                    | 550                         |
| Bluewood             | 833               | 7 miles                              | Hillwood/<br>First Texas, M/I,<br>Meritage              | \$411,000 to<br>\$705,000        | 79                          |
| Cambridge Crossing   | 1,519             | 9 miles                              | Cambridge/<br>Coventry, Perry,<br>UnionMain             | \$445,000 to<br>\$922,000        | 1,200                       |
| Celina Hills         | 277               | 7.4 miles                            | CB Jeni, Normandy,<br>Olivia Clarke                     | \$349,000-<br>\$650,000          | 272                         |

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

### **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 Bonds**

The 87th Legislature passed HB 1543, which became effective September 1, 2021, and requires a person who proposes to sell or otherwise convey real property within a public improvement district to provide to the purchaser of the property, before the execution of a binding contract of purchase and sale, written notice of the obligation to pay public improvement district assessments, in accordance with Section 5.014, Texas Property Code, as amended. In the event a contract of purchase and sale is entered into without the seller providing the notice, the intended purchaser is entitled to terminate the contract or purchase and sale. If the Developer or homebuilders within Phases #2-3 of the District do not provide the required notice and prospective purchasers of property within Phases #2-3 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 Bonds could occur. See "DESCRIPTION OF THE BONDS – Redemption Provisions." On payment of all damages respectively to the lienholders and purchaser pursuant to clause (i), the purchaser is required to reconvey the property to the seller. Further however, if the Developer or homebuilders within Phases #2-3 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 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.

### **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 Phases #2-3 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 lumber and other materials, causing many homebuilders and general contractors to experience budget overruns. If the construction costs associated with completing homes in Phases #2-3 of the District are substantially higher than the estimated costs or if the homebuilders within Phases #2-3 of the District are unable to access building materials in a timely manner, it may affect the ability of such homebuilders in Phases #2-3 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 Phases #2-3 of the District.

### **TIRZ Credit and Marketing of the Development**

The TIRZ Revenues are generated only from ad valorem taxes levied and collected by the City on the captured appraisal value in the TIRZ in any year. Any delay or failure by the Developer to develop the District may result in a reduced amount of the TIRZ Revenues being available to credit the Assessments. TIRZ Revenues generated from the captured appraised value for each parcel in the TIRZ during the development of such parcel will result in a TIRZ Credit which is not sufficient to achieve the Targeted Net Average Annual Installment. The TIRZ Credit will likely not provide for the Targeted Net Average Annual Installment until the second year that a home on such parcel is assessed. See “OVERLAPPING TAXES AND DEBT.”

It is uncertain what impact, if any, the TIRZ Credit application to the Annual Installments of the Assessments will have on the underwriting of residential mortgages. If the underwriter of a residential mortgage does not recognize the TIRZ Credit it may make it more difficult for a borrower to qualify for a home mortgage which could have a negative impact on home sales and projected absorption.

### **Loss of Tax Exemption**

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

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

### **Bankruptcy**

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

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

The ability of an owner of property within Phases #2-3 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 Phases #2-3 of the District and will likely do so in the future. Such entities could also impose assessment liens on the property within Phases #2-3 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.

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

Failure of the owners of property within Phases #2-3 of the District of the District to pay the Assessments when due could result in the rapid, total depletion of the Reserve Account of the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Bonds if sufficient amounts are not available



in the Reserve Account of the Reserve Fund. The Indenture provides that if, after a withdrawal from the Reserve Account of the Reserve Fund, the amount in the Reserve Account of the Reserve Fund is less than the Reserve Account Requirement, the Trustee shall transfer an amount from the Pledged Revenue Fund to the Reserve Account of the Reserve Fund sufficient to cure such deficiency, as described under “SECURITY FOR THE BONDS — Reserve Account of the Reserve Fund” herein.

### **Hazardous Substances**

While governmental taxes, assessments and charges are a common claim against the value of a parcel, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value that may be realized to the assessment is a claim with regard to a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or “Superfund Act,” is the most well-known and widely applicable of these laws. It is likely that, should any of the parcels of land located in Phases #2-3 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 Phases #2-3 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 Phases #2-3 of the District. The City 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 City is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the land within Phases #2-3 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 ESA 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; Existing Mechanics Lien on Property,” 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 Denton and Collin Counties.

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 Phases #2-3 of the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within Phases #2-3 of the District to pay Assessments. However, none of the City, the Financial Advisor, or the Underwriter, provide any assurances as to such Developer expectations.

### **Existing Mechanics Lien**

As described herein under “THE DEVELOPMENT – Existing Mineral Rights, Easements and Other Third Party Property Rights; Existing Mechanics Lien on Property,” there is an existing mechanics lien filed against the property in Phases #2-3 of the District. The lien holder under such mechanics lien has until July 15, 2023 to file a foreclosure suit under the Texas Property Code. The Developer has escrowed funds with Sendera to satisfy the mechanics lien or to resolve any foreclosure suit filed by such deadline; however, no assurance can be given that a foreclosure suit will not be filed prior to July 15, 2023.

## 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 Bonds or the occurrence of any other Event of Default under the Indenture, the Trustee may, and upon the written request of at least 25% of the owners of the Bonds then Outstanding and its receipt of indemnity satisfactory to it, the Trustee shall proceed to protect and enforce its rights and the rights of the owners of the Bonds under the Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for mandamus or the specific performance of any covenant or agreement contained therein or in aid or execution of any power granted or for the enforcement of any proper legal or equitable remedy, as the Trustee shall deem most effectual to protect and enforce such rights. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City's obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The owners of the Bonds cannot themselves foreclose on property within Phases #2-3 of the District or sell property within Phases #2-3 of the District in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the owners of the Bonds further may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "BONDHOLDERS' RISKS — Bankruptcy Limitation to Bondholders' Rights" herein.

Any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a property owner within Phases #2-3 of the District pursuant to the Federal Bankruptcy Code could, subject to its discretion, delay or limit any attempt by the City to collect delinquent Assessments, or delinquent ad valorem taxes, against such property owner.

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

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

claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory and common law guidance at the time of inception of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the state's immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Notwithstanding the foregoing new case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgement, is justiciable against a municipality.

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

### **No Acceleration**

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

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

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

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

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

As further described in "TAX MATTERS" below, failure of the City to comply with the requirements of the Internal Revenue Code of 1986 (the "Code") and the related legal authorities, or changes in the federal tax law or its

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

### **Management and Ownership**

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

### **Availability of Utilities**

The progress of development within the District is also dependent upon the City providing an adequate supply of water and sufficient capacity for the collection and treatment of wastewater. If the City 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 Property in Phases #2-3 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 City to meet its debt service obligations with respect to the Bonds. There can be no assurances given as to the financial ability of the Developer to advance any funds to the City to supplement revenues from the Assessments if necessary, or as to whether the Developer will advance such funds.

Moreover, the City will pay the Developer, or the Developer’s designee, from proceeds of the Bonds for project costs actually incurred in developing and constructing the Phases #2-3 Direct Improvements within Phases #2-3 of the District. The Developer will submit payment requests on a monthly basis for costs actually incurred in developing and constructing the Authorized Improvements, and be paid in accordance with the Construction, Funding and Acquisition Agreement, the Reimbursement Agreement and the Indenture. See “THE PHASES #2-3 DIRECT IMPROVEMENTS – General” and “THE DEVELOPMENT – Development Plan and Status of Development.” 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 Bonds.

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

During prior sessions and interim business of the Texas legislature, various proposals and reports have been presented by committees of the Texas Senate and Texas House of Representatives which suggest or recommend changes to the PID Act relating oversight of bonds secured by special assessments including adopting requirements relating to levels of build out or adding state level oversight in connection with the issuance of bonds secured by special assessments under the PID Act. The 88th Legislative Session of the State concluded on May 29, 2023, without any legislation being passed by either chamber of the Texas legislature recommending oversight of bonds secured by assessments. The Governor called a special legislative session, which convened on May 29, 2023 and ended on June 27, 2023 without any legislation being passed by either chamber of the Texas legislature recommending oversight of bonds secured by assessments. The Governor called a second special legislative session, which convened on June 27, 2023. The second special session agenda does not currently include any legislation related to the oversight of bonds secured by assessments; however, it is impossible to predict what new proposals may be presented regarding the PID Act and the issuance of special assessment bonds during any upcoming legislative sessions, whether such new proposals or any previous proposals regarding the same will be adopted by the Texas Senate and House of Representatives and signed by the Governor, and, if adopted, the form thereof. It is impossible to predict with certainty the impact that any such future legislation will or may have on the security for the Bonds.

## 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 Bonds 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 City'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.

## Developer Principal Financial Relationships and Other Matters Relating to Developer and Developer Affiliates

Set forth below is a summary of certain litigation and other matters involving certain affiliates of Centurion. No assurances can be given as to the result of the following lawsuits or any charges related thereto or the impact, if any, of such result on one or more of Mehrdad Moayedí ("Moayedí"), the operations of Centurion, and the Developer's ability to continue funding the Development.

Investigation of United Development Funding. Subsidiaries of Centurion American are involved in the development of master planned residential community and mixed-use projects. Some of these projects have previously been developed using funding provided by various entities associated with United Development Funding ("UDF"), including United Development Funding IV, a publicly traded real estate investment trust ("UDF IV"). In connection with governmental investigations of UDF (the "UDF Investigations"), Centurion and some of its employees were contacted in mid-2016 to provide certain information to such governmental fact-finders as part of an information gathering process on the UDF Investigations. Centurion and its employees fully complied with the information gathering process. Neither Centurion nor any of its employees or affiliates have received any information indicating that they are either targets or subjects of any governmental investigation.

Megatel Homes III, LLC v. Wilbow-Windhaven Development Corporation v. Centurion Windhaven, LP, et al.; in Denton County Texas. Plaintiff Megatel Homes III, LLC ("Megatel") brought claims against both Defendant Wilbow Windhaven Development Corp. ("Wilbow"), Defendant Centurion Acquisitions, LP ("CA"), and Defendant CADG Windhaven, LLC ("CADG," collectively with CA, "Centurion Defendants"). Megatel's claims against Wilbow consist of request for Declaratory Judgment; Breach of Contract; and Indemnity. Megatel's claims against CA and CADG consist of Breach of Contract; Fraud; and Indemnity. A Motion to Expunge Lis Pendens was granted by court on October 2, 2020. Megatel re-filed the Lis Pendens and Wilbow filed a Motion to Expunge. The court granted the Motion to Expunge the Lis Pendens on May 19, 2021. A Dismissal for Want of Prosecution hearing is set for September 15, 2023. The parties must agree to a trial setting, among other requirements, by (1) business day before this date. No trial date is set.

Megatel Claims. Megatel has brought several additional causes of action against Moayedí, Centurion (and certain of its affiliates) and UDF as listed below. Megatel has asserted various allegations of fraud, RICO violations, conspiracy, breach of fiduciary duty, and others in what Centurion believes to be an attempt to force Moayedí, Centurion and UDF to settle with Megatel. In addition to the filing of the below lawsuits, Megatel has also filed Lis Pendens against property owned by third-parties, has sent letters to Megatel's competitors attempting to interfere with their relationship with Centurion and has possibly partnered with parties believed to be adversarial to Moayedí, Centurion and UDF. Centurion continues to aggressively fight against these actions and against what it believes to be the baseless claims made in the lawsuits.

1. *Cause No. 3:20-CV-00688-L: Megatel Homes, LLC, et al. v. Mehrdad Moayed, et al., in U.S. District Court, Northern District of Texas;*
2. *Cause No. 219-01995-2021 in the 219<sup>th</sup> Judicial District Court, Collin County, Texas; Megatel Homes III, LLC v. CTMGT Erwin Farms, LLC and CADG Erwin Farms, LLC;*
3. *Cause No. 199-01546-2021 in the 199<sup>th</sup> Judicial District Court, Collin County, Texas; Megatel Homes III, LLC v. CTMGT Frontier 80, LLC.*

### **Risk from Weather Events**

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

### **100-Year Flood Plain**

According to FEMA FIRM No. 48085C0110J and No. 48085C0020J effective June 2, 2009, no land in the District is located in special flood hazard areas subject to inundation by a 100-year or 500-year flood.

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

### **Judicial Foreclosures**

Judicial foreclosure proceedings are not mandatory; however, the City has covenanted (subject to the provisions set forth in the 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 Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and, in such event, there could be an additional delay in payment of the principal of and interest on the Bonds or such payment may not be made in full. Moreover, in filing a suit to foreclose, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property; the proceeds of any sale of property within Phases #2-3 of the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property. See “OVERLAPPING TAXES AND DEBT.” Collection of delinquent taxes, assessments and the Assessments may be adversely affected by the effects of market conditions on the foreclosure sale price, and by other factors, including taxpayers’ right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property, and by a time-consuming and expensive collection procedure.

### **No Credit Rating**

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

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

The Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Bonds in the event an Owner thereof determines to solicit purchasers for the Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Bonds may be sold. Such price may be lower than that paid by the current Owners of the Bonds, depending on the progress of development of Phases #2-3 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 Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the “Code”), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. A form of Bond Counsel’s opinion is reproduced as APPENDIX C. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

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

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

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

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S



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

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

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

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

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

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

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

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

## **LEGAL MATTERS**

### **Legal Proceedings**

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

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

### **Legal Opinions**

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

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

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

### **Litigation — The City**

At the time of delivery and payment for the Bonds, the City will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency,

public board or body, pending or overtly threatened against the City affecting the existence of the District, or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof, in accordance with the Indenture, or the collection or application of Assessments securing the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Assessment Ordinance, the Indenture, any action of the City contemplated by any of the said documents, or the collection or application of the Pledged Revenues, or in any way contesting the completeness or accuracy of this Limited Offering Memorandum or any amendment or supplement thereto, or contesting the powers of the City or its authority with respect to the Bonds or any action of the City contemplated by any documents relating to the Bonds.

### **Litigation — The Developer**

At the time of delivery and payment for the Bonds, the Developer will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory body, public board or body pending, or, to the best knowledge of the Developer, threatened against or affecting the Developer wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of the Developer or its general partner or would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Reimbursement Agreement, the Bond Ordinance, the Service and Assessment Plan, the Construction, Funding, and Acquisition Agreement, the Development Agreement, or the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (ii) the tax-exempt status of interest on the Bonds (individually or in the aggregate, a “Material Adverse Effect”). Additionally, Mr. Mehrdad Moayedi and his affiliated entities have been and are parties to pending and threatened litigation related to their commercial and real estate development activities. Such litigation occurs in the ordinary course of business and is not expected to have a Material Adverse Effect.

### **SUITABILITY FOR INVESTMENT**

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

### **ENFORCEABILITY OF REMEDIES**

The remedies available to the owners of the Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay. See “BONDHOLDERS’ RISKS — Bondholders’ Remedies and Bankruptcy.” Under existing constitutional and statutory law and judicial decisions, including the federal bankruptcy code, the remedies specified by the Indenture and the Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by 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 Bonds has been made to any rating agency, nor is there any reason to believe that the City would have been successful in obtaining an investment grade rating for the Bonds had application been made.

## **CONTINUING DISCLOSURE**

### **The City**

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

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

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

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

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

### **The Developer**

The Developer, the Administrator, and the Dissemination Agent will enter into a Continuing Disclosure Agreement (the “Developer Disclosure Agreement”) for the benefit of the Owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Developer Disclosure Agreement, certain information regarding the Development (the “Developer Reports”). The specific nature of the information to be contained in the Developer Reports is set forth in “APPENDIX D-2 — Form of Developer Disclosure Agreement.” 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 Indenture, but such event of default under the Developer Disclosure Agreement would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance.

The 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 Bonds at any future date. The Developer disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the Developer Disclosure Agreement or from any statement made pursuant to the Developer Disclosure Agreement.

### **The Original Developer and the Developer's Compliance with Prior Undertakings**

The Original Developer entered into continuing disclosure agreements related to the 2018 Phase #1 Bonds and the 2018 MI Bonds and has continued to provide continuing disclosure on behalf of the Developer after the Developer's acquisition of the property in the District. During the past 5 years, the Original Developer has complied in all material respects in connection such prior undertakings to provide continuing disclosure in connection with the Development. The Developer has not entered into any prior undertakings to provide continuing disclosure.

## **UNDERWRITING**

FMSbonds, Inc. (the "Underwriter") has agreed to purchase the Bonds from the City at a purchase price of \$7,404,010 (the par amount of the Bonds, less an underwriting discount of \$228,990, which includes Underwriter's Counsel's fee of \$76,330). The Underwriter's obligations are subject to certain conditions precedent and if obligated to purchase any of the Bonds the Underwriter will be obligated to purchase all of the Bonds. The Bonds may be offered and sold by the Underwriter at prices lower than the initial offering prices stated on the inside cover page hereof, and such initial offering prices may be changed from time to time by the Underwriter.

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

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

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

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

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

## INVESTMENTS

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

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

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

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

Political subdivisions such as the City are authorized to implement securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) of the first paragraph under this subcaption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than "A" or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (6) and (10) through (12) of the first paragraph under this subcaption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the governmental body, held in the name of the governmental body and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

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

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

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

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

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

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

Additional information about the Trustee may be found at its website at [www.usbank.com](http://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 Bonds.



## **SOURCES OF INFORMATION**

### **General**

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

### **Source of Certain Information**

The information contained in this Limited Offering Memorandum relating to the description of the Phases #2-3 Direct Improvements, the Development and the Developer generally and, in particular, the information included in the sections captioned "THE PHASES #2-3 DIRECT IMPROVEMENTS," "THE DEVELOPMENT," "THE DEVELOPER," "BONDHOLDERS' RISKS" (only as it pertains to the Developer, the Phases #2-3 Direct Improvements, the Major Improvement Projects and the Development) and "LEGAL MATTERS — Litigation — The Developer" has been provided by the Developer.

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

## **FORWARD-LOOKING STATEMENTS**

Certain statements included or incorporated by reference in this Limited Offering Memorandum constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21e of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities

Act 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 CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER “CONTINUING DISCLOSURE” HEREIN.

#### **AUTHORIZATION AND APPROVAL**

In the Bond Ordinance, the City Council approved the form and content of this Limited Offering Memorandum and authorized and ratified the use of this Limited Offering Memorandum by the Underwriter in connection with the marketing and sale of the Bonds.

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**APPENDIX A**  
**FORM OF INDENTURE**

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INDENTURE OF TRUST

By and Between

CITY OF CELINA, TEXAS

and

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

DATED AS OF AUGUST 1, 2023

SECURING

\$7,633,000

CITY OF CELINA, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023  
(CHALK HILL PUBLIC IMPROVEMENT DISTRICT NO. 2  
PHASES # 2 – 3 DIRECT IMPROVEMENT PROJECT)

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## INDENTURE OF TRUST

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

WHEREAS, a petition was submitted and filed with the City Secretary of the City (the "City Secretary") pursuant to the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended (the "PID Act"), requesting the creation of a public improvement district located in the city limits of the City to be known as the Chalk Hill Public Improvement District No. 2 (the "District"); and

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

WHEREAS, on December 12, 2017, after due notice, the City Council of the City (the "City Council") held the public hearing in the manner required by law on the advisability of the improvement projects and services described in the petition as required by Section 372.009 of the PID Act and on December 12, 2017, the City Council made the findings required by Section 372.009(b) of the PID Act and, by Resolution No. 2017-212R adopted by a majority of the members of the City Council, authorized the District in accordance with its finding as to the advisability of the improvement projects and services and also made findings and determinations relating to the estimated total costs of certain Authorized Improvements; and

WHEREAS, on December 15, 2017, the City published notice of its authorization of the District in the *Celina Record*, a newspaper of general circulation in the City; and

WHEREAS, no written protests of the District from any owners of record of property within the District were filed with the City Secretary within 20 days after December 12, 2017; and

WHEREAS, the City has previously issued the City of Celina, Texas, Special Assessment Revenue Bonds, Series 2018 (Chalk Hill Public Improvement District No. 2 Phase #1 Project) (the "Phase #1 Bonds") secured by certain assessments levied against property located within the first construction phase of the District ("Phase #1"); and

WHEREAS, the City has previously issued the City of Celina, Texas, Special Assessment Revenue Bonds, Series 2018 (Chalk Hill Public Improvement District No. 2 Phases #2 - 3 Major Improvement Project) (the "Phases #2 - 3 Major Improvement Bonds") secured by certain assessments levied against property located within the District that was not located within Phase #1 ("Phases #2 - 3"); and

WHEREAS, in the indenture authorizing the Phase #1 Bonds, the City reserved the right to issue additional series of bonds as "Additional Obligations" pursuant to other indentures,

Phases #2 – 3 Direct Improvements Indenture of Trust

assessment ordinances, or similar agreements which do not constitute or create a lien on the Trust Estate and are not payable from pledged revenues which secure the Phase #1 Bonds; and

WHEREAS, in the indenture authorizing the Phases #2 – 3 Major Improvement Bonds, the City reserved the right to issue an additional series of bonds as “Phased PID Bonds”, to fund Authorized Improvements for the benefit of a phase of development; provided that prior to the issuance of such Phased PID Bonds, the requirements set forth in Section 13.2(e) of the indenture authorizing the Phases #2 -3 Major Improvement Bonds must be satisfied; and

WHEREAS, on June 13, 2023, the City Council by Resolution No. 2023-50R made findings and determinations relating to the Actual Costs of certain Authorized Improvements which only benefit the property within the second and third construction phases of the District (the “Phases #2 – 3 Direct Improvements”), received and accepted a preliminary update to the Service and Assessment Plan and a proposed assessment roll, called a public hearing for July 11, 2023 and directed City staff to (i) file said proposed assessment roll with the City Secretary and to make it available for public inspection as required by Section 372.016(b) of the PID Act and (ii) publish and mail such notice relating to the July 11, 2023 hearing as required by Section 372.016(b) of the PID; and

WHEREAS, on June 19, 2023, the City Council, pursuant to Section 372.016(b) of the PID Act, published notice of the public hearing in the *Celina Record*, a newspaper of general circulation in the City and in the part of the City’s extraterritorial jurisdiction of the City in which the District is located or in which the Phases #2 – 3 Direct Improvements are to be undertaken, to consider the proposed “Phases #2 – 3 Direct Improvement Assessment Roll” and the “Chalk Hill Public Improvement District No. 2 Service and Assessment Plan” as updated for Phase #2 - 3 (as updated, amended, and/or restated from time to time, the “Service and Assessment Plan”) and the levy of the “Assessments” on property within Phases #2 – 3 of the District; and

WHEREAS, the City Council, pursuant to Section 372.016(c) of the PID Act, mailed notice of the public hearing to consider the proposed Phases #2 – 3 Direct Improvement Assessment Roll and the Service and Assessment Plan and the levy of Assessments on property in Phases #2 – 3 of the District to the last known address of the owners of the property liable for the Assessments; and

WHEREAS, the City Council opened and convened the hearing on July 11, 2023, and at such public hearing all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the proposed Service and Assessment Plan, the proposed Phases #2 – 3 Direct Improvement Assessment Roll and the Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessments, the allocation of the Actual Costs of the Phases #2 - 3 Direct Improvements, the purposes of the Assessments, the special benefits of the Phase #2 – 3 Direct Improvements, and the penalties and interest on Annual Installments and on delinquent Annual Installments of the Assessments, and there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of Actual Costs of the Phases #2 – 3 Direct Improvements, the Phases #2 – 3 Direct Improvement Assessment Roll, and the levy of the Assessments; and

WHEREAS, the City Council closed the hearing, and, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the City, the City Council approved Ordinance No. 2023-65 (the “Phases #2 – 3 Direct Improvements Assessment Ordinance”), which levied the Assessments and approved and

Phases #2 – 3 Direct Improvements Indenture of Trust

accepted the Service and Assessment Plan, as updated for the Phases #2 - 3 Direct Improvements in conformity with the requirements of the PID Act; and

WHEREAS, the City Council found and determined that the Assessments should be levied as provided in the Service and Assessment Plan and the Phases #2 – 3 Direct Improvement Assessment Roll; and

WHEREAS, the City Secretary of the City filed a copy of the Phases #2 – 3 Direct Improvements Assessment Ordinance not later than the seventh day after the date the City Council approved the Phases #2 - 3 Direct Improvements Assessment Ordinance and the Service and Assessment Plan with the County Clerk of Collin County; and

WHEREAS, the City Council is authorized by the PID Act to issue its revenue bonds payable from the Phases #2 – 3 Direct Improvement Assessments for the purpose of (i) paying a portion of the Actual Costs of the Phases #2 – 3 Direct Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Phases #2 – 3 Direct Improvements, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying costs of issuance; and

WHEREAS, the City Council now desires to issue revenue bonds, in accordance with the PID Act and as “Additional Obligations” under the indenture authorizing the Phase #1 Bonds and as “Phased PID Bonds” under the indenture authorizing the Phases #2 – 3 Major Improvement Bonds, such bonds to be entitled “City of Celina, Texas, Special Assessment Revenue Bonds, Series 2023 (Chalk Hill Public Improvement District No. 2 Phases #2 – 3 Direct Improvement Project)” (the “Bonds”), such Bonds being payable solely from the Trust Estate and for the purposes set forth in the preamble of this Indenture; and

WHEREAS, prior to the issuance of the Bonds, evidence satisfactory to the City and its advisors has been presented that the requirements of Section 13.2(e) of the indenture authorizing the Phases #2 – 3 Major Improvement Bonds have been satisfied and that the Bonds may be issued as “Phased PID Bonds” under that indenture; and

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

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

#### FIRST GRANTING CLAUSE

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

Phases #2 – 3 Direct Improvements Indenture of Trust

## SECOND GRANTING CLAUSE

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

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

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

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

PROVIDED, FURTHER, HOWEVER, if the City or its assigns shall well and truly pay, or cause to be paid, the principal or Redemption Price of and the interest on all the Bonds Similarly Secured at the times and in the manner stated in the Bonds Similarly Secured, according to the true intent and meaning thereof, then this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture is to be and remain in full force and effect;

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

## ARTICLE I

### DEFINITIONS, FINDINGS AND INTERPRETATION

#### Section 1.1. Definitions.

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

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

“Actual Costs” mean, with respect to Phases #2 – 3 Direct Improvements, the demonstrated, reasonable, allocable, and allowable costs of constructing such Phases #2 – 3 Direct Improvements, as specified in a Certification of Payment that has been reviewed and approved by the City. Actual Costs may include (a) the costs for design, planning, financing, administration, management, acquisition, installation, construction and/or implementation of such Phases #2 – 3 Direct Improvements, including general contractor construction management fees, if any, (b) the costs of preparing the construction plans for such Phases #2 – 3 Direct Improvements, (c) the fees paid for obtaining permits, licenses or other governmental approvals for such Phases #2 – 3 Direct Improvements, (d) the costs for external professional costs associated with such Phases #2 – 3 Direct Improvements, such as engineering, geotechnical, surveying, land planning, architectural landscapers, advertising, marketing and research studies, appraisals, legal, accounting and similar professional services, taxes, (e) the costs of all labor, bonds, and materials, including equipment and fixtures, incurred by contractors, builders and material men in connection with the acquisition, construction, or implementation of Phases #2 – 3 Direct Improvements, and (f) all related permitting, zoning and public approval expenses, architectural, engineering, legal and consulting fees, financing charges, taxes, governmental fees and charges (including inspection fees, City permit fees, development fees), insurance premiums, and miscellaneous expenses.

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

"Additional Interest" means the amount collected by application of the Additional Interest Rate.

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

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

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

“Administrative Expenses” mean the administrative, organization, maintenance and operation costs associated with, or incident to, the administration, organization, maintenance and operation of the District, including, but not limited to, the costs of (i) creating and organizing the District, including conducting hearings, preparing notices and petitions, and all costs incident thereto, including engineering fees, legal fees and consultant fees, (ii) the annual administrative, organization, maintenance, and operation costs and expenses associated with, or incident and allocable to, the administration, organization, and operation of the District, (iii) computing, levying, billing and collecting Assessments or the Annual Installments thereof, (iv) maintaining the record of installments of the Assessments and the system of registration and transfer of the Bonds, (v) paying and redeeming the Bonds Similarly Secured, (vi) investing or depositing of monies, (vii) complying with the PID Act and other laws applicable to the Bonds Similarly Secured, (viii) the Phases #2 – 3 Direct Improvements Indenture of Trust

Trustee fees and expenses relating to the Bonds Similarly Secured, including reasonable fees, (ix) legal counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, and (x) administering the construction of the Phases #2 - 3 Direct Improvements. Administrative Expenses do not include payment of the actual principal of, redemption premium, if any, and interest on the Bonds Similarly Secured. Assessments collected for Administrative Expenses and not expended for actual Administrative Expenses in one year shall be carried forward and applied to reduce Administrative Expenses in subsequent years to avoid the over-collection of amounts to pay Administrative Expenses.

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

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

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

“Annual Installment” means, with respect to each Assessed Parcel, each annual payment of the Assessments (including both principal of and interest on the Assessments) as shown on the Phases #2 – 3 Direct Improvement Assessment Roll attached to the Service and Assessment Plan as Appendix I and related to the Bonds and the Phases #2 – 3 Direct Improvements which annual payment includes Administrative Expenses and the Additional Interest collected on each annual payment of the Assessments related to the Bonds, as described in Section 6.7 herein, and as defined and calculated in the Service and Assessment Plan or in any Annual Service Plan Update.

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

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

“Assessed Parcel” means each respective parcel of land located within Phases #2 – 3 of the District against which an Assessment is levied by the Assessment Ordinance in accordance with the Service and Assessment Plan.

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

“Assessment Ordinance” means Ordinance No. 2023-65 adopted by the City Council on July 11, 2023, which levied the Assessments on the Assessed Property located within Phases #2 – 3 of the District.

“Assessments” means the aggregate assessments shown on the Phases #2 - 3 Direct Improvement Assessment Roll. The singular of such term means the Assessment levied against an Assessed Parcel, including the portion to be paid for Administrative Expenses, as shown on the Phases #2 - 3 Direct Improvement Assessment Roll, subject to reallocation upon the subdivision of an Assessed Parcel, or consolidation of multiple Assessed Parcels or reduction according to the provisions of the Service and Assessment Plan and the PID Act.

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

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

"Authorized Improvements" means improvements authorized by Section 372.003 of the PID Act, including, but not limited to the Phases #2 – 3 Direct Improvements listed in Section III of the Service and Assessment Plan, for which assessments are levied against an assessed parcel that are designed, constructed, and installed in accordance with the Service and Assessment Plan or an Annual Service Plan Update.

“Bond” means any of the Bonds.

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

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

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

“Bond Ordinance” means Ordinance No. 2023-66 adopted by the City Council on July 11, 2023 authorizing the issuance of the Bonds pursuant to this Indenture.

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

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

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



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

"Bonds" means the City's bonds authorized to be issued by Section 3.1(a) of this Indenture entitled "City of Celina, Texas, Special Assessment Revenue Bonds, Series 2023 (Chalk Hill Public Improvement District No. 2 Phases #2 – 3 Direct Improvement Project)".

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

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

"Certification for Payment" means a certificate substantially in the form of Exhibit A attached to the Construction Funding and Acquisition Agreement or otherwise approved by the Developer and a City Representative executed by a Person approved by a City Representative, delivered to the City Representative and the Trustee specifying the amount of work performed related to the Phases #2 – 3 Direct Improvements and the Actual Costs thereof, and requesting payment for such Actual Costs from money on deposit in an account of the Project Fund, as further described in the Construction Funding and Acquisition Agreement and Section 6.5 herein.

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

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

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

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

"Construction, Funding, and Acquisition Agreement" means the "Chalk Hill Public Improvement District No. 2 Phases #2 – 3 Direct Improvements Construction, Funding, and Acquisition Agreement" dated as of July 11, 2023, between the City and the Developer associated with the Bonds, which relates to the levying and collection of Assessments, the construction of the Phases #2 – 3 Direct Improvements, the maintenance of the Phases #2 – 3 Direct Improvements, the issuance of bonds and other matters related thereto.

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

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

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

Phases #2 – 3 Direct Improvements Indenture of Trust

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

"Developer" means CADG Celina 156, LLC, a Texas limited liability company (including its successors and assigns).

"Development Agreement" means the "Development Agreement, Chalk Hill Public Improvement District Agreement, and Tax Increment Reinvestment Zone Agreement" by and between the City and the Developer effective, October 13, 2017, which provides for the development of property within the District, the creation of the District and a tax increment reinvestment zone, the construction and financing of the Authorized Improvements and other matters related thereto.

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

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

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

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

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

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

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

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

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

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

“Interest Payment Date” means the date or dates upon which interest on any series of Bonds Similarly Secured is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being on March 1 and September 1 of each year and, commencing, with respect to the Bonds, on March 1, 2024.

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

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

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

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

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

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

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

“Parcel” or “Parcels” means a parcel or parcels within the PID identified by either a tax map identification number assigned by the Collin Central Appraisal District for real property tax purposes or by lot and block number in a final subdivision plat recorded in the real property records of Collin County.

"Phase" means one or more Parcels within the PID that will be developed in the same general time period.

"Phases #2 - 3" means, collectively, the second and third phase to be developed concurrently within the District and further identified and described in the Service and Assessment Plan.

"Phases #2 – 3 Direct Improvements" means the Authorized Improvements which only benefit the Assessed Property within Phases #2 – 3 of the District.

"Phases #2 – 3 Direct Improvements Account" means the Account of the Project Fund of such name as established pursuant to Section 6.1.

"Phase #2 – 3 Direct Improvements Assessment Roll" means the Assessment Roll attached as Appendix I to the Service and Assessment Plan or any other Assessment Roll in an amendment or supplement to the Service and Assessment Plan or in an Annual Service Plan Update, showing the total amount of the Assessment against each Assessed Parcel related to the Bonds and the Phases #2 – 3 Direct Improvements, as updated, modified, or amended from time to time in accordance with the terms of the Service and Assessment Plan and the PID Act.

"Phases #2 – 3 Direct Improvement Reimbursement Agreement" means the "Chalk Hill Public Improvement District No. 2 Phases #2 – 3 Direct Improvements Reimbursement Agreement" between the City and the Developer, dated as of July 11, 2023, which provides for the reimbursement of costs to the Developer, from the Assessment Revenue, for funds advanced by the Developer and used to pay a portion of the costs of the Phases #2 – 3 Direct Improvements and other matters related thereto.

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

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

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

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

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

"Prepayment and Delinquency Reserve Account" means the Account of such name established pursuant to Section 6.1.

"Prepayment and Delinquency Reserve Requirement" means an amount equal to 5.50% of the principal amount of the Outstanding Bonds Similarly Secured to be funded from

Phases #2 – 3 Direct Improvements Indenture of Trust

Assessment Revenues to be deposited to the Pledged Revenue Fund and transferred to the Prepayment and Delinquency Reserve Account.

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

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

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

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

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

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

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

“Redemption Price” means, when used with respect to any Bond Similarly Secured or portion thereof, the applicable redemption price(s) shown in Article IV hereof, unless otherwise provided in a Supplemental Indenture.

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

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

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

“Reserve Account Requirement” means the least of: (i) Maximum Annual Debt Service on the Bonds as of the Closing Date of the Bonds, (ii) 125% of average Annual Debt Service on the Bonds as of the Closing Date of the Bonds, or (iii) 10% of the lesser of the principal amount of the Outstanding Bonds or the original issue price of the Bonds. As of the Closing Date for the Bonds, the Reserve Account Requirement is \$738,821.83, which is an amount equal to the 125% of average Annual Debt Service on the Bonds as of the Closing Date. The Reserve Account Requirement shall be adjusted in accordance with Section 13.2, in the event an additional series of Bonds Similarly Secured is hereafter issued.

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

“Service and Assessment Plan” means the “Chalk Hill Public Improvement District No. 2 Service and Assessment Plan” dated July 11, 2023 document, including the Phases #2 – 3 Direct Phases #2 – 3 Direct Improvements Indenture of Trust

Improvements Assessment Roll, as hereinafter amended, updated, and/or restated by an Annual Service Plan Update or otherwise, a version of which is attached as an exhibit to the Assessment Ordinance.

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

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

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

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

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

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

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

#### Section 1.2. Findings.

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

#### Section 1.3. Table of Contents, Titles and Headings.

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

Section 1.4. Interpretation.

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

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

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

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

ARTICLE II

THE BONDS SIMILARLY SECURED

Section 2.1. Security for the Bonds Similarly Secured.

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

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

Section 2.2. Limited Obligations.

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

Section 2.3. Authorization for Indenture.

The terms and provisions of this Indenture and the execution and delivery hereof by the City to the Trustee have been duly authorized by official action of the City Council of the City. The Phases #2 – 3 Direct Improvements Indenture of Trust

City has ascertained and it is hereby determined and declared that the execution and delivery of this Indenture is necessary to carry out and effectuate the purposes set forth in the preambles of this Indenture and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds Similarly Secured and is a contract or agreement necessary, useful and convenient to carry out and effectuate the purposes herein described.

Section 2.4. Contract with Owners and Trustee.

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

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

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS  
SIMILARLY SECURED

Section 3.1. Authorization of the Bonds Similarly Secured.

(a) The Bonds.

(i) The Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly the PID Act, as amended. The Bonds shall be issued in the aggregate principal amount of \$7,633,000 for the purpose of (i) paying a portion of the Actual Costs of the Phases #2 – 3 Direct Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Phases #2 – 3 Direct Improvements, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying costs of issuance.

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

(a) The Bonds.

(i) The Bonds shall be dated August 9, 2023 and shall be issued in Authorized Denominations. The Bonds shall be in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Bond for the Bonds, which shall be numbered T-1.

(ii) Interest shall accrue and be paid on each Bond from the later of the Closing Date of the Bonds or the most recent Interest Payment Date to which interest has been paid or provided for, at the rate per annum set forth below until the principal thereof has been paid on the maturity date specified below or otherwise provided for. Such interest



shall be payable semiannually on March 1 and September 1 of each year, commencing March 1, 2024 computed on the basis of a 360-day year of twelve 30-day months.

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

| <u>Years</u> | <u>Principal<br/>Amount (\$)</u> | <u>Interest<br/>Rate (%)</u> |
|--------------|----------------------------------|------------------------------|
| 2030         | 471,000                          | 5.000                        |
| 2043         | 2,034,000                        | 5.750                        |
| 2053         | 5,128,000                        | 6.000                        |

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

Section 3.3. Conditions Precedent to Delivery of Bonds.

(a) The Bonds.

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

- (i) a certified copy of the Assessment Ordinance;
- (ii) a certified copy of the Bond Ordinance;
- (iii) a copy of the executed Construction, Funding, and Agreement
- (iv) a copy of the executed Phases #2 – 3 Direct Improvements Reimbursement Agreement;
- (v) a copy of this Indenture executed by the Trustee and the City; and
- (vi) a City Certificate directing the authentication and delivery of the Bonds, describing the Bonds to be authenticated and delivered, designating the purchasers to whom the Bonds are to be delivered, stating the purchase price of the Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the City.

Section 3.4. Medium, Method and Place of Payment.

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

(b) Interest on the Bonds Similarly Secured shall be payable to the Owners thereof as shown in the Register at the close of business on the relevant Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for thirty (30) days thereafter, a new record date for such interest payment (a “Special

Record Date”) will be established by the Trustee, if and when funds for the payment of such interest have been received from or on behalf of the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the “Special Payment Date,” which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first-class, postage prepaid, to the address of each Owner of a Bond Similarly Secured appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

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

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

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

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

### Section 3.5. Execution and Registration of Bonds Similarly Secured.

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

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

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

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

#### Section 3.6. Ownership.

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

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

Section 3.7. Registration, Transfer and Exchange.

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

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

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

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

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

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

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

Section 3.8. Cancellation.

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

Section 3.9. Temporary Bonds Similarly Secured.

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

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

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

Section 3.10. Replacement Bonds Similarly Secured.

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

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

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

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

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

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

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

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

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

### Section 3.11. Book-Entry Only System.

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

With respect to Bonds Similarly Secured registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any Person on behalf of whom such a DTC Participant holds an interest in the Bonds Similarly Secured. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds Similarly Secured, (ii) the delivery to any DTC Participant or any other Person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds Similarly Secured, including any notice of redemption, or (iii) the payment to any DTC Participant or any other Person, other than an Owner, as shown in the Register of any amount

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

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

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

Section 3.13.      Payments to Cede & Co.

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

## ARTICLE IV

### REDEMPTION OF BONDS SIMILARLY SECURED BEFORE MATURITY

#### Section 4.1. Limitation on Redemption.

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

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

##### (a) The Bonds.

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

#### **Term Bonds Maturing September 1, 2030**

| <u>Redemption Date</u> | <u>Sinking Fund<br/>Installment (\$)</u> |
|------------------------|------------------------------------------|
| September 1, 2025      | 70,000                                   |
| September 1, 2026      | 71,000                                   |
| September 1, 2027      | 78,000                                   |
| September 1, 2028      | 81,000                                   |
| September 1, 2029      | 84,000                                   |
| September 1, 2030*     | 87,000                                   |

\* maturity

#### **Term Bonds Maturing September 1, 2043**

| <u>Redemption Date</u> | <u>Sinking Fund<br/>Installment (\$)</u> |
|------------------------|------------------------------------------|
| September 1, 2031      | 86,000                                   |
| September 1, 2032      | 91,000                                   |
| September 1, 2033      | 123,000                                  |
| September 1, 2034      | 133,000                                  |
| September 1, 2035      | 138,000                                  |
| September 1, 2036      | 149,000                                  |
| September 1, 2037      | 156,000                                  |
| September 1, 2038      | 165,000                                  |
| September 1, 2039      | 175,000                                  |
| September 1, 2040      | 186,000                                  |
| September 1, 2041      | 198,000                                  |
| September 1, 2042      | 212,000                                  |
| September 1, 2043*     | 222,000                                  |

\* maturity



**Term Bonds Maturing September 1, 2053**

| <u>Redemption Date</u> | <u>Sinking Fund<br/>Installment (\$)</u> |
|------------------------|------------------------------------------|
| September 1, 2044      | 239,000                                  |
| September 1, 2045      | 254,000                                  |
| September 1, 2046      | 270,000                                  |
| September 1, 2047      | 284,000                                  |
| September 1, 2048      | 304,000                                  |
| September 1, 2049      | 664,000                                  |
| September 1, 2050      | 707,000                                  |
| September 1, 2051      | 752,000                                  |
| September 1, 2052      | 801,000                                  |
| September 1, 2053*     | 853,000                                  |

\* maturity

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

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

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

**Section 4.3. Optional Redemption.**

**(a) The Bonds.**

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

part, on any date on or after September 1, 2031, such redemption date or dates to be fixed by the City, at the price of par, plus accrued interest to the date of redemption.

Section 4.4. Extraordinary Optional Redemption.

Notwithstanding any provision in this Indenture to the contrary, the City reserves the right and option to redeem Bonds Similarly Secured before their respective scheduled maturity dates, in whole or in part and in an amount and on a date specified in a City Certificate, at 100% of the principal amount of such Bonds Similarly Secured, or portions thereof, to be redeemed plus accrued interest to the date of redemption from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund made pursuant to the terms of this Indenture), any other transfers to the Redemption Fund under the terms of this Indenture, or as a result of unexpended amounts transferred from the Project Fund pursuant to the terms of this Indenture. The City will provide the Trustee a City Certificate directing the Bonds to be redeemed pursuant to this Section 4.4 in accordance with the provisions of Section 4.5 hereof.

Section 4.5. Partial Redemption.

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

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

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

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

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

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

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

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

Section 4.6. Notice of Redemption to Owners.

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

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

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

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

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

Section 4.7. Payment Upon Redemption.

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

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

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

Section 4.8. Effect of Redemption.

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

ARTICLE V

FORM OF THE BONDS SIMILARLY SECURED

Section 5.1. Form Generally.

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

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

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

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

Section 5.2. CUSIP Registration.

The City may secure identification numbers through the CUSIP Services managed by S&P Global Market Intelligence on behalf of The American Bankers Association, New York, New York, and may authorize the printing of such numbers on the face of the Bonds Similarly Secured. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds Phases #2 – 3 Direct Improvements Indenture of Trust

Similarly Secured shall be of no significance or effect as regards the legality thereof, and none of the City, the Trustee, nor the attorneys approving said Bonds Similarly Secured as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds Similarly Secured.

Section 5.3.        Legal Opinion.

The approving legal opinion of Bond Counsel may be printed on or attached to each Bond Similarly Secured over the certification of the City Secretary of the City, which may be executed in facsimile.

ARTICLE VI

FUNDS AND ACCOUNTS

Section 6.1.        Establishment of Funds and Accounts.

(a)    Creation of Funds. The following Funds are hereby created and established under this Indenture:

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

(b)    Creation of Accounts.

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

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

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

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

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

- (A)    Phases #2 – 3 Direct Improvements Account;

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(B) Developer Improvement Account; and

(C) Costs of Issuance Account.

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

(A) Reserve Account; and

(B) Prepayment and Delinquency Reserve Account.

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

(A) District Administration Account.

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

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

Section 6.2. Initial Deposits to Funds and Accounts.

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

(i) to the Capitalized Interest Account of the Bond Fund: \$475,574.08;

(ii) to the Reserve Account of the Reserve Fund: \$738,821.83

(iii) to the District Administration Account of the Administrative Fund: \$60,000.00;

(iv) to the Costs of Issuance Account of the Project Fund: \$451,388.50; and

(v) to the Phases #2 – 3 Direct Improvements Account of the Project Fund: \$5,678,225.59.

(b) Funds received from the Developer on the Closing Date of the Bonds in the amount of \$1,950,771.95 shall be paid to the Trustee and deposited or transferred by the Trustee into the Developer Improvement Account of the Project Fund.

Section 6.3. Pledged Revenue Fund.

(a) On or before February 15 of each year while the Bonds Similarly Secured are Outstanding and beginning February 15, 2024, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. From amounts deposited into the Pledged Revenue Fund, the City shall deposit or cause to be deposited Pledged Revenues as follows: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds Similarly Secured next coming due in such calendar year, (ii) second, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, in accordance

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with Section 6.7(a) hereof, (iii) third, to the Prepayment and Delinquency Reserve Account of the Reserve Fund in an amount equal to the Additional Interest collected, if any, in accordance with Section 6.7(b) hereof, (iv) fourth, to the Developer Reimbursement Pledged Revenue Account of the Pledged Revenue Fund to pay the Developer for costs of Phases #2 - 3 Direct Improvements that have been paid by the Developer (including any accrued interest) pursuant to the terms of the Phases #2 - 3 Direct Improvement Reimbursement Agreement, (v) fifth, to pay Actual Costs of the Phases #2 - 3 Direct Improvements, and (vi) sixth, to pay other costs permitted by the PID Act. Moneys transferred to the Developer Reimbursement Pledged Revenue Account shall not be a part of the Trust Estate and are not security for the Bonds Similarly Secured.

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

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

(d) Subject to the provisions of the Phases #2 - 3 Direct Improvement Reimbursement Agreement, from time to time as needed to pay the obligations relating to Actual Costs of the Phases #2 - 3 Direct Improvements that are paid by the Developer, the Trustee shall, pursuant to a completed Reimbursement Payment Request, withdraw from the Developer Reimbursement Pledged Revenue Account and transfer to the Reimbursement Fund such amount needed to pay the Developer for funds it paid to fund Actual Costs of the Phases #2 - 3 Direct Improvements, including any accrued interest. When all amounts due to the Developer to pay it for the funds it used to pay for Actual Costs of the Phases #2 - 3 Direct Improvements have been paid to the Developer, whether through Assessments received and applied in accordance with this Indenture and the Service and Assessment Plan or an Annual Service Plan Update, or through the proceeds of Additional Bonds, no further deposits shall be made to the Developer Reimbursement Pledged Revenue Account and the Developer Reimbursement Pledged Revenue Account shall be closed.

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

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

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

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

**Section 6.4. Bond Fund.**

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

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

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

| <b><u>Date</u></b> | <b><u>Amount (\$)</u></b> |
|--------------------|---------------------------|
| March 1, 2024      | 251,481.58                |
| September 1, 2024  | 224,092.50                |

Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to the Phases #2 – 3 Direct Improvements Account of the Project Fund, as directed by the City pursuant to a City Certificate, or if the Project Fund has been closed as provided in Section 6.5(e) herein, such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds Similarly Secured and the Capitalized Interest Account shall be closed.

**Section 6.5. Project Fund.**

(a) Money on deposit in the Project Fund shall be used for the purposes specified in Section 3.1 hereof. Money on deposit in the Phases #2 – 3 Direct Improvements Account of the Project Fund shall only be used to pay Actual Costs of Phases #2 - 3 Direct Improvements.

(b) Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds Similarly Secured pursuant to one or more City Certificates. Disbursements from the other Accounts of the Project Fund to pay

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Actual Costs of the Phases #2 – 3 Direct Improvements shall be made by the Trustee upon receipt by the Trustee of either a properly executed and completed Certification for Payment or written direction from the City or its designee approving the disbursement to the Developer or the Developer's designee. The disbursement of funds from the Phases #2 - 3 Direct Improvements 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 Phases #2 – 3 Direct Improvements made pursuant to a Certification of Payment shall be made first, from the Phases #2 - 3 Direct Improvements Account, and second, from the Developer Improvement Account. Such provisions and procedures related to such disbursements contained in the Construction Funding and Acquisition Agreement, and no other provisions of the Construction Funding, and Acquisition Agreement, are herein incorporated by reference and deemed set forth herein in full.

(c) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Phases #2 – 3 Direct Improvements Account of the Project Fund are not expected to be expended for purposes of the Account due to the abandonment, or constructive abandonment, of the Phases #2 – 3 Direct Improvements such that, in the opinion of the City Representative, it is unlikely that the amounts in the Phases #2 – 3 Direct Improvements Account of the Project Fund will ever be expended for the purposes of the Account, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Phases #2 – 3 Direct Improvements Account of the Project Fund that are not expected to be used for purposes of the Account. If such City Certificate is so filed, the amounts on deposit in Phases #2 – 3 Direct Improvements Account of the Project Fund shall be transferred to the Redemption Fund to redeem Bonds Similarly Secured on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture.

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

(e) Upon the filing of a City Certificate stating that all Phases #2 – 3 Direct Improvements have been completed and that all Actual Costs of the Phases #2 – 3 Direct Improvements have been paid, or that any such Actual Costs are not required to be paid from the Phases #2 – 3 Direct Improvements Account of the Project Fund pursuant to a Certification for Payment, the Trustee (i) shall transfer the amount, if any, remaining within the Phases #2 – 3 Direct Improvements Account of the Project Fund (excluding the amount, if any, remaining within the Developer Improvement Account) to the Bond Fund, (ii) shall close the Phases #2 - 3 Direct Improvements Account of the Project Fund, (iii) shall transfer any remaining amounts in the Developer Improvement Account of the Project Fund to the Developer, and (iv) if the Costs of Issuance Account has been closed, as provided in Section 6.5(f) hereof, the Project Fund shall be closed.

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

Section 6.6. Redemption Fund.

(a) The Trustee shall cause to be deposited to the Redemption Fund from the Bond Pledged Revenue Account of the Pledged Revenue Fund an amount sufficient to redeem Bonds Similarly Secured as provided in Sections 4.3 and 4.4 on the dates specified for redemption as provided in Sections 4.3 and 4.4. Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds Similarly Secured as provided in Article IV.

Section 6.7. Reserve Fund.

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

(b) The Trustee, if needed, will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Prepayment and Delinquency Reserve Account on March 1 and September 1 of each year, commencing March 1, 2024, an amount equal to the Additional Interest collected, if any, until the Prepayment and Delinquency Reserve Requirement has been accumulated in the Prepayment and Delinquency Reserve Account. If the amount on deposit in the Prepayment and Delinquency Reserve Account shall at any time be less than the Prepayment and Delinquency Reserve Requirement, the Trustee shall notify the City, in writing, of the amount of such shortfall, and the City shall resume collecting the Additional Interest and shall file a City Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Bond Pledged Revenue Account of the Pledged Revenue Fund into the Prepayment and Delinquency Reserve Account until the Prepayment and Delinquency Reserve Requirement has been accumulated in the Prepayment and Delinquency Reserve Account; provided, however, that the City shall not be required to replenish the Prepayment and Delinquency Reserve Account in the event funds are transferred from the Prepayment and Delinquency Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds Similarly Secured from the proceeds of a Prepayment pursuant to Section 4.4 of this Indenture. In the event the amount on deposit in the Prepayment and Delinquency Reserve Account is less than the Prepayment and Delinquency Reserve Requirement then the deposits described in the immediately preceding sentence shall continue until the Prepayment and Delinquency Reserve Account has been fully replenished. If, after such deposits, there is surplus Additional Interest remaining, the Trustee shall transfer such surplus Additional Interest to the Redemption Fund, and shall notify the City of such transfer in writing. In calculating the amounts to be transferred pursuant to this Section, the Trustee may conclusively rely on the Annual Installments as shown on the Phases #2 - 3 Direct Improvement Assessment Roll in the Service and Assessment Plan or an Annual Service Plan Update, unless and until it receives a City Certificate directing that a different amount be used.

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

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

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

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

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

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

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

Section 6.8. Rebate Fund: Rebate Amount.

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

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

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

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

Section 6.9. Administrative Fund.

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

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

Section 6.10. Investment of Funds.

(a) Money in any Fund or Account established pursuant to this Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) days in advance of the making of such investment. The money in any Fund or Account shall be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for Phases #2 – 3 Direct Improvements Indenture of Trust

such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times. Notwithstanding the preceding sentence, amounts in the Prepayment and Delinquency Reserve Account may not be invested above the Yield (as defined in Section 7.5(a) hereof) on the Bonds Similarly Secured, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that such investment and/or the failure to comply with such yield restriction will not adversely affect the exemption from federal income tax of the interest on any Bond Similarly Secured. Investments shall be valued each year in terms of current market value as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds or Accounts may be invested in common investments of the kind described above, or in a common pool of such investment which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund or Account are held by or on behalf of each such Fund or Account. If necessary, such investments shall be promptly sold to prevent any default.

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

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

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

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

#### Section 6.11. Security of Funds.

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

Section 6.12. Reimbursement Fund.

Money on deposit in the Reimbursement Fund shall be disbursed to the Developer to reimburse the Actual Costs of the Phases #2 – 3 Direct Improvements paid from the Developer Improvement Account of the Project Fund. Disbursements shall be made pursuant to this section and the Phases #2 - 3 Direct Improvement Reimbursement Agreement, based upon approval of a Reimbursement Payment Request by the City Representative. The Reimbursement Payment Request in the form attached as Exhibit A to the Phases #2 – 3 Direct Improvement Reimbursement Agreement is hereby incorporated into this Indenture. When all amounts due to the Developer to pay it for the funds it has contributed to pay Actual Costs of the Phases #2 - 3 Direct Improvements have been paid to the Developer, whether through Assessments received and applied in accordance with this Indenture and the Service and Assessment Plan or an Annual Service Plan Update, or through the proceeds of Additional Bonds, no further deposits shall be made to the Reimbursement Fund and the Reimbursement Fund shall be closed. In the event that the Reimbursement Fund is closed pursuant to the terms of this Section, any remaining balance in the Reimbursement Fund and in any Account therein shall be transferred to the Pledged Revenue Fund and applied in accordance with the priorities set forth in Section 6.3(a) above.

ARTICLE VII

COVENANTS

Section 7.1. Confirmation of Assessments.

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

Section 7.2. Collection and Enforcement of Assessments.

(a) For so long as any Bonds Similarly Secured are Outstanding and/or amounts are due to the Developer to pay it for funds it has contributed to pay Actual Costs of the Phases #2 – 3 Direct Improvements in accordance with the Phases #2 – 3 Direct Improvements Reimbursement Agreement, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Assessments.

(b) The City will determine or cause to be determined, no later than February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Parcel. Furthermore, nothing shall

obligate the City, the City Attorney, or any appropriate designee to undertake collection or foreclosure actions against delinquent accounts in violation of applicable state law, court order, or existing contractual provisions between the City and its appropriate collections enforcement designees.

Section 7.3. Against Encumbrances.

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

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

Section 7.4. Records, Accounts, Accounting Reports.

The City hereby covenants and agrees that so long as any of the Bonds Similarly Secured or any interest thereon remain Outstanding and unpaid, and/or the obligation to the Developer to pay it for funds it has contributed to pay Actual Costs of the Phases #2 - 3 Direct Improvements in accordance with the Phases #2 - 3 Direct Improvements Reimbursement Agreement and the Phases #2 - 3 Direct Improvements Construction, Funding, and Acquisition Agreement remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Assessments. The Trustee and Owners of any Bonds Similarly Secured or any duly authorized agent or agents of such holders shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds Similarly Secured during the City's regular business hours and on a mutually agreeable date not later than thirty days after the City receives such request.

Section 7.5. Covenants to Maintain Tax-Exempt Status.

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

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

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

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

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

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

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

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

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

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

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

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



than a state or local government, unless such use is solely as a member of the general public; and

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

(d) No Private Loan.

(i) Except to the extent permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of any Bonds Similarly Secured to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

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

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

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

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

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in Section 148(f) of the Code and the Regulations and rulings thereunder:  
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(i) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last outstanding Bond Similarly Secured is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Bonds Similarly Secured with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

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

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

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

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

(j) Elections. The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Manager, Assistant City Manager, Director of Finance, or City Secretary, individually or

jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with each series of the Bonds Similarly Secured, in the Tax Certificate or similar or other appropriate certificate, form or document.

## ARTICLE VIII

### LIABILITY OF CITY

The City shall not incur any responsibility in respect of the Bonds Similarly Secured or this Indenture other than in connection with the duties or obligations explicitly herein or in the Bonds Similarly Secured assigned to or imposed upon it. The City shall not be liable in connection with the performance of its duties hereunder, except for its own willful default or act of bad faith. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements of the Trustee herein or of any of the documents executed by the Trustee in connection with the Bonds Similarly Secured, or as to the existence of a default or event of default thereunder.

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

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

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

The City may rely on and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party

or proper parties. The City may consult with counsel with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

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

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

## ARTICLE IX

### THE TRUSTEE

#### Section 9.1. Trustee as Paying Agent/Registrar.

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

#### Section 9.2. Trustee Entitled to Indemnity.

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

Section 9.3. Responsibilities of the Trustee.

The recitals contained in this Indenture and in the Bonds Similarly Secured shall be taken as the statements of the City and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of the offering documents, this Indenture, or the Bonds Similarly Secured or with respect to the security afforded by this Indenture, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of Bonds Similarly Secured for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; (iii) the application of any moneys paid to the City or others in accordance with this Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; or (iv) any calculation of arbitrage or rebate under the Code. The Trustee has the right to act through agents and attorneys and shall have no liability for the negligence or willful misconduct of the agents and attorneys appointed with due care.

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

The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct, both before and after default by the City. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from this Indenture for the existence, furnishing or use of the Phases #2 - 3 Direct Improvements.

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

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

Section 9.4. Property Held in Trust.

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

Section 9.5. Trustee Protected in Relying on Certain Documents.

The Trustee may rely upon any order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond, or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or upon the written opinion of any Phases #2 – 3 Direct Improvements Indenture of Trust

counsel, architect, engineer, insurance consultant, management consultant, or accountant believed by the Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry into any statements contained or matters referred to in any such instrument. The Trustee may consult with counsel, who may or may not be Bond Counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted to be taken by it in good faith and in accordance therewith.

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

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

#### Section 9.6. Compensation.

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

#### Section 9.7. Permitted Acts.

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

such committee shall represent the Owners of a majority in aggregate outstanding principal amount of the Bonds Similarly Secured.

Section 9.8.           Resignation of Trustee.

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

Section 9.9.           Removal of Trustee.

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

Section 9.10.          Successor Trustee.

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

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

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

If in a proper case no appointment of a successor Trustee shall be made within 45 days after the giving by any Trustee of any notice of resignation in accordance with Section 9.8 herein

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or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds Similarly Secured may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor and the City shall be responsible for the costs of such appointment process.

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

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

Section 9.11.      Transfer of Rights and Property to Successor Trustee.

Any successor Trustee appointed under the provisions of Section 9.10 shall execute, acknowledge, and deliver to its predecessor and the City an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers, and trusts of such Trustee and all the right, title, and interest of such Trustee in and to the Trust Estate, and shall pay over, assign, and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance, or instrument in writing from the City be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties, or obligations, any and all such deeds, conveyances, and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged, and delivered by the City.

Section 9.12.      Merger, Conversion or Consolidation of Trustee.

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



Section 9.13. Trustee to File Continuation Statements.

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

Section 9.14. Construction of Indenture.

The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Owners of the Bonds Similarly Secured. Permissive rights of the Trustee are not to be construed as duties.

ARTICLE X

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 10.1. Amendments Permitted.

(a) This Indenture and the rights and obligations of the City and of the Owners of the Bonds Similarly Secured may be modified or amended at any time by a Supplemental Indenture, except as provided below, pursuant to the affirmative vote at a meeting of Owners of the Bonds Similarly Secured, or with the written consent without a meeting, of the Owners of at least a majority of the aggregate principal amount of the Bonds Similarly Secured then Outstanding. No such modification or amendment shall (i) extend the maturity of any Bond Similarly Secured or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond Similarly Secured, without the express consent of the Owner of such Bond Similarly Secured, or (ii) permit the creation by the City of any pledge or lien upon the Trust Estate superior to or on a parity with the pledge and lien created for the benefit of the Bonds Similarly Secured (except as otherwise permitted by Applicable Laws and this Indenture), or reduce the percentage of Owners of Bonds Similarly Secured required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Trustee without its written consent.

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

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

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

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

(iv) to provide for the issuance of Additional Bonds or Refunding Bonds as set forth in Section 13.2 hereof; and

(v) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds Similarly Secured. The Trustee must receive an opinion of counsel for such Supplemental Indenture to the effect that the same is authorized or permitted by the terms of this Indenture.

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

(d) Notwithstanding the above, no Supplemental Indenture under this subsection (a), (b)(i), (b)(ii), (b)(iii) or (b)(v) shall be effective unless the City first delivers to the Trustee an opinion of Bond Counsel to the effect that such amendment is permitted and will not adversely affect the: (i) interest of the Owners in any material respect, without the consent of the Owners, or (ii) exclusion of interest on any Bond Similarly Secured from gross income for purposes of federal income taxation.

#### Section 10.2. Owners' Meetings.

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

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

The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds Similarly Secured or of this Indenture, to the extent that such amendment is permitted by Section 10.1 herein, to take effect when and as provided in this Section. A copy of such Supplemental Indenture, together with a request to Owners for their consent thereto, shall be mailed by first class mail, by the Trustee to each Owner of Bonds Similarly Secured from whom consent is required under this Indenture, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.

Such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners as required by this Indenture and a notice shall have been mailed as hereinafter in this Section provided and the City or Bond Counsel, acting on the City's behalf, has delivered to the Trustee an opinion of Bond Counsel to the effect that such amendment is permitted and will not adversely affect the exclusion of interest on any Bond Similarly Secured from gross income for purposes of federal income taxation. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds Similarly Secured for which such consent is given, which proof shall be such as is permitted by Section 11.6 herein. Any such consent shall be binding upon the Owner of the Bonds Similarly Secured giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof), unless such consent is revoked in writing by the Owner giving such consent or a

subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds Similarly Secured shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds Similarly Secured and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 10.3 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds Similarly Secured at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period; provided, however, that the Trustee during such sixty day period and any such further period during which any such action or proceeding may be pending shall be entitled in its sole discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture, as it may deem expedient; provided, further, that the Trustee shall have no obligation to take or refrain from taking any such action and the Trustee shall have no liability with respect to any action taken or any instance of inactions.

#### Section 10.4. Effect of Supplemental Indenture.

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

#### Section 10.5. Endorsement or Replacement of Bonds Similarly Secured Issued After Amendments.

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

Section 10.6. Amendatory Endorsement of Bonds Similarly Secured.

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

Section 10.7. Waiver of Default.

With the written consent of at least a majority in aggregate principal amount of the Bonds Similarly Secured then Outstanding, the Owners may waive non-compliance by the City with certain past defaults under the Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners.

Section 10.8. Execution of Supplemental Indenture.

In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall receive, and shall be fully protected in relying upon, an opinion of counsel addressed and delivered to the Trustee and the City stating that the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties and immunities under this Indenture.

## ARTICLE XI

### DEFAULT AND REMEDIES

Section 11.1. Events of Default.

(a) Each of the following occurrences or events shall be and is hereby declared to be an "Event of Default," to wit:

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

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

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

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

(b) Nothing in Section 11.1(a) will be an Event of Default if it is in violation of any applicable state law or court order.

Section 11.2. Immediate Remedies for Default.

(a) Subject to Article VIII, upon the happening and continuance of any of the Events of Default described in Section 11.1, the Trustee may, and at the written direction of the Owners of at least 25% of the Bonds Similarly Secured then Outstanding and its receipt of indemnity satisfactory to it, shall proceed against the City for the purpose of protecting and enforcing the rights of the Owners under this Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies of default.

(b) THE PRINCIPAL OF THE BONDS SIMILARLY SECURED SHALL NOT BE SUBJECT TO ACCELERATION UNDER ANY CIRCUMSTANCES.

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

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

Section 11.3. Restriction on Owner's Action.

(a) No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any

other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of not less than 25% of the aggregate principal amount of the Bonds Similarly Secured then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in Section 9.2 herein, (iv) the Trustee has for ninety (90) days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 90-day period by the Owners of at least a majority of the aggregate principal amount of the Bonds Similarly Secured then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds Similarly Secured shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the Owners of all Bonds Similarly Secured then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee, be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

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

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

#### Section 11.4. Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues and other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee, and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 11.2 hereof, shall be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds Similarly Secured, as follows:

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

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

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

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 11.1, the available funds shall be allocated to the Bonds Similarly Secured that are Outstanding in proportion to the quantity of Bonds Similarly Secured that are currently due and in default under the terms of this Indenture.

(c) The restoration of the City to its prior position after any and all defaults have been cured, as provided in Section 11.3, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

Section 11.5. Effect of Waiver.

No delay or omission of the Trustee, or any Owner, to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 11.6. Evidence of Ownership of Bonds Similarly Secured.

(a) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners of Bonds Similarly Secured may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, or the holding by any Person of the Bonds Similarly Secured shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

(i) The fact and date of the execution of such instruments by any Owner of Bonds Similarly Secured or the duly appointed attorney authorized to act on behalf of such Owner may be provided by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority.

(ii) The ownership of Bonds Similarly Secured and the amount, numbers and other identification and date of holding the same shall be proved by the Register.

(b) Except as otherwise provided in this Indenture with respect to revocation of a consent, any request or consent by an Owner of Bonds Similarly Secured shall bind all future Owners of the same Bonds Similarly Secured in respect of anything done or suffered to be done by the City or the Trustee in accordance therewith.

Section 11.7. No Acceleration.

In the event of the occurrence of an Event of Default under Section 11.1 hereof, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Indenture is expressly denied.

Section 11.8. Mailing of Notice.

Any provision in this Article for the mailing of a notice or other document to Owners shall be fully complied with if it is mailed, first-class, postage prepaid, only to each Owner at the address appearing upon the Register.

Section 11.9. Exclusion of Bonds Similarly Secured.

Bonds Similarly Secured owned or held by or for the account of the City will not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds Similarly Secured provided for in this Indenture, and the City shall not be entitled with respect to such Bonds Similarly Secured to give any consent or take any other action provided for in this Indenture.

Section 11.10. Remedies Not Exclusive.

No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity, by statute or by contract.

Section 11.11. Direction by Owners.

Anything herein to the contrary notwithstanding, the Owners of at least 25% of the aggregate outstanding principal of the Bonds shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the choice of remedies and the time, method, and place of conducting a proceeding for any remedy available to the Trustee hereunder, under each Supplemental Indenture, or otherwise, or exercising any trust or power conferred upon the Trustee, including the power to direct or withhold directions with respect to any remedy available to the Trustee or the Owners, provided, (i) such direction shall not be otherwise than in accordance with Applicable Laws and the provisions hereof, (ii) that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and (iii) that the Trustee shall have the right to decline to follow any such direction which, in the opinion of the Trustee, would be unjustly prejudicial to Owners not parties to such direction.



## ARTICLE XII

### GENERAL COVENANTS AND REPRESENTATIONS

#### Section 12.1. Representations as to Trust Estate.

(a) The City represents and warrants that it is authorized by Applicable Laws to authorize and issue the Bonds Similarly Secured, to execute and deliver this Indenture and to pledge the Trust Estate in the manner and to the extent provided in this Indenture, and that the Pledged Revenues and the Trust Estate are and will be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

(b) The City shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Trust Estate and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) The City will take all steps reasonably necessary and appropriate, and will direct the Trustee to take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Assessments and any other amounts pledged to the payment of the Bonds Similarly Secured to the fullest extent permitted by the PID Act and other Applicable Laws.

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

#### Section 12.2. Accounts, Periodic Reports and Certificates.

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

#### Section 12.3. General.

The City shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the City under the provisions of this Indenture.

## ARTICLE XIII

### SPECIAL COVENANTS

#### Section 13.1. Further Assurances; Due Performance.

(a) At any and all times the City will duly execute, acknowledge and deliver, or will cause to be done, executed and delivered, all and every such further acts, conveyances, transfers, and assurances in a manner as the Trustee shall reasonably require for better  
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conveying, transferring, pledging, and confirming unto the Trustee, all and singular, the revenues, Funds, Accounts and properties constituting the Pledged Revenues, and the Trust Estate hereby transferred and pledged, or intended so to be transferred and pledged.

(b) The City will duly and punctually keep, observe and perform each and every term, covenant and condition on its part to be kept, observed and performed, contained in this Indenture.

Section 13.2. Additional Obligations or Other Liens; Additional Bonds.

(a) The City reserves the right, subject to the provisions contained in this Section 13.2, to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from the Pledged Revenues. Additionally, the City has reserved the right to issue bonds or other obligations secured by and payable from Pledged Revenues so long as such pledge is subordinate to the pledge of Pledged Revenues securing payment of the Bonds Similarly Secured.

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

(c) The City reserves the right to issue Additional Bonds, but shall be under no obligation to issue Additional Bonds, to finance the Actual Costs of the Phases #2 - 3 Direct Improvements or to pay amounts due to the Developer pursuant to the Phases #2 - 3 Direct Improvements Reimbursement Agreement, but only in accordance with the conditions set forth below:

(i) The Trustee shall receive a certificate from the City Representative certifying that (A) the City is not in default in the performance and observance of any of the terms, provisions and conditions applicable to the City contained in this Indenture and (B) the Developer is not delinquent with respect to fees or any other funds or commitments to be paid to the City in accordance with the Development Agreement or the Phases #2 - 3 Direct Improvements Reimbursement Agreement;

(ii) The Trustee and the City shall receive a certificate from the Developer, through an authorized representative, certifying that the Developer is not in default beyond any applicable notice and cure period in the performance and observance of any of the terms, provisions and conditions applicable to the Developer contained in the Phases #2 - 3 Direct Improvements Reimbursement Agreement, the Development Agreement or any continuing disclosure agreement entered into by the Developer relating to any Bonds Similarly Secured or Additional Obligations, unless any defaults under the foregoing agreements (except for defaults under any continuing disclosure agreements entered into by the Developer which defaults shall be cured) are disclosed in a certificate from the Developer to the City and the City elects to proceed with the issuance of the Additional Bonds regardless of the existence of such default or defaults;

(iii) The Trustee and the City shall receive a certificate from the Administrator certifying that the Developer is not delinquent with respect to the payment of Assessments or any ad valorem taxes (other than any ad valorem taxes being contested in good faith);

(iv) The City and the Trustee shall receive (A) a certificate from the Developer through an authorized representative, certifying that no less than fifteen (15) certificates of occupancy, or its City equivalent of a certificate of occupancy, have been issued for single-family lots located within Phases #2-3 of the District or (B) the ratio of the appraised value of all the property in Phases #2-3 of the District for which Additional Bonds are issued, based on an Independent Appraisal, to the sum of (x) the principal amount of the Additional Bonds being issued and (y) the outstanding principal amount of the Bonds, must be at least 3.0:1. In establishing such appraised value, "Independent Appraisal" means (A) the appraised value of all property in Phases #2-3 of the District by publicly available data from the county appraisal district or (B) an "As-Complete" appraisal delivered by an independent appraiser licensed in the State of Texas, which appraisal shall assume completion of the Phases #2-3 Direct Improvements to be funded with the Bonds and Additional Bonds.

(v) The principal (including sinking fund installments) of the Additional Bonds must be scheduled to mature on September 1 of the years in which principal is scheduled to mature;

(vi) The interest on the Additional Bonds must be scheduled to be paid on March 1 and September 1 of the years in which interest is scheduled to be paid;

(vii) The Reserve Account Requirement shall be increased by an amount equal to twenty-five percent (25%) of the Maximum Annual Debt Service on the proposed Additional Bonds to be issued as of the Closing Date of such series of Additional Bonds; provided, however, that the Reserve Account Requirement will not be increased by more than 10% of the principal amount of the Additional Bonds (or if the Additional Bonds are issued with more than 2% net original issue discount or premium, 10% of the proceeds of the Additional Bonds); provided further, however, the Reserve Account Requirement shall not exceed the least of (i) Maximum Annual Debt Service on the Bonds Similarly Secured, (ii) 125% of average Annual Debt Service on the Bonds Similarly Secured, or (iii) 10% of the lesser of the principal amount of the Outstanding Bonds Similarly Secured or the combined original issue price of the Bonds Similarly Secured;

(viii) The issuance of such Additional Bonds shall not cause the amount of the Annual Installments to be collected in any year after the issuance of such Additional Bonds to exceed the amount of the Annual Installments collected in such year as of the issuance of such Additional Bonds; and

(ix) The maximum principal amount of Additional Bonds that may be issued, subject to the approval of the City, in total, is the lesser of (i) the then outstanding balance of the Phases #2 - 3 Direct Improvements Reimbursement Agreement and (ii) the then outstanding Assessments, less the Assessments required to pay the principal of the Bonds.

(d) Notwithstanding the provisions of Section 13.2(c) above, Refunding Bonds issued to refund all or a portion of the Bonds Similarly Secured shall not be required to meet the requirements set forth in Section 13.2(c)(iv) or Section 13.2 (c)(vii).

Section 13.3. Books of Record.

(a) The City shall cause to be kept full and proper books of record and accounts, in which full, true and proper entries will be made of all dealing, business and affairs of the City, which relate to the Pledged Revenues, the Pledged Funds, the Trust Estate, and the Bonds Similarly Secured.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 13.3 except to receive and retain same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture. Specifically, but without limitation, the Trustee shall have no duty to review such information, is not considered to have notice of the contents of such information or a default based on such contents, and has no duty to verify the accuracy of such information.

#### ARTICLE XIV

#### PAYMENT AND CANCELLATION OF THE BONDS SIMILARLY SECURED AND SATISFACTION OF THE INDENTURE

Section 14.1. Trust Irrevocable.

The trust created by the terms and provisions of this Indenture is irrevocable until the Bonds Similarly Secured secured hereby are fully paid or provision is made for their payment as provided in this Article.

Section 14.2. Satisfaction of Indenture.

If the City shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the Bonds Similarly Secured, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds Similarly Secured have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the City to the Owners of such Bonds Similarly Secured, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have evidencing that principal of and interest on all of the Bonds Similarly Secured has been paid so that the City may determine if the Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the in Funds and Accounts held hereunder to the Person entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the City.

Section 14.3. Bonds Similarly Secured Deemed Paid.

All Outstanding Bonds Similarly Secured shall, prior to the Stated Maturity or redemption date thereof be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Bonds Similarly Secured are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided herein, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys

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which, together with any moneys deposited with the Trustee for such purpose, shall be sufficient to pay when due the principal of and interest on of the Bonds Similarly Secured to become due on such Bonds Similarly Secured on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant or other authorized third-party selected by the City verifying the sufficiency of the moneys and/or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds Similarly Secured to become due on such Bonds Similarly Secured on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if any Bonds Similarly Secured are then rated, the Trustee shall have received written confirmation from each rating agency then publishing a rating on such Bonds Similarly Secured that such deposit will not result in the reduction or withdrawal of the rating on such Bonds Similarly Secured. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds Similarly Secured on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

## ARTICLE XV

### MISCELLANEOUS

#### Section 15.1. Benefits of Indenture Limited to Parties.

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

#### Section 15.2. Successor is Deemed Included in All References to Predecessor.

Whenever in this Indenture or any Supplemental Indenture either the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

#### Section 15.3. Execution of Documents and Proof of Ownership by Owners.

Any request, declaration, or other instrument which this Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys duly appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration, or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to

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act, that the Person signing such request, declaration, or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Bonds Similarly Secured and the amount, maturity, number, and date of holding the same shall be proved by the Register.

Any request, declaration or other instrument or writing of the Owner of any Bond Similarly Secured shall bind all future Owners of such Bond Similarly Secured in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

Section 15.4.      Waiver of Personal Liability.

No member, officer, agent, or employee of the City shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds Similarly Secured; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law.

Section 15.5.      Notices to and Demands on City and Trustee.

(a) Except as otherwise expressly provided in this Indenture, all notices or other instruments required or permitted under this Indenture, including any City Certificate, shall be in writing and shall be telexed, cabled, delivered by hand, mailed by first-class mail, postage prepaid, or transmitted by facsimile or e-mail and addressed as follows:

|                 |                                                                                           |
|-----------------|-------------------------------------------------------------------------------------------|
| If to the City: | City of Celina, Texas<br>142 North Ohio<br>Celina, Texas 75009<br>Attention: City Manager |
|-----------------|-------------------------------------------------------------------------------------------|

|                                                     |                                                                                                                                           |
|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| If to the Trustee<br>or the Paying Agent/Registrar: | U.S. Bank Trust Company, National Association<br>Attention: Bond Operations<br>111 Fillmore Avenue East<br>St. Paul, Minnesota 55107-1402 |
|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|

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

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

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

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

#### Section 15.6. Partial Invalidity.

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

#### Section 15.7. Applicable Laws.

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

Section 15.8. Payment on Business Day.

In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds Similarly Secured or the date fixed for redemption of any Bonds Similarly Secured or the date any action is to be taken pursuant to this Indenture is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day that is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

Section 15.9. Counterparts.

This Indenture may be executed in counterparts, each of which shall be deemed an original.

Section 15.10. No Boycott of Israel.

To the extent this Indenture constitutes a contract for goods or services for which a written verification is required under Section 2271.002, Texas Government Code, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Indenture. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, 'boycott Israel,' a term defined in Section 2271.001, Texas Government Code, by reference to Section 808.001(1), Texas Government Code, means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Trustee understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

Section 15.11. Iran, Sudan, and Foreign Terrorist Organizations.

The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to enable the City to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Trustee understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.



Section 15.12.      No Discrimination Against Fossil Fuel Companies.

To the extent this Indenture constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Indenture. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification, “boycott energy companies,” a term defined in Section 2274.001(1), Texas Government Code (as enacted by such Senate Bill) by reference to Section 809.001, Texas Government Code (also as enacted by such Senate Bill), shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above. The Trustee understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

Section 15.13.      No Discrimination Against Firearm Entities and Firearm Trade Associations.

(a) To the extent this Indenture constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Indenture. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification and the following definitions:

(i) ‘discriminate against a firearm entity or firearm trade association,’ a term defined in Section 2274.001(3), Texas Government Code (as enacted by such Senate Bill), (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company’s refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is

specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association;

(ii) 'firearm entity,' a term defined in Section 2274.001(6), Texas Government Code (as enacted by such Senate Bill), means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government Code, as enacted by such Senate Bill, as weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (defined in Section 2274.001(5), Texas Government Code, as enacted by such Senate Bill, as devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (defined in Section 2274.001(1), Texas Government Code, as enacted by such Senate Bill, as a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (defined in Section 250.001, Texas Local Government Code, as a business establishment, private club, or association that operates an area for the discharge or other use of firearms for silhouette, skeet, trap, black powder, target, self-defense, or similar recreational shooting); and

(iii) 'firearm trade association,' a term defined in Section 2274.001(7), Texas Government Code (as enacted by such Senate Bill), means any person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code.

(b) The Trustee understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

IN WITNESS WHEREOF, the City and the Trustee have caused this Indenture of Trust to be executed all as of the date hereof.

CITY OF CELINA, TEXAS

By: \_\_\_\_\_,  
Mayor

Attest:

\_\_\_\_\_  
City Secretary

[CITY SEAL]

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

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

(c) Form of Bond.

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

REGISTERED

REGISTERED

No. \_\_\_\_\_

\$ \_\_\_\_\_

United States of America  
State of Texas

CITY OF CELINA, TEXAS  
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2023  
(CHALK HILL PUBLIC IMPROVEMENT DISTRICT NO. 2  
PHASES #2 – 3 DIRECT IMPROVEMENT PROJECT)

| <u>INTEREST RATE</u> | <u>MATURITY DATE</u> | <u>DATE OF DELIVERY</u> | <u>CUSIP NUMBER</u> |
|----------------------|----------------------|-------------------------|---------------------|
| %                    | September 1, 20      | _____                   | _____               |

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

\_\_\_\_\_

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

\_\_\_\_\_ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on March 1 and September 1 of each year, commencing March 1, 2024, until maturity or prior redemption.

Capitalized terms appearing herein that are defined terms in the Indenture defined below, have the meanings assigned to them in the Indenture. Reference is made to the Indenture for such definitions and for all other purposes.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in St. Paul, Minnesota (the “Designated Payment/Transfer Office”), of U.S. Bank Trust Company, National Association, as trustee and paying agent/registrars (the “Trustee”, which term includes any successor trustee under the Indenture), or, with respect to a successor

trustee and paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements acceptable to the Trustee, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall be the Person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the fifteenth calendar day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first-class, postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the "Bonds"), dated August 9, 2023 and issued in the aggregate principal amount of \$7,633,000 and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of August 1, 2023 (the "Indenture"), by and between the City and the Trustee, to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying a portion of the Actual Costs of the Phases #2 – 3 Direct Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Phases #2 – 3 Direct Improvements, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying costs of issuance.

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

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

The Bonds are issuable as fully registered bonds only in Authorized Denominations, subject to the provisions of the Indenture authorizing redemption in denominations of \$100,000 and any multiple of \$1,000 in excess thereof.

The Bonds are subject to sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Redemption Fund pursuant to Article VI of the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

**Term Bonds Maturing September 1, 2030**

| <u>Redemption Date</u> | <u>Sinking Fund<br/>Installment (\$)</u> |
|------------------------|------------------------------------------|
| September 1, 2025      | 70,000                                   |
| September 1, 2026      | 71,000                                   |
| September 1, 2027      | 78,000                                   |
| September 1, 2028      | 81,000                                   |
| September 1, 2029      | 84,000                                   |
| September 1, 2030*     | 87,000                                   |

\* maturity

**Term Bonds Maturing September 1, 2043**

| <u>Redemption Date</u> | <u>Sinking Fund<br/>Installment (\$)</u> |
|------------------------|------------------------------------------|
| September 1, 2031      | 86,000                                   |
| September 1, 2032      | 91,000                                   |
| September 1, 2033      | 123,000                                  |
| September 1, 2034      | 133,000                                  |
| September 1, 2035      | 138,000                                  |
| September 1, 2036      | 149,000                                  |
| September 1, 2037      | 156,000                                  |
| September 1, 2038      | 165,000                                  |
| September 1, 2039      | 175,000                                  |
| September 1, 2040      | 186,000                                  |
| September 1, 2041      | 198,000                                  |
| September 1, 2042      | 212,000                                  |
| September 1, 2043*     | 222,000                                  |

\* maturity

**Term Bonds Maturing September 1, 2053**

| <u>Redemption Date</u> | <u>Sinking Fund<br/>Installment (\$)</u> |
|------------------------|------------------------------------------|
| September 1, 2044      | 239,000                                  |
| September 1, 2045      | 254,000                                  |
| September 1, 2046      | 270,000                                  |

|                    |         |
|--------------------|---------|
| September 1, 2047  | 284,000 |
| September 1, 2048  | 304,000 |
| September 1, 2049  | 664,000 |
| September 1, 2050  | 707,000 |
| September 1, 2051  | 752,000 |
| September 1, 2052  | 801,000 |
| September 1, 2053* | 853,000 |

\* maturity

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

The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption and not previously credited to a sinking fund redemption.

The City reserves the right and option to redeem Bonds maturing on or after September 1, 2043 before their scheduled maturity dates, in whole or in part, on any date on or after September 1, 2031, such redemption date or dates to be fixed by the City, at the redemption price of par, plus accrued interest to the date of redemption.

Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, in an amount and on a date specified in a City Certificate, at a redemption price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption, pursuant to the provisions of the Indenture, from amounts on deposit in the Redemption Fund as a result of Prepayments, other transfers to the Redemption Fund pursuant to the Indenture, or as a result of unexpended amounts transferred from the Project Fund as provided in the Indenture.

The Trustee shall give notice of any redemption of Bonds by sending notice by United States mail, first-class, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown on the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed. Any notice so given shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

With respect to any optional redemption of the Bonds, unless the Trustee has received funds sufficient to pay the redemption price of the Bonds to be redeemed before giving of a notice of redemption, the notice may state the City may condition redemption on the receipt of such funds by the Trustee on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not satisfied and sufficient funds are not

received, the notice shall be of no force and effect, the City shall not redeem the Bonds, and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

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

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

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

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

The City has reserved the right to issue Additional Bonds on the terms and conditions specified in the Indenture.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF CELINA, TEXAS, THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the City, including the Bonds, does not exceed any Constitutional or statutory limitation.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be executed under the official seal of the City.

---

Mayor, City of Celina, Texas



\_\_\_\_\_  
City Secretary, City of Celina, Texas

[City Seal]

(d) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Bond:

REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS

|                           |   |                    |
|---------------------------|---|--------------------|
| OFFICE OF THE COMPTROLLER | § |                    |
| OF PUBLIC ACCOUNTS        | § | REGISTER NO. _____ |
|                           | § |                    |
| THE STATE OF TEXAS        | § |                    |

I HEREBY CERTIFY THAT there is on file and of record in my office a certificate to the effect that the Attorney General of the State of Texas has approved this Bond, and that this Bond has been registered this day by me.

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

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

[SEAL]

(e) Form of Certificate of Trustee.

CERTIFICATE OF TRUSTEE

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

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

DATED: \_\_\_\_\_

By: \_\_\_\_\_  
Authorized Signatory

(f) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto  
(print or typewrite name, address and zip code of transferee):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Social Security or other identifying number: \_\_\_\_\_) the within Bond and  
all rights hereunder and hereby irrevocably constitutes and appoints  
\_\_\_\_\_ attorney to transfer the within Bond on the books kept for  
registration hereof, with full power of substitution in the premises.

Date: \_\_\_\_\_

Signature Guaranteed By:

\_\_\_\_\_  
\_\_\_\_\_

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

Authorized Signatory

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

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

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

| <u>Years</u> | <u>Principal Amount (\$)</u> | <u>Interest Rate (%)</u> |
|--------------|------------------------------|--------------------------|
|--------------|------------------------------|--------------------------|

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

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



**APPENDIX B**  
**FORM OF SERVICE AND ASSESSMENT PLAN**

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# CHALK HILL PUBLIC IMPROVEMENT DISTRICT No. 2

CITY OF CELINA, TEXAS

## SERVICE AND ASSESSMENT PLAN

March 23, 2018

As updated for Phases #2-3 Direct Improvements on July  
11, 2023

**PREPARED BY:**

**MUNICAP, INC.**  
— PUBLIC FINANCE —

# CHALK HILL

## PUBLIC IMPROVEMENT DISTRICT No. 2

### SERVICE AND ASSESSMENT PLAN

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## ***I. PLAN DESCRIPTION AND DEFINED TERMS***

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### **A. INTRODUCTION**

On December 12, 2017 (the “Creation Date”) the City Council of the City of Celina, Texas (the “City”) passed and approved Resolution No. 2017-212R approving and authorizing the creation of the Chalk Hill Improvement District No. 2 (the “PID”) to finance the costs of certain public improvements for the benefit of property in the PID (the “Authorized Improvements”), all of which is located within the City of Celina.

The property in the PID is proposed to be developed in approximately three phases, and the PID will finance public improvements for each phase as each phase is developed. Assessments will be imposed on all the property in the PID for the public improvements that benefit the entire PID and on the property in each phase for the public improvements to be provided for that phase.

Chapter 372 of the Texas Local Government Code, the “Public Improvement District Assessment Act” (as amended, the “PID Act”), governs the creation and operation of public improvement districts within the State of Texas. This Chalk Hill Public Improvement District No. 2 Service and Assessment Plan (the “Service and Assessment Plan”) has been prepared in accordance with the PID Act and specifically Sections 372.013, 372.014, 372.015 and 372.016, which address the requirements of a service and assessment plan and the assessment roll. According to Section 372.013 of the PID Act, a service plan “must (1) cover a period of at least five years; (2) define the annual indebtedness and the projected costs for improvements; and (3) include a copy of the notice form required by Section 5.014, Property Code.” Additionally, the PID Act requires that “the governing body of the municipality or county shall review and update the service plan annually for the purpose of determining the annual budget for improvements.” The service plan is described in Section IV of this Service and Assessment Plan. The copy of the notice form required by Section 5.014 of the Texas Property Code, as amended, is attached hereto as Appendix E.

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

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

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

the method of assessment and apportionment of costs described in Section V of this Service and Assessment Plan.

## **B. DEFINITIONS**

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

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

Actual Costs include general contractor’s fees in an amount up to a percentage equal to the percentage of work completed and accepted by the City or construction management fees in an amount up to five percent of the eligible Actual Costs described in a Certification for Payment. The amounts expended on legal costs, taxes, governmental fees, insurance premiums, permits, financing costs, and appraisals shall be excluded from the base upon which the general contractor and construction management fees are calculated.

**“Additional Interest”** means the 0.50% additional interest rate charged on Assessments (if applicable) pursuant to Section 372.018 of the PID Act.

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

**“Administrator”** means the employee or designee of the City, identified in any indenture of trust relating to the Bonds or in any other agreement approved by the City Council, who shall have the responsibilities provided for herein.

**“Administrative Expenses”** mean the administrative, organization, maintenance and operation costs associated with, or incident to, the administration, organization, maintenance and operation of the PID, including, but not limited to, the costs of: (i) creating and organizing the PID, including conducting hearings, preparing notices and petitions, and all costs incident thereto,

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

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

**“Annual Service Plan Update”** has the meaning set forth in the fourth paragraph of Section IV of this Service and Assessment Plan.

**“Assessed Property”** means the property that benefits from the Authorized Improvements to be provided by the PID on which Assessments have been imposed as shown in each Assessment Roll, as each Assessment Roll is updated each year by the Annual Service Plan Update. Assessed Property includes Parcels within the PID other than Non-Benefited Property.

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

**“Assessment Ordinance”** means an Assessment Ordinance adopted by the City Council approving the Service and Assessment Plan (including amendments or supplements to the Service and Assessment Plan) and levying the Assessments.

**“Assessment Revenues”** mean the revenues actually received by or on behalf of the City from the collection of Assessments.

**“Assessment Roll”** means, as applicable, the Phases #2-3 Major Improvement Assessment Roll, the Phase #1 Assessment Roll, and/ or the Phases #2-3 Direct Improvement Assessment Roll for the development or any other Assessment Roll in an amendment or supplement to this Service and Assessment Plan or in an Annual Service Plan Update.

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

**“Bonds”** mean any bonds issued by the City in one or more series and secured in whole or in part by the Assessment Revenues.

**“Certification for Payment”** means the certificate to be provided by the Developer, or his designee, to substantiate the Actual Cost of one or more Authorized Improvements. “

**“City”** means the City of Celina, Texas.

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

**“Delinquent Collection Costs”** mean interest, penalties and expenses incurred or imposed with respect to any delinquent installment of an Assessment in accordance with the PID Act and the costs related to pursuing collection of a delinquent Assessment and foreclosing the lien against the Assessed Property, including attorney’s fees.

**“Developer”** means MM Chalk Hill, LLC, a Texas limited liability company.

**“Homeowner Association”** means a homeowner’s association or property owners’ association established for the benefit of property owners within the boundaries of the PID.

**“Homeowner Association Property”** means property within the boundaries of the PID that is owned by or irrevocably offered for dedication to, whether in fee simple or through an exclusive use easement, a homeowner’s association.

**“Lot”** means a tract of land described as a “lot” in a subdivision plat recorded in the official public records of Collin County, Texas.

**“Lot Type”** means a classification of final building lots with similar characteristics (e.g. commercial, light industrial, multifamily residential, single family residential, etc.), as determined by the Administrator and confirmed by the City Council. In the case of single family residential lots, the Lot Type shall be further defined by classifying the residential lots by the estimated final average home value for each lot as of the date of the recorded subdivision plat, considering factors such as density, lot size, proximity to amenities, view premiums, location, and any other factors that may impact the average home value on the lot, as determined by the Administrator and confirmed by the City Council.

**“Maximum Assessment Per Unit”** means the Assessment amount per Lot shown in Section V.E.

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

**“Non-Benefited Property”** means Parcels that accrue no special benefit from the Authorized Improvements, including Homeowner Association Property, Public Property and easements that create an exclusive use for a public utility provider. Property identified as Non-Benefited Property at the time the Assessments (i) are imposed or (ii) are reallocated pursuant to a subdivision of a Parcel, is not assessed. Assessed Property converted to Non-Benefited Property, if the Assessments may not be reallocated pursuant to the provisions herein, remains subject to the Assessments and requires the Assessments to be prepaid as provided for in Section VI.E.

**“Parcel”** or **“Parcels”** means a parcel or parcels within the PID identified by either a tax map identification number assigned by the Collin Central Appraisal District for real property tax purposes or by lot and block number in a final subdivision plat recorded in the real property records of Collin County.

**“Phase”** means one or more Parcels within the PID that will be developed in the same general time period. The Parcels within a Phase will be assessed in connection with the issuance of Phased PID Bonds for Authorized Improvements (or the portion thereof) designated in an update to this Service and Assessment Plan that specially benefit the Parcels within the Phase.

**“Phase #1”** means the initial Phase to be developed, identified as “Phase #1” and generally shown in Appendix A, as specifically depicted and described as the sum of all Parcels shown in Appendix H.

**“Phase #1 Assessed Property”** means all Parcels within Phase #1 other than Non-Benefited Property and shown in the Phase #1 Assessment Roll against which an Assessment relating to the Phase #1 Improvements is levied.

**“Phase #1 Assessment Revenues”** mean the actual revenues received by or on behalf of the City from the collection of Assessments levied against Phase #1 Assessed Property, or the Annual Installments thereof, for the Phase #1 Improvements.

**“Phase #1 Assessment Roll”** means the document included in this Service and Assessment Plan as Appendix H, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of Bonds or in connection with any Annual Service Plan Update. The Phase #1 Assessment Roll was previously included as Appendix E to the prior draft of this Service and Assessment Plan.

**“Phase #1 Bonds”** mean those certain "City of Celina, Texas, Special Assessment Revenue Bonds, Series 2018 (Chalk Hill Public Improvement District No. 2 Phase #1 Project)" that are secured primarily by Phase #1 Assessment Revenues.

**“Phase #1 Direct Improvements”** mean the Authorized Improvements which only benefit Phase #1 Assessed Property, which are described in Section III.C.

**“Phase #1 Improvements”** mean (i) the pro rata share of the Major Improvements allocable to Phase #1, and (ii) the Authorized Improvements which only benefit Phase #1 Assessed Property, which are described in Section III.C.

**“Phased PID Bonds”** mean bonds issued to fund Authorized Improvements (or a portion thereof) in a Phase. In connection with the Phased PID Bonds, Assessments will be levied only on Parcels located within the Phase in question.

**“Phases #2-3”** means the property within the PID excluding Phase #1 which is to be developed subsequent to Phase #1 and generally depicted in Appendix A of this Service and Assessment Plan or any Annual Service Plan Update.

**“Phases #2-3 Assessed Property”** means, for any year, all Parcels within the PID other than (i) Non-Benefited Property, and (ii) Parcels within Phase #1.

**“Phases #2-3 Direct Improvements”** mean the Authorized Improvements which only benefit Phases #2-3 Assessed Property, which are described in Section III.D.

**“Phases #2-3 Direct Improvement Assessment Revenues”** mean the revenues actually received by or on behalf of the City from the collection of Assessments levied against Phases #2-3 Assessed Property, or the Annual Installments thereof, for the Phases #2-3 Direct Improvements.

**“Phases #2-3 Direct Improvement Assessment Roll”** means the document included in this Service and Assessment Plan as Appendix I, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of Bonds or in connection with any Annual Service Plan Update.

**“Phases #2-3 Direct Improvement Bonds”** mean those certain "City of Celina, Texas, Special Assessment Revenue Bonds, Series 2023 (Chalk Hill Public Improvement District No. 2 Phases #2-3 Direct Improvement Project)" that are secured primarily by Phases #2-3 Direct Improvement Assessment Revenues.

**“Phases #2-3 Direct Improvement Reimbursement Agreement”** means that certain Chalk Hill Public Improvement District No. 2 Reimbursement Agreement dated as of July 11, 2023 by and between the City and the Developer in which the Developer agrees to fund certain Actual Costs of the Phases #2-3 Direct Improvements and the City agrees to reimburse the Developer from a portion of the Phases #2-3 Direct Improvement Assessment Revenues for a portion of such Actual Costs funded by the Developer with interest as permitted by the PID Act. In the indenture related to the Phases #2-3 Direct Improvement Bonds, the City reserved the right to issue an additional series of Bonds secured by the Phases #2-3 Direct Improvement Assessment Revenues to satisfy the obligation under the Phases #2-3 Direct Improvement Reimbursement Agreement.

**“Phases #2-3 Major Improvements”** mean the pro rata portion of the Major Improvements allocable to Phases #2-3, which are described in Section III.B

**“Phases #2-3 Major Improvement Assessment Revenues”** mean the revenues actually received by or on behalf of the City from the collection of Assessments levied against Phases #2-3 Assessed Property, or the Annual Installments thereof, for the Phases #2-3 Major Improvements.

**“Phases #2-3 Major Improvement Assessment Roll”** means the document included in this Service and Assessment Plan as Appendix G, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of Bonds or in connection with any Annual Service Plan Update. The Phases #2-3 Major Improvement Area Assessment Roll was previously included as Appendix D to the prior draft of this Service and Assessment Plan.

**“Phases #2-3 Major Improvement Bonds”** mean those certain "City of Celina, Texas, Special Assessment Revenue Bonds, Series 2018 (Chalk Hill Public Improvement District No. 2 Phases #2-3 Major Improvement Projects)" that are secured primarily by Phases #2-3 Major Improvement Assessment Revenues.

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

**“PID Act”** means Texas Local Government Code Chapter 372, Public Improvement District Assessment Act, Subchapter A, Public Improvement Districts, as amended.

**“PD #43”** means Planned Development District, #43 passed and approved by the City pursuant to Ordinance No 2010-26 dated as of April 12, 2010.

**“Prepayment and Delinquency Reserve”** has the meaning set forth in Section V.G of this Service and Assessment Plan.

**“Prepayment Costs”** mean interest and expenses to the date of prepayment, plus any additional expenses related to the prepayment, reasonably expected to be incurred by or imposed upon the City as a result of any prepayment of an Assessment.

**“Public Property”** means property within the boundaries of the PID that is owned by or irrevocably offered for dedication to the federal government, the State of Texas, Collin County, the City, a school district or any other public agency, whether in fee simple or through an exclusive use easement.

**“Service and Assessment Plan”** means this Service and Assessment Plan prepared for the PID pursuant to the PID Act, as the same may be amended from time to time.

**“TIRZ No. 10”** means the Tax Increment Reinvestment Zone No. 10, City of Celina, Texas.

**“TIRZ Credit”** means, for each Parcel, the prorated amount of TIRZ Revenues calculated pursuant to Section VI of this Service and Assessment Plan.



**“TIRZ Ordinance”** means an ordinance adopted by the City Council authorizing the use of TIRZ Revenues for project costs under the Tax Increment Financing Act, Texas Tax Code, Chapter 311, as amended, relating to the Authorized Improvements as provided for in the Tax Increment Reinvestment Zone No. 10 Project Plan and Financing Plan (including amendments or supplements thereto).

**“TIRZ Revenues”** mean, for each year, the amounts paid by the City from the TIRZ No. 10 tax increment fund pursuant to the TIRZ Ordinance to reduce an Annual Installment, as calculated each year by the Administrator in collaboration with the City, in accordance with Section VI of this Service and Assessment Plan.

**“Trust Indenture”** means an indenture of trust, ordinance or similar document setting forth the terms and other provisions relating to the Bonds, as modified, amended, and/or supplemented from time to time.

**“Trustee”** means the fiscal agent or trustee as specified in the Trust Indenture, including a substitute fiscal agent or trustee.

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## ***II. PROPERTY INCLUDED IN THE PID***

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### **A. PROPERTY INCLUDED IN THE PID**

The PID is presently located within the City and contains approximately 94.827 acres of land. A map of the property within the PID is shown on Appendix A to this Service and Assessment Plan.

At completion, the PID is expected to consist of approximately 441 single family residential units, landscaping, and infrastructure necessary to provide roadways, drainage, and utilities to the PID. The estimated number of lots (441) is based upon the proposed development plan.

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

**Table II-A**  
**Proposed Development within the PID**

| <b>Proposed Development</b> | <b>Units</b> |
|-----------------------------|--------------|
| 50 Ft Lot                   | 441          |
| <b>Total</b>                | <b>441</b>   |

### **B. PROPERTY INCLUDED IN PHASE #1**

Phase #1 consists of approximately 38.866 acres and consists of 157 single family residential units, developed as Phase #1, as further described in Section III.C. A map of the property within Phase #1 that depicts the boundaries of each proposed Phase is shown in Appendix A.

The property within the Phase #1 is developed as shown in Table II-B:

**Table II-B**  
**Development – Phases #1**

| <b>Development</b> | <b>Units</b> |
|--------------------|--------------|
| 50 Ft Lot          | 157          |
| <b>Total</b>       | <b>157</b>   |

### **C. PROPERTY INCLUDED IN PHASES #2-3**

Phases #2-3 consists of approximately 55.961 acres and is projected to consist of 284 single family residential units, to be developed as Phases #2-3, as further described in Section III.B. and Section III.D. A map of the property within Phases #2-3 that depicts the boundaries of the proposed Phases is shown in Appendix A and further described in Appendix D.

The property within Phases #2-3 is proposed to be developed as shown in Table II-C:

**Table II-C**  
**Proposed Development – Phases #2-3**

| <b>Proposed Development</b> | <b>Units</b> |
|-----------------------------|--------------|
| 50 Ft Lot                   | 284          |
| <b>Total</b>                | <b>284</b>   |

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

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### ***III. DESCRIPTION OF THE AUTHORIZED IMPROVEMENTS***

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#### **A. AUTHORIZED IMPROVEMENT OVERVIEW**

Section 372.003 of the PID Act defines the improvements that may be undertaken by a municipality or county through the establishment of a public improvement district, as follows:

##### **372.003. Authorized Improvements**

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

(b) A public improvement may include:

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

After analyzing the public improvement projects authorized by the PID Act, the City has determined that the Authorized Improvements as described in Appendix B and shown on the

diagram included as Appendix C should be undertaken by the City for the benefit of the property within the PID.

## **B. DESCRIPTIONS AND COSTS OF MAJOR IMPROVEMENTS**

The Major Improvements benefit the entire PID. The costs of the Major Improvements are allocated proportionally throughout the entire PID, excluding Non-Benefited Property, in a manner that anticipates planned development of the PID based on the anticipated number of lots.

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

### Road Improvements:

The major roadway improvements within the PID include construction of perimeter road and thoroughfare improvements, including related paving, drainage, curbs, gutters, sidewalks, retaining walls, signage, and traffic control devices. All roadway projects have been designed and constructed in accordance with City standards and specifications and are owned and operated by the City.

### Water Distribution System Improvements:

The major water distribution system improvements within the PID 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 the Assessed Property. The water distribution system improvements have been designed and constructed in accordance with City standards and specifications and are owned and operated by the City.

### Sanitary Sewer Collection System Improvements:

The major sanitary sewer collection system improvements within consist of 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 have been designed and constructed in accordance with City standards and specifications and are owned and operated by the City.

### Storm Drainage Collection System Improvements:

The major storm drainage collection system improvements consist of reinforced concrete pipes, reinforced concrete boxes, and multi-reinforced box culverts. The storm drainage collection system improvements have been designed and constructed in accordance with City standards and specifications and are owned and operated by the City.

Table III-A shows the Actual Costs of the Major Improvements.

**Table III-A**  
**Actual Costs – Major Improvements**

| <b>Authorized Improvements</b>          | <b>Phases #2-3<br/>Proportional Share<br/>of Major<br/>Improvement Costs</b> | <b>Phase #1<br/>Proportional Share of<br/>Major Improvement<br/>Costs</b> | <b>Total Major<br/>Improvement Costs<sup>1</sup></b> |
|-----------------------------------------|------------------------------------------------------------------------------|---------------------------------------------------------------------------|------------------------------------------------------|
| Roadway improvements                    | \$551,582                                                                    | \$304,924                                                                 | \$856,506                                            |
| Water improvements                      | \$181,182                                                                    | \$100,161                                                                 | \$281,343                                            |
| Sanitary sewer improvements             | \$1,139,074                                                                  | \$629,699                                                                 | \$1,768,773                                          |
| Storm drainage improvements             | \$367,857                                                                    | \$203,358                                                                 | \$571,215                                            |
| Soft costs and miscellaneous soft costs | \$400,788                                                                    | \$221,562                                                                 | \$622,350                                            |
| <b>Total Major Improvement Costs</b>    | <b>\$2,640,483</b>                                                           | <b>\$1,459,704</b>                                                        | <b>\$4,100,187</b>                                   |

<sup>1</sup>See Section V.C and Table V-A for allocation of Actual Costs of the Major Improvements to Phase #1 and Phases #2-3.

### **C. DESCRIPTIONS AND COSTS OF PHASE #1 DIRECT IMPROVEMENTS**

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

#### Road Improvements:

The Phase #1 Direct Improvements roadway improvements within the PID include construction of perimeter road and thoroughfare improvements, including related paving, drainage, curbs, gutters, sidewalks, retaining walls, signage, and traffic control devices. All roadway projects have been designed and constructed in accordance with City standards and specifications and are owned and operated by the City.

#### Water Distribution System Improvements:

The Phase #1 Direct Improvements water distribution system improvements within the PID 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 the Assessed Property. The water distribution system improvements have been designed and constructed in accordance with City standards and specifications and are owned and operated by the City.

#### Sanitary Sewer Collection System Improvements:

The Phase #1 Direct Improvements sanitary sewer collection system improvements within consist of 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 have been designed and constructed in accordance with City standards and specifications and are owned and operated by the City.

### Storm Drainage Collection System Improvements:

The Phase #1 Direct Improvements storm drainage collection system improvements consist of reinforced concrete pipes, reinforced concrete boxes, and multi-reinforced box culverts. The storm drainage collection system improvements have been designed and constructed in accordance with City standards and specifications and are owned and operated by the City.

Table III-B shows the Actual Costs of the Phase #1 Direct Improvements.

**Table III-B**  
**Actual Costs – Phase #1 Direct Improvements**

| <b>Authorized Improvements</b>                           | <b>Total Phase #1 Direct Improvement Costs</b> |
|----------------------------------------------------------|------------------------------------------------|
| Roadway improvements                                     | \$1,151,859                                    |
| Water improvements                                       | \$473,357                                      |
| Sanitary sewer improvements                              | \$567,943                                      |
| Storm drainage improvements                              | \$559,243                                      |
| Soft costs and miscellaneous soft costs                  | \$216,291                                      |
| <b>Total Estimated Phase #1 Direct Improvement Costs</b> | <b>\$2,968,693</b>                             |

<sup>1</sup>See Section V.C. and Table V-A for allocation of Major Improvement costs to Phase #1.

Additional details of the Phase #1 Direct Improvements, including the portion of the Major Improvements allocated to Phase #1 are shown in Appendix B attached to this Service and Assessment Plan. The method of cost allocation is explained in Section V.C.

The costs shown in Tables III-A and III-B are Actual Costs. The detailed costs of the Authorized Improvements are shown in Appendix B to this Service and Assessment Plan.

### **D. DESCRIPTIONS AND COSTS OF PHASES #2-3 DIRECT IMPROVEMENTS**

The Phases #2-3 Direct Improvements descriptions are presented below as provided by the project engineer. The estimated costs of the Phases #2-3 Direct Improvements are shown in Table III-C. The costs shown in Table III-C are estimates and may be revised in Annual Service Plan Updates, including such other improvements as deemed necessary to further improve the properties within the PID.

### Road Improvements:

#### Onsite

The onsite roadway portion of the Phases #2-3 Direct Improvements include construction of perimeter road and thoroughfare improvements, including related paving, drainage, curbs, gutters, sidewalks, retaining walls, signage, and traffic control devices. All onsite roadway projects will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

### Offsite

The offsite roadway portion of the Phases #2-3 Direct Improvements include construction of perimeter road and thoroughfare improvements, including related paving, drainage, curbs, gutters, sidewalks, retaining walls, signage, and traffic control devices. All onsite roadway projects will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

### Water Distribution System Improvements:

#### Onsite

The onsite water distribution system portion of the Phases #2-3 Direct 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 the Assessed Property. The onsite water distribution system improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

#### Offsite

The offsite water distribution system portion of the Phases #2-3 Direct 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 the Assessed Property. The onsite water distribution system improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

### Sanitary Sewer Collection System Improvements:

The sanitary sewer collection system portion of the Phases #2-3 Direct Improvements consist of 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 City standards and specifications and will be owned and operated by the City.

### Storm Drainage Collection System Improvements:

#### Onsite

The onsite storm drainage collection system portion of the Phases #2-3 Direct Improvements consist of reinforced concrete pipes, reinforced concrete boxes, and multi-reinforced box culverts. The onsite storm drainage collection system improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

### Offsite

The offsite storm drainage collection system portion of the Phases #2-3 Direct Improvements consist of reinforced concrete pipes, reinforced concrete boxes, and multi-reinforced box culverts. The onsite storm drainage collection system improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

### Other Soft and Miscellaneous Costs:

### Onsite

The onsite soft and miscellaneous costs portion of the Phases #2-3 Direct Improvements consist of costs related to designing, constructing, and installing the Phases #2-3 Direct Improvements including land planning and design, city fees, legal fees, engineering, soil testing, survey, construction staking, construction management, contingency, and soft other costs associated with financing the Phases #2-3 Direct Improvements.

### Offsite

The offsite soft and miscellaneous costs portion of the Phases #2-3 Direct Improvements consist of costs related to designing, constructing, and installing the Phases #2-3 Direct Improvements including land planning and design, city fees, legal fees, engineering, soil testing, survey, construction staking, construction management, contingency, and soft other costs associated with financing the Phases #2-3 Direct Improvements.

**Table III-C**  
**Estimated Phases #2-3 Direct Improvement Costs**

| <b>Authorized Improvements</b>                              | <b>Estimated<br/>Onsite Phases<br/>#2-3 Direct<br/>Improvement<br/>Costs</b> | <b>Estimated<br/>Offsite Phases<br/>#2-3 Direct<br/>Improvement<br/>Costs</b> | <b>Total Estimated<br/>Phases #2-3<br/>Direct<br/>Improvement<br/>Costs</b> |
|-------------------------------------------------------------|------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| Roadway improvements                                        | \$2,171,891                                                                  | \$1,046,339                                                                   | \$3,218,230                                                                 |
| Water improvements                                          | \$1,230,309                                                                  | \$284,421                                                                     | \$1,514,730                                                                 |
| Sanitary sewer improvements                                 | \$939,214                                                                    | \$0                                                                           | \$939,214                                                                   |
| Storm drainage improvements                                 | \$851,113                                                                    | \$104,656                                                                     | \$955,769                                                                   |
| Other soft and miscellaneous costs                          | \$1,822,376                                                                  | \$503,776                                                                     | \$2,326,152                                                                 |
| <b>Total Estimated Phases #2-3 Direct Improvement Costs</b> | <b>\$7,014,903</b>                                                           | <b>\$1,939,192</b>                                                            | <b>\$8,954,095</b>                                                          |

Note: Costs provided by Peloton Land Solutions.

<sup>1</sup> See Section V.C. and Table V-A for allocation of Major Improvement costs to Phases #2-3.

Additional details of the Phases #2-3 Direct Improvements are shown in Appendix B attached to this Service and Assessment Plan. The method of cost allocation is explained in Section V.C.



The costs shown in III-C are estimates and may be revised in Annual Service Plan Updates. The detailed costs of the Authorized Improvements are shown in Appendix B to this Service and Assessment Plan. Savings from one line item may be applied to a cost increase in another line item. These savings may be applied only to increases in costs of the Authorized Improvements paid for by the same Assessment (i.e., the improvements for the benefit of property within the PID).

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## ***IV. SERVICE PLAN***

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### **A. PROJECTED SOURCES AND USES OF FUNDS**

The PID Act requires the service plan to cover a period of at least five years. The service plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the PID during the five year period. The Major Improvements were completed and accepted by the City in the first quarter of 2021. The Phase #1 Improvements were completed and accepted by the City in the first quarter of 2021. The Phases #2-3 Direct Improvements are anticipated to be completed and accepted by the City in the fourth quarter of 2023.

The Actual Costs for the Phases #2-3 Major Improvements and Phase #1 Improvements plus costs related to the issuance of the Bonds, in one or more series, for the Phases #2-3 Major Improvements and Phase #1 Improvements and payment of expenses incurred in the establishment, administration and operation of the PID allocable to the Major Improvements and Phase #1 Improvements is \$9,407,606 as shown in Table IV-A.

The estimated costs for Phases #2-3 Direct Improvements plus costs related to the issuance of the Bonds, in one or more series, allocable to Phases #2-3 Direct Improvements is \$10,908,869 as shown in Table IV-B.

The sources and uses of funds shown in Table IV-A and Table IV-B shall be updated each year in the Annual Service Plan Update to reflect any budget revisions and Actual Costs. The service plan shall be reviewed and updated at least annually for the purpose of determining the annual budget for Administrative Expenses, updating the estimated Authorized Improvement costs, and updating the Assessment Roll(s). Any update to this Service and Assessment Plan is herein referred to as an “Annual Service Plan Update.”

Phases #2-3 Major Improvement Bonds and Phase #1 Bonds were issued in 2018 to finance the Phases #2-3 Major Improvements and Phase #1 Improvements, respectively. Table IV-A shows the sources and uses of the Phases #2-3 Major Improvement Bonds and Phase #1 Bonds. The Phase #1 Bonds were issued to finance a portion of the Phase #1 Improvements, including costs to issue the Phase #1 Bonds, as shown in Table IV-A. Proceeds of the Phase #1 Bonds were used to construct or acquire a portion of the Phase #1 Improvements. The Phases #2-3 Major Improvement Area Bonds were issued to finance a portion of the Phases #2-3 Major Improvements, including costs to issue the Phases #2-3 Major Improvement Area Bonds, as shown in Table IV-A. Proceeds of the Phases #2-3 Major Improvement Area Bonds were used to construct or acquire a portion of the Phase #2-3 Major Improvements.

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**Table IV-A**  
**Sources and Uses – Phases #2-3 Major Improvements and Phase #1 Improvements**

| Sources of Funds                                         | Phases #2-3<br>Major<br>Improvement<br>Bonds | Phase # 1<br>Improvement<br>Bonds | Total              |
|----------------------------------------------------------|----------------------------------------------|-----------------------------------|--------------------|
| Par amount                                               | \$3,690,000                                  | \$4,325,000                       | \$8,015,000        |
| Other funding sources                                    | \$179,859                                    | \$1,212,747                       | \$1,392,606        |
| <b>Total Sources</b>                                     | <b>\$3,869,859</b>                           | <b>\$5,537,747</b>                | <b>\$9,407,606</b> |
| <b>Uses of Funds</b>                                     |                                              |                                   |                    |
| <u>Major Improvements</u>                                |                                              |                                   |                    |
| Road improvements                                        | \$551,582                                    | \$304,924                         | \$856,506          |
| Water distribution system improvements                   | \$181,182                                    | \$100,161                         | \$281,343          |
| Sanitary sewer improvements                              | \$1,139,074                                  | \$629,699                         | \$1,768,773        |
| Storm drainage improvements                              | \$367,857                                    | \$203,358                         | \$571,215          |
| Other soft and miscellaneous costs                       | \$400,788                                    | \$221,562                         | \$622,350          |
| <i>Subtotal: Major Improvements<sup>1</sup></i>          | <i>\$2,640,483</i>                           | <i>\$1,459,704</i>                | <i>\$4,100,187</i> |
| <u>Phase #1 Direct Improvements</u>                      |                                              |                                   |                    |
| Road improvements                                        | \$0                                          | \$1,151,859                       | \$1,151,859        |
| Water distribution system improvements                   | \$0                                          | \$473,357                         | \$473,357          |
| Sanitary sewer improvements                              | \$0                                          | \$567,943                         | \$567,943          |
| Storm drainage improvements                              | \$0                                          | \$559,243                         | \$559,243          |
| Other soft and miscellaneous costs                       | \$0                                          | \$216,291                         | \$216,291          |
| <i>Subtotal: Phase #1 Direct Improvements</i>            | <i>\$0</i>                                   | <i>\$2,968,693</i>                | <i>\$2,968,693</i> |
| <u>Bond Issuance Costs</u>                               |                                              |                                   |                    |
| Capitalized interest                                     | \$583,315                                    | \$374,683                         | \$957,998          |
| Reserve fund                                             | \$296,150                                    | \$330,313                         | \$626,463          |
| Administrative expense fund                              | \$25,000                                     | \$30,000                          | \$55,000           |
| Other costs of issuance including underwriter's discount | \$319,911                                    | \$369,354                         | \$689,265          |
| <i>Subtotal: Bond Issuance Costs</i>                     | <i>\$1,224,376</i>                           | <i>\$1,104,350</i>                | <i>\$2,328,726</i> |
| <i>Agricultural exemption foreclosure reserve</i>        | <i>\$5,000</i>                               | <i>\$5,000</i>                    | <i>\$10,000</i>    |
| <b>Total Uses</b>                                        | <b>\$3,869,859</b>                           | <b>\$5,537,747</b>                | <b>\$9,407,606</b> |

Note: Phase #1 Improvements include the Authorized Improvements listed under the Phase #1 Improvements heading plus the estimated \$1,459,704 pro rata share of the Major Improvements allocated to Phase #1.

<sup>1</sup>See Section V.C and Table V-A for allocation of Actual Costs of the Major Improvements to Phase #1 and Phases #2-3.

The Phases #2-3 Direct Improvement Bonds and Phases #2-3 Direct Improvement Reimbursement Agreement are shown in Table IV-B. The Phases #2-3 Direct Improvement Bonds are being issued in 2023 and Phases #2-3 Direct Improvement Reimbursement Agreement is being entered into in 2023 and will collectively be used to pay and/or reimburse the Developer for a portion of the costs of the Phases #2-3 Direct Improvements.

**Table IV-B**  
**Estimated Sources and Uses of Funds – Phases #2-3 Direct Improvements**

| Sources of Funds                                         | Phases #2-3<br>Direct<br>Improvement<br>Bonds | Phases #2-3 Direct<br>Improvement<br>Reimbursement<br>Agreement | Total               |
|----------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------------------|---------------------|
| Par amount                                               | \$7,633,000                                   | \$0                                                             | \$7,633,000         |
| Assessment amount <sup>1</sup>                           | \$0                                           | \$1,612,000                                                     | \$1,612,000         |
| Other funding sources <sup>1</sup>                       | \$0                                           | \$1,663,869                                                     | \$1,663,869         |
| <b>Total Sources</b>                                     | <b>\$7,633,000</b>                            | <b>\$3,275,869</b>                                              | <b>\$10,908,869</b> |
| <b>Uses of Funds</b>                                     |                                               |                                                                 |                     |
| <i>Phases #2-3 Direct Improvements</i>                   |                                               |                                                                 |                     |
| Road improvements                                        | \$2,040,836                                   | \$1,177,394                                                     | \$3,218,230         |
| Water distribution system improvements                   | \$960,564                                     | \$554,166                                                       | \$1,514,730         |
| Sanitary sewer improvements                              | \$595,601                                     | \$343,613                                                       | \$939,214           |
| Storm drainage improvements                              | \$606,099                                     | \$349,670                                                       | \$955,769           |
| Other soft and miscellaneous costs                       | \$1,475,126                                   | \$851,026                                                       | \$2,326,152         |
| <i>Subtotal Phases #2-3 Direct Improvements</i>          | <i>\$5,678,226</i>                            | <i>\$3,275,869</i>                                              | <i>\$8,954,095</i>  |
| <i>Bond Issuance Costs</i>                               |                                               |                                                                 |                     |
| Capitalized interest                                     | \$475,574                                     | \$0                                                             | \$475,574           |
| Reserve fund                                             | \$738,822                                     | \$0                                                             | \$738,822           |
| Administrative expense fund                              | \$60,000                                      | \$0                                                             | \$60,000            |
| Other costs of issuance including underwriter's discount | \$680,379                                     | \$0                                                             | \$680,379           |
| <i>Subtotal: Bond Issuance Costs</i>                     | <i>\$1,954,774</i>                            | <i>\$0</i>                                                      | <i>\$1,954,774</i>  |
| <b>Total Uses</b>                                        | <b>\$7,633,000</b>                            | <b>\$3,275,869</b>                                              | <b>\$10,908,869</b> |

<sup>1</sup>The Phases #2-3 Direct Improvement Reimbursement Agreement represents estimated costs paid or to be paid by the Developer which will be reimbursed under the terms Phases #2-3 Direct Improvement Reimbursement Agreement. The other funding sources represent estimated costs paid or to be paid by the Developer without reimbursement from the City. Any Actual Costs of Authorized Improvements incurred under the Phases #2-3 Direct Improvement Reimbursement Agreement and/or other funding sources prior to Bond closing are not required to be deposited and are therefore deducted from any Developer deposit requirement. This deducted amount shall be submitted to the City for full review and approval by the City prior to submitting the first Certification for Payment payable from the project fund.

## **B. PROJECTED FIVE -YEAR SERVICE AND ASSESSMENT PLAN**

### Phases #2-3 Major Improvements

The annual projected costs and annual projected indebtedness for the Phases #2-3 Major Improvement Bonds is shown by Table IV-C. The annual projected costs and indebtedness is subject to revision, and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

**Table IV-C**  
**Annual Projected Costs and Annual Projected Indebtedness – Phases #2-3 Major Improvements**

| <b>Assessment Year Ending</b> | <b>Annual Projected Costs</b> | <b>Annual Projected Indebtedness</b> | <b>Other Funding Sources</b> | <b>Projected Annual Installments – Phases #2-3 Major Improvement Bonds</b> |
|-------------------------------|-------------------------------|--------------------------------------|------------------------------|----------------------------------------------------------------------------|
| 2022 & Prior                  | \$3,869,859                   | \$3,690,000                          | \$179,859                    | \$774,637                                                                  |
| 2023                          | \$0                           | \$0                                  | \$0                          | \$345,431                                                                  |
| 2024                          | \$0                           | \$0                                  | \$0                          | \$339,667                                                                  |
| 2025                          | \$0                           | \$0                                  | \$0                          | \$340,955                                                                  |
| 2026                          | \$0                           | \$0                                  | \$0                          | \$341,898                                                                  |
| 2027                          | \$0                           | \$0                                  | \$0                          | \$337,496                                                                  |
| 2028                          | \$0                           | \$0                                  | \$0                          | \$338,106                                                                  |
| <b>Total</b>                  | <b>\$3,869,859</b>            | <b>\$3,690,000</b>                   | <b>\$179,859</b>             | <b>\$2,818,189</b>                                                         |

The annual projected costs shown in Table IV-C are the annual expenditures relating to the Phases #2-3 Major Improvements shown in Table III-A and the costs associated with setting up the PID and bond issuance costs including reserves shown in Table IV-A. The difference between the total projected cost and the total projected indebtedness, if any, is the amount contributed by the Developer.

**Phase #1 Improvements**

The annual projected costs and annual projected indebtedness for the Phase #1 Bonds is shown by Table IV-D. The annual projected costs and indebtedness is subject to revision, and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

**Table IV-D**  
**Annual Projected Costs and Annual Projected Indebtedness – Phase #1**

| <b>Assessment Year Ending</b> | <b>Annual Projected Costs</b> | <b>Annual Projected Indebtedness</b> | <b>Other Funding Sources</b> | <b>Projected Annual Installments – Phase #1 Bonds</b> |
|-------------------------------|-------------------------------|--------------------------------------|------------------------------|-------------------------------------------------------|
| 2022 & Prior                  | \$5,537,747                   | \$4,325,000                          | \$1,212,747                  | \$1,202,791                                           |
| 2023                          | \$0                           | \$0                                  | \$0                          | \$383,642                                             |
| 2024                          | \$0                           | \$0                                  | \$0                          | \$381,822                                             |
| 2025                          | \$0                           | \$0                                  | \$0                          | \$382,436                                             |
| 2026                          | \$0                           | \$0                                  | \$0                          | \$377,725                                             |
| 2027                          | \$0                           | \$0                                  | \$0                          | \$378,028                                             |
| 2028                          | \$0                           | \$0                                  | \$0                          | \$383,007                                             |
| <b>Total</b>                  | <b>\$5,537,747</b>            | <b>\$4,325,000</b>                   | <b>\$1,212,747</b>           | <b>\$3,489,451</b>                                    |

The annual projected costs shown in Table IV-D are the annual expenditures relating to the Phase #1 Improvements shown in Table III-B, and the costs associated with setting up the PID and bond issuance costs including reserves shown in Table IV-A. The difference between the total projected cost and the total projected indebtedness, if any, is the amount contributed by the Developer.

#### Phases #2-3 Direct Improvements

The annual projected costs and annual projected indebtedness for the Phases #2-3 Direct Improvement Bonds is shown by Table IV-E. The annual projected costs and indebtedness is subject to revision, and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

**Table IV-E**  
**Annual Projected Costs and Annual Projected Indebtedness – Phases #2-3 Direct Improvements**

| <b>Assessment Year Ending</b> | <b>Annual Projected Costs</b> | <b>Annual Projected Indebtedness<sup>2</sup></b> | <b>Other Funding Sources</b> | <b>Projected Annual Installments – Phases #2-3 Direct Improvement Bonds</b> |
|-------------------------------|-------------------------------|--------------------------------------------------|------------------------------|-----------------------------------------------------------------------------|
| 2023 <sup>1</sup>             | \$10,908,869                  | \$9,245,000                                      | \$1,663,869                  | \$0                                                                         |
| 2024 <sup>1</sup>             | \$0                           | \$0                                              | \$0                          | \$98,845                                                                    |
| 2025                          | \$0                           | \$0                                              | \$0                          | \$734,810                                                                   |
| 2026                          | \$0                           | \$0                                              | \$0                          | \$732,845                                                                   |
| 2027                          | \$0                           | \$0                                              | \$0                          | \$737,760                                                                   |
| 2028                          | \$0                           | \$0                                              | \$0                          | \$737,226                                                                   |
| 2029                          | \$0                           | \$0                                              | \$0                          | \$737,464                                                                   |
| <b>Total</b>                  | <b>\$10,908,869</b>           | <b>\$9,245,000</b>                               | <b>\$1,663,869</b>           | <b>\$3,778,949</b>                                                          |

<sup>1</sup>Administrative Expenses in years 2023 and 2024 are being funded with Bond proceeds, interest on the Phases #2-3 Direct Improvement Bonds for year 2024 is being funded with capitalized interest, and interest on the Phases #2-3 Direct Improvement Reimbursement Agreement for year 2024 includes accrued interest from 8/9/2023 through 9/1/2024.

<sup>2</sup>Includes amounts to be paid from assessments related to both the Phases #2-3 Direct Improvement Bonds and the Phases #2-3 Direct Improvement Reimbursement Agreement.

The annual projected costs shown in Table IV-E are the annual expenditures relating to the Phases #2-3 Direct Improvements shown in Table III-C, and the bond issuance costs including reserves shown in Table IV-B. The difference between the total projected cost and the total projected indebtedness, if any, is the amount contributed by the Developer.

#### **C. PID ASSESSMENT NOTICE**

The PID Act requires that this Service and Assessment Plan, and each Annual Service Plan Update, include a copy of the “PID Assessment Notice” form (required by Section 5.014 of the Texas Property Code). The PID Disclosure Notice is attached hereto as Appendix E and may be updated in an Annual Service Plan Update.

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## *V. ASSESSMENT PLAN*

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### **A. INTRODUCTION**

The PID Act requires the City Council to apportion the costs of the Authorized Improvements on the basis of special benefits conferred upon the property because of the Authorized Improvements. The PID Act provides that the costs of the Authorized Improvements may be assessed: (i) equally per front foot or square foot; (ii) according to the value of the property as determined by the governing body, with or without regard to improvements on the property; or (iii) in any other manner that results in imposing equal shares of the cost on property similarly benefited. The PID Act further provides that the governing body may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the municipality and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

The proposed development financing program entails a series of bond financings and/or obligations under a reimbursement agreement that are intended to finance the public infrastructure required for the development. This financing will necessarily be undertaken in phases to coincide with the private investment and development of the Authorized Improvements. Following the initial Phase #1 Bonds and the Phases #2-3 Major Improvement Bonds issued in 2018, the Phases #2-3 Direct Improvement Bonds and Phases #2-3 Direct Improvements Reimbursement Agreement are being issued and/or entered into in 2023 as the remaining development is gradually constructed.

The purpose of this gradual issuance of bonds in phases is to mirror the actual private development of the Authorized Improvements. The Bonds to be issued are most prudently and efficiently utilized when directly coinciding with construction of public infrastructure needed for private development that is to occur once the infrastructure is completed; it is most effective to issue the Bonds when the infrastructure is needed, not before. Furthermore, there is no economic advantage, and several disadvantages, to issuing debt and encumbering property within the PID prior to the need for the Authorized Improvements.

Additionally, phased issuance of debt will maintain a prudent value to lien ("VtL") within the financing program. In order to maintain a prudent VtL, the initial issuance of bonds for a specific set of Authorized Improvements may not fund the entire desired level of public infrastructure because the property value is not high enough to support the entire debt load at the VtL chosen for the development. In that case, the Developer will need to fund the additional infrastructure costs with cash at closing. This cash investment by the Developer for certain Authorized Improvements can be reimbursed by a subsequent parity lien bond financing, secured by the same special assessments, once the assessed property is partially or fully developed and the value has increased sufficiently to permit the issuance of the additional bonds in a prudent fashion.

For purposes of this Service and Assessment Plan, the City Council has determined that the costs of the Phases #2-3 Major Improvements, Phase #1 Improvements and Phases #2-3 Direct Improvements shall be allocated as described below:

1. The Phases #2-3 Major Improvement, the Phase #1 Improvement, and the Phases #2-3 Direct Improvement costs shall be allocated on the basis of the relative value of Parcels once such property is developed, and that such method of allocation will result in the imposition of equal shares of the costs of the Authorized Improvements to Parcels similarly benefited.
2. The Major Improvement costs are proportionally allocated to the Phases #2-3 Assessed Property and Phase #1 Assessed Property based on the ratio of total estimated number of units for the Phases #2-3 Assessed Property and the Phase #1 Assessed Property.
3. The Phases #2-3 Assessed Property's proportional share of the costs for the Major Improvements is allocated to each Parcel within the Phases #2-3 Assessed Property based on the total estimated number of units for each Parcel.
4. The Phase #1 Improvement costs (including Phase #1 Assessed Property's proportional share of the costs of the Major Improvements) are allocated to each Parcel within the Phase #1 Assessed Property based on the total estimated number of units for each Parcel.
5. The Phases #2-3 Direct Improvement costs are allocated to each Parcel within the Phases #2-3 Assessed Property based on the total estimated number of units for each Parcel.

Table V-A provides the estimated allocation of costs of the Authorized Improvements constituting Major Improvements to the Phase #1 Assessed Property and Phases #2-3 Assessed Property.

This section of this Service and Assessment Plan currently (i) describes the special benefit received by each Parcel within the PID as a result of the Phases #2-3 Major Improvements, Phase #1 Improvements, and Phases #2-3 Direct Improvements, (ii) provides the basis and justification for the determination that this special benefit exceeds the amount of the Assessments levied or to be levied on the Phase #1 Assessed Property and Phases #2-3 Assessed Property for such improvements, and (iii) establishes the methodologies by which the City Council allocates and reallocates the special benefit of the Phases #2-3 Major Improvements, Phase #1 Improvements, and Phases #2-3 Direct Improvements to Parcels in a manner that results in equal shares of the Actual Costs of such improvements being apportioned to Parcels similarly benefited. The determination by the City Council of the assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Developer and all future owners and developers of the Assessed Property.

## **B. SPECIAL BENEFIT**

Assessed Property must receive a direct and special benefit from the Authorized Improvements, and this benefit must be equal to or greater than the amount of the Assessments. The Authorized Improvements are provided specifically for the benefit of the Assessed Property. The Authorized Improvements (more particularly described in line-item format in Appendix B to this Service and Assessment Plan) and the costs of issuance and payment of costs incurred in the establishment of



the PID shown in Table IV-A and Table IV-B are authorized by the PID Act. These improvements are provided specifically for the benefit of the Assessed Property.

Each owner of the Assessed Property has acknowledged that the Authorized Improvements confer a special benefit on the Assessed Property and has consented to the imposition of the Assessments to pay for the Actual Costs associated therewith. Each of the owners is acting in its interest in consenting to this apportionment and levying of the Assessments because the special benefit conferred upon the Assessed Property by the Authorized Improvements exceeds the amount of the Assessments.

The Authorized Improvements provide a special benefit to the Assessed Property as a result of the close proximity of these improvements to the Assessed Property and the specific purpose of these improvements of providing infrastructure for the Assessed Property. In other words, the Assessed Property could not be used in the manner proposed without the construction of the Authorized Improvements. The Authorized Improvements are being provided specifically to meet the needs of the Assessed Property as required for the proposed use of the property.

The Assessments are being levied to provide the Authorized Improvements that are required for the highest and best use of the Assessed Property (i.e., the use of the property that is most valuable, including any costs associated with that use). Highest and best use can be defined as “the reasonably probable and legal use of property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.” (*Dictionary of Real Estate Appraisal, Third Edition.*) The Authorized Improvements are expected to be required for the proposed use of the Assessed Property to be physically possible, appropriately supported, financially feasible, and maximally productive.

The Developer has evaluated the potential use of the property and has determined that the highest and best use of the property is the use intended and the legal use for the property as described in Section II of this Service and Assessment Plan. The use of the Assessed Property as described herein will require the construction of the Authorized Improvements.

The special assessments will repay financing that is on advantageous terms, as the Bonds issued to finance the Authorized Improvements will pay interest that is exempt from federal income tax. As a result, all other terms being equal (e.g., maturity, fixed vs. variable rate, credit quality), the tax-exempt bonds will have a lower interest rate than debt that is not tax-exempt. The Bonds also have a longer term than other available financings and may either be repaid or assumed by a buyer at the buyer’s option. As a result of these advantageous terms, the financing provided by the PID is the most beneficial means of financing the Authorized Improvements.

Each owner of the Assessed Property will ratify, confirm, accept, agree to and approve: (i) the determinations and finding by the City Council as to the special benefits described in this Service and Assessment Plan and the Assessment Ordinance; (ii) the Service and Assessment Plan and the Assessment Ordinance, and (iii) the levying of Assessments on the Assessed Property. Use of the Assessed Property as described in this Service and Assessment Plan and as authorized by the PID Act requires that Authorized Improvements be acquired, constructed, installed, and/or improved. Funding the Actual Costs of the Authorized Improvements through the PID has been

determined by the City Council to be the most beneficial means of doing so. As a result, the Assessments result in a special benefit to the Assessed Property, and this special benefit exceeds the amount of the Assessment. This conclusion is based on and supported by the evidence, information, and testimony provided to the City Council.

In summary, the Assessments result in a special benefit to the Assessed Property for the following reasons:

1. The Authorized Improvements are being provided specifically for the use of the Assessed Property, are necessary for the proposed best use of the property and provide a special benefit to the Assessed Property as a result;
2. The Developer has consented to the imposition of the Assessments for the purpose of providing the Authorized Improvements and the Developer is acting in its interest by consenting to this imposition;
3. The Authorized Improvements are required for the highest and best use of the property;
4. The highest and best use of the Assessed Property is the use of the Assessed Property that is most valuable (including any costs associated with the use of the Assessed Property);
5. Financing of the costs of the Authorized Improvement through the PID is determined to be the most beneficial means of providing for the Authorized Improvements; and,
6. As a result, the special benefits to the Assessed Property from the Authorized Improvements will be equal to or greater than the Assessments.

### **C. ALLOCATION OF COSTS TO ASSESSED PROPERTY**

The Major Improvements will provide a special benefit to all property in the PID. Accordingly, the estimated Major Improvement costs must be allocated throughout all Assessed Property in the District. Table V-A summarizes the allocation of estimated costs for each Major Improvement. The costs shown in Table V-A are estimates and may be revised in Annual Service Plan Updates, but the related Assessment may not be increased.

Phase #1 is projected to contain 157 residential units. Phases #2-3 are projected to contain 284 residential units, resulting in a total projected number of units in the PID of 441. As a result, 35.60 percent of the Actual Costs of the Major Improvements (i.e.  $157 \div 441 = 35.60\%$ ) are allocated to the Phase #1 Assessed Property and 64.40 percent of the Actual Costs of the Major Improvements (i.e.,  $284 \div 441 = 64.40\%$ ) are allocated to the Phases #2-3 Assessed Property. The Phases #2-3 Major Improvement Bonds will fund the proportionate share of the Actual Costs of the Major Improvements allocated to Phases #2-3 and Phase #1 Bonds will fund Phase #1's proportionate share of the Actual Costs of the Major Improvements and the remaining Phase #1 Improvements. One hundred percent (100%) of the Phase #1 Improvements (including the portion of the Major Improvements allocated to Phase #1) are allocated to the Phase #1 Assessed Property. One hundred percent (100%) of the Phases #2-3 Direct Improvements are allocated to the Phases #2-3 Assessed Property.

**Table V-A**  
**Allocation of Major Improvement Costs**

| Description                            | Actual Costs       |
|----------------------------------------|--------------------|
| <i>Authorized Improvements</i>         |                    |
| Road improvements                      | \$856,506          |
| Water distribution system improvements | \$281,343          |
| Sanitary sewer improvements            | \$1,768,773        |
| Storm drainage improvements            | \$571,215          |
| Other soft and miscellaneous costs     | \$622,350          |
| <i>Total Major Improvements</i>        | <i>\$4,100,187</i> |
| <i>Phase #1</i>                        |                    |
| Projected total number of units        | 157.00             |
| % of total units <sup>1</sup>          | 35.60%             |
| Proportionate Share of Costs           | \$1,459,704        |
| <i>Phases #2-3</i>                     |                    |
| Projected total number of units        | 284.00             |
| % of total units <sup>1</sup>          | 64.40%             |
| Proportionate Share of Costs           | \$2,640,483        |

#### **D. ASSESSMENT METHODOLOGY**

The costs of the Authorized Improvements may be assessed by the City Council against the Assessed Property so long as the special benefit conferred upon the Assessed Property by the Authorized Improvements equals or exceeds the Assessments. The costs of the Authorized Improvements may be assessed using any methodology that results in the imposition of equal shares of the Actual Costs on Assessed Property similarly benefited.

##### *1. Assessment Methodology for the Phases #2-3 Major Improvements*

For purpose of this Service and Assessment Plan, the City Council determined that the portion of the Major Improvement costs to be allocated to Phases #2-3 shall be allocated to the Phases #2-3 Assessed Property by spreading the entire Assessment across the Parcels based on the estimated number of units anticipated to be developed on each Parcel.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the estimated number of units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Parcel based on the ratio of the estimated number of units at the time residential Lots are platted to the total estimated number of all Lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council.

The Assessment and Annual Installments for the Phases #2-3 Major Improvements for each Parcel or Lot located within Phases #2-3 is shown on the Phases #2-3 Major Improvement Assessment Roll, attached as Appendix G, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

## *2. Assessment Methodology for Phase #1 Improvements*

For purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the Phase #1 Improvements, including the portion of the Major Improvements to be financed with the Phase #1 Bonds, shall be allocated to the Phase #1 Assessed Property by spreading the entire Assessment across the Parcels based on the estimated number of units anticipated to be developed on each Parcel within Phase #1.

Based on the estimates of the costs of the Phase #1 Improvements, as set forth in Table III-B, the City Council has determined that the benefit to Phase #1 Assessed Property of the Phase #1 Improvements is at least equal to the Assessments levied on the Phase #1 Assessed Property.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the estimated number of units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Parcel based on the ratio of the estimated number of units at the time residential Lots are platted to the total estimated number of all Lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council.

The Assessment and Annual Installments for each Parcel or Lot located within Phase #1 is shown on the Phase #1 Assessment Roll, attached as Appendix H, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

## *3. Assessment Methodology for Phases #2-3 Direct Improvements*

For purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the Phases #2-3 Direct Improvements, shall be allocated to the Phases #2-3 Assessed Property by spreading the entire Assessment across the Parcels based on the estimated number of units anticipated to be developed on each Parcel within Phases #2-3.

Based on the estimates of the costs of the Phases #2-3 Direct Improvements, as set forth in Table III-C, the City Council has determined that the benefit to Phases #2-3 Assessed Property of the Phases #2-3 Direct Improvements is at least equal to the Assessments levied on the Phases #2-3 Assessed Property for the Phases #2-3 Direct Improvements.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the estimated number of units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Parcel based on the ratio of the estimated number of units at the time residential Lots are platted to the total estimated number of all Lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council.

The Assessment and Annual Installments for Phases #2-3 Direct Improvements for each Parcel or Lot located within Phases #2-3 is shown on the Phases #2-3 Direct Improvement Assessment Roll, attached as Appendix I, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

#### **E. ASSESSMENTS**

The Assessments for the Phase #1 Bonds and the Phases #2-3 Major Improvement Bonds have been levied on each Parcel according to the Phases #2-3 Major Improvement Assessment Roll and the Phase #1 Assessment Roll, attached hereto as Appendix G and Appendix H, respectively. As shown in Table IV-A, the total amount of Phases #2-3 Major Improvement Bonds, which represents the total amount of Assessment levied on the Phases #2-3 Assessed Property for the Phases #2-3 Major Improvements, is \$3,690,000. The total estimated number of units to be constructed within Phases #2-3 is 284. As a result, the Phases #2-3 Major Improvements Assessment per unit is \$12,993 as shown below.

As shown in Table IV-A, the total amount of the Phase #1 Bonds, which represents the total Assessment levied on the Phase #1 Assessed Property, is \$4,325,000. The total estimated number of units to be constructed within Phase #1 is 157. As a result, the Phase #1 Assessment per unit, which is also the Maximum Assessment Per Unit, is \$27,548 as shown below.

As shown in Table IV-B, the total amount of the Phases #2-3 Direct Improvement Bonds and the obligation due under the Phases #2-3 Direct Improvement Reimbursement Agreement, which represents the total Assessment levied on the Phases #2-3 Assessed Property for the Phases #2-3 Direct Improvements, is \$9,245,000. The total estimated number of units to be constructed within Phases #2-3 is 284. As a result, the Phases #2-3 Direct Improvements Assessment per unit, which is also the Maximum Assessment Per Unit, is \$32,553 as shown below.

**Table V-B**  
**Assessment Per Unit**

| <b>Description</b>  | <b>Phases #2-3 Major<br/>Improvement<br/>Bonds<sup>1</sup></b> | <b>Phase # 1 Bonds<sup>1</sup></b> | <b>Phases #2-3 Direct<br/>Improvement Bonds and<br/>Phases #2-3 Direct<br/>Improvement<br/>Reimbursement Agreement</b> |
|---------------------|----------------------------------------------------------------|------------------------------------|------------------------------------------------------------------------------------------------------------------------|
|                     |                                                                |                                    |                                                                                                                        |
| Total Assessment    | \$3,690,000                                                    | \$4,325,000                        | \$9,245,000                                                                                                            |
| Number of Units     | 284                                                            | 157                                | 284                                                                                                                    |
| Assessment Per Unit | \$12,993                                                       | \$27,548                           | \$32,553                                                                                                               |

<sup>1</sup> These values are based on the original home values.

The Annual Installments for the Phases #2-3 Major Improvement Bonds, the Phase #1 Bonds and the Phases #2-3 Direct Improvement Bonds will be collected at the time and in the amounts shown on the Phases #2-3 Major Improvement Assessment Roll, the Phase #1 Assessment Roll, and the

Phases #2-3 Direct Improvement Assessment Roll, as applicable, subject to any revisions made during an Annual Service Plan Update.

#### **F. ADMINISTRATIVE EXPENSES**

The cost of administering the PID and collecting the Annual Installments shall be paid for on a pro rata basis by each Parcel based on the amount of Assessment levied against the Parcel. The Administrative Expenses shall be collected as part of and in the same manner as Annual Installments in the amounts shown on each Assessment Roll, which may be revised based on actual costs incurred in Annual Service Plan Updates.

#### **G. PREPAYMENT AND DELINQUENCY RESERVE**

Pursuant to the PID Act, the interest rate for any portion of the Assessments which secures a series of Bonds may exceed the actual interest rate per annum paid on the related Bonds by no more than one half of one percent (0.50%) (the “Additional Interest”). The interest rate used to determine the Assessments is one half of one percent (0.50%) per annum higher than the actual rate paid on the Phases #2-3 Major Improvements Bonds, Phase #1 Bonds, and Phases #2-3 Direct Improvements Bonds, as applicable, with the Additional Interest component of the Annual Installments allocated to fund a reserve to be used for paying prepayment and delinquency related costs (the “Prepayment and Delinquency Reserve”). The Prepayment and Delinquency Reserve for the Phases #2-3 Major Improvement Bonds, Phase #1 Bonds, and Phases #2-3 Direct Improvement Bonds, as applicable, shall be funded until it reaches 5.50% of the outstanding Bonds as stipulated in the Bond documents. Once the Prepayment and Delinquency Reserve is funded in full, the City may allocate the Additional Interest Component of the Annual Installments as provided in the applicable Trust Indenture. No Additional Interest will be collected from any portion of an Assessment which secures a reimbursement obligation and not a series of Bonds.

#### **H. TIRZ CREDIT**

Pursuant to the TIRZ Ordinance, the City has agreed to use TIRZ Revenues generated from each Parcel to offset a portion of such Parcel’s Assessments (the “TIRZ Annual Credit Amount”). The Annual Installment for each Parcel shall be calculated by taking into consideration any TIRZ Annual Credit Amount applicable to the Parcel then on deposit in the TIRZ No. 10 tax increment fund. The TIRZ Annual Credit Amount applicable to each Parcel shall be calculated as described under Section VI of this Service and Assessment Plan.

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## ***VI. TERMS OF THE ASSESSMENTS***

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### **A. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN PHASES #2-3 RELATED TO THE PHASES #2-3 MAJOR IMPROVEMENTS**

The Assessment and Annual Installments for each Assessed Property located within Phases #2-3 related to the Phases #2-3 Major Improvements are shown on the Phases #2-3 Major Improvement Assessment Roll, attached as Appendix G, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

The Annual Installments collected from property within Phases #2-3 related to the Phases #2-3 Major Improvements shall be collected in an amount sufficient (i) to pay principal and interest on the Phases #2-3 Major Improvement Bonds, (ii) to fund the Prepayment and Delinquency Reserve described in Section V, and (iii) to pay Administrative Expenses related to the PID. The Annual Installment for each Parcel shall be calculated by taking into consideration any available capitalized interest and TIRZ Annual Credit Amount applicable to the Parcel. The TIRZ Annual Credit Amount shall be calculated separately for each Parcel and such TIRZ Annual Credit Amount shall be applied on a Parcel-by-Parcel basis. As described in Section V.H., the TIRZ Revenues attributable to each Parcel of Assessed Property collected in any given year shall be used to calculate each Parcel's TIRZ Annual Credit Amount for such Parcel in the following year (i.e., TIRZ Revenues collected in 2018 shall be used to calculate the TIRZ Annual Credit Amount applicable to Annual Installments to be collected in 2019). TIRZ Annual Credit Amounts shall be calculated for those Parcels that are subject to Assessments in the PID. The number of units to be used for the calculation of the TIRZ Annual Credit Amount, if applicable, shall be determined by the Administrator based on the information available to the Administrator at the time of such calculations.

### **B. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN PHASE #1**

The Assessment and Annual Installments for each Assessed Property located within Phase #1 is shown on the Phase #1 Assessment Roll, attached as Appendix H, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

The Annual Installments collected from property within Phase #1 shall be collected in an amount sufficient (i) to pay principal and interest on the Phase #1 Bonds, (ii) to fund the Prepayment and Delinquency Reserve described in Section V, and (iii) to pay Administrative Expenses related to the PID. The Annual Installment for each Parcel shall be calculated by taking into consideration any available capitalized interest and TIRZ Annual Credit Amount applicable to the Parcel. The TIRZ Annual Credit Amount shall be calculated separately for each Parcel and such TIRZ Annual Credit Amount shall be applied on a Parcel-by-Parcel basis. As described in Section V.H., the TIRZ Revenues attributable to each Parcel of Assessed Property collected in any given year shall be used to calculate each Parcel's TIRZ Annual Credit Amount for such Parcel in the following year (i.e., TIRZ Revenues collected in 2018 shall be used to calculate the TIRZ Annual Credit Amount applicable to Annual Installments to be collected in 2019). TIRZ Annual Credit



Amounts shall be calculated for those Parcels that are subject to Assessments in the PID. The number of units to be used for the calculation of the TIRZ Annual Credit Amount, if applicable, shall be determined by the Administrator based on the information available to the Administrator at the time of such calculations.

**C. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN PHASES #2-3 RELATED TO THE PHASES #2-3 DIRECT IMPROVEMENTS**

The Assessment and Annual Installments for each Assessed Property located within Phases #2-3 related to the Phases #2-3 Direct Improvements is shown on the Phases #2-3 Direct Improvement Assessment Roll, attached as Appendix I, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

The Annual Installments collected from property within Phases #2-3 related to the Phases #2-3 Direct Improvements shall be collected in an amount sufficient (i) to pay principal and interest on the Phases #2-3 Direct Improvement Bonds, (ii) to pay principal and interest due on the obligation owed under the Phases #2-3 Direct Improvement Reimbursement Agreement, (iii) to fund the Prepayment and Delinquency Reserve described in Section V (with respect to only that portion of the Assessments which secures the Phases #2-3 Direct Improvement Bonds), and (iv) to pay Administrative Expenses related to the PID. The Annual Installment for each Parcel shall be calculated by taking into consideration any available capitalized interest and TIRZ Annual Credit Amount applicable to the Parcel. The TIRZ Annual Credit Amount shall be calculated separately for each Parcel and such TIRZ Annual Credit Amount shall be applied on a Parcel-by-Parcel basis. As described in Section V.H., the TIRZ Revenues attributable to each Parcel of Assessed Property collected in any given year shall be used to calculate each Parcel's TIRZ Annual Credit Amount for such Parcel in the following year (i.e., TIRZ Revenues collected in 2023 shall be used to calculate the TIRZ Annual Credit Amount applicable to Annual Installments to be collected in 2024. TIRZ Annual Credit Amounts shall be calculated for those Parcels that are subject to Assessments in the PID. The number of units to be used for the calculation of the TIRZ Annual Credit Amount, if applicable, shall be determined by the Administrator based on the information available to the Administrator at the time of such calculations.

**D. REALLOCATION OF ASSESSMENTS**

**1. Subdivision**

Upon the subdivision of any Parcel, the Assessment for the Parcel prior to the subdivision shall be reallocated among the new subdivided Parcels according to the following formula:

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

Where the terms have the following meanings:

- A = the Assessment for each new subdivided Parcel
- B = the Assessment for the Parcel prior to subdivision



C = the estimated total number of units to be built on each new subdivided Parcel  
D = the sum of the estimated total number of units to be built on all of the new subdivided Parcels

The calculation of the estimated number of units to be built on a Parcel shall be performed by the Administrator and confirmed by the City Council based on the information available regarding the use of the Parcel. The estimate as confirmed shall be conclusive. The number of units to be built on a Parcel may be estimated by net land area and reasonable density ratios.

The sum of the Assessments for all newly subdivided Parcels shall equal the Assessment for the Parcel prior to subdivision. The calculation shall be made separately for each newly subdivided Parcel. The reallocation of an Assessment for a Parcel that is a homestead under Texas law may not exceed the Assessment prior to the reallocation and to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the subdivision of the Parcels. Any reallocation pursuant to this section shall be reflected in an Annual Service Plan Update approved by the City Council.

## **2. Consolidation**

Upon the consolidation of two or more Parcels, the Assessment for the consolidated Parcel shall be the sum of the Assessments for the Parcels prior to consolidation. The reallocation of an Assessment for a Parcel that is a homestead under Texas law may not exceed the Assessment prior to the reallocation and to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the consolidation of the Parcels. Any reallocation pursuant to this section shall be reflected in an Annual Service Plan Update approved by the City Council.

## **E. MANDATORY PREPAYMENT OF ASSESSMENTS**

1. If a Parcel subject to Assessments is transferred to a party that is exempt from the payment of the Assessment under applicable law, or if an owner causes a Parcel subject to Assessments to become Non-Benefited Property, the owner of such Parcel shall pay to the City the full amount of the principal portion of the Assessment on such Parcel, plus all Prepayment Costs, prior to any such transfer or act.

2. If at any time the Assessment per Unit on a Parcel exceeds the Maximum Assessment Per Unit calculated in this Service and Assessment Plan as a result of any changes in land use, subdivision, consolidation or reallocation of the Assessment authorized by this Service and Assessment Plan and initiated by the owner of the Parcel, then such owner shall pay to the City prior to the recordation of the document subdividing the Parcel the amount calculated by the Administrator by which the Assessment per Unit for the Parcel exceeds the Maximum Assessment per Unit calculated in this Service and Assessment Plan.

3. The payments required above shall be treated the same as any Assessment that is due and owing under the PID Act, the Assessment Ordinance, and this Service and Assessment Plan, including the same lien priority, penalties, procedures, and foreclosure specified by the PID Act.

## **F. REDUCTION OF ASSESSMENTS**

1. If after all Authorized Improvements to be funded with a series of Bonds and/or reimbursement agreement have been completed and Actual Costs for such Authorized Improvements are less than the estimated costs of the Authorized Improvements used to calculate the Assessments securing such series of Bonds and/or related reimbursement agreement, resulting in excess Bond proceeds being available to redeem Bonds of such series and/or reduce obligations under a reimbursement agreement, as the case may be, then the Assessment securing such series of Bonds and/or reimbursement obligation for each Parcel of Assessed Property shall be reduced by the City Council pro rata such that the sum of the resulting reduced Assessments for all Assessed Properties equals the actual reduced Actual Costs and such excess Bond proceeds shall applied to redeem Bonds of such series and/or such excess amount due under the reimbursement agreement shall be reduced. The Assessments shall not be reduced to an amount less than the related outstanding series of Bonds and/or outstanding reimbursement agreements. If all of the Authorized Improvements are not completed, the City may reduce the Assessments in another method if it determines such method would better reflect the benefit received by the Parcels from the Authorized Improvements completed.

2. If all the Authorized Improvements are not undertaken, resulting in excess Bond proceeds being available to redeem Bonds and/or a need to reduce the obligations under a reimbursement agreement, then the Assessments and Annual Installments for each Parcel shall be appropriately reduced by the City Council to reflect only the amounts required to repay the Bonds and/or the obligation under the reimbursement agreement, including interest on the Bonds and Administrative Expenses, and such excess Bond proceeds shall be applied to redeem Bonds and/or a need to reduce the obligations under a reimbursement agreement. The City Council may reduce the Assessments and the Annual Installments for each Parcel, (i) in an amount that represents the Authorized Improvements provided for each Parcel or (ii) by an equal percentage calculated based on number of units, if determined by the City Council to be the most fair and practical means of reducing the Assessments for each Parcel, such that the sum of the resulting reduced Assessments equals the amount required to repay the Bonds and/or the obligation under the reimbursement agreement, including interest on the Bonds and Administrative Expenses. The Assessment for each Parcel shall be reduced pro rata to the reduction in the Assessments for each Parcel such that the sum of the resulting reduced Assessment is equal to the outstanding principal amount of the Bonds and/or the obligation under the reimbursement agreement.

## **G. PAYMENT OF ASSESSMENTS**

### **1. Payment in Full**

(a) The Assessment for any Parcel may be paid in full at any time. Such payment shall include all Prepayment Costs. If prepayment in full will result in redemption of Bonds, the payment amount shall be reduced by the amount, if any, of interest through the date of redemption of Bonds and reserve funds applied to the redemption under the Trust Indenture, net of any other costs applicable to the redemption of Bonds.

(b) If an Annual Installment has been billed prior to payment in full of an Assessment, the Annual Installment shall be due and payable and shall be credited against the payment-in-full amount.

(c) Upon payment in full of the Assessment and all Prepayment Costs, the City shall deposit the payment in accordance with the Trust Indenture; whereupon, the Assessment shall be reduced to zero, and the owner's obligation to pay the Assessment and Annual Installments thereof shall automatically terminate.

(d) At the option of the owner, the Assessment on any Parcel plus Prepayment Costs may be paid in part in an amount sufficient to allow for a convenient redemption of Bonds as determined by the Administrator. Upon the payment of such amounts for a Parcel, the Assessment for the Parcel shall be reduced, the Assessment Roll shall be updated to reflect such partial payment, and the obligation to pay the Annual Installment for such Parcel shall be reduced to the extent the partial payment is made.

## **2. Payment in Annual Installments**

The PID Act provides that an Assessment for a Parcel may be paid in full at any time. If not paid in full, the PID Act authorizes the Assessment to be paid in installments and additionally allows the City to collect interest, administrative expenses and other authorized charges in installments. An Assessment for a Parcel that is not paid in full will be collected in Annual Installments each year in the amounts shown on the Assessment Rolls, as updated as provided for herein, which include interest, Administrative Expenses, and payments required for the Prepayment Reserve and Delinquency Reserve. Payment of the Annual Installments shall commence with tax bills mailed after the initial issuance of Bonds.

Each Assessment shall be paid with interest of no more than the actual interest rate paid on the Phases #2-3 Major Improvement Bonds and Phase #1 Bonds, as applicable. The Phases #2-3 Major Improvement Assessment Roll sets forth for each year the Annual Installment for each Parcel based on an interest rate of 6.625% and Additional Interest at the rate of 0.5% for Administrative Expenses or the Prepayment and Delinquency Reserve. The Phase #1 Assessment Roll sets forth for each year the Annual Installment for each Parcel based on an interest rate of 6.25%, and an Additional Interest at the rate of 0.5% for Prepayment and Delinquency Reserve. Furthermore, the Annual Installments may not exceed the amounts shown on the Assessment Rolls. The Assessment Rolls, updated with the actual interest rates on the Bonds, are shown as Appendix G and Appendix H.

Each Assessment collected from property within Phases #2-3 related to the Phases #2-3 Direct Improvements shall be paid with interest of no more than the actual interest rate paid on the Phases #2-3 Direct Improvement Bonds and Phases #2-3 Direct Improvement Reimbursement Agreement, as applicable. The Phases #2-3 Major Improvement Assessment Roll sets forth for each year the Annual Installment for each Parcel based on an interest rate of 5.00% per annum for years 1 through 7 (2024-2030), 5.75% per annum for years 8 through 20 (2031-2043), and 6.00% per annum for years 21 through 30 (2044-2053) for that portion of the assessments collected from property within Phases #2-3 related to the Phases #2-3 Direct Improvement Bonds and Additional

Interest at the rate of 0.5% for Administrative Expenses or the Prepayment and Delinquency Reserve on the Phases #2-3 Major Improvement Bonds. Interest on the portion of the assessments collected from property within Phases #2-3 related to Phases #2-3 Direct Improvement Reimbursement Agreement shall be paid based on an interest rate of 5.95% per annum for years 1 through 30 (2023-2052). Each Assessment collected from property within Phases #2-3 related to the Phases #2-3 Direct Improvement Reimbursement Agreement shall be paid at a rate not to exceed five hundred basis points above the highest average index rate for tax-exempt bond reported in a daily or weekly bond index approved by the City and reported in the month prior to the date of the establishment of the Assessments securing the Phases #2-3 Direct Improvement Reimbursement Agreement and continuing for a period of five years from such date. Such rate shall then adjust and shall not exceed two hundred basis points above the bond index rate described above and shall continue until the Assessments securing the Phases #2-3 Direct Improvement Reimbursement Agreement are paid in full. The index approved by the City is the Bond Buyer Index for which the highest average rate during June 2023 was 3.95%. The City has determined that the portion of the Assessments that secure the City's obligation under the Phases #2-3 Direct Improvement Reimbursement Agreement shall bear interest at the interest rate of 5.95% per annum for years 1 through 30 (2023-2052), which rates are equal to or less than the initial maximum allowable rate of interest of 8.95% for years 1 through 5 and equal to the maximum allowable rate of interest following the fifth Annual Installment, which would be 5.95%. Furthermore, the Annual Installments may not exceed the amounts shown on the Assessment Roll. The Assessment Roll, shown in Appendix I, will be updated with the actual interest rates on Phases #2-3 Direct Improvement Bonds and the applicable rate for the Phases #2-3 Direct Improvement Reimbursement Agreement.

The Annual Installments shall be reduced to equal the actual costs of repaying the Bonds and/ or reimbursement agreement and actual Administrative Expenses (as provided for in the definition of such term), taking into consideration any other available funds for these costs, such as interest income on account balances.

The City reserves and shall have the right and option to refund the Bonds in accordance with Section 372.027 of the PID Act. In the event of such refunding, the Administrator shall recalculate the Annual Installments, and if necessary, may adjust, or decrease, the amount of the Annual Installments so that total Annual Installments of Assessments will be produced in annual amounts that are required to pay the refunding bonds when due and payable as required by and established in the ordinance and/or the indenture authorizing and securing the refunding bonds, and such refunding bonds shall constitute Bonds for purposes of this Service and Assessment Plan.

#### **H. COLLECTION OF ANNUAL INSTALLMENTS**

No less frequently than annually, the Administrator shall prepare, and the City Council shall approve, an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include an updated Assessment Roll and a calculation of the Annual Installment for each Parcel. Administrative Expenses shall be allocated among Parcels in proportion to the amount of the Annual Installments for the Parcels. Each Annual Installment shall be reduced by any credits applied under the applicable Trust Indenture, such as capitalized interest, interest earnings on any account balances, and any other funds

available to the Trustee for such purpose, including any existing deposits for a prepayment reserve. Annual Installments shall be collected by the City in the same manner and at the same time as ad valorem taxes and shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies as are provided for ad valorem taxes of the City. The City Council may provide for other means of collecting the Annual Installments to the extent permitted under the PID Act. The Assessments shall have lien priority as specified in the PID Act.

Any sale of property for nonpayment of the Annual Installments shall be subject to the lien established for the remaining unpaid Annual Installments against such property and such property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent Annual Installments against such property as they become due and payable.

Each Annual Installment, for the Phases #2-3 Major Improvement Bonds, including the interest on the unpaid amount of an Assessment, shall be calculated as of September 1 and updated annually. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments relating to Phases #2-3 Major Improvement Bonds commenced with the issuance of Phases #2-3 Major Improvement Bonds.

Each Annual Installment, for the Phase #1 Bonds, including the interest on the unpaid amount of an Assessment, shall be calculated as of September 1 and updated annually. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments relating to Phase #1 Bonds commenced with the issuance of the Phase #1 Bonds.

Each Annual Installment, for Phases #2-3 Direct Improvement Bonds and Phases #2-3 Direct Improvement Reimbursement Agreement, including the interest on the unpaid amount of an Assessment, shall be calculated as of September 1 and updated annually. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments relating to Phases #2-3 Direct Improvement Bonds and Phases #2-3 Direct Improvement Reimbursement Agreement shall commence with the issuance of Phases #2-3 Direct Improvement Bonds and/or the execution of the Phases #2-3 Direct Improvement Reimbursement Agreement and will be due when billed and will be delinquent if not paid prior to February 1, 2024.

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## ***VII. THE ASSESSMENT ROLL***

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### **A. PHASES #2-3 MAJOR IMPROVEMENT ASSESSMENT ROLL**

Each Parcel within Phases #2-3 has been evaluated by the City Council (based on the concept plan, developable area, proposed Homeowner Association Property and Public Property, the Major Improvements, best and highest use of land, and other development factors deemed relevant by the City Council) to determine the Assessed Property within each Parcel.

Phases #2-3 Assessed Property has been assessed for the special benefits conferred upon the property as a result of the Phases #2-3 Major Improvements. Table IV-A summarizes the \$3,869,859 in special benefit received by Phases #2-3 from the Phases #2-3 Major Improvements, the pro rata costs of the PID formation, and bond issuance costs for the Phases #2-3 Major Improvement Bonds. The amount of Phases #2-3 Major Improvement Bonds is \$3,690,000, which is less than the benefit received by Phases #2-3 Assessed Property for the Phases #2-3 Major Improvements, and as such the total Assessment for all Assessed Property within Phases #2-3 related to the Phases #2-3 Major Improvements is \$3,690,000 plus annual Administrative Expenses and other authorized charges. The Assessment for each Parcel of Assessed Property within Phases #2-3 is calculated based on the allocation methodologies described in Section V.D of this Service and Assessment Plan. The Phases #2-3 Major Improvement Assessment Roll is attached hereto as Appendix G.

### **B. PHASE #1 ASSESSMENT ROLL**

Phase #1 Assessed Property will be assessed for the special benefits conferred upon the property as a result of the Phase #1 Improvements that benefit Phase #1, which include a proportionate share of the Major Improvements allocable to Phase #1. Table IV-B summarizes the \$5,537,747 in special benefit received by Phase #1 Assessed Property from the Phase #1 Improvements that benefit Phase #1, including the proportionate share of the Major Improvements allocable to Phase #1, the pro rata costs of the PID formation, and bond issuance costs for the Phase #1 Bonds. The total amount of Phase #1 Bonds is \$4,325,000, which is less than the benefit received by Phase #1 Assessed Property, and as such the total Assessment for all Assessed Property within Phase #1 is \$4,325,000 plus annual Administrative Expenses and other authorized charges. The Assessment for each Parcel of Assessed Property within Phase #1 is calculated based on the allocation methodologies described in Section V.D of this Service and Assessment Plan. The Phase #1 Assessment Roll is attached hereto as Appendix H.

### **C. PHASES #2-3 DIRECT IMPROVEMENT ASSESSMENT ROLL**

Phases #2-3 Assessed Property is being assessed for the special benefits conferred upon the property as a result of Phases #2-3 Direct Improvements that benefit Phases #2-3. Table IV-B summarizes the \$10,908,869 in special benefit received by Phases #2-3 Assessed Property from the Phases #2-3 Direct Improvements that benefit Phases #2-3, including bond issuance costs for the Phases #2-3 Direct Improvement Bonds. The total amount of Phases #2-3 Direct Improvement Bonds and Phases #2-3 Direct Improvement Reimbursement Agreement is \$9,245,000 which is

less than the benefit received by Phases #2-3 Assessed Property for the Phases #2-3 Direct Improvements, and as such the total Assessment for all Assessed Property within Phases #2-3 related to the Phases #2-3 Direct Improvements is \$9,245,000 plus annual Administrative Expenses and other authorized charges. The Assessment for each Parcel of Assessed Property within Phases #2-3 Direct is calculated based on the allocation methodologies described in Section V.D of this Service and Assessment Plan. The Phases #2-3 Direct Improvement Assessment Roll is attached hereto as Appendix I.

#### **D. ANNUAL ASSESSMENT ROLL UPDATES**

The Administrator shall prepare, and shall submit to the City Council for approval, annual updates to the Phases #2-3 Major Improvement Assessment Roll, Phase #1 Assessment Roll and the Phases #2-3 Direct Improvement Assessment Roll in conjunction with the Annual Service Plan Update to reflect the following matters, together with any other changes helpful to the Administrator or the City and permitted by the PID Act: (i) the identification of each Parcel (ii) the Assessment for each Parcel of Assessed Property, including any adjustments authorized by this Service and Assessment Plan or in the PID Act; (iii) the Annual Installment for the Assessed Property for the year (if the Assessment is payable in installments); and (iv) payments of the Assessment, if any, as provided by Section VI.G of this Service and Assessment Plan.

Once Bonds are issued, the Assessment Rolls shall be updated, which update may be done in the next Annual Service Plan Update, to reflect any changes resulting from the issuance of the Bonds. This update shall reflect the actual interest on the Bonds on which the Annual Installments shall be paid, any reduction in the Assessments, and any revisions in the Actual Costs to be funded by the Bonds and Developer funds. Tables in this Service and Assessment Plan may be rounded to the nearest whole number.

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## ***VIII. MISCELLANEOUS PROVISIONS***

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### **A. ADMINISTRATIVE REVIEW**

The City may elect to designate a third party to serve as Administrator. The City shall notify Developer in writing at least thirty (30) days in advance before appointing a third party Administrator.

To the extent consistent with the PID Act, an owner of an Assessed Property claiming that a calculation error has been made in the Assessment Roll(s), including the calculation of the Annual Installment, shall send a written notice describing the error to the City not later than thirty (30) days after the date any amount which is alleged to be incorrect is due prior to seeking any other remedy. The Administrator shall promptly review the notice, and if necessary, meet with the Assessed Property owner, consider written and oral evidence regarding the alleged error and decide whether, in fact, such a calculation error occurred.

If the Administrator determines that a calculation error has been made and the Assessment Roll should be modified or changed in favor of the Assessed Property owner, such change or modification shall be presented to the City Council for approval to the extent permitted by the PID Act. A cash refund may not be made for any amount previously paid by the Assessed Property owner (except for the final year during which the Annual Installment shall be collected or if it is determined there are sufficient funds to meet the expenses of the PID for the current year), but an adjustment may be made in the amount of the Annual Installment to be paid in the following year. The decision of the Administrator regarding a calculation error relating to the Assessment Roll may be appealed to the City Council. Any amendments made to the Assessment Roll(s) pursuant to calculation errors shall be made pursuant to the PID Act.

The decision of the Administrator, or if such decision is appealed to the City Council, the decision of the City Council shall be conclusive as long as there is a reasonable basis for such determination. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any other appeal or legal action by such owner.

### **B. TERMINATION OF ASSESSMENTS**

Each Assessment shall be extinguished on the date the Assessment is paid in full, including unpaid Annual Installments and Delinquent Collection Costs, if any. After the extinguishment of an Assessment and the collection of any delinquent Annual Installments and Delinquent Collection Costs, the City shall provide the owner of the affected Parcel a recordable “Notice of the PID Assessment Termination”.

### **C. AMENDMENTS**

Amendments to the Service and Assessment Plan can be made as permitted or required by the PID Act and under Texas law.



The City Council reserves the right to the extent permitted by the PID Act to amend this Service and Assessment Plan without notice under the PID Act and without notice to property owners of Parcels:

- (i) to correct mistakes and clerical errors; (ii) to clarify ambiguities; and (iii) to provide procedures for the collection and enforcement of Assessments, Prepayment Costs, Collection Costs, and other charges imposed by the Service and Assessment Plan.

#### **D. ADMINISTRATION AND INTERPRETATION OF PROVISIONS**

The City Council shall administer the PID, this Service and Assessment Plan, and all Annual Service Plan Updates consistent with the PID Act and shall make all interpretations and determinations related to the application of this Service and Assessment Plan unless stated otherwise herein or in the Trust Indenture, such determination shall be conclusive.

#### **E. SEVERABILITY**

If any provision, section, subsection, sentence, clause or phrase of this Service and Assessment Plan or the application of same to an Assessed Property or any person or set of circumstances is for any reason held to be unconstitutional, void or invalid, the validity of the remaining portions of this Service and Assessment Plan or the application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the City Council in adopting this Service and Assessment Plan that no part hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any other part hereof, and all provisions of this Service and Assessment Plan are declared to be severable for that purpose.

If any provision of this Service and Assessment Plan is determined by a court to be unenforceable, the unenforceable provision shall be deleted from this Service and Assessment Plan and the unenforceable provision shall, to the extent possible, be rewritten to be enforceable and to give effect to the intent of the City.

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**APPENDIX A**  
**PID MAP**

Being a 94,827 acre tract of land situated in the George W. Eastes Survey, Abstract Number 299, the William W. Sharver Survey, Abstract Number 810, and the William B. Tucker Survey, Abstract Number 912, City of Celina, Collin County, Texas, and being a part of that certain tract of land described by deed to CADG CELINA 156, LLC, recorded under Document Number 20141015001128280, Official Public Records of Collin County, Texas, and being more particularly described by metes and bounds as follows:

COMMENCING at a 1/2 inch iron rod found for the most northwest corner of a tract of land described to A.P. Sonnenhahler, LLC, by deed recorded in document number 20150625000764600, Deed Records, Collin County, Texas, and the southeast corner of that certain tract of land described by deed to Proton 51 CR 102, L.P., recorded under document number 20071120001595950 of the Official Public Records of Collin County, Texas, and being in the east line of State Highway No. 289, also known as Proton Road, having a variable width right-of-way, and being within County Road 102;

THENCE South 89 degrees 43 minutes 35 seconds East, within said County Road 102 and with the north line of said A. P. Seerenshalder tract and the south line of said Provon 51 CR 102 tract, a distance of 737.08 feet to a point for corner, being the POINT OF BEGINNING;

THENCE South 89 degrees 43 minutes 35 seconds East, containing within said County Road 302, a distance of 1903.23 feet to a point for the southeast corner of said Section 41 GR 103 T.14R.02, same being an intersection of said CADN Colony 146, 11.6 acres.

THENCE North 00 degrees 26 minutes 05 seconds West, with the east line of said Preston 51 CR 102, LP tract and the northernmost west line of said CADG Celina 156, LLC tract, a distance of 640.81 feet to a 1/2 inch iron rod found for the southwest corner of that same tract of land described to Mohammad Ali Dalali, by deed recorded in Document Number 20141119001266880, Official Public Records, Collin County, Texas, same being the northernmost northwest corner of said CADG Celina 156, LLC tract;

THENCE North 89 degrees 40 minutes 17 Seconds East, with the south line of said Dalaki tract and the north line of said CADG Celim 156, LLC tract, a distance of 1391.00 feet to a point for the southeast corner of said Dalaki tract and the northeast corner of said CADG Celim 156, LLC tract, said point lying on the west line of that same tract of land described to Nanda Estates, L.L.C. by deed recorded in Document Number 2014-0399000706790, Official Public Records, Collin County, Texas;

THENCE South 00 degrees 30 minutes 42 seconds East, with the west line of said Nada Estates, LLC tract and the easternmost line of said CADG Celina 156, LLC tract, a distance of 1391.70 feet to a 5/8 inch iron rod found for the easternmost southeast corner thereof, same being the southwest corner of said Nada Estates, LLC tract, and lying on the north line of that same tract of land described to Four Winds Enterprises, Ltd. by deed recorded in Volume 5476, Page 8089, Official Public Records, Collin County, Texas;

THENCE South 88 degrees 45 minutes 36 seconds West, with the north line of said Four Winds Enterprises, Ltd. tract, and the easternmost south line of said CADG Ordinance 344, 3.3 C tract, a distance of 444.44 feet to a point four corners.

THENCE South 89 degrees 08 minutes 14 seconds West, continuing with the north line of said Four Winds Enterprises, Ltd. tract, and the easternmost south line of said CADQ Celina 156, LLC tract, a distance of 1442.68 feet to a 1/2 inch iron rod found for the northwest corner of said Four Winds Enterprises, Ltd. tract and an inner oil corner of said CADQ Celina 156, LLC tract;

THENCE South 00 degrees 08 minutes 33 seconds West, with the west line of said Four Winds Enterprises, Ltd. tract, and the northernmost east line of said CADG Celina 156, LLC tract, a distance of 45.11 feet to point for corner in the west line of said Four Winds Enterprises, Ltd., and at the beginning of a curve to the left having a radius of 708.00 feet, with a delta angle of 36 degrees 15 minutes 41 seconds, whose chord bears South 72 degrees 00 minutes 02 seconds West, a distance of 440.64 feet;

THENCE, in a southwesterly direction, departing the southernmost east line of said CADG Celina 156 tract, over, across, and upon said CADG Celina 156 tract, and with said curve, an arc length of 448.08 feet to a point for corner;

THENCE: South 53 degrees 52 minutes 12 seconds West, continuing within said CADG Celina 156 tract, a distance of 1001.46 feet to a point for corner lying on the west line thereof, same being the east line of that certain tract of land described in deed to Sutton Field Investments, LLC, recorded under Document Number 20150305000240910, Official Public Records of Collin County, Texas;

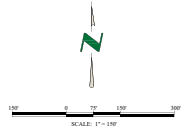
THENCE North 01 degrees 31 minutes 38 seconds West, with the west line of said CADG Celina 156 tract, the east line of said Sutton Field Investments, L.L.C. tract, and the east line of that certain tract of land described to Old Celina, LTD., by deed recorded under Document Number 20150305000240780 of the Official Public Records of Collin County, Texas, a distance of 403.65 feet to point for corner.

THENCE North 87 degrees 49 minutes 58 seconds West, with the westernmost south line of said CADG Celira 156 tract, and the north line of said Old Celira, LTD. tract, a distance of 793.07 feet to a 1/2 inch iron rod with a yellow cap stamped "ASC" set for corner in the east line of said Preston Road, lying in a curve to the left having a radius of 11546.01 feet, with a delta angle of 02 degrees 10 minutes 12 seconds, whose chord bears North 05 degrees 22 minutes 06 seconds East, a distance of 437.28 feet;

THENCE continuing with the east line of said Preston Road and with said curve, an arc length of 437.31 feet to a point for the westernmost northwest corner of said OAKBROOK, 185 feet north of the southwest corner of said L. B. BARNES & SONS, L.L.C. tract;

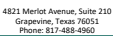
THENCE South 85 degrees 39 minutes 30 seconds East, with the westernmost north line of said CADG Celina 156 tract and the south line of said A.P. Sommerhald, L.L.C. tract, a distance of 763.62 feet to point for the southeast corner of said A.P.Sommerhald, L.L.C. tract and an interior corner of said CADG Celina 156-tract;

THENCE North 01 degrees 37 minutes 07 seconds East, with the northernmost west line of said CADG Celum 156 tract and the east line of said A.P. Sommerhaldur, LLC, tract, a distance of 749.79 feet to the POINT OF BEGINNING, and containing 94.827 acres of land, more or less, and being subject to any and all easements that may exist.



94.827 ACRES out of the  
G. Eastes Survey, Abstract No. 299  
W. Shawver Survey, Abstract No. 810 & the  
W. Tucker Survey, Abstract No. 912,  
City of Celina, Collin County, Texas

DRAWN: xxx CHECKED: xxx DATE:xx/xx/xxxx JOB NO.: xxxxxxxx





**APPENDIX B**  
**ESTIMATED COSTS OF AUTHORIZED IMPROVEMENTS**

**Chalk Hill - City of Celina**  
**31-Oct-17**

|                  | <b>CELINA</b> | <b>TOTAL</b> |
|------------------|---------------|--------------|
| SF (50's)        | 441           | 441          |
| Total SF Lots    | 441           | 441          |
|                  |               |              |
| SF Gross Acreage | 94            | 94           |
| SF Net Acreage   | 0             | 0            |

**The Chalk Hill Public Improvement District Land Use Summary - City of Celina**  
**FEBRUARY 7, 2018**

|                  | PHASE |     |     |       |
|------------------|-------|-----|-----|-------|
|                  | 1     | 2   | 3   | TOTAL |
| SF (40's)        | 157   | 146 | 138 | 441   |
| Total SF Lots    | 157   | 146 | 138 | 441   |
|                  |       |     |     |       |
| SF Gross Acreage | 41    | 28  | 25  | 94    |
| SF Net Acreage   | 0     | 0   | 0   | 0     |



## POD COST SUMMARY - CITY OF CELINA

PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY  
THE CHALK HILL PUBLIC IMPROVEMENT DISTRICT - CITY OF CELINA  
FEBRUARY 7, 2018

### DIVISION / PHASE / COST TYPE SUMMARY - CITY OF CELINA IMPROVEMENTS

| DIVISION                                               | DIRECT PUBLIC      |                    |                    |                     | MASTER PUBLIC      |                    | PRIVATE            |                    |                    | TOTAL              | TOTAL               |
|--------------------------------------------------------|--------------------|--------------------|--------------------|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
|                                                        | 1                  | 2                  | 3                  | TOTAL               | MAJOR IMPROVEMENTS | TOTAL              | 1                  | 2                  | 3                  |                    |                     |
| CLEARING & EXCAVATION                                  | \$62,250           | \$95,010           | \$83,350           | \$240,610           | \$76,505           | \$76,505           | \$726,679          | \$587,550          | \$592,670          | \$1,906,899        | \$2,224,014         |
| WATER                                                  | \$450,627          | \$405,023          | \$366,253          | \$1,221,904         | \$260,853          | \$260,853          | \$0                | \$0                | \$0                | \$0                | \$1,482,756         |
| SEWER                                                  | \$545,213          | \$395,678          | \$366,570          | \$1,307,462         | \$1,748,283        | \$1,748,283        | \$0                | \$0                | \$0                | \$0                | \$3,055,744         |
| STORM SEWER                                            | \$505,963          | \$385,529          | \$351,283          | \$1,242,775         | \$500,655          | \$500,655          | \$0                | \$0                | \$0                | \$0                | \$1,743,430         |
| PAVEMENT                                               | \$1,066,879        | \$987,224          | \$863,966          | \$2,918,070         | \$759,511          | \$759,511          | \$0                | \$0                | \$0                | \$0                | \$3,677,580         |
| RETAINING WALLS                                        | \$0                | \$0                | \$0                | \$0                 | \$0                | \$0                | \$245,000          | \$60,000           | \$60,000           | \$365,000          | \$365,000           |
| EROSION CONTROL                                        | \$30,550           | \$20,006           | \$32,056           | \$82,612            | \$50,070           | \$50,070           | \$39,380           | \$35,458           | \$30,727           | \$105,564          | \$238,246           |
| AMENITIES, LANDSCAPE, & SCREENING                      | \$0                | \$0                | \$0                | \$0                 | \$0                | \$0                | \$237,650          | \$182,300          | \$408,900          | \$828,850          | \$828,850           |
| FRANCHISE UTILITIES                                    | \$27,200           | \$18,700           | \$20,400           | \$66,300            | \$40,800           | \$40,800           | \$0                | \$0                | \$0                | \$0                | \$107,100           |
| MISCELLANEOUS & OTHER                                  | \$5,000            | \$5,000            | \$5,000            | \$15,000            | \$5,000            | \$5,000            | \$39,540           | \$36,900           | \$35,360           | \$111,800          | \$131,800           |
| SUB-TOTAL                                              | \$2,693,684        | \$3,827,446        | \$3,369,221        | \$9,890,350         | \$3,441,676        | \$3,441,676        | \$1,288,249        | \$902,208          | \$1,127,657        | \$3,318,113        | \$16,650,139        |
| SURVEY, PLATTING, ENG., LA, PERMITTING, & STAKING (7%) | \$188,558          | \$267,921          | \$235,845          | \$692,325           | \$240,917          | \$240,917          | \$90,177           | \$63,155           | \$78,936           | \$232,268          | \$1,165,510         |
| SUB-TOTAL                                              | \$2,882,241        | \$4,095,367        | \$3,605,066        | \$10,582,675        | \$4,038,535        | \$4,038,535        | \$1,378,426        | \$965,362          | \$1,206,592        | \$3,550,381        | \$18,171,591        |
| <b>TOTAL</b>                                           | <b>\$2,882,241</b> | <b>\$4,095,367</b> | <b>\$3,605,066</b> | <b>\$10,582,675</b> | <b>\$4,038,535</b> | <b>\$4,038,535</b> | <b>\$1,378,426</b> | <b>\$1,055,583</b> | <b>\$1,319,358</b> | <b>\$3,753,367</b> | <b>\$18,374,577</b> |

### PHASE TOTAL SUMMARY - CITY OF CELINA IMPROVEMENTS

| COST TYPE                 | 1                  | 2                  | 3                  | TOTAL               |
|---------------------------|--------------------|--------------------|--------------------|---------------------|
| DIRECT PUBLIC             | \$2,882,241        | \$4,095,367        | \$3,605,066        | \$10,582,675        |
| PRIVATE                   | \$1,378,426        | \$1,055,583        | \$1,319,358        | \$3,753,367         |
| <b>SUB-TOTAL</b>          | <b>\$4,260,668</b> | <b>\$5,150,950</b> | <b>\$4,924,424</b> | <b>\$14,336,042</b> |
| <b>MAJOR IMPROVEMENTS</b> |                    |                    |                    |                     |
| MASTER PUBLIC             | \$4,038,535        |                    |                    | \$4,038,535         |
| <b>TOTAL</b>              |                    |                    |                    | <b>\$18,374,577</b> |

#### Notes:

- 1) This estimate is based on the attached concept plan.
  - 2) Earthwork quantities do not include costs for rock excavation. A Geotech should be consulted regarding the treatment of cultivated soil and its use on the project.
  - 3) Sidewalks adjacent to residential lots are excluded from above costs. Sidewalks are assumed to be constructed by the home builders, except where adjacent to park dedication, collectors, thoroughfare, or open space. ADA ramps are required to be built by the Developer.
  - 4) All fees need to be verified by the City of Celina at the time of construction & permitting.
  - 5) Turn lanes and deceleration lanes are not included in this cost estimate.
  - 6) Construction timing of improvements are assumed to run concurrent with adjacent off-site master infrastructure improvements.
- Jurisdictional Water of the U.S. permitting is not included in this estimate.
- 8) It is assumed that no additional offsite easements will need to be acquired for the proposed utilities.
  - 9) All earthwork numbers are contained to the limits of the ROW. Onsite earthwork numbers have been seperated to the ROW and lots only.





**PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST  
THE CHALK HILL PUBLIC IMPROVEMENT - CELINA TRACT  
DIRECT PUBLIC IMPROVEMENTS - CITY OF CELINA  
FEBRUARY 7, 2018**

|               |                                         |             |     |  |              |      |      |      |       |
|---------------|-----------------------------------------|-------------|-----|--|--------------|------|------|------|-------|
|               |                                         |             |     |  |              | 1    | 2    | 3    | TOTAL |
| PROJECT NAME: | Chalk Hill - Direct Public Improvements | CREATED BY: | JMC |  | NO. OF LOTS: | 157  | 145  | 138  | 440   |
| CITY:         | City of Celina, Collin County, Texas    | CHECKED BY: | BSM |  | GROSS AC.    | 41.0 | 28.0 | 25.0 | 94.0  |
| JOB NUMBER:   |                                         | REVISED BY: |     |  | NET AC.      | 0.0  | 0.0  | 0.0  | 0.0   |

| A. CLEARING & EXCAVATION               |      |            |          |                 |          |                 |          |                 |          |                  |
|----------------------------------------|------|------------|----------|-----------------|----------|-----------------|----------|-----------------|----------|------------------|
| DESCRIPTION                            | UNIT | UNIT PRICE | 1        |                 | 2        |                 | 3        |                 | TOTAL    |                  |
|                                        |      |            | QUANTITY | TOTAL           | QUANTITY | TOTAL           | QUANTITY | TOTAL           | QUANTITY | TOTAL            |
| CLEARING / GRUBBING                    | AC   | \$2,500.00 | 3.3      | \$8,250         | 6.5      | \$16,350        | 5.7      | \$14,350        | 15.6     | \$38,950         |
| STREET / ROW EXCAVATION                | CY   | \$3.00     | 18,000   | \$54,000        | 26,220   | \$78,660        | 23,000   | \$69,000        | 67,220   | \$201,660        |
| <b>TOTAL CLEARING &amp; EXCAVATION</b> |      |            |          | <b>\$62,250</b> |          | <b>\$95,010</b> |          | <b>\$83,350</b> |          | <b>\$240,610</b> |

| B. WATER                                    |      |            |           |                  |           |                  |           |                  |           |                    |
|---------------------------------------------|------|------------|-----------|------------------|-----------|------------------|-----------|------------------|-----------|--------------------|
| DESCRIPTION                                 | UNIT | UNIT PRICE | 1         |                  | 2         |                  | 3         |                  | TOTAL     |                    |
|                                             |      |            | QUANTITY  | TOTAL            | QUANTITY  | TOTAL            | QUANTITY  | TOTAL            | QUANTITY  | TOTAL              |
| 8" P.V.C. WATERLINE                         | LF   | \$30.00    | 6,500     | \$195,000        | 5,976     | \$179,280        | 5,257     | \$157,710        | 17,733    | \$531,990          |
| 8" GATE VALVE & BOX                         | EA   | \$1,350.00 | 23        | \$31,050         | 20        | \$26,892         | 18        | \$23,657         | 60        | \$81,599           |
| 1" WATER SERVICE                            | EA   | \$785.00   | 157       | \$123,245        | 145       | \$113,825        | 138       | \$108,330        | 440       | \$345,400          |
| FIRE HYDRANT ASSEMBLY ( INC. 6" GATE VALVE) | EA   | \$4,180.00 | 13        | \$54,340         | 12        | \$49,959         | 11        | \$43,949         | 35        | \$148,248          |
| AUTOMATIC FLUSH VALVE                       | EA   | \$6,500.00 | 1         | \$6,500          | 0         | \$0              | 0         | \$0              | 1         | \$6,500            |
| 2" FLUSH LINE                               | EA   | \$2,000.00 | 1         | \$2,000          | 0         | \$0              | 0         | \$0              | 1         | \$2,000            |
| CONNECT TO EXISTING 12" LINE                | EA   | \$1,000.00 | 0         | \$0              | 2         | \$2,000          | 3         | \$3,000          | 5         | \$5,000            |
| CONNECT TO EXISTING 18" LINE                | EA   | \$2,000.00 | 1         | \$2,000          | 0         | \$0              | 0         | \$0              | 1         | \$2,000            |
| TRENCH SAFETY                               | LF   | \$1.00     | 6,500     | \$6,500          | 5,976     | \$5,976          | 5,257     | \$5,257          | 17,733    | \$17,733           |
| TESTING (EXCLUDING GEOTECH)                 | LF   | \$1.00     | 6,500     | \$6,500          | 5,976     | \$5,976          | 5,257     | \$5,257          | 17,733    | \$17,733           |
| BONDS                                       | %    | 2.00%      | \$427,135 | \$8,543          | \$383,908 | \$7,678          | \$347,159 | \$6,943          | 1,158,202 | \$23,164           |
| INSPECTION FEE                              | %    | 3.50%      | \$427,135 | \$14,950         | \$383,908 | \$13,437         | \$347,159 | \$12,151         | 1,158,202 | \$40,537           |
| <b>TOTAL WATER</b>                          |      |            |           | <b>\$450,627</b> |           | <b>\$405,023</b> |           | <b>\$366,253</b> |           | <b>\$1,221,904</b> |



**PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST  
THE CHALK HILL PUBLIC IMPROVEMENT - CELINA TRACT  
DIRECT PUBLIC IMPROVEMENTS - CITY OF CELINA  
FEBRUARY 7, 2018**

|               |                                         |             |     |  |              |      |      |      |       |
|---------------|-----------------------------------------|-------------|-----|--|--------------|------|------|------|-------|
|               |                                         |             |     |  |              | 1    | 2    | 3    | TOTAL |
| PROJECT NAME: | Chalk Hill - Direct Public Improvements | CREATED BY: | JMC |  | NO. OF LOTS: | 157  | 145  | 138  | 440   |
| CITY:         | City of Celina, Collin County, Texas    | CHECKED BY: | BSM |  | GROSS AC.    | 41.0 | 28.0 | 25.0 | 94.0  |
| JOB NUMBER:   |                                         | REVISED BY: |     |  | NET AC.      | 0.0  | 0.0  | 0.0  | 0.0   |

| C. SEWER                                |      |            |           |                  |           |                  |           |                  |           |                    |
|-----------------------------------------|------|------------|-----------|------------------|-----------|------------------|-----------|------------------|-----------|--------------------|
| DESCRIPTION                             | UNIT | UNIT PRICE | 1         |                  | 2         |                  | 3         |                  | TOTAL     |                    |
|                                         |      |            | QUANTITY  | TOTAL            | QUANTITY  | TOTAL            | QUANTITY  | TOTAL            | QUANTITY  | TOTAL              |
| 8" SDR-26 P.V.C. SEWERLINE (ALL DEPTHS) | LF   | \$39.00    | 6,700     | \$261,300        | 5,700     | \$222,300        | 5,000     | \$195,000        | 17,400    | \$678,600          |
| 8" PLUG                                 | EA   | \$500.00   | 3         | \$1,500          | 3         | \$1,500          | 1         | \$500            | 7         | \$3,500            |
| 4' DIAMETER MANHOLE (ALL DEPTHS)        | EA   | \$4,500.00 | 10        | \$45,000         | 12        | \$54,000         | 13        | \$58,500         | 35        | \$157,500          |
| 5' DIAMETER MANHOLE (ALL DEPTHS)        | EA   | \$9,500.00 | 11        | \$104,500        | 0         | \$0              | 0         | \$0              | 11        | \$104,500          |
| 4" SERVICE WITH CLEANOUT                | EA   | \$570.00   | 157       | \$89,490         | 145       | \$82,650         | 138       | \$78,660         | 440       | \$250,800          |
| CONNECT TO EXISTING SANITARY SEWER      | EA   | \$1,600.00 | 1         | \$1,600          | 2         | \$3,200          | 3         | \$4,800          | 6         | \$9,600            |
| TRENCH SAFETY                           | LF   | \$1.00     | 6,700     | \$6,700          | 5,700     | \$5,700          | 5,000     | \$5,000          | 17,400    | \$17,400           |
| TESTING (EXCLUDING GEOTECH)             | LF   | \$1.00     | 6,700     | \$6,700          | 5,700     | \$5,700          | 5,000     | \$5,000          | 17,400    | \$17,400           |
| BONDS                                   | %    | 2.00%      | \$516,790 | \$10,336         | \$375,050 | \$7,501          | \$347,460 | \$6,949          | 1,239,300 | \$24,786           |
| INSPECTION FEE                          | %    | 3.50%      | \$516,790 | \$18,088         | \$375,050 | \$13,127         | \$347,460 | \$12,161         | 1,239,300 | \$43,376           |
| <b>TOTAL SEWER</b>                      |      |            |           | <b>\$545,213</b> |           | <b>\$395,678</b> |           | <b>\$366,570</b> |           | <b>\$1,307,462</b> |



**PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST  
THE CHALK HILL PUBLIC IMPROVEMENT - CELINA TRACT  
DIRECT PUBLIC IMPROVEMENTS - CITY OF CELINA  
FEBRUARY 7, 2018**

|               |                                         |             |     |  |              |      |      |      |       |
|---------------|-----------------------------------------|-------------|-----|--|--------------|------|------|------|-------|
|               |                                         |             |     |  |              | 1    | 2    | 3    | TOTAL |
| PROJECT NAME: | Chalk Hill - Direct Public Improvements | CREATED BY: | JMC |  | NO. OF LOTS: | 157  | 145  | 138  | 440   |
| CITY:         | City of Celina, Collin County, Texas    | CHECKED BY: | BSM |  | GROSS AC.    | 41.0 | 28.0 | 25.0 | 94.0  |
| JOB NUMBER:   |                                         | REVISED BY: |     |  | NET AC.      | 0.0  | 0.0  | 0.0  | 0.0   |

| D. STORM SEWER                 |      |             |           |                  |           |                  |           |                  |           |                    |
|--------------------------------|------|-------------|-----------|------------------|-----------|------------------|-----------|------------------|-----------|--------------------|
| DESCRIPTION                    | UNIT | UNIT PRICE  | 1         |                  | 2         |                  | 3         |                  | TOTAL     |                    |
|                                |      |             | QUANTITY  | TOTAL            | QUANTITY  | TOTAL            | QUANTITY  | TOTAL            | QUANTITY  | TOTAL              |
| 18" RCP CLASS III              | LF   | \$50.50     | 1,038     | \$52,419         | 600       | \$30,300         | 700       | \$35,350         | 2,338     | \$118,069          |
| 24" RCP CLASS III              | LF   | \$61.00     | 1,084     | \$66,124         | 1,200     | \$73,200         | 1,100     | \$67,100         | 3,384     | \$206,424          |
| 24" RCP CLASS IV               | LF   | \$70.00     | 291       | \$20,370         | 0         | \$0              | 0         | \$0              | 291       | \$20,370           |
| 30" RCP CLASS III              | LF   | \$75.10     | 546       | \$41,005         | 600       | \$45,060         | 800       | \$60,080         | 1,946     | \$146,145          |
| 33" RCP CLASS III              | LF   | \$89.00     | 0         | \$0              | 0         | \$0              | 0         | \$0              | 0         | \$0                |
| 36" RCP CLASS III              | LF   | \$98.80     | 0         | \$0              | 600       | \$59,280         | 300       | \$29,640         | 900       | \$88,920           |
| 42" RCP CLASS III              | LF   | \$133.00    | 0         | \$0              | 0         | \$0              | 300       | \$39,900         | 300       | \$39,900           |
| 48" RCP CLASS III              | LF   | \$156.95    | 527       | \$82,713         | 200       | \$31,390         | 0         | \$0              | 727       | \$114,103          |
| 10' STD CURB INLET             | EA   | \$3,650.00  | 17        | \$62,050         | 20        | \$73,000         | 18        | \$65,700         | 55        | \$200,750          |
| 3'X3' WYE INLET                | EA   | \$3,575.00  | 2         | \$7,150          | 0         | \$0              | 0         | \$0              | 2         | \$7,150            |
| 4'X4' JUNCTION BOX             | EA   | \$5,000.00  | 5         | \$25,000         | 4         | \$20,000         | 4         | \$20,000         | 13        | \$65,000           |
| 5'X5' JUNCTION BOX             | EA   | \$6,000.00  | 4         | \$24,000         | 4         | \$24,000         | 1         | \$6,000          | 9         | \$54,000           |
| 18" HEADWALL                   | EA   | \$2,500.00  | 1         | \$2,500          | 0         | \$0              | 0         | \$0              | 1         | \$2,500            |
| 24" HEADWALL                   | EA   | \$2,900.00  | 1         | \$2,900          | 0         | \$0              | 0         | \$0              | 1         | \$2,900            |
| 30" HEADWALL                   | EA   | \$3,250.00  | 1         | \$3,250          | 0         | \$0              | 0         | \$0              | 1         | \$3,250            |
| 46" HEADWALL                   | EA   | \$4,000.00  | 0         | \$0              | 0         | \$0              | 0         | \$0              | 0         | \$0                |
| 48" HEADWALL                   | EA   | \$4,620.00  | 1         | \$4,620          | 0         | \$0              | 0         | \$0              | 1         | \$4,620            |
| RIP RAP OUTFALL PROTECTION     | EA   | \$3,000.00  | 4         | \$12,000         | 2         | \$6,000          | 2         | \$6,000          | 8         | \$24,000           |
| GABION STRUCTURES - OPEN SPACE | EA   | \$35,000.00 | 2         | \$70,000         | 0         | \$0              | 0         | \$0              | 2         | \$70,000           |
| TRENCH SAFETY                  | LF   | \$1.00      | 3,486     | \$3,486          | 3,200     | \$3,200          | 3,200     | \$3,200          | 9,886     | \$9,886            |
| BONDS                          | %    | 2.00%       | \$479,586 | \$9,592          | \$365,430 | \$7,309          | \$332,970 | \$6,659          | 1,177,986 | \$23,560           |
| INSPECTION FEE                 | %    | 3.50%       | \$479,586 | \$16,786         | \$365,430 | \$12,790         | \$332,970 | \$11,654         | 1,177,986 | \$41,230           |
| <b>TOTAL STORM SEWER</b>       |      |             |           | <b>\$505,963</b> |           | <b>\$385,529</b> |           | <b>\$351,283</b> |           | <b>\$1,242,775</b> |



**PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST  
THE CHALK HILL PUBLIC IMPROVEMENT - CELINA TRACT  
DIRECT PUBLIC IMPROVEMENTS - CITY OF CELINA  
FEBRUARY 7, 2018**

|               |                                         |             |     |  |              |      |      |      |       |
|---------------|-----------------------------------------|-------------|-----|--|--------------|------|------|------|-------|
|               |                                         |             |     |  |              | 1    | 2    | 3    | TOTAL |
| PROJECT NAME: | Chalk Hill - Direct Public Improvements | CREATED BY: | JMC |  | NO. OF LOTS: | 157  | 145  | 138  | 440   |
| CITY:         | City of Celina, Collin County, Texas    | CHECKED BY: | BSM |  | GROSS AC.    | 41.0 | 28.0 | 25.0 | 94.0  |
| JOB NUMBER:   |                                         | REVISED BY: |     |  | NET AC.      | 0.0  | 0.0  | 0.0  | 0.0   |

| E. PAVEMENT                                     |      |            |             |                    |           |                  |           |                  |           |                    |
|-------------------------------------------------|------|------------|-------------|--------------------|-----------|------------------|-----------|------------------|-----------|--------------------|
| DESCRIPTION                                     | UNIT | UNIT PRICE | 1           |                    | 2         |                  | 3         |                  | TOTAL     |                    |
|                                                 |      |            | QUANTITY    | TOTAL              | QUANTITY  | TOTAL            | QUANTITY  | TOTAL            | QUANTITY  | TOTAL              |
| 7" CONCRETE PAVEMENT WITH 6" CURBS (29' B-B)    | SY   | \$39.00    | 19,944      | \$777,816          | 19,194    | \$748,566        | 16,983    | \$662,337        | 56,121    | \$2,188,719        |
| 6" LIME STABILIZED SUBGRADE PREPARATION         | SY   | \$3.00     | 21,938      | \$65,815           | 21,113    | \$63,340         | 18,681    | \$56,044         | 61,733    | \$185,199          |
| HYDRATED LIME FOR STREET (36#/SY)               | TON  | \$150.00   | 395         | \$59,234           | 380       | \$57,006         | 336       | \$50,440         | 1,111     | \$166,679          |
| PAVEMENT HEADER                                 | LF   | \$15.00    | 124         | \$1,860            | 93        | \$1,395          | 31        | \$465            | 248       | \$3,720            |
| 5' REINFORCED CONCRETE SIDEWALK, 4" THICK       | LF   | \$27.50    | 1,080       | \$29,700           | 0         | \$0              | 0         | \$0              | 1,080     | \$29,700           |
| GUARDRAIL                                       | LF   | \$35.00    | 585         | \$20,475           | 0         | \$0              | 0         | \$0              | 585       | \$20,475           |
| BARRIER FREE PEDESTRIAN RAMP                    | EA   | \$1,350.00 | 22          | \$29,700           | 26        | \$35,100         | 18        | \$24,300         | 66        | \$89,100           |
| STREET/STOP SIGN COMBO                          | EA   | \$1,850.00 | 10          | \$18,500           | 11        | \$20,350         | 8         | \$14,800         | 29        | \$53,650           |
| CONDUIT - 2" (OPEN CUT) STREET LIGHTS/FRANCHISE | LF   | \$10.00    | 816         | \$8,160            | 1,000     | \$10,000         | 1,054     | \$10,540         | 2,870     | \$28,700           |
| BONDS                                           | %    | 2.00%      | \$1,011,260 | \$20,225           | \$935,757 | \$18,715         | \$818,925 | \$16,379         | 2,765,943 | \$55,319           |
| INSPECTION FEE                                  | %    | 3.50%      | \$1,011,260 | \$35,394           | \$935,757 | \$32,752         | \$818,925 | \$28,662         | 2,765,943 | \$96,808           |
| <b>TOTAL PAVEMENT</b>                           |      |            |             | <b>\$1,066,879</b> |           | <b>\$987,224</b> |           | <b>\$863,966</b> |           | <b>\$2,918,070</b> |

| F. EROSION CONTROL            |      |             |          |                 |          |                 |          |                 |          |                 |
|-------------------------------|------|-------------|----------|-----------------|----------|-----------------|----------|-----------------|----------|-----------------|
| DESCRIPTION                   | UNIT | UNIT PRICE  | 1        |                 | 2        |                 | 3        |                 | TOTAL    |                 |
|                               |      |             | QUANTITY | TOTAL           | QUANTITY | TOTAL           | QUANTITY | TOTAL           | QUANTITY | TOTAL           |
| INLET PROTECTION              | EA   | \$200.00    | 18       | \$3,600         | 20       | \$4,000         | 18       | \$3,600         | 56       | \$11,200        |
| CURLEX AFTER PAVING (4' WIDE) | LF   | \$1.50      | 11,300   | \$16,950        | 4,004    | \$6,006         | 0        | \$18,456        | 15,304   | \$22,956        |
| DRAINAGE EROSION CONTROL      | LS   | \$10,000.00 | 1        | \$10,000        | 1        | \$10,000        | 1        | \$10,000        | 3        | \$30,000        |
| <b>TOTAL EROSION CONTROL</b>  |      |             |          | <b>\$30,550</b> |          | <b>\$20,006</b> |          | <b>\$32,056</b> |          | <b>\$64,156</b> |



**PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST  
THE CHALK HILL PUBLIC IMPROVEMENT - CELINA TRACT  
DIRECT PUBLIC IMPROVEMENTS - CITY OF CELINA  
FEBRUARY 7, 2018**

|               |                                         |             |     |  |              | 1    | 2    | 3    | TOTAL |
|---------------|-----------------------------------------|-------------|-----|--|--------------|------|------|------|-------|
| PROJECT NAME: | Chalk Hill - Direct Public Improvements | CREATED BY: | JMC |  | NO. OF LOTS: | 157  | 145  | 138  | 440   |
| CITY:         | City of Celina, Collin County, Texas    | CHECKED BY: | BSM |  | GROSS AC.    | 41.0 | 28.0 | 25.0 | 94.0  |
| JOB NUMBER:   |                                         | REVISED BY: |     |  | NET AC.      | 0.0  | 0.0  | 0.0  | 0.0   |

| G. FRANCHISE UTILITIES    |      |            |          |          |          |          |          |          |          |          |
|---------------------------|------|------------|----------|----------|----------|----------|----------|----------|----------|----------|
| DESCRIPTION               | UNIT | UNIT PRICE | 1        |          | 2        |          | 3        |          | TOTAL    |          |
|                           |      |            | QUANTITY | TOTAL    | QUANTITY | TOTAL    | QUANTITY | TOTAL    | QUANTITY | TOTAL    |
| STREET LIGHTS             | EA   | \$1,700.00 | 16       | \$27,200 | 11       | \$18,700 | 12       | \$20,400 | 39       | \$66,300 |
| TOTAL FRANCHISE UTILITIES |      |            |          | \$27,200 |          | \$18,700 |          | \$20,400 |          | \$66,300 |

| H. MISCELLANEOUS & OTHER    |      |            |          |         |          |         |          |         |          |          |
|-----------------------------|------|------------|----------|---------|----------|---------|----------|---------|----------|----------|
| DESCRIPTION                 | UNIT | UNIT PRICE | 1        |         | 2        |         | 3        |         | TOTAL    |          |
|                             |      |            | QUANTITY | TOTAL   | QUANTITY | TOTAL   | QUANTITY | TOTAL   | QUANTITY | TOTAL    |
| CITY REVIEW FEES            | LS   | \$5,000.00 | 1        | \$5,000 | 1        | \$5,000 | 1        | \$5,000 | 3        | \$15,000 |
| TOTAL MISCELLANEOUS & OTHER |      |            |          | \$5,000 |          | \$5,000 |          | \$5,000 |          | \$15,000 |



**PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST  
THE CHALK HILL PUBLIC IMPROVEMENT - CELINA TRACT  
DIRECT PUBLIC IMPROVEMENTS - CITY OF CELINA  
FEBRUARY 7, 2018**

|                      |                                                |                    |     |                     |      |      |      |              |      |
|----------------------|------------------------------------------------|--------------------|-----|---------------------|------|------|------|--------------|------|
| <b>PROJECT NAME:</b> | <b>Chalk Hill - Direct Public Improvements</b> | <b>CREATED BY:</b> | JMC | <b>NO. OF LOTS:</b> | 157  | 145  | 138  | <b>TOTAL</b> | 440  |
| <b>CITY:</b>         | City of Celina, Collin County, Texas           | <b>CHECKED BY:</b> | BSM | <b>GROSS AC.</b>    | 41.0 | 28.0 | 25.0 |              | 94.0 |
| <b>JOB NUMBER:</b>   |                                                | <b>REVISED BY:</b> |     | <b>NET AC.</b>      | 0.0  | 0.0  | 0.0  |              | 0.0  |

| <b>SUMMARY - DIRECT PUBLIC IMPROVEMENTS - CITY OF CELINA</b> | <b>1</b>           | <b>2</b>           | <b>3</b>           | <b>TOTAL</b>        |
|--------------------------------------------------------------|--------------------|--------------------|--------------------|---------------------|
| A. CLEARING & EXCAVATION                                     | \$62,250           | \$95,010           | \$83,350           | \$240,610           |
| B. WATER                                                     | \$450,627          | \$405,023          | \$366,253          | \$1,221,904         |
| C. SEWER                                                     | \$545,213          | \$395,678          | \$366,570          | \$1,307,462         |
| D. STORM SEWER                                               | \$505,963          | \$385,529          | \$351,283          | \$1,242,775         |
| E. PAVEMENT                                                  | \$1,066,879        | \$987,224          | \$863,966          | \$2,918,070         |
| F. EROSION CONTROL                                           | \$30,550           | \$20,006           | \$32,056           | \$64,156            |
| G. FRANCHISE UTILITIES                                       | \$27,200           | \$18,700           | \$20,400           | \$66,300            |
| H. MISCELLANEOUS & OTHER                                     | \$5,000            | \$5,000            | \$5,000            | \$15,000            |
| I. CLEARING & EXCAVATION - LEGACY DRIVE                      | \$0                | \$51,800           | \$24,090           | \$152,395           |
| J. CLEARING & EXCAVATION - COIT                              | \$0                | \$0                | \$40,804           | \$40,804            |
| K. WATER - LEGACY DRIVE                                      | \$0                | \$28,525           | \$84,516           | \$279,229           |
| L. WATER - PRESTON ROAD                                      | \$0                | \$0                | \$0                | \$94,665            |
| M. WATER - COIT ROAD                                         | \$0                | \$0                | \$97,664           | \$97,664            |
| N. SEWER - LEGACY DRIVE                                      | \$0                | \$0                | \$84,733           | \$84,733            |
| O. SEWER - PRESTON ROAD                                      | \$0                | \$0                | \$0                | \$1,748,283         |
| P. SEWER - COIT ROAD                                         | \$0                | \$0                | \$40,868           | \$40,868            |
| Q. STORM SEWER - LEGACY DRIVE                                | \$0                | \$303,998          | \$121,635          | \$926,288           |
| R. STORM SEWER - COIT ROAD                                   | \$0                | \$0                | \$101,814          | \$101,814           |
| S. PAVEMENT - LEGACY DRIVE                                   | \$0                | \$1,106,703        | \$230,387          | \$2,096,600         |
| T. PAVEMENT - COIT ROAD (90' ROW)                            | \$0                | \$0                | \$411,080          | \$411,080           |
| U. EROSION CONTROL                                           | \$0                | \$14,150           | \$27,552           | \$91,772            |
| V. FRANCHISE UTILITIES                                       | \$0                | \$5,100            | \$10,200           | \$56,100            |
| W. MISCELLANEOUS & OTHER                                     | \$0                | \$5,000            | \$5,000            | \$15,000            |
| <b>SUB-TOTAL</b>                                             | <b>\$2,693,684</b> | <b>\$3,827,446</b> | <b>\$3,369,221</b> | <b>\$13,313,570</b> |
| SURVEY, PLATTING, ENG., LA, PERMITTING, & STAKING (7%)       | \$188,558          | \$267,921          | \$235,845          | \$931,950           |
| ROADWAY IMPACT FEES (4.233*#LOTS*694)                        | \$0                | \$0                | \$0                | \$0                 |
| WATER IMPACT FEES (\$3,276/LOT) (BUILDER)                    | \$0                | \$0                | \$0                | \$0                 |
| WASTEWATER IMPACT FEES (\$4,631/LOT) (BUILDER)               | \$0                | \$0                | \$0                | \$0                 |
| PARK AND OPEN SPACE FEE (\$1500/LOT)                         | \$0                | \$0                | \$0                | \$0                 |
| <b>SUB-TOTAL</b>                                             | <b>\$2,882,241</b> | <b>\$4,095,367</b> | <b>\$3,605,066</b> | <b>\$14,245,520</b> |
| MISCELLANEOUS & CONTINGENCY (10%)                            | \$0                | \$0                | \$0                | \$0                 |
| <b>TOTAL COST</b>                                            | <b>\$2,882,241</b> | <b>\$4,095,367</b> | <b>\$3,605,066</b> | <b>\$10,582,675</b> |



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST  
THE CHALK HILL PUBLIC IMPROVEMENT DISTRICT - CELINA TRACT  
MASTER PUBLIC IMPROVEMENTS - CITY OF CELINA  
FEBRUARY 7, 2018

|               |                                      |             |     |  |              | 1    | 2    | 3    | TOTAL |
|---------------|--------------------------------------|-------------|-----|--|--------------|------|------|------|-------|
| PROJECT NAME: | Chalk Hill                           | CREATED BY: | JMC |  | NO. OF LOTS: | 157  | 145  | 138  | 440   |
| CITY:         | City of Celina, Collin County, Texas | CHECKED BY: | BSM |  | GROSS AC.    | 41.0 | 28.0 | 25.0 | 94.0  |
| JOB NUMBER:   |                                      | REVISED BY: |     |  | NET AC.      | 0.0  | 0.0  | 0.0  | 0.0   |

**A.1 CLEARING & EXCAVATION - LEGACY DRIVE (100' ROW, 74' B-B, 3,440 LF)**

| DESCRIPTION                                | UNIT | UNIT PRICE | 1 (2,439 LF) |          | 2 (1,187 LF) |          | 3 (706 LF) |          | TOTAL     |           |
|--------------------------------------------|------|------------|--------------|----------|--------------|----------|------------|----------|-----------|-----------|
|                                            |      |            | QUANTITY     | TOTAL    | QUANTITY     | TOTAL    | QUANTITY   | TOTAL    | QUANTITY  | TOTAL     |
| CLEARING / GRUBBING                        | AC   | \$2,500.00 | 5.2          | \$13,100 | 3            | \$6,800  | 2          | \$4,125  | 9.61      | \$24,025  |
| STREET / ROW EXCAVATION/DETENTION          | CY   | \$3.00     | 21,135       | \$63,405 | 15,000       | \$45,000 | 6,655      | \$19,965 | 42,790.00 | \$128,370 |
| TOTAL CLEARING & EXCAVATION - LEGACY DRIVE |      |            |              | \$76,505 |              | \$51,800 |            | \$24,090 |           | \$152,395 |

**A.2 CLEARING & EXCAVATION - COIT RD. (60' ROW, 37' B-B, 1,342 LF)**

| DESCRIPTION                            | UNIT | UNIT PRICE | 1        |       | 2        |       | 3 (1,342 LF) |          | TOTAL    |          |
|----------------------------------------|------|------------|----------|-------|----------|-------|--------------|----------|----------|----------|
|                                        |      |            | QUANTITY | TOTAL | QUANTITY | TOTAL | QUANTITY     | TOTAL    | QUANTITY | TOTAL    |
| CLEARING / GRUBBING                    | AC   | \$2,500.00 | 0        | \$0   | 0.0      | \$0   | 2.8          | \$6,925  | 2.77     | \$6,925  |
| STREET / ROW EXCAVATION                | CY   | \$3.00     | 0        | \$0   | 0        | \$0   | 11,293       | \$33,879 | 11,293   | \$33,879 |
| TOTAL CLEARING & EXCAVATION - COIT RD. |      |            |          | \$0   |          | \$0   |              | \$40,804 |          | \$40,804 |



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST  
THE CHALK HILL PUBLIC IMPROVEMENT DISTRICT - CELINA TRACT  
MASTER PUBLIC IMPROVEMENTS - CITY OF CELINA  
FEBRUARY 7, 2018

|               |                                      |             |     |              |      |      |       |
|---------------|--------------------------------------|-------------|-----|--------------|------|------|-------|
|               |                                      |             |     | 1            | 2    | 3    | TOTAL |
| PROJECT NAME: | Chalk Hill                           | CREATED BY: | JMC | NO. OF LOTS: | 157  | 145  | 440   |
| CITY:         | City of Celina, Collin County, Texas | CHECKED BY: | BSM | GROSS AC.    | 41.0 | 28.0 | 94.0  |
| JOB NUMBER:   |                                      | REVISED BY: |     | NET AC.      | 0.0  | 0.0  | 0.0   |

| B.1 WATER - ALONG LEGACY DRIVE   |      |             |              |           |              |          |            |          |          |           |
|----------------------------------|------|-------------|--------------|-----------|--------------|----------|------------|----------|----------|-----------|
| DESCRIPTION                      | UNIT | UNIT PRICE  | 1 (2,439 LF) |           | 2 (1,187 LF) |          | 3 (706 LF) |          | TOTAL    |           |
|                                  |      |             | QUANTITY     | TOTAL     | QUANTITY     | TOTAL    | QUANTITY   | TOTAL    | QUANTITY | TOTAL     |
| 12" P.V.C. WATERLINE             | LF   | \$48.00     | 2,366        | \$113,568 | 530          | \$25,440 | 1,600      | \$76,800 | 4,496    | \$215,808 |
| 12" GATE VALVE & BOX             | EA   | \$2,300.00  | 4            | \$9,200   | 0            | \$0      | 0          | \$0      | 4        | \$9,200   |
| 12" PLUG                         | EA   | \$750.00    | 1            | \$750     | 1            | \$750    | 1          | \$750    | 3        | \$2,250   |
| FIRE HYDRANT ASSEMBLY            | EA   | \$4,180.00  | 4            | \$16,720  | 0            | \$0      | 0          | \$0      | 4        | \$16,720  |
| CONNECT TO EXISTING LINE         | EA   | \$1,000.00  | 1            | \$1,000   | 0            | \$0      | 0          | \$0      | 1        | \$1,000   |
| 18"x12" TAPPING SLEEVE AND VALVE | EA   | \$12,500.00 | 1            | \$12,500  | 0            | \$0      | 0          | \$0      | 1        | \$12,500  |
| TRENCH SAFETY                    | LF   | \$1.00      | 2,366        | \$2,366   | 530          | \$530    | 1,600      | \$1,600  | 4,496    | \$4,496   |
| TESTING (EXCLUDING GEOTECH)      | LF   | \$0.60      | 2,366        | \$1,420   | 530          | \$318    | 1,600      | \$960    | 4,496    | \$2,698   |
| BONDS                            | %    | 2.00%       | \$157,524    | \$3,150   | \$27,038     | \$541    | \$80,110   | \$1,602  | 264,672  | \$5,293   |
| INSPECTION FEE                   | %    | 3.50%       | \$157,524    | \$5,513   | \$27,038     | \$946    | \$80,110   | \$2,804  | 264,672  | \$9,264   |
| TOTAL WATER - ALONG LEGACY DRIVE |      |             |              | \$166,187 |              | \$28,525 |            | \$84,516 |          | \$279,229 |

| B.2 WATER - ALONG PRESTON RD.   |      |            |          |          |          |       |          |       |          |          |
|---------------------------------|------|------------|----------|----------|----------|-------|----------|-------|----------|----------|
| DESCRIPTION                     | UNIT | UNIT PRICE | 1        |          | 2        |       | 3        |       | TOTAL    |          |
|                                 |      |            | QUANTITY | TOTAL    | QUANTITY | TOTAL | QUANTITY | TOTAL | QUANTITY | TOTAL    |
| 12" P.V.C. WATERLINE            | LF   | \$48.00    | 1,400    | \$67,200 | 0        | \$0   | 0        | \$0   | 1,400    | \$67,200 |
| 12" GATE VALVE & BOX            | EA   | \$2,300.00 | 6        | \$13,800 | 0        | \$0   | 0        | \$0   | 6        | \$13,800 |
| 12" PLUG                        | EA   | \$750.00   | 1        | \$750    | 0        | \$0   | 0        | \$0   | 1        | \$750    |
| FIRE HYDRANT ASSEMBLY           | EA   | \$4,180.00 | 1        | \$4,180  | 0        | \$0   | 0        | \$0   | 1        | \$4,180  |
| CONNECT TO EXISTING LINE        | EA   | \$1,000.00 | 1        | \$1,000  | 0        | \$0   | 0        | \$0   | 1        | \$1,000  |
| TRENCH SAFETY                   | LF   | \$1.00     | 1,400    | \$1,400  | 0        | \$0   | 0        | \$0   | 1,400    | \$1,400  |
| TESTING (EXCLUDING GEOTECH)     | LF   | \$1.00     | 1,400    | \$1,400  | 0        | \$0   | 0        | \$0   | 1,400    | \$1,400  |
| BONDS                           | %    | 2.00%      | \$89,730 | \$1,795  | \$0      | \$0   | \$0      | \$0   | 89,730   | \$1,795  |
| INSPECTION FEE                  | %    | 3.50%      | \$89,730 | \$3,141  | \$0      | \$0   | \$0      | \$0   | 89,730   | \$3,141  |
| TOTAL WATER - ALONG PRESTON RD. |      |            |          | \$94,665 |          | \$0   |          | \$0   |          | \$94,665 |





PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST  
THE CHALK HILL PUBLIC IMPROVEMENT DISTRICT - CELINA TRACT  
MASTER PUBLIC IMPROVEMENTS - CITY OF CELINA  
FEBRUARY 7, 2018

|               |                                      |             |     |              |      |      |      |       |
|---------------|--------------------------------------|-------------|-----|--------------|------|------|------|-------|
|               |                                      |             |     |              | 1    | 2    | 3    | TOTAL |
| PROJECT NAME: | Chalk Hill                           | CREATED BY: | JMC | NO. OF LOTS: | 157  | 145  | 138  | 440   |
| CITY:         | City of Celina, Collin County, Texas | CHECKED BY: | BSM | GROSS AC.    | 41.0 | 28.0 | 25.0 | 94.0  |
| JOB NUMBER:   |                                      | REVISED BY: |     | NET AC.      | 0.0  | 0.0  | 0.0  | 0.0   |

| B.3 WATER - ALONG COIT RD.   |      |            |          |       |          |       |          |          |          |          |
|------------------------------|------|------------|----------|-------|----------|-------|----------|----------|----------|----------|
| DESCRIPTION                  | UNIT | UNIT PRICE | 1        |       | 2        |       | 3        |          | TOTAL    |          |
|                              |      |            | QUANTITY | TOTAL | QUANTITY | TOTAL | QUANTITY | TOTAL    | QUANTITY | TOTAL    |
| 12" P.V.C. WATERLINE         | LF   | \$48.00    | 0        | \$0   | 0        | \$0   | 1,342    | \$64,416 | 1,342    | \$64,416 |
| 12" GATE VALVE & BOX         | EA   | \$2,300.00 | 0        | \$0   | 0        | \$0   | 4        | \$10,289 | 4        | \$10,289 |
| 12" PLUG                     | EA   | \$750.00   | 0        | \$0   | 0        | \$0   | 1        | \$750    | 1        | \$750    |
| FIRE HYDRANT ASSEMBLY        | EA   | \$4,180.00 | 0        | \$0   | 0        | \$0   | 3        | \$11,219 | 3        | \$11,219 |
| CONNECT TO EXISTING LINE     | EA   | \$1,000.00 | 0        | \$0   | 0        | \$0   | 1        | \$1,000  | 1        | \$1,000  |
| TRENCH SAFETY                | LF   | \$1.00     | 0        | \$0   | 0        | \$0   | 1,342    | \$1,342  | 1,342    | \$1,342  |
| TESTING (EXCLUDING GEOTECH)  | LF   | \$1.00     | 0        | \$0   | 0        | \$0   | 1,342    | \$1,342  | 1,342    | \$1,342  |
| TESTING (GEOTECH)            | LF   | \$1.65     | 0        | \$0   | 0        | \$0   | 1,342    | \$2,214  | 1,342    | \$2,214  |
| BONDS                        | %    | 2.00%      | \$0      | \$0   | \$0      | \$0   | \$92,572 | \$1,851  | 92,572   | \$1,851  |
| INSPECTION FEE               | %    | 3.50%      | \$0      | \$0   | \$0      | \$0   | \$92,572 | \$3,240  | 92,572   | \$3,240  |
| TOTAL WATER - ALONG COIT RD. |      |            | \$0      |       | \$0      |       | \$97,664 |          | \$97,664 |          |

| C.1 SEWER - ALONG LEGACY DRIVE  |      |            |              |       |              |       |            |          |          |          |
|---------------------------------|------|------------|--------------|-------|--------------|-------|------------|----------|----------|----------|
| DESCRIPTION                     | UNIT | UNIT PRICE | 1 (2,439 LF) |       | 2 (1,187 LF) |       | 3 (706 LF) |          | TOTAL    |          |
|                                 |      |            | QUANTITY     | TOTAL | QUANTITY     | TOTAL | QUANTITY   | TOTAL    | QUANTITY | TOTAL    |
| 8" SANITARY SEWER MAIN (SDR-26) | LF   | \$39.00    | 0            | \$0   | 0            | \$0   | 1,403      | \$54,717 | 1,403    | \$54,717 |
| MANHOLE - STD 4 DIA             | LF   | \$4,500.00 | 0            | \$0   | 0            | \$0   | 5          | \$22,500 | 5        | \$22,500 |
| TRENCH SAFETY                   | LF   | \$1.00     | 0            | \$0   | 0            | \$0   | 1,403      | \$1,403  | 1,403    | \$1,403  |
| POST CONSTRUCTION CCTV          | LF   | \$1.25     | 0            | \$0   | 0            | \$0   | 1,403      | \$1,754  | 1,403    | \$1,754  |
| BONDS                           | %    | 2.00%      | \$0          | \$0   | \$0          | \$0   | \$80,374   | \$1,607  | 80,374   | \$1,607  |
| INSPECTION FEE                  | %    | 3.50%      | \$0          | \$0   | \$0          | \$0   | \$78,620   | \$2,752  | 78,620   | \$2,752  |
| TOTAL SEWER                     |      |            | \$0          |       | \$0          |       | \$84,733   |          | \$84,733 |          |



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST  
THE CHALK HILL PUBLIC IMPROVEMENT DISTRICT - CELINA TRACT  
MASTER PUBLIC IMPROVEMENTS - CITY OF CELINA  
FEBRUARY 7, 2018

|               |                                      |             |     |              |      |      |      |       |
|---------------|--------------------------------------|-------------|-----|--------------|------|------|------|-------|
|               |                                      |             |     |              | 1    | 2    | 3    | TOTAL |
| PROJECT NAME: | Chalk Hill                           | CREATED BY: | JMC | NO. OF LOTS: | 157  | 145  | 138  | 440   |
| CITY:         | City of Celina, Collin County, Texas | CHECKED BY: | BSM | GROSS AC.    | 41.0 | 28.0 | 25.0 | 94.0  |
| JOB NUMBER:   |                                      | REVISED BY: |     | NET AC.      | 0.0  | 0.0  | 0.0  | 0.0   |

| C.2 SEWER - ALONG PRESTON ROAD  |      |                |             |             |          |       |          |       |           |             |
|---------------------------------|------|----------------|-------------|-------------|----------|-------|----------|-------|-----------|-------------|
| DESCRIPTION                     | UNIT | UNIT PRICE     | 1           |             | 2        |       | 3        |       | TOTAL     |             |
|                                 |      |                | QUANTITY    | TOTAL       | QUANTITY | TOTAL | QUANTITY | TOTAL | QUANTITY  | TOTAL       |
| 8" SANITARY SEWER MAIN (SDR-35) | LF   | \$34.00        | 900         | \$30,600    | 0        | \$0   | 0        | \$0   | 900       | \$30,600    |
| 8" SANITARY SEWER FORCE MAIN    | LF   | \$48.00        | 2,130       | \$102,240   | 0        | \$0   | 0        | \$0   | 2,130     | \$102,240   |
| MANHOLE - STD 5 DIA             | EA   | \$9,500.00     | 2           | \$19,000    | 0        | \$0   | 0        | \$0   | 2         | \$19,000    |
| CONNECT TO EXISTING MANHOLE     | EA   | \$3,500.00     | 1           | \$3,500     | 0        | \$0   | 0        | \$0   | 1         | \$3,500     |
| LIFT STATION                    | EA   | \$1,500,000.00 | 1           | \$1,500,000 | 0        | \$0   | 0        | \$0   | 1         | \$1,500,000 |
| TRENCH SAFETY                   | LF   | \$1.00         | 900         | \$900       | 0        | \$0   | 0        | \$0   | 900       | \$900       |
| POST CONSTRUCTION CCTV          | LF   | \$1.00         | 900         | \$900       | 0        | \$0   | 0        | \$0   | 900       | \$900       |
| BONDS                           | %    | 2.00%          | \$1,657,140 | \$33,143    | \$0      | \$0   | \$0      | \$0   | 1,657,140 | \$33,143    |
| INSPECTION FEE                  | %    | 3.50%          | \$1,657,140 | \$58,000    | \$0      | \$0   | \$0      | \$0   | 1,657,140 | \$58,000    |
| TOTAL SEWER                     |      |                |             | \$1,748,283 |          | \$0   |          | \$0   |           | \$1,748,283 |



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST  
THE CHALK HILL PUBLIC IMPROVEMENT DISTRICT - CELINA TRACT  
MASTER PUBLIC IMPROVEMENTS - CITY OF CELINA  
FEBRUARY 7, 2018

|               |                                      |             |     |              |      |      |       |
|---------------|--------------------------------------|-------------|-----|--------------|------|------|-------|
|               |                                      |             |     | 1            | 2    | 3    | TOTAL |
| PROJECT NAME: | Chalk Hill                           | CREATED BY: | JMC | NO. OF LOTS: | 157  | 145  | 440   |
| CITY:         | City of Celina, Collin County, Texas | CHECKED BY: | BSM | GROSS AC.    | 41.0 | 28.0 | 94.0  |
| JOB NUMBER:   |                                      | REVISED BY: |     | NET AC.      | 0.0  | 0.0  | 0.0   |

| C.3 SEWER - ALONG COIT RD.      |      |            |          |       |          |       |          |          |          |          |
|---------------------------------|------|------------|----------|-------|----------|-------|----------|----------|----------|----------|
| DESCRIPTION                     | UNIT | UNIT PRICE | 1        |       | 2        |       | 3        |          | TOTAL    |          |
|                                 |      |            | QUANTITY | TOTAL | QUANTITY | TOTAL | QUANTITY | TOTAL    | QUANTITY | TOTAL    |
| 8" SANITARY SEWER MAIN (SDR-26) | LF   | \$39.00    | 0        | \$0   |          | \$0   | 830      | \$32,370 | 830      | \$32,370 |
| MANHOLE - STD 4 DIA             | LF   | \$4,500.00 | 0        | \$0   |          | \$0   | 1        | \$4,500  | 1        | \$4,500  |
| TRENCH SAFETY                   | LF   | \$1.00     | 0        | \$0   | 0        | \$0   | 830      | \$830    | 830      | \$830    |
| POST CONSTRUCTION CCTV          | LF   | \$1.25     | 0        | \$0   | 0        | \$0   | 830      | \$1,038  | 830      | \$1,038  |
| BONDS                           | %    | 2.00%      | \$0      | \$0   | \$0      | \$0   | \$38,738 | \$775    | 38,738   | \$775    |
| INSPECTION FEE                  | %    | 3.50%      | \$0      | \$0   | \$0      | \$0   | \$38,738 | \$1,356  | 38,738   | \$1,356  |
|                                 |      |            |          |       |          |       |          |          |          |          |
| TOTAL SEWER ALONG COIT RD.      |      |            | \$0      |       | \$0      |       | \$40,868 |          | \$40,868 |          |

| D.1 STORM SEWER - LEGACY DRIVE      |      |             |              |           |              |           |            |          |           |           |
|-------------------------------------|------|-------------|--------------|-----------|--------------|-----------|------------|----------|-----------|-----------|
| DESCRIPTION                         | UNIT | UNIT PRICE  | 1 (2,439 LF) |           | 2 (1,187 LF) |           | 3 (706 LF) |          | TOTAL     |           |
|                                     |      |             | QUANTITY     | TOTAL     | QUANTITY     | TOTAL     | QUANTITY   | TOTAL    | QUANTITY  | TOTAL     |
| 18" RCP                             | LF   | \$50.50     | 1,000        | \$50,500  | 110          | \$5,555   | 200        | \$10,100 | 1,310     | \$66,155  |
| 24" RCP                             | LF   | \$61.00     | 71           | \$4,331   | 0            | \$0       | 0          | \$0      | 71        | \$4,331   |
| 42" RCP                             | LF   | \$133.00    | 270          | \$35,910  | 0            | \$0       | 400        | \$53,200 | 670       | \$89,110  |
| 48" RCP                             | LF   | \$156.95    | 270          | \$42,377  | 500          | \$78,475  | 200        | \$31,390 | 970       | \$152,242 |
| 4x3 SBC                             | LF   | \$180.00    | 0            | \$0       | 939          | \$169,020 | 0          | \$0      | 939       | \$169,020 |
| 2-4'X4' MULTI BOX CULVERT           | LF   | \$1,100.00  | 100          | \$110,000 | 0            | \$0       | 0          | \$0      | 100       | \$110,000 |
| 5-5'X5' MULTI BOX CULVERT           | LF   | \$1,100.00  | 100          | \$110,000 | 0            | \$0       | 0          | \$0      | 100       | \$110,000 |
| 10' STD CURB INLET                  | EA   | \$3,500.00  | 8            | \$28,000  | 2            | \$7,000   | 4          | \$14,000 | 14        | \$49,000  |
| 4' JUNCTION BOX                     | EA   | \$5,000.00  | 1            | \$5,000   | 0            | \$0       | 1          | \$5,000  | 2         | \$10,000  |
| 5-5'X5' MULTI BOX CULVERT HEADWALLS | EA   | \$15,000.00 | 2            | \$30,000  | 0            | \$0       | 0          | \$0      | 2         | \$30,000  |
| 2-4'X4' MULTI BOX CULVERT HEADWALLS | EA   | \$12,000.00 | 2            | \$24,000  | 0            | \$0       | 0          | \$0      | 2         | \$24,000  |
| 12" GROUTED ROCK RIP RAP            | SY   | \$105.00    | 283          | \$29,715  | 0            | \$0       | 0          | \$0      | 283       | \$29,715  |
| POND OUTFALL STRUCTURE              | EA   | \$25,000.00 | 0            | \$0       | 1            | \$25,000  | 0          | \$0      | 1         | \$25,000  |
| TRENCH SAFETY                       | LF   | \$1.00      | 1,811        | \$1,811   | 1,549        | \$1,549   | 800        | \$800    | 4,160     | \$4,160   |
| TESTING (TV)                        | LF   | \$1.00      | 1,811        | \$1,811   | 1,551        | \$1,551   | 804        | \$804    | 4,166     | \$4,166   |
| BONDS                               | %    | 2.00%       | \$474,555    | \$9,491   | \$288,150    | \$5,763   | \$115,294  | \$2,306  | 877,999   | \$17,560  |
| INSPECTION FEE                      | %    | 3.50%       | \$474,555    | \$16,609  | \$288,150    | \$10,085  | \$115,294  | \$4,035  | 877,999   | \$30,730  |
|                                     |      |             |              |           |              |           |            |          |           |           |
| TOTAL STORM SEWER - LEGACY DRIVE    |      |             | \$500,655    |           | \$303,998    |           | \$121,635  |          | \$925,188 |           |



**PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST  
THE CHALK HILL PUBLIC IMPROVEMENT DISTRICT - CELINA TRACT  
MASTER PUBLIC IMPROVEMENTS - CITY OF CELINA  
FEBRUARY 7, 2018**

|               |                                      |             |     |              |      |      |      |       |
|---------------|--------------------------------------|-------------|-----|--------------|------|------|------|-------|
|               |                                      |             |     |              | 1    | 2    | 3    | TOTAL |
| PROJECT NAME: | Chalk Hill                           | CREATED BY: | JMC | NO. OF LOTS: | 157  | 145  | 138  | 440   |
| CITY:         | City of Celina, Collin County, Texas | CHECKED BY: | BSM | GROSS AC.    | 41.0 | 28.0 | 25.0 | 94.0  |
| JOB NUMBER:   |                                      | REVISED BY: |     | NET AC.      | 0.0  | 0.0  | 0.0  | 0.0   |

| D.2 STORM SEWER - COIT RD.             |      |            |          |            |          |            |          |                  |          |                  |
|----------------------------------------|------|------------|----------|------------|----------|------------|----------|------------------|----------|------------------|
| DESCRIPTION                            | UNIT | UNIT PRICE | 1        |            | 2        |            | 3        |                  | TOTAL    |                  |
|                                        |      |            | QUANTITY | TOTAL      | QUANTITY | TOTAL      | QUANTITY | TOTAL            | QUANTITY | TOTAL            |
| 18" RCP                                | LF   | \$50.50    | 0        | \$0        |          | \$0        | 1,400    | \$70,700         | 1,400    | \$70,700         |
| 30" RCP                                | LF   | \$90.00    | 0        | \$0        | 0        | \$0        | 0        | \$0              | 0        | \$0              |
| 36" RCP                                | LF   | \$125.00   | 0        | \$0        | 0        | \$0        | 0        | \$0              | 0        | \$0              |
| 42" RCP                                | LF   | \$133.00   | 0        | \$0        | 0        | \$0        | 0        | \$0              | 0        | \$0              |
| 10' STD CURB INLET                     | EA   | \$3,600.00 | 0        | \$0        |          | \$0        | 6        | \$21,600         | 6        | \$21,600         |
| 3' X 3' WYE INLET                      | EA   | \$3,500.00 | 0        | \$0        |          | \$0        |          | \$0              | 0        | \$0              |
| 5' JUNCTION BOX                        | EA   | \$6,000.00 | 0        | \$0        |          | \$0        | 0        | \$0              | 0        | \$0              |
| TEMPORARY HEADWALL, GTD, & RIP-RAP     | EA   | \$5,000.00 | 0        | \$0        | 0        | \$0        | 0        | \$0              | 0        | \$0              |
| 12" GROUTED ROCK RIP RAP               | SY   | \$75.00    | 0        | \$0        | 0        | \$0        | 0        | \$0              | 0        | \$0              |
| TRENCH SAFETY                          | LF   | \$1.00     | 0        | \$0        | 0        | \$0        | 1,400    | \$1,400          | 1,400    | \$1,400          |
| TESTING (GEOTECH)                      | LF   | \$1.00     | 0        | \$0        | 0        | \$0        | 1,400    | \$1,400          | 1,400    | \$1,400          |
| TESTING (TV)                           | LF   | \$1.00     | 0        | \$0        | 0        | \$0        | 1,406    | \$1,406          | 1,406    | \$1,406          |
| BONDS                                  | %    | 2.00%      | \$0      | \$0        | \$0      | \$0        | \$96,506 | \$1,930          | 96,506   | \$1,930          |
| INSPECTION FEE                         | %    | 3.50%      | \$0      | \$0        | \$0      | \$0        | \$96,506 | \$3,378          | 96,506   | \$3,378          |
| <b>TOTAL STORM SEWER - E. COIT RD.</b> |      |            |          | <b>\$0</b> |          | <b>\$0</b> |          | <b>\$101,814</b> |          | <b>\$101,814</b> |

| E.1 PAVEMENT - LEGACY DRIVE                                                                                                               |      |            |              |                  |              |                    |            |                  |           |                    |
|-------------------------------------------------------------------------------------------------------------------------------------------|------|------------|--------------|------------------|--------------|--------------------|------------|------------------|-----------|--------------------|
| DESCRIPTION                                                                                                                               | UNIT | UNIT PRICE | 1 (2,439 LF) |                  | 2 (1,187 LF) |                    | 3 (706 LF) |                  | TOTAL     |                    |
|                                                                                                                                           |      |            | QUANTITY     | TOTAL            | QUANTITY     | TOTAL              | QUANTITY   | TOTAL            | QUANTITY  | TOTAL              |
| SECTION, PHASE 2: 28' B-B HALF SECTION + PHASE 1 SOUTH HALF SECTION, PHASE 3: 28' B-B HALF SECTION); EACH PHASE WILL INCLUDE 9' OF MEDIAN | SY   | \$45.00    | 10,050       | \$452,250        | 14,910       | \$670,950          | 3,000      | \$135,000        | 27,960    | \$1,258,200        |
| 8" LIME STABILIZED SUBGRADE PREPARATION                                                                                                   | SY   | \$3.30     | 11,055       | \$36,482         | 16,401       | \$54,123           | 3,300      | \$10,890         | 30,756    | \$101,495          |
| HYDRATED LIME FOR STREET (53#/SY)                                                                                                         | TON  | \$155.00   | 293          | \$45,408         | 394          | \$61,012           | 79         | \$12,276         | 766       | \$118,696          |
| PAVEMENT HEADER                                                                                                                           | LF   | \$15.00    | 28           | \$420            | 28           | \$420              | 28         | \$420            | 84        | \$1,260            |
| BARRIER FREE PEDESTRIAN RAMP                                                                                                              | EA   | \$1,350.00 | 4            | \$5,400          | 2            | \$2,700            | 2          | \$2,700          | 8         | \$10,800           |
| BARRICADES                                                                                                                                | EA   | \$1,500.00 | 1            | \$1,500          | 1            | \$1,500            | 1          | \$1,500          | 3         | \$4,500            |
| STREET SIGN                                                                                                                               | EA   | \$1,300.00 | 3            | \$3,900          | 1            | \$1,300            | 1          | \$1,300          | 5         | \$6,500            |
| 10' CONCRETE SIDEWALK                                                                                                                     | LF   | \$60.00    | 2,439        | \$146,340        | 3,626        | \$217,560          | 706        | \$42,360         | 6,771     | \$406,260          |
| TRAFFIC CONTROL                                                                                                                           | LS   | \$5,000.00 | 1.0          | \$5,000          | 1            | \$5,000            | 1          | \$5,000          | 3         | \$15,000           |
| TESTING                                                                                                                                   | SY   | \$2.10     | 11,055       | \$23,216         | 16,401       | \$34,442           | 3,300      | \$6,930          | 30,756    | \$64,588           |
| BONDS                                                                                                                                     | %    | 2.00%      | \$719,915    | \$14,398         | \$1,049,007  | \$20,980           | \$218,376  | \$4,368          | 1,987,299 | \$39,746           |
| INSPECTION FEE                                                                                                                            | %    | 3.50%      | \$719,915    | \$25,197         | \$1,049,007  | \$36,715           | \$218,376  | \$7,643          | 1,987,299 | \$69,555           |
| <b>TOTAL PAVEMENT - LEGACY DRIVE</b>                                                                                                      |      |            |              | <b>\$759,511</b> |              | <b>\$1,106,703</b> |            | <b>\$230,387</b> |           | <b>\$2,096,600</b> |



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST  
THE CHALK HILL PUBLIC IMPROVEMENT DISTRICT - CELINA TRACT  
MASTER PUBLIC IMPROVEMENTS - CITY OF CELINA  
FEBRUARY 7, 2018

|               |                                      |             |     |              |      |      |      |       |
|---------------|--------------------------------------|-------------|-----|--------------|------|------|------|-------|
|               |                                      |             |     |              | 1    | 2    | 3    | TOTAL |
| PROJECT NAME: | Chalk Hill                           | CREATED BY: | JMC | NO. OF LOTS: | 157  | 145  | 138  | 440   |
| CITY:         | City of Celina, Collin County, Texas | CHECKED BY: | BSM | GROSS AC.    | 41.0 | 28.0 | 25.0 | 94.0  |
| JOB NUMBER:   |                                      | REVISED BY: |     | NET AC.      | 0.0  | 0.0  | 0.0  | 0.0   |

| E.2 PAVEMENT - COIT ROAD (60' ROW)                     |      |            |          |       |          |       |           |           |          |           |
|--------------------------------------------------------|------|------------|----------|-------|----------|-------|-----------|-----------|----------|-----------|
| DESCRIPTION                                            | UNIT | UNIT PRICE | 1        |       | 2        |       | 3         |           | TOTAL    |           |
|                                                        |      |            | QUANTITY | TOTAL | QUANTITY | TOTAL | QUANTITY  | TOTAL     | QUANTITY | TOTAL     |
| 8" REINF. CONCRETE STREET PAVEMENT (37" B-B, 1,342 LF) | SY   | \$45.00    | 0        | \$0   | 0        | \$0   | 5,520     | \$248,400 | 5,520    | \$248,400 |
| 8" LIME STABILIZED SUBGRADE PREPARATION                | SY   | \$3.30     | 0        | \$0   | 0        | \$0   | 6,072     | \$20,038  | 6,072    | \$20,038  |
| HYDRATED LIME FOR STREET (53#/SY)                      | TON  | \$155.00   | 0        | \$0   | 0        | \$0   | 109       | \$16,941  | 109      | \$16,941  |
| PAVEMENT HEADER                                        | LF   | \$15.00    | 0        | \$0   | 0        | \$0   | 37        | \$555     | 37       | \$555     |
| BARRIER FREE PEDESTRIAN RAMP                           | EA   | \$1,350.00 | 0        | \$0   | 0        | \$0   | 2         | \$2,700   | 2        | \$2,700   |
| BARRICADES                                             | EA   | \$1,500.00 | 0        | \$0   | 0        | \$0   | 1         | \$1,500   | 1        | \$1,500   |
| STREET SIGN                                            | EA   | \$1,300.00 | 0        | \$0   | 0        | \$0   | 2         | \$2,600   | 2        | \$2,600   |
| STOP SIGN                                              | EA   | \$1,250.00 | 0        | \$0   | 0        | \$0   | 2         | \$2,500   | 2        | \$2,500   |
| 6' CONCRETE SIDEWALK                                   | LF   | \$30.00    | 0        | \$0   | 0        | \$0   | 2,684     | \$80,520  | 2,684    | \$80,520  |
| TRAFFIC CONTROL                                        | LS   | \$3,000.00 | 0        | \$0   | 0        | \$0   | 1         | \$3,000   | 1        | \$3,000   |
| TESTING                                                | SY   | \$2.10     | 0        | \$0   | 0        | \$0   | 6,072     | \$12,751  | 6,072    | \$12,751  |
| BONDS                                                  | %    | 2.00%      | 0        | \$0   | \$0      | \$0   | \$391,505 | \$7,830   | 391,505  | \$7,830   |
| INSPECTION FEE                                         | %    | 3.00%      | 0        | \$0   | \$0      | \$0   | \$391,505 | \$11,745  | 391,505  | \$11,745  |
| TOTAL PAVEMENT - COIT ROAD (90' ROW)                   |      |            |          |       |          |       |           |           |          |           |
|                                                        |      |            |          | \$0   |          |       | \$0       | \$411,080 |          |           |
|                                                        |      |            |          |       |          |       |           |           |          |           |



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST  
THE CHALK HILL PUBLIC IMPROVEMENT DISTRICT - CELINA TRACT  
MASTER PUBLIC IMPROVEMENTS - CITY OF CELINA  
FEBRUARY 7, 2018

|               |                                      |             |     |  | 1            | 2    | 3    | TOTAL |      |
|---------------|--------------------------------------|-------------|-----|--|--------------|------|------|-------|------|
| PROJECT NAME: | Chalk Hill                           | CREATED BY: | JMC |  | NO. OF LOTS: | 157  | 145  | 138   | 440  |
| CITY:         | City of Celina, Collin County, Texas | CHECKED BY: | BSM |  | GROSS AC.    | 41.0 | 28.0 | 25.0  | 94.0 |
| JOB NUMBER:   |                                      | REVISED BY: |     |  | NET AC.      | 0.0  | 0.0  | 0.0   | 0.0  |

| F.1 EROSION CONTROL - PRESTON ROAD       |      |            |          |          |          |       |          |       |          |         |
|------------------------------------------|------|------------|----------|----------|----------|-------|----------|-------|----------|---------|
| DESCRIPTION                              | UNIT | UNIT PRICE | 1        |          | 2        |       | 3        |       | TOTAL    |         |
|                                          |      |            | QUANTITY | TOTAL    | QUANTITY | TOTAL | QUANTITY | TOTAL | QUANTITY | TOTAL   |
| SILT FENCE                               | LF   | \$1.50     | 6,500    | \$9,750  | 0        | \$0   | 0        | \$0   | 6,500    | \$9,750 |
| EROSION CONTROL INSPECTION & MAINTENANCE | LS   | \$5,000.00 | 1        | \$5,000  | 0        | \$0   | 0        | \$0   | 1        | \$5,000 |
| TOTAL EROSION CONTROL                    |      |            |          |          |          |       |          |       |          |         |
|                                          |      |            |          | \$14,750 | \$0      |       | \$0      |       | \$14,750 |         |

| F.2 EROSION CONTROL - LEGACY DRIVE       |      |            |          |          |          |         |          |         |          |          |
|------------------------------------------|------|------------|----------|----------|----------|---------|----------|---------|----------|----------|
| DESCRIPTION                              | UNIT | UNIT PRICE | 1        |          | 2        |         | 3        |         | TOTAL    |          |
|                                          |      |            | QUANTITY | TOTAL    | QUANTITY | TOTAL   | QUANTITY | TOTAL   | QUANTITY | TOTAL    |
| INLET PROTECTION                         | EA   | \$200.00   | 8        | \$1,600  | 2        | \$400   | 4        | \$800   | 14       | \$2,800  |
| SWPPP                                    | LS   | \$5,000.00 | 0        | \$0      | 0        | \$0     | 0        | \$0     | 0        | \$0      |
| SILT FENCE                               | LF   | \$1.50     | 9,300    | \$13,950 | 3,200    | \$4,800 | 5,000    | \$7,500 | 17,500   | \$26,250 |
| CONSTRUCTION ENTRANCE                    | EA   | \$5,000.00 | 1        | \$5,000  | 0        | \$0     | 0        | \$0     | 1        | \$5,000  |
| CURLEX AFTER PAVING (8' WIDE)            | LF   | \$1.50     | 5,180    | \$7,770  | 1,300    | \$1,950 | 2,800    | \$4,200 | 9,280    | \$13,920 |
| DRAINAGE EROSION CONTROL                 | LS   | \$2,000.00 | 1        | \$2,000  | 1        | \$2,000 | 1        | \$2,000 | 3        | \$6,000  |
| EROSION CONTROL INSPECTION & MAINTENANCE | LS   | \$5,000.00 | 1        | \$5,000  | 1        | \$5,000 | 1        | \$5,000 | 3        | \$15,000 |
| TOTAL EROSION CONTROL                    |      |            |          |          |          |         |          |         |          |          |
|                                          |      |            |          | \$35,320 | \$14,150 |         | \$19,500 |         | \$68,970 |          |

| F.3 EROSION CONTROL - COIT ROAD          |      |            |          |       |          |       |          |         |          |         |
|------------------------------------------|------|------------|----------|-------|----------|-------|----------|---------|----------|---------|
| DESCRIPTION                              | UNIT | UNIT PRICE | 1        |       | 2        |       | 3        |         | TOTAL    |         |
|                                          |      |            | QUANTITY | TOTAL | QUANTITY | TOTAL | QUANTITY | TOTAL   | QUANTITY | TOTAL   |
| INLET PROTECTION                         | EA   | \$175.00   | 0        | \$0   | 0        | \$0   | 0        | \$0     | 0        | \$0     |
| SWPPP                                    | LS   | \$5,000.00 | 0        | \$0   | 0        | \$0   | 0        | \$0     | 0        | \$0     |
| SILT FENCE                               | LF   | \$1.50     | 0        | \$0   | 0        | \$0   | 2,684    | \$4,026 | 2,684    | \$4,026 |
| CONSTRUCTION ENTRANCE                    | EA   | \$2,500.00 | 0        | \$0   | 0        | \$0   | 0        | \$0     | 0        | \$0     |
| CURLEX AFTER PAVING (8' WIDE)            | LF   | \$1.50     | 0        | \$0   | 0        | \$0   | 2,684    | \$4,026 | 2,684    | \$4,026 |
| ROCK CHECK DAM                           | EA   | \$1,500.00 | 0        | \$0   | 0        | \$0   | 0        | \$0     | 0        | \$0     |
| SEEDING                                  | AC   | \$285.00   | 0        | \$0   | 0        | \$0   | 0        | \$0     | 0        | \$0     |
| EROSION CONTROL INSPECTION & MAINTENANCE | LS   | \$5,000.00 | 0        | \$0   | 0        | \$0   | 0        | \$0     | 0        | \$0     |
| TOTAL EROSION CONTROL                    |      |            |          |       |          |       |          |         |          |         |
|                                          |      |            |          | \$0   | \$0      |       | \$8,052  |         | \$8,052  |         |



PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST  
THE CHALK HILL PUBLIC IMPROVEMENT DISTRICT - CELINA TRACT  
MASTER PUBLIC IMPROVEMENTS - CITY OF CELINA  
FEBRUARY 7, 2018

|               |                                      |             |     |              | 1    | 2    | 3    | TOTAL |
|---------------|--------------------------------------|-------------|-----|--------------|------|------|------|-------|
| PROJECT NAME: | Chalk Hill                           | CREATED BY: | JMC | NO. OF LOTS: | 157  | 145  | 138  | 440   |
| CITY:         | City of Celina, Collin County, Texas | CHECKED BY: | BSM | GROSS AC.    | 41.0 | 28.0 | 25.0 | 94.0  |
| JOB NUMBER:   |                                      | REVISED BY: |     | NET AC.      | 0.0  | 0.0  | 0.0  | 0.0   |

| G. FRANCHISE UTILITIES    |      |            |          |          |          |         |          |          |          |          |
|---------------------------|------|------------|----------|----------|----------|---------|----------|----------|----------|----------|
| DESCRIPTION               | UNIT | UNIT PRICE | 1        |          | 2        |         | 3        |          | TOTAL    |          |
|                           |      |            | QUANTITY | TOTAL    | QUANTITY | TOTAL   | QUANTITY | TOTAL    | QUANTITY | TOTAL    |
| STREET LIGHTS             | EA   | \$1,700.00 | 24       | \$40,800 | 3        | \$5,100 | 6        | \$10,200 | 33       | \$56,100 |
| TOTAL FRANCHISE UTILITIES |      |            |          | \$40,800 |          | \$5,100 |          | \$10,200 |          | \$56,100 |

| H. MISCELLANEOUS & OTHER    |      |            |          |         |          |         |          |         |          |          |
|-----------------------------|------|------------|----------|---------|----------|---------|----------|---------|----------|----------|
| DESCRIPTION                 | UNIT | UNIT PRICE | 1        |         | 2        |         | 3        |         | TOTAL    |          |
|                             |      |            | QUANTITY | TOTAL   | QUANTITY | TOTAL   | QUANTITY | TOTAL   | QUANTITY | TOTAL    |
| CITY REVIEW FEES            | LS   | \$5,000.00 | 1        | \$5,000 | 1        | \$5,000 | 1        | \$5,000 | 3        | \$15,000 |
| TOTAL MISCELLANEOUS & OTHER |      |            |          | \$5,000 |          | \$5,000 |          | \$5,000 |          | \$15,000 |



**PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST  
THE CHALK HILL PUBLIC IMPROVEMENT DISTRICT - CELINA TRACT  
MASTER PUBLIC IMPROVEMENTS - CITY OF CELINA  
FEBRUARY 7, 2018**

|               |                                      |             |     | 1            | 2    | 3    | TOTAL |
|---------------|--------------------------------------|-------------|-----|--------------|------|------|-------|
| PROJECT NAME: | <b>Chalk Hill</b>                    | CREATED BY: | JMC | NO. OF LOTS: | 157  | 145  | 440   |
| CITY:         | City of Celina, Collin County, Texas | CHECKED BY: | BSM | GROSS AC.    | 41.0 | 28.0 | 94.0  |
| JOB NUMBER:   |                                      | REVISED BY: |     | NET AC.      | 0.0  | 0.0  | 0.0   |

| SUMMARY - MASTER PUBLIC IMPROVEMENTS - CITY OF CELINA  | MAJOR IMPROVEMENTS |     |     |     | TOTAL       |
|--------------------------------------------------------|--------------------|-----|-----|-----|-------------|
| A.1 CLEARING & EXCAVATION - LEGACY DRIVE               | \$76,505           | \$0 | \$0 | \$0 | \$76,505    |
| A.2 CLEARING & EXCAVATION - COIT                       | \$0                | \$0 | \$0 | \$0 | \$0         |
| B.1 WATER - LEGACY DRIVE                               | \$166,187          | \$0 | \$0 | \$0 | \$166,187   |
| B.2 WATER - PRESTON ROAD                               | \$94,665           | \$0 | \$0 | \$0 | \$94,665    |
| B.3 WATER - COIT ROAD                                  | \$0                | \$0 | \$0 | \$0 | \$0         |
| C.1 SEWER - LEGACY DRIVE                               | \$0                | \$0 | \$0 | \$0 | \$0         |
| C.2 SEWER - PRESTON ROAD                               | \$1,748,283        | \$0 | \$0 | \$0 | \$1,748,283 |
| C.3 SEWER - COIT ROAD                                  | \$0                | \$0 | \$0 | \$0 | \$0         |
| D.1 STORM SEWER - LEGACY DRIVE                         | \$500,655          | \$0 | \$0 | \$0 | \$500,655   |
| D.2 STORM SEWER - COIT ROAD                            | \$0                | \$0 | \$0 | \$0 | \$0         |
| E.1 PAVEMENT - LEGACY DRIVE                            | \$759,511          | \$0 | \$0 | \$0 | \$759,511   |
| E.2A PAVEMENT - COIT ROAD (90' ROW)                    | \$0                | \$0 | \$0 | \$0 | \$0         |
| F. EROSION CONTROL                                     | \$50,070           | \$0 | \$0 | \$0 | \$50,070    |
| G. FRANCHISE UTILITIES                                 | \$40,800           | \$0 | \$0 | \$0 | \$40,800    |
| H. MISCELLANEOUS & OTHER                               | \$5,000            | \$0 | \$0 | \$0 | \$5,000     |
| SUB-TOTAL                                              | \$3,441,676        | \$0 | \$0 | \$0 | \$3,441,676 |
| SURVEY, PLATTING, ENG., LA, PERMITTING, & STAKING (7%) | \$240,917          | \$0 | \$0 | \$0 | \$240,917   |
| ROADWAY IMPACT FEES (4.233*#LOTS*694)                  | \$0                | \$0 | \$0 | \$0 | \$0         |
| WATER IMPACT FEES (\$3.276/LOT) (BUILDER)              | \$0                | \$0 | \$0 | \$0 | \$0         |
| WASTEWATER IMPACT FEES (\$4.631/LOT) (BUILDER)         | \$0                | \$0 | \$0 | \$0 | \$0         |
| PARK AND OPEN SPACE FEE (\$1500/LOT)                   | \$0                | \$0 | \$0 | \$0 | \$0         |
| DISTRICT FORMATION COSTS                               | \$355,942          | \$0 | \$0 | \$0 | \$355,942   |
| SUB-TOTAL                                              | \$4,038,535        | \$0 | \$0 | \$0 | \$4,038,535 |
| MISCELLANEOUS & CONTINGENCY (10%)                      | \$0                | \$0 | \$0 | \$0 | \$0         |
| TOTAL COST                                             | \$4,038,535        | \$0 | \$0 | \$0 | \$4,038,535 |





PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST  
THE CHALK HILL PUBLIC IMPROVEMENT DISTRICT - CELINA TRACT  
PRIVATE IMPROVEMENTS - CITY OF CELINA  
FEBRUARY 7, 2018

|               |                                       |             |     |  |                  |      |      |      |       |
|---------------|---------------------------------------|-------------|-----|--|------------------|------|------|------|-------|
|               |                                       |             |     |  |                  | 1    | 2    | 3    | TOTAL |
| PROJECT NAME: | The Chalk Hill - Private Improvements | CREATED BY: | JMC |  | NO. OF LOTS:     | 157  | 145  | 138  | 440   |
| CITY:         | City of Celina, Collin County, Texas  | CHECKED BY: | BSM |  | GROSS AC.        | 41.0 | 28.0 | 25.0 | 94.0  |
| JOB NUMBER:   |                                       | REVISED BY: |     |  | PRIVATE AREA AC. | 0.0  | 0.0  | 0.0  | 0.0   |

| A. CLEARING & EXCAVATION    |      |            |           |           |           |           |           |           |                     |
|-----------------------------|------|------------|-----------|-----------|-----------|-----------|-----------|-----------|---------------------|
| DESCRIPTION                 | UNIT | UNIT PRICE | 1         |           | 2         |           | 3         |           | TOTAL               |
|                             |      |            | QUANTITY  | TOTAL     | QUANTITY  | TOTAL     | QUANTITY  | TOTAL     | QUANTITY TOTAL      |
| CLEARING / GRUBBING         | AC   | \$2,500.00 | 24.2      | \$60,575  | 23.5      | \$58,750  | 20.9      | \$52,250  | 68.6 \$171,575      |
| CONSTRUCTION ENTRANCE       | EA   | \$2,000.00 | 1         | \$2,000   | 1         | \$2,000   | 1         | \$2,000   | 3.0 \$6,000         |
| LOT / BLOCK EXCAVATION      | CY   | \$2.35     | 97,743    | \$229,696 | 80,000    | \$188,000 | 70,000    | \$164,500 | 247,743.0 \$582,196 |
| IMPORT                      | CY   | \$8.00     | 17,316    | \$138,528 | 9,000     | \$72,000  | 15,000    | \$120,000 | 41,316.0 \$330,528  |
| OPEN SPACE FINAL GRADING    | LS   | \$7,000.00 | 1         | \$7,000   | 0         | \$0       | 0         | \$0       | 1.0 \$7,000         |
| ROUGH LOT GRADING           | EA   | \$200.00   | 157       | \$31,400  | 145       | \$29,000  | 138       | \$27,600  | 440.0 \$88,000      |
| FINAL LOT GRADING           | EA   | \$140.00   | 157       | \$21,980  | 145       | \$20,300  | 138       | \$19,320  | 440.0 \$61,600      |
| MOISTURE CONDITIONED PADS   | LOT  | \$1,500.00 | 157       | \$235,500 | 145       | \$217,500 | 138       | \$207,000 | 440.0 \$660,000     |
| TOTAL CLEARING & EXCAVATION |      |            | \$726,679 |           | \$587,550 |           | \$592,670 |           | \$1,906,899         |

| B. RETAINING WALLS           |      |            |           |           |          |          |          |          |                    |
|------------------------------|------|------------|-----------|-----------|----------|----------|----------|----------|--------------------|
| DESCRIPTION                  | UNIT | UNIT PRICE | 1         |           | 2        |          | 3        |          | TOTAL              |
|                              |      |            | QUANTITY  | TOTAL     | QUANTITY | TOTAL    | QUANTITY | TOTAL    | QUANTITY TOTAL     |
| RETAINING WALL (0'-4' DEPTH) | SY   | \$10.00    | 7,300     | \$73,000  | 5,000    | \$50,000 | 4,000    | \$40,000 | 16,300.0 \$163,000 |
| RETAINING WALL (4'+ DEPTH)   | SY   | \$10.00    | 17,200    | \$172,000 | 1,000    | \$10,000 | 2,000    | \$20,000 | 20,200.0 \$202,000 |
| TOTAL RETAINING WALLS        |      |            | \$245,000 |           | \$60,000 |          | \$60,000 |          | \$365,000          |



**PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST  
THE CHALK HILL PUBLIC IMPROVEMENT DISTRICT - CELINA TRACT  
PRIVATE IMPROVEMENTS - CITY OF CELINA  
FEBRUARY 7, 2018**

|               |                                       |             |     |  |                  |      |      |      |       |
|---------------|---------------------------------------|-------------|-----|--|------------------|------|------|------|-------|
|               |                                       |             |     |  |                  | 1    | 2    | 3    | TOTAL |
| PROJECT NAME: | The Chalk Hill - Private Improvements | CREATED BY: | JMC |  | NO. OF LOTS:     | 157  | 145  | 138  | 440   |
| CITY:         | City of Celina, Collin County, Texas  | CHECKED BY: | BSM |  | GROSS AC.        | 41.0 | 28.0 | 25.0 | 94.0  |
| JOB NUMBER:   |                                       | REVISED BY: |     |  | PRIVATE AREA AC. | 0.0  | 0.0  | 0.0  | 0.0   |

| C. EROSION CONTROL                        |      |            |          |          |          |          |          |          |                   |
|-------------------------------------------|------|------------|----------|----------|----------|----------|----------|----------|-------------------|
| DESCRIPTION                               | UNIT | UNIT PRICE | 1        |          | 2        |          | 3        |          | TOTAL             |
|                                           |      |            | QUANTITY | TOTAL    | QUANTITY | TOTAL    | QUANTITY | TOTAL    | QUANTITY TOTAL    |
| SWPPP                                     | LS   | \$5,000.00 | 1        | \$5,000  | 1        | \$5,000  | 1        | \$5,000  | 3.0 \$15,000      |
| SILT FENCE (PERIMETER & CREEK PROTECTION) | LF   | \$1.50     | 5,420    | \$8,130  | 5,805    | \$8,708  | 2,951    | \$4,427  | 14,176.0 \$21,264 |
| ROCK CHECK DAM                            | EA   | \$1,500.00 | 1        | \$1,500  | 0        | \$0      | 0        | \$0      | 1.0 \$1,500       |
| SEEDING                                   | AC   | \$300.00   | 4        | \$1,200  | 0        | \$0      | 2        | \$600    | 6.0 \$1,800       |
| EROSION CONTROL INSPECTION & MAINTENANCE  | LOT  | \$150.00   | 157      | \$23,550 | 145      | \$21,750 | 138      | \$20,700 | 440.0 \$66,000    |
|                                           |      |            |          |          |          |          |          |          |                   |
| TOTAL EROSION CONTROL                     |      |            |          | \$39,380 |          | \$35,458 |          | \$30,727 | \$105,564         |

| D. AMENITIES, LANDSCAPE, & SCREENING      |      |             |           |              |           |              |           |              |           |              |
|-------------------------------------------|------|-------------|-----------|--------------|-----------|--------------|-----------|--------------|-----------|--------------|
| DESCRIPTION                               | UNIT | UNIT PRICE  | 1         |              | 2         |              | 3         |              | TOTAL     |              |
|                                           |      |             | QUANTITY  | TOTAL        | QUANTITY  | TOTAL        | QUANTITY  | TOTAL        | QUANTITY  | TOTAL        |
| ENTRY OPEN SPACE AND AMENITY CENTER       |      |             |           |              |           |              |           |              |           |              |
| BRICK & STONE ENTRYWAY W/ CAST STONE SIGN | EA   | \$50,000.00 | 1         | \$50,000.00  | 0         | \$0.00       | 0         | \$0.00       | 1         | \$50,000.00  |
| SCREENING & BUFFERING ALONG ARTERIALS     | LF   | \$110.00    | 1,225     | \$134,750.00 | 1,200     | \$132,000.00 | 2,700     | \$297,000.00 | 5125      | \$563,750.00 |
| LANDSCAPING ALONG ARTERIALS               | LF   | \$40.00     | 1,225     | \$49,000.00  | 1,200     | \$48,000.00  | 2,700     | \$108,000.00 | 5125      | \$205,000.00 |
| 1" SINGLE OPEN SPACE WATER SERVICE        | EA   | \$800.00    | 0         | \$0.00       | 0         | \$0.00       | 0         | \$0.00       | 0         | \$0.00       |
| 6" OPEN SPACE SEWER SERVICE               | EA   | \$800.00    | 0         | \$0.00       | 0         | \$0.00       | 0         | \$0.00       | 0         | \$0.00       |
| 1" SINGLE IRRIGATION SERVICE              | EA   | \$800.00    | 3         | \$2,400.00   | 1         | \$800.00     | 3         | \$2,400.00   | 7         | \$5,600.00   |
| 2" SINGLE IRRIGATION SERVICE              | EA   | \$1,500.00  | 1         | \$1,500.00   | 1         | \$1,500.00   | 1         | \$1,500.00   | 3         | \$4,500.00   |
|                                           |      |             |           |              |           |              |           |              |           |              |
| TOTAL FRANCHISE UTILITIES                 |      |             | \$237,650 |              | \$182,300 |              | \$408,900 |              | \$828,850 |              |



**PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST  
THE CHALK HILL PUBLIC IMPROVEMENT DISTRICT - CELINA TRACT  
PRIVATE IMPROVEMENTS - CITY OF CELINA  
FEBRUARY 7, 2018**

|               |                                       |             |     |  |                  |      |      |       |      |
|---------------|---------------------------------------|-------------|-----|--|------------------|------|------|-------|------|
|               |                                       |             |     |  | 1                | 2    | 3    | TOTAL |      |
| PROJECT NAME: | The Chalk Hill - Private Improvements | CREATED BY: | JMC |  | NO. OF LOTS:     | 157  | 145  | 138   | 440  |
| CITY:         | City of Celina, Collin County, Texas  | CHECKED BY: | BSM |  | GROSS AC.        | 41.0 | 28.0 | 25.0  | 94.0 |
| JOB NUMBER:   |                                       | REVISED BY: |     |  | PRIVATE AREA AC. | 0.0  | 0.0  | 0.0   | 0.0  |

| E. MISCELLANEOUS & OTHER    |      |            |          |            |          |            |          |            |           |
|-----------------------------|------|------------|----------|------------|----------|------------|----------|------------|-----------|
| DESCRIPTION                 | UNIT | UNIT PRICE | 1        |            | 2        |            | 3        |            | TOTAL     |
|                             |      |            | QUANTITY | TOTAL      | QUANTITY | TOTAL      | QUANTITY | TOTAL      | QUANTITY  |
| MISCELLANEOUS CITY FEES     | LS   | \$5,000.00 | 1        | \$5,000.00 | 1        | \$5,000.00 | 1        | \$5,000.00 | 3         |
| GEOTECH TESTING             | EA   | \$220.00   | 157.00   | \$34,540   | 145.00   | \$31,900   | 138.00   | \$30,360   | \$96,800  |
| TOTAL MISCELLANEOUS & OTHER |      |            |          | \$39,540   |          | \$36,900   |          | \$35,360   | \$111,800 |

| SUMMARY - PRIVATE IMPROVEMENTS - CITY OF CELINA        | 1           | 2           | 3           | TOTAL       |
|--------------------------------------------------------|-------------|-------------|-------------|-------------|
| A. CLEARING & EXCAVATION                               | \$726,679   | \$587,550   | \$592,670   | \$1,906,899 |
| B. RETAINING WALLS                                     | \$245,000   | \$60,000    | \$60,000    | \$365,000   |
| C. EROSION CONTROL                                     | \$39,380    | \$35,458    | \$30,727    | \$105,564   |
| D. AMENITIES, LANDSCAPE, & SCREENING                   | \$237,650   | \$182,300   | \$408,900   | \$828,850   |
| E. MISCELLANEOUS & OTHER                               | \$39,540    | \$36,900    | \$35,360    | \$111,800   |
| SUB-TOTAL                                              | \$1,288,249 | \$902,208   | \$1,127,657 | \$3,318,113 |
| SURVEY, PLATTING, ENG., LA, PERMITTING, & STAKING (7%) | \$90,177    | \$63,155    | \$78,936    | \$232,268   |
| ROADWAY IMPACT FEES (4.233*#LOTS*694)                  | \$0         | \$0         | \$0         | \$0         |
| WATER IMPACT FEES (\$3,276/LOT) (BUILDER)              | \$0         | \$0         | \$0         | \$0         |
| WASTEWATER IMPACT FEES (\$4,631/LOT) (BUILDER)         | \$0         | \$0         | \$0         | \$0         |
| PARK AND OPEN SPACE FEE (\$1500/LOT)                   | \$0         | \$0         | \$0         | \$0         |
| SUB-TOTAL                                              | \$1,378,426 | \$965,362   | \$1,206,592 | \$3,550,381 |
| MISCELLANEOUS & CONTINGENCY (10%)                      | \$0         | \$90,221    | \$112,766   | \$202,986   |
| TOTAL COST                                             | \$1,378,426 | \$1,055,583 | \$1,319,358 | \$3,753,367 |



## PHASE COST SUMMARY

PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY  
THE CHALK HILL PUBLIC IMPROVEMENT DISTRICT - CITY OF CELINA  
FEBRUARY 7, 2018

| PHASED TOTAL SUMMARY |                    |                    |                    |                     |
|----------------------|--------------------|--------------------|--------------------|---------------------|
| COST TYPE            | PHASE 1            | PHASE 2            | PHASE 3            | TOTAL               |
| DIRECT PUBLIC        | \$2,882,241        | \$4,095,367        | \$3,605,066        | \$10,582,675        |
| MASTER PUBLIC        | \$4,038,535        | \$0                | \$0                | \$4,038,535         |
| PRIVATE              | \$1,378,426        | \$1,055,583        | \$1,319,358        | \$3,753,367         |
| <b>TOTAL</b>         | <b>\$8,299,203</b> | <b>\$5,150,950</b> | <b>\$4,924,424</b> | <b>\$18,374,577</b> |
| LOTS:                | 157                | 146                | 138                | 441                 |
| <b>COST PER LOT:</b> | <b>\$52,861</b>    | <b>\$35,280</b>    | <b>\$35,684</b>    | <b>\$41,666</b>     |

- 1) This estimate is based on the attached concept plan.
- 2) Earthwork quantities do not include costs for rock excavation. A Geotech should be consulted regarding the treatment of cultivated soil and its use on the project.
- 3) Sidewalks adjacent to residential lots are excluded from above costs. Sidewalks are assumed to be constructed by the home builders, except where adjacent to park dedication, collectors, thoroughfare, or open space. ADA ramps are required to be built by the Developer.
- 4) All fees need to be verified by the City of Celina at the time of construction & permitting.
- 5) Turn lanes and deceleration lanes are not included in this cost estimate.
- 6) Construction timing of improvements are assumed to run concurrent with adjacent off-site master infrastructure improvements.
- Jurisdictional Water of the U.S. permitting is not included in this estimate.
- 8) It is assumed that no additional offsite easements will need to be acquired for the proposed utilities.
- 9) All earthwork numbers are contained to the limits of the ROW. Onsite earthwork numbers have been seperated to the ROW and lots only.

**OPC**  
**CHALK HILL PHASE 2-3 ONSITE&OFFSITE**

Celina, Texas

**284 Lots**  
**52 Acres Total**

**Project Number:** CEN20002  
**Prepared For:** Centurion American  
**Date:** October 13, 2022

| ONSITE CONSTRUCTION COSTS       |                     |
|---------------------------------|---------------------|
| DESCRIPTION                     | AMOUNT              |
| Earthwork (PRIVATE)             | \$ 1,112,562        |
| Paving (PID)                    | \$ 2,171,891        |
| Storm (PID)                     | \$ 851,113          |
| Water (PID)                     | \$ 1,230,309        |
| Sewer (PID)                     | \$ 939,214          |
| Street Lights & Signs (PRIVATE) | \$ 162,938          |
| Retaining Walls (PRIVATE)       | \$ 779,075          |
| <b>TOTAL CONSTRUCTION COSTS</b> | <b>\$ 7,247,101</b> |

| OFFSITE CONSTRUCTION COSTS      |                     |
|---------------------------------|---------------------|
| DESCRIPTION                     | AMOUNT              |
| Earthwork (PID)                 | \$ 42,135           |
| Paving (PID)                    | \$ 885,996          |
| Storm (PID)                     | \$ 62,521           |
| Water (PID)                     | \$ 284,421          |
| Sewer (PID)                     | \$ -                |
| Street Lights & Signs (PID)     | \$ 160,343          |
| Retaining Walls (PID)           | \$ -                |
| <b>TOTAL CONSTRUCTION COSTS</b> | <b>\$ 1,435,416</b> |

| MISCELLANEOUS COSTS                             |     |      |              |                     |
|-------------------------------------------------|-----|------|--------------|---------------------|
| DESCRIPTION                                     | QTY | UNIT | UNIT PRICE   | AMOUNT              |
| Engineering & Surveying                         | 12  | %    | \$ 8,682,516 | \$1,041,902         |
| SWPPP (plan preparation & inspections)          | 1   | LS   | \$16,000     | \$16,000            |
| PPM Bond (3% of Total CC)                       | 3%  | %    | \$ 8,682,516 | \$260,475           |
| Engineering Review & Inspection Fee             | 3%  | %    | \$ 8,682,516 | \$260,475           |
| Geotechnical Testing (1% of Construction Costs) | 1%  | %    | \$ 8,682,516 | \$86,825            |
| Materials Testing Fee                           | 3%  | %    | \$ 8,682,516 | \$260,475           |
| PID Consulting/Legal Services                   | 1   | LS   | \$400,000    | \$400,000           |
| <b>TOTAL MISC. COSTS</b>                        |     |      |              | <b>\$ 2,326,154</b> |

| SUMMARY                  |     |      |              |                      |
|--------------------------|-----|------|--------------|----------------------|
| DESCRIPTION              | QTY | UNIT | UNIT PRICE   | AMOUNT               |
| Construction Costs       |     |      |              | \$ 8,682,516         |
| Miscellaneous Costs      |     |      |              | \$2,326,154          |
| Contingency Costs        | 15% | %    | \$11,008,670 | \$1,651,300          |
| <b>NET PROJECT COSTS</b> |     |      |              | <b>\$ 12,659,970</b> |

**Per Acre:** \$243,461  
**Per Lot:** \$44,577

**APPENDIX C**  
**DIAGRAMS OF THE AUTHORIZED IMPROVEMENTS**

# EXHIBIT C

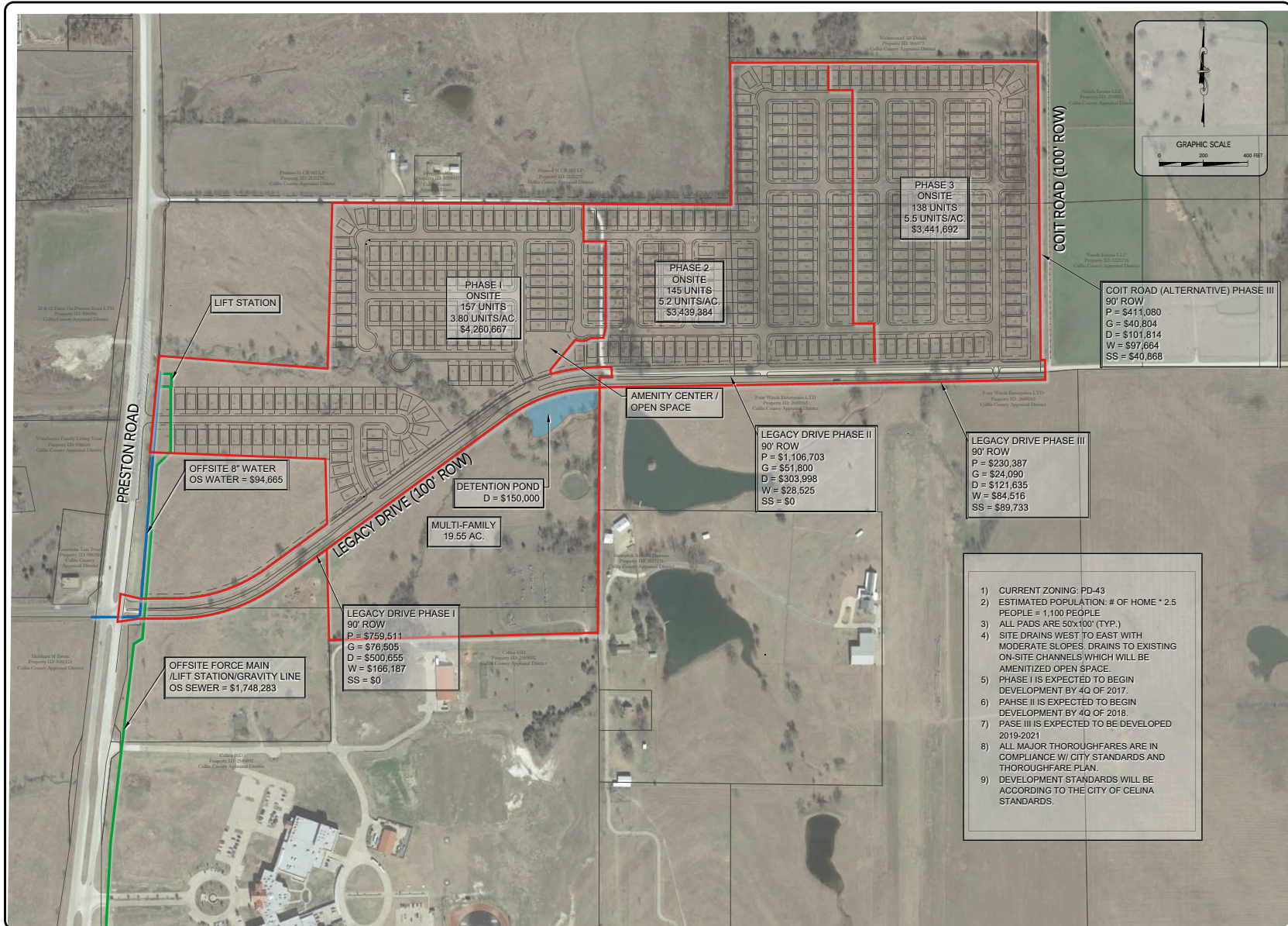
## CHALK HILL CONCEPT PLAN

CELINA, TEXAS

SHEET:  
V1.1

6/15/17 | CEN15001

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# EXHIBIT D

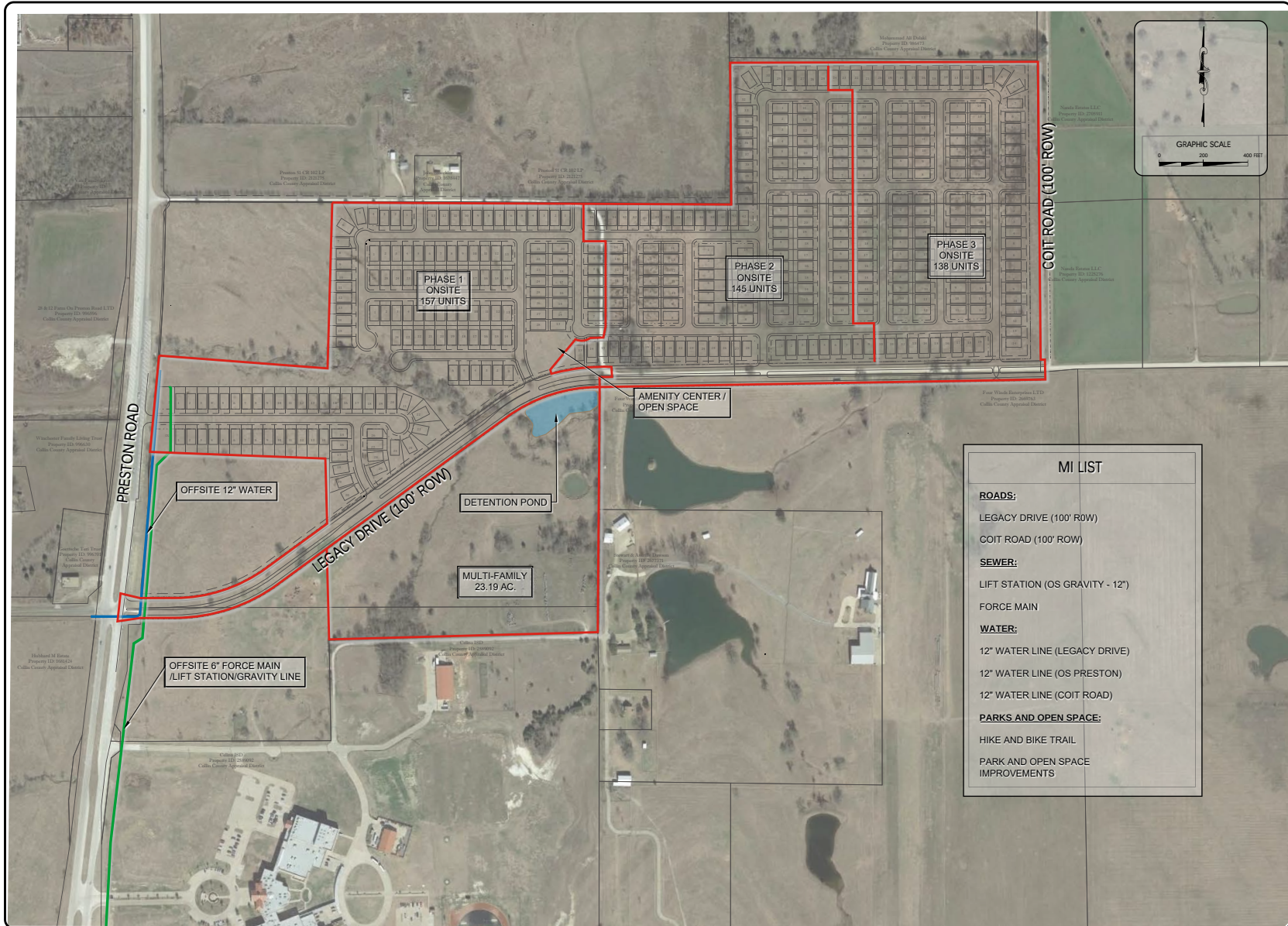
## CHALK HILL CONCEPT PLAN

CELINA, TEXAS

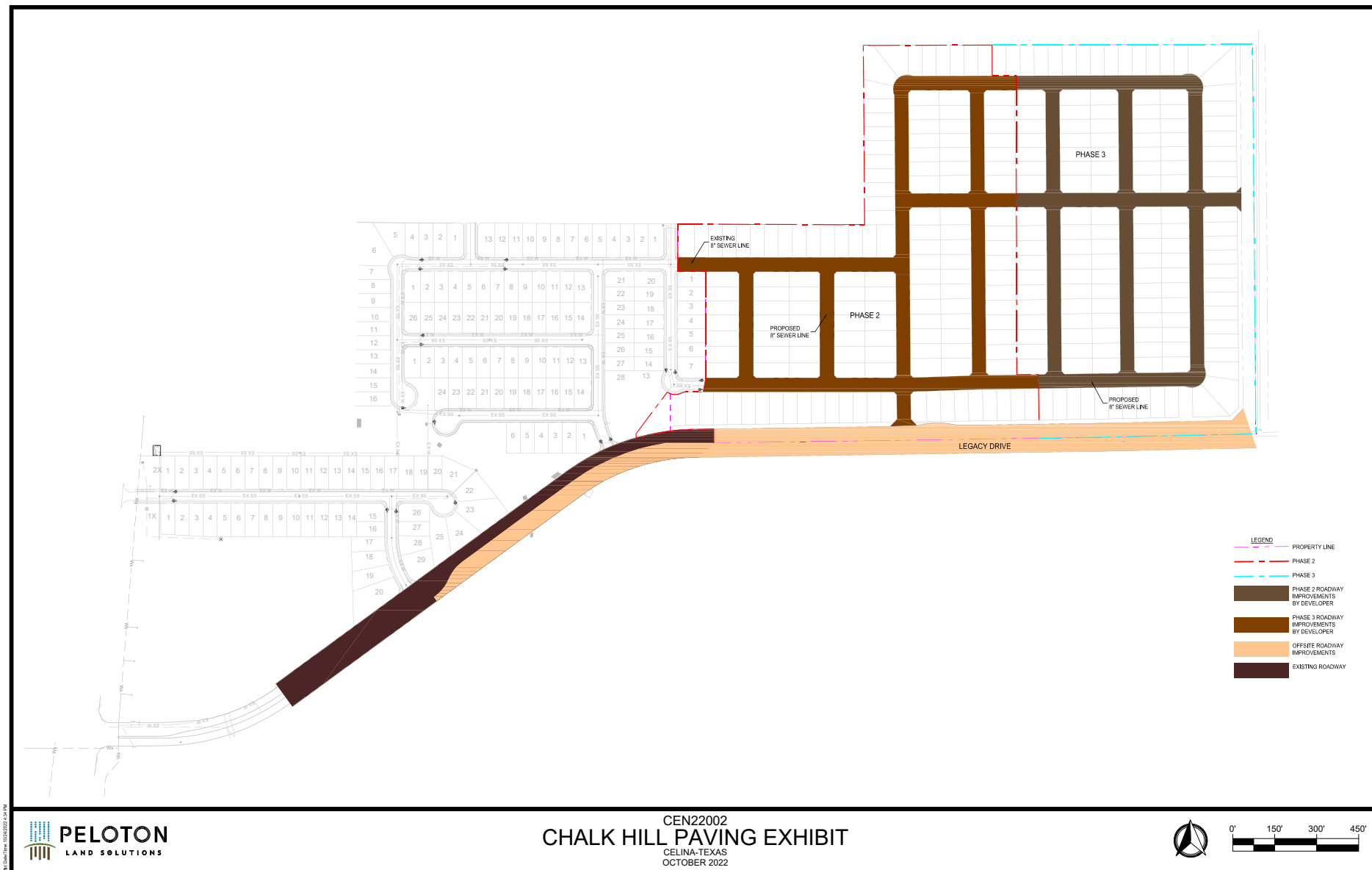
SHEET:  
V1.1

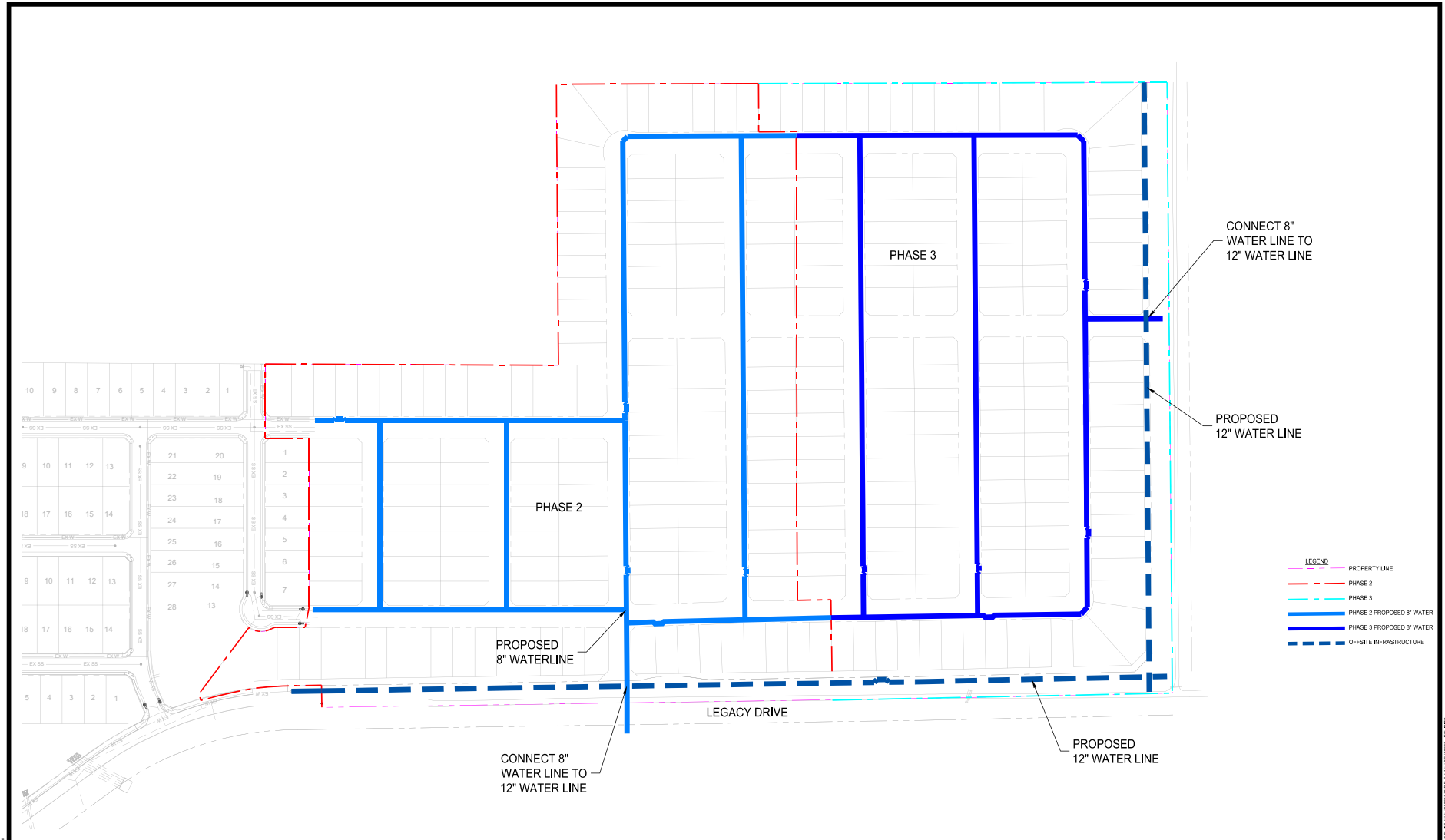
6/15/17 | CEN15001

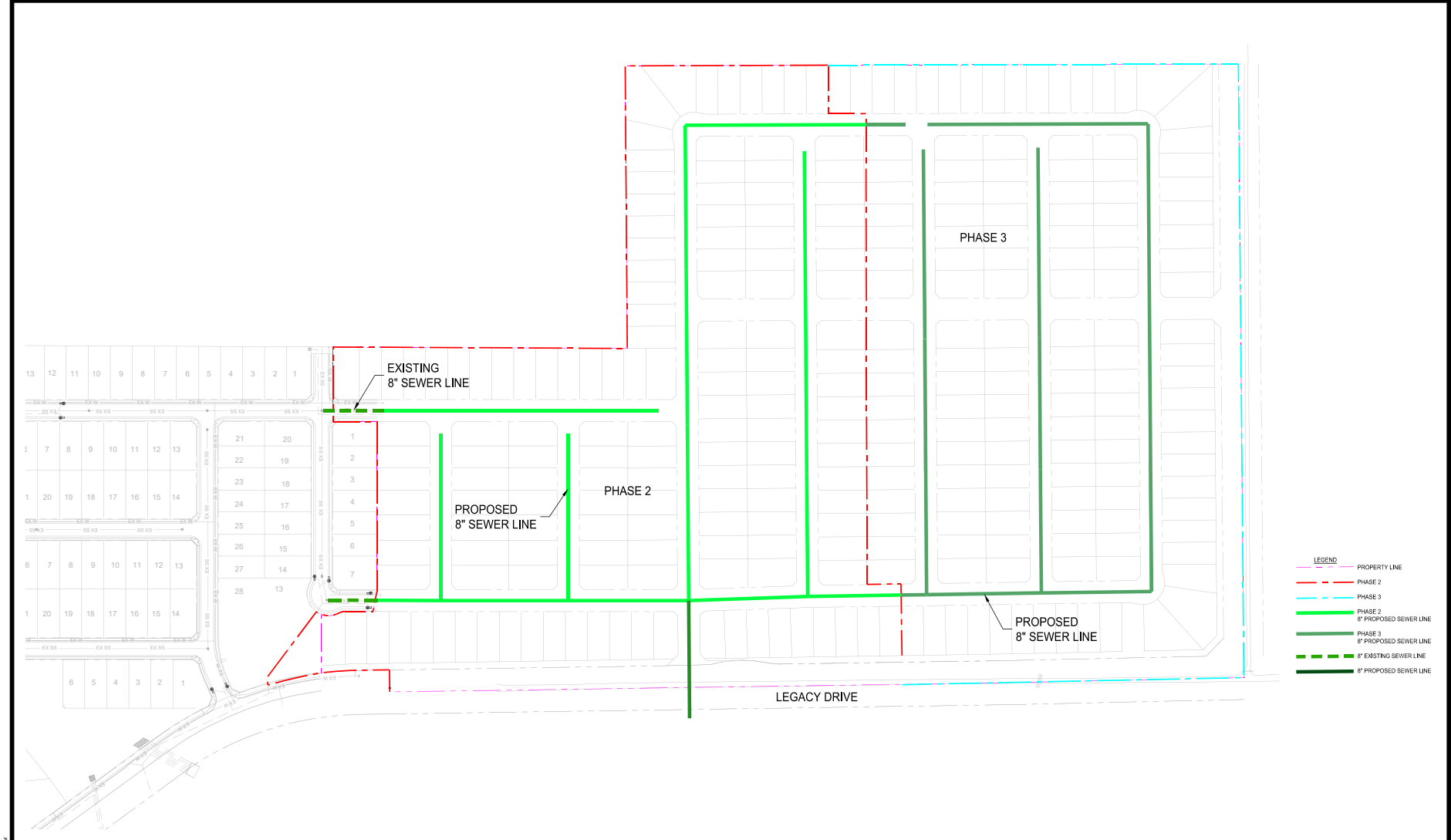
© Copyright 2015, Kirkman Engineering. From Item No. 1204

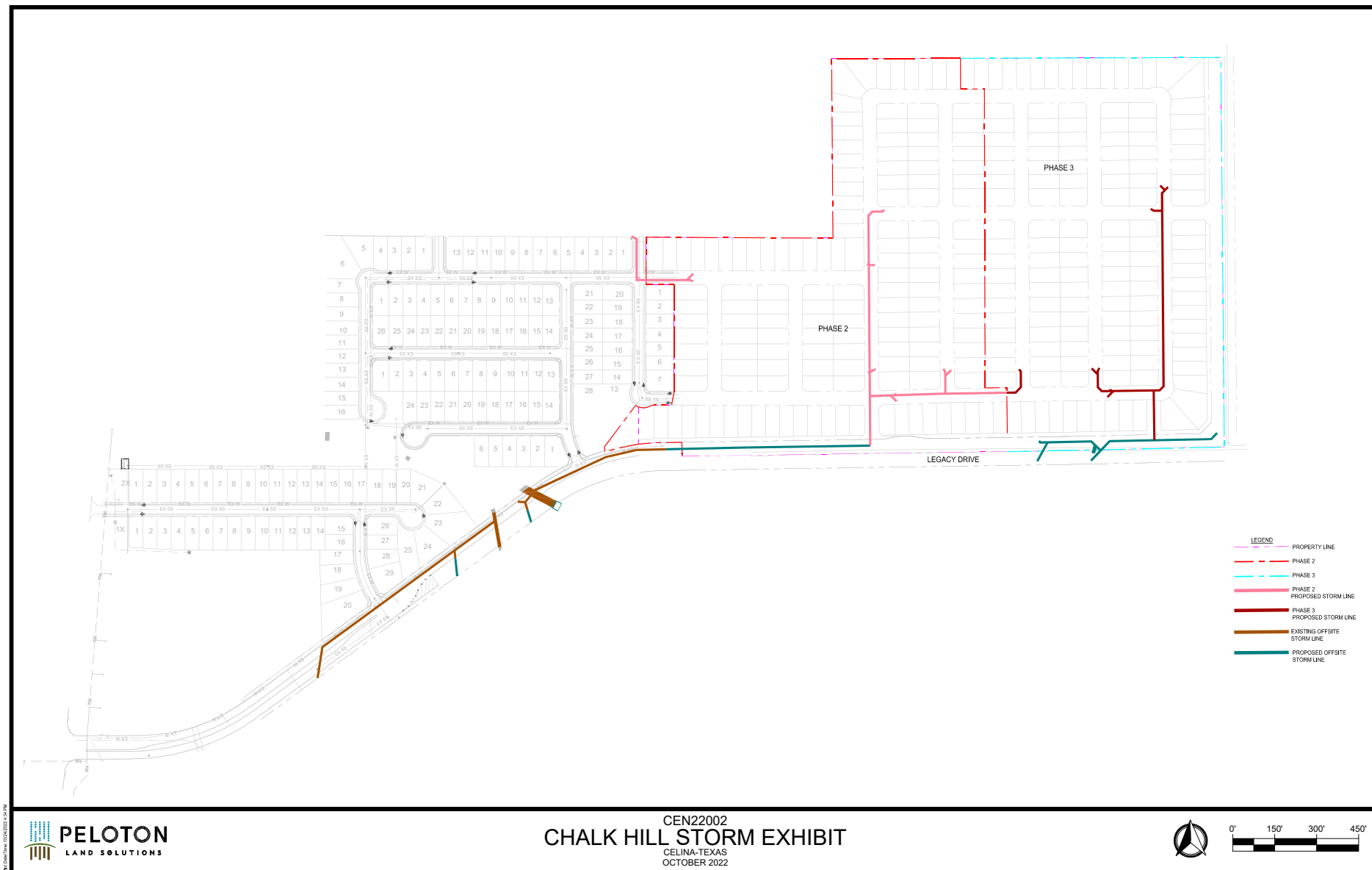












**APPENDIX D**  
**LEGAL DESCRIPTION (PHASES #2-3)**

**Chalk Hill PID No. 2 (Phases #2-3)**

**Legal Description**

**TRACT 1 - 28.461 ACRES**

**BEING** THAT CERTAIN TRACT OF LAND SITUATED IN THE WILLIAM W. SHAWVER SURVEY, ABSTRACT NUMBER 810, THE GEORGE W. EASTES SURVEY, ABSTRACT NUMBER 299, AND THE WILLIAM B. TUCKER SURVEY, ABSTRACT NUMBER 912, IN COLLIN COUNTY, TEXAS. SAID TRACT OF LAND BEING A PORTION OF THE LAND DESCRIBED IN MM CHALK HILL, LLC RECORDED IN INSTRUMENT NUMBER 20180504000548780 HEREIN AFTER REFERRED TO AS (PHASE 2), OF THE OFFICIAL PUBLIC RECORDS OF COLLIN COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

**BEGINNING** AT THE MOST SOUTHERLY SOUTHWEST CORNER OF SAID (PHASE 2) TRACT, BEING IN THE EAST LINE OF A TRACT OF LAND TO CHALK HILL, PHASE 1 RECORDED IN INSTRUMENT NUMBER 202015010003910 OF SAID COUNTY RECORDS AND IN THE NORTH RIGHT-OF-WAY LINE OF COUNTY ROAD 102 (A GRAVEL ROAD OF UNDETERMINED WIDTH);

**THENCE** FOLLOWING THE EAST LINE OF SAID PHASE 1 THE FOLLOWING BEARINGS AND DISTANCES:

N 00° 57' 18" W, 50.05 FEET;

S 89° 08' 40" W, 56.24 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE LEFT;

WITH SAID CURVE TO THE LEFT, AN ARC DISTANCE OF 98.29 FEET, THROUGH A CENTRAL ANGLE OF 06° 59' 24", HAVING A RADIUS OF 805.67 FEET, AND A LONG CHORD WHICH BEARS S 86° 33' 05" W, 98.23 FEET;

N 00° 00' 26" E, 132.45 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE LEFT;

WITH SAID NON-TANGENT CURVE TO THE LEFT, AN ARC DISTANCE OF 42.29 FEET, THROUGH A CENTRAL ANGLE OF 48° 27' 39", HAVING A RADIUS OF 50.00 FEET, AND A LONG CHORD WHICH BEARS N 85° 05' 12" E, 41.04 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE RIGHT;

WITH SAID NON-TANGENT CURVE TO THE RIGHT, AN ARC DISTANCE OF 12.72 FEET, THROUGH A CENTRAL ANGLE OF 29° 09' 06", HAVING A RADIUS OF 25.00 FEET, AND A LONG CHORD WHICH BEARS N 75° 25' 53" E, 12.58 FEET;

S 89° 59' 34" E, 63.85 FEET;

N 11° 19' 29" E, 46.47 FEET;

N 00° 00' 26" E, 385.27 FEET;

N 89° 59' 34" W, 100.00 FEET;

N 00° 00' 26" E, 169.26 FEET TO THE SOUTH LINE OF A TRACT OF LAND TO PRESTON 51 CR 102, LP RECORDED IN INSTRUMENT NUMBER 20071120001569950 OF SAID COUNTY RECORDS;

**THENCE** S 89° 43' 09" E, 667.82 FEET TO THE SOUTHEAST CORNER OF SAID PRESTON 51 TRACT;

**THENCE** N 00° 25' 39" W, 640.81 FEET ALONG THE EAST LINE OF SAID PRESTON 51 TRACT THE TO THE SOUTHWEST OF A TRACT OF LAND TO MOHAMMAD ALI DALAKI RECORDED IN INSTRUMENT NUMBER 20141119001266880 OF SAID COUNTY RECORDS;

**THENCE** N 89° 49' 43" E, 410.50 FEET ALONG THE SOUTH LINE OF SAID MOHAMMAD TRACT AND THE NORTH LINE OF SAID (PHASE 2) TRACT;

**THENCE** DEPARTING SAID MOHAMMAD TRACT OVER AND ACROSS SAID (PHASE 2) THE FOLLOWING BEARINGS AND DISTANCES

S 00° 10' 43" E, 110.16 FEET;

N 89° 49' 17" E, 129.92 FEET;

S 00° 26' 05" E, 1067.96 FEET;

N 89° 08' 15" E, 76.68 FEET;

S 00° 51' 45" E, 227.41 FEET;

**THENCE** S 89° 08' 40" W, 1163.14 FEET TO THE **POINT OF BEGINNING** AND CONTAINING 1,239,757 SQUARE FEET OR 28.461 ACRES MORE OR LESS.

**TRACT 2 – 27.288 ACRES**

**BEING** THAT CERTAIN TRACT OF LAND SITUATED IN THE WILLIAM W. SHAWVER SURVEY, ABSTRACT NUMBER 810, THE GEORGE W. EASTES SURVEY, ABSTRACT NUMBER 299, AND THE WILLIAM B. TUCKER SURVEY, ABSTRACT NUMBER 912, IN COLLIN COUNTY, TEXAS. SAID TRACT OF LAND BEING A PORTION OF THE LAND DESCRIBED IN MM CHALK HILL, LLC RECORDED IN INSTRUMENT NUMBER 20180504000548780 HEREIN AFTER REFERRED TO AS (PHASE 2), OF THE OFFICIAL PUBLIC RECORDS OF COLLIN COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

**BEGINNING** AT THE SOUTHEASTERLY CORNER OF SAID (PHASE 2) TRACT AND BEING IN THE NORTH LINE OF COUNTY ROAD 102 (A GRAVEL ROAD OF UNDETERMINED WIDTH);

**THENCE** S 88° 46' 02" W, 551.59 FEET ALONG THE COMMON LINE OF SAID (PHASE 2) TRACT AND SAID COUNTY ROAD 102;

**THENCE** S 89° 08' 40" W, 222.84 FEET CONTINUING ALONG SAID COMMON LINE;

**THENCE** DEPARTING SAID COMMON LINE OVER AND ACROSS SAID (PHASE 2) TRACT THE FOLLOWING BEARINGS AND DISTANCES:

N 00° 51' 45" W, 227.41 FEET;

S 89° 08' 15" W, 76.68 FEET;

N 00° 26' 05" W, 1067.96 FEET;

S 89° 49' 17" W, 129.92 FEET;

N 00° 10' 43" W, 110.16 FEET TO THE NORTH LINE OF SAID (PHASE 2) TRACT AND THE SOUTH LINE OF A TRACT OF LAND TO MOHAMMAD ALI DALAKI RECORDED IN INSTRUMENT NUMBER 20141119001266880 OF SAID COUNTY RECORDS;

**THENCE N 89° 49' 43" E, 980.50 FEET ALONG THE SOUTH LINE OF SAID MOHAMMAD TRACT TO THE WEST LINE OF A TRACT OF LAND TO NANDA ESTATES, LLC RECORDED IN INSTRUMENT NUMBER 20140709000706790 OF SAID COUNTY RECORDS;**

**THENCE S 00° 30' 16" E, 1391.70 FEET TO THE POINT OF BEGINNING AND CONTAINING 1,188,681 SQUARE FEET OR 27.288 ACRES MORE OR LESS.**



**APPENDIX E**  
**PID ASSESSMENT NOTICE**

AFTER RECORDING RETURN TO:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_]<sup>1</sup>

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
CITY OF CELINA, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

\_\_\_\_\_  
STREET ADDRESS

LOT TYPE \_\_\_\_\_ PRINCIPAL ASSESSMENT: \$ \_\_\_\_\_

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Celina, Texas (the "City"), for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Chalk Hill Public Improvement District No. 2*** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City. The exact amount of each annual installment will be approved each year by the City Council in the annual service plan update for the District. More information about the assessments, including the amounts and due dates, may be obtained from the City.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

\_\_\_\_\_  
<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF  
PURCHASER

\_\_\_\_\_  
SIGNATURE OF  
PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER]<sup>2</sup>

\_\_\_\_\_  
<sup>2</sup> To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

|                                                    |                                                    |
|----------------------------------------------------|----------------------------------------------------|
| DATE: _____<br><br>_____<br>SIGNATURE OF PURCHASER | DATE: _____<br><br>_____<br>SIGNATURE OF PURCHASER |
|----------------------------------------------------|----------------------------------------------------|

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.

Notary Public, State of Texas]<sup>3</sup>

Purchaser Signature Page to Final Notice with Current Information  
of Obligation to Pay Improvement District Assessment

The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

§

§

COUNTY OF COLLIN

§

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

\_\_\_\_\_  
<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

**APPENDIX F**  
**ASSESSMENT PER UNIT, PROJECTED LEVERAGE AND PROJECTED TAX RATE**  
**EQUIVALENTS**

## **Appendix F**

For purposes of calculating and allocating the Assessments, the Assessed Property has been classified as one Lot Type.

“**Lot Type 1**” means lots identified as such on the Assessment Roll, being lots typically with a Lot width of approximately 50 feet.

### **A) Proposed Development**

Table F-1 shows the proposed residential units to be developed within the PID.

**Table F-1**  
**Proposed Development within the PID**

| <b>Description</b> | <b>Proposed Development</b> |              |
|--------------------|-----------------------------|--------------|
| Lot Type 1 (50 Ft) | 441                         | Units        |
| <b>Total</b>       | <b>441</b>                  | <b>Units</b> |

Table F-2 shows the residential units to be developed within Phase #1.

**Table F-2**  
**Development within the Phase #1**

| <b>Description</b> | <b>Development</b> |              |
|--------------------|--------------------|--------------|
| Lot Type 1 (50 Ft) | 157                | Units        |
| <b>Total</b>       | <b>157</b>         | <b>Units</b> |

Table F-3 shows the proposed residential units to be developed within the Phases #2-3.

**Table F-3**  
**Proposed Development within the Phases #2-3**

| <b>Description</b> | <b>Proposed Development</b> |              |
|--------------------|-----------------------------|--------------|
| Lot Type 1 (50 Ft) | 284                         | Units        |
| <b>Total</b>       | <b>284</b>                  | <b>Units</b> |

### **B) Allocation of Assessments to Lots within Phases #2-3 (Phases #2-3 Major Improvements)**

As shown in Table F-4 the total amount of the Phases #2-3 Major Improvement Bonds, which represents the total Assessment to be allocated on all Parcels within Phases #2-3 related to Phases #2-3 Major Improvements, is \$3,690,000. As shown above, there are a total of 284 residential units, resulting in an Assessment per Lot of \$12,992.96 (i.e.  $\$3,690,000 \div 284 = \$12,992.96$ ).

Table F-4 sets forth the Assessment per dwelling unit within the Phases #2-3 for the Phases #2-3 Major Improvements.

**Table F-4**  
**Assessment Per Unit – Phases #2-3 Major Improvements**

| <b>Description</b> | <b>Planned<br/>No. of<br/>Lots</b> | <b>Assessment per Lot</b> |         | <b>Total<br/>Assessments</b> |
|--------------------|------------------------------------|---------------------------|---------|------------------------------|
| Lot Type 1 (50 Ft) | 284                                | \$12,992.96               | Per Lot | \$3,690,000                  |
| <b>Total</b>       | <b>284</b>                         |                           |         | <b>\$3,690,000</b>           |

The projected leverage calculated based on the estimated finished lot values and home values for each unit is shown in Table F-5.

**Table F-5**  
**Projected Leverage – Phases #2-3 Major Improvements**

| <b>Description</b>   | <b>Planned<br/>No. of<br/>Units</b> | <b>Estimated<br/>Finished<br/>Lot Value<br/>per Lot<sup>1</sup></b> | <b>Projected<br/>Home<br/>Value per<br/>Lot<sup>1</sup></b> | <b>Assessment<br/>per Lot</b> | <b>Leverage<br/>(Lot<br/>Value)</b> | <b>Leverage<br/>(Home<br/>Value)</b> |
|----------------------|-------------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------|-------------------------------------|--------------------------------------|
| Lot Type 1 - 50 Feet | 284                                 | \$70,000                                                            | \$400,000                                                   | \$12,992.96                   | 5.39                                | 30.79                                |

The projected tax rate equivalent per unit calculated based on the estimated finished lot values and home values for each unit is shown in Table F-6.

**Table F-6**  
**Estimated Tax Rate Equivalent per Lot – Phases #2-3 Major Improvements**

| <b>Description</b>   | <b>Planned<br/>No. of<br/>Lots</b> | <b>Estimated<br/>Finished<br/>Lot Value<br/>per Lot<sup>1</sup></b> | <b>Projected<br/>Home<br/>Value<br/>per Lot<sup>1</sup></b> | <b>Projected<br/>Average<br/>Annual<br/>Installment<br/>per Lot</b> | <b>Tax Rate<br/>Equivalent<br/>(per \$100<br/>Lot Value)</b> | <b>Tax Rate<br/>Equivalent<br/>(per \$100<br/>Home Value)</b> |
|----------------------|------------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------------|
| Lot Type 1 - 50 Feet | 284                                | \$70,000                                                            | \$400,000                                                   | \$1,195.97                                                          | \$1.71                                                       | \$0.30                                                        |

**C) Allocation of Assessments to Lots within Phase #1**

As shown in Table F-7 the total amount of the Phase #1 Bonds, which represents the total Assessment to be allocated on all Parcels within Phase #1 is \$4,325,000. As shown above, there are a total of 157 residential units, resulting in an Assessment per Lot of \$27,547.77 (i.e.  $\$4,325,000 \div 157 = \$27,547.77$ ).

Table F-7 sets forth the Assessment per dwelling unit within Phase #1.



**Table F-7**  
**Assessment Per Unit – Phase #1**

| <b>Description</b> | <b>Planned<br/>No. of<br/>Lots</b> | <b>Assessment per Lot</b> | <b>Total<br/>Assessments</b> |
|--------------------|------------------------------------|---------------------------|------------------------------|
| Lot Type 1 (50 Ft) | 157                                | \$27,547.77 Per Lot       | \$4,325,000                  |
| <b>Total</b>       | <b>157</b>                         |                           | <b>\$4,325,000</b>           |

The projected leverage calculated based on the estimated finished lot values and home values for each unit is shown in Table F-8.

**Table F-8**  
**Projected Leverage – Phase #1**

| <b>Description</b> | <b>Planned<br/>No. of<br/>Units</b> | <b>Estimated<br/>Finished<br/>Lot Value<br/>per Lot<sup>1</sup></b> | <b>Projected<br/>Home<br/>Value per<br/>Lot<sup>1</sup></b> | <b>Assessment<br/>per Lot</b> | <b>Leverage<br/>(Lot<br/>Value)</b> | <b>Leverage<br/>(Home<br/>Value)</b> |
|--------------------|-------------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------|-------------------------------------|--------------------------------------|
| Lot Type 1 (50 Ft) | 157                                 | \$60,000                                                            | \$300,000                                                   | \$27,547.77                   | 2.18                                | 10.89                                |

<sup>1</sup> Estimated lot values and projected home values found in official statement for Phases #2-3 Major Improvements and the limited offering memorandum for Phase #1.

The projected tax rate equivalent per unit calculated based on the estimated finished lot values and home values for each unit is shown in Table F-9.

**Table F-9**  
**Estimated Tax Rate Equivalent per Lot – Phase #1**

| <b>Description</b> | <b>Planned<br/>No. of<br/>Lots</b> | <b>Estimated<br/>Finished<br/>Lot Value<br/>per Lot<sup>1</sup></b> | <b>Projected<br/>Home<br/>Value<br/>per Lot<sup>1</sup></b> | <b>Projected<br/>Average<br/>Annual<br/>Installment<br/>per Lot</b> | <b>Tax Rate<br/>Equivalent<br/>(per \$100<br/>Lot Value)</b> | <b>Tax Rate<br/>Equivalent<br/>(per \$100<br/>Home Value)</b> |
|--------------------|------------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------------|
| Lot Type 1 (50 Ft) | 157                                | \$60,000                                                            | \$300,000                                                   | \$2,409.92                                                          | \$4.02                                                       | \$0.80                                                        |

<sup>1</sup> Estimated lot values and projected home values found in official statement for Phases #2-3 Major Improvements and the limited offering memorandum for Phase #1.

**D) Allocation of Assessments to Lots within Phases #2-3 (Phases #2-3 Direct Improvements)**

As shown in Table F-10 the total amount of the Phases #2-3 Direct Improvement Bonds and Phases #2-3 Direct Improvement Reimbursement Agreement, which represents the total Assessment to be allocated on all Parcels within Phases #2-3 related to the Phases #2-3 Direct Improvements, is \$9,245,000. As shown above, there are a total of 284 residential units, resulting in an Assessment per Lot of \$32,552.82 (i.e.  $\$9,245,000 \div 284 = \$32,552.82$ ).

Table F-10 sets forth the Assessment per dwelling unit within Phases #2-3 for the Phases #2-3 Direct Improvements.

**Table F-10**  
**Assessment Per Unit – Phases #2-3 Direct Improvements**

| Description        | Planned<br>No. of<br>Lots | Assessment per Lot  | Total<br>Assessments |
|--------------------|---------------------------|---------------------|----------------------|
| Lot Type 1 (50 Ft) | 284                       | \$32,552.82 Per Lot | \$9,245,000          |
| <b>Total</b>       | <b>284</b>                |                     | <b>\$9,245,000</b>   |

The projected leverage calculated based on the estimated finished lot values and home values for each unit is shown in Table F-11.

**Table F-11**  
**Projected Leverage – Phases #2-3 Direct Improvements**

| Description        | Planned<br>No. of<br>Units | Estimated<br>Finished<br>Lot Value<br>per Lot <sup>1</sup> | Projected<br>Home<br>Value per<br>Lot <sup>1</sup> | Assessment<br>per Lot | Leverage<br>(Lot<br>Value) | Leverage<br>(Home<br>Value) |
|--------------------|----------------------------|------------------------------------------------------------|----------------------------------------------------|-----------------------|----------------------------|-----------------------------|
| Lot Type 1 (50 Ft) | 284                        | \$70,000                                                   | \$400,000                                          | \$32,552.82           | 2.15                       | 12.29                       |

The projected tax rate equivalent per unit calculated based on the estimated finished lot values and home values for each unit is shown in Table F-12.

**Table F-12**  
**Estimated Tax Rate Equivalent per Lot – Phases #2-3 Direct Improvements**

| Description        | Planned<br>No. of<br>Lots | Estimated<br>Finished<br>Lot Value<br>per Lot <sup>1</sup> | Projected<br>Home<br>Value<br>per Lot <sup>1</sup> | Projected<br>Average<br>Annual<br>Installment<br>per Lot | Tax Rate<br>Equivalent<br>(per \$100<br>Lot Value) | Tax Rate<br>Equivalent<br>(per \$100<br>Home Value) |
|--------------------|---------------------------|------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------------|----------------------------------------------------|-----------------------------------------------------|
| Lot Type 1 (50 Ft) | 284                       | \$70,000                                                   | \$400,000                                          | \$2,569.62                                               | \$3.67                                             | \$0.64                                              |

**E) Combined Allocation of Assessments to Lots within Phases #2-3 (Phases #2-3 Major Improvements and Phases #2-3 Direct Improvements)**

As shown in Table F-13 the total amount of the Phases #2-3 Major Improvement Bonds, the Phases #2-3 Direct Improvement Bonds, and Phases #2-3 Direct Improvement Reimbursement Agreement, which represents the total Assessment to be allocated on all Parcels within Phases #2-3, is \$12,935,000. As shown above, there are a total of 284 residential units, resulting in an Assessment per Lot of \$45,545.77 (i.e.  $\$12,935,000 \div 284 = \$45,545.77$ ).

Table F-13 sets forth the combined Assessment per dwelling unit within Phases #2-3.

**Table F-13**  
**Combined Assessment Per Unit – Phases #2-3**

| <b>Description</b>   | <b>Planned<br/>No. of<br/>Lots</b> | <b>Assessment per Lot</b> |         | <b>Total<br/>Assessments</b> |
|----------------------|------------------------------------|---------------------------|---------|------------------------------|
| Lot Type 1 - 50 Feet | 284                                | \$45,545.77               | Per Lot | \$12,935,000                 |
| <b>Total</b>         | <b>284</b>                         |                           |         | <b>\$12,935,000</b>          |

The projected leverage calculated based on the estimated finished lot values and home values for each unit is shown in Table F-14.

**Table F-14**  
**Combined Projected Leverage – Phases #2-3**

| <b>Description</b>   | <b>Planned<br/>No. of<br/>Units</b> | <b>Estimated<br/>Finished<br/>Lot Value<br/>per Lot<sup>1</sup></b> | <b>Projected<br/>Home<br/>Value per<br/>Lot<sup>1</sup></b> | <b>Assessment<br/>per Lot</b> | <b>Leverage<br/>(Lot<br/>Value)</b> | <b>Leverage<br/>(Home<br/>Value)</b> |
|----------------------|-------------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------|-------------------------------------|--------------------------------------|
| Lot Type 1 - 50 Feet | 284                                 | \$70,000                                                            | \$400,000                                                   | \$45,545.77                   | 1.54                                | 8.78                                 |

The projected tax rate equivalent per unit calculated based on the estimated finished lot values and home values for each unit is shown in Table F-15.

**Table F-15**  
**Combined Estimated Tax Rate Equivalent per Lot – Phases #2-3**

| <b>Description</b>   | <b>Planned<br/>No. of<br/>Lots</b> | <b>Estimated<br/>Finished<br/>Lot Value<br/>per Lot<sup>1</sup></b> | <b>Projected<br/>Home<br/>Value<br/>per Lot<sup>1</sup></b> | <b>Projected<br/>Average<br/>Annual<br/>Installment<br/>per Lot</b> | <b>Tax Rate<br/>Equivalent<br/>(per \$100<br/>Lot Value)</b> | <b>Tax Rate<br/>Equivalent<br/>(per \$100<br/>Home Value)</b> |
|----------------------|------------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------------|
| Lot Type 1 - 50 Feet | 284                                | \$70,000                                                            | \$400,000                                                   | \$3,765.59                                                          | \$5.38                                                       | \$0.94                                                        |

The Assessment and Annual Installments for each Parcel or Lot located within the PID is shown on the Assessment Roll, attached as Appendix G, Appendix H and Appendix I, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

**APPENDIX G**  
**PHASES #2-3 MAJOR IMPROVEMENT ASSESSMENT ROLL**

**Appendix G**  
**Phases #2-3 Major Improvement Assessment Roll**

**Parcel  
Assessment  
Total Units**

**2779860, 997522, and 986507  
\$3,690,000  
284.00**

| <b>Year<sup>1</sup></b> | <b>Principal<br/>and<br/>Interest<sup>2</sup></b> | <b>Principal<br/>and<br/>Interest<sup>2</sup></b> | <b>Administrative<br/>Expenses<sup>3</sup></b> | <b>Prepayment<br/>Reserve &amp;<br/>Delinquency<br/>Reserve</b> | <b>Capitalized<br/>Interest/<br/>Available<br/>Credits</b> | <b>Total Annual Installment</b> |
|-------------------------|---------------------------------------------------|---------------------------------------------------|------------------------------------------------|-----------------------------------------------------------------|------------------------------------------------------------|---------------------------------|
| 2018                    | \$0                                               | \$94,390                                          | \$25,000                                       | \$7,124                                                         | (\$94,390)                                                 | \$32,124                        |
| 2019                    | \$0                                               | \$244,463                                         | \$25,500                                       | \$18,450                                                        | (\$244,463)                                                | \$43,950                        |
| 2020                    | \$0                                               | \$244,463                                         | \$23,100                                       | \$18,450                                                        | (\$250,463)                                                | \$35,550                        |
| 2021                    | \$50,000                                          | \$244,462                                         | \$17,000                                       | \$18,450                                                        | (\$11,248)                                                 | \$318,664                       |
| 2022                    | \$55,000                                          | \$241,150                                         | \$30,000                                       | \$18,200                                                        | \$0                                                        | \$344,350                       |
| 2023                    | \$55,000                                          | \$237,506                                         | \$35,000                                       | \$17,925                                                        | \$0                                                        | \$345,431                       |
| 2024                    | \$60,000                                          | \$233,863                                         | \$28,154                                       | \$17,650                                                        | \$0                                                        | \$339,667                       |
| 2025                    | \$65,000                                          | \$229,888                                         | \$28,717                                       | \$17,350                                                        | \$0                                                        | \$340,955                       |
| 2026                    | \$70,000                                          | \$225,581                                         | \$29,291                                       | \$17,025                                                        | \$0                                                        | \$341,898                       |
| 2027                    | \$70,000                                          | \$220,944                                         | \$29,877                                       | \$16,675                                                        | \$0                                                        | \$337,496                       |
| 2028                    | \$75,000                                          | \$216,306                                         | \$30,475                                       | \$16,325                                                        | \$0                                                        | \$338,106                       |
| 2029                    | \$80,000                                          | \$211,338                                         | \$31,084                                       | \$15,950                                                        | \$0                                                        | \$338,372                       |
| 2030                    | \$85,000                                          | \$206,038                                         | \$31,706                                       | \$15,550                                                        | \$0                                                        | \$338,294                       |
| 2031                    | \$95,000                                          | \$200,406                                         | \$32,340                                       | \$15,125                                                        | \$0                                                        | \$342,871                       |
| 2032                    | \$100,000                                         | \$194,113                                         | \$32,987                                       | \$14,650                                                        | \$0                                                        | \$341,749                       |
| 2033                    | \$105,000                                         | \$187,488                                         | \$33,647                                       | \$14,150                                                        | \$0                                                        | \$340,284                       |
| 2034                    | \$110,000                                         | \$180,531                                         | \$34,320                                       | \$13,625                                                        | \$0                                                        | \$338,476                       |
| 2035                    | \$120,000                                         | \$173,244                                         | \$35,006                                       | \$13,075                                                        | \$0                                                        | \$341,325                       |
| 2036                    | \$125,000                                         | \$165,294                                         | \$35,706                                       | \$12,475                                                        | \$0                                                        | \$338,475                       |
| 2037                    | \$135,000                                         | \$157,013                                         | \$36,420                                       | \$11,850                                                        | \$0                                                        | \$340,283                       |
| 2038                    | \$145,000                                         | \$148,069                                         | \$37,149                                       | \$11,175                                                        | \$0                                                        | \$341,392                       |
| 2039                    | \$155,000                                         | \$138,463                                         | \$37,892                                       | \$10,450                                                        | \$0                                                        | \$341,804                       |
| 2040                    | \$165,000                                         | \$128,194                                         | \$38,649                                       | \$9,675                                                         | \$0                                                        | \$341,518                       |
| 2041                    | \$175,000                                         | \$117,263                                         | \$39,422                                       | \$8,850                                                         | \$0                                                        | \$340,535                       |
| 2042                    | \$185,000                                         | \$105,669                                         | \$40,211                                       | \$7,975                                                         | \$0                                                        | \$338,855                       |
| 2043                    | \$200,000                                         | \$93,413                                          | \$41,015                                       | \$7,050                                                         | \$0                                                        | \$341,478                       |
| 2044                    | \$210,000                                         | \$80,163                                          | \$41,835                                       | \$6,050                                                         | \$0                                                        | \$338,048                       |
| 2045                    | \$225,000                                         | \$66,250                                          | \$42,672                                       | \$5,000                                                         | \$0                                                        | \$338,922                       |
| 2046                    | \$240,000                                         | \$51,344                                          | \$43,526                                       | \$3,875                                                         | \$0                                                        | \$338,744                       |
| 2047                    | \$260,000                                         | \$35,444                                          | \$44,396                                       | \$2,675                                                         | \$0                                                        | \$342,515                       |
| 2048                    | \$275,000                                         | \$18,219                                          | \$45,284                                       | \$1,375                                                         | \$0                                                        | \$339,878                       |
| <b>Total</b>            | <b>\$3,690,000</b>                                | <b>\$5,090,964</b>                                | <b>\$1,057,383</b>                             | <b>\$384,224</b>                                                | <b>(600,564)</b>                                           | <b>\$9,622,007</b>              |

<sup>1</sup>The 9/1/XX dates represent the assessment year (bond year) end for the Bonds.

<sup>2</sup>Represents the principal and interest on the Phases #2-3 Major Improvement Bonds. Interest is calculated using an interest rate of 6.625% in the years (1-30) 2018-2048.

<sup>3</sup>Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.

**Appendix G-1**  
**Annual Installment per Lot - Phases #2-3 Major Improvement Assessment Roll**

**Parcel  
Assessment  
Total Units**

**Lot Type 1 (50 Ft)  
\$12,993  
284**

| <b>Year<sup>1</sup></b> | <b>Principal<br/>and<br/>Interest<sup>2</sup></b> | <b>Principal<br/>and<br/>Interest<sup>3</sup></b> | <b>Administrative<br/>Expenses<sup>4</sup></b> | <b>Prepayment<br/>Reserve &amp;<br/>Delinquency<br/>Reserve<sup>5</sup></b> | <b>Capitalized<br/>Interest/<br/>Available<br/>Credits<sup>6</sup></b> | <b>Total Annual Installment</b> |
|-------------------------|---------------------------------------------------|---------------------------------------------------|------------------------------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------------|---------------------------------|
| 2018                    | \$0                                               | \$332                                             | \$88                                           | \$25                                                                        | (\$332)                                                                | \$113                           |
| 2019                    | \$0                                               | \$861                                             | \$90                                           | \$65                                                                        | (\$861)                                                                | \$155                           |
| 2020                    | \$0                                               | \$861                                             | \$81                                           | \$65                                                                        | (\$882)                                                                | \$125                           |
| 2021                    | \$176                                             | \$861                                             | \$60                                           | \$65                                                                        | (40)                                                                   | \$1,122                         |
| 2022                    | \$194                                             | \$849                                             | \$106                                          | \$64                                                                        | \$0                                                                    | \$1,213                         |
| 2023                    | \$194                                             | \$836                                             | \$123                                          | \$63                                                                        | \$0                                                                    | \$1,216                         |
| 2024                    | \$211                                             | \$823                                             | \$99                                           | \$62                                                                        | \$0                                                                    | \$1,196                         |
| 2025                    | \$229                                             | \$809                                             | \$101                                          | \$61                                                                        | \$0                                                                    | \$1,201                         |
| 2026                    | \$246                                             | \$794                                             | \$103                                          | \$60                                                                        | \$0                                                                    | \$1,204                         |
| 2027                    | \$246                                             | \$778                                             | \$105                                          | \$59                                                                        | \$0                                                                    | \$1,188                         |
| 2028                    | \$264                                             | \$762                                             | \$107                                          | \$57                                                                        | \$0                                                                    | \$1,191                         |
| 2029                    | \$282                                             | \$744                                             | \$109                                          | \$56                                                                        | \$0                                                                    | \$1,191                         |
| 2030                    | \$299                                             | \$725                                             | \$112                                          | \$55                                                                        | \$0                                                                    | \$1,191                         |
| 2031                    | \$335                                             | \$706                                             | \$114                                          | \$53                                                                        | \$0                                                                    | \$1,207                         |
| 2032                    | \$352                                             | \$683                                             | \$116                                          | \$52                                                                        | \$0                                                                    | \$1,203                         |
| 2033                    | \$370                                             | \$660                                             | \$118                                          | \$50                                                                        | \$0                                                                    | \$1,198                         |
| 2034                    | \$387                                             | \$636                                             | \$121                                          | \$48                                                                        | \$0                                                                    | \$1,192                         |
| 2035                    | \$423                                             | \$610                                             | \$123                                          | \$46                                                                        | \$0                                                                    | \$1,202                         |
| 2036                    | \$440                                             | \$582                                             | \$126                                          | \$44                                                                        | \$0                                                                    | \$1,192                         |
| 2037                    | \$475                                             | \$553                                             | \$128                                          | \$42                                                                        | \$0                                                                    | \$1,198                         |
| 2038                    | \$511                                             | \$521                                             | \$131                                          | \$39                                                                        | \$0                                                                    | \$1,202                         |
| 2039                    | \$546                                             | \$488                                             | \$133                                          | \$37                                                                        | \$0                                                                    | \$1,204                         |
| 2040                    | \$581                                             | \$451                                             | \$136                                          | \$34                                                                        | \$0                                                                    | \$1,203                         |
| 2041                    | \$616                                             | \$413                                             | \$139                                          | \$31                                                                        | \$0                                                                    | \$1,199                         |
| 2042                    | \$651                                             | \$372                                             | \$142                                          | \$28                                                                        | \$0                                                                    | \$1,193                         |
| 2043                    | \$704                                             | \$329                                             | \$144                                          | \$25                                                                        | \$0                                                                    | \$1,202                         |
| 2044                    | \$739                                             | \$282                                             | \$147                                          | \$21                                                                        | \$0                                                                    | \$1,190                         |
| 2045                    | \$792                                             | \$233                                             | \$150                                          | \$18                                                                        | \$0                                                                    | \$1,193                         |
| 2046                    | \$845                                             | \$181                                             | \$153                                          | \$14                                                                        | \$0                                                                    | \$1,193                         |
| 2047                    | \$915                                             | \$125                                             | \$156                                          | \$9                                                                         | \$0                                                                    | \$1,206                         |
| 2048                    | \$968                                             | \$64                                              | \$159                                          | \$5                                                                         | \$0                                                                    | \$1,197                         |
| <b>Total</b>            | <b>\$12,993</b>                                   | <b>\$17,926</b>                                   | <b>\$3,723</b>                                 | <b>\$1,353</b>                                                              | <b>(2,115)</b>                                                         | <b>\$33,880</b>                 |

<sup>1</sup>The 9/1/XX dates represent the assessment year (bond year) end for the Bonds.

<sup>2</sup>Represents the principal and interest on the Phases #2-3 Major Improvement Bonds. Interest is calculated using an interest rate of 6.625% in the years (1-30) 2018-2048.

<sup>3</sup>Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.

**APPENDIX H**  
**PHASE #1 ASSESSMENT ROLL**

**Appendix H**  
**Phase #1 Assessment Roll**

**Parcel  
Assessment  
Total Units**

**All Parcels  
\$4,325,000  
157**

| <b>Year<sup>1</sup></b> | <b>Principal</b>   | <b>Interest<sup>2</sup></b> | <b>Administrative<br/>Expenses<sup>3</sup></b> | <b>Prepayment<br/>Reserve &amp;<br/>Delinquency<br/>Reserve<sup>4</sup></b> | <b>Available<br/>Credits<sup>5</sup></b> | <b>Total Annual<br/>Installment</b> |
|-------------------------|--------------------|-----------------------------|------------------------------------------------|-----------------------------------------------------------------------------|------------------------------------------|-------------------------------------|
| 2018                    | \$0                | \$104,371                   | \$30,000                                       | \$8,350                                                                     | (\$104,371)                              | \$38,349                            |
| 2019                    | \$0                | \$291,938                   | \$30,600                                       | \$0                                                                         | (\$270,313)                              | \$52,225                            |
| 2020                    | \$60,000           | \$291,938                   | \$27,100                                       | \$0                                                                         | (\$7,000)                                | \$372,038                           |
| 2021                    | \$60,000           | \$266,562                   | \$34,000                                       | \$8,780                                                                     | (\$15,000)                               | \$354,342                           |
| 2022                    | \$65,000           | \$262,812                   | \$37,000                                       | \$21,025                                                                    | \$0                                      | \$385,837                           |
| 2023                    | \$70,000           | \$257,076                   | \$36,000                                       | \$20,566                                                                    | \$0                                      | \$383,642                           |
| 2024                    | \$75,000           | \$252,813                   | \$33,785                                       | \$20,225                                                                    | \$0                                      | \$381,822                           |
| 2025                    | \$80,000           | \$248,125                   | \$34,461                                       | \$19,850                                                                    | \$0                                      | \$382,436                           |
| 2026                    | \$80,000           | \$243,125                   | \$35,150                                       | \$19,450                                                                    | \$0                                      | \$377,725                           |
| 2027                    | \$85,000           | \$238,125                   | \$35,853                                       | \$19,050                                                                    | \$0                                      | \$378,028                           |
| 2028                    | \$95,000           | \$232,813                   | \$36,570                                       | \$18,625                                                                    | \$0                                      | \$383,007                           |
| 2029                    | \$100,000          | \$226,875                   | \$37,301                                       | \$18,150                                                                    | \$0                                      | \$382,326                           |
| 2030                    | \$105,000          | \$220,625                   | \$38,047                                       | \$17,650                                                                    | \$0                                      | \$381,322                           |
| 2031                    | \$110,000          | \$214,063                   | \$38,808                                       | \$17,125                                                                    | \$0                                      | \$379,996                           |
| 2032                    | \$115,000          | \$207,188                   | \$39,584                                       | \$16,575                                                                    | \$0                                      | \$378,347                           |
| 2033                    | \$125,000          | \$200,000                   | \$40,376                                       | \$16,000                                                                    | \$0                                      | \$381,376                           |
| 2034                    | \$130,000          | \$192,188                   | \$41,184                                       | \$15,375                                                                    | \$0                                      | \$378,746                           |
| 2035                    | \$140,000          | \$184,063                   | \$42,007                                       | \$14,725                                                                    | \$0                                      | \$380,795                           |
| 2036                    | \$150,000          | \$175,313                   | \$42,847                                       | \$14,025                                                                    | \$0                                      | \$382,185                           |
| 2037                    | \$155,000          | \$165,938                   | \$43,704                                       | \$13,275                                                                    | \$0                                      | \$377,917                           |
| 2038                    | \$165,000          | \$156,250                   | \$44,578                                       | \$12,500                                                                    | \$0                                      | \$378,328                           |
| 2039                    | \$175,000          | \$145,938                   | \$45,470                                       | \$11,675                                                                    | \$0                                      | \$378,082                           |
| 2040                    | \$190,000          | \$135,000                   | \$46,379                                       | \$10,800                                                                    | \$0                                      | \$382,179                           |
| 2041                    | \$200,000          | \$123,125                   | \$47,307                                       | \$9,850                                                                     | \$0                                      | \$380,282                           |
| 2042                    | \$210,000          | \$110,625                   | \$48,253                                       | \$8,850                                                                     | \$0                                      | \$377,728                           |
| 2043                    | \$225,000          | \$97,500                    | \$49,218                                       | \$7,800                                                                     | \$0                                      | \$379,518                           |
| 2044                    | \$240,000          | \$83,438                    | \$50,203                                       | \$6,675                                                                     | \$0                                      | \$380,315                           |
| 2045                    | \$255,000          | \$68,438                    | \$51,207                                       | \$5,475                                                                     | \$0                                      | \$380,119                           |
| 2046                    | \$270,000          | \$52,500                    | \$52,231                                       | \$4,200                                                                     | \$0                                      | \$378,931                           |
| 2047                    | \$290,000          | \$35,625                    | \$53,275                                       | \$2,850                                                                     | \$0                                      | \$381,750                           |
| 2048                    | \$280,000          | \$17,500                    | \$54,341                                       | \$1,400                                                                     | \$0                                      | \$353,241                           |
| <b>Total</b>            | <b>\$4,300,000</b> | <b>\$5,501,884</b>          | <b>\$1,276,840</b>                             | <b>\$380,896</b>                                                            | <b>(\$396,684)</b>                       | <b>\$11,062,935</b>                 |

<sup>1</sup>The 9/1/XX dates represent the assessment year (bond year) end for the Bonds.

<sup>2</sup>Represents the principal and interest on the Phase #1 Bonds. Interest is calculated using an interest rate of 6.25% in the years (1-30) 2018-2048.

<sup>3</sup>Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.



**Appendix H-1**  
**Annual Installment per Lot - Phase #1 Assessment Roll**

**Parcel  
Assessment  
Total Units**

**Lot Type 1 (50 Ft)  
\$27,548  
157**

| <b>Year<sup>1</sup></b> | <b>Principal</b> | <b>Interest<sup>2</sup></b> | <b>Administrative<br/>Expenses<sup>3</sup></b> | <b>Prepayment<br/>Reserve &amp;<br/>Delinquency<br/>Reserve<sup>4</sup></b> | <b>Available<br/>Credits<sup>5</sup></b> | <b>Total Annual<br/>Installment</b> |
|-------------------------|------------------|-----------------------------|------------------------------------------------|-----------------------------------------------------------------------------|------------------------------------------|-------------------------------------|
| 2018                    | \$0              | \$665                       | \$191                                          | \$53                                                                        | (\$665)                                  | \$244                               |
| 2019                    | \$0              | \$1,859                     | \$195                                          | \$0                                                                         | (\$1,722)                                | \$333                               |
| 2020                    | \$382            | \$1,859                     | \$173                                          | \$0                                                                         | (\$45)                                   | \$2,370                             |
| 2021                    | \$382            | \$1,698                     | \$217                                          | \$56                                                                        | (\$96)                                   | \$2,257                             |
| 2022                    | \$414            | \$1,674                     | \$236                                          | \$134                                                                       | \$0                                      | \$2,458                             |
| 2023                    | \$446            | \$1,637                     | \$229                                          | \$131                                                                       | \$0                                      | \$2,444                             |
| 2024                    | \$478            | \$1,610                     | \$215                                          | \$129                                                                       | \$0                                      | \$2,432                             |
| 2025                    | \$510            | \$1,580                     | \$219                                          | \$126                                                                       | \$0                                      | \$2,436                             |
| 2026                    | \$510            | \$1,549                     | \$224                                          | \$124                                                                       | \$0                                      | \$2,406                             |
| 2027                    | \$541            | \$1,517                     | \$228                                          | \$121                                                                       | \$0                                      | \$2,408                             |
| 2028                    | \$605            | \$1,483                     | \$233                                          | \$119                                                                       | \$0                                      | \$2,440                             |
| 2029                    | \$637            | \$1,445                     | \$238                                          | \$116                                                                       | \$0                                      | \$2,435                             |
| 2030                    | \$669            | \$1,405                     | \$242                                          | \$112                                                                       | \$0                                      | \$2,429                             |
| 2031                    | \$701            | \$1,363                     | \$247                                          | \$109                                                                       | \$0                                      | \$2,420                             |
| 2032                    | \$732            | \$1,320                     | \$252                                          | \$106                                                                       | \$0                                      | \$2,410                             |
| 2033                    | \$796            | \$1,274                     | \$257                                          | \$102                                                                       | \$0                                      | \$2,429                             |
| 2034                    | \$828            | \$1,224                     | \$262                                          | \$98                                                                        | \$0                                      | \$2,412                             |
| 2035                    | \$892            | \$1,172                     | \$268                                          | \$94                                                                        | \$0                                      | \$2,425                             |
| 2036                    | \$955            | \$1,117                     | \$273                                          | \$89                                                                        | \$0                                      | \$2,434                             |
| 2037                    | \$987            | \$1,057                     | \$278                                          | \$85                                                                        | \$0                                      | \$2,407                             |
| 2038                    | \$1,051          | \$995                       | \$284                                          | \$80                                                                        | \$0                                      | \$2,410                             |
| 2039                    | \$1,115          | \$930                       | \$290                                          | \$74                                                                        | \$0                                      | \$2,408                             |
| 2040                    | \$1,210          | \$860                       | \$295                                          | \$69                                                                        | \$0                                      | \$2,434                             |
| 2041                    | \$1,274          | \$784                       | \$301                                          | \$63                                                                        | \$0                                      | \$2,422                             |
| 2042                    | \$1,338          | \$705                       | \$307                                          | \$56                                                                        | \$0                                      | \$2,406                             |
| 2043                    | \$1,433          | \$621                       | \$313                                          | \$50                                                                        | \$0                                      | \$2,417                             |
| 2044                    | \$1,529          | \$531                       | \$320                                          | \$43                                                                        | \$0                                      | \$2,422                             |
| 2045                    | \$1,624          | \$436                       | \$326                                          | \$35                                                                        | \$0                                      | \$2,421                             |
| 2046                    | \$1,720          | \$334                       | \$333                                          | \$27                                                                        | \$0                                      | \$2,414                             |
| 2047                    | \$1,847          | \$227                       | \$339                                          | \$18                                                                        | \$0                                      | \$2,432                             |
| 2048                    | \$1,783          | \$111                       | \$346                                          | \$9                                                                         | \$0                                      | \$2,250                             |
| <b>Total</b>            | <b>\$27,389</b>  | <b>\$35,044</b>             | <b>\$8,133</b>                                 | <b>\$2,426</b>                                                              | <b>(\$2,527)</b>                         | <b>\$70,465</b>                     |

<sup>1</sup>The 9/1/XX dates represent the assessment year (bond year) end for the Bonds.

<sup>2</sup>Represents the principal and interest on the Phase #1 Bonds. Interest is calculated using an interest rate of 6.25% in the years (1-30) 2018-2048.

<sup>3</sup>Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.

**APPENDIX I**  
**PHASES #2-3 DIRECT IMPROVEMENT ASSESSMENT ROLL**

**Appendix I**  
**Phases #2-3 Direct Improvement Assessment Roll**

**Parcel  
Assessment  
Units**

**2779860, 997522, and 986507  
\$9,245,000  
284**

| Year <sup>1</sup> | Principal <sup>2</sup> | Interest <sup>2</sup> | Principal <sup>3</sup> | Interest <sup>3</sup> | Administrative Expenses <sup>4</sup> | Additional Interest <sup>5</sup> | Capitalized Interest | Total Annual Installment |
|-------------------|------------------------|-----------------------|------------------------|-----------------------|--------------------------------------|----------------------------------|----------------------|--------------------------|
| 2024              | \$0                    | \$475,574             | \$0                    | \$98,845              | \$0                                  | \$0                              | (\$475,574)          | \$98,845                 |
| 2025              | \$70,000               | \$448,185             | \$22,000               | \$95,260              | \$61,200                             | \$38,165                         | \$0                  | \$734,810                |
| 2026              | \$71,000               | \$444,685             | \$23,000               | \$93,921              | \$62,424                             | \$37,815                         | \$0                  | \$732,845                |
| 2027              | \$78,000               | \$441,135             | \$25,000               | \$92,493              | \$63,672                             | \$37,460                         | \$0                  | \$737,760                |
| 2028              | \$81,000               | \$437,235             | \$26,000               | \$90,976              | \$64,946                             | \$37,070                         | \$0                  | \$737,226                |
| 2029              | \$84,000               | \$433,185             | \$28,000               | \$89,369              | \$66,245                             | \$36,665                         | \$0                  | \$737,464                |
| 2030              | \$87,000               | \$428,985             | \$29,000               | \$87,673              | \$67,570                             | \$36,245                         | \$0                  | \$736,473                |
| 2031              | \$86,000               | \$424,635             | \$31,000               | \$85,888              | \$68,921                             | \$35,810                         | \$0                  | \$732,254                |
| 2032              | \$91,000               | \$419,690             | \$33,000               | \$83,984              | \$70,300                             | \$35,380                         | \$0                  | \$733,354                |
| 2033              | \$123,000              | \$414,458             | \$35,000               | \$81,961              | \$45,000                             | \$34,925                         | \$0                  | \$734,344                |
| 2034              | \$133,000              | \$407,385             | \$37,000               | \$79,819              | \$45,225                             | \$34,310                         | \$0                  | \$736,739                |
| 2035              | \$138,000              | \$399,738             | \$39,000               | \$77,558              | \$45,451                             | \$33,645                         | \$0                  | \$733,392                |
| 2036              | \$149,000              | \$391,803             | \$42,000               | \$75,149              | \$45,678                             | \$32,955                         | \$0                  | \$736,584                |
| 2037              | \$156,000              | \$383,235             | \$44,000               | \$72,590              | \$45,907                             | \$32,210                         | \$0                  | \$733,942                |
| 2038              | \$165,000              | \$374,265             | \$47,000               | \$69,883              | \$46,136                             | \$31,430                         | \$0                  | \$733,714                |
| 2039              | \$175,000              | \$364,778             | \$50,000               | \$66,997              | \$46,367                             | \$30,605                         | \$0                  | \$733,746                |
| 2040              | \$186,000              | \$354,715             | \$53,000               | \$63,933              | \$46,599                             | \$29,730                         | \$0                  | \$733,977                |
| 2041              | \$198,000              | \$344,020             | \$56,000               | \$60,690              | \$46,832                             | \$28,800                         | \$0                  | \$734,342                |
| 2042              | \$212,000              | \$332,635             | \$59,000               | \$57,269              | \$47,066                             | \$27,810                         | \$0                  | \$735,780                |
| 2043              | \$222,000              | \$320,445             | \$62,000               | \$53,669              | \$47,301                             | \$26,750                         | \$0                  | \$732,165                |
| 2044              | \$239,000              | \$307,680             | \$66,000               | \$49,861              | \$47,538                             | \$25,640                         | \$0                  | \$735,719                |
| 2045              | \$254,000              | \$293,340             | \$70,000               | \$45,815              | \$47,776                             | \$24,445                         | \$0                  | \$735,376                |
| 2046              | \$270,000              | \$278,100             | \$74,000               | \$41,531              | \$48,014                             | \$23,175                         | \$0                  | \$734,820                |
| 2047              | \$284,000              | \$261,900             | \$79,000               | \$36,979              | \$48,254                             | \$21,825                         | \$0                  | \$731,959                |
| 2048              | \$304,000              | \$244,860             | \$83,000               | \$32,160              | \$48,496                             | \$20,405                         | \$0                  | \$732,920                |
| 2049              | \$664,000              | \$226,620             | \$88,000               | \$27,073              | \$48,738                             | \$18,885                         | \$0                  | \$1,073,316              |
| 2050              | \$707,000              | \$186,780             | \$94,000               | \$21,658              | \$48,982                             | \$15,565                         | \$0                  | \$1,073,985              |
| 2051              | \$752,000              | \$144,360             | \$99,000               | \$15,916              | \$49,227                             | \$12,030                         | \$0                  | \$1,072,533              |
| 2052              | \$801,000              | \$99,240              | \$105,000              | \$9,847               | \$49,473                             | \$8,270                          | \$0                  | \$1,072,830              |
| 2053              | \$853,000              | \$51,180              | \$113,000              | \$6,724               | \$49,720                             | \$4,265                          | \$0                  | \$1,077,889              |
| <b>Total</b>      | <b>\$7,633,000</b>     | <b>\$10,134,844</b>   | <b>\$1,612,000</b>     | <b>\$1,865,489</b>    | <b>\$1,519,058</b>                   | <b>\$812,285</b>                 | <b>(\$475,574)</b>   | <b>\$23,101,102</b>      |

<sup>1</sup>The 9/1/20XX dates represent the assessment year (bond year) end for Phases #2-3 Direct Improvement Reimbursement Agreement and Phases #2-3 Direct Improvement Bonds.

<sup>2</sup>Represents the principal and interest on the Phases #2-3 Direct Improvement Bonds. Interest is calculated using an interest rate of 5.00% per annum for years 1 through 7 (2024-2030), 5.75% per annum for years 8 through 20 (2031-2043), and 6.00% per annum for years 21 through 30 (2044-2053) on the Phases #2-3 Direct Improvement Bonds.

<sup>3</sup>Represents the principal and interest due under Phases #2-3 Direct Improvement Reimbursement Agreement. Interest is calculated using an interest rate of 5.95%. Interest for year 2024 includes accrued interest from 8/9/2023 through 9/1/2024.

<sup>4</sup>Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year through year 2032, and a .05% increase thereafter. Administrative Expenses in the years 2023 and 2024 are being funded with Bond proceeds.

<sup>5</sup>Additional Interest is only charged on the portion of the Assessments associated with the Phases #2-3 Direct Improvement Bonds.

**Appendix I-1**  
**Annual Installment per Lot –Phases #2 - 3 Direct Assessment Roll**

**Parcel  
Assessment  
Units**

**Lot Type 1 (50 Ft)  
\$32,553  
284**

| Year <sup>1</sup> | Principal <sup>2</sup> | Interest <sup>2</sup> | Principal <sup>3</sup> | Interest <sup>3</sup> | Administrative Expenses <sup>4</sup> | Additional Interest <sup>5</sup> | Capitalized Interest | Total Annual Installment |
|-------------------|------------------------|-----------------------|------------------------|-----------------------|--------------------------------------|----------------------------------|----------------------|--------------------------|
| 2024              | \$0                    | \$1,675               | \$0                    | \$348                 | \$0                                  | \$0                              | (\$1,675)            | \$348                    |
| 2025              | \$246                  | \$1,578               | \$77                   | \$335                 | \$215                                | \$134                            | 0                    | \$2,587                  |
| 2026              | \$250                  | \$1,566               | \$81                   | \$331                 | \$220                                | \$133                            | \$0                  | \$2,580                  |
| 2027              | \$275                  | \$1,553               | \$88                   | \$326                 | \$224                                | \$132                            | \$0                  | \$2,598                  |
| 2028              | \$285                  | \$1,540               | \$92                   | \$320                 | \$229                                | \$131                            | \$0                  | \$2,596                  |
| 2029              | \$296                  | \$1,525               | \$99                   | \$315                 | \$233                                | \$129                            | \$0                  | \$2,597                  |
| 2030              | \$306                  | \$1,511               | \$102                  | \$309                 | \$238                                | \$128                            | \$0                  | \$2,593                  |
| 2031              | \$303                  | \$1,495               | \$109                  | \$302                 | \$243                                | \$126                            | \$0                  | \$2,578                  |
| 2032              | \$320                  | \$1,478               | \$116                  | \$296                 | \$248                                | \$125                            | \$0                  | \$2,582                  |
| 2033              | \$433                  | \$1,459               | \$123                  | \$289                 | \$158                                | \$123                            | \$0                  | \$2,586                  |
| 2034              | \$468                  | \$1,434               | \$130                  | \$281                 | \$159                                | \$121                            | \$0                  | \$2,594                  |
| 2035              | \$486                  | \$1,408               | \$137                  | \$273                 | \$160                                | \$118                            | \$0                  | \$2,582                  |
| 2036              | \$525                  | \$1,380               | \$148                  | \$265                 | \$161                                | \$116                            | \$0                  | \$2,594                  |
| 2037              | \$549                  | \$1,349               | \$155                  | \$256                 | \$162                                | \$113                            | \$0                  | \$2,584                  |
| 2038              | \$581                  | \$1,318               | \$165                  | \$246                 | \$162                                | \$111                            | \$0                  | \$2,584                  |
| 2039              | \$616                  | \$1,284               | \$176                  | \$236                 | \$163                                | \$108                            | \$0                  | \$2,584                  |
| 2040              | \$655                  | \$1,249               | \$187                  | \$225                 | \$164                                | \$105                            | \$0                  | \$2,584                  |
| 2041              | \$697                  | \$1,211               | \$197                  | \$214                 | \$165                                | \$101                            | \$0                  | \$2,586                  |
| 2042              | \$746                  | \$1,171               | \$208                  | \$202                 | \$166                                | \$98                             | \$0                  | \$2,591                  |
| 2043              | \$782                  | \$1,128               | \$218                  | \$189                 | \$167                                | \$94                             | \$0                  | \$2,578                  |
| 2044              | \$842                  | \$1,083               | \$232                  | \$176                 | \$167                                | \$90                             | \$0                  | \$2,591                  |
| 2045              | \$894                  | \$1,033               | \$246                  | \$161                 | \$168                                | \$86                             | \$0                  | \$2,589                  |
| 2046              | \$951                  | \$979                 | \$261                  | \$146                 | \$169                                | \$82                             | \$0                  | \$2,587                  |
| 2047              | \$1,000                | \$922                 | \$278                  | \$130                 | \$170                                | \$77                             | \$0                  | \$2,577                  |
| 2048              | \$1,070                | \$862                 | \$292                  | \$113                 | \$171                                | \$72                             | \$0                  | \$2,581                  |
| 2049              | \$2,338                | \$798                 | \$310                  | \$95                  | \$172                                | \$66                             | \$0                  | \$3,779                  |
| 2050              | \$2,489                | \$658                 | \$331                  | \$76                  | \$172                                | \$55                             | \$0                  | \$3,782                  |
| 2051              | \$2,648                | \$508                 | \$349                  | \$56                  | \$173                                | \$42                             | \$0                  | \$3,777                  |
| 2052              | \$2,820                | \$349                 | \$370                  | \$35                  | \$174                                | \$29                             | \$0                  | \$3,778                  |
| 2053              | \$3,004                | \$180                 | \$398                  | \$24                  | \$175                                | \$15                             | \$0                  | \$3,795                  |
| <b>Total</b>      | <b>\$26,877</b>        | <b>\$35,686</b>       | <b>\$5,676</b>         | <b>\$6,569</b>        | <b>\$5,349</b>                       | <b>\$2,860</b>                   | <b>(\$1,675)</b>     | <b>\$81,342</b>          |

<sup>1</sup>The 9/1/20XX dates represent the assessment year (bond year) end for Phases #2-3 Direct Improvement Reimbursement Agreement and Phases #2-3 Direct Improvement Bonds.

<sup>2</sup>Represents the principal and interest on the Phases #2-3 Direct Improvement Bonds. Interest is calculated using an interest rate of 5.00% per annum for years 1 through 7 (2024-2030), 5.75% per annum for years 8 through 20 (2031-2043), and 6.00% per annum for years 21 through 30 (2044-2053) on the Phases #2-3 Direct Improvement Bonds.

<sup>3</sup>Represents the principal and interest due under Phases #2-3 Direct Improvement Reimbursement Agreement. Interest is calculated using an interest rate of 5.95%. Interest for year 2024 includes accrued interest from 8/9/2023 through 9/1/2024.

<sup>4</sup>Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year through year 2032, and a .05% increase thereafter. Administrative Expenses in the years 2023 and 2024 are being funded with Bond proceeds.

<sup>5</sup>Additional Interest is only charged on the portion of the Assessments associated with the Phases #2-3 Direct Improvement Bonds.

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**APPENDIX C**  
**FORM OF OPINION OF BOND COUNSEL**

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[CLOSING DATE]



Norton Rose Fulbright US LLP  
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IN REGARD to the authorization and issuance of the “City of Celina, Texas, Special Assessment Revenue Bonds, Series 2023 (Chalk Hill Public Improvement District No. 2 Phases #2-3 Direct Improvements Project)” (the “Bonds”), dated August 9, 2023, in the principal amount of \$7,633,000, we have examined the legality and validity of the issuance thereof by the City of Celina, Texas (the “City”) solely to express legal opinions as to the validity of the Bonds and the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, or the history or prospects of the collection of the Pledged Revenues, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds, and have not assumed any responsibility with respect thereto. Capitalized terms used herein and not otherwise defined have the meanings assigned in the Indenture.

THE BONDS are issued in fully registered form only and mature on September 1 in each of the years specified in an Indenture of Trust (the “Indenture”), dated as August 1, 2023, with U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), approved by the City Council of the City pursuant to an ordinance (the “Ordinance”) adopted by the City Council of the City authorizing the issuance of the Bonds, unless redeemed prior to maturity in accordance with the terms stated on the Bonds. The Bonds accrue interest from the date, at the rates, and in the manner and interest is payable on the dates, all as provided in the Indenture.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings had in connection with the issuance of the Bonds, including the Indenture, the Ordinance and an examination of the initial Bond executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the City and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Bonds, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATION, we are of the opinion that, under applicable law of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Bonds have been authorized, issued and delivered in accordance with law; that the Bonds are valid, legally binding and enforceable limited obligations of the City in accordance with their terms payable solely from the Trust Estate, except to the extent the

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright North Africa Inc are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are available at [nortonrosefulbright.com](http://nortonrosefulbright.com).



enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally.

2. Assuming continuing compliance after the date hereof by the City with the provisions of the Indenture and in reliance upon representations and certifications of the City made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds, interest on the Bonds for federal income tax purposes (i) will be excludable from gross income, as defined in Section 61 of the Internal Revenue Code of 1986, as amended to the date hereof, of the owners thereof pursuant to Section 103 of such Code, existing regulations, published rulings, and court decisions thereunder, and (ii) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

We express no opinion with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

**APPENDIX D-1**  
**FORM OF CITY DISCLOSURE AGREEMENT**

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**CITY OF CELINA, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023  
(CHALK HILL PUBLIC IMPROVEMENT DISTRICT NO. 2  
PHASES #2-3 DIRECT IMPROVEMENTS PROJECT)**

**CONTINUING DISCLOSURE AGREEMENT OF THE ISSUER**

This Continuing Disclosure Agreement of the Issuer dated as of August 1, 2023 (this “Disclosure Agreement”) is executed and delivered by and between the City of Celina, Texas (the “Issuer”), MuniCap, Inc. (the “Administrator”), and HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc. (the “Dissemination Agent”) with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2023 (Chalk Hill Public Improvement District No. 2 Phases #2-3 Direct Improvements 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 Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of August 1, 2023, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Additional Obligations” shall have the meaning assigned to such term in the Indenture.

“Administrative Expenses” shall have the meaning assigned to such term in the Indenture.

“Administrator” shall mean the employee or designee of the Issuer, identified in any indenture of trust relating to the Bonds, the District’s Service and Assessment Plan, or any other agreement or document approved by the Issuer related to the duties and responsibilities of the administration of the District. The initial Administrator is MuniCap, Inc.

“Annual Financial Information” shall mean annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Annual Issuer Report” shall mean any Annual Issuer Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

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

“Developer” shall mean MM Chalk Hill, LLC, a Texas limited liability company, and its successors and assigns.

“Disclosure Agreement of the Developer” shall mean the Continuing Disclosure Agreement of the Developer dated as of August 1, 2023 executed and delivered by the Developer, the Administrator and MuniCap, Inc., as Dissemination Agent.

“Disclosure Representative” shall mean the Finance Director of the Issuer or his or her designee, or such other officer or employee as the Issuer, may designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc., or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean Chalk Hill Public Improvement District No. 2.

“EMMA” shall mean the Electronic Municipal Market Access System available on the internet at <http://emma.msrb.org>.

“Financial Obligation” shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as 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 calendar year from October 1 through September 30.

“Foreclosure Proceeds” shall have the meaning assigned to such term in the Indenture.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“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 given to it in the Indenture.

“Owner” shall mean the registered owner of any Bonds.

“Phases #2 - 3” shall have the meaning assigned to such term in the Indenture.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Trustee” shall mean U.S. Bank Trust Company, National Association or any successor trustee pursuant to the Indenture.

SECTION 3. Provision of Annual Issuer Reports.

(a) The Issuer shall cause and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other form required by the MSRB, commencing with the Fiscal Year ended September 30, 2023, an Annual Issuer Report provided to the Dissemination Agent which is consistent with the requirements of and within the time periods specified in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer, if prepared and when available, may be submitted separately from the Annual Issuer Report, and later than the date required in this paragraph for the filing of the Annual Issuer Report if audited financial statements are not available by that date; provided further, however, that the Annual Financial Information must be submitted not later than twelve months after the end of the Issuer’s Fiscal Year, commencing with the Fiscal Year ended September 30, 2023. In each case, the Annual Issuer Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the Issuer’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a). All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(b) The Issuer shall or shall cause the Dissemination Agent to:

(i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Issuer Report on the date required in subsection (a);

(ii) file the Annual Issuer Report (excluding the audited financial statements of the Issuer, if any, which shall be filed by the Issuer or the Dissemination Agent upon receipt from the Issuer) containing or incorporating by reference the information set forth in Section 4 hereof; and

(iii) if the Issuer has provided the Dissemination Agent with the completed Annual Issuer Report and the Dissemination Agent has filed such Annual Issuer Report with the MSRB, then the Dissemination Agent shall file a report with the Issuer certifying that the Annual Issuer Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB.

SECTION 4. Content and Timing of Annual Issuer Reports. The Annual Issuer Report for the Bonds shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent, the following:

(a) Within six months after the end of each Fiscal Year (any or all of which may be unaudited),

(i) Tables setting forth the following information, as of the end of such Fiscal Year:

(A) For the Bonds, the maturity date or dates, the interest rate or rates, the original aggregate principal amount and principal amount remaining Outstanding; and

(B) The amounts in the funds and accounts under the Indenture securing the Bonds and a description of the related investments.

(ii) Updates to the information in the Service and Assessment Plan as most recently amended or supplemented (a “SAP Update”), including any changes to the methodology for levying the Assessments in Phases #2-3 of the District.

(iii) If the total amount of delinquencies greater than 150 days equals or exceeds ten percent (10%) of the amount of Assessments due in any fiscal year, a list of delinquent property owners.

(iv) The total amount of (A) Annual Installments invoiced, (B) Annual Installments collected (as reported by the County Tax Assessor Collector or the Administrator), (C) delinquent Annual Installments, (D) Foreclosure Proceeds collected, and (E) prepaid Assessments collected in such Fiscal Year.

(v) The principal and interest paid on the Bonds during such Fiscal Year and the minimum scheduled principal and interest required to be paid on the Bonds in the next Fiscal Year.

(vi) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer’s audited financial statements during such Fiscal Year.

(b) If not provided with the financial information provided under subsection 4(a) above, if prepared and when available, the audited financial statements of the Issuer for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer.

See Exhibit B hereto for a form for submitting the information set forth Section 4(a) above. The Issuer has designated MuniCap, Inc. as the initial Administrator. The Administrator, and if no Administrator is designated, Issuer’s staff, shall prepare the Annual Financial Information.

Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to and are publicly accessible from the MSRB. If the document included by reference is a final offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

## SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, each of the following is a Listed Event with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of Owners, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer.
13. The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

Any sale by the Developer of real property within Phases #2-3 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 to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018. For the avoidance of doubt, the incurrence of Additional Obligations will constitute the incurrence of a material Financial Obligation for which a notice of a Listed Event in accordance with Section must be filed with the MSRB.

Whenever the Issuer obtains knowledge of 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 the Business Day immediately following the day on which it receives written notice of such occurrence from the Issuer. Any such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event.

Additionally, the Issuer shall notify the MSRB, in a timely manner, of any failure by the Issuer to provide annual audited financial statements or Annual Financial Information as required under this Disclosure Agreement. See Exhibit A hereto for a form for submitting “Notice To MSRB of Failure To File.”

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Dissemination Agent to disseminate such information as provided herein, and the date the Issuer desires for the Dissemination Agent to disseminate the information (which date shall not be more than ten (10) Business Days after the occurrence of the Listed Event or failure to file).

In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 5 is filed within ten (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative 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. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Issuer and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any

investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under number 2, 7, 8 (as to Bond calls only), 10, 13, 14, or 15 of subparagraph (a) above is not material under applicable federal securities laws, the Issuer shall promptly 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 (d).

(d) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall immediately file a notice of such occurrence with the MSRB.

SECTION 6. Termination of Reporting Obligations. The obligations of the Issuer, 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 of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. So long as any of the Bonds remain Outstanding, the Dissemination Agent may assume that the Issuer is an obligated person with respect to the Bonds until it receives written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Bonds, and the Dissemination Agent may conclusively rely upon such written notice with no duty to make investigation or inquiry into any statements contained or matters referred to in such written notice. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to the Bonds under Section 5(a).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc.

SECTION 8. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested by the Issuer), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the delivery of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Issuer Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Issuer Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Issuer Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Issuer Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Issuer Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall, upon being indemnified to its satisfaction as provided in the Indenture), or any Owner or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to cause the Issuer, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance. A default under this Disclosure Agreement by the Issuer shall not be deemed a default under the Disclosure Agreement of Developer by the Developer, and a default under the Disclosure Agreement of the Developer by the Developer shall not be deemed a default under this Disclosure Agreement by the Issuer.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent and the 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 hold harmless the Dissemination Agent, its officers, directors, employees and agents, but only with funds to be provided by the Developer or from Administrative Expenses collected from the property owners in Phases #2-3 of the District, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct; 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 resignation or removal of the Dissemination Agent and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The fact that the Dissemination Agent may have a banking or other business relationship with the Issuer or any person with whom the Issuer contracts in connection with the transaction described in the Indenture, apart from the relationship created by the Indenture or this Disclosure Agreement, shall not be construed to mean that the Dissemination Agent has actual knowledge of any event described in Section 5 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement.

(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 with funds to be provided by the Developer or from Administrative Expenses collected from the property owners in Phases #2-3 of the District, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's negligence or willful misconduct. 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.

(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.

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 THE ISSUER, THE ADMINISTRATOR OR THE DISSEMINATION AGENT, RESPECTIVELY, 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 IS UNDER NO OBLIGATION NOR IS IT REQUIRED TO BRING SUCH AN ACTION.

SECTION 12. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit C which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments. Failure to adhere to such expected timeline shall not constitute a default by the Issuer under this Disclosure Agreement, the Indenture, the Bonds or any other document related to the Bonds.

SECTION 13. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, the Administrator or Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council members, officer, agent or employee of the Issuer, Administrator or Dissemination Agent in other than that person's official capacity.

SECTION 14. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 15. Sovereign Immunity. The Dissemination Agent agrees that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Administrator, the Dissemination Agent and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 17. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent, but only with funds to be provided from the Administrative Expenses component of the Annual Installments collected from the property owners in Phases #2-3 of the District, for its fees and expenses for the Dissemination Agent's services rendered in accordance with this Disclosure Agreement.

SECTION 18. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of the District, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

SECTION 19. Anti-Boycott Verification. To the extent this Disclosure Agreement constitutes a contract for goods or services for which a written verification is required under Section 2271.002, Texas Government Code, the Dissemination Agent and the 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. The foregoing verification is made solely to enable the Issuer to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

SECTION 20. Iran, Sudan and Foreign Terrorist Organizations. The Dissemination Agent and the 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, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,  
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or  
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to enable the Issuer to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Dissemination Agent and the Administrator, each respectively, 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.

SECTION 21. No Discrimination Against Fossil-Fuel Companies. To the extent this Disclosure Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Dissemination Agent and the 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. The foregoing verification is made solely to enable the Issuer to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law. As used in the foregoing verification, “boycott energy companies” shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable Federal or Texas law; or (B) does business with a company described by (A) above.

SECTION 22. No Discrimination Against Firearm Entities and Firearm Trade Associations. To the extent this Disclosure Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Dissemination Agent and the 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. The foregoing verification is made solely to enable the Issuer to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law. As used in the foregoing verification, (a) ‘discriminate against a firearm entity or firearm trade association’ (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company’s refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing

business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association. As used in the foregoing verification, (b) 'firearm entity' means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (i.e., weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (i.e., devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (i.e., a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (as defined by Section 250.001, Texas Local Government Code), and (c) 'firearm trade association' means a person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code.

SECTION 23. Affiliate. As used in Sections 19 through 22, the Dissemination Agent and Administrator, each respectively, understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Dissemination Agent or the Administrator within the meaning of SEC Rule 405, 17.C.F.R. § 230.405, and exists to make a profit.

SECTION 24. Disclosure of Interested Parties. Pursuant to Section 2252.908(c)(4), Texas Government Code, as amended, the Dissemination Agent hereby certifies it is a publicly traded business entity and is not required to file a Certificate of Interested Parties Form 1295 related to this Disclosure Agreement.

SECTION 25. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 26. 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.

*[remainder of page left blank intentionally]*



CITY OF CELINA, TEXAS

By: \_\_\_\_\_  
Mayor Pro-Tem

SIGNATURE PAGE OF CONTINUING DISCLOSURE AGREEMENT OF THE ISSUER

HTS CONTINUING DISCLOSURE SERVICES,  
a Division of Hilltop Securities Inc.  
(as Dissemination Agent)

By: \_\_\_\_\_  
Authorized Officer

SIGNATURE PAGE OF CONTINUING DISCLOSURE AGREEMENT OF THE ISSUER

MUNICAP, INC.  
(as Administrator)

By: \_\_\_\_\_  
Authorized Officer

SIGNATURE PAGE OF CONTINUING DISCLOSURE AGREEMENT OF THE ISSUER

**EXHIBIT A**

**NOTICE TO MSRB OF FAILURE TO FILE  
ANNUAL ISSUER REPORT**

Name of Issuer: City of Celina, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2023  
(Chalk Hill Public Improvement District No. 2 Phases #2-3 Direct  
Improvements Project)  
Date of Delivery: \_\_\_\_\_, 2023

NOTICE IS HEREBY GIVEN that the City of Celina, Texas, has not provided [an Annual Issuer Report][annual audited financial statements] with respect to the above-named bonds as required by the Continuing Disclosure Agreement dated August 1, 2023, between the Issuer and HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc., as Dissemination Agent. The Issuer anticipates that [the Annual Issuer Report][annual audited financial statements] will be filed by \_\_\_\_\_.

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

HTS Continuing Disclosure Services, a Division of  
Hilltop Securities Inc.  
on behalf of the City of Celina, Texas  
(as Dissemination Agent)

By: \_\_\_\_\_

Title: \_\_\_\_\_

cc: City of Celina, Texas

## EXHIBIT B

**CITY OF CELINA, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023  
(CHALK HILL PUBLIC IMPROVEMENT DISTRICT NO. 2 PHASES #2-3 DIRECT  
IMPROVEMENTS PROJECT)**

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**ANNUAL ISSUER REPORT\***

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Delivery Date: \_\_\_\_\_, 20\_\_

### DISSEMINATION AGENT

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Contact Person: \_\_\_\_\_

### BONDS OUTSTANDING

| CUSIP<br>Number | Maturity<br>Date | Interest<br>Rate | Original<br>Principal<br>Amount | Outstanding<br>Principal<br>Amount | Outstanding<br>Interest<br>Amount |
|-----------------|------------------|------------------|---------------------------------|------------------------------------|-----------------------------------|
|                 |                  |                  |                                 |                                    |                                   |
|                 |                  |                  |                                 |                                    |                                   |
|                 |                  |                  |                                 |                                    |                                   |

### INVESTMENTS

| Fund/<br>Account Name | Investment<br>Description | Par Value | Book Value | Market Value |
|-----------------------|---------------------------|-----------|------------|--------------|
|                       |                           |           |            |              |
|                       |                           |           |            |              |

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\*Excluding audited financial statements of the Issuer

## ASSETS AND LIABILITIES OF PLEDGED TRUST ESTATE

|                           |       |
|---------------------------|-------|
| Bonds (Principal Balance) | _____ |
| Funds and Accounts [list] | _____ |
| <b>TOTAL ASSETS</b>       | _____ |

## LIABILITIES

|                                       |       |
|---------------------------------------|-------|
| Outstanding Bond Principal            | _____ |
| Outstanding Program Expenses (if any) | _____ |
| <b>TOTAL LIABILITIES</b>              | _____ |

## EQUITY

|                         |       |
|-------------------------|-------|
| Assets Less Liabilities | _____ |
| Parity Ratio            | _____ |

**Form of Accounting**    ~    Cash        ~    Accrual    ~    Modified Accrual

## ITEMS REQUIRED BY SECTION 4(a)(ii) - (vi)

[Insert a line item for each applicable listing]

## EXHIBIT C

### BASIC EXPECTED TIMELINE FOR SPECIAL ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES<sup>1</sup>

| <u>Date</u> | <u>Delinquency<br/>Clock (Days)</u> | <u>Activity</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| January 31  |                                     | Assessments are due.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| February 1  | 1                                   | <p>Assessments delinquent if not received</p> <p>Upon receipt but no later than February 15, Issuer forwards payment to Trustee for all collections received, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter.</p> <p>Issuer and/or Administrator should be aware of actual and specific delinquencies.</p> <p>Administrator should be aware if Reserve Fund needs to be utilized for debt service payments during the corresponding Fiscal Year. <b>If there is to be a shortfall of any Annual Installments due to be paid that Fiscal Year, the Dissemination Agent should be immediately notified in writing.</b></p> <p>Issuer and/or Administrator should determine if previously collected surplus funds, if any, plus actual Annual Installment collections will be fully adequate for debt service in the corresponding March and September.</p> |
| March 1     | 28/29                               | <p>Issuer and/or Administrator should be aware of actual and specific delinquencies</p> <p>Trustee pays bond interest payments to Owners.</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>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

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<sup>1</sup> Illustrates anticipated dates and procedures for pursuing the collection of delinquent 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 County Tax/Assessor Collector's procedures, and are subject to adjustment by the Issuer. If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas or an amendment to the Code, such modifications shall control.

August 1

59/60

At this point, if total delinquencies are under 5% and if there is adequate funding for September payments, no further action is anticipated for collection of Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure delinquency. **For properties delinquent by more than one year or if the delinquency exceeds \$10,000 the matter will be referred for commencement of foreclosure, in accordance with the County Tax/Assessor Collector's procedures.**

**If there are over 5% delinquencies or if there is insufficient funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account of the Bond Fund such amounts as shall be required for the full March and September payments, the collection-foreclosure procedure will proceed against all delinquent properties, in accordance with the County Tax/Assessor Collector's procedures.**

July 1

152/153

Issuer, or the Administrator on behalf of the Issuer, determines whether or not any Annual Installments are delinquent and, if such delinquencies exist, the Issuer commences as soon as practicable appropriate and legally permissible actions to obtain such delinquent Annual Installments, in accordance with the County Tax/Assessor Collector's procedures.

**Issuer and/or Administrator to notify Dissemination Agent in writing for disclosure to MSRB of all delinquencies.**

**Preliminary Foreclosure activity commences, and Issuer to notify Dissemination Agent in writing of the commencement of preliminary foreclosure activity.**

If Dissemination Agent has not received Foreclosure Schedule and Plan of Collections, Dissemination Agent to request same from the issuer.

If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, and if instructed by the Owners under Section 11.2 of the Indenture, Dissemination



August 15

197/198

Agent requests that the Issuer commence foreclosure or provide plan for collection.

The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination Agent for dissemination to those Owners who have requested to be notified of collections progress. The goal for the foreclosure actions is a filing by no later than August 15 (day 197/198).

**Foreclosure action to be filed with the court.**

**Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status in writing. Dissemination Agent notifies Owners.**

If Owners and Dissemination Agent have not been notified of a foreclosure action, Dissemination Agent will notify the Issuer that it is appropriate to file action.

A committee of not less than 25% of the Owners may request a meeting with the City Manager or Director of Finance to discuss the Issuer's actions in pursuing the repayment of any delinquencies. This would also occur after day 30 if it is apparent that a Reserve Fund draw is required. Further, if delinquencies exceed 5%, Owners may also request a meeting with the Issuer at any time to discuss the Issuer's plan and progress on collection and foreclosure activity. If the Issuer is not diligently proceeding with the foreclosure process, the Owners may seek an action for mandamus or specific performance to direct the Issuer to pursue the collections of delinquent Special Assessments.

**APPENDIX D-2**  
**FORM OF DEVELOPER DISCLOSURE AGREEMENT**

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**CITY OF CELINA, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023  
(CHALK HILL PUBLIC IMPROVEMENT DISTRICT NO. 2 PHASES #2-3 DIRECT  
IMPROVEMENTS PROJECT)**

**CONTINUING DISCLOSURE AGREEMENT OF THE DEVELOPER**

This Continuing Disclosure Agreement of the Developer dated as of August 1, 2023 (this “Disclosure Agreement”) is executed and delivered by and between MM Chalk Hill, LLC, a Texas limited liability company (the “Developer”), MuniCap Inc. (in such capacity, the “Administrator”) and MuniCap Inc. (in such capacity, the “Dissemination Agent”) with respect to the “City of Celina, Texas, Special Assessment Revenue Bonds, Series 2023 (Chalk Hill Public Improvement District No. 2 Phases #2-3 Direct Improvements Project)” (the “Bonds”). The Developer, the Administrator and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Developer, the Administrator and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of August 1, 2023, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Administrative Expenses” shall have the meaning assigned to such term in the Indenture.

“Administrator” shall mean the employee or designee of the Issuer, identified in any indenture of trust relating to the Bonds, the District’s Service and Assessment Plan, or any other agreement or document approved by the Issuer related to the duties and responsibilities of the administration of the District. The Issuer has selected MuniCap, Inc. as the initial Administrator.

“Affiliate” shall mean an entity that owns property within Phases #2-3 of the District and is controlled by, controls, or is under common control with the Developer or any Subsequent Third Party Owner.

“Annual Installment(s)” shall have the meaning assigned to such term in the Indenture.

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

“Construction Funding Agreement” has the meaning given to it in the Indenture.

“Developer” shall mean MM Chalk Hill, LLC, a Texas limited liability company, including any Affiliate of the Developer, its successors and assigns.

“Development Agreement” has the meaning given to it in the Indenture.

“Disclosure Agreement of Issuer” shall mean the Continuing Disclosure Agreement of the Issuer dated as of August 1, 2023 executed and delivered by the Issuer and HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc., as dissemination agent thereunder.

“Dissemination Agent” shall mean MuniCap Inc., or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean Chalk Hill Public Improvement District No. 2.

“EMMA” shall mean the Electronic Municipal Market Access System available on the internet at <http://emma.msrb.org>.

“Fiscal Year” shall mean the calendar year from October 1 through September 30.

“Issuer” shall mean the City of Celina, Texas.

“Listed Events” shall mean any of the events listed in Section 4(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 reports pursuant to the Rule.

“Owner” shall mean the registered owner of any Bonds.

“Participating Underwriter” shall mean FMSbonds, Inc. and its successors and assigns.

“Quarterly Improvement Implementation Report” shall mean any Quarterly Improvement Implementation Report prepared by the Administrator pursuant to, and as described in, Section 3 of this Disclosure Agreement.

“Phases #2-3 Direct Improvements” shall have the meaning assigned to such term in the Service and Assessment Plan.

“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.

“Subsequent Third Party Owner” shall have the meaning assigned to such term in Section 3(f) of this Disclosure Agreement.

“Trustee” shall mean U.S. Bank Trust Company, National Association, or any successor trustee pursuant to the Indenture.

SECTION 3. Quarterly Improvement Implementation Reports.

(a) The Developer shall provide, or cause to be provided, to the Administrator, at the Developer’s cost and expense, at least five (5) Business Days prior to each March 30, June 30, September 30 and December 30 (beginning December 30, 2023), any information in its knowledge or possession or that will enable the Administrator to complete each Quarterly Improvement Implementation Report containing the information described in this Section 3. The Developer shall provide, or cause to be provided, such information required for the preparation of each Quarterly Improvement Implementation Report during the period from the delivery of the Bonds until such time as the Developer is no longer liable for the payment of Annual Installments of Assessments equal to at least 20% of the total Annual Installments of Assessments for any year.

(b) The Administrator shall provide to the Issuer and the Dissemination Agent, on or before each March 30, June 30, September 30 and December 30 (beginning December 30, 2023), each Quarterly Improvement Implementation Report containing the information described in this Section 3. The Issuer shall review the information and authorize the Dissemination Agent to provide such information to the MSRB and the Participating Underwriter within fifteen (15) Business Days of the Dissemination Agent’s receipt thereof pursuant to this subsection 3(b).

(c) Such Quarterly Improvement Implementation Report shall include:

(i) Statement from the Developer as to the status of acquisition loans, development loans and any permanent financing with respect to any development undertaken by the Developer in Phases #2-3 of the District not financed with Bond proceeds, including loan balance, existence of deeds of trust or other similar encumbrances against the property within Phases #2-3 of the District, existence of any default and remaining term;

(ii) Statement as to available funds to complete development in Phases #2-3 of the District under construction as contemplated (both Bond financed and non-Bond financed development undertaken by the Developer);

(iii) Status of parcel and/or lot sales from the Developer to any other party by type and average pricing, as well as anticipated future absorption rates;

(iv) A statement as to material changes, if any, in the form, organization or controlling ownership of the Developer;

(v) The status of any governmental approvals (other than customary home building permits required after delivery of a finished lot) required for completion of the Phases #2-3 Direct Improvements within Phases #2-3 of the District;

(vi) Any information regarding the Phases #2-3 Direct Improvements or other information as may be reasonably requested by the Issuer relating to the ability of the Developer to fulfill its obligations under the Development Agreement and the Construction Funding Agreement;

(vii) Written notification of any zoning or land use entitlement changes or any other matter that would have a material adverse impact on land values within Phases #2-3 of the District, development potential of lands within Phases #2-3 of the District or the likelihood of the timely payment of the Assessments levied on land or parcels owned by the Developer; and

(viii) Any changes to the land use designation for the property in Phases #2-3 of the District that might negatively impact its development for those purposes identified in the final Service and Assessment Plan, as the same may be amended and supplemented from time to time.

(d) Additionally, the Developer shall provide or cause to be provided the following information to the Administrator for inclusion in each Quarterly Improvement Implementation Report:

(i) The number, dollar amount, and property type (e.g., developed lots, undeveloped pads, parcels, raw land) under contract with wholesale purchasers and the name of each such purchaser;

(ii) A listing of any Subsequent Third Party Owners (defined below) liable for least twenty percent (20%) of the Assessments, the amount of the levy of Assessments against such Subsequent Third Party Owner, and the percentage of such Assessments relative to the entire levy of Assessments; and

(iii) For each residential home builder, on a per quarter and running total basis, (A) the number of residential units for which construction has begun, (B) the number of residential units for which construction has been completed, (C) the number of residential units which have been sold to end users and the average sales price therefor and (D) the estimated date of completion for all residential units expected to be constructed in Phases #2-3 of the District.

(e) With respect to the Phases #2-3 Direct Improvements, the Developer will establish an accounting and budgeting system and shall provide or cause to be provided the following information to the Administrator for inclusion in each Quarterly Improvement Implementation Report:

(i) Total expected costs for design and engineering to be completed after delivery of the Bonds;

(ii) Total expected construction budget;

(iii) Construction budget allocated to each progress milestone;

(iv) Forecast construction milestones by date;

(v) Forecast completion date; and

- (vi) Forecast Issuer acceptance date.

The Developer shall prepare, within ninety (90) days of the issuance of the Bonds, a schedule reflecting the points listed above for each of the Phases #2-3 Direct Improvements within Phases #2-3 of the District to be funded by the Bond proceeds. Quarterly progress reports, reflecting the points listed above, will be summarized by the Developer to reflect the progress and conformance with the overall project budget. These quarterly summaries will be filed with the Administrator for assembly into the Quarterly Improvement Implementation Report and delivered to the Issuer and the Dissemination Agent. Budget overruns in excess of \$250,000 per quarter or delays of greater than sixty (60) days will be highlighted and explained and the Developer shall include a plan to remedy the situation. The Developer's filings under this Section 3(e) will terminate after the Issuer accepts the final segment of the Phases #2-3 Direct Improvements and Developer provides a final summary report covering the period from the date of its last preceding quarterly progress report to the date of Issuer acceptance of the final segment of the Phases #2-3 Direct Improvements.

(f) If the Developer sells, assigns or otherwise transfers ownership of real property in Phases #2-3 of the District to a third party, which results in such third party, including any Affiliate of such third party, owning property liable for at least twenty percent (20%) of the total Annual Installments of the Assessments first coming due after such transfer of ownership (a "Subsequent Third Party Owner"), the Developer shall require such Subsequent Third Party Owner to comply with the Developer's disclosure obligations hereunder with respect to such acquired real property for so long as such Subsequent Third Party Owner is the owner of property liable for at least twenty percent (20%) of the total of Annual Installments of the Assessments next coming due; provided however, a Subsequent Third Party Owner shall not be required to provide the disclosure information required by Sections 3(c)(i), 3(c)(ii), 3(c)(v), 3(c)(vi), and 3(e) above unless the Subsequent Third Party Owner has assumed the obligation to construct one or more of the Phases #2-3 Improvements, through an assignment of the obligations, requirements or covenants under the Development Agreement or through any contractual arrangement resulting in the same, in which case the Subsequent Third Party Owner shall include the disclosure information required by Sections 3(c)(i), 3(c)(ii), 3(c)(v), 3(c)(vi), and 3(e) above for the Phases #2-3 Improvements it is constructing. The Developer shall deliver to the Dissemination Agent and the Issuer a written acknowledgement from each Subsequent Third Party Owner, acknowledging and assuming its obligations under this Disclosure Agreement. Upon any such transfer to a Subsequent Third Party Owner, and such Subsequent Third Party Owner's assumption of Developer's obligations under this Disclosure Agreement as to the property transferred, Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred.

#### SECTION 4. Event Reporting Obligations of Developer.

(a) Pursuant to the provisions of this Section 4, each of the following is a Listed Event with respect to the Bonds:

- (i) Failure to pay any real property taxes or Assessments levied within Phases #2-3 of the District on a parcel owned by the Developer;
- (ii) Material damage to or destruction of any development or improvements, including the Phases #2-3 Direct Improvements within Phases #2-3 of the District;



(iii) Material default by the Developer on any loan with respect to the development or permanent financing of the Phases #2-3 Direct Improvements or development of Phases #2-3 of the District undertaken by the Developer;

(iv) Material default by the Developer on any loan secured by property within Phases #2-3 of the District owned by the Developer;

(v) The bankruptcy filing of the Developer or any determination that the Developer 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, 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 claim for damage, in excess of \$1,000,000 against the Developer which may adversely affect the completion of the development or litigation which would materially adversely affect the financial condition of the Developer; and

(viii) Any change in the legal structure, chief executive officer or controlling ownership of the Developer.

Whenever the Developer obtains knowledge of the occurrence of a Listed Event, the Developer shall promptly notify the Issuer and the Dissemination Agent in writing and the Developer shall direct the Dissemination Agent, subject to the Issuer's written approval, to immediately file a notice of such occurrence with the MSRB. 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 paragraph shall be accompanied with the text of the disclosure that the Developer desires to make, the written authorization of the Developer for the Dissemination Agent to disseminate such information as provided herein, and the date the Developer desires for the Dissemination Agent to disseminate the information (which date shall not be more than ten (10) Business Days after Developer becomes aware of the occurrence of the Listed Event).

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Issuer and the Developer of such Listed Event. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Developer 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 Developer 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 Issuer, the Developer or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If the Dissemination Agent has been instructed by the Developer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB within one (1) Business Day of its receipt of such written instructions from the Developer.

SECTION 5. Termination of Reporting Obligations.

(a) The reporting obligations of the Developer or a Subsequent Third Party Owner, if any, under this Disclosure Agreement shall terminate (i) upon the legal defeasance, prior redemption or payment in full of all of the Bonds or (ii) when the Developer or a Subsequent Third Party Owner, if any, is no longer liable for the payment of Annual Installments of Assessments equal to at least 20% of the total Annual Installment of Assessments for any year.

(b) At such time that the Developer or a Subsequent Third Party Owner, if any, is no longer liable for the payment of Annual Installments of Assessments equal to at least 20% of the total Annual Installments of Assessments for any year, the Administrator shall provide written notice to the Developer, any Subsequent Third Party Owner, if applicable, the Issuer and the Dissemination Agent that such party is no longer liable for the payment of Annual Installments of Assessments equal to at least 20% of the total Annual Installments of Assessments for any year, thereby, terminating such party's reporting obligations under this Disclosure Agreement (the "Termination Notice"). If such Termination Notice with respect to the Developer or a Subsequent Third Party Owner occurs prior to the legal defeasance, prior redemption or payment in full of all of the Bonds, 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 and the Participating Underwriter within ten (10) Business Days of its receipt thereof.

(c) The reporting obligations of the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate (i) upon the legal defeasance, prior redemption or payment in full of all of the Bonds or (ii) when the Developer and any Subsequent Third Party Owner, if any, are no longer liable for the payment of Annual Installments of Assessments equal to at least 20% of the total Annual Installment of Assessments for any year and any Termination Notice required by subsection (b) of this Section 5 has been provided to the MSRB and Participating Underwriter.

SECTION 6. 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 the Developer's obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be MuniCap Inc.

SECTION 7. 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 by the Developer or Administrator), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3 or 4, it may only be made in connection with a change in circumstances that arises from a change in legal requirements,

change in law, or change in the identity, nature or status of the Developer, or the type of business conducted; and

(b) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds. No amendment which adversely affects the Dissemination Agent or the Issuer may be made without the respective party's prior written consent (which consent will not be unreasonably withheld or delayed).

(c) In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Administrator shall describe such amendment in the next related Quarterly Improvement Implementation Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the 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 under this Section 7 to the Issuer and the Participating Underwriter.

SECTION 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Developer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in addition to that which is required by this Disclosure Agreement. If the Developer chooses to include any information in any Quarterly Improvement Implementation Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Developer shall have no obligation under this Disclosure Agreement to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 9. Default. In the event of a failure of the Developer or Administrator to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall, upon being indemnified to its satisfaction as provided in the Indenture), or any Owner or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate to cause the Developer and/or Administrator to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Developer or Administrator to comply with this Disclosure Agreement shall be an action to mandamus or specific performance. A default under this Disclosure Agreement by the Developer shall not be deemed a default under the Disclosure Agreement of Issuer by the Issuer, and a default under the Disclosure Agreement of the Issuer by the Issuer shall not be deemed a default under this Disclosure Agreement by the Developer or Administrator.

SECTION 10. 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 Developer agrees to 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 resignation or removal of the Dissemination Agent and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The fact that the Dissemination Agent may have a financial advisory relationship with the Issuer in connection with the transaction described in the Indenture shall not be construed to mean that the Dissemination Agent has actual knowledge of any event described in Section 4 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement. The Dissemination Agent shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Dissemination Agent hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Dissemination Agent and believed to be genuine and to have been signed or presented by the proper party or parties.

(b) The Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. To the extent permitted by law, 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 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. UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR OR THE DEVELOPER 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 THE DEVELOPER, THE DISSEMINATION AGENT OR THE ADMINISTRATOR, RESPECTIVELY, 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 11. No Personal Liability. No covenant, stipulation, obligation or agreement of the Developer, the Administrator or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future officer, agent or employee of the Developer, the Administrator or Dissemination Agent in other than that person's official capacity.

SECTION 12. 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 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Developer, 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 14. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Dissemination Agent has entered into a separate agreement with the Issuer, which agreement provides for the payment of the fees and expenses of the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement.

SECTION 15. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of the District, including the payment of

the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

SECTION 16. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 17. 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.

[Remainder of Page Intentionally Left Blank; Signatures to Follow]

MUNICAP, INC.  
(as Dissemination Agent)

By: \_\_\_\_\_  
Authorized Officer

SIGNATURE PAGE OF CONTINUING DISCLOSURE AGREEMENT OF THE DEVELOPER

**DEVELOPER:**

MM CHALK HILL, LLC,  
a Texas limited liability company

By: MMM Ventures, LLC,  
a Texas limited liability company  
Its Manager

By: 2M Ventures, LLC,  
a Delaware limited liability company  
Its Manager

By: \_\_\_\_\_  
Name: Mehrdad Moayed  
Its: Manager

SIGNATURE PAGE OF CONTINUING DISCLOSURE AGREEMENT OF THE DEVELOPER



MUNICAP INC.  
(as Administrator)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SIGNATURE PAGE OF CONTINUING DISCLOSURE AGREEMENT OF THE DEVELOPER

**APPENDIX E**  
**FORM OF CONSTRUCTION, FUNDING AND ACQUISITION AGREEMENT**

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**CHALK HILL PUBLIC IMPROVEMENT DISTRICT NO. 2 PHASES #2 – 3 DIRECT IMPROVEMENTS CONSTRUCTION, FUNDING, AND ACQUISITION AGREEMENT**

**THIS CHALK HILL PUBLIC IMPROVEMENT DISTRICT NO. 2 PHASES #2 – 3 DIRECT IMPROVEMENTS CONSTRUCTION, FUNDING, AND ACQUISITION AGREEMENT** (this “Agreement”), dated as of July 11, 2023, is by and between the **CITY OF CELINA, TEXAS**, a home-rule municipality of the State of Texas (the “City”), and **MM CHALK HILL, LLC**, a Texas limited liability company, (the “Developer”).

**ARTICLE I  
DEFINITIONS**

The following terms shall have the meanings ascribed to them in this Article I for purposes of this Agreement. Unless otherwise indicated, any other terms, capitalized or not, when used herein shall have the meanings ascribed to them in the Indenture (as hereinafter defined).

“**Act**” means the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended.

“**Actual Costs**” means the costs of the Phase #2-3 Direct Improvements actually paid or incurred for construction and installation of the Phase #2-3 Direct Improvements in accordance with the Service and Assessment Plan.

“**Administrator**” means, initially, MuniCap, Inc., or any other individual or entity designated by the City to administer the District.

“**Annual Service Plan Update**” means the annual update to the Service and Assessment Plan conducted by the Administrator pursuant to the Service and Assessment Plan.

“**Bond Ordinance**” means the ordinance adopted by the City Council on July 11, 2023 authorizing the issuance of the Bonds pursuant to the Indenture.

“**Bonds**” means the City’s bonds designated "City of Celina, Texas, Special Assessment Revenue Bonds, Series 2023 (Chalk Hill Public Improvement District No. 2 Phases #2-3 Direct Improvement Project)".

“**Budgeted Costs**” means the anticipated, agreed upon costs of the Phase #2-3 Direct Improvements as shown in Section III of the Service and Assessment Plan.

“**Certificate for Payment**” means a certificate, substantially in the form of **Exhibit A** hereto or otherwise agreed to by the Developer and the City Representative, executed by a Person acceptable to the City, provided no more frequently than once per month to the City Representative and the Trustee, specifying the amount of work performed and the amount charged for that work, including materials and labor costs, presented to the Trustee to request payment for Actual Costs of Phase #2-3 Direct Improvements under the Indenture.

**“City Inspector”** means an individual employed by or an agent of the City whose job is, in part or in whole, to inspect infrastructure to be owned by the City for compliance with all rules and regulations applicable to the development and the infrastructure inspected.

**“City Manager”** means the City Manager of the City, or its designee.

**“City Representative”** means the City Manager, or any other official or agent of the City later authorized by the City to undertake the action referenced herein.

**“Construction Contracts”** means the contracts for the construction of a Phase #2-3 Direct Improvement. “Construction Contract” means any one of the Construction Contracts.

**“Cost”** means the Budgeted Costs or the cost of a Phase #2-3 Direct Improvement as reflected in a Construction Contract, if greater than the Budgeted Costs.

**“Costs of Issuance Account”** means the account of such name in the Project Fund created under Section 6.1 of the Indenture.

**“Cost Overrun”** means, with respect to each Phase #2-3 Direct Improvement, the Actual Cost, as appropriate, of such Phase #2-3 Direct Improvement in excess of the Budgeted Cost.

**“Developer Improvement Account”** means the account of such name in the Project Fund created under Section 6.1 of the Indenture.

**“Development Agreement”** means that certain Development Agreement, Chalk Hill Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement executed by and between the City and MM Chalk Hill, LLC, as successor in interest to CADG Celina 156, LLC effective October 13, 2017, as the same may be amended from time to time.

**“District”** shall mean the Chalk Hill Public Improvement District No. 2 created December 12, 2017.

**“Final Completion”** means the time at which the construction of a Phase #2-3 Direct Improvement (or specified segment, section or part thereof) has progressed to the point where such Phase #2-3 Direct Improvement (or a specified segment, section or part thereof) is sufficiently complete in accordance with the Construction Contracts related thereto so that such Phase #2-3 Direct Improvement (or a specified segment, section or part thereof) can be utilized for the purposes for which it is intended and is in compliance with existing City standards for dedication to the City.

**“Indenture”** means that certain Indenture of Trust between the City and U.S. Bank Trust Company, National Association, as trustee, dated as of August 1, 2023 relating to the Bonds.

**“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.

**“Phase #2-3 Direct Improvements”** means improvements authorized by Section 372.003 of the Act, including and as listed in Section III of the Service and Assessment Plan. An individual Phase #2-3 Direct Improvement, including a completed segment, section or part, shall be referred to as a Phase #2-3 Direct Improvement.

**“Phase #2-3 Direct Improvements Account”** means the account of such name in the Project Fund created under Section 6.1 of the Indenture.

**“Plans”** means the plans, specifications, schedules and related construction contracts for the Phase #2-3 Direct Improvements, respectively, approved pursuant to the applicable standards, ordinances, procedures, policies and directives of the City, the Development Agreement, and any other applicable governmental entity.

**“Project Fund”** means the fund, including the accounts created and established under such fund, where monies from the proceeds of the sale of the Bonds and any funds received from the Developer, excluding those deposited in other funds in accordance with the Indenture, shall be deposited, and the fund by such name created under the Indenture.

**“Reimbursement Agreement”** means the Chalk Hill Public Improvement District No. 2 Phase #2-3 Direct Improvement Reimbursement Agreement dated as of July 11, 2023, by and between the City and the Developer providing for the construction and financing of certain Phase #2-3 Direct Improvements by the Developer for which the Developer will later be reimbursed by the City pursuant to the Act.

**“Service and Assessment Plan”** means the Chalk Hill Public Improvement District No. 2 Service and Assessment Plan as updated for Phases #2-3 Direct Improvements, prepared pursuant to the Act, and approved by the City Council on July 11, 2023.

## **ARTICLE II RECITALS**

### **Section 2.01. The District and the Phase #2-3 Direct Improvements.**

(a) The City has created the District under the Act for the financing of, among other things, the acquisition, construction and installation of the Phase #2-3 Direct Improvements.

(b) The City has authorized the issuance of the Bonds in accordance with the provisions of the Act, the Bond Ordinance and the Indenture, the proceeds of which Bonds shall be used, in part, to finance all or a portion of the Phase #2-3 Direct Improvements in accordance with the terms and limitations of the Development Agreement, this Agreement, and the Service and Assessment Plan.

(c) Concurrently with the issuance of the Bonds, the Developer and the City have entered into the Reimbursement Agreement to provide for the construction and financing of certain Phase #2-3 Direct Improvements.

(d) All Phase #2-3 Direct Improvements are eligible to be financed with proceeds of the Bonds and the Reimbursement Agreement, to the extent specified herein.

(e) The proceeds from the issuance and sale of the Bonds and funds received from the Developer concurrently with the closing of the Bonds shall be deposited in accordance with the Indenture.

(f) The Developer will undertake, oversee, or ensure the construction and development of the Phase #2-3 Direct Improvements for acquisition and acceptance by the City, in accordance with the terms and conditions contained in the Development Agreement and this Agreement.

Section 2.02. Agreements. In consideration of the mutual promises and covenants set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Developer agree that the foregoing recitals, as applicable to each, are true and correct and further make the agreements set forth herein.

### **ARTICLE III FUNDING**

#### **Section 3.01. Bonds.**

(a) The City, in connection with this Agreement, is proceeding with the issuance and delivery of the Bonds.

(b) The projects to be partially financed with the proceeds of the Bonds are the Phase #2-3 Direct Improvements. The payment of costs from the proceeds of the Bonds for such Phase #2-3 Direct Improvements shall be made from the Phase #2-3 Direct Improvements Account of the Project Fund established under the Indenture.

(c) The payment of costs of the Phase #2-3 Direct Improvements from the Development Improvement Account of the Project Fund established under the Indenture shall be made in accordance with the provisions of Section 5.03 hereof and the terms of the Indenture.

(d) The City's obligation with respect to the payment of the Phase #2-3 Direct Improvements shall be limited to the lesser of the Actual Costs or Budgeted Costs, and shall be payable solely from amounts on deposit for the payment of such costs as provided herein and in the Indenture. The Developer agrees and acknowledges that it is responsible for all Cost Overruns and all expenses related to the Phase #2-3 Direct Improvements, qualified, however, by the distribution of Cost Underrun (as defined in Section 4.04 hereof) monies, as detailed in Section 4.04.

(e) The City shall have no responsibility whatsoever to the Developer with respect to the investment of any funds held in the Project Fund by the Trustee under the provisions of the Indenture, including any loss of all or a portion of the principal invested or any penalty for liquidation of an investment.

(f) The Developer acknowledges that any lack of availability of amounts in the funds or accounts established in the Indenture to pay the Costs of the Phase #2-3 Direct Improvements shall in no way diminish any obligation of the Developer with respect to the construction of or contributions for the Phase #2-3 Direct Improvements required by this Agreement, the Development Agreement, or any other agreement to which the Developer is a party or any governmental approval to which the Developer or any land within the District is subject.

Section 3.02 Accounts. All disbursements from the Phase #2-3 Direct Improvements Account of the Project Fund and the Developer Improvement Account of the Project Fund shall be made by the City in accordance with provisions of the Development Agreement, the Service and Assessment Plan, this Agreement, and the Indenture.

#### **ARTICLE IV CONSTRUCTION OF THE PHASE #2-3 DIRECT IMPROVEMENTS**

##### **Section 4.01. Duty of Developer to Construct.**

(a) All Phase #2-3 Direct Improvements shall be constructed by or at the direction of the Developer in accordance with the Plans and in accordance with this Agreement and the Development Agreement. The Developer shall perform, or cause to be performed, all of its obligations and shall conduct, or cause to be conducted, all operations with respect to the construction of Phase #2-3 Direct Improvements in a good, workmanlike and commercially reasonable manner, with the standard of diligence and care normally employed by duly qualified persons utilizing their commercially reasonable efforts in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken. The Developer 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 Phase #2-3 Direct Improvements to be acquired and accepted by the City, from the Developer, as provided in this Agreement.

(b) The Developer shall not be relieved of its obligation to construct or cause to be constructed each Phase #2-3 Direct Improvement and, upon completion, inspection, and acceptance, convey each such Phase #2-3 Direct Improvement to the City, in accordance with the terms hereof, even if there are insufficient funds in the Project Fund or other funds or account created under the Indenture to pay the Actual Costs thereof. In any event, this Agreement shall not affect any obligation of the Developer under any other agreement to which the Developer is a party or any governmental approval to which the Developer or any land within the District is subject, with respect to the Phase #2-3 Direct Improvements required in connection with the development of the land within the District.

Section 4.02. No Competitive Bidding. The Phase #2-3 Direct Improvements shall not require competitive bidding pursuant to Section 252.022(a)(9) of the Texas Local Government Code, as amended.



Section 4.03. Independent Contractor. In performing this Agreement, the Developer is an independent contractor and not the agent or employee of the City with respect to the Phase #2-3 Direct Improvements.

Section 4.04. Remaining Funds After Completion of a Phase #2-3 Direct Improvement. Upon the Final Completion of a Phase #2-3 Direct Improvement and payment of all outstanding invoices for such Phase #2-3 Direct Improvement, if the Actual Cost of such Phase #2-3 Direct Improvement is less than the Budgeted Cost (a “Cost Underrun”), any remaining Budgeted Cost may be made available to pay Cost Overruns on any other Phase #2-3 Direct Improvement. The City shall promptly confirm to the Administrator that such remaining amounts are available to pay such Cost Overruns, and the Developer, the Administrator and the City Representative will agree how to use such moneys to secure the payment and performance of the work for other Phase #2-3 Direct Improvements and shall include an update reflecting such change in the subsequent Annual Service Plan Update. Any Cost Underrun for any Phase #2-3 Direct Improvement is available to pay Cost Overruns on any other Phase #2-3 Direct Improvement.

Section 4.05. Contracts and Change Orders. The Developer shall be responsible for entering into all contracts and any supplemental agreements (herein referred to as “change orders”) required for the construction of the Phase #2-3 Direct Improvements. Developer or its contractors may approve and implement any change orders, even if such change order would increase the Cost of a Phase #2-3 Direct Improvement, but the Developer shall be solely responsible for payment of any Cost Overruns resulting from such change orders except to the extent amounts are available, or become available, pursuant to Section 4.04. If any change order is for work that requires changes to be made by an engineer to the construction and design documents and plans previously approved under Section 4.01, then such revisions made by an engineer must be submitted to the City for approval by the City’s engineer prior to execution of the change order.

## ARTICLE V ACQUISITION, CONSTRUCTION, AND PAYMENT

Section 5.01. Payment Requests for Disbursements at Closing. The costs of issuance of the Bonds shall be paid from the Costs of Issuance Account of the Project Fund at closing pursuant to one or more City Certificates. In order to receive the disbursement for a Phase #2-3 Direct Improvement from the Phase #2-3 Direct Improvements Account of the Project Fund or the Developer Improvement Account of the Project Fund at closing of the Bonds, the Developer shall execute a Certificate for Payment, substantially in the form of **Exhibit A** hereto or otherwise agreed to by the City, to be delivered to the City no later than five (5) business days prior to the scheduled Closing Date for the Bonds for payment in accordance with the provisions of the Indenture. Upon approval by the City, the City shall submit a Certificate for Payment to the Trustee for disbursement to be made from the Phase #2-3 Direct Improvements Account of the Project Fund or the Developer Improvement Account of the Project Fund, as applicable.

Section 5.02. Certificate for Payment for a Phase #2-3 Direct Improvement.

(a) No payment hereunder shall be made from the Project Fund to the Developer for work on a Phase #2-3 Direct Improvement until a Certificate for Payment is received from the

Developer. Upon receipt of a Certificate for Payment substantially in the form of **Exhibit A** hereto (and all accompanying documentation required by the City) from the Developer, the City Inspector shall conduct a review in order to confirm that such request is complete, that the work with respect to such Phase #2-3 Direct Improvement identified therein for which payment is requested was completed in accordance with all applicable governmental laws, rules and regulations and applicable Plans therefor and with the terms of this Agreement, the Development Agreement, and to verify and approve the Actual Cost of such work specified in such Certificate for Payment (collectively, the “Developer Compliance Requirements”). The City Inspector and/or the City Representative shall also conduct such review as is required in his discretion to confirm the matters certified in the Certificate for Payment. The Developer agrees to cooperate with the City Inspector and/or City Representative in conducting each such review and to provide the City Inspector and/or City Representative with such additional information and documentation as is reasonably necessary for the City Inspector and/or City Representative to conclude each such review.

(b) Within fifteen (15) business days of receipt of any Certificate for Payment, the City Representative shall either (i) approve and execute the Certificate for Payment and forward the same to the Administrator for approval and delivery to the Trustee for payment to the Developer in accordance with Section 5.03(a) hereof or (ii) in the event the City Representative disapproves the Certificate for Payment, give written notification to the Developer of the City Representative’s disapproval, in whole or in part, of such Certificate for Payment, specifying the reasons for such disapproval and the additional requirements to be satisfied for approval of such Certificate for Payment. If a Certificate for Payment seeking reimbursement is approved only in part, the City Representative shall specify the extent to which the Certificate for Payment is approved and shall deliver such partially approved Certificate for Payment to the Administrator for approval in accordance with Section 5.03 hereof and delivery to the Developer in accordance with Section 5.02(c) hereof, and any such partial work shall be processed for payment under Section 5.03 notwithstanding such partial disapproval.

(c) If the City Representative disapproves the Certificate for Payment, the disapproval must be in writing, stating the reason(s) for disapproval. The disapproval may be appealed to the City Council by the Developer in writing within thirty (30) days after Developer’s receipt of the City’s disapproval pursuant to Section 5.02(b) of this Agreement. Disapproval of the Certificate for Payment by the City Council shall be attempted to be resolved by half-day mediation between the parties in the event an agreement is not otherwise reached by the parties, with the mediator’s fee being paid by Developer. The Certificate for Payment shall not be forwarded to the Trustee for payment until the dispute is resolved by the City and the Developer.

(d) The Developer shall deliver the approved or partially approved Certificate 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 a Phase #2-3 Direct Improvement.**

(a) Upon receipt of a reviewed and approved Certificate for Payment, the Trustee shall make payment from the following funds: (1) first from the Phase #2-3 Direct Improvements Account of the Project Fund; and then (2) second from the Developer Improvement Account of

the Project Fund and designated in the Certificate for Payment pursuant to the terms of the Certificate for Payment and the Indenture in an amount not to exceed the Budgeted Cost for the particular Phase #2-3 Direct Improvement, unless a Cost Overrun amount has been approved for a particular Phase #2-3 Direct Improvement. 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 (i) directly to the general contractor or supplier of materials or services, or (ii) jointly to Developer (or any permitted assignee of such Developer) and the general contractor or supplier of materials or services, as indicated in an approved Certificate for Payment, out of available and appropriate funds in the Project Fund. If the request for payment results in ninety percent (90%) or more of the Budgeted Costs for such Phase #2-3 Direct Improvement identified in such request for payment being paid, then Trustee shall hold the payment until work with respect to that Phase #2-3 Direct Improvement has been completed and accepted by the City. If an unconditional lien release related to the items referenced in the Certificate for Payment is attached to such Certificate for Payment, the Trustee shall make such payment to the Developer or any permitted assignee of the Developer. In the event the Developer provides a general contractor's or supplier of materials' unconditional lien release for a portion of the work covered by a Certificate for Payment, the Trustee will make such payment directly to the Developer or any permitted assignee of the Developer to the extent of such lien release.

(d) Withholding Payments.

Nothing in this Agreement shall be deemed to prohibit the Developer or the City from contesting in good faith the validity or amount of any mechanics or materialman's lien and/or judgment nor limit the remedies available to the Developer or the City with respect thereto, including the withholding of any payment that may be associated with the exercise of such remedy, so long as such delay in performance shall not subject the Phase #2-3 Direct Improvement to foreclosure, forfeiture, or sale. In the event that any such mechanics or materialman's lien and/or judgment with respect to any Phase #2-3 Direct Improvement is contested, the Developer shall post or cause delivery of a surety bond in the amount reasonably determined by the City or City may decline to accept the Phase #2-3 Direct Improvements until such mechanics or materialman's lien and/or judgment is satisfied.

## **ARTICLE VI OWNERSHIP AND TRANSFER OF A PHASE #2-3 DIRECT IMPROVEMENT**

Section 6.01. Phase #2-3 Direct Improvement to be Owned by the City – Title Evidence. If required by the City, the Developer shall furnish to the City a preliminary title report for land with respect to a Phase #2-3 Direct Improvement to be acquired and accepted by the City from the Developer, and not previously dedicated or otherwise conveyed to the City, for review and approval at least thirty (30) calendar days prior to the transfer of title of a Phase #2-3 Direct

Improvement to the City. The City shall approve the preliminary title report unless it reveals a matter which, in the reasonable judgment of the City, could materially affect the City's clean title or use and enjoyment of any part of the property or easement covered by the preliminary title report. In the event the City does not approve the preliminary title report, the City shall not be obligated to accept title to the Phase #2-3 Direct Improvement until the Developer has cured such objections to title to the reasonable satisfaction of the City.

Section 6.02. Phase #2-3 Direct Improvement Constructed on City Land or Developer Land. If the Phase #2-3 Direct Improvement is on land owned by the City, the City hereby grants to the Developer a license to enter upon such land for purposes related to construction (and maintenance pending acquisition and acceptance by the City) of the Phase #2-3 Direct Improvement. If the Phase #2-3 Direct Improvement is on land owned by the Developer, the Developer hereby grants to the City a nonexclusive easement to enter upon such land for purposes related to inspection and maintenance (pending acquisition and acceptance by the City) of the Phase #2-3 Direct Improvement. The grant of the permanent easement shall not relieve the Developer of any obligation to grant the City title to property and/or easements related to the Phase #2-3 Direct Improvement as required by the Development Agreement or as should, in the City's reasonable judgment, be granted to provide for convenient access to and routine and emergency maintenance of such Phase #2-3 Direct Improvement. The provisions for inspection and acceptance of such Phase #2-3 Direct Improvement otherwise provided herein shall apply.

## **ARTICLE VII REPRESENTATIONS, WARRANTIES AND COVENANTS**

Section 7.01. Representations, Covenants and Warranties of the Developer. The Developer represents and warrants for the benefit of the City as follows:

(a) Organization. The Developer consists of one limited liability company duly formed, organized and validly existing under the laws of the State of Texas, is in compliance with the laws of the State of Texas, and has the power and authority to own its properties and assets and to fulfill its obligations in this Agreement and the Development Agreement and to carry on its business in the State of Texas as now being conducted as hereby contemplated.

(b) Authority. The Developer has the power and authority to enter into this Agreement and has taken all action necessary to cause this Agreement to be executed and delivered, and this Agreement has been duly and validly executed and delivered by the Developer.

(c) Binding Obligation. This Agreement is a legal, valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms, subject to bankruptcy and other equitable principles.

(d) Compliance with Law. The Developer shall not commit, suffer or permit any act to be done in, upon or to the lands in the District or the Phase #2-3 Direct Improvements in violation of any law, ordinance, rule, regulation or order of any governmental authority or any covenant, condition or restriction now or hereafter affecting the lands in the District or the Phase #2-3 Direct Improvements.

(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 costs associated with the Phase #2-3 Direct Improvements, and (ii) it will diligently follow all procedures set forth in this Agreement with respect to the Certificate for Payments.

(f) Financial Records. For a period of two years after completion of the Phase #2-3 Direct Improvements, the Developer covenants to maintain proper books of record and account for the construction of the Phase #2-3 Direct Improvements and all Costs related thereto. Such accounting books shall be maintained in accordance with generally accepted accounting principles, and shall be available for inspection by the City or its agents at any reasonable time during regular business hours on reasonable notice.

(g) Plans. The Developer represents that it has obtained or will obtain approval of the Plans from all appropriate departments of the City and from any other public entity or public utility from which such approval must be obtained. The Developer further agrees that, subject to the terms hereof, the Phase #2-3 Direct Improvements have been or will be constructed in full compliance with such Plans and any change orders thereto consistent with the Act, this Agreement and the Development Agreement. Developer shall provide as-built plans for all Phase #2-3 Direct Improvements to the City.

(h) Additional Information. The Developer agrees to cooperate with all reasonable written requests for nonproprietary information by the initial purchaser of the Bonds, the City Manager and the City Representative related to the status of construction of the Phase #2-3 Direct Improvements within the District, the anticipated completion dates for future improvements and any other matter that the initial purchaser of the Bonds or City Representative deems material to the investment quality of the Bonds.

(i) Continuing Disclosure Agreement. The Developer agrees to provide the information required pursuant to the Continuing Disclosure Agreement executed by the Developer in connection with the Bonds.

(j) Tax Certificate. The City will deliver a certificate relating to the Bonds (such certificate, as it may be amended and supplemented from time to time, being referred to herein as the "Tax Certificate") containing covenants and agreements designed to satisfy the requirements of 26 U.S. Code Sections 103 and 141 through 150, inclusive, and the federal income tax regulations issued thereunder relating to the use of the proceeds of the Bonds or of any monies, securities or other obligations on deposit to the credit of any of the funds and accounts created by the Indenture or this Agreement or otherwise that may be deemed to be proceeds of the Bonds within the meaning of 26 U.S. Code Section 148 (collectively, "Bond Proceeds").

The Developer covenants to provide, or cause to be provided, such facts and estimates as the City reasonably considers necessary to enable it to execute and deliver its Tax Certificate. The Developer further covenants that (i) such facts and estimates will be based on its reasonable expectations on the date of issuance of the Bonds and will be, to the best of the knowledge of the

officers of the Developer providing such facts and estimates, true, correct and complete as of that date, and (ii) the Developer will make reasonable inquiries to ensure such truth, correctness and completeness. The Developer covenants that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use or investment of the Bond Proceeds (including, but not limited to, the use of the Phase #2-3 Direct Improvements) that would cause any of the covenants or agreements of the City contained in the Tax Certificate to be violated or that would otherwise have an adverse effect on the tax-exempt status of the interest payable on the Bonds for federal income tax purposes.

(k) Financial Resources. The Developer represents and warrants that it has the financial resources, or the ability to obtain sufficient financial resources, to meet its obligations under this Agreement, the Service and Assessment Plan and the Development Agreement.

Section 7.02. Indemnification and Hold Harmless. THE DEVELOPER SHALL INDEMNIFY AND HOLD HARMLESS THE CITY INSPECTOR, THE CITY, ITS OFFICIALS, EMPLOYEES, OFFICERS, REPRESENTATIVES AND AGENTS (EACH AN "INDEMNIFIED PARTY"), FROM AND AGAINST ALL ACTIONS, DAMAGES, CLAIMS, LOSSES OR EXPENSE OF EVERY TYPE AND DESCRIPTION TO WHICH THEY MAY BE SUBJECTED OR PUT: (I) BY REASON OF, OR RESULTING FROM THE BREACH OF ANY PROVISION OF THIS AGREEMENT BY THE DEVELOPER; (II) THE NEGLIGENT DESIGN, ENGINEERING, AND/OR CONSTRUCTION BY THE DEVELOPER OR ANY ARCHITECT, ENGINEER OR CONTRACTOR HIRED BY THE DEVELOPER OF ANY OF THE PHASE #2-3 DIRECT IMPROVEMENTS ACQUIRED FROM THE DEVELOPER HEREUNDER; (III) THE DEVELOPER'S NONPAYMENT UNDER CONTRACTS BETWEEN THE DEVELOPER AND ITS CONSULTANTS, ENGINEERS, ADVISORS, CONTRACTORS, SUBCONTRACTORS AND SUPPLIERS IN THE PROVISION OF THE PHASE #2-3 DIRECT IMPROVEMENTS; (IV) ANY CLAIMS OF PERSONS EMPLOYED BY THE DEVELOPER OR ITS AGENTS TO CONSTRUCT THE PHASE #2-3 DIRECT IMPROVEMENTS; 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 PHASE #2-3 DIRECT IMPROVEMENTS OR ANY AGREEMENT OR RESPONSIBILITY REGARDING THE PHASE #2-3 DIRECT IMPROVEMENTS, INCLUDING CLAIMS AND CAUSES OF ACTION WHICH MAY ARISE OUT OF THE SOLE OR PARTIAL NEGLIGENCE OF AN INDEMNIFIED PARTY (THE "CLAIMS"). NOTWITHSTANDING THE FOREGOING, NO INDEMNIFICATION IS GIVEN HEREUNDER FOR ANY ACTION, DAMAGE, CLAIM, LOSS OR EXPENSE DETERMINED BY A COURT OF COMPETENT JURISDICTION TO BE DIRECTLY ATTRIBUTABLE TO THE WILLFUL MISCONDUCT OR GROSS NEGLIGENCE OF ANY INDEMNIFIED PARTY, DEVELOPER IS EXPRESSLY REQUIRED TO DEFEND CITY AGAINST ALL SUCH CLAIMS, AND CITY IS REQUIRED TO REASONABLY COOPERATE AND ASSIST DEVELOPER IN PROVIDING SUCH DEFENSE.

IN ITS REASONABLE DISCRETION, CITY SHALL HAVE THE RIGHT TO APPROVE OR SELECT DEFENSE COUNSEL TO BE RETAINED BY DEVELOPER IN

FULFILLING ITS OBLIGATIONS HEREUNDER TO DEFEND AND INDEMNIFY THE INDEMNIFIED PARTIES, UNLESS SUCH RIGHT IS EXPRESSLY WAIVED BY CITY IN WRITING. THE INDEMNIFIED PARTIES RESERVE THE RIGHT TO PROVIDE A PORTION OR ALL OF THEIR/ITS OWN DEFENSE, AT THEIR/ITS SOLE COST; HOWEVER, INDEMNIFIED PARTIES ARE UNDER NO OBLIGATION TO DO SO. ANY SUCH ACTION BY AN INDEMNIFIED PARTY IS NOT TO BE CONSTRUED AS A WAIVER OF DEVELOPER'S OBLIGATION TO DEFEND THE INDEMNIFIED PARTIES OR AS A WAIVER OF DEVELOPER'S OBLIGATION TO INDEMNIFY THE INDEMNIFIED PARTIES, PURSUANT TO THIS AGREEMENT. DEVELOPER SHALL RETAIN CITY-APPROVED DEFENSE COUNSEL WITHIN SEVEN (7) BUSINESS DAYS OF WRITTEN NOTICE FROM AN INDEMNIFIED PARTY THAT IT IS INVOKING ITS RIGHT TO INDEMNIFICATION UNDER THIS AGREEMENT. IF DEVELOPER FAILS TO RETAIN COUNSEL WITHIN SUCH TIME PERIOD, THE INDEMNIFIED PARTIES SHALL HAVE THE RIGHT TO RETAIN DEFENSE COUNSEL ON ITS OWN BEHALF, AND DEVELOPER SHALL BE JOINTLY AND SEVERALLY LIABLE FOR ALL REASONABLE COSTS INCURRED BY INDEMNIFIED PARTIES.

THIS SECTION 7.02 SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

THE PARTIES AGREE AND STIPULATE THAT THIS INDEMNIFICATION COMPLIES WITH THE CONSPICUOUSNESS REQUIREMENT AND THE EXPRESS NEGLIGENCE TEST, AND IS VALID AND ENFORCEABLE AGAINST THE DEVELOPER.

Section 7.03. Use of Monies by City; Changes to Indenture. The City agrees not to take any action or direct the Trustee to take any action to expend, disburse or encumber the monies held in the Project Fund and any monies to be transferred thereto for any purpose other than the purposes permitted by the Indenture. Prior to the acceptance of all the Phase #2-3 Direct Improvements, the City agrees not to modify or supplement the Indenture without the approval of the Developer if as a result or as a consequence of such modification or supplement: (a) the amount of monies that would otherwise have been available under the Indenture for disbursement for the Costs of the Phase #2-3 Direct Improvements is reduced, delayed or deferred, (b) the obligations or liabilities of the Developer are or may be 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 as of the effective date of this Agreement.

## **ARTICLE VIII TERMINATION**

Section 8.01. Mutual Consent. This Agreement may be terminated by the mutual, written consent of the City and the Developer, in which event the City may either execute contracts for or perform any remaining work related to the Phase #2-3 Direct Improvements not accepted by the

City or other appropriate entity and use all or any portion of funds on deposit in the Project Fund or other amounts transferred to the Project Fund under the terms of the Indenture to pay for same, and the Developer shall have no claim or right to any further payments for the Costs of a Phase #2-3 Direct Improvement hereunder, except as otherwise may be provided in such written consent.

Section 8.02. City's Election for Cause.

(a) The City, upon notice to Developer and the passage of the cure period identified in subsection (b) below, may terminate this Agreement, without the consent of the Developer if the Developer shall breach any material covenant or default in the performance of any material obligation hereunder.

(b) If any such breach or default described in Section 8.02(a) occurs, the City shall give written notice of its knowledge of such breach or default to the Developer (and any mortgagee or trust deed beneficiary specified in writing by the Developer to the City to receive such notice). Upon receipt of such notice, Developer agrees to promptly meet and confer with the City Inspector and other appropriate City staff and consultants as to available options to assure timely completion, subject to the terms of this Agreement, of the Phase #2-3 Direct Improvements. The City shall allow the Developer a minimum of forty-five (45) days to eliminate or to mitigate such breach or default to the reasonable satisfaction of the City ("Cure Period"). The Cure Period may be extended, at the sole discretion of the City, if the Developer, to the reasonable satisfaction of the City, is proceeding with diligence to eliminate or mitigate such breach or default. If at the end of the Cure Period (and any extension thereof), as determined reasonably by the City, the Developer has not eliminated or completely mitigated such grounds to the reasonable satisfaction of the City, the City may then terminate this Agreement. Upon termination of this Agreement, the City shall (i) provide written notice of such termination the Developer (and any mortgagee or trust deed beneficiary specified in writing by the Developer to the City to receive such notice) and (ii) instruct the Trustee to cease making payments for the Actual Costs and/or Budgeted Costs, as appropriate, of Phase #2-3 Direct Improvements, provided that the Developer shall receive payment of the Actual Costs or Budgeted Costs, as appropriate, of any Phase #2-3 Direct Improvements that were accepted by the City at the time of termination, so long as the Developer has complied with the requirements of the Development Agreement, this Agreement and the Indenture.

(c) If this Agreement is terminated by the City for cause, the City may either execute contracts for or perform any remaining work related to the Phase #2-3 Direct Improvements not accepted by the City and use all or any portion of the funds on deposit in the Project Fund or other amounts transferred to the Project Fund and the Developer shall have no claim or right to any further payments for the Phase #2-3 Direct Improvements hereunder, except as otherwise may be provided upon the mutual written consent of the City and the Developer or as provided for in the Reimbursement Agreement. The City shall have no obligation to perform any work related to a Phase #2-3 Direct Improvement or to incur any expense or cost in excess of the remaining balance of the Project Fund.

Section 8.03. Termination Upon Redemption or Defeasance of Bonds. This Agreement will terminate automatically and with no further action by the City or the Developer upon the



redemption or defeasance of all outstanding Bonds (including any refunding bonds issued to fund the Bonds) issued under the Indenture.

Section 8.04. Construction of the Phase #2-3 Direct Improvements 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 Phase #2-3 Direct Improvements in accordance with this Agreement and the Development Agreement.

Section 8.05. Force Majeure. Whenever performance is required of a party hereunder, that party shall use all due diligence and take all necessary measures in good faith to perform, but if completion of performance is delayed by reasons of floods, earthquakes or other acts of God, war, civil commotion, riots, strikes, picketing or other labor disputes, damage to work in progress by casualty or by other cause beyond the reasonable control of the party (financial inability excepted), then the specified time for performance shall be extended by the amount of the delay actually so caused. The extension of time to perform allowed by this Section 8.05 shall not apply unless, within ten (10) business days of the occurrence of an event of Force Majeure, the party needing additional time to perform notifies the other party of the event of Force Majeure and the amount of additional time reasonably required as a result of the occurrence of the event of Force Majeure.

## **ARTICLE IX MISCELLANEOUS**

Section 9.01. Limited Liability of City. The Developer agrees that any and all obligations of the City arising out of or related to this Agreement are special obligations of the City, and the City's obligations to make any payments hereunder are restricted entirely to the moneys, if any, in the Project Fund and from no other source. Neither the City, the City Inspector, City Representative nor any other City employee, officer, official or agent shall incur any liability hereunder to the Developer or any other party in their individual capacities by reason of their actions hereunder or execution hereof.

Section 9.02. Audit. The City Inspector, City Representative or a finance officer of the City shall have the right, during normal business hours and upon the giving of three business days' prior written notice to a Developer, to review all books and records of the Developer pertaining to costs and expenses incurred by the Developer with respect to any of the Phase #2-3 Direct Improvements and any bids taken or received for the construction thereof or materials therefor.

Section 9.03. Notices. Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to any party shall be deemed to have been received when personally delivered or transmitted by telecopy or facsimile transmission (which shall be immediately confirmed by telephone and shall be followed by mailing an original of the same within 24 hours after such transmission) or 72 hours following deposit of the same in any United States Post Office, registered or certified mail, postage prepaid, addressed as follows:

To the City: Attn: City Manager  
City of Celina, Texas  
142 N. Ohio  
Celina, Texas 75009

With a copy to: Attn: Julie Fort  
Messer, Fort & McDonald  
6371 Preston Road, Suite 200  
Frisco, TX 75034

And to: Attn: Bond Counsel  
Robert Dransfield  
Norton Rose Fulbright US LLP  
2200 Ross Avenue, Suite 3600  
Dallas, Texas 75201

To the Developer: Attn: Mehrdad Moayedi  
MM Chalk Hill, LLC  
1800 Valley View Lane, Suite 300  
Farmers Branch, Texas 75234

With a copy to: Attn: Travis Boghetich  
Boghetich Law, PLLC  
1800 Valley View Lane, Suite 360  
Farmers Branch, Texas 75234

Any party may change its address or addresses for delivery of notice by delivering written notice of such change of address to the other party.

The City shall advise the Developer of the name and address of any person who is to receive any notice or other communication pursuant to this Agreement.

Section 9.04. Severability. If any part of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent possible.

Section 9.05. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto. Any receivables due under this Agreement may be assigned by the Developer without the consent of, but upon written notice to the City pursuant to Section 9.03 of this Agreement. The obligations, requirements, or covenants of this Agreement shall be able to be assigned to an affiliate or related entity of the Developer, or any lien holder on the Property, without prior written consent of the City. The obligations, requirements, or covenants of this Agreement shall not be assigned by the Developer to a non-affiliate or non-related entity of the Developer without prior written consent of the City Manager, (which consent shall not be unreasonably withheld if assignee demonstrates financial ability to perform), except pursuant to a collateral assignment to any person or entity providing construction

financing to the Developer for the Developer for a Phase #2-3 Direct Improvement, 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 Phase #2-3 Direct Improvement. No such assignment shall be made by the Developer or any successor or assignee of the Developer that results in the City being an “obligated person” within the meaning of Rule 15c2-12 of the United States Securities and Exchange Commission without the express written consent of the City. In any event, any such assignment shall be in writing, shall clearly identify the scope of the rights and/or obligations assigned and may not otherwise amend the terms of this Agreement. The City may assign by a separate writing certain rights as described in this Agreement and in the Indenture, to the Trustee and the Developer hereby consents to such assignment.

Section 9.06. Other Agreements. The obligations of the Developer hereunder shall be those of a party hereto and not as an owner of property in the District. Nothing herein shall be construed as affecting the City’s or the Developer’s rights or duties to perform their respective obligations under other agreements, use regulations, ordinances or subdivision requirements relating to the development of the lands in the District, including the applicable Construction Contracts and the Development Agreement. To the extent there is a conflict between this Agreement and the Development Agreement, the Development Agreement shall control. To the extent there is a conflict between this Agreement and the Indenture, the Indenture shall control.

Section 9.07. Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by any other party, or the failure by a party to exercise its rights upon the default of any other party, shall not constitute a waiver of such party’s right to insist and demand strict compliance by such other party with the terms of this Agreement thereafter.

Section 9.08. Merger. No other agreement, statement or promise made by any party or any employee, officer or agent of any party with respect to any matters covered hereby that is not in writing and signed by all the parties to this Agreement shall be binding.

Section 9.09. Parties in Interest. Nothing in this Agreement, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or entity other than the City and the Developer any rights, remedies or claims under or by reason of this Agreement or any covenants, conditions or stipulations hereof, and all covenants, conditions, promises and agreements in this Agreement contained by or on behalf of the City or the Developer shall be for the sole and exclusive benefit of the City and the Developer.

Section 9.10. Amendment. 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 Indenture, and the Bond Ordinance by written supplement hereto and executed in counterparts, each of which shall be deemed an original.

Section 9.11. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

Section 9.12. Effective Date. This Agreement has been dated as of the date first above written solely for the purpose of convenience of reference and shall become effective upon its execution and delivery, on the Closing Date of the Bonds, by the parties hereto. All representations and warranties set forth therein shall be deemed to have been made on the Closing Date of the Bonds.

Section 9.13. Term. The term of this Agreement, other than the provisions contained in Section 7.02, which shall survive the termination of this Agreement, shall be thirty (30) years or until all amounts under the Reimbursement Agreement have been paid and upon redemption or defeasance of the Bonds (including any refunding bonds issued to refund the Bonds) issued under the Indenture. If the Developer defaults under this Agreement, the Reimbursement Agreement, or the Development Agreement, this Agreement, the Reimbursement Agreement and the Development Agreement shall not terminate with respect to the costs of the Phase #2-3 Direct Improvements that have been approved by the City pursuant to a Certificate for Payment prior to the date of termination based on such default.

Section 9.14. No Waiver of Powers or Immunity. The City does not waive or surrender any of its governmental powers, immunities, or rights except as necessary to allow Developer to enforce its remedies under this Agreement.

Section 9.15. No Boycott Israel. To the extent this Agreement constitutes a contract for goods or services for which a written verification is required under Section 2271.002, Texas Government Code, the Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, ‘boycott Israel,’ a term defined in Section 2271.001, Texas Government Code, by reference to Section 808.001(1), Texas Government Code, means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Developer understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

Section 9.16. Not a Listed Company. The Developer represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website: [https:// comptroller.texas.gov/purchasing/docs/sudan-list.pdf](https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf), <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to enable the City to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Developer and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime

relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. As used in this Section, the Developer understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 133(f), 17 C.F.R. § 230.133(f), and exists to make a profit.

Section 9.17. Verification Regarding Energy Company Boycotts. To the extent this Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification, “boycott energy companies,” a term defined in Section 2274.001(1), Texas Government Code (as enacted by such Senate Bill) by reference to Section 809.001, Texas Government Code (also as enacted by such Senate Bill), shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above. As used in this Section, the Developer understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 133(f), 17 C.F.R. § 230.133(f), and exists to make a profit.

Section 9.18. Verification Regarding Discrimination Against Firearm Entity or Trade Association.

To the extent this Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification and the following definitions:

(i) ‘discriminate against a firearm entity or firearm trade association,’ a term defined in Section 2274.001(3), Texas Government Code (as enacted by such Senate Bill), (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association,

or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association;

(ii) 'firearm entity,' a term defined in Section 2274.001(6), Texas Government Code (as enacted by such Senate Bill), means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government Code, as enacted by such Senate Bill, as weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (defined in Section 2274.001(5), Texas Government Code, as enacted by such Senate Bill, as devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (defined in Section 2274.001(1), Texas Government Code, as enacted by such Senate Bill, as a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (defined in Section 250.001, Texas Local Government Code, as a business establishment, private club, or association that operates an area for the discharge or other use of firearms for silhouette, skeet, trap, black powder, target, self-defense, or similar recreational shooting); and

(iii) 'firearm trade association,' a term defined in Section 2274.001(7), Texas Government Code (as enacted by such Senate Bill), means any person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code.

As used in this Section, the Developer understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 133(f), 17 C.F.R. § 230.133(f), and exists to make a profit.

Section 9.19. Form 1295. Submitted herewith is a completed Form 1295 in connection with the Developer's participation in the execution of this 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 City hereby confirms receipt of the Form 1295 from the Developer, and the City agrees to acknowledge such form with the TEC through its electronic filing application not later than the 30th day after the receipt of such form. The Developer and the City understand and

agree that, with the exception of information identifying the City and the contract identification number, neither the City nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Developer; and, neither the City nor its consultants have verified such information.

**[EXECUTION PAGES FOLLOW]**

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of \_\_\_\_\_, 2023.

**CITY OF CELINA, TEXAS**

By: \_\_\_\_\_  
Name: Ryan Tubbs  
Title: Mayor

ATTEST:

\_\_\_\_\_  
Name: Lauren Field  
Title: City Secretary

(City Seal)



**DEVELOPER:**

MM Chalk Hill, LLC  
a Texas limited liability company

By: MMM Ventures, LLC  
a Texas limited liability company  
Its Manager

By: 2M Ventures, LLC  
a Delaware limited liability company  
Its Manager

By: \_\_\_\_\_  
Name: Mehrdad Moayed  
Its: Manager

**Exhibit A**  
**CERTIFICATE FOR PAYMENT FORM – PHASE #2-3 DIRECT IMPROVEMENTS**

CERTIFICATE FOR PAYMENT NO. \_\_\_\_\_

The undersigned is a lawfully authorized representative for MM Chalk Hill, LLC, (the “Developer”) and requests payment from the [Phase #2-3 Direct Improvements Account of the Project Fund] [Developer Improvement Account of the Project Fund] from U.S. Bank Trust Company, National Association (the “Trustee”) in the amount of \_\_\_\_\_ for labor, materials, fees, and/or other general costs related to the construction and installation of the following Phase #2-3 Direct Improvements related to the Chalk Hill Public Improvement District No. 2 (the “Phase #2-3 Direct Improvements”):

***[insert specific Phase #2-3 Direct Improvement this request is for here]***

Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Chalk Hill Public Improvement District No. 2 Phases #2-3 Direct Improvements Construction, Funding, and Acquisition Agreement.

In connection to the above referenced payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certificate for Payment Form on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The payment requested for the below referenced Phase #2-3 Direct Improvement(s) has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.
3. The itemized amounts listed for the Phase #2-3 Direct Improvement(s) below is a true and accurate representation of the Actual Costs incurred by Developer with the construction and installation of said Phase #2-3 Direct Improvement(s) identified above, and such costs are (i) in compliance with the Chalk Hill Public Improvement District No. 2 Construction, Funding and Acquisition Agreement, and (ii) consistent with the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Chalk Hill Public Improvement District No. 2 Construction, Funding and Acquisition Agreement, the Indenture, or the Service and Assessment Plan.
5. All conditions set forth in the Indenture (as defined in the Chalk Hill Public Improvement District No. 2 Construction, Funding and Acquisition Agreement) for the payment hereby requested have been satisfied.

6. The work with respect to the Phase #2-3 Direct Improvement(s) identified above (or its completed segment, portion or segment) has been completed and the City has inspected or may begin inspection of the Phase #2-3 Direct Improvement(s). If this request for payment results in ninety percent (90%) or more of the Budgeted Costs for the Phase #2-3 Direct Improvement(s) identified above being paid, then the work with respect to the Phase #2-3 Direct Improvement(s) have been completed and the City has inspected AND accepted the Phase #2-3 Direct Improvement(s).

7. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

**Payments requested are as follows:**

| <b>Payee / Description of Phase #2-3 Direct Improvement</b> | <b>Total Cost of Phase #2-3 Direct Improvement</b> | <b>Budgeted Cost of Phase #2-3 Direct Improvement</b> | <b>Amount to be paid from the Project Fund</b> |
|-------------------------------------------------------------|----------------------------------------------------|-------------------------------------------------------|------------------------------------------------|
|                                                             |                                                    |                                                       |                                                |
|                                                             |                                                    |                                                       |                                                |

Attached hereto, are receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments.

Pursuant to the Chalk Hill Public Improvement District No. 2 Phases #2-3 Direct Improvements Construction, Funding, and Acquisition Agreement, after receiving this Certificate for Payment, the City is authorized to inspect the Phase #2-3 Direct Improvement (or completed segment, portion or segment) and confirm that said work has been completed in accordance with all applicable governmental laws, rules, and Plans.

I hereby declare that the above representations and warranties are true and correct.

**MM CHALK HILL, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**APPROVAL OF REQUEST BY CITY**

The City is in receipt of the attached Certificate for Payment. After reviewing the Certificate for Payment, the City approves the Certificate for Payment and shall include said payments in the City Certificate submitted to the Trustee directing payments to be made from appropriate Project Fund account. The City's approval of the Certificate for Payment shall not have the effect of estopping or preventing the City from asserting claims under the Chalk Hill Public Improvement District No. 2 Phases #2-3 Direct Improvements Construction, Funding, and Acquisition Agreement, the Indenture, the Service and Assessment Plan, any other agreement between the parties or that there is a defect in the Phase #2-3 Direct Improvements.

**CITY OF CELINA, TEXAS**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

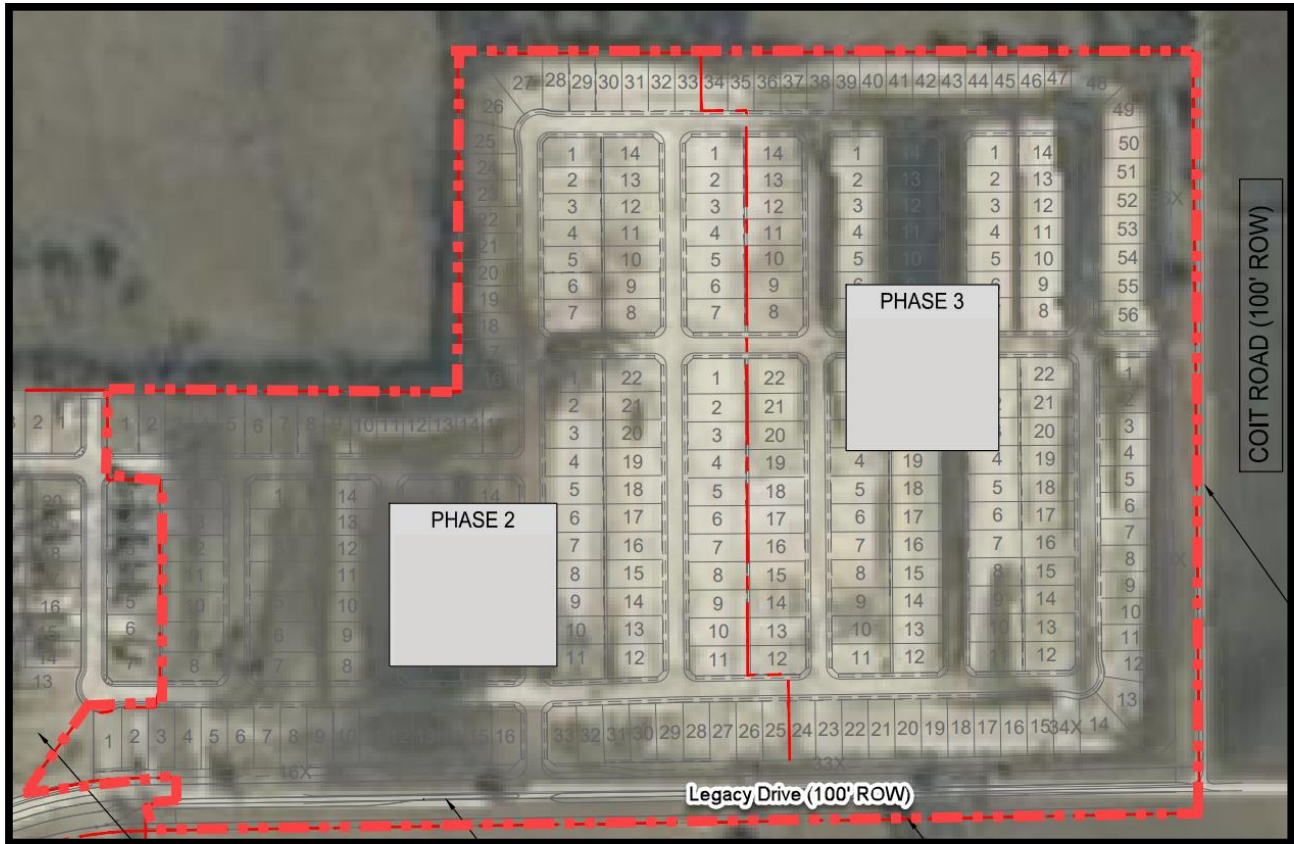
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**APPENDIX F**  
**APPRAISAL OF PROPERTY WITHIN PHASES #2-3 OF THE DISTRICT**

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# Appraisal Report

PROJECT # A22-0803-01



**CHALK HILL PUBLIC IMPROVEMENT DISTRICT NO. 2  
284 IMPROVED LOTS ON 55.749-AC  
CELINA, TX 75009**

**FOR:**

**CITY OF CELINA  
142 N OHIO ST.  
CELINA, TEXAS 75009**

**FMSBONDS, INC.  
5 COWBOYS WAY, STE. 300-25  
FRISCO, TEXAS 75034**

**EFFECTIVE DATE OF APPRAISAL:  
DECEMBER 1, 2023 (DATE OF SUBSTANTIAL COMPLETION)**

**PREPARED BY:  
JAMES L. MAIBACH, CPM, STATE CERTIFIED GENERAL REAL ESTATE APPRAISER, AND  
SHERIDAN ENGEL, STATE CERTIFIED GENERAL REAL ESTATE APPRAISER, OF:**

**PEYCO SOUTHWEST REALTY, INC.  
1703 NORTH PEYCO DRIVE  
ARLINGTON, TEXAS 76001**



**June 26, 2023**

**Mr. Jason Laumer**  
City Manager  
City of Celina  
142 N Ohio St.  
Celina, TX 75009  
jlaumer@celina-tx.gov

**Mr. R.R “Tripp” Davenport, III**  
Director  
FMSbonds, Inc  
5 Cowboys Way, Ste. 300-25  
Frisco, TX 75034  
tdavenport@fmsbonds.com

SUBJECT:     Market Value “Upon Completion” Appraisal  
                  Chalk Hill Public Improvement District No. 2 – Phases #2-3  
                  Celina, Collin County, Texas

Mr. Laumer and 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 future market value of the fee simple interest of the property located in Phases #2-3 of the Chalk Hill Public Improvement District No. 2 (Chalk Hill PID No. 2) which consists of the following:

- **Prospective Market Value “Upon Completion” of 284 residential improved lots as of December 1, 2023, on 55.749 acres. The improved lots are each with 50-foot frontages (FF).**

The clients for the assignment are the City of Celina and FMSbonds, Inc. The intended use is underwriting of a proposed PID bond transaction. This appraisal is not for purposes of determining the amount of any assessments to be levied by the City of Celina or Collin 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 Chalk Hill PID No. 2.

At Substantial Completion, which is forecast for December 1, 2023 (the Effective Date of this appraisal report), the subject property is expected to consist of the infrastructure necessary to provide residential streets, drainage, and utilities to the individual lots within Phases #2-3 of Chalk Hill PID No. 2. Chalk Hill PID No. 2 are governed by a Planned Development (PD-43) Agreement with the City of Celina which allows single-family development at the subject property which comprises Phases #2-3 of Chalk Hill PID No. 2. Each of the lots are designed for front-access, have a mandatory Homeowner’s Association membership, and are located in Celina ISD.

Per the Preliminary Service and Assessment Plan (PSAP) distributed by MuniCap, Inc., Phases #2-3 of Chalk Hill PID No. 2 (which is part of the Chalk Hill development) is comprised of approximately 55.749 contiguous acres of developable land. Chalk Hill PID No. 2 will have a final estimated build-out of 441 detached single-family residential lots which are each located in the City of Celina, Collin County, Texas. Other areas in Chalk Hill that are part of PD-43 including multifamily land southwest of the subject property, commercial land located along Preston Rd., and Chalk Hill Phase 1 which is nearing full build-out with detached single-family residences are NOT the subject of this assignment. We are solely evaluating the prospective market value “Upon Completion” of the 284 detached single-family residential lots identified in Phases #2-3 of Chalk Hill PID No. 2.

Each of the 50-foot frontage (FF) lot types will have a minimum of 5,000-square feet (SF) in size. There are three types of lot depths on the subject property which will be 50-FF: 100' depth (>5,000-SF), 110' depth (>5,500-SF), and 120' depth (>6,000-SF). The different lot types may have slightly different market values if these lots had identical characteristics; however, the homebuilders and developer do not reflect different market values in their purchase contracts, so 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.

The land within the development is owned by the developer, MM Chalk Hill, LLC, which is an affiliate of Centurion American Development Group. The developer has retained the right to keep all reimbursements, refunds, or other payment associated with the lots from any governmental or quasi-governmental entity which includes reimbursements for Public Improvement District (PID), Municipal Utility District (MUD), or Tax Increment Reinvestment Zone (TIRZ) entities.

#### 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 Preliminary Service and Assessment Plan (PSAP) published by MuniCap, Inc. and the engineering plans published by Peloton Land Solutions as of December 1, 2023, for 284 improved residential lots in Phases #2-3 of Chalk Hill PID No. 2.
- All information relative to the property located within Phases #2-3 Chalk Hill PID No. 2 including land areas, lot totals, lot sizes, and other pertinent data that was provided by Centurion American (owner/developer), Peloton Land Solutions (professional engineers), the City of Celina, Collin County, and the Collin Central Appraisal District is assumed to be correct.
- The subject is proposed residential lot construction with an expected completion date of December 1, 2023; 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 dates. 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.

Chalk Hill PID No. 2 – Phases #2-3

Based upon the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of the cumulative retail lot value as of the expected construction completion date is as follows:

| <b>CHALK HILL PID NO. 2 - PHASES #2-3, CELINA, TX 75009</b> |                           |                                         |                         |                                |
|-------------------------------------------------------------|---------------------------|-----------------------------------------|-------------------------|--------------------------------|
| <b>Total Lots</b>                                           | <b>Feet Frontage (FF)</b> | <b>Retail Price/Lot on Dec. 1, 2023</b> | <b>Price/FF (\$/FF)</b> | <b>Total Retail Value (\$)</b> |
| 284                                                         | 50'                       | \$95,000                                | \$1900/FF               | \$26,980,000                   |
| <b>284</b>                                                  |                           |                                         |                         | <b>\$26,980,000</b>            |

After considering discounted cash flows, our final value conclusion “Upon Completion” is shown below:

| <b>FINAL MARKET VALUE CONCLUSION</b>                         |                                    |
|--------------------------------------------------------------|------------------------------------|
| <b><i>Fee Simple Interest, Complete December 1, 2023</i></b> |                                    |
| <b>Chalk Hill PID No. 2 (Phases #2-3)</b>                    | <b>\$23,000,000 (\$80,986/Lot)</b> |
| <b>284 Improved Lots</b>                                     |                                    |

Attached is our Appraisal Report which summarizes the investigation and analyses undertaken in arriving at our value conclusions. Should you have any questions, please contact our office.

Respectfully submitted,

Peyco Southwest Realty



James L. Maibach, CPM  
TX-1323658  
State Certified General Real Estate Appraiser



Sheridan Engel  
TX- 1381232  
State Certified General Real Estate Appraiser

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## **EXECUTIVE SUMMARY**

|                                                   |                                                                                                                                                                                                                                                                                  |
|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Property Name</b>                              | Chalk Hill PID No. 2 (Phases #2-3)                                                                                                                                                                                                                                               |
| <b>Property Type</b>                              | Master-Planned Community                                                                                                                                                                                                                                                         |
| <b>Location</b>                                   | North of Celina High School on Preston Rd. (SH 289) in Celina, TX                                                                                                                                                                                                                |
| <b>City, County, State, Zip</b>                   | City of Celina, Collin County, TX 75009                                                                                                                                                                                                                                          |
| <b>Legal Descriptions (Collin CAD)</b>            | <ul style="list-style-type: none"><li>• ABS A0912 William B Tucker Survey, Tract 1, 25.0 Acres</li><li>• ABS A0810 WW Shower Survey, Tract 9, 20.0 Acres</li><li>• ABS A0299 GW Estes Survey, Tract 6, 10.4277 Acres</li></ul> *Full Metes & Bounds Legal Description in Addenda |
| <b>Owner of Record</b>                            | MM Chalk Hill LLC                                                                                                                                                                                                                                                                |
| <b>Census Tract</b>                               | 0303.07                                                                                                                                                                                                                                                                          |
| <b>Tax ID – Collin Central Appraisal District</b> | 997522, 986507, & 2779860                                                                                                                                                                                                                                                        |
|                                                   |                                                                                                                                                                                                                                                                                  |
| <b>Land Area</b>                                  | 55.749-AC in Phases #2-3 of Chalk Hill PID No. 2<br>Approximately 94.827-AC in Entire Chalk Hill PID No. 2                                                                                                                                                                       |
| <b>Total Lots</b>                                 | 284 Detached Single-Family Residential Lots with 50-FF Widths                                                                                                                                                                                                                    |
| <b>Topography</b>                                 | Gently Sloping                                                                                                                                                                                                                                                                   |
| <b>FEMA Flood Zones</b>                           | 100% Zone X                                                                                                                                                                                                                                                                      |
| <b>FEMA Panel</b>                                 | 48085C0110J & 48085C0020J (Effective 6/2/2009)                                                                                                                                                                                                                                   |
| <b>Utilities</b>                                  |                                                                                                                                                                                                                                                                                  |
| <b>Water</b>                                      | City of Celina                                                                                                                                                                                                                                                                   |
| <b>Sewer</b>                                      | City of Celina                                                                                                                                                                                                                                                                   |
| <b>Electric</b>                                   | Grayson Collin Electric Cooperative                                                                                                                                                                                                                                              |
| <b>Natural Gas</b>                                | Atmos                                                                                                                                                                                                                                                                            |
| <b>Zoning (City of Celina)</b>                    | Planned Development (PD-43) for Single-Family Residential Uses for the 55.749-AC Portion of the Subject Property                                                                                                                                                                 |
|                                                   |                                                                                                                                                                                                                                                                                  |
| <b>Future Land Use</b>                            | Single-Family Residential Subdivision                                                                                                                                                                                                                                            |
| <b>Highest &amp; Best Use</b>                     | Single-Family Residential Subdivision                                                                                                                                                                                                                                            |
|                                                   |                                                                                                                                                                                                                                                                                  |
| <b>Final Value Conclusion</b>                     | <b>\$23,000,000 as of December 1, 2023</b>                                                                                                                                                                                                                                       |
|                                                   |                                                                                                                                                                                                                                                                                  |
| <b>Exposure Period</b>                            | 6-12 Months                                                                                                                                                                                                                                                                      |
| <b>Marketing Period</b>                           | 6-12 Months                                                                                                                                                                                                                                                                      |
|                                                   |                                                                                                                                                                                                                                                                                  |
| <b>Date of Inspection</b>                         | October 23, 2022                                                                                                                                                                                                                                                                 |
| <b>Date of Valuation</b>                          | December 1, 2023                                                                                                                                                                                                                                                                 |
| <b>Report Date</b>                                | June 26, 2023                                                                                                                                                                                                                                                                    |

## **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) James L. Maibach and Sheridan Engel have inspected the subject property. The values herein were developed and reported by James L. Maibach, CPM and Sheridan Engel.
- (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.



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*James L. Maibach, CPM*

*TX-1323658*

*State Certified General Real Estate Appraiser*



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*Sheridan Engel*

*TX-1381232*

*State Certified General Real Estate Appraiser*

## **SCOPE OF WORK**

Scope of Work is defined by the Uniform Standards of Professional Appraisal Practice as “the type and extent of research and analyses in an assignment.” Under the Scope of Work Rule, the appraiser must:

- Identify the problem to be solved;
- Determine and perform the scope of work necessary to develop credible assignment results; and
- Disclose the scope of work in the report.

The problem to be solved is:

- Determine the *Prospective Market Value “Upon Completion”* for the fee simple interest of 284 improved lots in Phases #2-3 of Chalk Hill PID No. 2 consisting of 284 lots as of December 1, 2023 – the expected Substantial Completion Date.

The definition of market value<sup>1</sup> utilized herein is as follows:

**Market Value** is defined as the most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite for a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>2</sup>

The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of FIRREA guidelines and the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice, in a manner necessary to produce a credible result.

This Appraisal Report has been prepared under Standards Rule 2-2(a) of an appraisal performed under Standards Rule 1 of USPAP. The value set forth herein was determined after consideration and appropriate application and analysis by three approaches to value i.e., the Cost Approach, the Income (Subdivision Development) Approach, and the Sales Comparison Approach.

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<sup>1</sup> The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice, Washington, D.C.: Appraisal Standards Board (2020-2021), DEFINITIONS

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 – Collin Central Appraisal District (Collin CAD)
- Legal descriptions
- Concept Plan
- PD-43 (Original April 12, 2010; Amended July 12, 2022) for the City of Celina
- Chalk Hill Conceptual Plan Exhibit by Peloton Land Solutions
- Deed Records – Collin County

### **Type and Extent of Data Researched**

The following information was reviewed in preparing this report:

- Public record data
- PD-43 (Original April 12, 2010; Amended July 12, 2022) for the City of Celina
- City of Celina Maps and Land Use Plans
- Flood plain maps
- Topographic Maps
- Demographics – CoStar, ESRI, and US Census Bureau
- Market Conditions Data – S&P Case Schiller, CoreLogic, NTREIS, JLL, CBRE, Integra, CoStar, etc.
- PID exhibits from Peloton Land Solutions and Kirkman Engineering (prior engineer)
- Updated development costs, as of 10/12/2022, provided by Peloton Land Solutions
- Preliminary Service and Assessment Plan (PSAP) from MuniCap, Inc.
- Contracts between developer, MM Chalk Hill (which were assigned from CADG Celina 156), and Beazer Homes as well as DR Horton
- 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.

#### **Residential Subdivision (284 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. 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. Since the subject property is being developed in multiple phases and much of the major improvements are in-place, *the Cost Approach is not the most appropriate and thus was not utilized.*



***Income (Subdivision Development) Approach***

In the Income Capitalization Approach, the retail value of the residential lots is estimated. The individual lot values are based on lot sales in competing developments. The absorption rates, expenses, and discount rates are also based on competing developments. Since sales of individual lots to an end-user homeowner is exceedingly rare in tract home subdivisions in this market, the value of an individual retail lot is effectively the same value of a portion of lots to a homebuilder because homebuilders tend to be the exclusive buyers of vacant developed lots from land developers. In addition, discussions with developers and homebuilders as well as review of contracts indicate that lots are typically received by the builders on a takedown schedule with annual price escalations of approximately 6% so the lots are not released in bulk to the home builders. The indicated value by the Income (Subdivision) Approach is based on the sellout of the lots with deductions for holding costs and discounted to a net present value.

The Income (Subdivision Development) Approach applied in subdivision analysis simulates what occurs in a bulk sale where one buyer purchases a subdivision or large group of lots at a discount. Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. This approach provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices. Since the problem to be solved in this assignment is to determine the bulk sale value of 284 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 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 Phases #2-3 of Chalk Hill PID No. 2 is summarized as follows:

| <b><i>Approach</i></b>                           | <b><i>Applicability to Subject</i></b>                                                          | <b><i>Use in Assignment</i></b> |
|--------------------------------------------------|-------------------------------------------------------------------------------------------------|---------------------------------|
| <b>Cost Approach</b>                             | <i>Not Appropriate Since Much of Chalk Hill is Built-Out</i>                                    | <i>Not Utilized</i>             |
| <b>Income (Subdivision Development) Approach</b> | <i>Appropriate in Determining Residential Subdivision Value</i>                                 | <i>Utilized</i>                 |
| <b>Sales Comparison Approach</b>                 | <i>Aspects Used in Subdivision Valuation to Determine Retail Market Value of the 50-FF Lots</i> | <i>Partially Utilized</i>       |

## **COMPETENCY OF THE APPRAISER**

James L. Maibach, CPM is a 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 2.2 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 35 residential development projects as a broker, developer, bank director, and zoning consultant in the past 35 years. Sheridan Engel is also a State Certified General Real Estate Appraiser who has been at Peyco for three years and has assisted in the analysis and appraisal of numerous properties similar to the subject. Attention is invited to the qualifications of each individual, which are presented in the Addenda of this report.

Peyco Southwest Realty is a full-service professional real estate appraisal and consulting firm, providing service to a variety of corporate, institutional, governmental, and private clientele. In the past 12 months, our firm has completed numerous valuation assignments involving similar properties. Mr. Maibach currently owns, represents, and manages multiple properties throughout the DFW Metroplex, mostly in Tarrant, Dallas, Johnson, and Ellis Counties. The subject is located in the City of Celina, Collin County, Texas.

## **INTENDED USE AND USERS**

The intended use of the appraisal is to estimate the prospective market value upon completion for the underwriting of a proposed Public Improvement District bond transaction. The client and intended users are the City of Celina and FMSbonds, Inc. The appraisal is not intended for any other use or user. No party or parties other than City of Celina 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 **January 18, 2023**. The initial draft of this appraisal report was completed on **November 17, 2022**.

## **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 the following dates: **December 1, 2023**, which is the expected date of Substantial Completion. James L. Maibach and Sheridan Engel inspected the subject property on October 23, 2022.

## **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 was 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 status of the property regarding asbestos and other hazardous materials.

## **HISTORY OF SUBJECT PROPERTY**

The subject property is currently owned by MM Chalk Hill, LLC which is an affiliate of Centurion American Development Company. MM Chalk Hill LLC was deeded the property on April 27, 2018, from CADG Celina 156 LLC via Special Warranty Deed with Vendor's Lien (Instrument # 20180505000548780). CADG Celina 156 LLC is also an affiliate of Centurion American Development Company, so this was not a transaction with a sales contract.

Prior to that transfer, the parent tract of the subject property (representing approximately 156.632 acres) was transferred to CADG Celina 156 LLC on October 14, 2014, from Godwin Investments Ltd. via Special Warranty Deed with Vendor's Lien (Instrument # 20141015001128280).

The subject property (Phases #2-3) and Phase #1 of Chalk Hill PID No. 2 were placed into a PID with a Tax Increment Reinvestment Zone (TIRZ) Agreement in accordance with a Development Agreement with the City of Celina and CADG Celina 156 LLC on October 13, 2017 (Instrument # 20180105000023660).

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 homebuilders DR Horton and Beazer Homes.

## **LEGAL DESCRIPTION**

The subject property includes three tracts of land known as:

- ABS A0912 William B Tucker Survey, Tract 1, 25.0 Acres
- ABS A0810 WW Shower Survey, Tract 9, 20.0 Acres
- ABS A0299 GW Estes Survey, Tract 6, 10.4277 Acres

## PENDING TRANSACTIONS TO BUILDERS

The subject property – Phases #2-3 of Chalk Hill PID No. 2 – represents a portion of the Chalk Hill subdivision north of Celina High School which is planned to be developed with 284 detached single-family residential lots. The development plan indicates Chalk Hill PID No. 2 comprising three phases (Phases #1, 2, & 3). Phases #2 & 3 are both east of Chalk Hill Phase #1 and adjoin such previous phase. Phase #1 is almost fully built-out with 147 detached single-family homes and is NOT the subject of this appraisal. Phase #2 will have 146 improved lots while Phase #3 will have 138 improved lots. The developer is developing Phases #2 and 3 simultaneously and all 284 future improved lots have an estimated Substantial Completion Date of December 1, 2023.

The developer, MM Chalk Hill, LLC, has improved lot contracts in place with two large national homebuilders – DR Horton and Beazer Homes. For both homebuilders, the initial purchase price for each lot in Phase #2 was set at \$62,500 and the initial purchase price for each lot in Phase #3 was \$65,000. Each homebuilder was to purchase an equal amount of lots in each phase; thus, each homebuilder would receive 73 lots in Phase #2 and 69 lots in Phase #3 (142 lots total for each builder). The price for each lot was set to increase 6% per annum following Substantial Completion. In addition, a \$500 marketing fee and a \$1,500 amenity fee for each lot is would be paid to each developer as Additional Consideration.

In April 2022 both DR Horton and Beazer agreed with the developer to increase the purchase price for each lot to \$66,000 per lot in Phase 2 and \$68,500 per lot in Phase 3. The price for each lot will increase 6% per annum following Substantial Completion. The additional \$500 marketing fee and \$1,500 amenity fee per lot remains. A significant increase in home sales from 3Q 2020 to 2Q 2022 reduced home and lot supply in DFW which, combined with rising development costs, has led to a spike in price for vacant developed lots (VDLs). Regardless of the purchase price increase, the contracted lot prices of \$66,000 and \$68,500 per lot are still well below market value.

The Initial Closing for the lots will occur within 15 days of the Substantial Completion in December 2023. According to the contracts, each homebuilder will take down 10 lots at Initial Closing and will take down an additional 10 lots every 90 days at each subsequent closing. Each homebuilders expected takedown schedule is shown below. Unless the homebuilders decide to take down additional lots, takedowns are expected to over approximately 3.5 years as forecast by the schedule below:.

| <b><u>DR Horton &amp; Beazor Homes</u></b> | <i>1st Close</i><br>- Dec 2023 | <i>Feb-24</i> | <i>May-24</i> | <i>Aug-24</i> | <i>Nov-24</i> |
|--------------------------------------------|--------------------------------|---------------|---------------|---------------|---------------|
|                                            | 10                             | 10            | 10            | 10            | 10            |

|  | <i>Feb-25</i> | <i>May-25</i> | <i>Jun-25</i> | <i>Nov-25</i> | <i>Feb-26</i> | <i>May-26</i> | <i>Aug-26</i> |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  | 10            | 10            | 10            | 10            | 10            | 10            | 10            |

| <i>Nov-26</i> | <i>Feb-27</i> | <i>May-27</i> | <i>Total</i> |
|---------------|---------------|---------------|--------------|
| 10            | 10            | 2             | <b>142</b>   |

**Real Estate Taxes**  
***Collin Central Appraisal District***

Real estate tax assessments are administered by the Collin Central Appraisal District (Collin CAD) 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 are shown in the following table which include taxes due in 2022 to the City of Celina, Collin County, Collin College, and Celina ISD. The current combined tax rate for those entities is **2.291922 per \$100 assessed** as shown in the table below:

| Entity         | Rate            |
|----------------|-----------------|
| City of Celina | 0.634759        |
| Collin County  | 0.152443        |
| Collin College | 0.081220        |
| Celina ISD     | 1.423500        |
| <b>Total</b>   | <b>2.291922</b> |

The current (2022) tax burden for the subject property, which is currently being developed for residential use, is **\$19,294.90** due to agricultural exemptions. This tax burden includes paying the full market value for approximately 20% of the subject property – 10.4277 acres – while the other approximately 45 acres still has an Agricultural Exemption as of 2022. A table of the property taxes for the subject is shown below:

| TAXES (Collin CAD - 2022) |                   |                |                     |                     |                   |                     |
|---------------------------|-------------------|----------------|---------------------|---------------------|-------------------|---------------------|
| ID                        | Owner             | Size (AC)      | Market Value        | Ag Exemption        | Appraised         | Estimated Taxes     |
| 997522                    | MM Chalk Hill LLC | 25.0000        | \$ 2,000,000        | \$ 1,995,750        | \$ 4,250          | \$ 97.41            |
| 986507                    | MM Chalk Hill LLC | 20.0000        | \$ 1,600,000        | \$ 1,596,600        | \$ 3,400          | \$ 77.92            |
| 2779860                   | MM Chalk Hill LLC | 10.4277        | \$ 834,216          | \$ -                | \$ 834,216        | \$ 19,119.57        |
| <b>TOTALS</b>             |                   | <b>55.4277</b> | <b>\$ 4,434,216</b> | <b>\$ 3,592,350</b> | <b>\$ 841,866</b> | <b>\$ 19,294.90</b> |

The market value that Collin CAD has determined is **\$4,434,216 (\$80,000/AC, \$1.84/SF)** The subject property is likely appraised for Collin CAD at below true market value for ~55-AC of developable land in Celina with good accessibility to Preston Rd. When the property is fully 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 as that is beyond the scope of work of this report.

When Substantial Completion occurs on the improved lots, the appraised value is expected to increase significantly; however, based on our company's experience as tax consultants working with tax districts and homebuilders, we believe the finished lots will be assessed by Collin CAD at below retail lot value. Finished lots are often assessed by tax districts at approximately 70% the retail value because the tax district does not have reliable information on updated development costs and because developers are often eligible for an inventory reduction on their lots.

## **MARKET OVERVIEW**

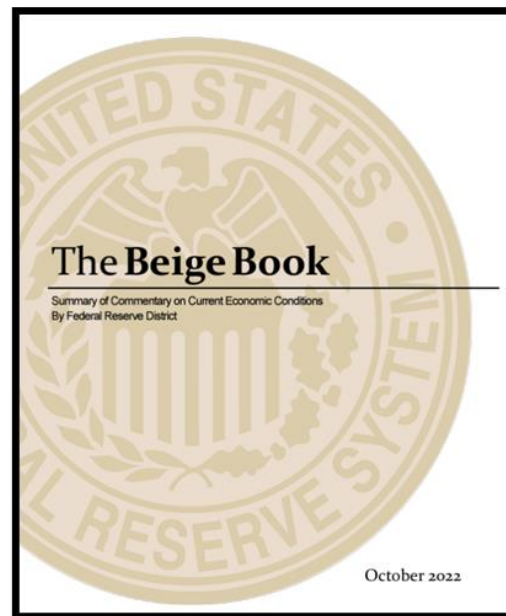
### **ECONOMIC INDICATORS: BEIGE BOOK**

#### **FEDERAL RESERVE BANK (OCTOBER 19, 2022)**

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.

#### **HIGHLIGHTS FROM OCTOBER BEIGE BOOK:**

- **Businesses have gloomy expectations for the economy going into next year**
- **Prices remain stubbornly high, but the increases are starting to plateau, driven by lower commodity costs**
- **Pricing power looks like it will continue to be a key determinant of winners and losers until inflation is under control**
- **Retailers are increasingly seeing customers move to lower-priced options as they balk at higher prices**



Excerpts from the most recent Beige Book are presented below:

#### **National Summary**

*National economic activity expanded modestly on net since the previous report; however, conditions varied across industries and Districts. Four Districts noted flat activity and two cited declines, with slowing or weak demand attributed to higher interest rates, inflation, and supply disruptions. Retail spending was relatively flat, reflecting lower discretionary spending, and auto dealers noted sustained sluggishness in sales stemming from limited inventories, high vehicle prices, and rising interest rates. Travel and tourist activity rose strongly, boosted by continued strength in leisure activity and a pickup in business travel. Manufacturing activity held steady or expanded in most Districts in part due to easing in supply chain disruptions, though there were a few reports of output declines. Demand for nonfinancial services rose. Activity in transportation services was mixed, as port activity increased strongly whereas reports of trucking and freight demand were mixed. Rising mortgage rates and elevated house prices further weakened single-family starts and sales, but helped buoy apartment leasing and rents, which generally remained high. Commercial real estate slowed in both construction and sales amid supply shortages and elevated construction and borrowing costs, and there were scattered reports of declining property prices. Industrial leasing remained robust, while office demand was tepid. Bankers in most reporting Districts cited declines in loan volumes, partly a result of shrinking residential real estate lending. Energy activity expanded moderately, whereas agriculture reports were mixed, as drought conditions and high input costs remained a challenge. Outlooks grew more pessimistic amidst growing concerns about weakening demand.*

#### **Labor Markets**

*Employment continued to rise at a modest to moderate pace in most Districts. Several Districts reported a cooling in labor demand, with some noting that businesses were hesitant to add to payrolls amid increased concerns of an economic downturn. There were also scattered mentions of hiring freezes. Overall labor market conditions remained tight, though half of Districts noted some easing of hiring and/or retention difficulties. Competition for workers has led to some labor poaching by competitors or competing industries able to offer higher pay. Wage growth remained widespread, though an easing was reported in several Districts. Some businesses said elevated*

*inflation and higher costs of living were pushing wages up, coupled with upward pressure from labor market tightness. Contacts expect wage growth to continue as higher pay remains essential for retaining talent in the current environment.*

### **Prices**

*Price growth remained elevated, though some easing was noted across several Districts. Significant input price increases were reported in a variety of industries, though some declines in commodity, fuel, and freight costs were noted. Growth in selling prices was mixed, with stronger increases reported by some Districts and a moderation seen in others. Some contacts noted solid pricing power over the past six weeks, while others said cost passthrough was becoming more difficult as customers push back. Looking ahead, expectations were for price increases to generally moderate.*

## **ELEVENTH DISTRICT**

### **FEDERAL RESERVE BANK OF DALLAS – OCTOBER 19, 2022**

### **Summary**

*Growth in the Eleventh District economy continued at a modest pace overall. Expansion in manufacturing activity picked up a bit while service sector expansion eased slightly. Retail and home sales fell. Loan demand declined for the first time in nearly two years, amid rising interest rates. The energy sector continued to expand but growth was constrained by equipment and labor shortages. Local nonprofits reported increased demand for assistance as household costs rose. Drought conditions eased but the relief came too late in the growing season for row crop producers. Solid employment growth continued, though some contacts reported a hiring slowdown. Wage growth remained elevated but eased slightly. Selling price growth eased slightly as well, amid reports of greater difficulty passing on cost increases to customers. Outlooks were generally pessimistic outside of the energy industry, and uncertainty remained elevated. Contacts primarily voiced concern about inflation, labor shortages, and weakening demand.*

### **Labor Markets**

*Solid employment growth continued, with a slight pickup seen in the energy sector. There were, however, scattered reports of a slowdown in hiring amid weaker demand and recession fears. Labor markets nevertheless remained quite tight. Commercial truck and bus drivers were in very short supply, as were healthcare workers. Several contacts noted an inability to find skilled tradespeople. Industries that require onsite work were having difficulty competing for workers with industries that can offer remote work and flexible hours. Some employers have rebranded undesirable positions to attract workers. A few contacts noted a higher degree of apathy among workers towards attendance and work quality. Some contacts said their growth plans were being constrained by an inability to bring on and retain sufficient staff. Among 384 Texas business executives responding to a Dallas Fed September survey, nearly half cited labor shortages as a primary concern around their firm's outlook.*

*Wage growth eased slightly but remained high. Employees continued to demand higher pay, and companies responded in an effort to recruit and retain employees. Some contacts noted losing employees to competitors or other industries offering higher pay. A staffing firm said they were seeing a lot of workers switching jobs to attain higher wages.*

### **Prices**

*Input costs continued to climb at about the same elevated pace as during the prior period, while growth in selling prices continued to ease. Manufacturers reported higher raw materials prices driven by supply-chain constraints, particularly from overseas suppliers. Services firms commented that the ripple effect of inflation was a challenge, and numerous contacts noted greater difficulty passing on cost increases to customers. A restaurant said their biggest concern was customer pushback on menu price increases. Retailers also said customers were starting to push back on pricing. Fuel prices moved lower over the past six weeks, but airlines noted increases in ticket prices amid solid demand and higher labor and non-fuel costs.*

### **Nonfinancial Services**

*Service sector activity expanded at a more modest pace during the reporting period. Revenue growth was broad based, though some contacts noted weaker demand. Transportation services firms reported higher cargo volumes and ridership. Airlines noted unseasonably strong leisure travel in the third quarter. Staffing services firms reported strong demand, with increases in requests for both low and high-skill workers. However, several contacts noted a pullback in customer activity amid recession worries. Service sector outlooks were largely unchanged overall.*

### **Construction and Real Estate**

*Activity in the housing market remained weak. Sales slipped further and contract cancellations were highly elevated in part due to rising mortgage rates pricing more buyers out of the market. Buyer incentives increased, putting downward pressure on home prices and builders' margins. Outlooks worsened, with contacts expecting further deterioration in sales and starts. Apartment leasing moderated, though year-over-year rent growth remained solid. Office leasing ticked up, but uncertainty was elevated. Fundamentals in the industrial market stayed solid. Contacts noted that the higher cost of capital was pushing investors to the sidelines.*

### **Financial Services**

*Loan demand declined for the first time in nearly two years, and overall loan volume decreased over the past six weeks. Volume declines were seen in all loan categories, but the steepest came in residential real estate lending. Loan nonperformance varied by category but was largely unchanged overall. Loan pricing continued to rise notably, with 85 percent of contacts reporting an increase—the largest share since the survey began in 2017. Credit standards and terms tightened further. Looking six months ahead, contacts expressed greater pessimism than in the prior period and expect loan demand and general business activity to decrease and loan delinquency to increase.*



**Texas A&M University**  
Texas Real Estate Research Center  
**Outlook for the Texas Economy (Excerpts)**  
Joshua Roberson, Weiling Yan, and John Shaunfield  
(October 14, 2022)



### **Summary**

*The Texas economy had a mostly positive month in August, but several metrics are showing more signs of an upcoming slowdown. August job growth fell short of prior months and may continue to stall as a result of Federal Reserve efforts to tackle high inflation. The Fed's influence on rising interest rates has resulted in an abrupt halt in real estate activity, particularly in the residential sector. Between the Fed's current monetary regime and negative global economic factors, the Texas economy is expected to slow in the coming months.*

### **Economic Activity**

*Texas' economy strengthened in August according to the Dallas Fed's Texas Business-Cycle Index, reporting half percent growth over July on a seasonally adjusted annualized rate (SAAR). Growth varied by metro, with the commonality being a diminished growth rate across each metro compared with July. Austin and San Antonio were hit hardest, posting modest 0.2 and 0.1 percent gains, respectively. Houston remains the only metro outpacing its August 2021 year-over-year (YOY) growth at 9.1 percent SAAR.*

*The Texas Leading Economic Index (a measure of future directional changes in the business cycle) ended the streak of post-pandemic expansion and edged down for the fourth month. The index suggests there is likely more economic pain on the horizon as a result of inflation reduction policies. Despite this outlook, the Texas Consumer Confidence Index made sturdy gains as Fed rate hikes are expected to lessen recession fears. Soon-to-be-released inflation figures will provide a clearer picture of near future economic activity.*

### **Financial Activity**

*Following the Fed's 0.75 percentage point increase in June, the national inflation rate appears to have peaked. The U.S. Consumer Price Index (CPI) decelerated 25 basis points to an 8.25 percent YOY growth. Notwithstanding, core inflation (excluding food and energy) stepped up to 6.3 percent, a 0.4 percent increase over July. Energy prices remained the primary contributor to August's reduction, dropping 5 percent from the previous month's index. The Houston CPI remained elevated over core inflation at 9.5 percent YOY, with rising costs in transportation and food/beverage making up the majority of the increase. The relatively unchanged core inflation corroborated with concerns on an overheated economy.*

*The Federal Reserve is expected to impose more forceful monetary policies in the second half of the year to combat inflation. The ten-year U.S. Treasury bond yield remained at 2.9 percent, while the two-year counterpart continued to march upward. The spread difference between the ten-year and two-year bonds remained in negative territory and continued their decline, outlining the market's greater concern of the near-term outlook versus the longer-term outlook.*

## **Housing**

*As a result of higher mortgage rates, housing demand has fallen sharply, and homes are sitting on the market for longer. Texas housing sales improved slightly in August, up 5 percent from July's steep decline, and reached a seasonally adjusted rate of 29,300 sales. Overall home sales have been in free fall since around April, and at the current rate 2022, sales will likely fall short of 2021. According to the Texas Real Estate Research Center's Data Relevance Program, the sales level was down 16.3 percent from a year earlier.*

*Sales in all major metros remained low as mortgage pressures rattled buyers. Austin's and Houston's closed listings were most affected with a reduction of 20 percent YOY, while DFW and San Antonio pulled back over 10 percent. Sales of existing homes, which make up 80 percent of Texas' housing market, inched down for the seventh straight month. Texas' marginal recovery in August was concentrated in the remaining 20 percent of the housing market, where Dallas' new-construction market had a double-digit growth.*

## **Employment**

*Texas' nonfarm employment slowed in August, posting the smallest job creation since February 2021. Payroll expansion was mixed across industries with the biggest losses in management, manufacturing of nondurable goods, and wholesale trade. Additionally, the Dallas Fed's annual employment forecast expects growth to slow in the second half of the year as a weaker U.S. economy outlook puts downward pressure on Texas companies.*

*In August the national unemployment rate ticked up 20 basis points to reach 3.7 percent. Texas' unemployment rate remained above the national level in August at 4.1 percent. Even though the Texas rate has been higher than the national rate since COVID, the state's workforce has been consistently more engaged with the state's labor force participation rate at 63.8 percent versus the national rate of 62.4 percent. The national labor force rate still remains around 1 percent below pre-pandemic levels, whereas Texas recovered in summer 2022.*

*The number of Texans filing initial unemployment insurance claims dropped to the lowest it's been in a decade, with only 41,900 applications filed. Claims have trended downward since the spike at the start of the pandemic, culminating in record lows not seen in decades.. In general, the number of total claims nearly reverted to pre-pandemic levels.*

## **Construction**

*With interest rates rising, August posted a decrease in construction employment, dropping 500 jobs from July's record high. The average hourly construction earnings (\$29.53) are down \$0.34 from the previous month, ending the trend of upward price hikes. Total construction values escalated, bucking the trend of the previous months, led by an uptick in commercial activity. Residential activities tightened by single and double digits across single-family and two-family housing, respectively, as a result of climbing mortgage rates.*

## **Services**

*Texas' service-providing sector accounted for the bulk of employment gains, adding 13,400 new workers. Respondents to the Dallas Fed's Service Sector Outlook Survey communicated that the revenue index weakened amid slower sector growth. The outlook uncertainty index dropped as perceptions of broader business conditions stagnated. However, respondents held a positive outlook as the future revenue index stepped up 4 points.*

*Texas' retail sector had a flat month for job growth, adding only 200 jobs over the previous month. According to the Dallas Fed's Retail Outlook Survey the outlook for retail appears fairly bleak, likely in anticipation of a possible economic downturn on the horizon. The rise in retail inventory levels, increased input costs, rising labor costs, and slow revenue growth contributed to this negative outlook.*

**TEXAS HOUSING INSIGHT (EXCERPTS)**  
**Texas A&M University – Texas Real Estate Research Center**  
Joshua Roberson, Weiling Yan, and John Shaunfield (November 7, 2022)



### SUMMARY

*The housing market continues to cool as increasing mortgage interest rates quickly diminish housing affordability. In September, home sales fell more than 15 percent over the year. Under the aggressive monetary policies, housing demand will not recover any time before the central banks see significant progress on inflation. Home prices had been depreciating, and Austin—the metro that inflated the most during 2021—saw the largest depreciation during the market’s abrupt slowdown.*

### SUPPLY

*Amid slowing housing activity, Texas’ single-family construction permits dropped to a two-year low, although Texas remained the state with most issuance with 10,934 permits. Permits for building construction and renovation fell in all four major metros. For the second time this year, Dallas (3,252) surpassed Houston (3,147) in number of permits, signaling higher demand for housing in the DFW area. Austin (1,424) had twice as many permits as San Antonio (637). Contrary to the single-family sector, permits for Texas’ multifamily sector inched up marginally as builders shifted to the rental market.*

*The lumber producer price index (PPI) fell three times in the past four months, and the year-over-year price elevation decelerated from 74.3 percent in January to 17.6 percent in September. Despite the normalized lumber price, starts for housing projects diminished almost by one fifth quarter-over-quarter (QOQ) amid fears of a recession. At a rate of 738,000 units, the South’s total housing starts—a measure of new-home construction—weakens to a 2018 level. New single-family construction saw an 18.2 percent QOQ cutback in September, and single-family private construction values balanced at a two-year low. All major metros reported double-digit negative year-to-date (YTD) growths.*

*Zonda data corroborated the story of slowed housing supplies. Dallas saw the most drastic cut on quarterly new home starts, as the rate plummeted more than 30 percent in 3Q2022. Amid shrinking building starts, vacant developed lot inventories expanded in all metros and across all price cohorts except for homes priced less than \$200K.*

*While homebuilding projects are expected to slow down, the state’s supply of existing homes has been accumulating. Active listings grew approximately 30 percent QOQ to a seasonally adjusted rate of 85,600 units. The state’s housing inventory recovered to the level it was at when the housing frenzy first began. This great rebound suggests a calming housing market, considering the conspicuously low inventories of the past two years.*

*Texas' months of inventory (MOI) ticked up to 2.6 months. San Antonio led the pack with 2.9 months, followed closely by Austin. Dallas remained the tightest with 2.2 months. The Texas Real Estate Research Center (TRERC) consider six to 6.5 months of inventory a balanced market.*

## **DEMAND**

*Total home sales improved 10.9 percent since July's steep decline, reaching a seasonally adjusted rate of 31,000 closed listings (Table 1). The rapid decline in housing sales has revealed how important low mortgage rates are to the latest housing frenzy. According to TRERC's Data Relevance Program, September sales were down 15.5 percent from a year earlier. At the current rate, year-end 2022 sales will likely fall short of 2021.*

*Texas' four Metropolitan Statistical Areas (MSA) all mirrored the statewide trend, as sales in each metro shrunk by double digits YOY. Existing-home sales in these metros, which make up four-fifths of Texas' total housing market, inched down for the eighth straight month, while new-construction sales increased marginally. This sales disparity was especially pronounced in Austin.*

*When differentiated by price cohorts, rising mortgage rates most adversely affected the higher-end home market. Sales shrank more than 20 percent QOQ for homes worth \$750k or more, while sales decreased 7.5 percent QOQ for homes priced below \$300K.*

*Homes are sitting on the market longer as a result of slowing sales. Texas' average days on market (DOM) inched up to 42 days, continuously climbing from 29 days in March. DOM was shortest in Dallas at 35 days and longest in San Antonio at 47 days. Despite the prolonged waiting time, compared with the five-year average of 59 days between 2014 and the early 2020s, the relatively short period strikes a persistent imbalance between sellers and buyers' bargaining power.*

*In September 2022, Texas' DOM ranged from 38 days to 45 days, respectively, for homes in the median price cohort and in the higher-end tail. In February 2020, it ranged from 55 days to 83 days. The truncated DOM interval both in terms of value and difference of the two price cohorts implies the housing market still has ample room to fully cool down.*

## **PRICES**

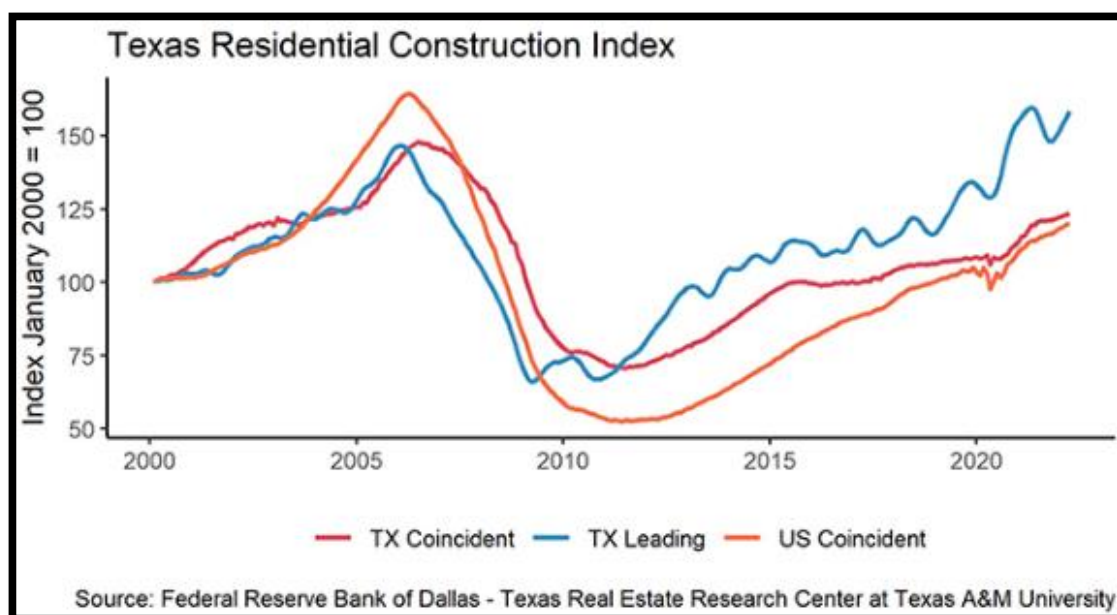
*To maintain housing affordability, Texas' home prices must fall to offset the doubled mortgage rates. The three-month-long depreciation of Texas' median home price paused in September as major metros posted mixed responses. The state's seasonally adjusted median price edged up to \$346,000, increasing 1.2 percent MOM, while Austin's housing prices were still falling (Table 2). As for Texas' two largest MSAs, Dallas and Houston reported modest monthly increases of \$4,000 and \$8,000, respectively. Although housing prices have been under market correction, they remain much elevated from year-ago prices, accelerating 11.3 percent YOY. Even for Austin, the price in this much-affected market was still up 5.6 percent YOY.*

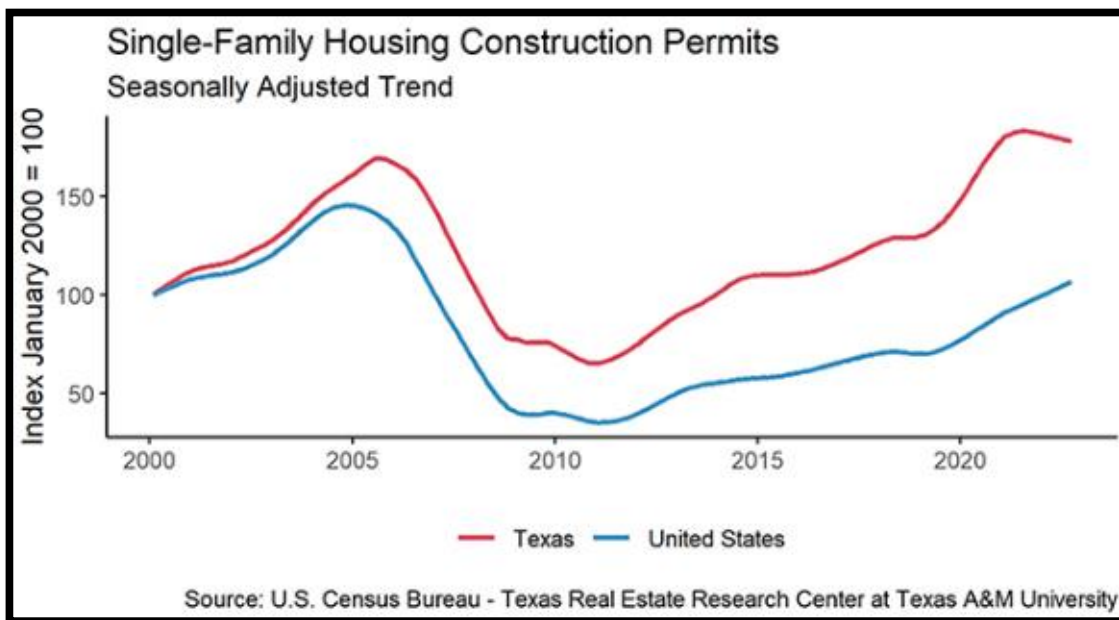
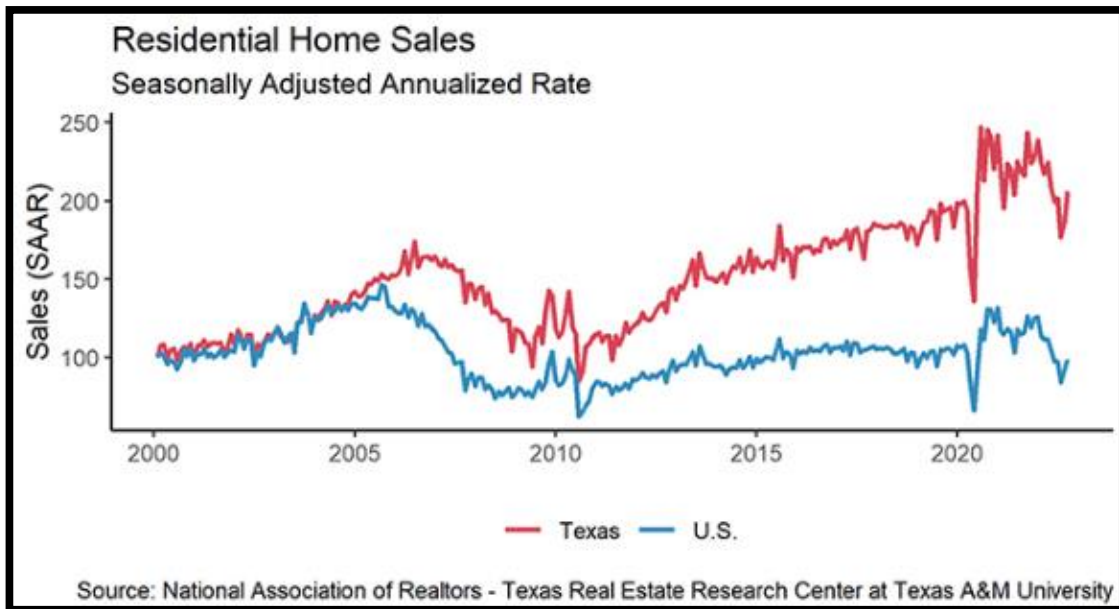
*The Federal Reserve is expected to impose more forceful monetary policies in the upcoming year to combat inflation. In accordance, the ten-year U.S. Treasury bond yield climbed to 3.52 percent, while the two-year counterpart continued a similar march upward. The spread difference between the ten- and two-year bond yields stayed in negative territory, indicating the market's economic uncertainties about the near future.*

*The Federal Home Loan Mortgage Corporation's 30-year fixed-rate elevated to a ten-year high at 6.11 percent. The last time the rate reached 6 percent was in 2008. For more information on the effect of mortgage interest rates on purchase affordability, see "How Higher Interest Rates Affect Homebuying."*

*The Texas Repeat Sales Home Price Index, which accounts for compositional price effects, corroborated the trend of depreciation, dipping slightly MOM. This marks the index's third monthly decline in a row. Compared with last year, the appreciation rate slowed to 11.1 percent YOY in September. The previous high was in March at 21 percent YOY growth. Dallas-Fort Worth and San Antonio were the only metros with a YOY rate above the state average, with Austin falling even further into single-digit territory and staying as the slowest-appreciating metro.*

*The Texas Housing Affordability Index (THAI) reflects the relationship between the median family income and the median-priced home. A higher THAI indicates relatively greater affordability. Measured by the THAI metric for first-time homebuyers, Houston was the most affordable of Texas' major metros, followed by Dallas, San Antonio, Fort Worth, and Austin, respectively. While Austin remained the most unaffordable metro in the state, it was the only metro with improved affordability in 3Q2022 amid falling prices.*



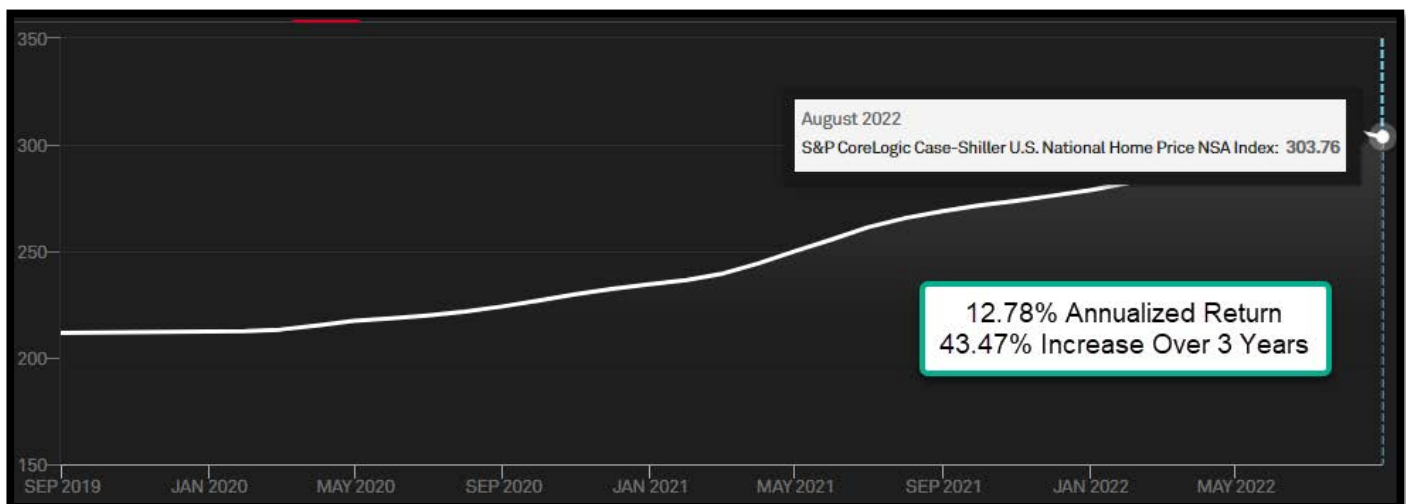
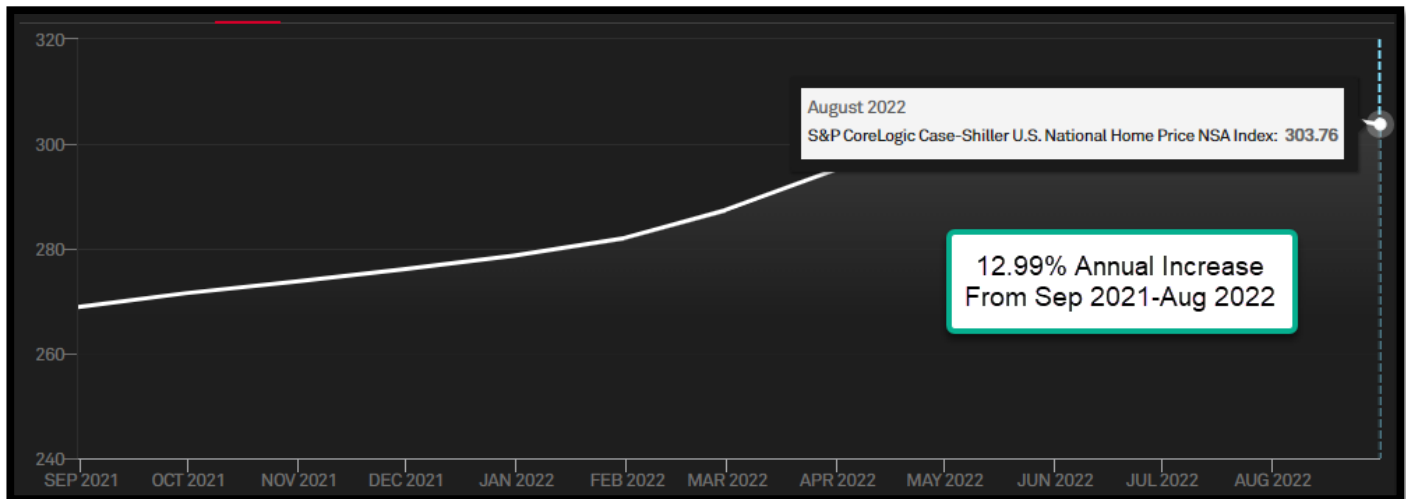




## S&P CORELOGIC CASE-SHILLER INDEX

November 17, 2022

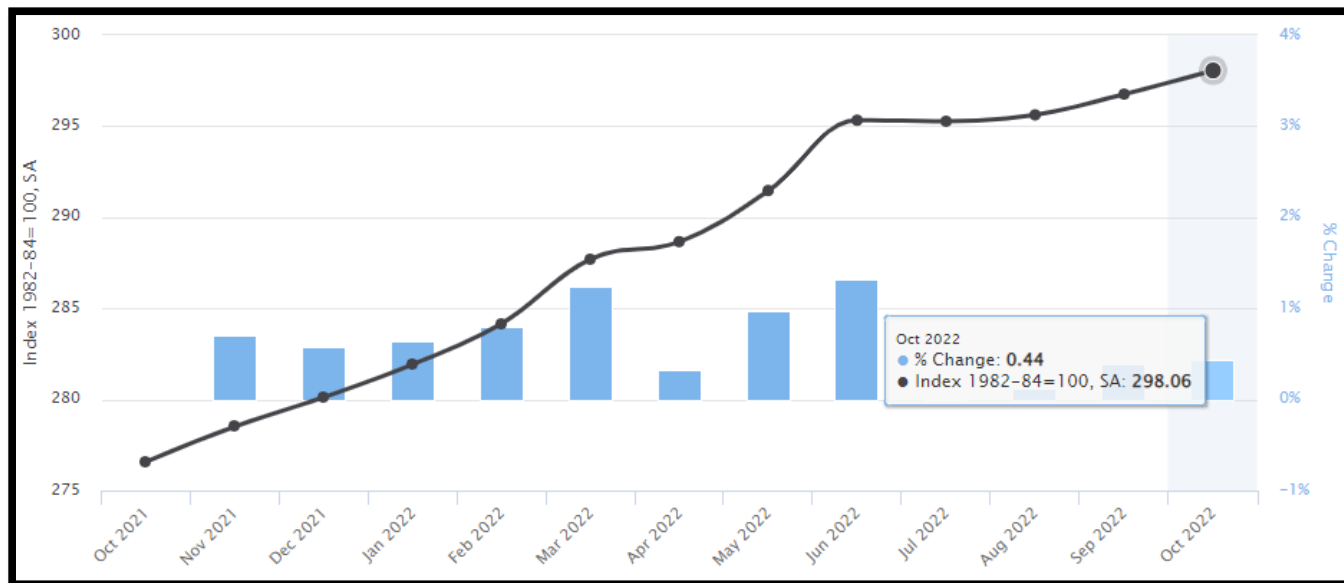
Data reported for the Standard & Poor Dow Jones Indices (1-year and 3-year graphs shown below) from mid-November 2022 showed that home prices nationally were up 13.0% YOY while the Dallas Metropolitan Area is up 20.2% YOY. The price increases are now leveling but have not retreated significantly. Prices were strongest in the South and Southeast but every region in the country reported gains year-over-year.



| Metropolitan Area | August 2022 Level | August/July Change (%) | July/June Change (%) | 1-Year Change (%) |
|-------------------|-------------------|------------------------|----------------------|-------------------|
| Dallas            | 300.67            | -1.9%                  | -0.4%                | 20.2%             |
| Composite-10      | 322.06            | -1.6%                  | -0.9%                | 12.1%             |
| Composite-20      | 310.99            | -1.6%                  | -0.8%                | 13.1%             |
| U.S. National     | 303.76            | -1.1%                  | -0.5%                | 13.0%             |

## CONSUMER PRICE INDEX (CPI)

### MOODY'S ANALYTICS CONSUMER PRICE INDEX (CPI) CHART



The US Bureau of Labor Statistics tracks the Consumer Price Index (CPI) and a chart prepared by Moody's Analytics is shown above. The CPI measures the change in prices paid by consumers for goods and services which is an indicator of how costs for goods and services are trending throughout the country. The CPI is based on prices of food, clothing, shelter, fuels, transportation, healthcare services, drugs, and other goods and services that people buy for day-to-day living.

The BLS has reported significant increases in the CPI over the past year. Increases for energy, shelter, food, healthcare, household furnishings, and transportation are the most pronounced. There is little doubt that a period of inflation has arrived over the past 12 months. The inflation rate acceleration hit its zenith in June as MOM inflation in October was 0.44%, September was 0.39%, August was 0.12%, and July was -0.02%, compared to 0.97% in June and 1.32% in May. Whether this inflationary environment will last past the following few months and for several years is debatable; however, many indications point to higher periods of inflation even as supply chain issues emanating from the COVID-19 Pandemic are easing.

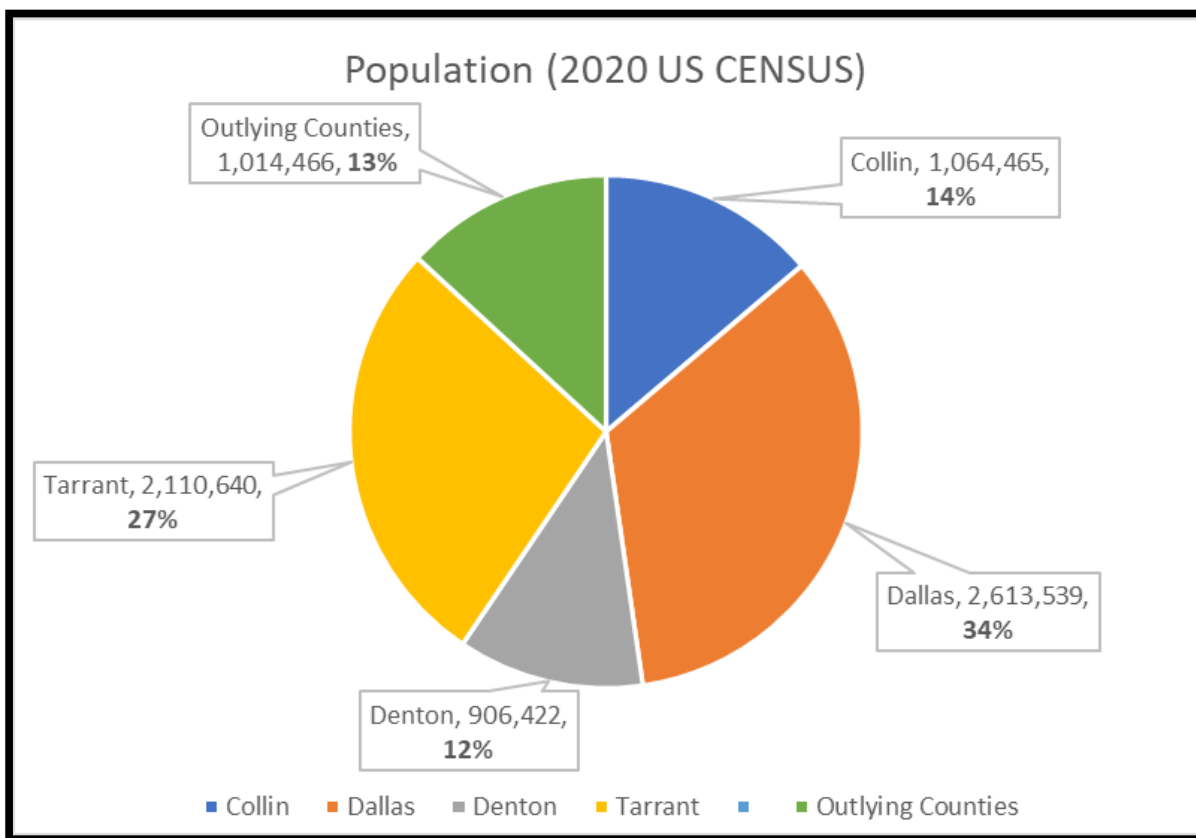


## **REGIONAL ANALYSIS**

The subject is located in Collin County within the Dallas-Fort Worth-Arlington Consolidated Metropolitan Statistical Area (CMSA), more commonly referred to as the Metroplex, which encompasses parts of 13 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 Jan. 1, 2020, was 7,709,532 which makes it the most populous region in Texas and the fourth largest in the United States. In the most recent count (2019), the population of the Metroplex grew by 159,480 led by Fort Worth which added more than 24,000 people. Since 2010, the region has added almost 1.2 million new residents – an almost 19% increase.

A chart of the four counties in the Metroplex with the highest populations, with Collin County as the third most populous, is shown in the chart 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. In 2021, the US Census Bureau estimated the population of the Metroplex had increased to more than 7.75 million residents. The subject property is in southeast Collin County just north of Rockwall County where there is still ample land for development and where numerous communities are in the planning or development phases.

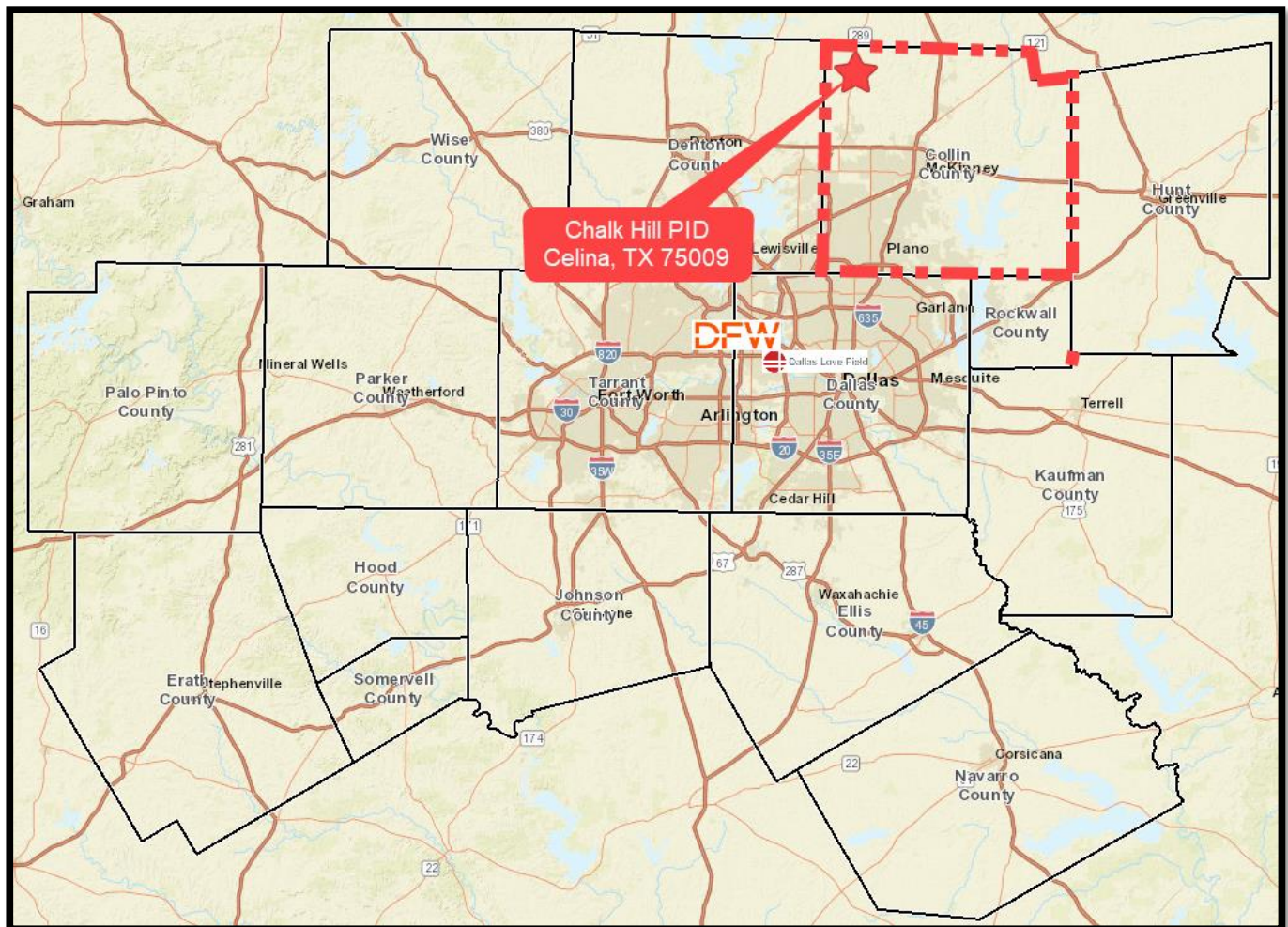
**PIE CHART OF POPULATION PERCENTAGES IN DFW METROPLEX**



Chalk Hill PID No. 2 – Phases #2-3

The region is serviced by two major passenger airports: Dallas-Fort Worth International Airport (DFW), which is the third 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 world in terms of passengers carried.

**MAP OF DALLAS-FORT WORTH METROPLEX**  
*Red Lines Showing Collin County Boundary*

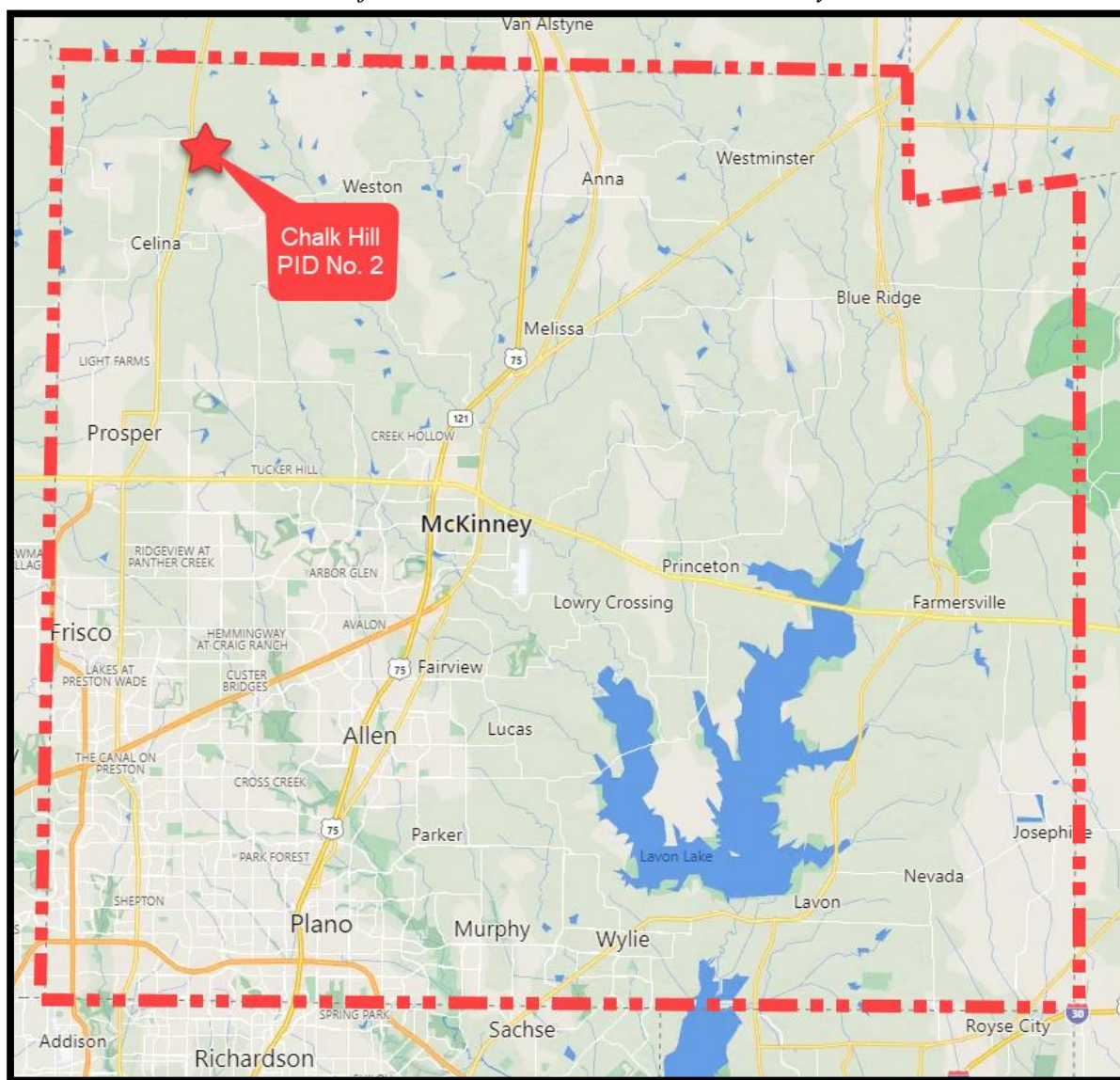


## **COLLIN COUNTY OVERVIEW**

The subject site is located in Collin County, which is a fast-growing area of the DFW Metroplex which, according to US Census counts, has more than doubled in population since the year 2000 – from 491,675 to an estimated (2020) 1,064,465. This population growth follows an over three-fold increase in population from 1980 to 2000. Collin County is one of the wealthiest counties in the US with many residents living in affluent communities like Frisco, McKinney, Plano, Allen, Prosper, Celina, Wylie, and Murphy while working and commuting to nearby Dallas. Collin County's population is projected to increase at a 1.7% annual rate from 2021-2026, equivalent to the addition of an average of 19,082 residents per year. Collin County's growth rate is expected to exceed that of the Dallas MSA, which is projected to be 1.5%. The county seat for the county is McKinney which is a city that has grown immensely in recent decades with the outgrowth of the DFW Metroplex and completion of the Sam Rayburn Tollway (Texas 121) linking the community to DFW Airport and other counties in the Metroplex.

## **MAP OF COLLIN COUNTY**

*Subject Located In Northwest Collin County*



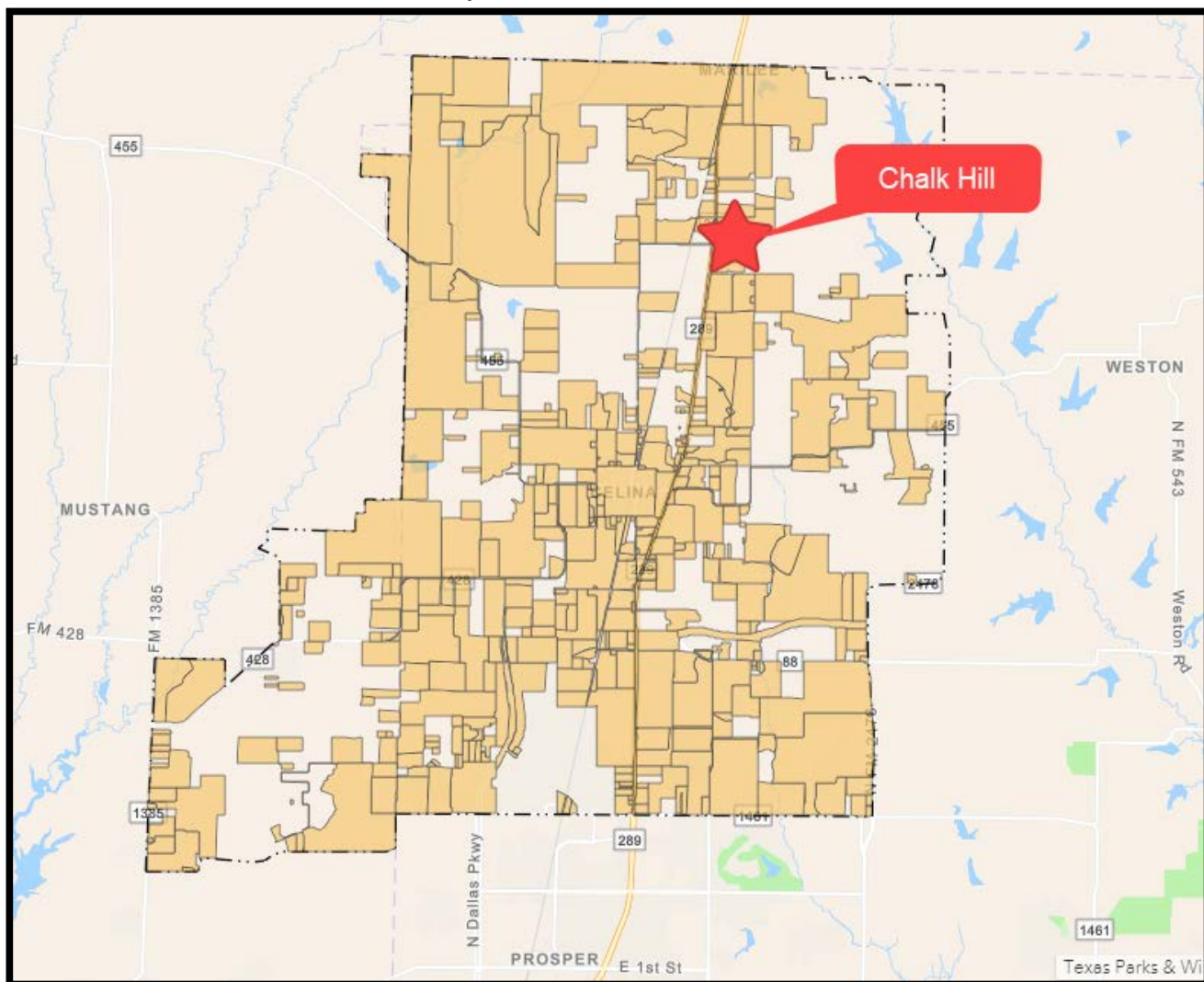


### **CITY OF CELINA OVERVIEW**

The City of Celina, located in the northwestern quadrant of Collin County and is approximately 10 miles northwest of Frisco and McKinney, 20 miles northeast of Denton, and 35 miles north of Dallas. The city was a rural community with a large percentage of agricultural land. However, over the past decade, Celina's population more than tripled and is expected to eventually buildout into 300,000+ in coming decades. Currently, the city is in a transition phase and is anticipated to grow and develop rapidly in the future. The city is being connected to the northern terminus of the Dallas North Tollway and is located on the future loop of the Collin and Denton County Outer Loops. The city is the epicenter of progress in high-growth Collin County and appears to be the next Frisco as high-dollar real tends to flow north in the Metroplex. Residents have come to Celina for the preferable school districts, quasi-rural vibe, new residential communities with higher-end detached single family homes, and proximity to north Dallas via Preston Rd. and the Dallas North Tollway.

### **MAP OF THE CITY OF CELINA**

*Subject Located in North Celina*



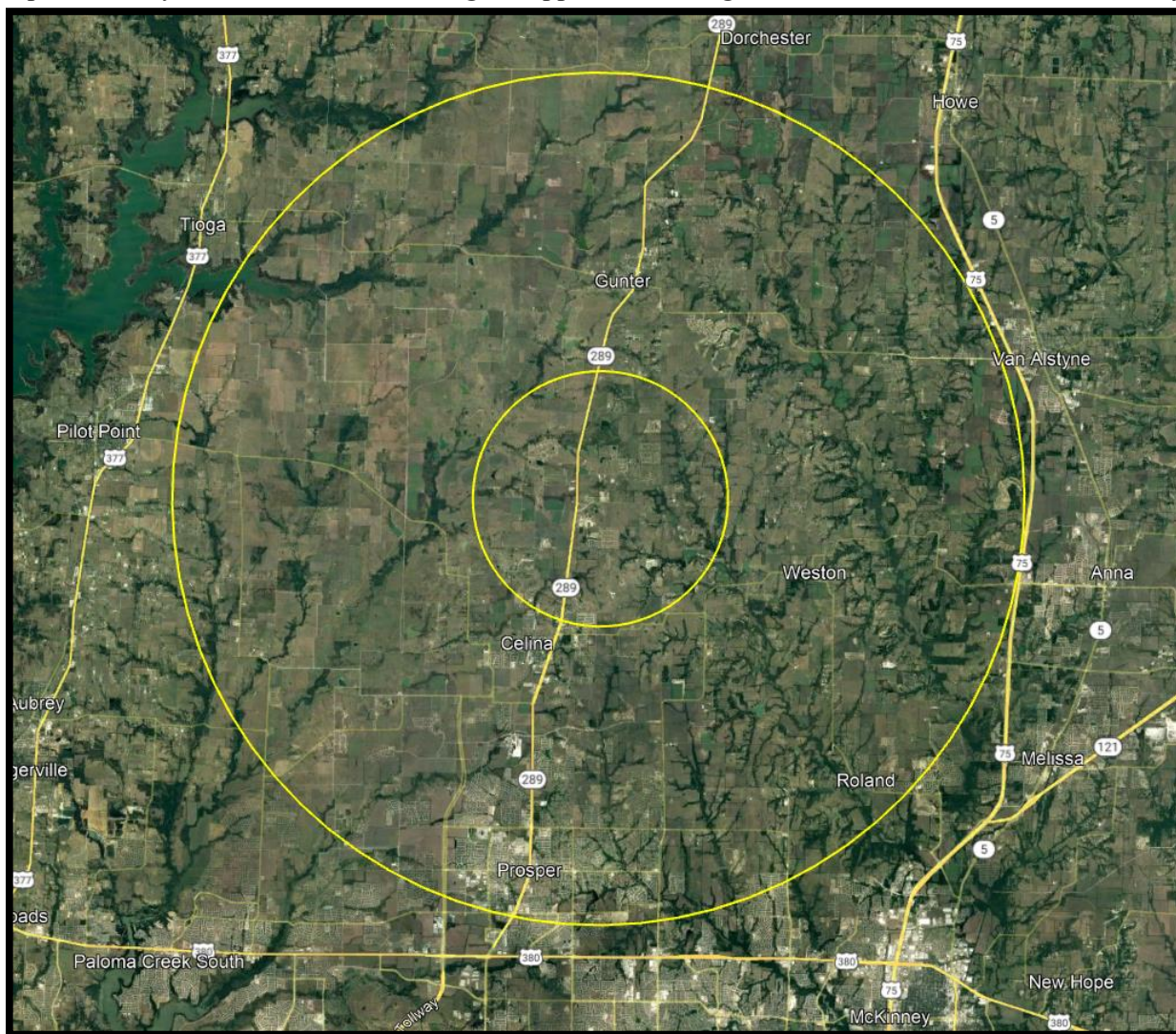
*Note: Land within the dashed lines that is not tinted yellow is Celina Extraterritorial Jurisdiction (ETJ).  
Subject property is within the City of Celina.*

## **NEIGHBORHOOD ANALYSIS**

A neighborhood may be defined as a section of a community or an entire community. It refers to relatively unified area with definite boundaries which exhibit a fairly high degree of homogeneous uses – basically 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 Chalk Hill PID No. 2 is located in an area north of the DFW Metroplex which is being developed with numerous detached single-family communities.

### **NEIGHBORHOOD MAP**

*Geographic radii of 5 and 10 miles indicating the approximate neighborhood boundaries around the Subject*

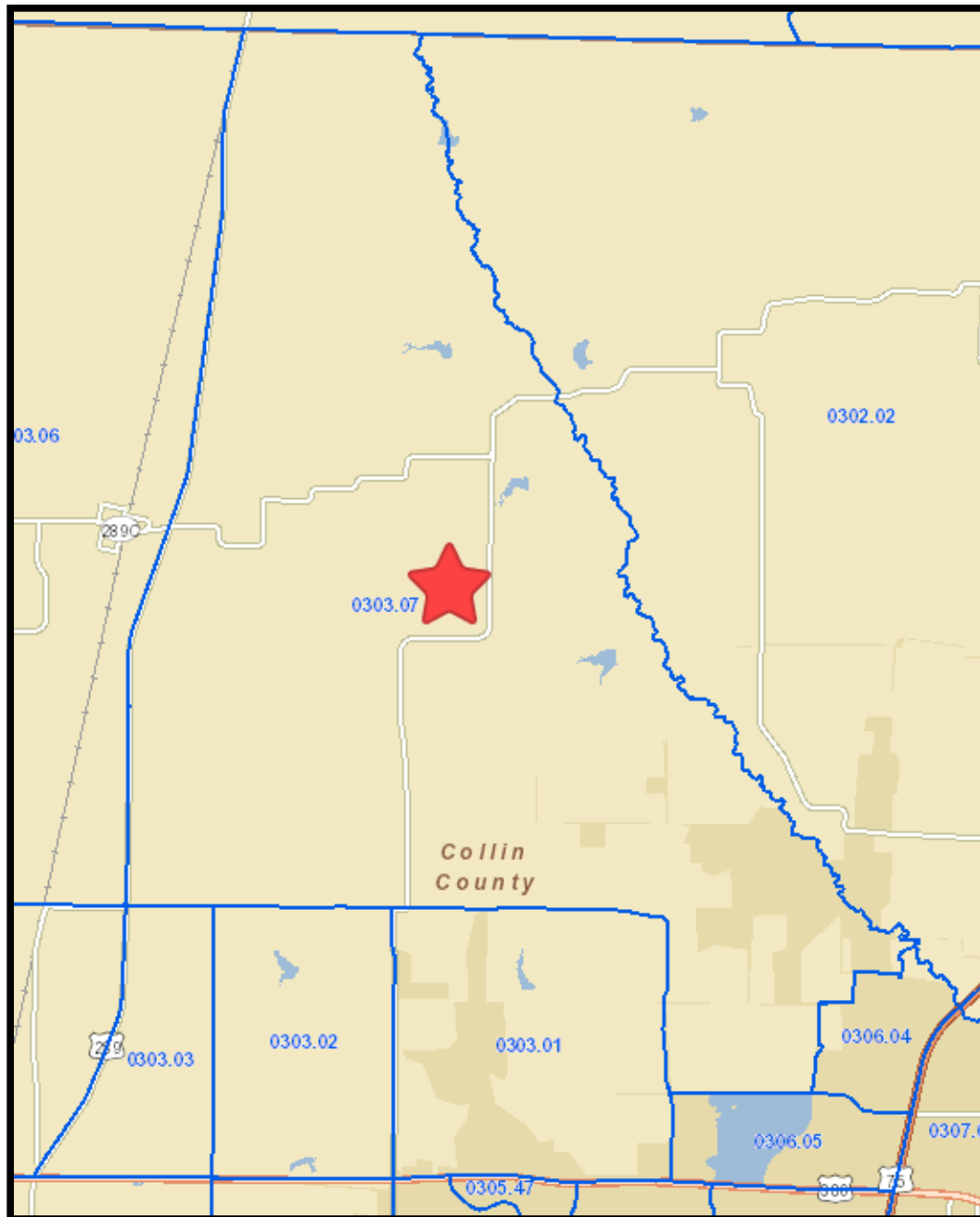


|              | <b>3 Miles</b>                       | <b>10 Miles</b> |
|--------------|--------------------------------------|-----------------|
| <b>North</b> | Gunter/FM 121                        | FM 902          |
| <b>East</b>  | FM 455                               | US Hwy. 75      |
| <b>South</b> | Downtown Celina/Lynn Stambaugh Pkwy. | US Hwy. 380     |
| <b>West</b>  | CR 58                                | US Hwy. 377     |

### NEIGHBORHOOD DEMOGRAPHICS

The subject is located in census tract 0303.07 with the census report shown on the following page. The census tract report for 0303.07 indicates 12,663 people reside in the tract and income levels are in the upper tier with estimated median family incomes of \$156,064 compared to a Dallas-Plano-Irving MSA estimated median family income of \$97,400. Within census tract 0303.07, approximately 90% of housing units are owner-occupied with 7% being renter-occupied and 3% being vacant. These housing and demographic statistics indicate upper-middle class residents who tend to live in newer single-family homes.

**Census Tract 0303.07 Map**





## Tract 0303.07 Census Report



2022 FFIEC Geocode Census Report

Address: Selected Tract  
 MSA: 19124 - DALLAS-PLANO-IRVING, TX  
 State: 48 -  
 County: 085 - COLLIN COUNTY  
 Tract Code: 0303.07

Summary Census Demographic Information

|                                                             |           |
|-------------------------------------------------------------|-----------|
| Tract Income Level                                          | Upper     |
| Underserved or Distressed Tract                             | No        |
| 2022 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income | \$97,400  |
| 2022 Estimated Tract Median Family Income                   | \$156,064 |
| 2010 Tract Median Family Income                             | \$141,509 |
| Tract Median Family Income %                                | 160.23    |
| Tract Population                                            | 12663     |
| Tract Minority %                                            | 27.74     |
| Tract Minority Population                                   | 3513      |
| Owner-Occupied Units                                        | 3283      |
| 1- to 4- Family Units                                       | 3636      |

Census Income Information

|                                                             |           |
|-------------------------------------------------------------|-----------|
| Tract Income Level                                          | Upper     |
| 2010 MSA/MD/statewide non-MSA/MD Median Family Income       | \$88,315  |
| 2022 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income | \$97,400  |
| % below Poverty Line                                        | 0.36      |
| Tract Median Family Income %                                | 160.23    |
| 2010 Tract Median Family Income                             | \$141,509 |
| 2022 Estimated Tract Median Family Income                   | \$156,064 |
| 2010 Tract Median Household Income                          | \$140,000 |

Census Population Information

|                                            |       |
|--------------------------------------------|-------|
| Tract Population                           | 12663 |
| Tract Minority %                           | 27.74 |
| Number of Families                         | 3192  |
| Number of Households                       | 3546  |
| Non-Hispanic White Population              | 9150  |
| Tract Minority Population                  | 3513  |
| American Indian Population                 | 67    |
| Asian/Hawaiian/Pacific Islander Population | 479   |
| Black Population                           | 699   |
| Hispanic Population                        | 1579  |
| Other/Two or More Races Population         | 47    |

Census Housing Information

|                                      |      |
|--------------------------------------|------|
| Total Housing Units                  | 3636 |
| 1- to 4- Family Units                | 3636 |
| Median House Age (Years)             | 12   |
| Owner-Occupied Units                 | 3283 |
| Renter Occupied Units                | 263  |
| Owner Occupied 1- to 4- Family Units | 3283 |
| Inside Principal City?               | NO   |
| Vacant Units                         | 90   |

### DEMOGRAPHIC SUMMARY

Analytics from CoStar of the area is provided below. Within a 10-mile radius of the subject there are just over 50,000 people which represents a 122.5% increase (6.89% annual increase) in population since 2010 and highlights the explosive growth that has occurred in this portion of the DFW Metroplex. The population growth is expected to continue its strong pace in coming years and grow another 23.7% in the next five years. Median household incomes in the 2-, 5-, and 10-mile radius are well-over \$100,000.

| Population                  |        |        |         |
|-----------------------------|--------|--------|---------|
|                             | 2 mile | 5 mile | 10 mile |
| 2010 Population             | 794    | 5,543  | 22,721  |
| 2022 Population             | 1,379  | 10,000 | 50,557  |
| 2027 Population Projection  | 1,698  | 12,269 | 62,537  |
| Annual Growth 2010-2022     | 6.1%   | 6.7%   | 10.2%   |
| Annual Growth 2022-2027     | 4.6%   | 4.5%   | 4.7%    |
| Median Age                  | 40.2   | 37     | 37.6    |
| Bachelor's Degree or Higher | 39%    | 39%    | 48%     |

| Income                  |           |           |           |
|-------------------------|-----------|-----------|-----------|
|                         | 2 mile    | 5 mile    | 10 mile   |
| Avg Household Income    | \$151,054 | \$121,896 | \$158,829 |
| Median Household Income | \$129,025 | \$104,033 | \$137,404 |
| < \$25,000              | 8         | 204       | 831       |
| \$25,000 - 50,000       | 35        | 417       | 1,360     |
| \$50,000 - 75,000       | 21        | 538       | 1,553     |
| \$75,000 - 100,000      | 62        | 500       | 1,696     |
| \$100,000 - 125,000     | 88        | 468       | 1,954     |
| \$125,000 - 150,000     | 59        | 405       | 2,364     |
| \$150,000 - 200,000     | 94        | 527       | 3,088     |
| \$200,000+              | 80        | 410       | 4,288     |



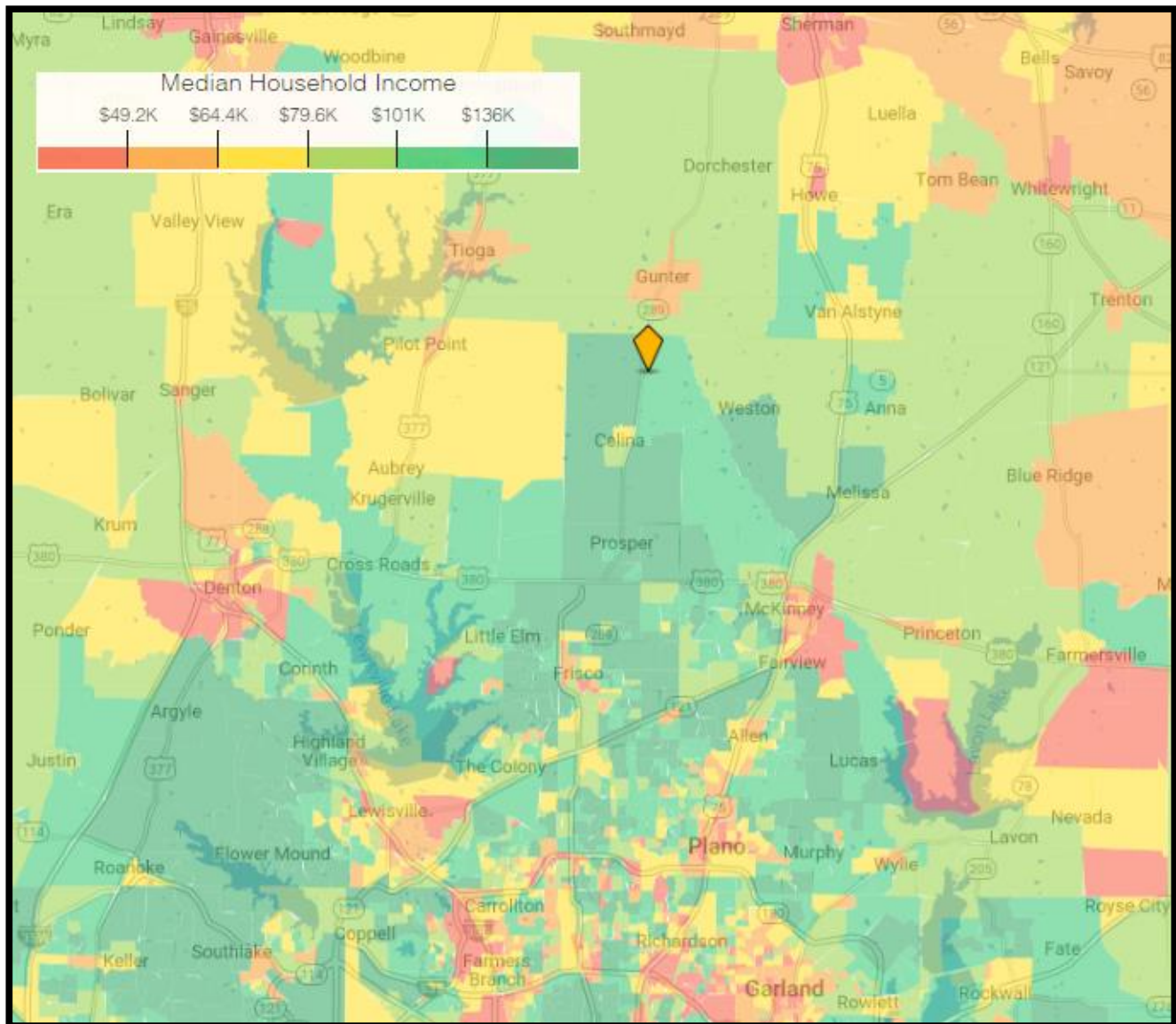
### EMPLOYMENT DATA

A table of the 5- and 10-mile radius employment figures are shown below. The numbers highlight the area's diverse economy with thousands of employees taking part in the diverse economy of the DFW area.

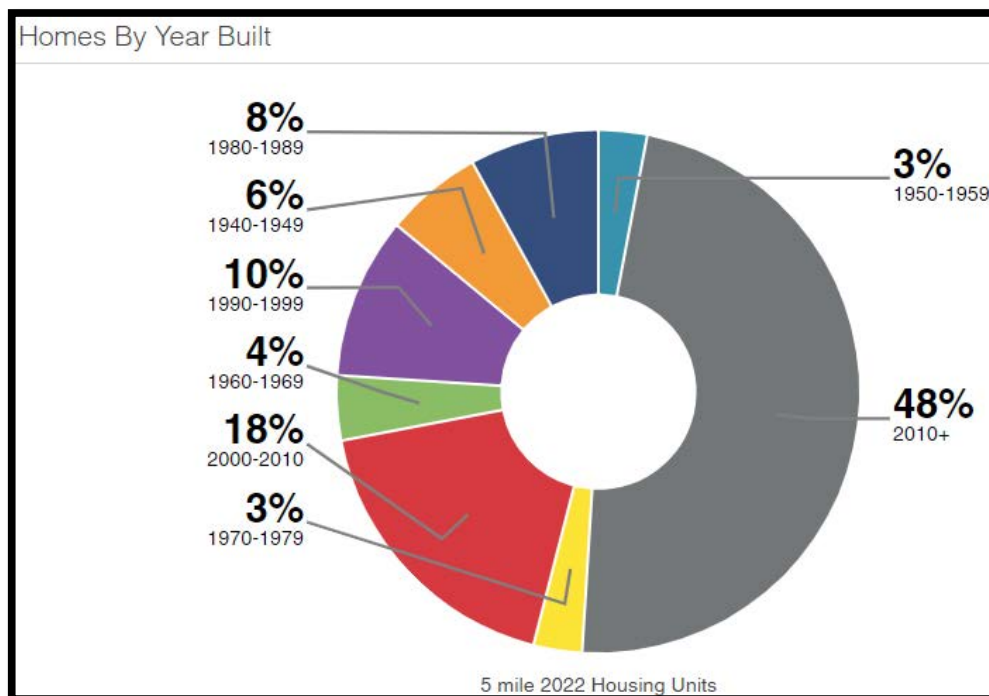
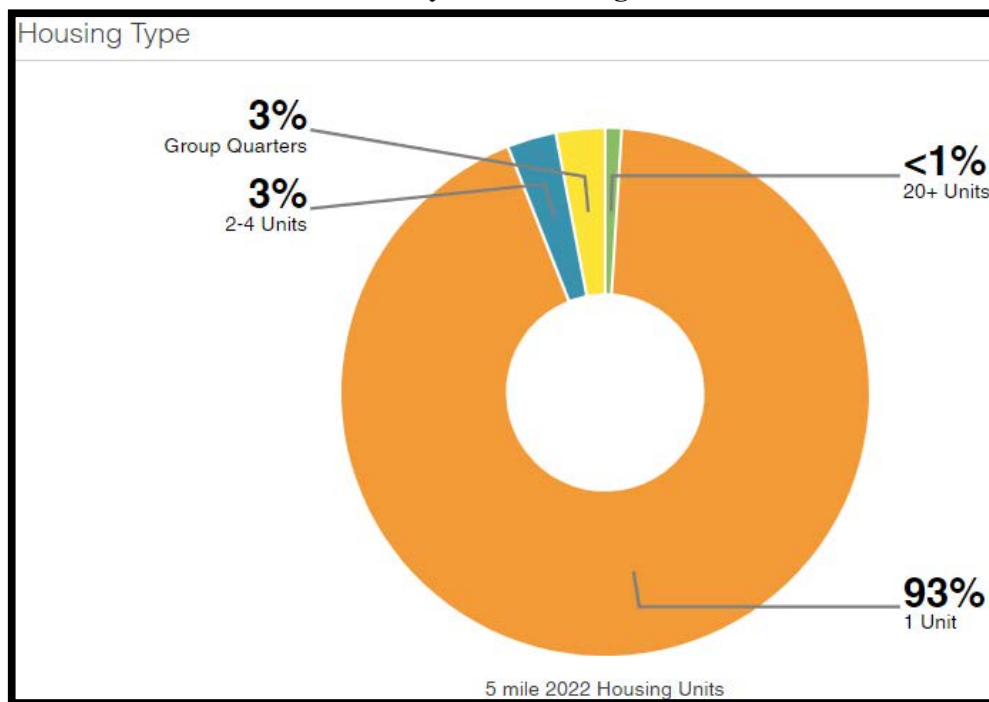
| Daytime Employment                  |              |            |                        |              |              |                        |
|-------------------------------------|--------------|------------|------------------------|--------------|--------------|------------------------|
| Radius                              | 5 mile       |            |                        | 10 mile      |              |                        |
|                                     | Employees    | Businesses | Employees Per Business | Employees    | Businesses   | Employees Per Business |
| <b>Service-Producing Industries</b> | <b>2,167</b> | <b>281</b> | <b>8</b>               | <b>7,392</b> | <b>1,199</b> | <b>6</b>               |
| Trade Transportation & Utilit...    | 410          | 61         | 7                      | 1,213        | 198          | 6                      |
| Information                         | 8            | 2          | 4                      | 152          | 20           | 8                      |
| Financial Activities                | 605          | 55         | 11                     | 1,128        | 194          | 6                      |
| Professional & Business Se...       | 162          | 33         | 5                      | 821          | 199          | 4                      |
| Education & Health Services         | 483          | 62         | 8                      | 2,104        | 311          | 7                      |
| Leisure & Hospitality               | 258          | 26         | 10                     | 1,067        | 99           | 11                     |
| Other Services                      | 124          | 33         | 4                      | 580          | 157          | 4                      |
| Public Administration               | 117          | 9          | 13                     | 327          | 21           | 16                     |
| <b>Goods-Producing Industries</b>   | <b>294</b>   | <b>58</b>  | <b>5</b>               | <b>998</b>   | <b>233</b>   | <b>4</b>               |
| Natural Resources & Mining          | 20           | 7          | 3                      | 93           | 26           | 4                      |
| Construction                        | 182          | 37         | 5                      | 690          | 173          | 4                      |
| Manufacturing                       | 92           | 14         | 7                      | 215          | 34           | 6                      |
| <b>Total</b>                        | <b>2,461</b> | <b>339</b> | <b>7</b>               | <b>8,390</b> | <b>1,432</b> | <b>6</b>               |

**CoStar Analytics – Map of Median Household Income**

As indicated by the map below, median incomes in 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 Dallas where affluent communities have concentrated for the past few decades. The subject property is located in a higher-income area of the Metroplex with incomes exceeding \$100,000 and with demand for middle-income and high-income single-family homes.



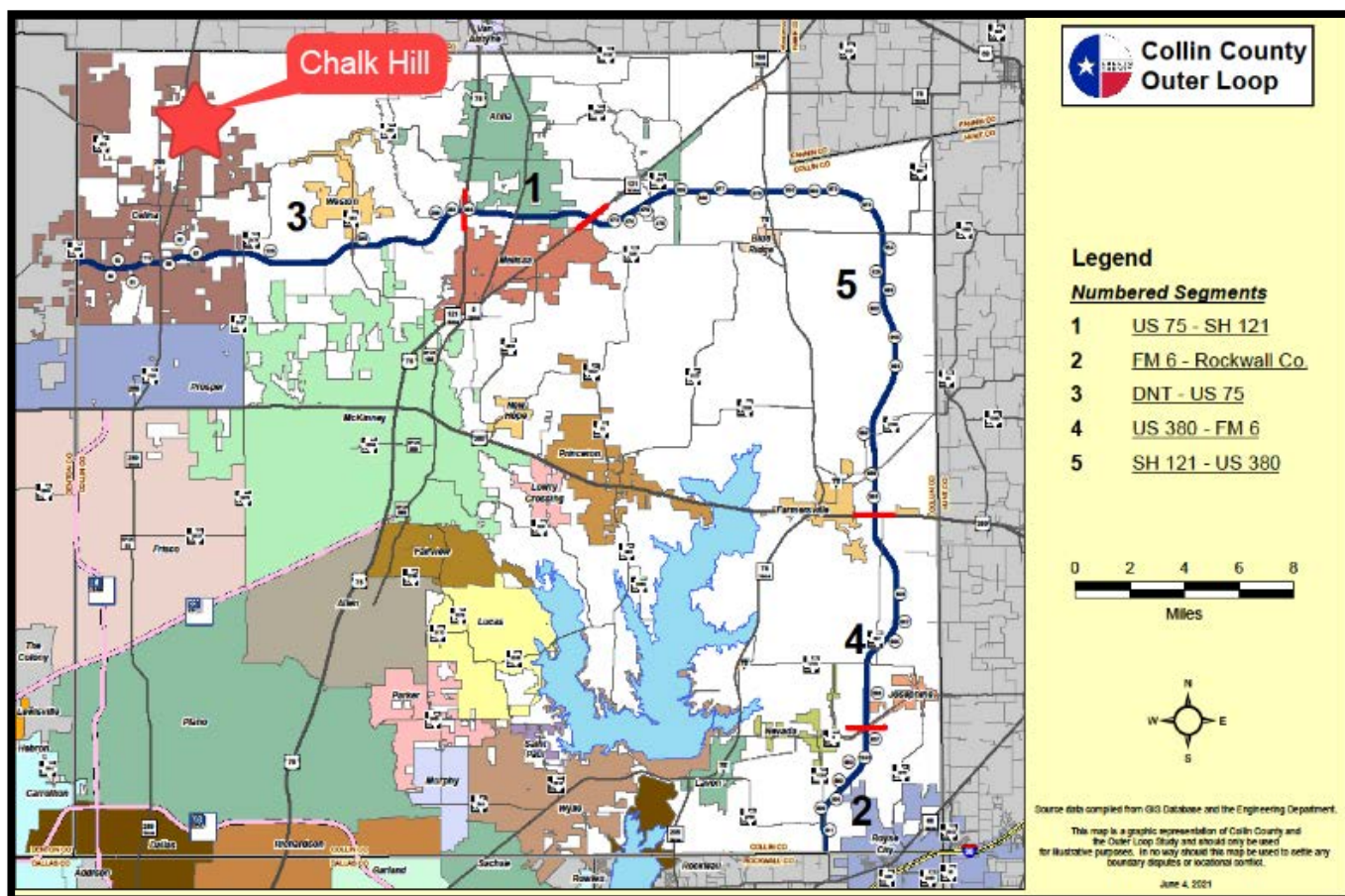
### CoStar Analytics – Housing Statistics



Most housing in the area (64%) are homes that were built after 2000. This is consistent with the growth stage of the surrounding area which has experienced numerous residential subdivision development in recent years. In addition, the vast majority (93%) of housing in the 5-mile radius consists of single unit housing stock. The subject property is being developed with detached single-family housing that is consistent with the surrounding area.

## COLLIN COUNTY OUTER LOOP

Collin County is rapidly with an emerging grid-type network throughout most of the county. The Collin County Outer Loop is a 55-mile planned multi-modal transportation thoroughfare that will ultimately go from the Denton/Collin County line and loop to the Rockwall/Collin County line. The project will run through cities including Celina, Weston, Anna, Melissa, Farmersville, Josephine, and Royse City. The project will include a freeway with a wide area in the center reserved as a future rail corridor.

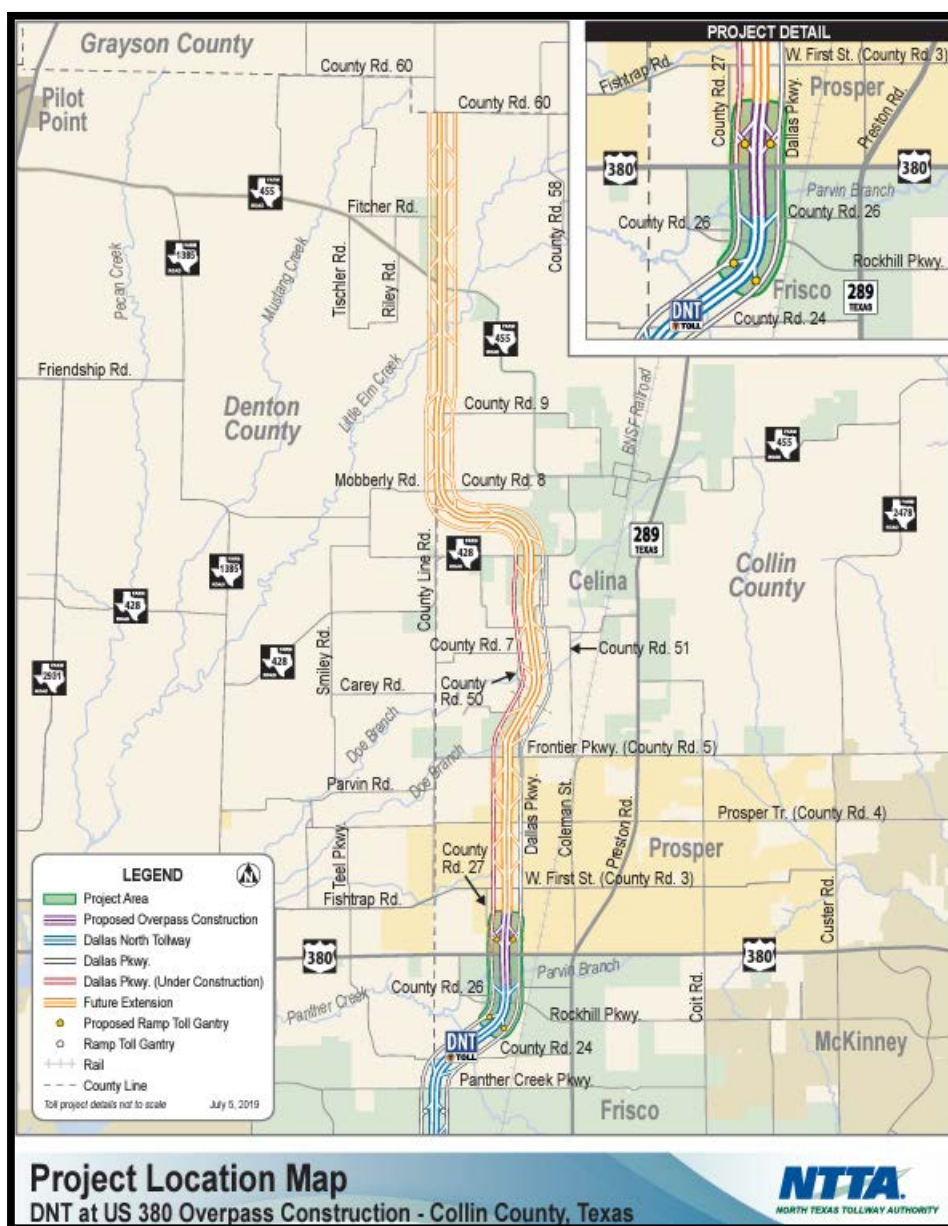


The planning evident in the construction of the Collin County Outer Loop reveals that this area is in the growth stage of development and is primed for booming expansion in coming decades. The subject property is located within one mile of the future Outer Loop and will no doubt benefit from the proximity to this major project in coming decades as it links areas of Collin and Denton Counties and much of North DFW.



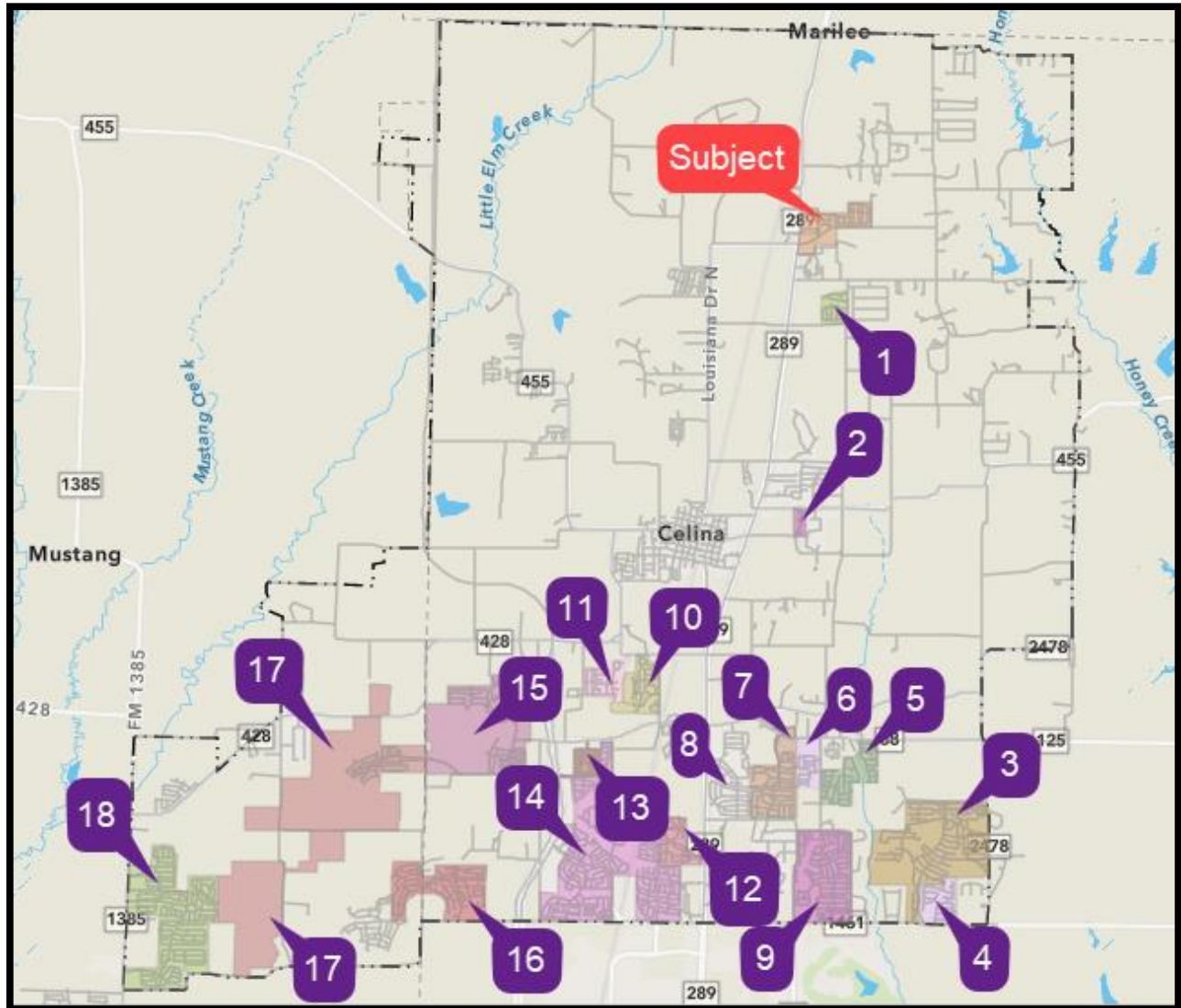
### DALLAS NORTH TOLLWAY (DNT) EXTENSION

Another traffic carrier that has connected this community is the Dallas North Tollway (DNT) which runs from downtown Dallas to US 380. Future extensions will bring the DNT to the west side of Celina and up to Grayson County approximately 4 miles from the subject property which is located almost equidistant between Downtown Celina and the Grayson County line. The DNT Phase 4 project will extend the tollway 13.7 miles north of US 380. When this extension is complete, there will be a direct link between Downtown Dallas and the growing communities in Collin, Denton, and Grayson Counties. The extension will be a limited access toll road with 6 main lanes and 4 frontage road lanes. Deck pours are complete for the main lane bridges for the extension over US 380 and retaining walls for the new northbound ramps are under construction. In December 2021, the NTTA approved design engineering services for the DNT Phase 4A main lane extension from US 380 to FM 428. A map of the project location from Fall 2022 is shown below:



### Map of Notable Nearby Developing Residential Subdivisions

A map of notable active (not planned) single-family residential subdivisions is shown below which highlights the similar and conforming uses in the City of Celina.



| MAP KEY |                      |    |                               |
|---------|----------------------|----|-------------------------------|
| 1       | Buffalo Ridge        | 7  | Bluewood                      |
| 2       | Crosswood Creek      | 8  | Carter Ranch                  |
| 3       | Mustang Lakes        | 9  | Lilyana                       |
| 4       | Wellspring Estates   | 10 | Glen Crossing                 |
| 5       | Wilson Creek Meadows | 11 | Greenway                      |
| 6       | Celina Hills         | 12 | The Homestead at Ownsby Farms |
| 13      | The Columns          |    |                               |
| 14      | Light Farms          |    |                               |
| 15      | Cambridge Crossing   |    |                               |
| 16      | Creeks of Legacy     |    |                               |
| 17      | Green Meadows        |    |                               |
| 18      | Sutton Fields        |    |                               |

## **ABSORPTION ANALYSIS**

### **RESIDENTIAL ANALYSIS**

The subject property is Phases #2-3 of Chalk Hill PID No. 2 which is approximately 55.749 acres in northwest Collin Co. being developed into detached single-family lots for residential use. The property is being developed by MM Chalk Hill, LLC, an affiliate of Centurion American. Centurion American is one of the largest developers of residential lots in the Metroplex. Since 1990, Centurion has developed over 100,000 single-family lots in dozens of communities in North Texas. Centurion has developed or is developing numerous similar PIDs recently such as Sutton Fields, Edgewood Creek, Mobberly Farms, Creeks of Legacy, and Valencia on the Lake, to name a few nearby.

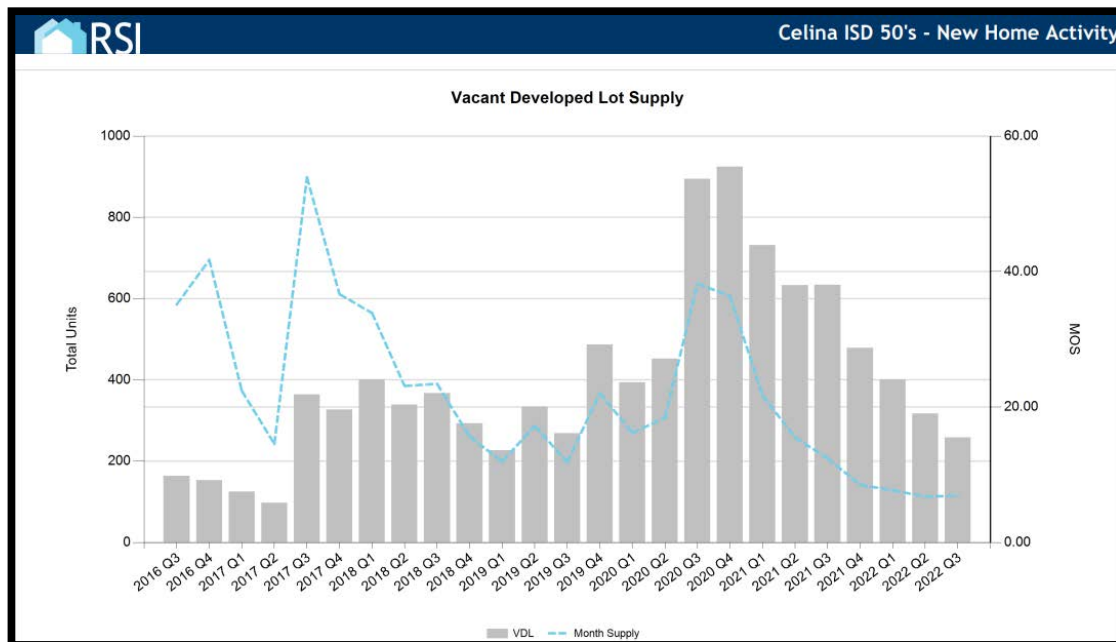
When analyzing the financially feasible and maximally productive use of the site, uses that are both physically possible and legally permissible must be considered. An important factor affecting development of the subject is the surrounding land usage. For the subject property, the primary potential use is single-family residential development as that conforms to recent land development in the surrounding area around Celina and the broader Preston & 380 Corridors, as well as nearby areas such as McKinney and Frisco. The neighborhood is best described as the area north of Prosper, east of Dallas Pkwy., west of US 75, and south of the Grayson County line. The City of Celina to the south is predominantly detached residential uses within master-planned communities.

Since the recession in 2008, the residential real estate market in this area of North Texas has continuously improved and the City of Celina has more than tripled in population since that time. Uncertainty caused by the COVID-19 Pandemic in 2020 and 2021 led to supply constraints in the single-family residential market which has been upward pressure on residential building costs. Low interest rates persisted nationally in 2020 and 2021 and the markets rose significantly but 2022 is the year 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 wealthier and growing communities like Celina is expected to remain strong. Those homebuyers in Chalk Hill are expected to be on the higher end of middle-income earners as the average home price for finished single-family homes in the community is expected to be approximately \$500,000.

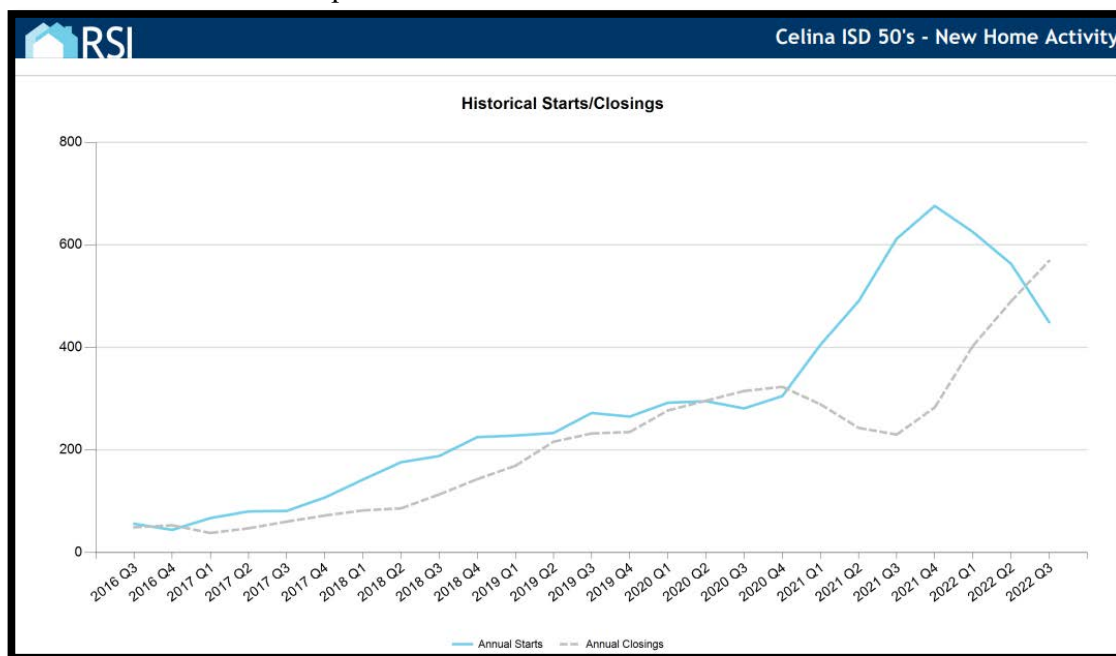
Demand for vacant developed lots (VDLs) for home builders is currently high; however, material and labor shortages in 2021 have persisted in 2022 according to the Texas Real Estate Research Center and developers whose projects we have discussed. Developable residential land in DFW with good access to Dallas is in high demand with developments moving ever further away from the Dallas CBD and highly developed areas of North Dallas where vacant land is scarce after decades of growth. The subject property – Phases #2-3 – Chalk Hill PID No. 2 – is removed from the large Central Business Districts in the Metroplex but is in an advantageous location due to the proximity of Preston Rd. (SH 289) in booming Celina and Collin County. Many DFW residents have migrated to these communities searching for safe neighborhoods, good schools, new tract and custom 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 Residential Strategies Inc. (RSI) 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 December 1, 2023, 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 examined other master-planned communities around Celina for our absorption analysis as the competitive supply of lots are within this area. Further, we examined residential communities with lot widths between 50-59'. The following chart summarizes historical lot *supply* from the past several years for the defined market area for the subject property. Note that VDL supply has been diminished significantly since 4Q2020.



The following chart reflects starts and closings in the market area since 2016. Sales steadily increased from 2016-2020 then rose sharply in 2021. As expected, the rate of annual starts has decreased in the past year as homebuilders anticipated decreased demand due to rising interest rates; however, a decline in the rate of closings is not yet reflected in the numbers reported here.





### 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 consistently increasing from 2018 to 2020 before increasing substantially in 2021 and staying consistent in 2022. According to RSI, the selected area (Celina ISD) absorbed the following number of 50-59' lots year-over-year from 2018 to 2022:

- 3Q2018 – 188 lots absorbed
- 3Q2019 – 272 lots absorbed
- 3Q2020 – 281 lots absorbed
- 3Q2021 – 612 lots absorbed
- 3Q2022 – 449 lots absorbed

From 2018-2022, the *annual average* of lots absorbed was 360. Utilizing the more recent 24-month absorption of lots (4Q2020 to 3Q2022), the annual average of lots absorbed almost increases to 531 lots absorbed in the area.

### COMPETITIVE SUPPLY (LOT INVENTORY)

According to conversations with RSI, 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 lower since 3Q2020 from a high of 925 and a 38.2-month supply to ***a present VDL count of 258 with a 6.9-month supply***. This total supply is considered to be well below the ideal lot supply levels of 2.0 to 2.5 years, per RSI.

Currently, this total lot supply is considered to be considerably **below** the ideal supply levels for a significantly developing market. Even as new construction home sales have slowed in recent months due to 400 basis point increases for fixed home mortgages, this area of the Metroplex is expected to experience consistent longterm demand due to the favorable proximity to the region. While short term demand may wane in the next year for finished homes, when taking into consideration that new developments require a typical 12-to-18-month construction period, ***with very low levels of 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 likely precipitated by record demand for single-family residential homes in 2021.

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 – 50’ LOTS

The similarities considered to be most important are lot size, home price range, and amenity features. The tables that follow detail the active subdivisions, including the subject’s subdivision, that are considered to compete with the subject’s lots. All data is per RSI as of 3Q2022.

### 50’ Lots

We included data for lots that were each 50-59’ lots within our market area which includes similar single-family communities like Chalk Hill PID No. 2. We selected six comparable absorption schedules at nearby communities we concluded are similar to the subject. All data is per RSI as of 3Q2022.

| Subdivision           | Size<br>(Foot Front) | Available<br>Lots | Starts<br>Starts | Months      | Available Supply<br>(Months) | Starts<br>/Month |
|-----------------------|----------------------|-------------------|------------------|-------------|------------------------------|------------------|
| Wilson Creek Meadows  | 50                   | 111               | 63               | 12          | 21.1                         | 5.3              |
| Glen Crossing         | 50                   | 8                 | 78               | 12          | 1.2                          | 6.5              |
| Bluewood              | 50                   | 7                 | 78               | 12          | 1.1                          | 6.5              |
| Sutton Fields         | 50'                  | 149               | 130              | 12          | 13.8                         | 10.8             |
| Creeks of Legacy West | 50'                  | 27                | 139              | 12          | 2.3                          | 11.6             |
| Green Meadows         | 50-55                | 30                | 92               | 12          | 3.9                          | 7.7              |
| <b>AVERAGE</b>        |                      | <b>55.3</b>       | <b>96.7</b>      | <b>12.0</b> | <b>7.2</b>                   | <b>8.1</b>       |

Our analysis indicates Starts/Month is between 5.3 and 11.6 with an average of 8.1 starts/month and a median of 7.1 starts/month. We similarly weighted and considered **the subject property’s 50’ lots would likely absorb 8 lots/month, or approximately 24 lots per quarter.**

### Absorption Summary Projection: 50’ Lots

Based on the preceding, we estimate that lots in Chalk Hill PID No. 2 will sell at 24 lots/quarter for 50’ lots with absorption beginning December 1, 2023. An Absorption Summary Projection for the lots is shown below:

| <b>Projected Quarterly Absorption Summary - Chalk Hill PID No. 2</b> |                 |                 |                 |                 |                 |                 |
|----------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <i>Lot Type</i>                                                      | <i>Dec-2023</i> | <i>Jan-2024</i> | <i>Apr-2024</i> | <i>Jul-2024</i> | <i>Oct-2024</i> | <i>Jan-2025</i> |
| 50-FF                                                                | 8               | 24              | 24              | 24              | 24              | 24              |
| <b>Total</b>                                                         | <b>8</b>        | <b>24</b>       | <b>24</b>       | <b>24</b>       | <b>24</b>       | <b>24</b>       |

| <i>Apr-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> | <b>TOTAL</b> |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------|
| 24              | 24              | 24              | 24              | 24              | 24              | 12              | <b>284</b>   |
| <b>24</b>       | <b>24</b>       | <b>24</b>       | <b>24</b>       | <b>24</b>       | <b>24</b>       | <b>12</b>       | <b>284</b>   |

The total absorption period for 50’ lots is expected to be 36 months (284 lots ÷ 8 lots/month), and lots are expected to sell out in October 2026.

## **SUBJECT PROPERTY ANALYSIS**

The subject property is Phases #2-3 of Chalk Hill PID No. 2 which represents a total of approximately 55.749 acres which will be developed into 284 lots that are each 50-FF lot types. Chalk Hill PID No. 2 is located in north Celina and between Celina and the Grayson County line. This location is in northwestern Collin County and approximately 40 miles northwest of the Dallas CBD in the DFW Metroplex. The area surrounding the subject property is primarily quasi-rural and has been developing with detached residential communities that are generally middle-to-upper income.

The subject is located where development has first occurred in Celina which is along the Preston Corridor (SH 289). The continual development trend along Preston Corridor in the neighboring cities further south such as Plano, Frisco, and Prosper is influencing Celina and the city is expected to grow in the same manner as these nearby cities in the future. Additionally, the intersection of Preston Corridor with two new regional highways - Dallas North Tollway (DNT) on the west and Collin County Outer Loop on the south of Celina, will transform the city's transportation system over the next few years. The subject property is favorably located to prosper from these development trends.

Approximately 150 lots with finished residences have been developed in Phase #1 of Chalk Hill PID No. 2 since the community began earthwork and grading in 2018. These finished residences in Phase #1 comprise almost all of the lots in that phase which adjoins the subject property to the west. These lots are highly similar to the subject property and share the same amenities for the Chalk Hill subdivision. The developer has created a mandatory homeowners' association (HOA) over residential portions of the subject property in order to maintain the open spaces, common areas, screening walls, detention areas, and other related improvements or appurtenances that are not dedicated or maintained by the City of Celina.

Based on research and discussion with the development team, the price point of homes in the subject's community will be from the low-\$400's to the high-\$500's (averaging around \$500,000) which should be a desirable price point for young families and first- and second-time homebuyers looking for a quiet community with the small-town charm of Celina but with the amenities of a planned residential community. NTREIS reports 10 homes have sold in the subject's community within the past 6 months although more transactions may have occurred off-market.

The following 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.

Chalk Hill PID No. 2 – Phases #2-3

We were provided with the following budgeted costs for the improvements in Phases #2-3 of Chalk Hill PID No. 2 which were provided by the project engineer, Peloton Land Solutions, on October 13, 2022:

OPC

CHALK HILL PHASE 2-3 ONSITE&OFFSITE

Celina, Texas

284 Lots

52 Acres Total

Project Number: CEN20002

Prepared For: Centurion American

Date: October 13, 2022

| ONSITE CONSTRUCTION COSTS       |        |           |  |  |
|---------------------------------|--------|-----------|--|--|
| DESCRIPTION                     | AMOUNT |           |  |  |
| Earthwork (PRIVATE)             | \$     | 1,112,562 |  |  |
| Paving (PID)                    | \$     | 2,171,891 |  |  |
| Storm (PID)                     | \$     | 851,113   |  |  |
| Water (PID)                     | \$     | 1,230,309 |  |  |
| Sewer (PID)                     | \$     | 939,214   |  |  |
| Street Lights & Signs (PRIVATE) | \$     | 162,938   |  |  |
| Retaining Walls (PRIVATE)       | \$     | 779,075   |  |  |
| TOTAL CONSTRUCTION COSTS        | \$     | 7,247,101 |  |  |

| OFFSITE CONSTRUCTION COSTS  |        |           |  |  |
|-----------------------------|--------|-----------|--|--|
| DESCRIPTION                 | AMOUNT |           |  |  |
| Earthwork (PID)             | \$     | 42,135    |  |  |
| Paving (PID)                | \$     | 885,996   |  |  |
| Storm (PID)                 | \$     | 62,521    |  |  |
| Water (PID)                 | \$     | 284,421   |  |  |
| Sewer (PID)                 | \$     | -         |  |  |
| Street Lights & Signs (PID) | \$     | 160,343   |  |  |
| Retaining Walls (PID)       | \$     | -         |  |  |
| TOTAL CONSTRUCTION COSTS    | \$     | 1,435,416 |  |  |

| MISCELLANEOUS COSTS                             |     |      |              |              |
|-------------------------------------------------|-----|------|--------------|--------------|
| DESCRIPTION                                     | QTY | UNIT | UNIT PRICE   | AMOUNT       |
| Engineering & Surveying                         | 12  | %    | \$ 8,682,516 | \$1,041,902  |
| SWPPP (plan preparation & inspections)          | 1   | LS   | \$16,000     | \$16,000     |
| PPM Bond (3% of Total CC)                       | 3%  | %    | \$ 8,682,516 | \$260,475    |
| Engineering Review & Inspection Fee             | 3%  | %    | \$ 8,682,516 | \$260,475    |
| Geotechnical Testing (1% of Construction Costs) | 1%  | %    | \$ 8,682,516 | \$86,825     |
| Materials Testing Fee                           | 3%  | %    | \$ 8,682,516 | \$260,475    |
| PID Consulting/Legal Services                   | 1   | LS   | \$400,000    | \$400,000    |
| TOTAL MISC. COSTS                               |     |      |              | \$ 2,326,154 |

| SUMMARY             |     |      |              |               |
|---------------------|-----|------|--------------|---------------|
| DESCRIPTION         | QTY | UNIT | UNIT PRICE   | AMOUNT        |
| Construction Costs  |     |      |              | \$ 8,682,516  |
| Miscellaneous Costs |     |      |              | \$2,326,154   |
| Contingency Costs   | 15% | %    | \$11,008,670 | \$1,651,300   |
| NET PROJECT COSTS   |     |      |              | \$ 12,659,970 |

Per Acre:

\$243,461

Per Lot:

\$44,577

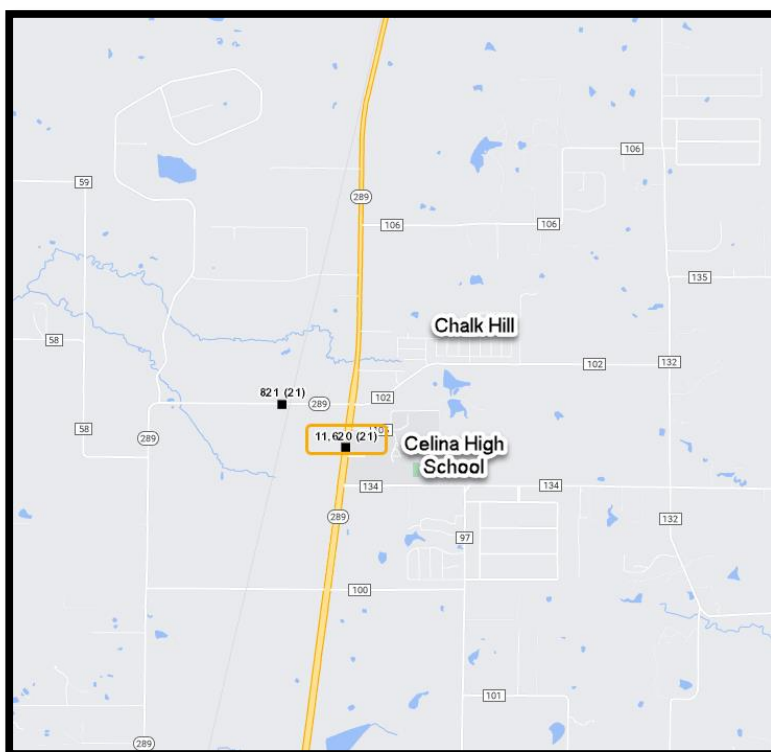
## **ACCESSIBILITY, FRONTAGE, AND STREETS**

The subject property is primarily accessed by Preston Rd. (State Highway 289) which runs north/south between Uptown Dallas to the south and Lake Texoma on the Oklahoma border to the north. The main access road to the subject property is County Road 102 (N. Legacy Dr.) which, as of the report date, is concrete paved up to the subject property where it becomes gravel as it forms the south boundary of Chalk Hill PID No. 2. This roadway will be concrete-paved as of the Effective Date of this report: December 1, 2023.

From the subject property, access is considered above average as the property mainly has access from Preston Rd. (SH 289) which is an arterial traffic carrier that connects the subject property to Downtown Celina and US 380 to the south and to Gunter and FM 121 to the north. More broadly, Preston Rd. parallels the Dallas North Tollway and connects Dallas to Lake Texoma. Preston Rd. is a major commercial corridor for almost its entire length and the thoroughfare is currently the major artery for the growing city of Celina. Celina in particular has been a community in Collin County that has been rapidly developing with a number of master-planned residential communities in the past decade.

At the nearest entrance to the subject site from Preston Rd., the highway is a 4-lane concrete paved arterial road with concrete curbs, storm sewers, a landscaped median, and dedicated left- and right-turn lanes. Moving north, as the highway passes the subject property the highway transitions to an asphalt-paved two-lane arterial road without a median and with shoulders and bar ditches. Recent development along Preston Rd. south of the subject property and closer to Downtown Celina has resulted in the roadway being more signalized but north of the property the highway is not signalized until it reaches Gunter. A map below from TXDOT shows traffic counts from 2021 near the subject property. Preston which is the major north/south arterial road reports over 11,000 average daily vehicles.

**TXDOT Traffic Web Viewer**



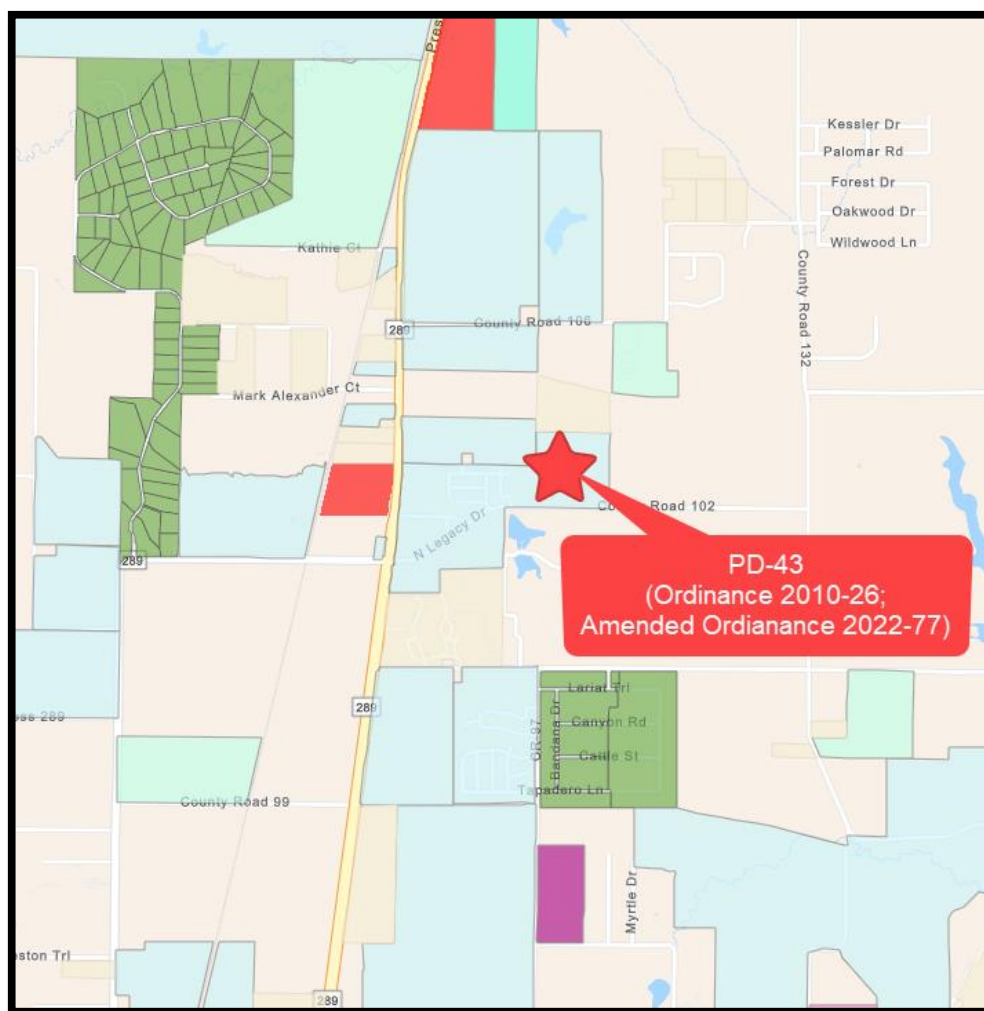
## ZONING AND RESTRICTIONS

The City of Celina has passed a Planned Development for 156.890 acres which covers the 55.749 acres in Phases #2-3 of Chalk Hill PID No. 2. The site is zoned with a Planned Development (PD-43) for mixed uses. The portion of the subject property we are evaluating is zoned for detached single-family uses. This zoning classification set forth requirements and standards for residential development for the subject property.

According to the zoning requirements for residential single-family detached units in the original ordinance, the minimum lot area in the development is 4,500-SF, minimum lot width is 45 feet, and minimum lot depth is 100-feet (except for lots in a cul-de-sac). Additional requirements include 1,200-SF minimum floor area per dwelling, 65% lot coverage maximum for buildings, and a maximum building height of 2.5 stories. Building setbacks are typical for a single-family detached community.

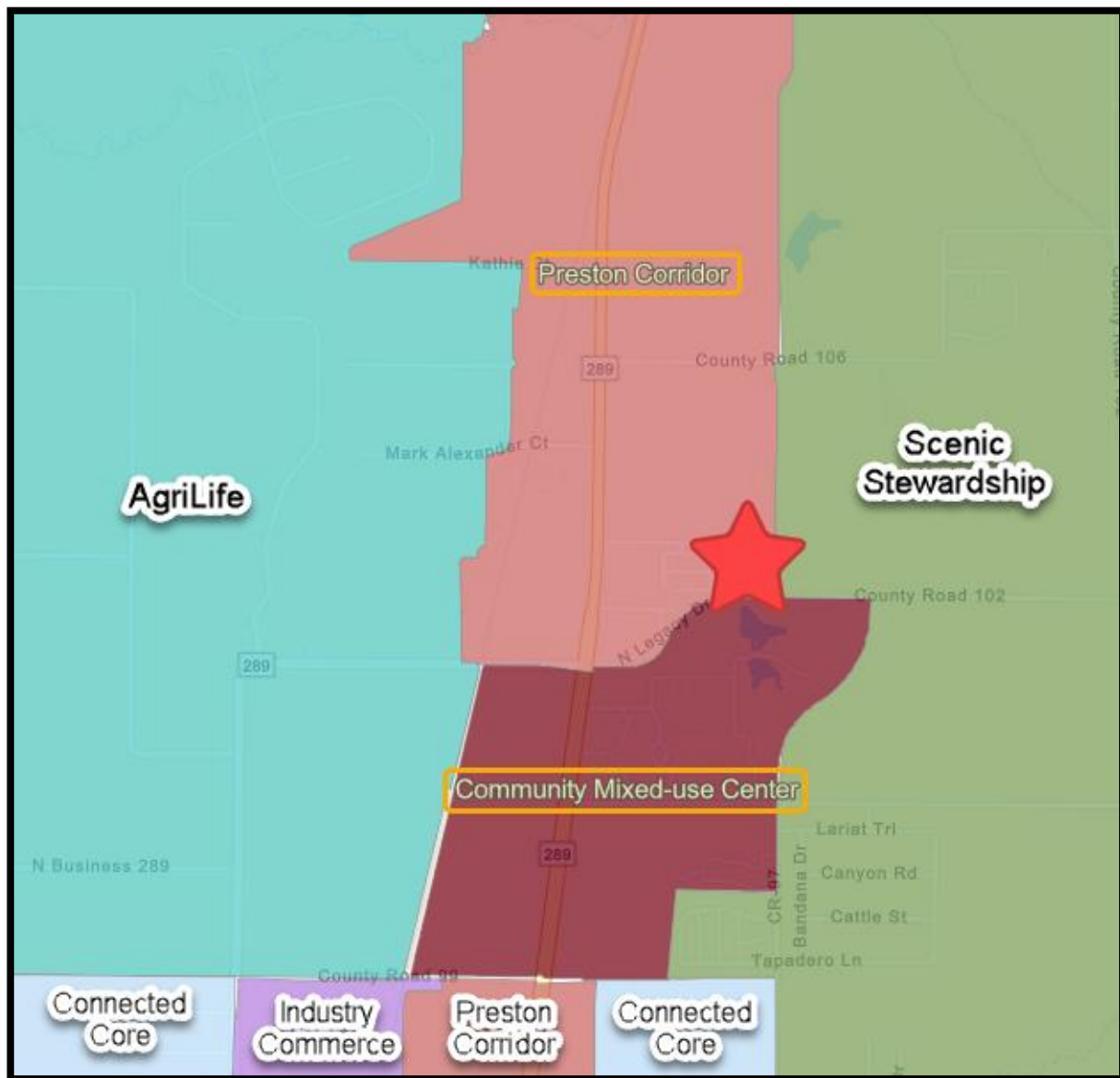
The proposed lot construction appears to be a conforming land use. The PD ordinance covering the subject property was recently updated on July 12, 2022 (Ordinance 2022-77); however, this change only affected land south of N Legacy Rd. (and southwest of the subject property) being changed to a multi-family base zoning. An excerpt from the City of Celina Zoning Map is shown below and future land use plans from Celina follow.

**CITY OF CELINA ZONING MAP**





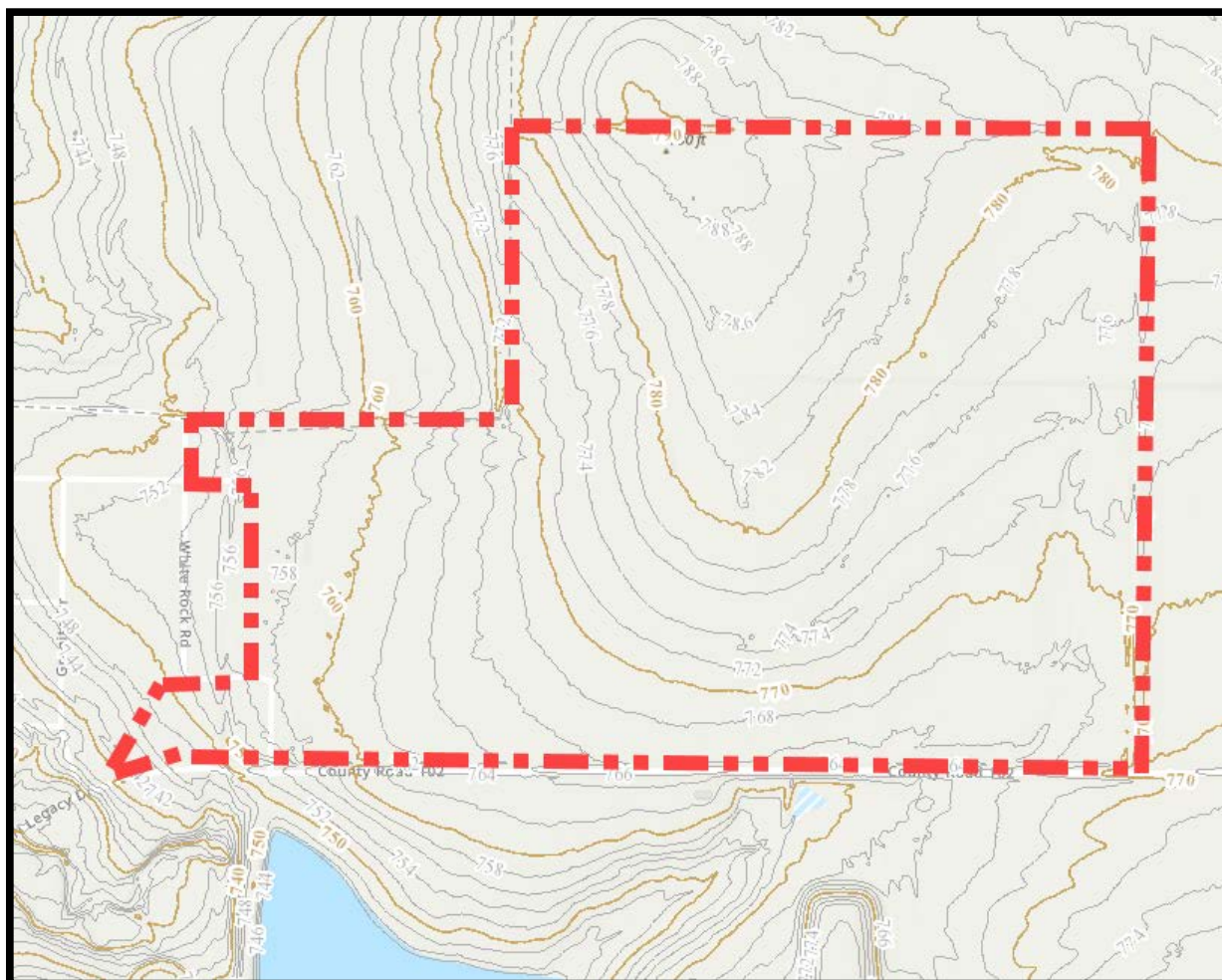
**CITY OF CELINA FUTURE LAND USE PLAN**  
*Subject Property Located in Preston Corridor*



## TOPOGRAPHY

The topography of the subject property is described as gently sloping and was fully cleared as of the date of inspection. As of the report date, both Phases 2 and 3 which are being developed simultaneously and comprise Chalk Hill PID No. 2 have been graded and Substantial Completion is expected for December 2023. Thus, 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 2'; Bold at 10'*



## 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 which is nor or may 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.



**TEXAS A&M UNIVERSITY FOREST SERVICE – MAP MY PROPERTY**



**General Slope of the Property Moving from West to East**

- *Note that length is reported in miles for readability rather than feet*
- *Elevation profile is represented along illustrated axis*
- *Property has minimal slope with approximately 15 feet of variation over approximately 770 feet (~2% average slope)*



**General Slope of the Property Moving from North to South**

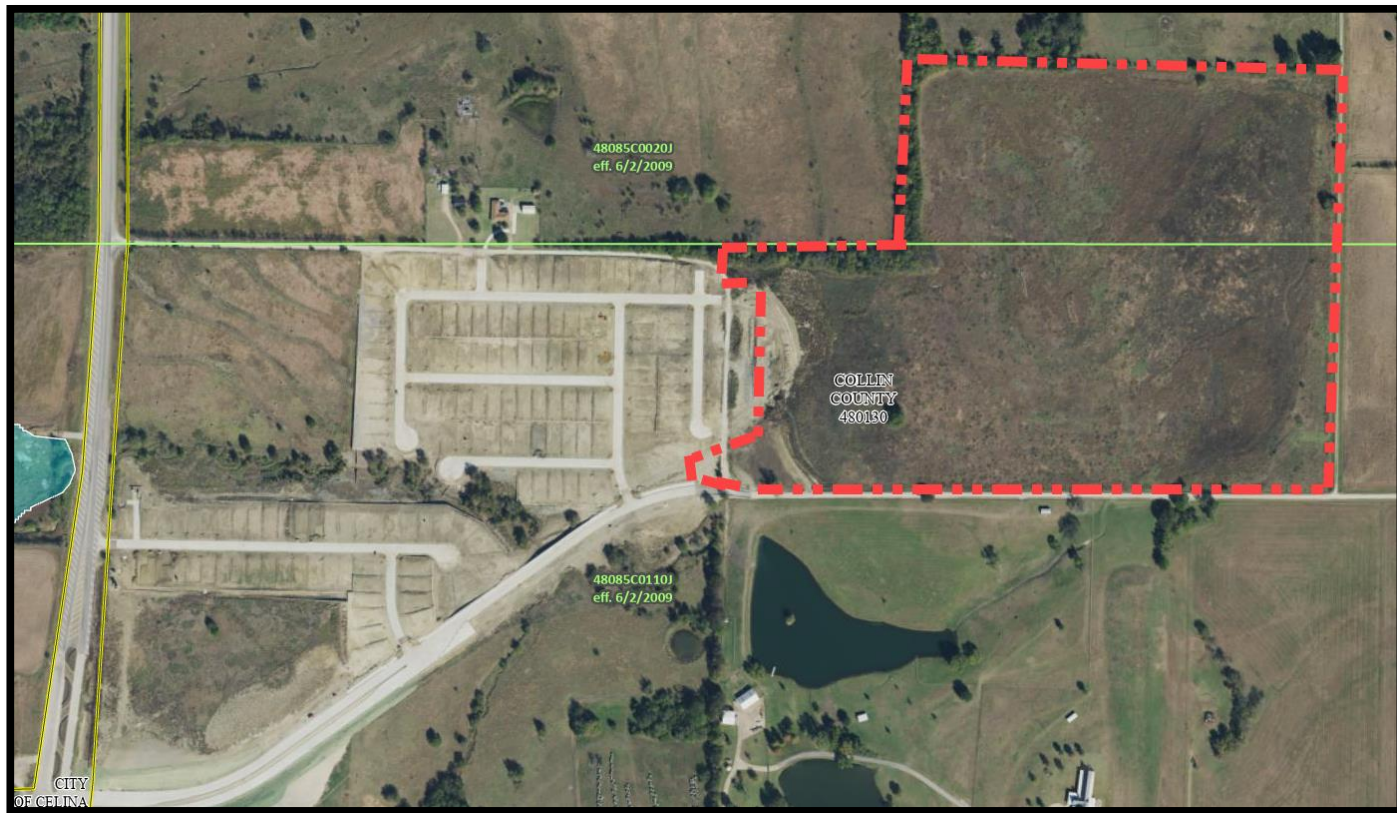
- *Note that measurements are in meters for readability rather than feet*
- *Elevation profile is represented along illustrated axis*
- *Property gently slopes north to south with approximately 25 feet of fall over approximately 760 feet of run (~3% slope)*



### **FEMA FLOOD ZONE**

Phases #2-3 of Chalk Hill PID No. 2 is entirely within FEMA Flood Zone X (minimal chance flood hazard) according to FEMA National Flood Hazard Layer maps 48085C0110J and 48085C0020J, effective June 2, 2009. There does not appear to be a flood zone that would be detrimental to the development of the subject property.

### **FLOODPLAIN MAP**



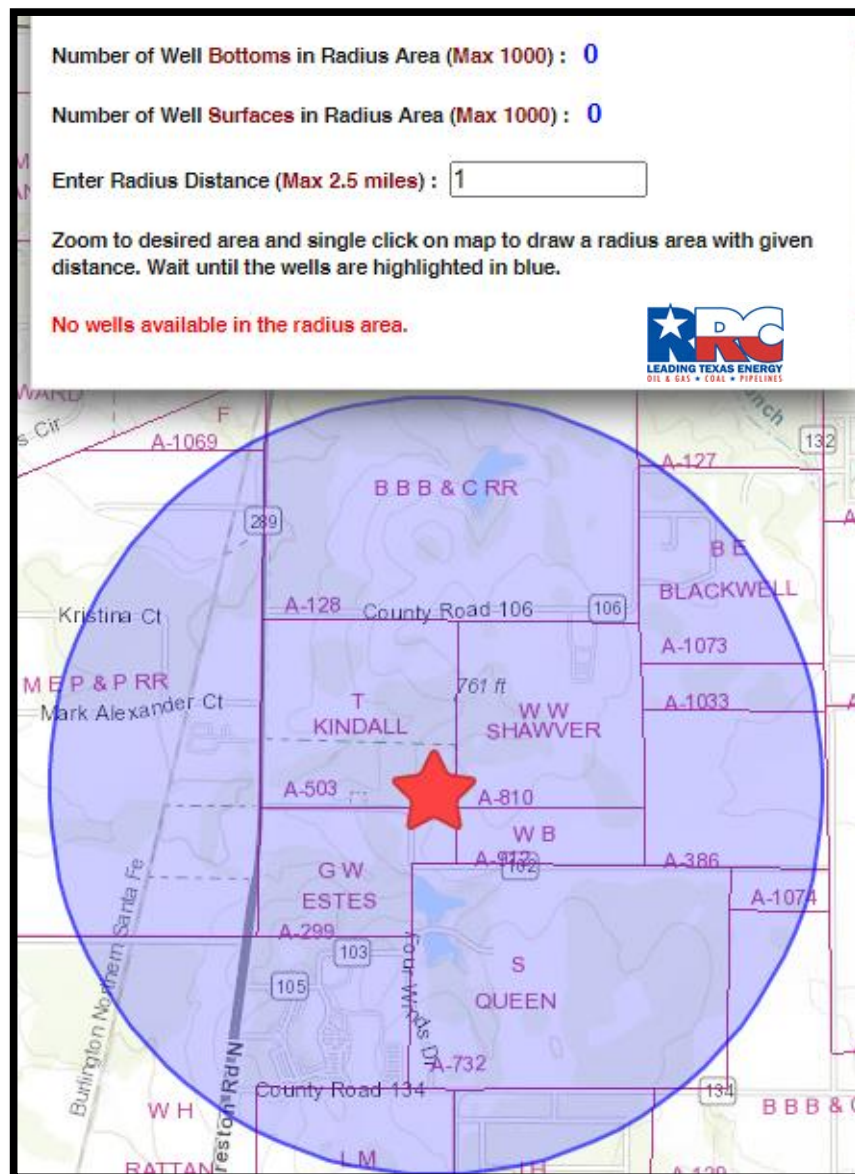
### **UTILITIES**

Electricity to the property is maintained by Grayson-Collin Electric Cooperative (GCEC). Natural gas is provided by Atmos Energy. Water and sanitary sewer services are provided by the City of Celina which provides water and sewer to other residential communities in within the city limits. The subject property is served by the Celina Police Department and the Celina Fire Department for fire, and emergency medical services. Telephone, fiber-optic, and internet is available through a variety of providers such as AT&T, Spectrum, T-Mobile, Optimum, and Nextlink.

### **EASEMENTS/ENCROACHMENTS**

Based our physical site visit, and review of available maps of surrounding area it is reasonable to suspect that there are typical setbacks and easements that exist on the property which have been approved by the City of Celina. The appraisers assume the property is free from any detrimental easements or encroachments and specifically reserves the right to alter the conclusion of this analysis should a survey be provided that indicates detrimental easements or encroachments.

**OIL AND GAS WELLS  
Texas Railroad Commission**



There are no well surface sites or well bottom sites within 1 mile from the subject. 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 DFW is not active in mineral extraction.

**PROPERTY PHOTOGRAPHS**



Landmark Entrance Along Preston Rd.



View Looking South Along Preston Rd.



View North Along Preston Rd.



Beazer Homes Model Home on Rountree Ct.





Rountree Ct. with DR Horton Model Home on Left



View East Looking from Legacy Dr (Chalk Hill Phase 1 on Left; Subject Property in Background on Hill)



Amenity Center Site Near Phase 1 and Phase 2/3 Boundary



Completed Single-Family Homes in Chalk Hill Phase 1



View West Looking From South Boundary of Subject Property  
Back Toward Chalk Hill Phase 1



View Looking East Along Future N Legacy Dr. Near  
Southwest Boundary of Chalk Hill PID No. 2



Looking North from West Boundary of Chalk Hill PID No. 2  
with Phase 1 on Left



Streets in Process of Being Constructed in Chalk Hill PID No.  
2



View North Across Chalk Hill PID No. 2 Showing Gently  
Sloping Topography in Subject Property



Earthwork and Grading Underway in Chalk Hill PID No. 2



Future Entrance to Chalk Hill PID No. 2 from Future N Legacy  
Dr. on South Boundary



View Along Future N Legacy Dr.





View West from Chalk Hill PID No. 2 Toward Chalk Hill Phase

1



View Looking West from Center of Chalk Hill PID No. 2



Southeast Boundary of Subject Property Near Future Junction  
of Coit Rd. and N Legacy Dr.



View Looking West Near Future N Legacy Dr. to be Extended  
Along Subject Property's South Boundary



## **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 the City of Celina and within a Planned Development (PD-43) which is mixed-use PD that *at the subject property* allows for detached, single-family residential uses with minimal lot sizes of 4,500 square feet.

No private deed restrictions were uncovered during a normal investigation, which would further limit the potential uses of the subject site. No other legal restrictions or covenants were found to be imposed on the subject property at the time of the appraisal which would further restrict development.

Given surrounding land use patterns in the area and the legally permissible uses of the subject property for this portion of PD-43, 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 suburban and development of the surrounding area has accelerated considerably over the past decade as development north of Dallas and along major highways has shown almost endless demand. Developers and home builders have moved further away from the center of the Metroplex and once rural areas of Collin County like those surrounding the subject property are being developed with middle-to-upper class housing stock. Those 50-59' lots we surveyed within a Celina, RSI reports the average closing price for a home is \$523,522 which indicates that middle- to upper-income residents, often families, would seek out this area for residential use. Based on review of homes on the market, we would expect home prices between \$400,000-600,000 would be in demand in Chalk Hill No. 2.

Based on our analysis of the market, it is reasonable to expect a reduction in demand for vacant developed lots (VDLs) in 2023 as homebuilders sell fewer homes when mortgage rates rise precipitously as they have in 2022; however, due to the lack of supply for VDLs and the longterm prospects of the subject's area, we expect ample demand for single-family lots in the next 2-5 years. When looking at a 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 high 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 Celina and northwest Collin County has created increased demand for homes in the area. Coupled with increasing movement into DFW and northward in 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 market.

## **VALUATION**

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:

| <b><i>Approach</i></b>                           | <b><i>Applicability to Subject</i></b>                                                          | <b><i>Use in Assignment</i></b> |
|--------------------------------------------------|-------------------------------------------------------------------------------------------------|---------------------------------|
| <b>Cost Approach</b>                             | <i>Not Appropriate Since Much of Chalk Hill is Built-Out</i>                                    | <i>Not Utilized</i>             |
| <b>Income (Subdivision Development) Approach</b> | <i>Appropriate in Determining Residential Subdivision Value</i>                                 | <i>Utilized</i>                 |
| <b>Sales Comparison Approach</b>                 | <i>Aspects Used in Subdivision Valuation to Determine Retail Market Value of the 50-FF Lots</i> | <i>Partially Utilized</i>       |

### **Residential Subdivision (284 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 had a previous phase developed in prior years and much of the major improvements are in-place, *the Cost Approach is not the most appropriate and thus was not utilized.*

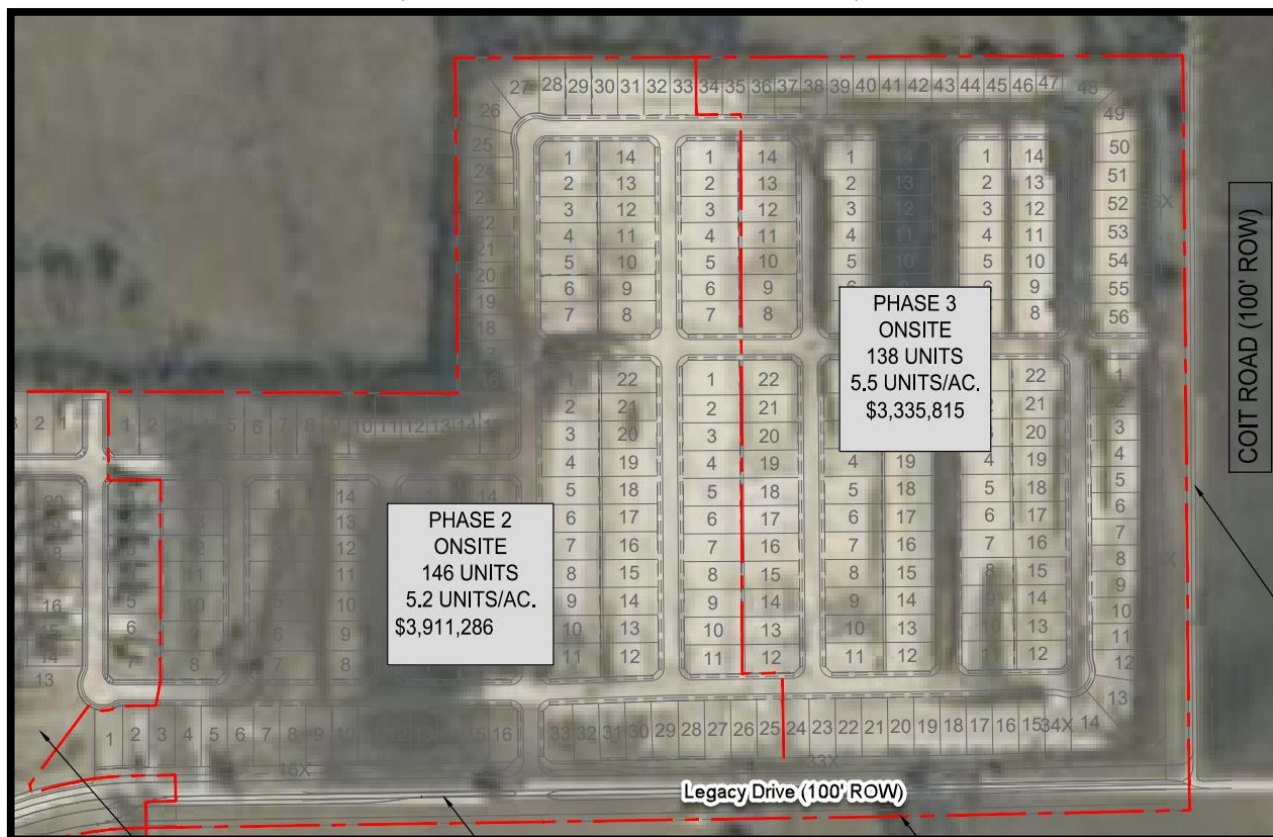
#### ***Income (Subdivision Development) Approach***

The Income (Subdivision Development) Approach applied in subdivision analysis simulates what occurs in a bulk sale where one buyer purchases a subdivision or large group of lots at a discount. Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. This approach provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices. Since the problem to be solved in this assignment is to determine the bulk sale value of 284 lots, as of the Effective Date of December 1, 2023, 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 find and verify, *the Sales Comparison Approach was not 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



*NOTE: Phases 2 & 3 of Chalk Hill PID No. 2 are being developed simultaneously.*

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.

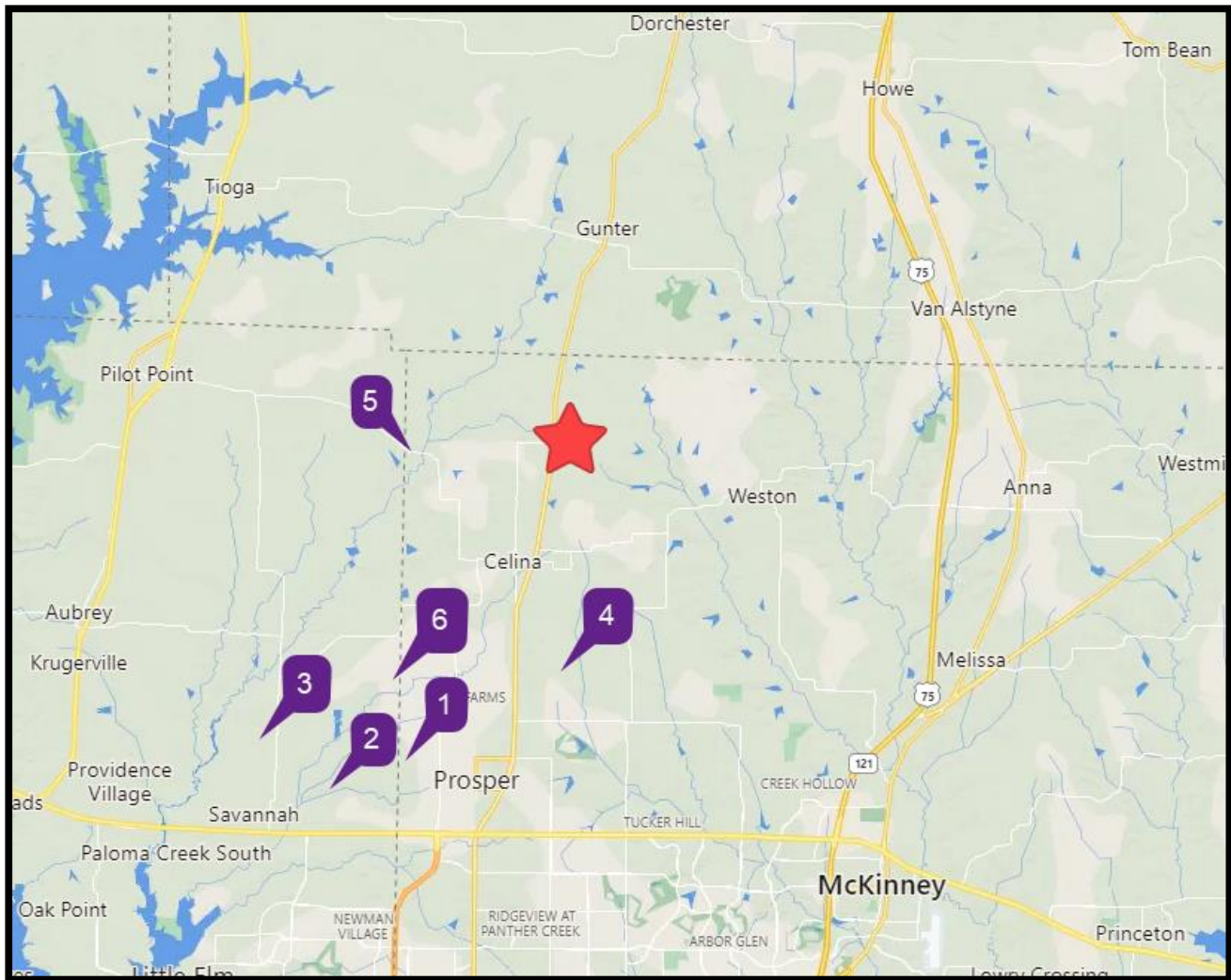
In order to complete the analysis, the appraisers:

- 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

**MAP OF COMPARABLE LOT SALES –50' LOTS**



**Subject: Chalk Hill PID No. 2 Phases #2-3 (50' Lots), Celina, TX 75009**

| SUMMARY OF LOT SALES - 50' LOTS |                                    |         |         |               |           |                |                 |          |
|---------------------------------|------------------------------------|---------|---------|---------------|-----------|----------------|-----------------|----------|
| Sale                            | Subdivision                        | City    | ISD     | Contract Date | Sale Date | Base Lot Price | Front Feet (FF) | \$/FF    |
| 1                               | Star Trail                         | Prosper | Prosper | Jul-2021      | Sep-2021  | \$111,725      | 55              | \$ 2,031 |
| 2                               | Windsong Ranch                     | Prosper | Prosper | Aug-2021      | Oct-2021  | \$108,750      | 50              | \$ 2,175 |
| 3                               | Sandbrock Ranch                    | Aubrey  | Denton  | Jan-2021      | Apr-2021  | \$73,600       | 50              | \$ 1,472 |
| 4                               | Lilyana                            | Celina  | Celina  | Mar-2022      | Contract  | \$130,000      | 50              | \$ 2,600 |
| 5                               | Legacy Hills                       | Celina  | Celina  | Jul-2021      | Contract  | \$77,500       | 50              | \$ 1,550 |
| 6                               | Creeks of Legacy West              | Celina  | Prosper | Aug-2020      | Aug-2020  | \$70,000       | 50              | \$ 1,400 |
| Subject                         | Chalk Hill PID No. 2 - Phases #2-3 | Celina  | Celina  | -             | -         | -              | 50              | -        |

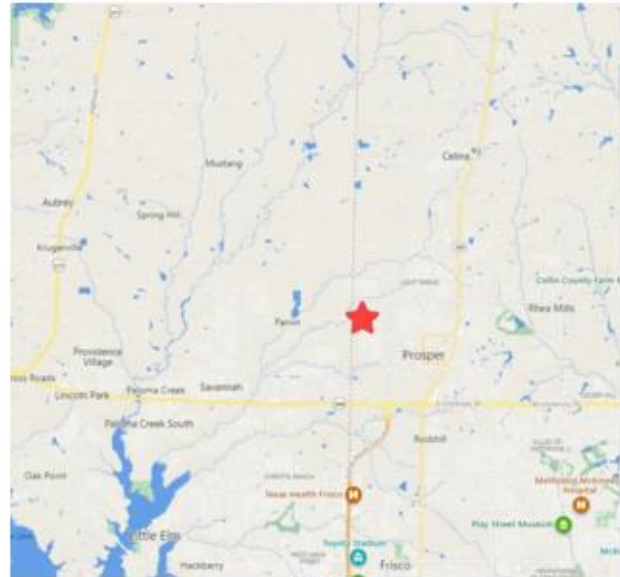


## SALE COMPARABLE 1 – 50' LOTS

### Property Sale Write-Up for Star Trail Phase 6 55's



Star Trail 55's, Prosper



Map

#### Property Information

|                          |                                                                   |
|--------------------------|-------------------------------------------------------------------|
| Property Name            | Star Trail Phase 6 55's                                           |
| Property Class           | Land                                                              |
| Address                  | East Side of Legacy Dr., North of Starwood Dr., Prosper, TX 75078 |
| County                   | Collin                                                            |
| Property Type & Sub-Type | Housing / Multiple Units                                          |

#### Site Information - 55' Lots

|                     |                                    |
|---------------------|------------------------------------|
| Land SF             | 6,875                              |
| Land Acres          | 0.16                               |
| Zoning Code         | PD-66 (Single-Family)              |
| Shape               | Rectangular                        |
| Topography          | Basically Level                    |
| Available Utilities | Electricity, Gas, Sewer, and Water |

#### Transaction Information

|                     |                               |
|---------------------|-------------------------------|
| Sale Status         | Closed                        |
| Sale Date           | 09/08/2021                    |
| Seller              | CSquare Capital Partners, LLC |
| Buyer               | Highland Homes - Dallas, LLC  |
| Sale Price          | \$111,725                     |
| Analysis Sale Price | \$111,725                     |
| Price per SF Land   | \$16.25                       |

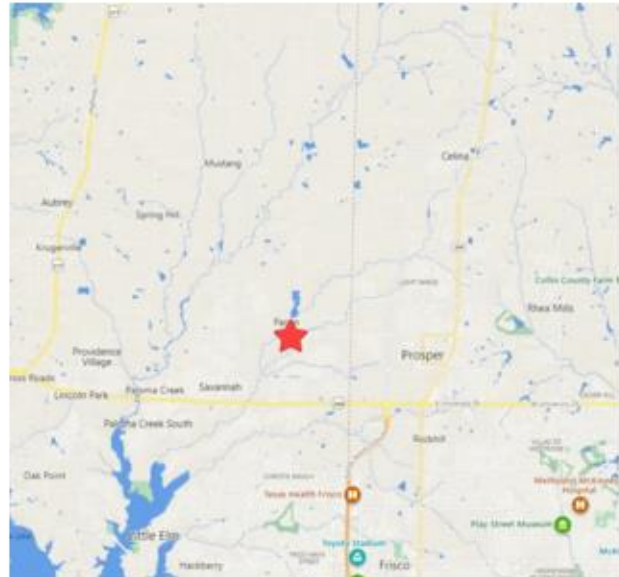
**\$2,031/FF**

## SALE COMPARABLE 2 – 50' LOTS

### Property Sale Write-Up for Windsong Ranch Phase 6B 50's



Windsong Ranch Phase 6B



Map

#### Property Information

|                          |                                           |
|--------------------------|-------------------------------------------|
| Property Name            | Windsong Ranch Phase 6B 50's              |
| Property Class           | Land                                      |
| Address                  | West of Windsong Pkwy., Prosper, TX 75078 |
| County                   | Denton                                    |
| Property Type & Sub-Type | Housing / Multiple Units                  |

#### Site Information - 50' Lots

|                     |                                    |
|---------------------|------------------------------------|
| Land SF             | 6,500                              |
| Land Acres          | 0.15                               |
| Zoning Code         | PD-40 (Single-Family)              |
| Shape               | Rectangular                        |
| Topography          | Basically Level                    |
| Available Utilities | Electricity, Gas, Sewer, and Water |

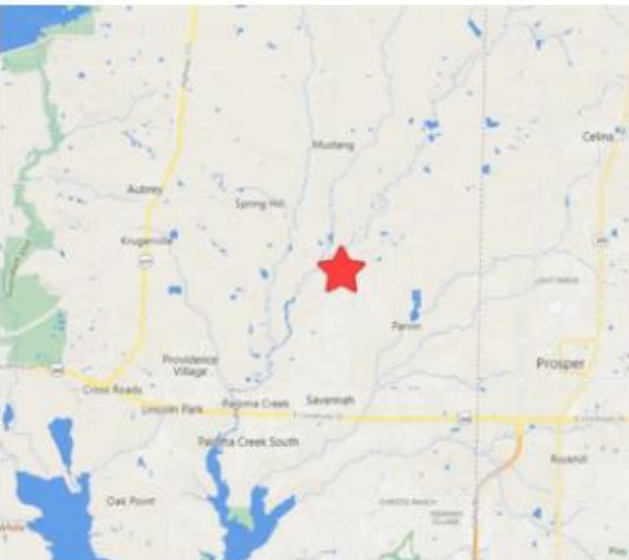
#### Transaction Information

|                     |                              |
|---------------------|------------------------------|
| Sale Status         | Closed                       |
| Sale Date           | 10/08/2021                   |
| Seller              | VP Windsong Operations, LLC  |
| Buyer               | Highland Homes - Dallas, LLC |
| Sale Price          | \$108,750                    |
| Analysis Sale Price | \$108,750                    |
| Price per SF Land   | \$16.73                      |

**\$2,175/FF**

### SALE COMPARABLE 3 – 50' LOTS

**Property Sale Write-Up for Sandbrock Ranch 50's**

Sandbrock Ranch

Map

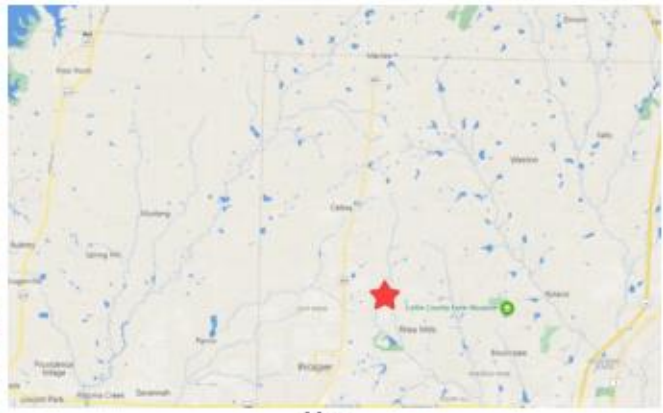
|                                |                                      |
|--------------------------------|--------------------------------------|
| <b>Property Information</b>    |                                      |
| Property Name                  | Sandbrock Ranch 50's                 |
| Property Class                 | Housing                              |
| Address                        | Sandbrock Ranch, Celina, TX 76227    |
| County                         | Denton                               |
| Property Type & Sub-Type       | Multiple Units / ---                 |
| <b>Site Information - Land</b> |                                      |
| Land SF                        | 6,000                                |
| Land Acres                     | 0.14                                 |
| Zoning Code                    | None                                 |
| Shape                          | Rectangular                          |
| Topography                     | Basically Level                      |
| Available Utilities            | Electricity, Gas, Water, and Sewer   |
| <b>Transaction Information</b> |                                      |
| Sale Status                    | Closed                               |
| Sale Date                      | 01/03/2021                           |
| Seller                         | Horizon/Deer Creek Development Corp. |
| Buyer                          | Highland Homes                       |
| Sale Price                     | \$73,600                             |
| Analysis Sale Price            | \$73,600                             |
| Price per SF Land              | \$12.27                              |

**\$1,472/FF**



## SALE COMPARABLE 4 – 50' LOTS

Property Sale Write-Up for Lilyana Phase 5 50's



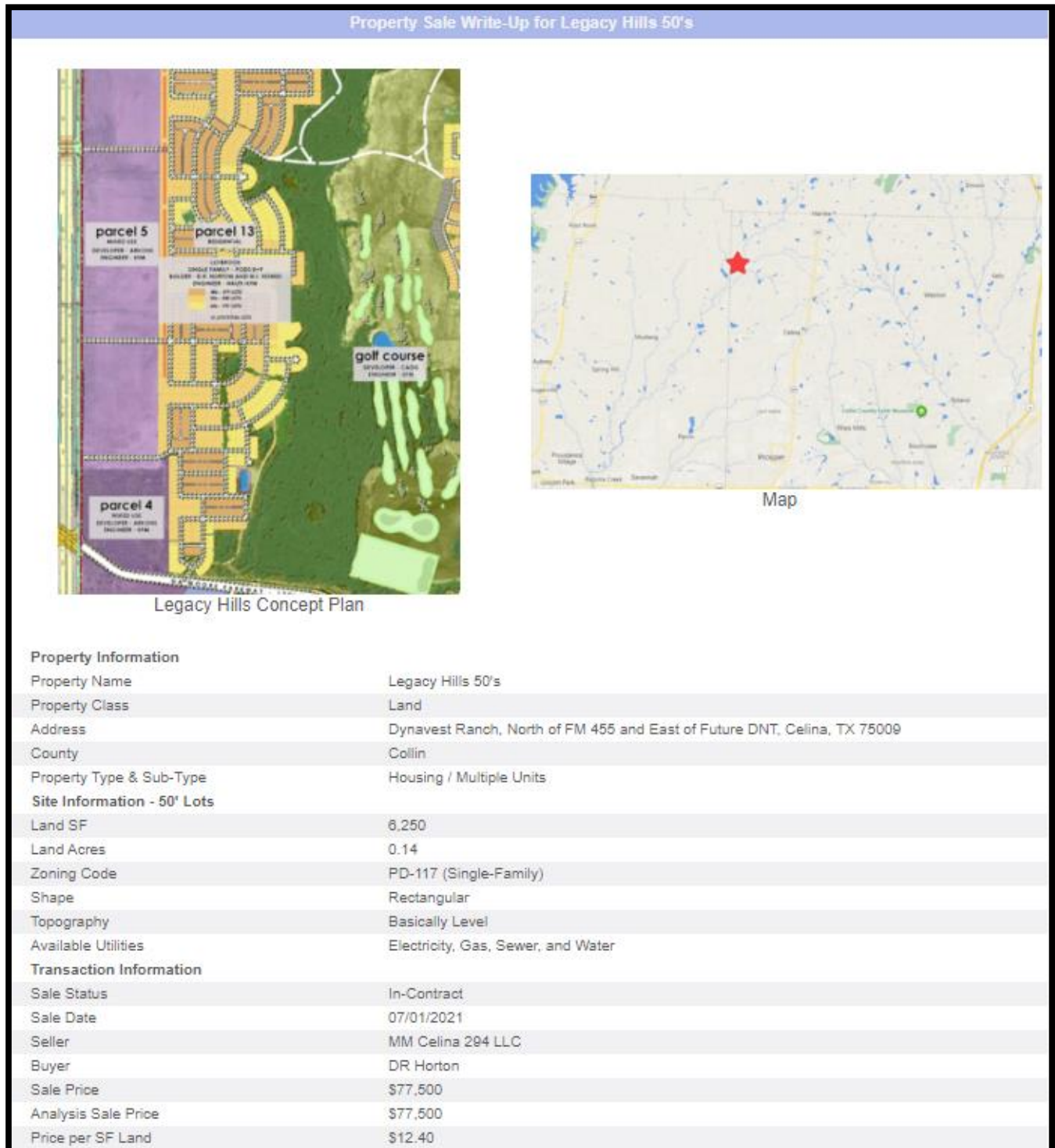
Map

Lilyana, Celina

| Property Information        |                                                       |
|-----------------------------|-------------------------------------------------------|
| Property Name               | Lilyana Phase 5 50's                                  |
| Property Class              | Land                                                  |
| Address                     | East of Coit Rd., South of Vest Ln., Celina, TX 75078 |
| County                      | Collin                                                |
| Property Type & Sub-Type    | Housing / Multiple Units                              |
| Site Information - 50' Lots |                                                       |
| Land SF                     | 6,000                                                 |
| Land Acres                  | 0.14                                                  |
| Zoning Code                 | PD-58 (Single-Family)                                 |
| Shape                       | Rectangular                                           |
| Topography                  | Basically Level                                       |
| Available Utilities         | Electricity, Gas, Sewer, and Water                    |
| Transaction Information     |                                                       |
| Sale Status                 | In-Contract                                           |
| Sale Date                   | 03/01/2022                                            |
| Seller                      | Lilyana Pid Phases, LLC                               |
| Buyer                       | Bloomfield Homes LP                                   |
| Sale Price                  | \$130,000                                             |
| Analysis Sale Price         | \$130,000                                             |
| Price per SF Land           | \$21.67                                               |

**\$2,600/FF**

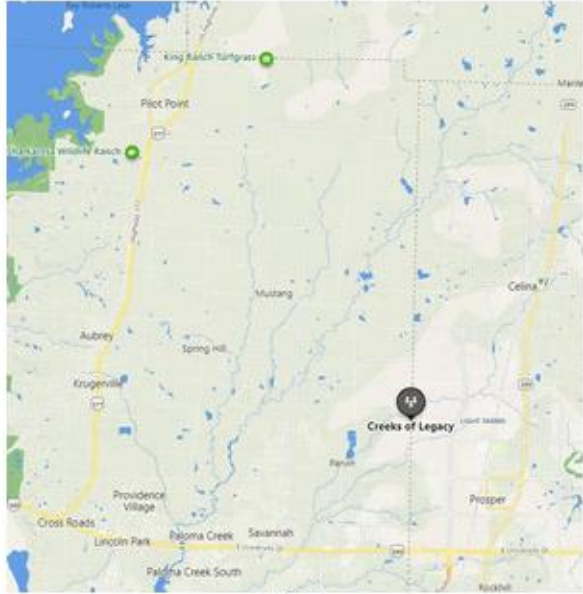
## SALE COMPARABLE 5 – 50' LOTS



**\$1,550/FF**

## SALE COMPARABLE 6 – 50' LOTS

**Property Sale Write-Up for Creeks of Legacy West 50's**

Creeks of Legacy Concept Plan

Map

|                                |                                             |
|--------------------------------|---------------------------------------------|
| <b>Property Information</b>    |                                             |
| Property Name                  | Creeks of Legacy West 50's                  |
| Property Class                 | Land                                        |
| Address                        | Creeks of Legacy, Celina, TX 75078          |
| County                         | Denton                                      |
| Property Type & Sub-Type       | Housing / Multiple Units                    |
| <b>Site Information - Land</b> |                                             |
| Land SF                        | 6,000                                       |
| Land Acres                     | 0.14                                        |
| Zoning Code                    | PD - Planned Development                    |
| Shape                          | Rectangular                                 |
| Topography                     | Basically Level                             |
| Available Utilities            | Electricity, Gas, Water, and Sewer          |
| <b>Transaction Information</b> |                                             |
| Sale Status                    | Closed                                      |
| Sale Date                      | 08/21/2020                                  |
| Seller                         | CADG Creeks of Legacy, LLC & Stonegate, LLC |
| Buyer                          | KB Home Lone Star, Inc.                     |
| Sale Price                     | \$70,000                                    |
| Analysis Sale Price            | \$70,000                                    |
| Price per SF Land              | \$11.67                                     |

**\$1,400/FF**

**SALES ADJUSTMENT COMPARISON GRID –50’ LOTS**

| <i>Address:</i>                                         | <b>Subject</b>                 | <b>Sale 1</b>     | <b>Sale 2</b>         | <b>Sale 3</b>          | <b>Sale 4</b>  | <b>Sale 5</b>       | <b>Sale 6</b>                |
|---------------------------------------------------------|--------------------------------|-------------------|-----------------------|------------------------|----------------|---------------------|------------------------------|
|                                                         | <b>Chalk Hill PID No. 2</b>    | <b>Star Trail</b> | <b>Windsong Ranch</b> | <b>Sandbrook Ranch</b> | <b>Lilyana</b> | <b>Legacy Hills</b> | <b>Creeks of Legacy West</b> |
|                                                         | <b>Celina</b>                  | <b>Prosper</b>    | <b>Prosper</b>        | <b>Aubrey</b>          | <b>Celina</b>  | <b>Celina</b>       | <b>Celina</b>                |
| <i>Transactional Adjustments</i>                        |                                |                   |                       |                        |                |                     |                              |
| <b>Sales Price/FF</b>                                   |                                | \$2,031           | \$2,175               | \$1,472                | \$2,600        | \$1,550             | \$1,400                      |
| <b>Rights Conveyed</b>                                  |                                | 0%                | 0%                    | 0%                     | 0%             | 0%                  | 0%                           |
| <b>Sales Price/FF</b>                                   |                                | \$2,031           | \$2,175               | \$1,472                | \$2,600        | \$1,550             | \$1,400                      |
| <b>Financing Terms</b>                                  |                                | 0%                | 0%                    | 0%                     | 0%             | 0%                  | 0%                           |
| <b>Sales Price/FF</b>                                   |                                | \$2,031           | \$2,175               | \$1,472                | \$2,600        | \$1,550             | \$1,400                      |
| <b>Conditions of Sale</b>                               |                                | 0%                | 0%                    | 0%                     | 0%             | 0%                  | 0%                           |
| <b>Sales Price/FF</b>                                   |                                | \$2,031           | \$2,175               | \$1,472                | \$2,600        | \$1,550             | \$1,400                      |
| <b>Expenditures After Purchase</b>                      |                                | 0%                | 0%                    | 0%                     | 0%             | 0%                  | 0%                           |
| <b>Sales Price/FF</b>                                   |                                | \$2,031           | \$2,175               | \$1,472                | \$2,600        | \$1,550             | \$1,400                      |
| <b>Time/Market Conditions</b>                           |                                | 8%                | 7%                    | 20%                    | 0%             | 9%                  | 22%                          |
| <b>ADJUSTED Price/FF:</b>                               |                                | \$2,194           | \$2,327               | \$1,766                | \$2,600        | \$1,690             | \$1,708                      |
| <i>Physical Adjustments</i>                             |                                |                   |                       |                        |                |                     |                              |
| <b>Location/Access</b>                                  | North Celina, Preston Corridor | -5%               | -5%                   | 5%                     | -5%            | 5%                  | -3%                          |
| <b>Amenities</b>                                        | Future Pool & Clubhouse        | -10%              | -10%                  | 0%                     | -8%            | 0%                  | 0%                           |
| <b>Size</b>                                             | 50-FF                          | 3%                | 0%                    | 0%                     | 0%             | 0%                  | 0%                           |
| <b>Utilities</b>                                        | All                            | 0%                | 0%                    | 0%                     | 0%             | 0%                  | 0%                           |
| <b>Topography/View</b>                                  | Basically Level Improved Lot   | 0%                | 0%                    | 0%                     | 0%             | 0%                  | 0%                           |
| <b>Zoning</b>                                           | PD-43 (Single-Family)          | 0%                | 0%                    | 0%                     | 0%             | 0%                  | 0%                           |
| <b>Total Net Physical Adj. After Transactional Adj.</b> |                                | -12%              | -15%                  | 5%                     | -13%           | 5%                  | -3%                          |
| <b>ADJUSTED Price/FF:</b>                               |                                | \$1,931           | \$1,978               | \$1,855                | \$2,262        | \$1,774             | \$1,657                      |
| <b>SUMMARY OF COMPARABLE VALUES</b>                     |                                |                   |                       |                        |                |                     |                              |
| <b>Value Range/FF</b>                                   |                                | <b>\$1,657</b>    | <b>to</b>             | <b>\$2,262</b>         |                |                     |                              |
| <b>Average Value/FF</b>                                 |                                | <b>\$1,909</b>    |                       |                        |                |                     |                              |
| <b>Median Value/FF</b>                                  |                                | <b>\$1,893</b>    |                       |                        |                |                     |                              |
| <b>Size</b>                                             |                                | <b>50-FF</b>      |                       |                        |                |                     |                              |
| <b>Unit Value Indication</b>                            |                                | <b>\$1900/FF</b>  |                       |                        |                |                     |                              |
| <b>Overall Value Indication</b>                         |                                | <b>\$95,000</b>   |                       |                        |                |                     |                              |

## **ANALYSIS OF ADJUSTMENTS –50’ LOTS**

Our research of comparable lot sales leads us to the determination that there are ample recent transactions within the last few years involving similar properties within the subject’s general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property had unadjusted contracted base prices ranging from \$1,400- to \$2,600 per front foot with most being 50’ 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 and 2021 but now appears to be cooling following six interest rate increases by the Federal Reserve that has raised mortgage rates by 400 basis points in 2022. Price increases in 2020 and 2021 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 RSI 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 lot sales throughout the Metroplex and specifically along the Preston Corridor which were necessitated based off supply and demand as well as development costs, we believe a market conditions adjustment of 1% monthly increase throughout 2020, 2021 and for the first two months in 2022 is warranted and supported. Comparable 4 is the highest unit sale utilized and it is currently under contract for \$2,600/FF which is an indication how much the market for vacant developed lots has increased in the past two years considering similar 50-FF lots in that development were contracted at \$1,475 just over a year prior.

Due to slowing demand for detached single-family housing based on the significantly increased borrowing terms, we do not believe the market have significantly increased so we have not adjusted for the past two quarters. Based on the preceding, each of the comparable lot sales have been adjusted positively between 0% and 22% for market conditions depending on the agreement date.



## **Physical Adjustments**

### ***Location/Access***

The subject property is in a quickly developing area of North Texas in Celina known as the Preston Corridor. Development has followed the Preston Corridor through Collin County for decades from development in Plano, then Frisco, then Prosper, and now Celina. The subject is favorably located along the Preston Corridor and the subject property is located within one-half mile from the highway. The area around Celina consists primarily of single-family detached residential developments consisting of large master-planned communities to large-lot residential estates. Also in the area are municipal uses, agricultural uses, and some commercial uses along Preston Rd. Just south of the subject property is Celina High School which is the only high school in Celina ISD which is a desirable school district with an “A” rating from the Texas Education Agency (TEA).

The subject property is north of Downtown Celina and though the accessibility provided by Preston Rd. is above average, communities that are closer to other arterial roadways are superior as they can access DFW employment and commercial centers easier than the subject. Additionally, the future residential communities further south (and with superior access) tend to have higher price points and more appeal due to the location/access closer to desirable areas like Frisco. We have made the following adjustments for Location/Access:

- Sale 1: Superior; in Prosper which is more desirable than Celina and has superior access to the future extension of the Dallas North Tollway as well as US 380 which has more commercial uses; Adjusted negatively 5%
- Sale 2: Superior; in Prosper which is more desirable than Celina and has superior access to the future extension of the Dallas North Tollway as well as US 380 which has more commercial uses; Adjusted negatively 5%
- Sale 3: Inferior; in Aubrey and Denton ISD which is a less desirable school district but located along FM 1385 which is a rural highway being developed with numerous residential subdivisions; Adjusted positively 5%
- Sale 4: Superior; in South Celina which is closer to US 380 and has similar access to Preston Rd. in an area which more commercial options than the subject; Adjusted negatively 5%
- Sale 5: Inferior; Located along FM 455 and what will eventually be the Dallas North Tollway extension to Grayson County that may take a number of years to complete and is further from Downtown Celina, other developments, and commercial uses than the subject; Adjusted positively 5%
- Sale 6: Superior; in Southwest Celina and closer (but still a few miles removed) to US 380 and will be located closer to the Dallas North Tollway when the extension north of US 380 is complete; Adjusted negatively 3%

### ***Amenities***

The subject property’s amenities will consist of a clubhouse and community pool which will be constructed near the southwest corner of Chalk Hill PID No. 2 and along N Legacy Dr. (CR 102). According to discussions with the development team and homebuilders, earthwork on the site is underway and the clubhouse and community pool are expected to be complete by Summer 2023 which is close to the Effective Date of this report.

The amenities are standard for a master planned community the size of the Chalk Hill development which is a community being built-out with over 440 homes. We have made the following adjustments for Amenities:

- Sale 1: Superior; Star Trail which is a larger community with more amenities such as 3 resort-style pools, walking trails, larger clubhouse, playground, tennis courts, and more open space; Adjusted negatively 10%

### Chalk Hill PID No. 2 – Phases #2-3

- Sale 2: Superior; Windsong Ranch which is a larger community with more amenities such as a 5-AC lagoon with beach, larger clubhouse with fitness center, dog park, walking trails, basketball/tennis/pickleball courts, and more open space; Adjusted negatively 10%
- Sale 3: Similar; Sandbrock Ranch which has similar amenities as Chalk Hill will have which consists of typical amenity center/clubhouses with a community pool; No adjustment
- Sale 4: Superior; Lilyana which is a larger community with more amenities such as walking trails, a fishing pond, playground, more open space, and tennis/basketball courts; Adjusted negatively 8%
- Sale 5: Similar; Legacy Hills will eventually be a large development near a golf course, but each phase will have its own pool and amenity area, similar to the subject property; No adjustment
- Sale 6: Similar; in Creeks of Legacy West which has similar amenities as Chalk Hill will have which consists of typical amenity center/clubhouses with a community pool; No adjustment

#### ***Size***

Due to economies of scale, smaller lots are expected to sell for a higher price per unit (foot frontage). Sales 2, 3, 4, 5, and 6 are also 50' lots that can accommodate the same building pad, so no adjustment is made for size to those comparable sales. Sale 1 is a wider pad site, 55', which we would expect to sell for a lower price per unit, so Sale 1 is adjusted positively 3% for Size.

#### ***Topography/View***

The subject and the comparable sales will each be located on graded and improved land tracts that have been optimized for layout, drainage, and utility access so not 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 adjusted needed for View.

#### ***Zoning***

The subject and each of the comparable sales are in planned developments with residential subzoning for similar sized residential lots; thus, no adjustment is made for zoning.

**Conclusion for 50' Lots** – The 50' Lot Sales have an adjusted range of \$1,657/FF to \$2,262/FF with an average of \$1,909/FF and a median of \$1,893/FF. We considered each of the six 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 by 20-30% in the past year. We conclude that the retail market value of the **improved 50' lots is \$1,900/FF, or \$95,000/Lot.**

### **Cumulative Retail Lot Value**

We believe a current lot market value of \$1,900/FF for 50' Lots 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 along the Preston Corridor indicate that \$1,900/FF is the current retail price for 50-FF lots similar to the subject property. Market participants noted that prices for lots rose significantly in late 2020 and throughout 2021 which followed a spike in the residential housing market in DFW that contributed to a scarcity of vacant developed lots for homebuilders. Rising land and development costs are contributing to keep lot prices much higher than when the initial contracts for the subject property were signed in 2018 (DR Horton) and early 2020 (Beazer Homes).

As of the current report date, the residential lot prices for Chalk Hill PID No. 2 are shown below:

| <b>Lot Type</b>  | <b>Concluded Retail Value 11/21/2022</b> | <b>Number of Lots</b> | <b>Total Value</b>  |
|------------------|------------------------------------------|-----------------------|---------------------|
| 50' Detached Lot | \$95,000                                 | 284                   | \$26,980,000        |
|                  |                                          | <b>284</b>            | <b>\$26,980,000</b> |



## 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.

### Absorption

As discussed in detail in the “Absorption Analysis” section of the report, our quarterly absorption projections are summarized as follows for the subject:

### CHALK HILL PID NO. 2 – PHASES #2-3

| Projected Quarterly Absorption Summary - Chalk Hill PID No. 2 |                 |                 |                 |                 |                 |                 | ►► |  |
|---------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----|--|
| <i>Lot Type</i>                                               | <i>Dec-2023</i> | <i>Jan-2024</i> | <i>Apr-2024</i> | <i>Jul-2024</i> | <i>Oct-2024</i> | <i>Jan-2025</i> |    |  |
| 50-FF                                                         | 8               | 24              | 24              | 24              | 24              | 24              |    |  |
| <b>Total</b>                                                  | <b>8</b>        | <b>24</b>       | <b>24</b>       | <b>24</b>       | <b>24</b>       | <b>24</b>       |    |  |

|                 |                 |                 |                 |                 |                 |                 |              | ►► |  |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------|----|--|
| <i>Apr-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> | <b>TOTAL</b> |    |  |
| 24              | 24              | 24              | 24              | 24              | 24              | 12              | <b>284</b>   |    |  |
| <b>24</b>       | <b>24</b>       | <b>24</b>       | <b>24</b>       | <b>24</b>       | <b>24</b>       | <b>12</b>       | <b>284</b>   |    |  |

*Note: Typically, quarters start in January, April, October, and December so we have used those baselines in our analysis. Since the expected Substantial Completion Date is December 1, 2023, we will analyze December and then go to quarterly analyses in January, April, July, and October.*

### **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 (7.00% as of mid-November 2022), plus one percent (annually) up to 8.0%. 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 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 **0.02291922 per \$100 assessed – 2.291922%** for the purpose of our analysis – with taxes due to the City of Celina, Collin County, Collin College, and Celina ISD.

Based upon our experience as property tax consultants and information gathered from builders/ developers, we do not believe the vacant lots will be assessed for their full market value once Substantial Completion is achieved. We believe the 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 for \$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 expense** is 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 - 3rd Quarter 2022 <sup>a</sup> |              |        |        |                                              |        |        |
|------------------------------------------------------------------|--------------|--------|--------|----------------------------------------------|--------|--------|
| Texas - Subdivisions & PUDs                                      |              |        |        |                                              |        |        |
|                                                                  | Actual Rates |        |        | Pro-Forma Rates                              |        |        |
|                                                                  | Min          | Max    | Avg    | Min                                          | Max    | Avg    |
| <b>Site-Built Residential</b>                                    | 14.26%       | 32.17% | 21.52% | 13.69%                                       | 30.88% | 20.66% |
| -100 Units                                                       | 14.26%       | 27.73% | 20.57% | 13.69%                                       | 26.62% | 19.75% |
| 100-500 Units                                                    | 14.61%       | 30.50% | 21.65% | 14.03%                                       | 29.28% | 20.79% |
| 500+ Units                                                       | 14.97%       | 31.89% | 22.02% | 14.37%                                       | 30.61% | 21.14% |
| Mixed Use                                                        | 15.32%       | 32.17% | 21.85% | 14.71%                                       | 30.88% | 20.97% |
| <b>Manufactured Housing</b>                                      | 14.57%       | 35.02% | 22.99% | 13.99%                                       | 33.62% | 22.07% |
| -100 Units                                                       | 14.57%       | 30.45% | 22.06% | 13.99%                                       | 29.23% | 21.18% |
| 100-500 Units                                                    | 14.94%       | 33.49% | 23.25% | 14.34%                                       | 32.15% | 22.32% |
| 500+ Units                                                       | 15.30%       | 35.02% | 23.65% | 14.69%                                       | 33.62% | 22.70% |
| <b>Business Parks</b>                                            | 14.53%       | 32.49% | 21.83% | 13.95%                                       | 31.19% | 20.95% |
| -100 Acres                                                       | 14.53%       | 28.26% | 20.97% | 13.95%                                       | 27.13% | 20.13% |
| 100-500 Acres                                                    | 14.90%       | 31.08% | 22.07% | 14.30%                                       | 29.84% | 21.19% |
| 500+ Acres                                                       | 15.26%       | 32.49% | 22.45% | 14.65%                                       | 31.19% | 21.55% |
| <b>Industrial Parks</b>                                          | 14.62%       | 28.04% | 19.86% | 14.04%                                       | 26.92% | 19.07% |
| -100 Acres                                                       | 14.62%       | 24.39% | 19.11% | 14.04%                                       | 23.41% | 18.35% |
| 100-500 Acres                                                    | 14.99%       | 26.83% | 20.07% | 14.39%                                       | 25.75% | 19.27% |
| 500+ Acres                                                       | 15.35%       | 28.04% | 20.40% | 14.74%                                       | 26.92% | 19.58% |
| *2nd Quarter 2022 Data                                           |              |        |        | Copyright 2022 RealtyRates.com <sup>TM</sup> |        |        |

As shown, the minimum actual rates in Texas range from 14.26% for less than 100 units; 14.61% for 100 to 500+ units; and 14.97% for 500+ units with minimum pro-forma rates ranging from 13.69% to 14.37%.

The 7<sup>th</sup> Edition of the Dictionary of Real Estate Appraisal defines this term as “a discount rate that is adjusted to offset one or more risk factors, i.e., when a future downswing in the business cycle is likely, the risk associated with a project may increase near the end of its term, necessitating a special adjustment to the discount rate. Such discount rates include all of the elements of risk associated with an income stream for a specified period adjusted to offset additional term risk”. Thus, it is our opinion that a potential purchaser would expect to receive a much lower return on his investment for a completed project similar to the subject, which has numerous purchasers of the end product relative to that of a vacant tract of land awaiting eventual development (higher risk of escalating costs to site development and of the eventual timing of completion).

Based upon the preceding, an IRR that is similar to the minimum pro-forma rates provided by the RealtyRates “Developer Survey” for Texas of 14.03% for 100-500 units; and 14.61% 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 **14%** 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.

### **CHALK HILL PID NO. 2 PHASES #2-3 – 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 December 1, 2023
- Retail lot values: \$95,000 for 50's
- 6% Appreciation/Year (1.5%/Quarter)
- 50-FF Lots Sell at 24/Quarter
- Discount Rate 14% (3.5%/Quarter)
- Tax Expense on Inventory is 2.291922%/Year, 0.5729805%/Quarter, but is discounted 30%
- Sales and Marketing Expense (1.5% of Revenue)

As Substantial Completion on the lots is expected to be complete prior to December 2023 and we are likely in a period of depressed real estate appreciation due to significantly rising interest rates and an overheated market in 2021, we do not expect the lots to appreciate significantly in the six months following the report date. After the Substantial Completion is granted in December 2023 we expect the extent of any economic downturn to be evident and disruption in the residential market to subside. Following the next 6 months 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 in six months when the lots are finished, and takedowns begin. Therefore, as of the expected Substantial Completion Date (December 1, 2023) **the retail lot value for 50' lots is \$95,000, with a total cumulative value of \$26,980,000.** A table is shown below:

| <b>CHALK HILL PID NO. 2 - PHASES #2-3, CELINA, TX 75009</b> |                           |                                         |                         |                                |
|-------------------------------------------------------------|---------------------------|-----------------------------------------|-------------------------|--------------------------------|
| <b>Total Lots</b>                                           | <b>Feet Frontage (FF)</b> | <b>Retail Price/Lot on Dec. 1, 2023</b> | <b>Price/FF (\$/FF)</b> | <b>Total Retail Value (\$)</b> |
| 284                                                         | 50'                       | \$95,000                                | \$1900/FF               | \$26,980,000                   |
| <b>284</b>                                                  |                           |                                         |                         | <b>\$26,980,000</b>            |

Discount cash flow analysis was completed on a quarterly and annual basis as a check for reasonableness. The annual DCF is a more rudimentary calculation, and we consider the quarterly analysis to be more accurate. When applying the DCF on a quarterly basis, the discount rate is divided by 4 and a discount rate of 3.5% is applied to each period. Typically, quarters start in January, April, October, and December so we have used those baselines in our analysis. Since the Substantial Completion Date is December 1, 2023, we will analyze December 2023 and then go to quarterly analyses in January, April, July, and October.

**DISCOUNT CASH FLOW DATA – CHALK HILL PID NO. 2 PHASES #2-3 LOTS (QUARTERLY)**

|                                       | Dec-23         |                   |       | Jan. 2024       |                    |       | Apr. 2024       |                    |       |
|---------------------------------------|----------------|-------------------|-------|-----------------|--------------------|-------|-----------------|--------------------|-------|
|                                       | Starting Units | Lot Price         | Sales | Units Available | Lot Price          | Sales | Units Available | Lot Price          | Sales |
| 50-FF Lot                             | 284            | \$ 95,000         | 8     | 276             | \$ 96,425          | 24    | 252             | \$ 97,871          | 24    |
| <b>Revenue</b>                        |                | <b>\$ 760,000</b> |       |                 | <b>\$2,314,200</b> |       |                 | <b>\$2,348,913</b> |       |
| <i>Tax Expense</i>                    |                | <i>\$ 36,071</i>  |       |                 | <i>\$ 106,742</i>  |       |                 | <i>\$ 98,922</i>   |       |
| <i>Sales Expense</i>                  |                | <i>\$ 11,400</i>  |       |                 | <i>\$ 34,713</i>   |       |                 | <i>\$ 35,234</i>   |       |
| <b>Net Income</b>                     |                | <b>\$ 712,529</b> |       |                 | <b>\$2,172,745</b> |       |                 | <b>\$2,214,757</b> |       |
| <b>Factor</b>                         |                | <b>0.989140</b>   |       |                 | <b>0.957264</b>    |       |                 | <b>0.926415</b>    |       |
| <b>Income Net Present Value (NPV)</b> |                | <b>\$ 704,792</b> |       |                 | <b>\$2,079,890</b> |       |                 | <b>\$2,051,784</b> |       |



|                                       | Jul. 2024       |                    |       | Oct. 2024       |                    |       | Jan. 2025       |                    |       |
|---------------------------------------|-----------------|--------------------|-------|-----------------|--------------------|-------|-----------------|--------------------|-------|
|                                       | Units Available | Lot Price          | Sales | Units Available | Lot Price          | Sales | Units Available | Lot Price          | Sales |
| 50-FF Lot                             | 228             | \$ 99,339          | 24    | 204             | \$ 100,830         | 24    | 180             | \$ 102,342         | 24    |
| <b>Revenue</b>                        |                 | <b>\$2,384,147</b> |       |                 | <b>\$2,419,909</b> |       |                 | <b>\$2,456,208</b> |       |
| <i>Tax Expense</i>                    |                 | <i>\$ (90,844)</i> |       |                 | <i>\$ (82,500)</i> |       |                 | <i>\$ (73,886)</i> |       |
| <i>Sales Expense</i>                  |                 | <i>\$ (35,762)</i> |       |                 | <i>\$ (36,299)</i> |       |                 | <i>\$ (36,843)</i> |       |
| <b>Net Income</b>                     |                 | <b>\$2,257,541</b> |       |                 | <b>\$2,301,110</b> |       |                 | <b>\$2,345,478</b> |       |
| <b>Factor</b>                         |                 | <b>0.896560</b>    |       |                 | <b>0.867667</b>    |       |                 | <b>0.839705</b>    |       |
| <b>Income Net Present Value (NPV)</b> |                 | <b>\$2,024,021</b> |       |                 | <b>\$1,996,597</b> |       |                 | <b>\$1,969,510</b> |       |



|                                       | Apr. 2025       |                    |       | Jul. 2025       |                    |       | Oct. 2025       |                    |       |
|---------------------------------------|-----------------|--------------------|-------|-----------------|--------------------|-------|-----------------|--------------------|-------|
|                                       | Units Available | Lot Price          | Sales | Units Available | Lot Price          | Sales | Units Available | Lot Price          | Sales |
| 50-FF Lot                             | 156             | \$ 103,877         | 24    | 132             | \$ 105,435         | 24    | 108             | \$ 107,017         | 24    |
| <b>Revenue</b>                        |                 | <b>\$2,493,051</b> |       |                 | <b>\$2,530,446</b> |       |                 | <b>\$2,568,403</b> |       |
| <i>Tax Expense</i>                    |                 | <i>\$ (64,995)</i> |       |                 | <i>\$ (55,821)</i> |       |                 | <i>\$ (46,357)</i> |       |
| <i>Sales Expense</i>                  |                 | <i>\$ (37,396)</i> |       |                 | <i>\$ (37,957)</i> |       |                 | <i>\$ (38,526)</i> |       |
| <b>Net Income</b>                     |                 | <b>\$2,390,660</b> |       |                 | <b>\$2,436,669</b> |       |                 | <b>\$2,483,520</b> |       |
| <b>Factor</b>                         |                 | <b>0.812645</b>    |       |                 | <b>0.786456</b>    |       |                 | <b>0.761111</b>    |       |
| <b>Income Net Present Value (NPV)</b> |                 | <b>\$1,942,757</b> |       |                 | <b>\$1,958,642</b> |       |                 | <b>\$1,890,236</b> |       |



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|                                       | Jan. 2026       |                    |       | Apr. 2026       |                    |       |
|---------------------------------------|-----------------|--------------------|-------|-----------------|--------------------|-------|
| Lot Type                              | Units Available | Lot Price          | Sales | Units Available | Lot Price          | Sales |
| 50-FF Lot                             | 84              | \$ 108,622         | 24    | 60              | \$ 110,251         | 24    |
| <b>Revenue</b>                        |                 | <b>\$2,606,929</b> |       |                 | <b>\$2,646,033</b> |       |
| <i>Tax Expense</i>                    |                 | <i>\$ (36,596)</i> |       |                 | <i>\$ (26,532)</i> |       |
| <i>Sales Expense</i>                  |                 | <i>\$ (39,104)</i> |       |                 | <i>\$ (39,690)</i> |       |
|                                       |                 |                    |       |                 |                    |       |
| <b>Net Income</b>                     |                 | <b>\$2,531,229</b> |       |                 | <b>\$2,579,810</b> |       |
| <b>Factor</b>                         |                 | <b>0.736584</b>    |       |                 | <b>0.712846</b>    |       |
| <b>Income Net Present Value (NPV)</b> |                 | <b>\$1,864,462</b> |       |                 | <b>\$1,839,008</b> |       |

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|                                       | Jul. 2026       |                    |       | Oct. 2026       |                    |       |
|---------------------------------------|-----------------|--------------------|-------|-----------------|--------------------|-------|
| Lot Type                              | Units Available | Lot Price          | Sales | Units Available | Lot Price          | Sales |
| 50-FF Lot                             | 36              | \$ 111,905         | 24    | 12              | \$ 113,584         | 12    |
| <b>Revenue</b>                        |                 | <b>\$2,685,724</b> |       |                 | <b>\$1,363,005</b> |       |
| <i>Tax Expense</i>                    |                 | <i>\$ (16,158)</i> |       |                 | <i>\$ (5,467)</i>  |       |
| <i>Sales Expense</i>                  |                 | <i>\$ (40,286)</i> |       |                 | <i>\$ (20,445)</i> |       |
|                                       |                 |                    |       |                 |                    |       |
| <b>Net Income</b>                     |                 | <b>\$2,629,280</b> |       |                 | <b>\$1,337,093</b> |       |
| <b>Factor</b>                         |                 | <b>0.689874</b>    |       |                 | <b>0.674972</b>    |       |
| <b>Income Net Present Value (NPV)</b> |                 | <b>\$1,813,871</b> |       |                 | <b>\$ 902,500</b>  |       |

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|                                                              |                      |
|--------------------------------------------------------------|----------------------|
| <b><i>Total Net Revenue Over 12 Quarters</i></b>             | <b>\$ 28,392,420</b> |
| <b><i>Net Present Value (As-Is) at 14% Discount Rate</i></b> | <b>\$ 23,038,067</b> |
| <b><i>Rounded</i></b>                                        | <b>\$ 23,000,000</b> |

**DISCOUNT CASH FLOW DATA – CHALK HILL PID NO. 2 PHASES #2-3 LOTS (ANNUAL)**

|                                       | 2023           |                    |       | 2024            |                     |       |
|---------------------------------------|----------------|--------------------|-------|-----------------|---------------------|-------|
|                                       | Starting Units | Lot Price          | Sales | Units Available | Lot Price           | Sales |
| 50-FF Lot                             | 284            | \$ 95,000          | 8     | 276             | \$ 97,850           | 96    |
| <b>Revenue</b>                        |                | <b>\$ 760,000</b>  |       |                 | <b>\$9,393,600</b>  |       |
| <i>Tax Expense</i>                    |                | <i>\$ (35,710)</i> |       |                 | <i>\$ (346,623)</i> |       |
| <i>Sales Expense</i>                  |                | <i>\$ (11,400)</i> |       |                 | <i>\$ (140,904)</i> |       |
|                                       |                |                    |       |                 |                     |       |
| <b>Net Income</b>                     |                | <b>\$ 712,890</b>  |       |                 | <b>\$8,906,073</b>  |       |
| <b>Factor</b>                         |                | <b>0.989140</b>    |       |                 | <b>0.926415</b>     |       |
| <b>Income Net Present Value (NPV)</b> |                | <b>\$ 705,148</b>  |       |                 | <b>\$8,250,718</b>  |       |



|                                       | 2025            |                     |       | 2026            |                     |       |
|---------------------------------------|-----------------|---------------------|-------|-----------------|---------------------|-------|
|                                       | Units Available | Lot Price           | Sales | Units Available | Lot Price           | Sales |
| 50-FF Lot                             | 180             | \$ 103,721          | 96    | 84              | \$ 108,907          | 84    |
| <b>Revenue</b>                        |                 | <b>\$ 9,957,216</b> |       |                 | <b>\$ 9,148,192</b> |       |
| <i>Tax Expense</i>                    |                 | <i>\$ (239,622)</i> |       |                 | <i>\$ (117,415)</i> |       |
| <i>Sales Expense</i>                  |                 | <i>\$ (149,358)</i> |       |                 | <i>\$ (137,223)</i> |       |
|                                       |                 |                     |       |                 |                     |       |
| <b>Net Income</b>                     |                 | <b>\$ 9,568,236</b> |       |                 | <b>\$ 8,893,554</b> |       |
| <b>Factor</b>                         |                 | <b>0.812645</b>     |       |                 | <b>0.720672</b>     |       |
| <b>Income Net Present Value (NPV)</b> |                 | <b>\$ 7,775,575</b> |       |                 | <b>\$ 6,409,339</b> |       |



|                                                       |                      |
|-------------------------------------------------------|----------------------|
| <b>Total Net Revenue Over ~3 Years</b>                | <b>\$ 28,080,752</b> |
| <b>Net Present Value (As-Is) at 14% Discount Rate</b> | <b>\$ 23,140,780</b> |
| <b>Rounded</b>                                        | <b>\$ 23,100,000</b> |

*Note: Annual discount and appreciation calculations are averaged to the middle of the period*

**DCF Conclusion (Improved 50' Lots)**

Using the Discount Cash Flow analysis on both a quarterly and annual basis suggests the market value for Phases #2-3 of Chalk Hill PID No. 2 in a bulk sale transaction would be between \$23,038,067 and \$23,140,780 which are approximately 0.5% different. Both annual and quarterly DCF analyses have relevance and are a check of reasonable 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 Phases #2-3 of Chalk Hill PID No. 2 (284 lots) “Upon Completion” with an Effective Date of December 1, 2023, is \$23,000,000 (\$80,634/Lot).**

**INCOME (SUBDIVISION DEVELOPMENT) APPROACH CONCLUSIONS**

Using the Discount Cash Flow Analysis to determine the net present value as of the expected construction completion date (December 1, 2023), we have determined the following values for Phases #2-3 of Chalk Hill PID No. 2 as shown in the table below:

| <b>INCOME APPROACH VALUE INDICATION</b>                         |                                           |
|-----------------------------------------------------------------|-------------------------------------------|
| <i>Fee Simple Interest, Complete December 1, 2023</i>           |                                           |
| <b>Chalk Hill PID No. 2 (Phases #2-3)<br/>284 Improved Lots</b> | <b><i>\$23,000,000 (\$80,986/Lot)</i></b> |



## **RECONCILIATION AND FINAL VALUE CONCLUSION**

The Appraisal of Real Estate, Fourteenth Edition, copyright 2013, pages 641-642, published by the Appraisal Institute states,

*“Resolving the differences among various value indications is called reconciliation.... The final value opinion is not the average of the different value indications derived. No mechanical formula is used to select one indication over the others...Final reconciliation relies on proper application of appraisal techniques and the appraiser’s judgment.”*

Three approaches to value are recognized in the appraisal profession (Sales Comparison Approach, Cost Approach, and Income Approach). All three approaches were analyzed and developed as part of the scope of work of this assignment. A summary of each approach follows:

### **Cost Approach**

Since the subject property’s residential subdivision has a large previous residential phase over several years and we are only appraising a portion of the development, *the Cost Approach is not appropriate and thus was not utilized.* 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.

### **Income (Subdivision Development) Approach**

For the improved 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 284 improved residential lots in Phases #2-3 of Chalk Hill PID No. 2, as of the construction completion dates, the Income Approach is appropriate and was developed. **Through Discounted Cash Flow Analysis, we determined the market value of the 284 improved lots “Upon Completion” in Phases #2-3 of Chalk Hill PID No. 2, as of December 1, 2023, is \$23,000,000 (\$80,986/Lot).**

### **Sales Comparison Approach**

For the improved lots, 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.

### 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. We utilized the Income (Subdivision Development) Approach to value the 284 improved residential lots. Our final value conclusion for the retail lot value and the cumulative value of the lots is shown below:

| <b>CHALK HILL PID NO. 2 - PHASES #2-3, CELINA, TX 75009</b> |                           |                                         |                         |                                |
|-------------------------------------------------------------|---------------------------|-----------------------------------------|-------------------------|--------------------------------|
| <b>Total Lots</b>                                           | <b>Feet Frontage (FF)</b> | <b>Retail Price/Lot on Dec. 1, 2023</b> | <b>Price/FF (\$/FF)</b> | <b>Total Retail Value (\$)</b> |
| 284                                                         | 50'                       | \$95,000                                | \$1900/FF               | \$26,980,000                   |
| <b>284</b>                                                  |                           |                                         |                         | <b>\$26,980,000</b>            |

After considering discount cash flow, our final value conclusion “Upon Completion” is shown below:

| <b>FINAL MARKET VALUE CONCLUSION</b>                         |                                    |
|--------------------------------------------------------------|------------------------------------|
| <b><i>Fee Simple Interest, Complete December 1, 2023</i></b> |                                    |
| <b>Chalk Hill PID No. 2 (Phases #2-3)</b>                    | <b>\$23,000,000 (\$80,986/Lot)</b> |
| <b>284 Improved Lots</b>                                     |                                    |

### 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**

**LEGAL DESCRIPTION**  
**Chalk Hill PID No. 2 (Phases #2-3)**

**TRACT 1 - 28.461 ACRES**

**BEING** THAT CERTAIN TRACT OF LAND SITUATED IN THE WILLIAM W. SHAWVER SURVEY, ABSTRACT NUMBER 810, THE GEORGE W. EASTES SURVEY, ABSTRACT NUMBER 299, AND THE WILLIAM B. TUCKER SURVEY, ABSTRACT NUMBER 912, IN COLLIN COUNTY, TEXAS. SAID TRACT OF LAND BEING A PORTION OF THE LAND DESCRIBED IN MM CHALK HILL, LLC RECORDED IN INSTRUMENT NUMBER 20180504000548780 HEREIN AFTER REFERRED TO AS (PHASE 2), OF THE OFFICIAL PUBLIC RECORDS OF COLLIN COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

**BEGINNING** AT THE MOST SOUTHERLY SOUTHWEST CORNER OF SAID (PHASE 2) TRACT, BEING IN THE EAST LINE OF A TRACT OF LAND TO CHALK HILL, PHASE 1 RECORDED IN INSTRUMENT NUMBER 202015010003910 OF SAID COUNTY RECORDS AND IN THE NORTH RIGHT-OF-WAY LINE OF COUNTY ROAD 102 (A GRAVEL ROAD OF UNDETERMINED WIDTH);

**THENCE** FOLLOWING THE EAST LINE OF SAID PHASE 1 THE FOLLOWING BEARINGS AND DISTANCES:

N 00° 57' 18" W, 50.05 FEET;

S 89° 08' 40" W, 56.24 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE LEFT;

WITH SAID CURVE TO THE LEFT, AN ARC DISTANCE OF 98.29 FEET, THROUGH A CENTRAL ANGLE OF 06° 59' 24", HAVING A RADIUS OF 805.67 FEET, AND A LONG CHORD WHICH BEARS S 86° 33' 05" W, 98.23 FEET;

N 00° 00' 26" E, 132.45 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE LEFT;

WITH SAID NON-TANGENT CURVE TO THE LEFT, AN ARC DISTANCE OF 42.29 FEET, THROUGH A CENTRAL ANGLE OF 48° 27' 39", HAVING A RADIUS OF 50.00 FEET, AND A LONG CHORD WHICH BEARS N 85° 05' 12" E, 41.04 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE RIGHT;

WITH SAID NON-TANGENT CURVE TO THE RIGHT, AN ARC DISTANCE OF 12.72 FEET, THROUGH A CENTRAL ANGLE OF 29° 09' 06", HAVING A RADIUS OF 25.00 FEET, AND A LONG CHORD WHICH BEARS N 75° 25' 53" E, 12.58 FEET;

S 89° 59' 34" E, 63.85 FEET;

N 11° 19' 29" E, 46.47 FEET;

N 00° 00' 26" E, 385.27 FEET;

N 89° 59' 34" W, 100.00 FEET;

N 00° 00' 26" E, 169.26 FEET TO THE SOUTH LINE OF A TRACT OF LAND TO PRESTON 51 CR 102, LP RECORDED IN INSTRUMENT NUMBER 20071120001569950 OF SAID COUNTY RECORDS;

**THENCE** S 89° 43' 09" E, 667.82 FEET TO THE SOUTHEAST CORNER OF SAID PRESTON 51 TRACT;

**THENCE** N 00° 25' 39" W, 640.81 FEET ALONG THE EAST LINE OF SAID PRESTON 51 TRACT THE TO THE SOUTHWEST OF A TRACT OF LAND TO MOHAMMAD ALI DALAKI RECORDED IN INSTRUMENT NUMBER 20141119001266880 OF SAID COUNTY RECORDS;

**THENCE** N 89° 49' 43" E, 410.50 FEET ALONG THE SOUTH LINE OF SAID MOHAMMAD TRACT AND THE NORTH LINE OF SAID (PHASE 2) TRACT;

**THENCE** DEPARTING SAID MOHAMMAD TRACT OVER AND ACROSS SAID (PHASE 2) THE FOLLOWING BEARINGS AND DISTANCES

S 00° 10' 43" E, 110.16 FEET;

N 89° 49' 17" E, 129.92 FEET;

S 00° 26' 05" E, 1067.96 FEET;

N 89° 08' 15" E, 76.68 FEET;

S 00° 51' 45" E, 227.41 FEET;

**THENCE** S 89° 08' 40" W, 1163.14 FEET TO THE **POINT OF BEGINNING** AND CONTAINING 1,239,757 SQUARE FEET OR 28.461 ACRES MORE OR LESS.

## **TRACT 2 – 27.288 ACRES**

**BEING** THAT CERTAIN TRACT OF LAND SITUATED IN THE WILLIAM W. SHAWVER SURVEY, ABSTRACT NUMBER 810, THE GEORGE W. EASTES SURVEY, ABSTRACT NUMBER 299, AND THE WILLIAM B. TUCKER SURVEY, ABSTRACT NUMBER 912, IN COLLIN COUNTY, TEXAS. SAID TRACT OF LAND BEING A PORTION OF THE LAND DESCRIBED IN MM CHALK HILL, LLC RECORDED IN INSTRUMENT NUMBER 20180504000548780 HEREIN AFTER REFERRED TO AS (PHASE 2), OF THE OFFICIAL PUBLIC RECORDS OF COLLIN COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

**BEGINNING** AT THE SOUTHEASTERLY CORNER OF SAID (PHASE 2) TRACT AND BEING IN THE NORTH LINE OF COUNTY ROAD 102 (A GRAVEL ROAD OF UNDETERMINED WIDTH);

**THENCE** S 88° 46' 02" W, 551.59 FEET ALONG THE COMMON LINE OF SAID (PHASE 2) TRACT AND SAID COUNTY ROAD 102;

**THENCE** S 89° 08' 40" W, 222.84 FEET CONTINUING ALONG SAID COMMON LINE;

**THENCE** DEPARTING SAID COMMON LINE OVER AND ACROSS SAID (PHASE 2) TRACT THE FOLLOWING BEARINGS AND DISTANCES:

Chalk Hill PID No. 2 – Phases #2-3

N 00° 51' 45" W, 227.41 FEET;

S 89° 08' 15" W, 76.68 FEET;

N 00° 26' 05" W, 1067.96 FEET;

S 89° 49' 17" W, 129.92 FEET;

N 00° 10' 43" W, 110.16 FEET TO THE NORTH LINE OF SAID (PHASE 2) TRACT AND THE SOUTH LINE OF A TRACT OF LAND TO MOHAMMAD ALI DALAKI RECORDED IN INSTRUMENT NUMBER 20141119001266880 OF SAID COUNTY RECORDS;

**THENCE** N 89° 49' 43" E, 980.50 FEET ALONG THE SOUTH LINE OF SAID MOHAMMAD TRACT TO THE WEST LINE OF A TRACT OF LAND TO NANDA ESTATES, LLC RECORDED IN INSTRUMENT NUMBER 20140709000706790 OF SAID COUNTY RECORDS;

**THENCE** S 00° 30' 16" E, 1391.70 FEET TO THE **POINT OF BEGINNING** AND CONTAINING 1,188,681 SQUARE FEET OR 27.288 ACRES MORE OR LESS.

## **ASSUMPTIONS AND LIMITING CONDITIONS**

This report is subject to the following assumptions and limiting conditions:

- 1) The value is based on the assumption of responsible ownership and competent management. The subject property is assumed to be free and clear of all liens, except as may be otherwise herein described. 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 has 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, are 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, are 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 findings are 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 with 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 Preliminary Service and Assessment Plan (PSAP) published by MuniCap, Inc. and the engineering plans published by Peloton Land Solutions as of December 1, 2023, for 284 improved residential lots in Phases #2-3 of Chalk Hill PID No. 2.
- All information relative to the property located within Phases #2-3 Chalk Hill PID No. 2 including land areas, lot totals, lot sizes, and other pertinent data that was provided by Centurion American (owner/developer), Peloton Land Solutions (professional engineers), the City of Celina, Collin County, and the Collin Central Appraisal District is assumed to be correct.
- The subject is proposed residential lot construction with an expected completion date of December 1, 2023; 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 dates. 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, which 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 assumption as of the Effective Date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

**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 value opinion as being effective at some specific future date. An opinion of value as of a prospective

date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

### **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 value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value opinion.”

### **Neighborhood**

- (1) A group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.
- (2) A developed residential superpad within a master-planned community usually having 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.

*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

**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 Determinations

**PROFESSIONAL AFFILIATIONS:**

Texas Appraiser Licensing and Certification Board - State Certified General Real Estate Appraiser No. TX-1323658-G

Institute of Real Estate Management (IREM)- Certified Property Manager, CPM Designation No. 14942

Texas Real Estate Broker's License, No. 375882

Texas Dept. of Licensing & Regulations - Licensed Property Tax Consultant, License #1360

Texas Property Tax Arbitrator #32020394139

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

Arlington Chamber of Commerce - Board of Directors 1995 to 2001 – Reappointed 2003 to 2006 – Reappointed 2007 to present

City of Arlington Parks & Recreation – Board of Directors, Appointed 2003 to 2007

**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. A property manager and developer for nineteen years at Peyco Properties, Inc. and twenty-one years through Peyco Southwest Realty, Inc. (formerly Southwest Real Estate Services, Inc.), involved in real estate development, leasing, management, rent analysis and consulting services through the DFW metroplex and Colorado. President and founder of Peyco Southwest Realty, Inc. (Southwest Real Estate Services, Inc.), a full-service brokerage company, real estate appraisal, and ad valorem property tax representation firm.



## **Certified General Real Estate Appraiser**

**Appraiser: James Lawrence Maibach**

**License #: TX 1323658 G**

**License Expires: 09/30/2024**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:  
**Certified General Real Estate Appraiser**

For additional information or to file a complaint please contact TALCB at [www.talcb.texas.gov](http://www.talcb.texas.gov).

A handwritten signature in blue ink, appearing to read 'Chelsea B.', is located to the right of the authorization text.

**Chelsea Buchholtz  
Commissioner**



## **SHERIDAN ENGEL - STATE CERTIFIED GENERAL REAL ESTATE APPRAISER**

### **EDUCATION:**

Graduate, 2002 - Brookville High School, Lynchburg, VA

Bachelor of Science in Biochemistry, 2007 - Virginia Polytechnic Institute & State University, Blacksburg, VA

Bachelor of Science in Psychology, 2007 - Virginia Polytechnic Institute & State University, Blacksburg, VA

### **TECHNICAL TRAINING:**

#### *Appraisal Institute Courses – Practicing Affiliate*

- Subdivision Valuation
- Business Practices and Ethics

#### *McKissock Learning Appraisal Courses*

- Basic Appraisal Principles (30 hours)
- Basic Appraisal Procedures (30 hours)
- 2018-2019 National USPAP Course (15 hours)
- Supervisor-Trainee Course for Texas (4 hours)
- Residential Appraiser Site Valuation and Cost Approach (15 hours)
- Residential Sales Comparison and Income Approaches (30 hours)
- Residential Market Analysis and Best Use (15 hours)
- Residential Report Writing and Case Studies (15 hours)
- Advanced Residential Applications and Case Studies (15 hours)
- Finance, Modeling, and Statistics (15 hours)
- General Appraiser-Highest and Best Use (30 hours)
- General Report Writing & Case Studies (30 hours)
- General Sales Comparison Approach (30 hours)
- General Cost Approach (30 hours)
- General Income Approach (60 hours)
- Expert Witness for Commercial Appraisers (15 hours)
- Commercial Appraisal Review (15 hours)
- Appraisal Subject Matter Electives (20 hours)

### **EXPERIENCE:**

October 2020-Present

Commercial Appraiser with Peyco Southwest Realty, Arlington, TX - #1381232-G

- Wrote reports on commercial office/retail, industrial, subdivision, vacant land, and complex residential appraisals
- Consistently developed three approaches to value in a variety of assignment for a variety of intended users
- Acquired significant knowledge of commercial properties and cap rates for many property types in DFW
- Performed complete administrative tasks to manage and coordinate appraisal department
- Served as liaison between clients, banks, and supervisor
- Trained two appraisal trainees on how to write reports, search and confirm comparables, and understanding appraisal practice

April 2009-October 2020

Field Calibration Technician with Bio-Tek Services, Inc., Dallas, TX

- Serviced laboratory instruments for university research, government, hospital, and biotech laboratories
- Top earning service/sales representative from 2011-2020; sales on average 3 times higher than the mean sales rep
- Worked remotely (main office based in Richmond, VA) and with limited supervision throughout employment
- Organized an extremely busy schedule (along with 75% overnight travel) to assist in maintaining customer compliance with regulatory authorities
- Developed and maintained strong relationships with clients over the course of a decade – many laboratories were constituent throughout the duration of employment
- Followed ISO 17025 guidelines to keep client labs compliant with regulatory standards



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**APPENDIX G**  
**FORM OF REIMBURSEMENT AGREEMENT**

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## **CHALK HILL PUBLIC IMPROVEMENT DISTRICT NO. 2 PHASES #2-3 DIRECT IMPROVEMENTS REIMBURSEMENT AGREEMENT**

This Chalk Hill Public Improvement District No. 2 Phases #2-3 Direct Improvements Reimbursement Agreement (this “Reimbursement Agreement”) is executed between the City of Celina, Texas (the “City”) and MM Chalk Hill, LLC, a Texas limited liability company (the “Developer”) to be effective as of July 11, 2023 (individually referred to as a “Party” and collectively as the “Parties”).

### **RECITALS**

**WHEREAS**, capitalized terms used in this Reimbursement Agreement shall have the meanings given to them in this Reimbursement Agreement or in the *Chalk Hill Public Improvement District No. 2 Service and Assessment Plan as updated for Phases #2-3 Direct Improvements* dated July 11, 2023 as the same may be amended from time to time (the “SAP”) as approved by Ordinance No. \_\_\_\_\_ passed and approved by the City Council of the City (the “City Council”) on July 11, 2023 (“Ordinance No. \_\_\_\_\_”); and

**WHEREAS**, on December 12, 2017, the City Council passed and approved Resolution No. 2017-212R (the “Creation Resolution”) authorizing the creation of the Chalk Hill Public Improvement District No. 2 (the “District”) covering approximately 94.827 acres of land described by metes and bounds attached to said Creation Resolution (the “District Property”); and

**WHEREAS**, the purpose of the District is to finance public improvements (the “Authorized Improvements”) as provided by Chapter 372, Texas Local Government Code, as amended (the “Act”) that promote the interests of the City and confer a special benefit on the Assessed Property within the District; and

**WHEREAS**, the District Property is being developed in phases, and special assessments for each phase have been or will be levied against the Assessed Property within such phase to pay the costs of Authorized Improvements that confer a special benefit on the Assessed Property within such phase; and

**WHEREAS**, the Phases #2-3 Direct Improvements (as defined in the SAP) are to be constructed within Phases #2-3 of the District Property, as described and depicted in the SAP; and

**WHEREAS**, on June 13, 2023 City Council passed and approved a resolution determining, among other things, the estimated costs of the Phases #2-3 Direct Improvements, including costs related to the issuance of the Series 2023 Bonds (defined herein) to be approximately \$10,960,510 (the “Phases #2-3 Direct Improvements Costs”); and

**WHEREAS**, in addition to approving the SAP, Ordinance No. \_\_\_\_\_ levied assessments against property within Phases #2-3 of the District Property (the “Phases #2-3 Assessed Property”) for the Phases #2-3 Direct Improvements in accordance with the Assessment Roll attached as Appendix I to the SAP; and

**WHEREAS**, on July 11, 2023, the City Council adopted Ordinance No. \_\_\_\_\_ authorizing the issuance and sale of its “City of Celina, Texas, Special Assessment Revenue Bonds, Series 2023 (Chalk Hill Public Improvement District No. 2 Phases #2-3 Direct Improvement Project)” (the “Series 2023 Bonds”) to finance a portion of the Phases #2-3 Direct Improvements Costs; and

**WHEREAS**, a portion of the Assessment Revenues are dedicated and pledged to secure repayment of the Series 2023 Bonds as provided in the Assessment Roll and the Series 2023 Bonds are secured under the Indenture of Trust, dated August 1, 2023 (the “Series 2023 Bond Indenture”) between the City and U.S. Bank Trust Company National Association, as trustee (the “Trustee”); and

**WHEREAS**, the Parties have entered into that certain “Chalk Hill Public Improvement District No. 2 Phases #2-3 Direct Improvements Construction, Funding, and Acquisition Agreement” dated as of July 11, 2023 (the “Construction Funding Agreement”) for the construction of the Phases #2-3 Direct Improvements; and

**WHEREAS**, the Parties intend for a portion of the Phases #2-3 Direct Improvements Costs that are not financed by the Series 2023 Bonds to be financed under the terms of this Reimbursement Agreement and the Construction Funding Agreement; and

**WHEREAS**, the City has established a project fund segregated from all other funds of the City (the “Project Fund”) for the Phases #2-3 Direct Improvements and has established a “Phases #2-3 Direct Improvements Account” and a “Developer Improvement Account” within such Project Fund under the Series 2023 Bond Indenture; and

**WHEREAS**, the City has established a fund segregated from all other funds of the City for the deposit of the Assessment Revenues (the “Pledged Revenue Fund”) and has established a “Bond Pledged Revenue Account” and a “Developer Reimbursement Pledged Revenue Account” within such Pledged Revenue Fund under the Series 2023 Bond Indenture; and

**WHEREAS**, the City has established a fund segregated from all other funds of the City for the purpose of paying and reimbursing the Developer (the “Reimbursement Fund”) for a portion of the costs of the Phases #2-3 Direct Improvements paid from the Developer Improvement Account of the Project Fund under the Series 2023 Bond Indenture; and

**WHEREAS**, pursuant to the Series 2023 Bond Indenture, amounts deposited in the Developer Reimbursement Pledged Revenue Account of the Pledged Revenue Fund shall be transferred to the Reimbursement Fund pursuant to a completed Reimbursement Payment Request (defined herein) and used solely and exclusively to pay and reimburse the Developer for a portion of the costs of the Phases #2-3 Direct Improvements paid from the Developer Improvement Account of the Project Fund, plus interest, as set forth in this Reimbursement Agreement.

**NOW THEREFORE, FOR VALUABLE CONSIDERATION THE RECEIPT AND ADEQUACY OF WHICH ARE ACKNOWLEDGED, THE PARTIES AGREE AS FOLLOWS:**

1. The recitals in the “WHEREAS” clauses of this Reimbursement Agreement are true and correct, reflect the intent of the Parties, and are incorporated as part of this Reimbursement Agreement for all purposes.
2. The City shall cause to be deposited into the Pledged Revenue Fund all Assessment Revenues collected (excluding Delinquent Collection Costs and Administrative Expenses) as provided in the Series 2023 Bond Indenture.
3. Developer shall make, or cause to be made, deposits of \$1,950,771.95 to the Developer Improvement Account of the Project Fund (the “Developer Deposit”) on the Closing Date (as defined in the Series 2023 Bond Indenture) of the Series 2023 Bonds. The Phases #2-3 Direct Improvements Costs shall be paid first from the Phases #2-3 Direct Improvements Account of the Project Fund and then from the Developer Improvement Account of the Project Fund in accordance with the Series 2023 Bond Indenture and the Construction Funding Agreement.
4. Strictly subject to the terms, conditions, and requirements herein and in the Series 2023 Bond Indenture, and solely from the Assessment Revenues as herein provided, the City agrees to pay to the Developer, and the Developer shall be entitled to receive from the City, the amount equal to the actual costs of the Phases #2-3 Direct Improvements incurred by the Developer, but not to exceed the budgeted costs, of the Phases #2-3 Direct Improvements, as set forth in the SAP, actually paid from the Developer Improvement Account of the Project Fund (the “Reimbursement Amount”) plus interest on the unpaid balance in accordance with the terms of this Reimbursement Agreement until September 1, 2052 (the “Maturity Date”); provided, however, the principal amount of the Reimbursement Amount shall not exceed \$1,612,000.00. The Reimbursement Amount shall be payable to the Developer solely from the Assessment Revenues deposited in the Developer Reimbursement Pledged Revenue Account of the Pledged Revenue Fund and transferred to the Reimbursement Fund as provided in Article VI of the Series 2023 Bond Indenture. The Phases #2-3 Direct Improvements Costs are authorized by the Act and approved by the City Council and represents the total cost of the Phases #2-3 Direct Improvements which are eligible public improvements that are being undertaken and financed by the District for the special benefit of the Assessed Property and that upon completion will be dedicated in fee and accepted by the City. The unpaid Reimbursement Amount shall bear simple interest per annum at the rate of (x) 5.95% for years one through five following the execution of this Reimbursement Agreement, and (y) 5.95% for years six through thirty-one. The interest rate has been approved by the City Council and is authorized by the Act and was determined based upon the Bond Buyer Revenue Bond Index published in *The Bond Buyer*, a daily publication that publishes this interest rate index, which the highest average index rate for tax-exempt bonds reported in the previous month was 3.95%. The interest rate of 5.95% and 5.95% contained herein comply with Section 372.023 (e)(1) and Section 372.023 (e)(2) of the Act. Reimbursement to the Developer from the Reimbursement Fund as set forth in this section shall be made pursuant to a completed reimbursement form (the “Reimbursement Payment Request”), as set forth in **Exhibit A** attached hereto.



5. The Reimbursement Amount, plus interest, as described above (collectively, the “Unpaid Balance”) is payable to the Developer and secured under this Reimbursement Agreement solely as described in paragraph 4 above. Interest shall accrue on the amounts of the Unpaid Balance equal to the amount withdrawn from the Developer Improvement Account of the Project Fund pursuant to a Certificate for Payment (as defined in the Construction Funding Agreement) from the date of each withdrawal until payment from the Reimbursement Fund. The Unpaid Balance shall be payable, if funds are available, as set forth in the Construction Funding Agreement and this Agreement. No other City funds, revenue, taxes, income, or property shall be used even if the Unpaid Balance is not paid in full at Maturity. Notwithstanding its collection efforts, if the City fails to receive all or any part of the Assessment Revenues and, as a result, is unable to make transfers from the Developer Reimbursement Pledged Revenue Account of the Pledged Revenue Fund to the Reimbursement Fund for payments to the Developer as required under this Reimbursement Agreement, such failure and inability shall not constitute a Failure or Default by the City under this Reimbursement Agreement. This Reimbursement Agreement shall not and shall never give rise to or create:
  - a. a charge against the general credit or taxing powers of the City or any other taxing unit; or
  - b. a debt or other obligation of the City payable from any source of revenue, taxes, income, or properties of the City other than from the Developer Improvement Account of the Project Fund, the Developer Reimbursement Pledged Revenue Account of the Pledged Revenue Fund or the Reimbursement Fund as provided in the Series 2023 Bond Indenture; or
  - c. any obligation of the City to pay any amount due or to become due under this Reimbursement Agreement other than from the Developer Improvement Account of the Project Fund, the Developer Reimbursement Pledged Revenue Account of the Pledged Revenue Fund or the Reimbursement Fund as provided in the Series 2023 Bond Indenture and this Reimbursement Agreement.
6. Within fifteen (15) business days of receipt of any Reimbursement Payment Request, the City shall either (i) approve and execute the Reimbursement Payment Request and forward the same to the Trustee for payment (from those funds available in the Reimbursement Fund), or (ii) in the event the City disapproves the Reimbursement Payment Request, give written notification to the Developer of the City’s disapproval, in whole or in part, of such Reimbursement Payment Request, specifying the reasons for such disapproval and the additional requirements to be satisfied for approval of such Reimbursement Payment Request. If a Reimbursement Payment Request seeking reimbursement is approved only in part, the City shall specify the extent to which the Reimbursement Payment Request is approved and shall deliver such partially approved Reimbursement Payment Request to the Trustee for payment.

7. If on the final maturity date of the Series 2023 Bonds any portion of the Unpaid Balance remains unpaid, such Unpaid Balance shall be canceled and for all purposes this Reimbursement Agreement shall be deemed to have been conclusively and irrevocably PAID IN FULL, and such Unpaid Balance shall no longer be deemed to be payable; provided, however, if any Assessment Revenues remain due and payable and are uncollected on the Maturity Date, such Assessment Revenues, when, as, and if collected after the Maturity Date, shall first be applied to any amounts due in connection with outstanding Series 2023 Bonds and second, paid to the Developer and applied to the Unpaid Balance.
8. The Developer has the right to convey, transfer, assign, collaterally assign, mortgage, pledge, or otherwise encumber, in whole or in part without the consent of (but with written notice to) the City, the Developer's right, title, or interest to payments under this Reimbursement Agreement (but not performance obligations) including, but not limited to, any right, title, or interest of the Developer in and to payment of the Unpaid Balance (a "Transfer," and the person or entity to whom the Transfer is made, a "Transferee"). Notwithstanding the foregoing, however, no Transfer shall be effective until five (5) days after notice of the Transfer, including, for each Transferee, the information required by Section 13 below, is received by the City. The City may rely on any notice of a Transfer received from the Developer without obligation to investigate or confirm the validity or occurrence of such Transfer. No conveyance, transfer, assignment, mortgage, pledge or other encumbrance shall be made by the Developer or any successor or assignee of the Developer that results in the City being an "obligated person" within the meaning of Rule 15c2-12 of the United States Securities and Exchange Commission without the express written consent of the City. The Developer waives all rights or claims against the City for any such funds provided to a third party as a result of a Transfer for which the City has received notice, and the Developer's sole remedy shall be to seek the funds directly from the Transferee.
9. The obligations of the City under this Reimbursement Agreement are non-recourse and payable only from amounts transferred to the Reimbursement Fund from the Developer Reimbursement Pledged Revenue Account of the Pledged Revenue Fund under the Series 2023 Bond Indenture; and such obligations do not create a debt or other obligation payable from any other City revenues, taxes, income, or property. None of the City or any of its elected or appointed officials or any of its officers or employees shall incur any liability hereunder to the Developer or any other party in their individual capacities by reason of this Reimbursement Agreement or their acts or omissions under this Reimbursement Agreement.
10. If the Developer is in compliance with that certain Development Agreement, Chalk Hill Public Improvement District Agreement and Tax Increment Reinvestment Zone Agreement, effective October 13, 2017 (the "Development Agreement") and following the City's inspection and approval of the Phases #2-3 Direct Improvements in accordance with the provisions of the Construction Funding Agreement, there will be no conditions or defenses to the obligation of the City to use amounts transferred to the Reimbursement Fund from the Developer Reimbursement Pledged Revenue Account

of the Pledged Revenue Fund, in accordance with and under the Series 2023 Bond Indenture to pay the Unpaid Balance.

11. Nothing in this Reimbursement Agreement is intended to constitute a waiver by the City of any remedy the City may have outside this Reimbursement Agreement against the Developer, any Transferee, or any other person or entity involved in the design, construction, or installation of the Phases #2-3 Direct Improvements. The obligations of the Developer hereunder shall be those as a Party hereto and not solely as an owner of property in the District. Nothing herein shall be constructed, nor is intended, to affect the City's or the Developer's rights and duties to perform their respective obligations under other agreements, regulations and ordinances.
12. This Reimbursement Agreement is being executed and delivered, and is intended to be performed in the State of Texas. Except to the extent that the laws of the United States may apply to the terms hereof, the substantive laws of the State of Texas shall govern the validity, construction, enforcement, and interpretation of this Reimbursement Agreement. In the event of a dispute involving this Reimbursement Agreement, venue for such dispute shall lie in any court of competent jurisdiction in Collin County, Texas.
13. Any notice required or contemplated by this Reimbursement Agreement shall be deemed given at the addresses shown below: (i) when delivered by a national company such as FedEx or UPS with evidence of delivery signed by any person at the delivery address regardless of whether such person was the named addressee; or (ii) 72 hours after the notice was deposited with the United States Postal Service, Certified Mail, Return Receipt Requested. Any Party may change its address by delivering written notice of such change in accordance with this section.

To the City:                      Attn: City Manager  
                                            City of Celina, Texas  
                                            142 N. Ohio  
                                            Celina, Texas 75009

With a copy to:                  Attn: Julie Fort  
                                            Messer, Fort, & McDonald PLLC  
                                            6371 Preston Road, Suite 200  
                                            Frisco, TX 75034

And to:                              Attn: Bond Counsel  
                                            Robert Dransfield  
                                            Norton Rose Fulbright US LLP  
                                            2200 Ross Avenue, Suite 3600  
                                            Dallas, Texas 75201-7932

To the Developer:     Attn: Mehrdad Moayedi  
MM Chalk Hill, LLC  
1800 Valley View Lane, Suite 300  
Farmers Branch, Texas 75234

And to:                 Attn: Travis Boghetich  
Boghetich Law, PLLC  
1800 Valley View Lane, Suite 360  
Farmers Branch, Texas 75234

14. If any provision of this Reimbursement Agreement is held invalid by any court, such holding shall not affect the validity of the remaining provisions, and the remainder of this Reimbursement Agreement shall remain in full force and effect.

15. Failure; Default; Remedies.

- a. If either Party fails to perform an obligation imposed on such Party by this Reimbursement Agreement (a “Failure”) and such Failure is not cured after written notice and the expiration of the cure periods provided in this section, then such Failure shall constitute a “Default.” Upon the occurrence of a Failure by a non-performing Party, the other Party shall notify the non-performing Party and all Transferees of the non-performing Party in writing specifying in reasonable detail the nature of the Failure. The non-performing Party to whom notice of a Failure is given shall have at least thirty (30) days from receipt of the notice within which to cure the Failure; however, if the Failure cannot reasonably be cured within thirty (30) days and the non-performing Party has diligently pursued a cure within such 30-day period and has provided written notice to the other Party that additional time is needed, then the cure period shall be extended for an additional thirty (30) day period so long as the non-performing Party is diligently pursuing a cure. Any Transferee shall have the right, but not the obligation, to cure any alleged Failure by the Developer within the same time periods that are provided to the Developer. The election by a Transferee to cure a Failure by the Developer shall constitute a cure by the Developer but shall not obligate the Transferee to be bound by this Reimbursement Agreement unless the Transferee agrees to be bound.
- b. If the Developer is in Default, the City shall have available all remedies at law or in equity, provided that no Default by the Developer, however, shall: (1) affect the obligations of the City to use the amounts transferred to the Reimbursement Fund from the Developer Reimbursement Pledged Revenue Account of the Pledged Revenue Fund in accordance with and under the Series 2023 Bond Indenture; or (2) entitle the City to terminate this Reimbursement Agreement.

- c. If the City is in Default, the Developer's sole and exclusive remedies shall be to: (1) seek a writ of mandamus to compel performance by the City; (2) seek specific enforcement of this Reimbursement Agreement; or (3) terminate this Reimbursement Agreement.
- 16. To the extent there is a conflict between this Reimbursement Agreement and the Series 2023 Bond Indenture, the Series 2023 Bond Indenture shall control as the provisions relate to the proceeds of the Series 2023 Bonds, the Developer Deposit, or the collection and transfer of the Assessment Revenues. To the extent there is a conflict between this Reimbursement Agreement and the Construction Funding Agreement, the Construction Funding Agreement shall control. To the extent there is a conflict between this Reimbursement Agreement and the Development Agreement, the Reimbursement Agreement shall control as to provisions relating to the reimbursement of the Developer for the Phases #2-3 Direct Improvements Costs previously paid by the Developer.
- 17. The failure by a Party to insist upon the strict performance of any provision of this Reimbursement Agreement by the other Party, or the failure by a Party to exercise its rights upon a Default by the other Party shall not constitute a waiver of such Party's right to insist and demand strict compliance by such other Party with the provisions of this Reimbursement Agreement.
- 18. The City does not waive or surrender any of its governmental powers, immunities, or rights except to the extent permitted by law and necessary to allow the Developer to enforce its remedies under this Reimbursement Agreement.
- 19. Nothing in this Reimbursement Agreement, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or entity other than the City and the Developer any rights, remedies, or claims under or by reason of this Reimbursement Agreement, and all covenants, conditions, promises, and agreements in this Reimbursement Agreement shall be for the sole and exclusive benefit of the City and the Developer.
- 20. This Reimbursement Agreement may be amended only by written agreement of the Parties.
- 21. This Reimbursement Agreement may be executed in counterparts, each of which shall be deemed an original.
- 22. The City shall have the right, during normal business hours and upon three (3) business days' prior written notice to the Developer, to review all books and records of the Developer pertaining to costs and expenses incurred by the Developer with respect to any of the Phases #2-3 Direct Improvements. For a period of two years after completion of the Phases #2-3 Direct Improvements, the Developer shall maintain proper books of record and account for the construction of the Phases #2-3 Direct Improvements and all costs related thereto. Such accounting books shall be maintained in accordance with customary real estate accounting principles.

23. The Parties agree that at any time after the execution of this Reimbursement Agreement, they will, upon request of another Party, execute and deliver such further documents and do such further acts and things as the other Party may reasonably request in order to effectuate the terms of this Reimbursement Agreement. This provision shall not be construed as limiting or otherwise hindering the legislative discretion of the City Council seated at the time that this Reimbursement Agreement is executed or any future City Council.
24. No Boycott Israel. To the extent this Reimbursement Agreement constitutes a contract for goods or services for which a written verification is required under Section 2271.002, Texas Government Code, the Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Reimbursement Agreement. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, ‘boycott Israel,’ a term defined in Section 2271.001, Texas Government Code, by reference to Section 808.001(1), Texas Government Code, means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Developer understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.
25. Not a Listed Company. The Developer represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to enable the City to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Developer and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. As used in this Section, the Developer understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 133(f), 17 C.F.R. § 230.133(f), and exists to make a profit.
26. Verification Regarding Energy Company Boycotts. To the extent this Reimbursement Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas

Legislature, Regular Session), Texas Government Code, as amended, the Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Reimbursement Agreement. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification, “boycott energy companies,” a term defined in Section 2274.001(1), Texas Government Code (as enacted by such Senate Bill) by reference to Section 809.001, Texas Government Code (also as enacted by such Senate Bill), shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above. As used in this Section, the Developer understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 133(f), 17 C.F.R. § 230.133(f), and exists to make a profit.

27. Verification Regarding Discrimination Against Firearm Entity or Trade Association.

To the extent this Reimbursement Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Reimbursement Agreement. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification and the following definitions:

- (i) ‘discriminate against a firearm entity or firearm trade association,’ a term defined in Section 2274.001(3), Texas Government Code (as enacted by such Senate Bill), (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association,
- (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or

prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association;

- (iii) 'firearm entity,' a term defined in Section 2274.001(6), Texas Government Code (as enacted by such Senate Bill), means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government Code, as enacted by such Senate Bill, as weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (defined in Section 2274.001(5), Texas Government Code, as enacted by such Senate Bill, as devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (defined in Section 2274.001(1), Texas Government Code, as enacted by such Senate Bill, as a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (defined in Section 250.001, Texas Local Government Code, as a business establishment, private club, or association that operates an area for the discharge or other use of firearms for silhouette, skeet, trap, black powder, target, self-defense, or similar recreational shooting); and
- (iv) 'firearm trade association,' a term defined in Section 2274.001(7), Texas Government Code (as enacted by such Senate Bill), means any person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code.

As used in this Section, the Developer understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 133(f), 17 C.F.R. § 230.133(f), and exists to make a profit.

28. Form 1295. Submitted herewith is a completed Form 1295 in connection with the Developer's participation in the execution of this Reimbursement 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 City hereby confirms receipt of the Form 1295 from the Developer, and the City agrees to acknowledge such



form with the TEC through its electronic filing application not later than the 30th day after the receipt of such form. The Developer and the City understand and agree that, with the exception of information identifying the City and the contract identification number, neither the City nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Developer; and, neither the City nor its consultants have verified such information.

[Signature pages to follow]

IN WITNESS WHEREOF, the Parties have caused this Reimbursement Agreement to be executed as of July 11, 2023.

**CITY OF CELINA**

By: \_\_\_\_\_  
Name: Ryan Tubbs  
Title: Mayor

**DEVELOPER:**

**MM CHALK HILL, LLC,**  
a Texas limited liability company

By: MMM Ventures, LLC,  
a Texas limited liability company  
Its Manager

By: 2M Ventures, LLC,  
a Delaware limited liability company  
Its Manager

By: \_\_\_\_\_  
Name: Mehrdad Moayedi  
Its: Manager

## EXHIBIT A

### REIMBURSEMENT PAYMENT REQUEST

REIMBURSEMENT REQUEST NO. \_\_\_\_\_

Reference is made to that certain Indenture of Trust by and between the City and U.S. Bank Trust Company, National Association (the “Trustee”) dated as of August 1, 2023 (the “Indenture”) relating to the “City of Celina, Texas, Special Assessment Revenue Bonds, Series 2023 (Chalk Hill Public Improvement District No. 2 Phases #2 – 3 Direct Improvement Project)” (the “Bonds”). Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Indenture.

The undersigned is an agent for MM Chalk Hill, LLC, a Texas limited liability company (the “Developer”) and requests reimbursement to the Developer (or to the person designated in writing by the Developer) from the Reimbursement Fund under the Indenture for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Phases #2-3 Direct Improvements providing a special benefit to property within the Chalk Hill Public Improvement District No. 2 (the “Authorized Improvement Costs”) and accrued interest thereon. In connection with the above referenced payment, the Developer represents and warrants to the City as follows:

1. The Authorized Improvement Costs set forth in this Reimbursement Payment Request relate to Authorized Improvement Costs that have previously been paid from the Developer Improvement Account of the Project Fund pursuant to Certification for Payment Certificate No. \_\_\_\_\_ and such request in accordance with the provisions of the Chalk Hill Public Improvement District No. 2 Reimbursement Agreement, including limitations regarding the maximum amount due to be reimbursed to the Developer contained therein. .
2. Such Certification for Payment Certificate No. \_\_\_\_\_ has been duly approved by the City, and all representations of the Developer pursuant to Certification Payment Certificate No. \_\_\_\_\_ are true and remain in effect as of the date hereof.
3. The amount to requested to be paid pursuant to of the Reimbursement Payment Request is \$\_\_\_\_\_ (consisting of \$\_\_\_\_\_ in Authorized Improvement Costs and \$\_\_\_\_\_ in accrued interest).

**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.

**MM CHALK HILL, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

### **APPROVAL OF REQUEST**

The City is in receipt of the attached Reimbursement Payment Request, acknowledges the Reimbursement Payment Request, and finds the Reimbursement Payment Request to be in order. After reviewing the Reimbursement Payment Request, the City approves the Reimbursement Payment Request to the extent set forth below and authorizes and directs payment by Trustee in such amounts and from the accounts listed below, to the Developer or other person designated by the Developer in writing.

| Principal Amount to be paid<br>by Trustee from<br>Reimbursement Fund | Interest to be paid by the<br>Trustee from the<br>Reimbursement Fund | Total Amount to be paid by<br>Trustee from the<br>Reimbursement Fund |
|----------------------------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------|
| \$ _____                                                             | \$ _____                                                             | \$ _____                                                             |

#### **CITY OF CELINA, TEXAS**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**APPENDIX H**  
**PHOTOGRAPHS OF DEVELOPMENT IN THE DISTRICT**

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